



## Arkansas Public Employees' Retirement System

Quarterly Board Meeting

Wednesday, August 21, 2024, 9:00 a.m.

124 West Capitol Avenue, Suite 400, Little Rock 72201

*The meeting will be held in the APERS conference room located on the 4<sup>th</sup> floor. The meeting will be a hybrid and can be attended via Zoom via the link on our website, [www.apers.org](http://www.apers.org).*

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### AGENDA

1. Call to Order
  2. Recognition of the Presence of a Quorum
  3. Notification of Meeting to News Media Pursuant to Act 93 of 1967 (A.C.A. § 25-19-101) – Freedom of Information Act
  4. **Action Item:** Approval of the Minutes for May 15, 2024 Board Meeting and June 6, 2024, June 20, 2024, and July 30, 2024 Investment Finance Subcommittee Meetings **(Page 3)**
  5. **Investments** - Mr. Carlos Borromeo, Deputy Director of Investments and Finance
    - a. Invest Finance Subcommittee Report – Secretary Daryl Bassett, chair **(Page 15)**
    - b. CIO Report **(Page 16)**
    - c. Class Action Proceeds Report **(Page 27)**
    - d. Ms. Brianne Weymouth and Mr. John Jackson, Callan - Quarterly Report for the Period Ending June 30, 2024 **(Page 28)**
    - e. Mr. Larry Middleton and Mr. Bo Brister, Stephens, Inc. - Quarterly Report for the Period Ending June 30, 2024 **(Page 62)**
  6. **Finance** –Mr. Jason Willett, Chief Financial Officer
    - a. Preliminary Valuation Presentation - Mr. Mita Drazilov and Ms. Heidi Barry, GRS **(Page 66)**
    - b. Financial Statements for the Quarter Ending June 30, 2024 **(Page 80)**
  7. **Internal Audit** – Ms. Patty Shipp, Assurance Officer
    - a. Audit Report for FY24 **(Page 82)**
    - b. Audit Plan for FY25 **(Page 99)**
  8. **Legal** – Ms. Laura Gilson, General Counsel
    - a. Litigation Update **(Page 107)**
    - b. Securities Litigation Update **(Page 107)**
- Action Item:** Board Resolution on Signatory Authority **(Page 108)**

9. **Benefits** – Ms. Allison Woods, Deputy Director of Benefits
  - a. Benefits Summary for the Quarter Ending June 30, 2024 **(Page 110)**
  - b. Medical Review Board Report **(Page 114)**
  
10. **Executive Report** – Ms. Amy Fecher, Executive Director
  - a. Executive Report Review **(Page 115)**
  
11. Other Business
  
12. Upcoming Meetings
  - a. Next Quarterly Board Meeting – Wednesday, December 4<sup>th</sup>, 2024, at 9:00 a.m.
  
13. Adjournment

**Quarterly Meeting  
Arkansas Public Employees' Retirement System  
Board of Trustees  
May 15, 2024**

A regular meeting of the Board of Trustees of the Arkansas Public Employees' Retirement System was held on Wednesday, May 15, 2024, at 9:00 a.m. This hybrid meeting was held via ZOOM remote conferencing as well as in person in the conference room, 124 West Capitol, Little Rock, Arkansas. Mr. Larry Walther presided.

**Quorum Present**

Mr. Larry Walther recognized the presence of a quorum and called the meeting to order.

**Board Members Present:**

The Honorable Larry Walther, (Treasurer of State), Chair, Little Rock, AR  
Ms. Candace Franks, (State Employee, Retired) Little Rock, AR  
Mr. Andy Babbitt – Proxy for Mr. Jim Hudson, (Secretary of the Department of Finance and Administration), Little Rock, AR  
The Honorable Barry Moehring (Non-State Employee, County Judge), Bentonville, AR  
Mr. Richard Wilson (Retired), Little Rock, AR\*  
Mr. Gary Carnahan (Non-State Employee), Hot Springs, AR  
The Honorable Joe Hurst (Non-State Employee, Mayor), Van Buren, AR\*  
Mr. Gary Wallace (Retired Law Enforcement), Greenbrier, AR  
Mr. Russell White (Retired Law Enforcement), Alma, AR\*  
Mr. Jason Brady, (State Auditor's Office) proxy  
Ms. Kay Donham, (Retired), Benton, AR\*  
Mr. Dale Douthit, (State Employee), Russellville, AR

**Board Members Absent:**

Secretary Daryl Bassett (State Employee), Sherwood, AR

**Visitors:**

Mr. Eric Munson, State Treasurer's Office  
Mr. Ryan O'Connor, Tyler Technology  
Mr. John Jackson, Callan LLC  
Mr. Michael Opre, SSI Investment Management\*  
Mr. Mustafa Elgabry, Blackrock Investment Management\*  
Ms. Lauren Albanese, Financial Investment News\*  
Mr. Joe Ebisa, With Intelligence\*  
Mr. Chris Villines, Association of Arkansas Counties\*  
Mr. Michael Knapp, Arkansas Legislative Audit  
Ms. Brittany Schubert, SSI Investment Management\*  
Mr. David Scott, State Treasurer's Office\*  
Ms. Julie Mullenix, TJM\*  
Mr. Mike Wickline, Arkansas Democrat Gazette

**APERS Staff:**

Ms. Amy Fecher, Executive Director  
Ms. Allison Woods, Deputy Director of Benefits  
Ms. Ashley Golleher, Deputy Director of Operations  
Mr. Richmond Giles, Staff Attorney  
Ms. Patty Shipp, Assurance Officer  
Mr. Carlos Borromeo, Deputy Director of Investments & Finance  
Mr. Jason Willett, Chief Financial Officer  
Mr. Phillip Norton, Director of IT  
Ms. Jacobia Bates, Director of Public Affairs  
Ms. Jennifer Taylor, Director of Benefits Administration  
Ms. Rebecca Walton, Investment Analyst  
Ms. Rhonda Summers, Investment Analyst  
Ms. Linda McGrath, Administrative Specialist\*  
Ms. Kristi Brown, Retirement Coordinator\*  
Ms. Cheryl Wilburn, Retirement Manager\*  
Ms. Stephanie Blair, Communications Manager  
Ms. Shelly George, Employer Services Manager\*

\*Denotes remote attendees

**News Media Notified**

An e-mail with notification of the Arkansas Public Employees' Retirement System Board meeting was sent to the Arkansas Democrat-Gazette, the Associated Press, Television Station KLRT-FOX16, and Radio Station KAAY. This notification is pursuant to A.C.A. §25-19-101 (Act 93 of 1967), as amended, *a.k.a.* the Arkansas Freedom of Information Act.

**Minutes**

Prior to the Board meeting, a copy of the minutes from the February 21, 2024, Board Meeting and the April 25<sup>th</sup> Investment Finance Subcommittee were e-mailed to each APERS Board member for review. Mr. Babbitt made a motion to approve the minutes as they were presented. Mr. Brady seconded motion. With no objection, the motion passed.

**Investments**

**CIO Report**

Despite higher interest rates in the first calendar quarter/third fiscal quarter of 2024, U.S. stocks rallied. The S&P 500 posted its strongest start to a year since Q1 of 2019. Investors drove prices higher on the back of a solid economy. Recession fears continued to subside. Inflation decelerated from peak levels but are still prevalent. Wage inflation eased. GDP grew at an annualized rate of 3.4% in 4Q23, which is the fastest growth since late 2021, driven by consumer spending and corporate investment.

Unemployment remained low. More specifically a strong recovery in the labor participation rate improved labor supply. Corporate profits remained solid, and continued expectations for the Federal Reserve to cut rates this year.

Major global equity indices all performed well. The S&P 500 +10.6%, the MSCI EAFE Index + 10.0%, and the MSCI EM Index was +4.5% (in local currencies), but the strength in the US dollar hurt performance for US dollar-based investors. The MSCI EAFE was +5.8% and the MSCI EM Index was +2.4% in US dollar.

U.S. Domestic Large cap stocks outperformed small cap stocks.

Russell 1000 Growth	11.4%	Russell 2000 Growth	7.58%
Russell 1000 Value	9.0%	Russell 2000 Value	2.90%

S&P 500 sector breakdown: All sectors posted a positive return with the exception of Real Estate Growth oriented Technology +3.7% and Communication +1.4%, Value oriented Financials +1.6%

### **International Equities**

Global equities ended the first calendar quarter/third fiscal quarter of 2024 on a strong note buoyed by optimism surrounding future rate cuts, strong corporate earnings, and slowing inflation. However, challenged in China's real estate market and tensions in the Middle East weighed on the markets. Regarding monetary policy, all major central banks maintained their interest rates unchanged while suggesting potential interest rate cuts in June. The Japanese equity markets stood out, outperforming global stocks, on a weak ¥en and the Bank of Japan's surprising reversal of its negative monetary policy stance. Investors weren't convinced. In China, the markets struggled with an ailing property sector, high unemployment, and slowing factory output.

#### International Markets

MSCI EAFE Growth	7.0%
MSCI EAFE Value	4.5%
U.K. equities	4.0%
Japan	19.2%
Australia	5.4%
China	(1.7%)
Brazil	(4.5%)
India	6.3%
Turkey	25.5%
Mexico	(1.4%)

### **Fixed Income**

The first calendar quarter/third fiscal quarter of 2024 marked a partial unwind of markets pricing in overly dovish policy expectations. At the end of 2023, the futures market was pricing in as many as six rate cuts in 2024. This quarter that was cut in half. The inflation data slowly pushed higher as the core services component has proven to be stickier than originally expected. Comments from Fed Chairman Powell and Fed Governor Waller in March tempered market expectations regarding the speed, magnitude, and timing of rate cuts that were originally priced into the markets in 2024. \*(the Fed's own dot plots suggested the rate cuts). This caused interest rates to back up across the curve.

### **Current Quarter, dampened expectations**

So far in the month of April 2024:

- The current quarter has experienced a lot of strong headwinds

- Oil hit \$90 per barrel
- Fixed income markets remove rate cut expectations, from six, down to maybe just one
- Iran attacked Israel. Israel told US no choice but to retaliate
- Fed Gov. Daly said “there is no urgency to cut rates”
- Fed Gov. Jefferson said if inflation persists, will hold rates higher for longer
- Fed Chairman Powell said “recent data shows lack of further progress on inflation” and he dialed back expectations on rate cuts
- Fed’s Beige Book data strengthens the case for the Fed to delay rate cuts
- Fed. Gov. Mester said Fed can hold rates steady. No hurry to cut rates
- Israel launched retaliatory strike against Iran
- TESLA stock craters following car price cuts. NVIDIA fell 10%
- On April 25<sup>th</sup>, the DJIA was as much as 600 points lower during the day on inflation and growth concerns. Meta issued light revenue guidance

### **Callan Report**

Mr. John Jackson stated that the SP 500 was up almost 11% which is good news and is indicative of a resilient market. He also provided an overview of the market returns for the first calendar quarter/third fiscal quarter of 2024 and stated that the threat of a recession had been mitigated; however not eliminated. Mr. Jackson mentioned that although the Feds have spoken about potential rate cuts it appears that has been pushed out due to sticky inflation being problematic. It is expected that rates may be cut in the third or fourth calendar quarter of 2024.

Mr. Jackson also shared with the APERS board the actual vs. target asset allocation. He reminded the board of the asset liability study conducted where the outcome was to decrease the allocation to international equity. During the first quarter, domestic equity underperformed its benchmark; however international equity, private equity, hedge funds, fixed income all outperformed their benchmarks and real assets as a group underperformed. Mr. Jackson mention that within the domestic equity group. there are six domestic managers that invest actively. Five of the six active managers outperformed their benchmarks with Lazard Asset Management being the exception. Lazard Asset Management has experienced turnover in staff, specifically its lead portfolio manager. With performance challenges and other concerns an alternative to Lazard Asset Management may need to be considered. Mr. Borrromeo asked the boards permission to conduct a search in replacing Lazard Asset Management and report his findings to the subcommittee. Andy Babbitt made a motion for the CIO to look for a replacement for Lazard Asset Management and provide a report to the subcommittee, the motion was second by Jason Brady and it was carried.

### **Stephens Report**

Mr. Larry Middleton and Mr. Bo Brister provided the first calendar quarter private equity update. Mr. Middleton reported that although the valuation estimates are early, the relationship between both the HarbourVest and Neuberger firms were progressing as expected. Mr. Bo Brister gave an overview of how secondary markets perform and stated that more data will be available on both firms as things matured. He added that it takes at least a year to have full portfolio transparency. Mr. Brady asked Mr. Borrromeo if Newberger would be a vehicle for the board to pursue and/or look at as private credit and eventually infrastructure? Mr. Borrromeo stated that there are other private markets to consider for private credit, however infrastructure could be a compliment to real estate. He added that Neuberger was set up for the purpose of private credit.

### **Investments Finance Subcommittee Report**

Mr. Jason Brady provided the Investments Finance Subcommittee Report. Mr. Brady informed the Board that the subcommittee met to evaluate a new proposal for an APERS real estate option in addition to considering the three options from the last Board meeting. The subcommittee voted to eliminate both the Arkansas State Insurance Building and the McGriff Insurance Building as possible real estate options. Mr. Brady informed the Board that guests from TJM Management, Bailey Construction and Quattlebaum, Grooms and Tull, PLLC shared a proposal for a new building as a possible real estate option for APERS. The subcommittee reviewed the building design information and thanked TJM Management, Bailey Construction and Quattlebaum, Grooms and Tull, PLLC for the proposal.

The subcommittee asked the Executive Director to work with Director Anne Laidlaw of the Division of Building Authority to do a comparison and analysis of costs for the Cadence Building and the proposed new building and report back to the subcommittee in 30 days.

Mr. Jason Brady made the motion to accept the subcommittee's report, second by Mr. Babbitt, and it was carried.

### **Class Action Recovery**

Mr. Carlos Borromeo provided a class action recovery update. He reported that for the fiscal year to date \$336,725.13 has been recovered. He also gave an update to the Board on the ESG list. Mr. Borromeo add that APERS does not have any investment managers on the ESG list but does have investments in equity and bond. He stated that at the current time, the divesting required does not appear it will be a loss to APERS.

### **Finance**

Mr. Jason Willett provided the financial statements for the Quarter ending March 31, 2024. Mr. Willett stated that the net position for the quarter is \$11,017,519,506. He added that the employer and employee contributions are up from a year ago.

### **Legal Report**

Ms. Laura Gilson stated that there are currently no member appeals to report. Ms. Gilson informed the Board that the member appeal from December 2023 for The Honorable Raymond Abramson has been reassigned. In that this appeal involved a judge, several judges have recused themselves from the case. Ms. Gilson also reported that the Bureau of Legislative Research is in the process of codifying the APERS rules. The rules could go live on the legislative website by early 2025.

Ms. Gilson informed the APERS Board of a current securities litigations case with Seagate Technology Holdings. Seagate is in violation of US policy for selling hard drives to China. A motion to dismiss was filed by the defendant; however, there has been no answer to this motion.

### **Benefits**

Ms. Allison Woods provided the benefits summary. Ms. Woods reported that during the quarter, there were no new employers to join APERS. She provided an overview of new members for the quarter compared to the previous quarter as well as historical membership information. She reminded the Board that the months with the highest number of retirements are in July (beginning of the fiscal year) and January (beginning of the calendar year). Ms. Woods also shared historical APERS data on vested and non-vested separations. The data also included the total number of refunds associated with the separations.

**Executive Director Report**

Director Amy Fecher began by discussing with the board her goal to provide more education seminars to the 15 Cabinet Level Departments. She continued by letting the Board know that a lot of work had been done to clean up outdated APERS intellectual property to ensure information and material are current and accessible to members. Ms. Fecher shared that the member handbooks for APERS, ASPRS and AJRS have been updated and will be on the new website along with the Board of Trustees Manual. Ms. Fecher expressed her thanks to operations team for the work done on the new website and updating the handbooks and Board of Trustees Manual. She also reported the APERS appropriation for FY25 had been approved and signed into law as Act 79 of 2024.

**Website**

Mr. Ryan O’Connor of Tyler Technologies provided the APERS Board of Trustees with a demo of the new website. The new website is scheduled to launch on Monday, May 20, 2024. A comparison of the current website and new website was done that highlighted enhancements that will improve the user experience. He shared the new website is actually three different websites in one, since APERS also administers the Arkansas State Police Retirement System and the Arkansas Judicial Retirement System. The new site provides updated content and improved navigation to better meet the needs of members and employers. Members and employers can access forms, send secure messages, sign up for benefits and access their members portal account on the website. Mr. O’Connor also highlighted improvements to the ASPRS and AJRS sections on the new website.

Director Fecher asked board members to encourage state and county employees to go to the new website and sign up to receive electronic communications through the myAPERS portal. This will allow employees to have quick access to information and receive secure information from APERS.

**Upcoming Board Meetings:**

Next Quarterly Board Meeting – Wednesday, August 21, 2024, at 9:00 a.m.

**Adjournment**

There being no further business, the meeting was adjourned.

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Mr. Larry Walther, Chair

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Ms. Amy Fecher, APERS Executive Director



**Arkansas Public Employees' Retirement System Board of Trustees**  
**Investments and Finance Sub-Committee**  
**June 6, 2024**

A meeting of the Investments and Finance Sub-Committee of the Arkansas Public Employees' Retirement System (APERS) was held on Thursday, June 6, 2024, at 9:00 A.M. This meeting was held via Zoom remote conferencing as well as in person in the Conference Room, 124 West Capitol, Little Rock, Arkansas. Mr. Daryl Bassett presided.

**Board Members Present**

Secretary Daryl Bassett, Department of Labor and Licensing (State Employee), Chair of Investments and Finance Sub-Committee

Mr. Gary Carnahan, (Non-State Employee)

Treasurer Larry Walther, (Ex-Officio), Treasurer of the State\*

Mr. Gary Wallace, (Retired Law Enforcement)

Mr. Andy Babbitt, Proxy for Secretary Jim Hudson, Department of Finance and Administration (Ex-Officio)

Ms. Candace Franks (Retired State Employee) \*

Mr. Jason Brady, (State Auditor's Office) proxy

**APERS Staff Present**

Ms. Amy Fecher, Executive Director

Ms. Allison Woods, Deputy Director of Benefits

Mr. Carlos Borromeo, Deputy Director of Investments & Finance

Mr. Jason Willett, Chief Financial Officer

Mr. Phillip Norton, Director of IT

Ms. Jacobia Bates, Director of Public Affairs

Ms. Stephanie Blair, Communications Manager

Mr. Richmond Giles, Staff Attorney

Ms. Patty Shipp, Assurance Officer

Ms. Jennifer Taylor, Director of Benefits Administration\*

**Visitors Present**

Ms. Anne Laidlaw, Division of Building Authority

Mr. Ken McRae, Sage Partners

Mr. Ryan Gibson, Sage Partners

Mr. Josh Snyder, Democrat – Arkansas Democrat Gazette

Ms. Isabella Bruno, HarbourVest Partners\*

Ms. Mia Wallace, HarbourVest Partners\*

Mr. Ted Dickey, Lighthouse Asset Advisors\*

Mr. Matt Cortese, BlackRock\*

\*Denotes remote attendees

The purpose of the subcommittee meeting was to consider a presentation and proposal from Sage Partners for the One Cantrell Center Building and to review a study conducted by the Division of Building Authority.

**Sage Partners Presentation – One Cantrell Center Building**

Mr. Ryan Gibson and Mr. Ken McRae of Sage Partners gave an overview of the One Cantrell Center building and surrounding area. The asking price of the 67,822 square foot building is \$15.5 million and located at 2800 Cantrell Road. Mr. Gibson stated the building has space available on the 2nd, 3rd, 4th, and 5<sup>th</sup> floors and can be tailored to meet the needs of APERS. He added that the building has multiple tenants on the 1<sup>st</sup> and 2<sup>nd</sup> floors and comes with investment opportunities. The proposal also included a \$800,000 credit to offset repairs needed. After discussion, the Committee complimented Sage Partners and thanked them for the proposal.

**Division of Building Authority Study**

Ms. Anne Laidlaw, Director of Building Authority shared the Division of Building Authority’s study and assessment of One Cantrell Center located at 2800 Cantrell Road. Ms. Laidlaw stated the use of the space at this location is different from APERS current location in the Union Plaza Building. The One Cantrell Center building has fewer private offices and more cubicles which would change the working environment for APERS. She also stated the building would allow APERS to lease office space to other tenants to offset ownership and operating costs. Ms. Laidlaw added that the building had been well maintained; however, will require some mechanical upgrades soon. The exterior portion of the building will need to be evaluated to ensure there is no water damage or mortar issues. She mentioned that upgrades are needed in the common areas of the building and possibly other improvements. Ms. Laidlaw also provided information on projected operating cost and property management options.

A motion was made by Andy Babbitt to table further discussions regarding the purchasing of a new building for APERS until the Arkansas Forward report by the McKenzie Group is completed and available for the Board of Trustees consideration. The motion was second by Larry Walther and carried, however with one dissention by Mr. Gary Wallace. After additional discussion, another motion was made by Jason Brady for the Committee to allow the executed director of APERS to seek a one-year extension on the current lease at the Union Plaza Building. The motion was seconded by Andy Babbitt, and it was carried.

With there being no other business to discuss, Gary Carnahan made a motion to adjourn, seconded by Larry Walther, and carried.

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Daryl Bassett, Sub-Committee Chair

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Amy Fecher, APERS Executive Director

**Arkansas Public Employees' Retirement System Board of Trustees**  
**Investments and Finance Sub-Committee**  
**June 20, 2024**

A meeting of the Investment Finance Subcommittee of the Arkansas Public Employees' Retirement System (APERS) was held on Thursday, June 20, 2024, at 8:30 A.M. This meeting was held via Zoom remote conferencing as well as in person in the Conference Room, 124 West Capitol, Little Rock, Arkansas. Secretary Daryl Bassett presided.

**Board Members Present**

Secretary Daryl Bassett, Department of Labor and Licensing (State Employee), Chair of Investment Finance Sub-Committee

Treasurer Larry Walther, (Ex-Officio), Treasurer of the State

Mr. Jason Brady, (State Auditor's Office) proxy

Mr. Gary Wallace, (Retired Law Enforcement)

Mr. Gary Carnahan, (Non-State Employee), Hot Springs, AR\*

Secretary Jim Hudson, Department of Finance and Administration (Ex-Officio)\*

Ms. Candace Franks (Retired State Employee) \*

**APERS Staff Present**

Ms. Amy Fecher, Executive Director

Ms. Allison Woods, Deputy Director of Benefits

Mr. Carlos Borromeo, Deputy Director of Investments & Finance

Mr. Phillip Norton, Director of IT

Ms. Jacobia Bates, Director of Public Affairs

Ms. Stephanie Blair, Communications Manager

Ms. Laura Gilson, General Counsel

Ms. Cheryl Wilburn, Benefits Operations Manager\*

Ms. Phyllis Franklin, Benefits Operations Supervisor

**Visitors Present**

Mr. Mike Wickline, Arkansas Democrat Gazette

Ms. Lauren Albanese, Financial Investment News\*

Mr. Ronan O'Brien, Financial Investment News\*

\*Denotes remote attendees

The purpose of the meeting was to determine the suitability of APERS serving as lead plaintiff in a class action lawsuit filed against Humana Inc.

**Humana, Inc. Securities Litigation Case**

Mr. Carlos Borromeo began by sharing information on First-In-First-Out (FIFO), Last-In-First-Out) LIFO methodology and how it is used to calculate gains and losses.

Ms. Laura Gilson provided further information regarding the class action lawsuit against Humana, Inc. and how FIFO and LIFO are used in securities litigation. Ms. Gilson added that the committee would need to vote on whether to move forward as lead plaintiff in the securities litigation complaint against Humana Inc.

The committee then discussed the class action lawsuit and considered whether APERS should move forward with the case.

After a motion made by Jason Brady and seconded by Jim Hudson, the committee voted to pass on the securities litigation case against Humana at this time.

With no further business, the meeting was adjourned.

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Daryl Bassett, Sub-Committee Chair

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Amy Fecher, APERS Executive Director

**Arkansas Public Employees' Retirement System Board of Trustees**  
**Investments and Finance Sub-Committee**  
**July 30, 2024**

A meeting of the Investment Finance Subcommittee of the Arkansas Public Employees' Retirement System (APERS) was held on Tuesday, July 30, 2024, at 10:00 A.M. This meeting was held via Zoom remote conferencing as well as in person in the Conference Room, 124 West Capitol, Little Rock, Arkansas. Secretary Daryl Bassett presided.

**Board Members Present**

Secretary Daryl Bassett, Department of Labor and Licensing (State Employee), Chair of Investment Finance Sub-Committee

Treasurer Larry Walther, (Ex-Officio), Treasurer of the State

Mr. Jason Brady, (State Auditor's Office) proxy

Mr. Gary Wallace, (Retired Law Enforcement)

Mr. Gary Carnahan, (Non-State Employee), Hot Springs, AR\*

Secretary Jim Hudson, Department of Finance and Administration (Ex-Officio)

**APERS Staff Present**

Ms. Amy Fecher, Executive Director

Ms. Allison Woods, Deputy Director of Benefits\*

Mr. Carlos Borrromeo, Deputy Director of Investments & Finance

Mr. Phillip Norton, Director of IT

Ms. Jacobia Bates, Director of Public Affairs

Ms. Laura Gilson, General Counsel

Ms. Cheryl Wilburn, Benefits Operations Manager\*

Ms. Phyllis Franklin, Benefits Operations Supervisor

Ms. Patty Shipp, Assurance Officer

Mr. Richmond Giles, Legal Staff

**Visitors Present**

Mr. Mike Wickline, Arkansas Democrat Gazette

Mr. Eric Munson

Mr. Robert Moery, Broadview Strategies\*

\*Denotes remote attendees

The purpose of the meeting was for consideration of securities litigation requests and an update for action regarding one of APERS' Domestic Large Cap Value Managers.

**Nike Securities Litigation Case**

Ms. Laura Gilson was recognized to share information on the class action lawsuit against Nike. The case request was brought to APERS by Rosen Law Firm. The allegations for the suit are regarding consumer direct sales strategies in 2017 and profit losses related to those strategies not disclosed by Nike to investors. Ms. Gilson stated that facts surrounding APERS net gains and net losses during the class period would be atypical for a lead plaintiff.

Mr. Carlos Borrromeo shared that APERS estimated losses as determined by the GASB method exceed the \$5 million mark. Secretary Bassett asked APERS staff if they recommended moving forward as a plaintiff in the Nike case and the response was no. Secretary Hudson made a motion to pass on the opportunity to

pursue lead plaintiff status on the Nike case. The motion was seconded by Mr. Jason Brady and with no objections the most passed.

**NYCB Case Alert**

Ms. Gilson presented the New York Community Bank case alert forward to the board as an example of APERS administrative work behind the scenes to assess case alerts. Labaton already has a case filed under the Securities Act of 1934 which deals with current trading of stocks. Labaton requested APERS consider participating as a secondary plaintiff. APERS' losses were \$662,000, below the threshold of \$1 million laid out in APERS Securities Litigation Policy.

Secretary Bassett requested staff review the Securities Litigation Policy adopted in 2020 to recommend any changes to the board at a future Investment and Finance Sub-committee meeting. Mr. Brady asked staff to revisit the threshold of \$1 million and suggested it may need to be higher. Treasurer Walther stated that this would be a good opportunity to review APERS' securities litigation practices over the last few years to see what actions have been brought the board and actions taken.

**Updates on search for Domestic Large Cap Value Manager**

Mr. Borrromeo recommended the board replace Lazard with Boston Partners. He shared information with the board on Callan's process and what steps the staff took to narrow the search. Mr. Borrromeo and Director Fecher met with Boston Partners and Dodge and Cox firms. Mr. Borrromeo reviewed five years of investment data. He based his recommendation on the rationale that growth will continue to outperform value. Treasurer Walther asked about the amount of the investment, and Mr. Borrromeo stated that it would be \$375,000,000. Mr. Brady moved that the board instruct the APERS Director to move forward with hiring Boston Partners as APERS Domestic Large Cap Value Manager, Secretary Hudson seconded the motion, without object the motion carried.

With no further business, the meeting was adjourned.

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Daryl Bassett, Sub-Committee Chair

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Amy Fecher, APERS Executive Director

**Investments and Finance Subcommittee  
Chair's Report  
August 21, 2024**

The Investments and Finance Subcommittee met on the following dates to review real estate proposals and securities litigation case requests: June 6, 2024, June 20, 2024, and July 30, 2024.

**Consideration of Sage Partners Proposal for One Cantrell Center Building:**

Mr. Ryan Gibson and Mr. Ken McRae gave an overview of the building and surrounding area. The asking price of the 67,822 square foot building is \$15.5 million and is located at 2800 Cantrell Road. The proposal also included an \$800,000 credit to offset needed repairs. Ms. Anne Laidlaw, Director of Building Authority (DBA), shared DBA's study and assessment with the subcommittee as well. Ultimately, the Investments and Finance Subcommittee voted to table further discussions regarding the purchase of a new building for APERS until the Arkansas Forward report by McKenzie Group is completed and available for the Board of Trustees consideration. In addition, the subcommittee voted to allow the Executive Director of APERS to seek a one-year extension on the current lease at the Union Plaza Building.

**Securities Litigation Requests:**

The subcommittee reviewed two securities litigation case requests: Humana, Inc. and Nike. The APERS staff presented the details on the case requests. Ultimately, the subcommittee voted to not proceed on either of these case requests at this time.

Additionally, the subcommittee directed the APERS team to review the APERS Securities Litigation Policy adopted in 2020 and make recommendations on any changes in policy and/or procedures to present to the subcommittee. We requested the staff share a report on all case requests brought to the subcommittee and the actions taken on those requests. We look forward to reviewing this information to ensure we continue to operate prudently and efficiently in the securities litigation space for APERS.

**Large Cap Value Manager Search**

At the May Board meeting the full APERS Board requested that staff and consultant complete a search to possibly replace the Lazard Domestic Equity strategy. Staff did recommend replacing Lazard. The recommendation was to hire Boston Partners to replace Lazard. The Subcommittee approved the replacement.



APERS

ARKANSAS PUBLIC EMPLOYEES'  
RETIREMENT SYSTEM

DELIVERING SECURE RETIREMENT BENEFITS  
AND EXCEPTIONAL SERVICE TO OUR MEMBERS.

# Chief Investment Officer Report

*For the Quarter Ending and Fiscal Year Ending, June 30, 2024*



# Second Quarter 2024 – How It Started

There were strong April Headwinds					April Returns	
Highlights from the month of April 2024					S&P 500	-4.08%
* Oil hit \$90 per barrel (inflationary)					Russell 1000 Index	-4.26%
* The Fixed Income markets removed rate cut expectations, from 6, down to maybe just 1					Russell 1000 Growth Index	-4.24%
* Iran attacked Israel. Israel told U.S. "no choice but to retaliate"					Russell 1000 Value Index	-4.27%
* Fed Gov. Daly said "there is no urgency to cut rates"					Russell 2000 Index	-7.04%
* Fed Gov. Jefferson said in inflation persists, the Fed will hold rates HIGHER FOR LONGER					Russell 2000 Growth Index	-7.70%
* Fed Chairman Powell said recent data showed lack of further progress on inflation					Russell 2000 Value Index	-6.37%
He dialed back any expectations of rate cuts					Russell 3000 Index	-4.40%
* The Fed's Beige Book data strengthened the case for the Fed to delay rate cuts					MSCI EAFE Index	-2.56%
* Israel launched retaliatory strike against Iran.					MSCI EAFE Growth Index	-3.97%
* TESLA stock cratered following price cuts (Magnificent 7 member)					MSCI EAFE Value Index	-1.02%
* NVIDIA stock fell 10% (Magnificent 7 member)					ACWI ex US Index	-1.79%
* Meta issued light revenue price guidance (Magnificent 7 member)					Bloomberg Agg	-2.53%
<b>May became the month to watch</b>					Bloomberg High Yield Corp	-0.94%
* 5/01 was the day for the FOMC meeting. Stocks rallied. A possible rate hike was removed.					3-month T-Bill	0.44%
* 5/03 was the day for economic data, non-farm payrolls. Job growth was lower than expected.						
The Fixed Income markets adjusted the first Fed rate cut to Sept (from Nov.)						

# Second Quarter 2024 - Summary

- In the second quarter of 2024, there was a combination of inflation, geopolitical uncertainty, economic slowdown, and anticipation for a Fed rate cut in September.
- Snap elections in France and a loss for the conservative party in the UK raised concerns for potential shifts in policy in those regions.
- A U.S. Presidential debate fueled doubts about the durability of President Biden to serve a second term.
- Inflationary pressures showed signs of easing supported by a slowing in wage gains and a small uptick in unemployment.
- During the quarter, momentum in the housing market slowed as housing starts and residential construction eased, overshadowing gains in home prices and a rise in sales activity.
- Economic growth has surpassed forecasts, yet the possibility of a rate cut still remains due to indications of reduced consumer spending, an increase in jobless claims, and a decline in business sentiment.

# Second Quarter 2024 – Summary (cont.)

- The Fed's Beige Book indicated the U.S. economic activity continued to grow at a slight to modest rate. Wages experienced a modest to moderate pace.
- The June Consumer Price Index (CPI) reported 3.0% rise, lower than the anticipated 3.3%. Financial markets adjusted to factor in a potential Fed rate cut.
- The European Central Bank cut rates for the first time in five years, followed by Denmark's central bank.
- Emerging markets, led by India, South Korea, and Taiwan, outperformed the global markets.
- A decline China's market due to deflation concerns and weak economic data overshadowed any optimism and improvements in China's property sector.

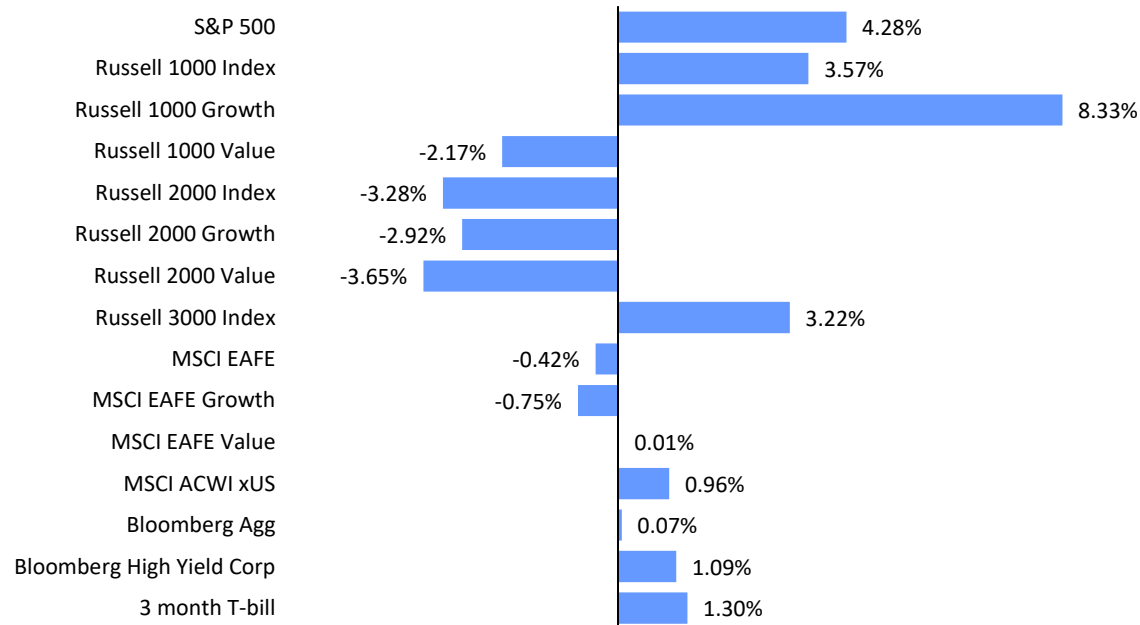
# Second Quarter 2024 – APERS Portfolio

Benchmarks			APERS Portfolio				
	Qtr	Fiscal Year		Q2 2024	Fiscal Year	30-Jun-24	Allocation
<b>U.S. Equity</b>			<b>Domestic Equity</b>	<b>1.13%</b>	<b>18.49%</b>	\$ 4,541,270,314	39.56%
S&P 500	4.28%	24.56%	<b>International Equity</b>	<b>0.65%</b>	<b>10.90%</b>	\$ 2,828,089,562	24.64%
Russell 1000 Growth	8.33%	33.48%	<b>Private Markets</b>	<b>6.83%</b>	<b>24.56%</b>	\$ 388,399,810	3.38%
Russell 1000 Value	-2.17%	13.06%	<b>Fixed Income</b>	<b>0.62%</b>	<b>5.48%</b>	\$ 1,987,383,073	17.31%
Russell 2000 Index	-3.28%	10.06%	<b>Real Assets</b>	<b>0.08%</b>	<b>-6.38%</b>	\$ 1,618,606,752	14.10%
Russell 2000 Growth	-2.92%	9.14%	<b>APERS Total Portfolio</b>	<b>0.97%</b>	<b>10.42%</b>	\$ 11,363,749,511	
Russell 2000 Value	-3.64%	10.90%				\$ 115,426,565	Cash
Russell 3000 Index	3.22%	23.13%				\$ 11,479,176,076	TOTAL FUND
<b>International Equity</b>							
MSCI EAFE	-0.42%	11.54%					
MSCI ACWI xUS	0.96%	11.62%					
<b>Fixed Income</b>							
Bloomberg Agg	0.07%	2.63%					
Bloomberg High Yield	1.09%	10.44%					

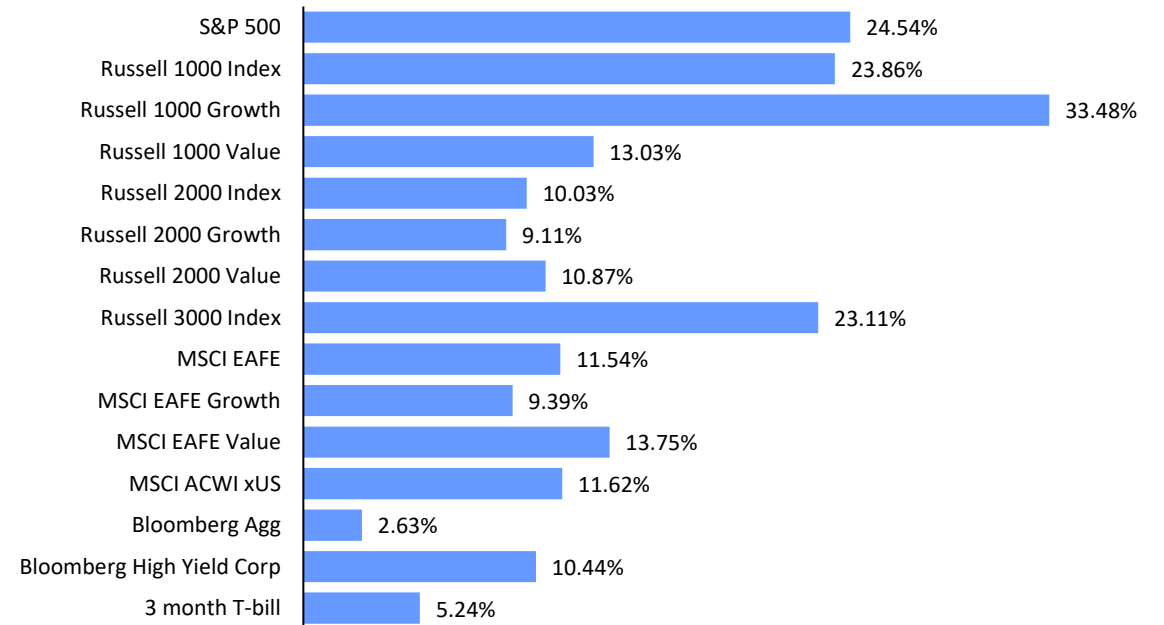
# Second Quarter 2024 – Domestic Equities

- U.S. Large Cap stocks continue to outperform small and mid-cap stocks.
- Growth continues to outperform Value

Performance by Asset Class: Quarter Ended 6/30/24

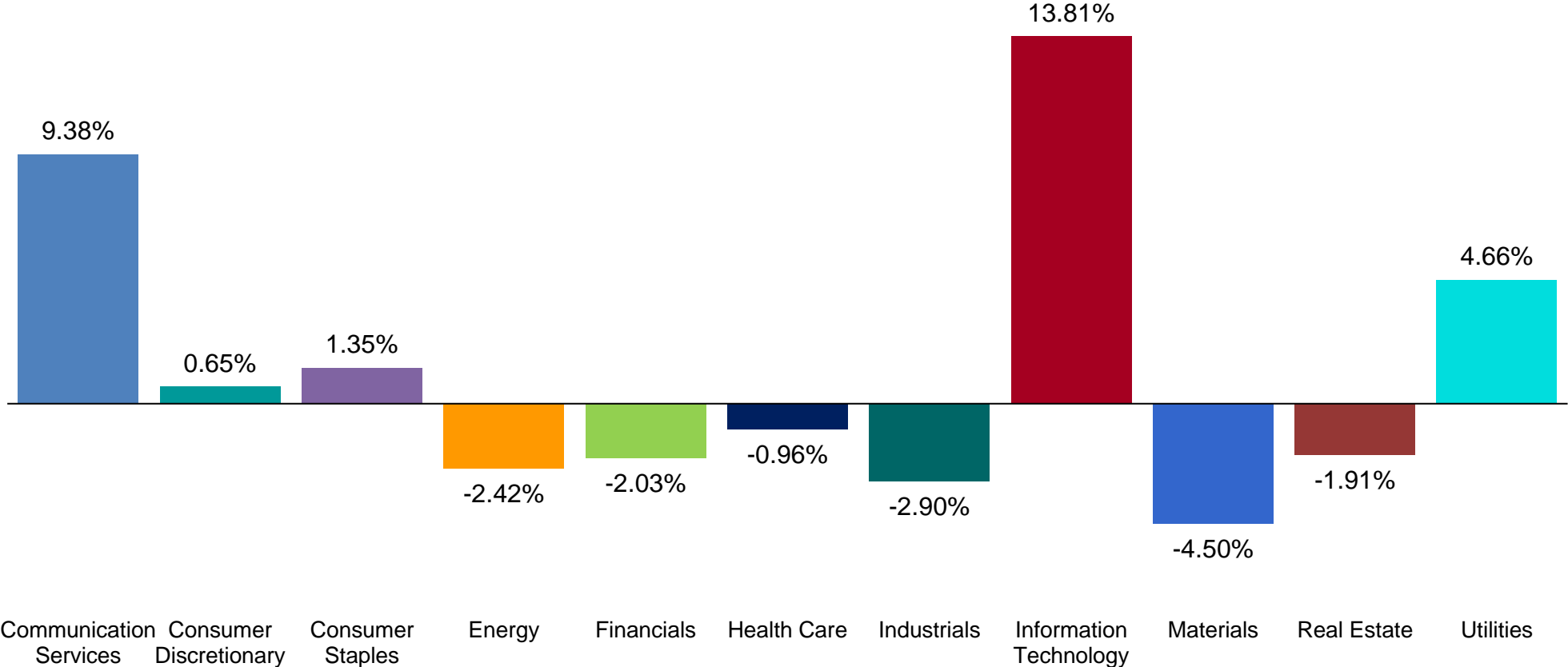


Performance by Asset Class: 1 Year Ended 6/30/24



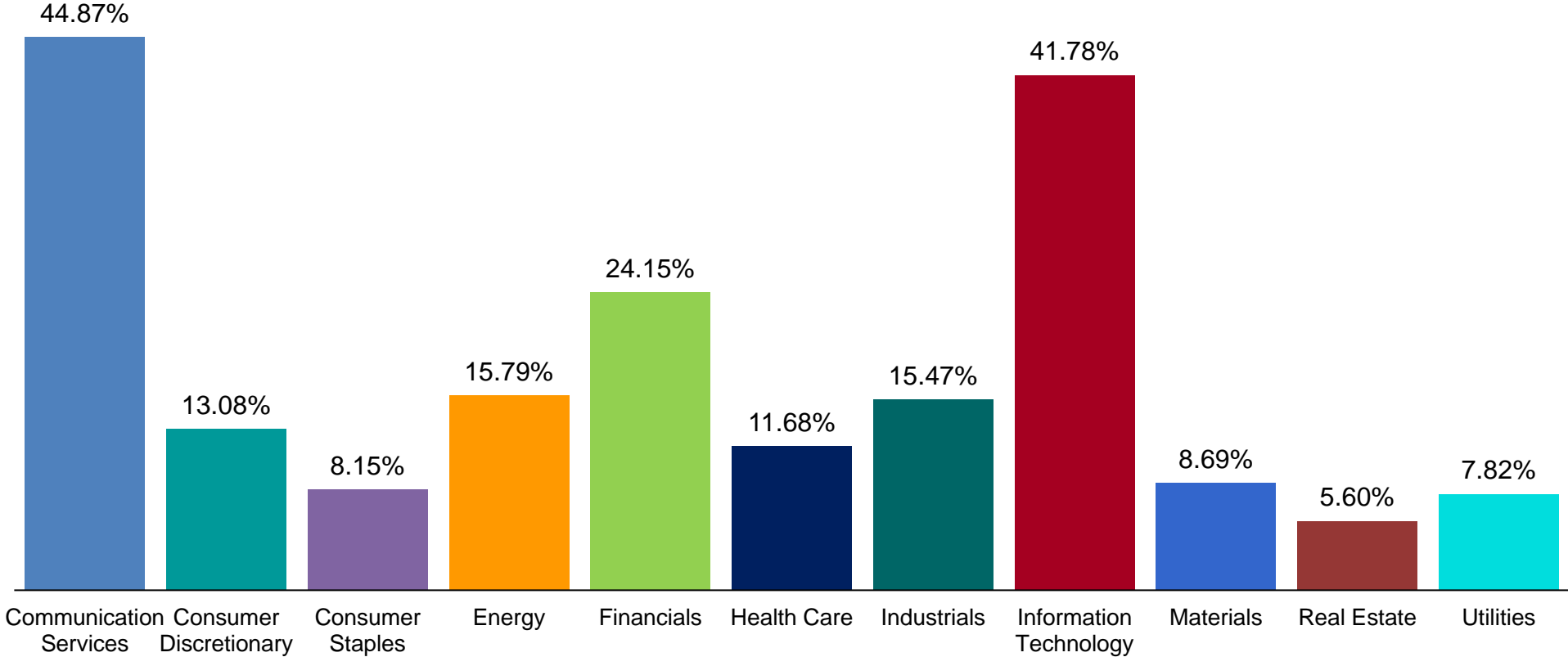
# Second Quarter 2024 – S&P Quarter Performance

Industry Sector Quarterly Performance (S&P 500) as of 6/30/2024



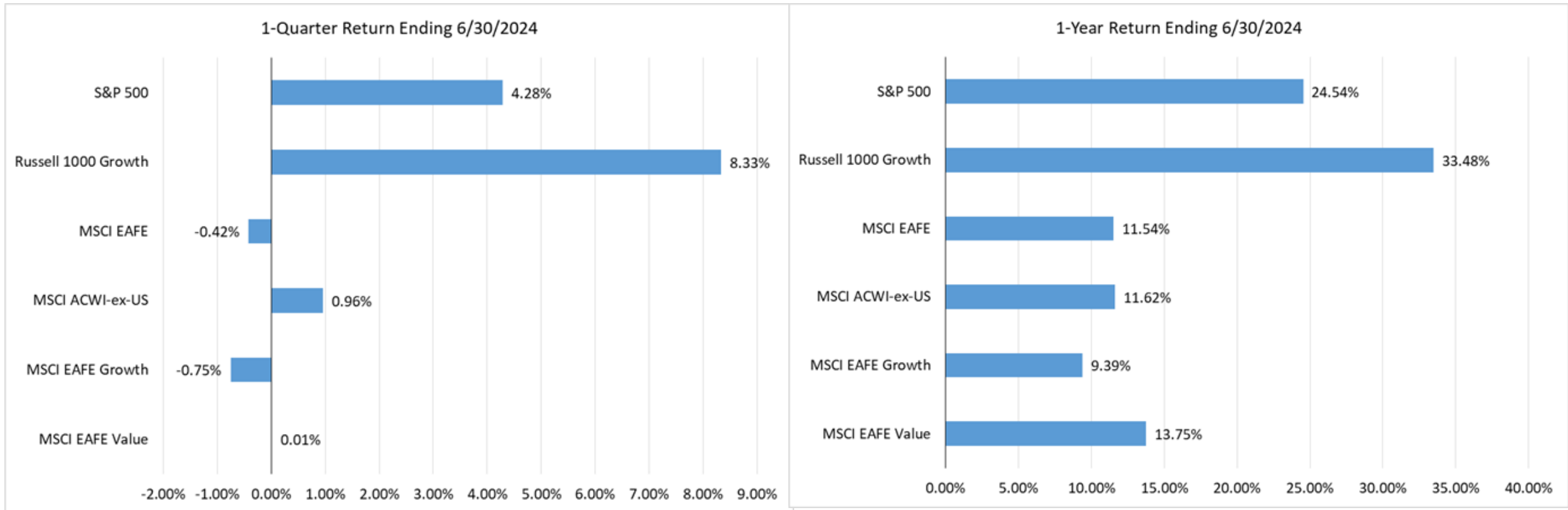
# Second Quarter 2024 – Fiscal Year Performance

Industry Sector 1-Year Performance (S&P 500) as of 6/30/2024



# Second Quarter 2024 – Global Equities

- U.S equities outperformed International equities
- Opposite of the U.S. equities, EAFE Value outperforms EAFE Growth





# July and August 2024

- A faulty update from CrowdStrike, a cybersecurity company, caused Microsoft systems to crash.
- Chinese markets suffered largest decline in six months as economic and geopolitical risks continue.
- Fed's Dudley reversed his stance. He advocated for immediate rate cuts and caused market jitters.
- Bank of Japan raised interest rates which pressured the ¥en carry trade.
- Bank of England cut rates by 25 basis points to 5.00% which prompted concerns that the U.S. Fed was “behind the curve” and the U.S. would experience a hard landing.
- August 2, Japanese stocks plummeted.
- August 2, Fed officials pushed back against a 50 basis point rate cut.
- August 5, Black Monday as Japanese markets had a significant decline. The ¥en crashed from 161.76 to 142.57. The U.S. equity markets reacted as the DJIA plummeted over 1,000 points. The S&P lost 3% as fears of an economic slowdown and overheated gains in the technology sector.
- Fears that the ¥en carry trade is not complete.

# Glossary of Terminology

The Super 6 = “MANMAT” = Microsoft, Apple, NVIDIA, Meta (facebook), Amazon, Tesla.

Magnificent 7 = “MANMAT” + Alphabet (Google) = MANMAAT

Fed = The U.S. Federal Reserve Bank

S&P 500 = Standard and Poor’s 500

Q4 = Fourth Quarter

YTD = Year to Date; FYD = Fiscal Year to Date

Bloomberg Agg = Bloomberg Aggregate Index

U.S. T-bill = United States Treasury Bill

Value = Value Stocks

Growth = Growth Stocks

EAFE = Europe Asia Far East

ACWI = All Country World Index

IG = Investment Grade



### **Class Action Settlement Proceeds**

<b>Fiscal</b>		
<b>Year</b>		<b>Total Proceeds</b>
2009	\$	2,808,033.51
2010	\$	2,333,548.87
2011	\$	1,222,467.30
2012	\$	734,293.86
2013	\$	501,060.63
2014	\$	1,034,993.49
2015	\$	499,547.35
2016	\$	1,367,167.89
2017	\$	354,154.24
2018	\$	801,714.62
2019	\$	1,442,809.72
2020	\$	1,319,992.13
2021	\$	575,013.13
2022	\$	553,429.10
2023	\$	390,107.88
2024	\$	345,399.83
	\$	<u>16,283,733.55</u>

August 21, 2024



## **Executive Summary Second Quarter 2024**

Arkansas Public Employees  
Retirement System

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**Brianne Weymouth, CAIA**  
Senior Vice President

**John Jackson, CFA**  
Senior Vice President

Important Disclosures regarding the use of this document are included at the end of this document. These disclosures are an integral part of this document and should be considered by the user.

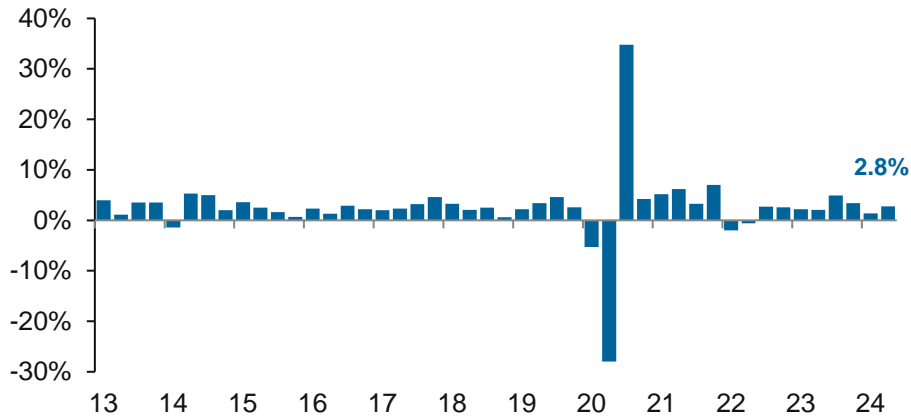


**Economic Overview**  
June 30, 2024

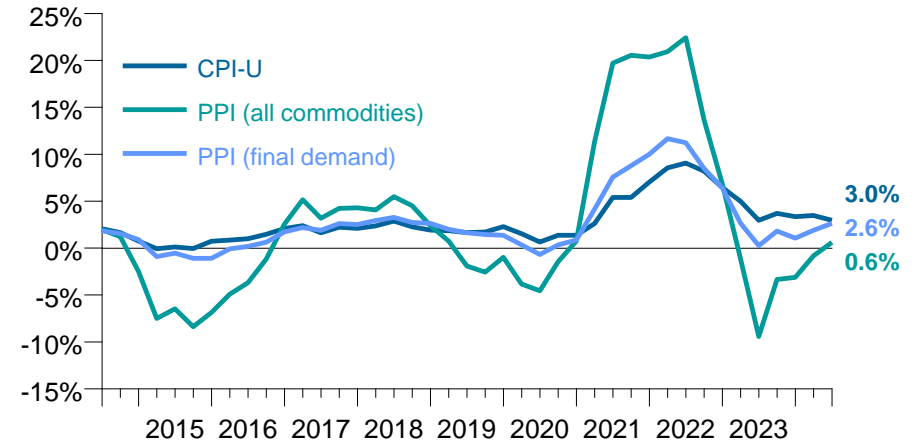
# U.S. Economy—Summary

For periods ended 6/30/24

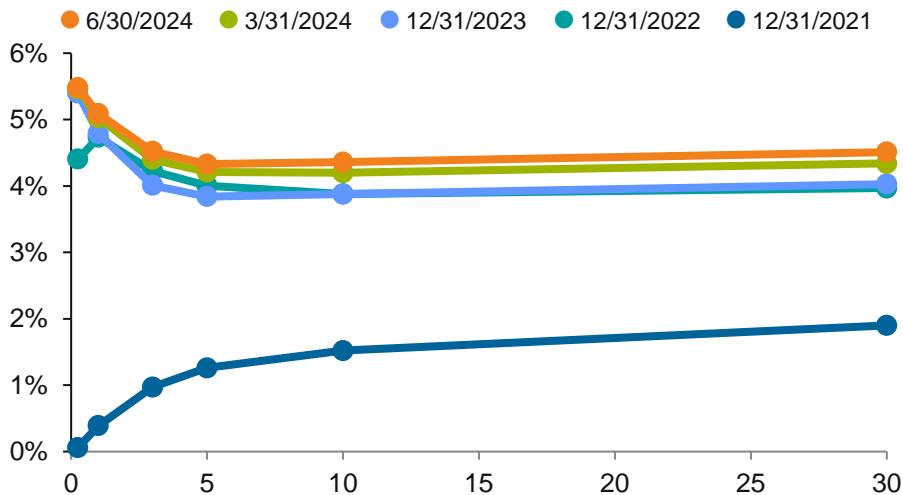
### Quarterly Real GDP Growth



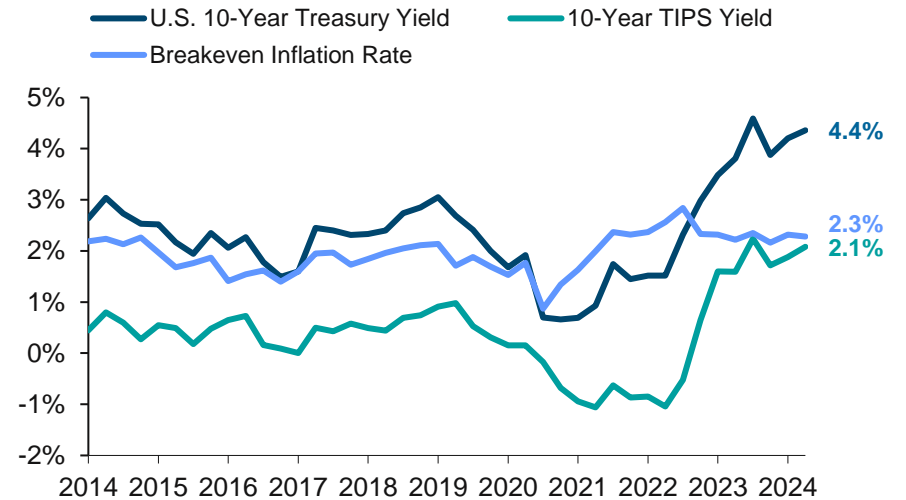
### Inflation Year-Over-Year



### U.S. Treasury Yield Curves



### Historical 10-Year Yields



Sources: Bureau of Labor Statistics, Callan, Federal Reserve



**Market Snapshot**  
June 30, 2024

# Global Markets Snapshot

## Returns for Periods ended 6/30/24

	Q2 2024	FYTD	1 Year	5 Years	10 Years	25 Years
<b>U.S. Equity</b>						
S&P 500	4.28	24.56	24.56	15.05	12.86	7.67
Russell 1000 Growth	8.33	33.48	33.48	19.34	16.33	8.18
Russell 1000 Value	(2.17)	13.06	13.06	9.01	8.23	6.85
Russell 2000	-3.28	10.06	10.06	6.94	7.00	7.60
Russell 2000 Growth	(2.92)	9.14	9.14	6.17	7.39	6.42
Russell 2000 Value	(3.64)	10.90	10.90	7.07	6.23	8.32
Russell 3000	3.22	23.13	23.13	14.14	12.15	7.82
<b>Global ex-U.S. Equity</b>						
MSCI World ex USA	-0.60	11.22	11.22	6.55	4.27	4.63
MSCI:EAFE	(0.42)	11.54	11.54	6.46	4.33	4.49
MSCI Emerging Markets	5.00	12.55	12.55	3.10	2.79	--
MSCI ACWI ex USA Small Cap	0.66	11.26	11.26	6.13	4.44	6.74
<b>Fixed Income</b>						
Bloomberg Aggregate	0.07	2.63	2.63	-0.23	1.35	3.88
90-day T-Bill	1.32	5.40	5.40	2.16	1.51	1.91
Bloomberg Long Gov/Credit	-1.73	-1.58	-1.58	-2.22	1.65	5.29
Bloomberg Global Agg ex-US	-2.11	-0.66	-0.66	-3.56	-1.86	2.46
<b>Real Estate</b>						
NCREIF Property	-0.26	-5.53	-5.53	3.39	6.07	7.75
NCREIF NFI ODCE Eq Wt Net	-0.82	-10.32	-10.32	2.58	5.80	6.23
FTSE Nareit Equity	0.06	7.79	7.79	3.90	5.90	9.06
<b>Alternatives</b>						
HFRI Fund Weighted	0.54	9.80	9.80	6.67	4.77	6.00
Cambridge Private Equity*	2.61	5.95	5.95	15.39	13.70	13.62
<b>Inflation - CPI-U</b>						
	0.59	2.97	2.97	4.17	2.80	2.58

\*Cambridge PE data as of 12/31/23

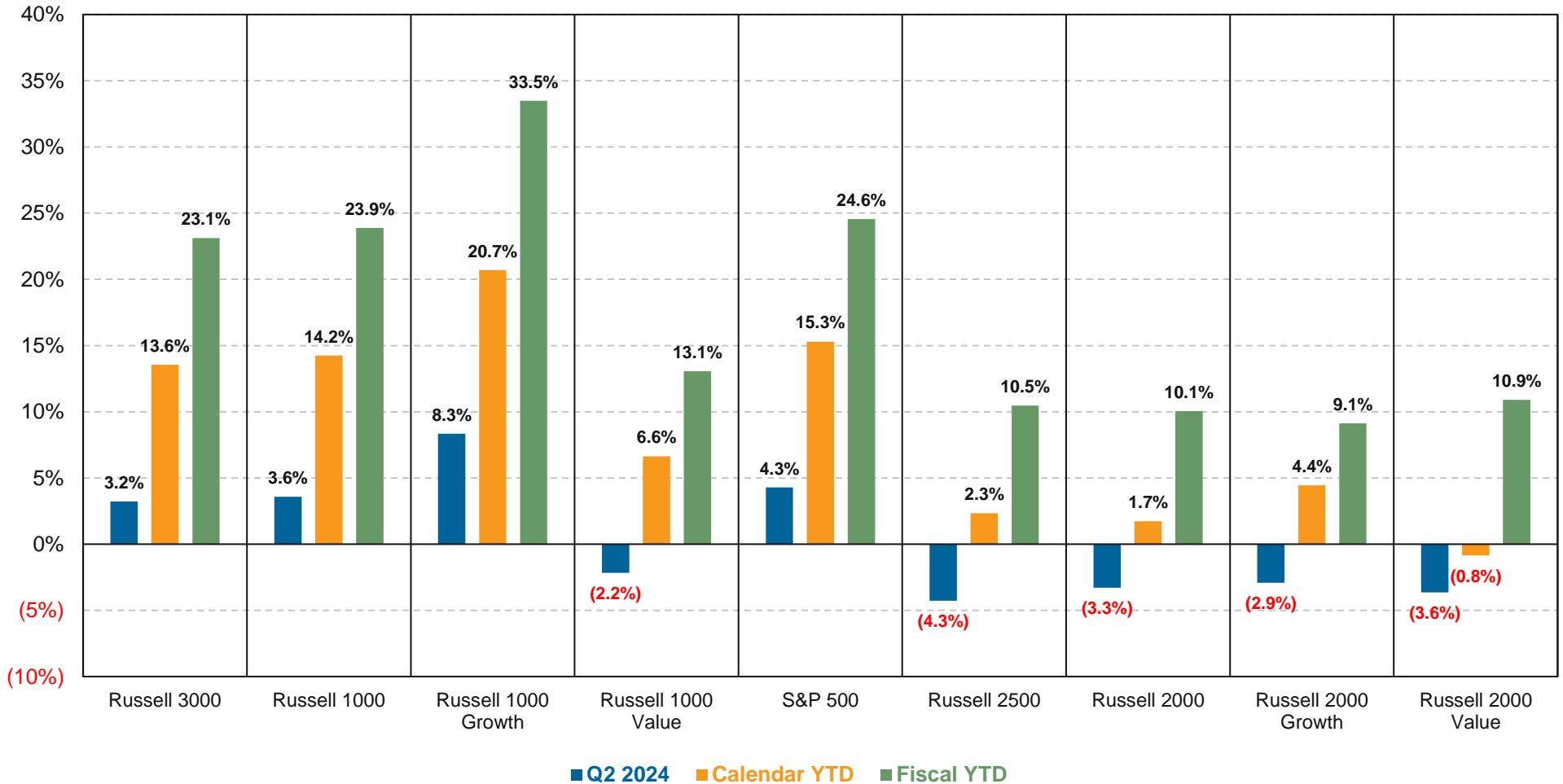
Sources: Bloomberg, Callan, Cambridge, FTSE Russell, HFRI, MSCI, NCREIF, S&P Dow Jones Indices



# U.S. Equity Market Snapshot: Q2 2024

Broad indices exhibited a strong start to 2024, but performance was uneven

Returns for Periods Ended June 30, 2024

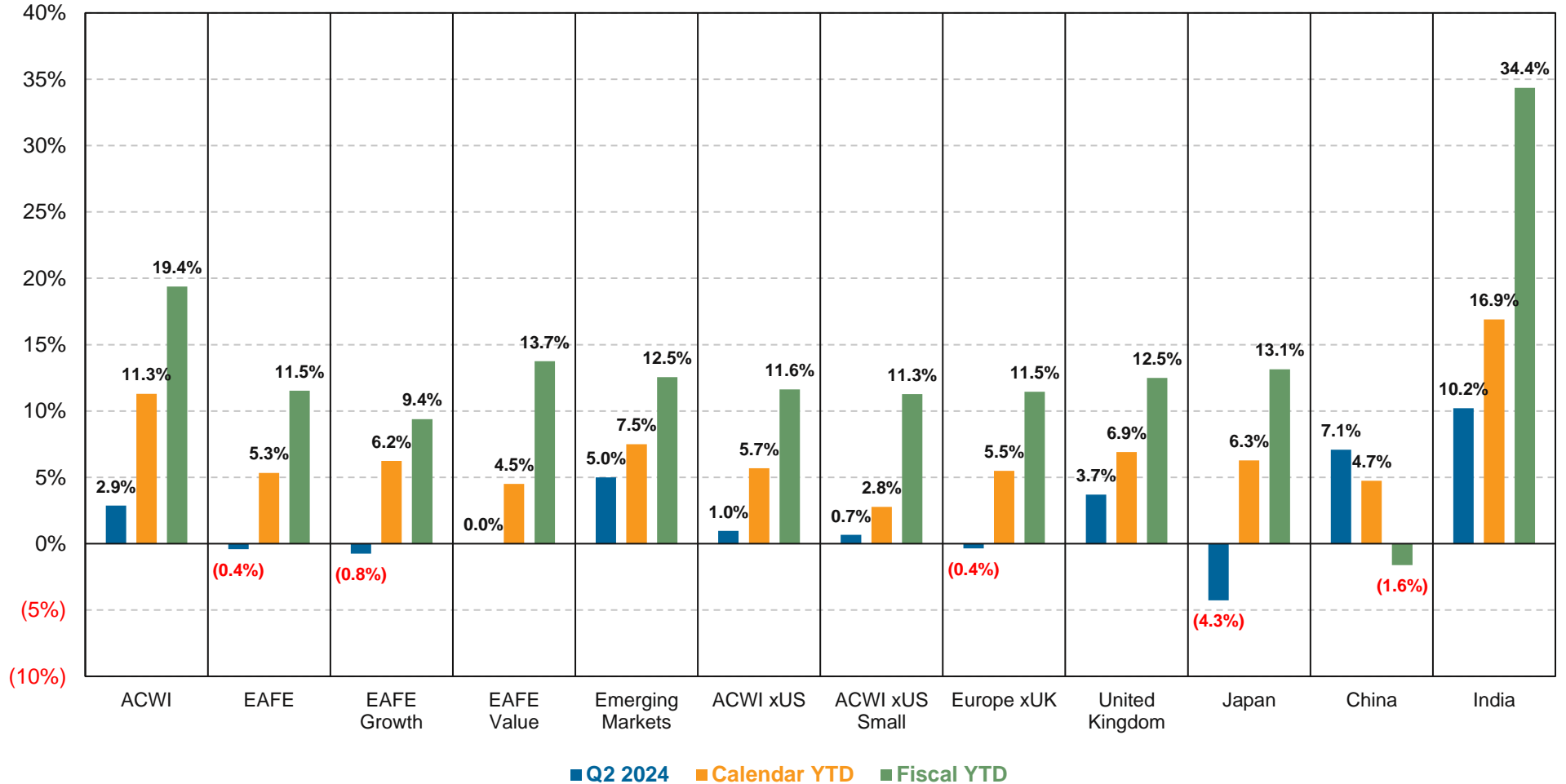


Sources: FTSE Russell, S&P Dow Jones Indices

# Global Equity Market Snapshot: Q2 2024

Reversal as China snaps back and Japan lags; India continues to outperform

Returns for Periods Ended June 30, 2024

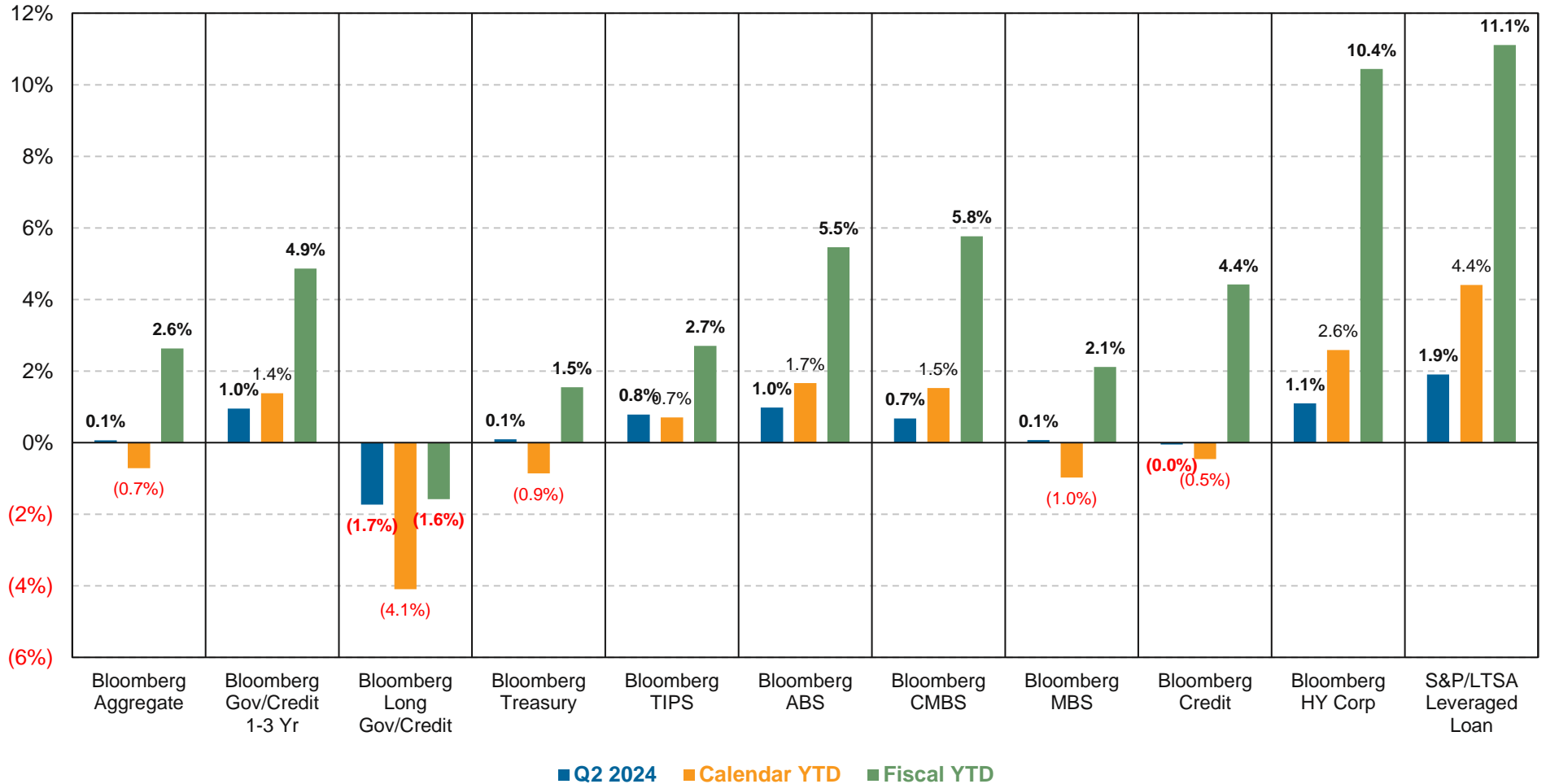


Source: MSCI


# U.S. Fixed Income Market Snapshot: Q2 2024

Muted performance across the board

Returns for Periods Ended June 30, 2024



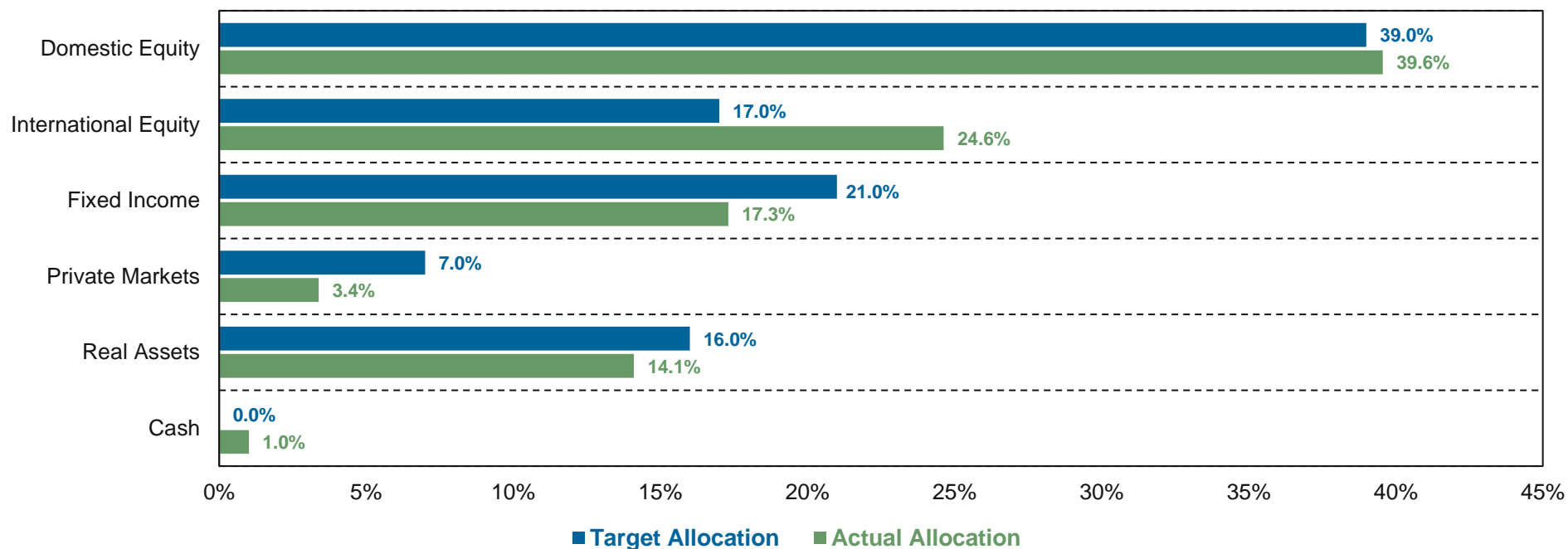
Sources: Bloomberg, Callan, S&P Dow Jones Indices



**APERS Portfolio Review**  
June 30, 2024

# Actual vs. Target Asset Allocation\*

June 30, 2024



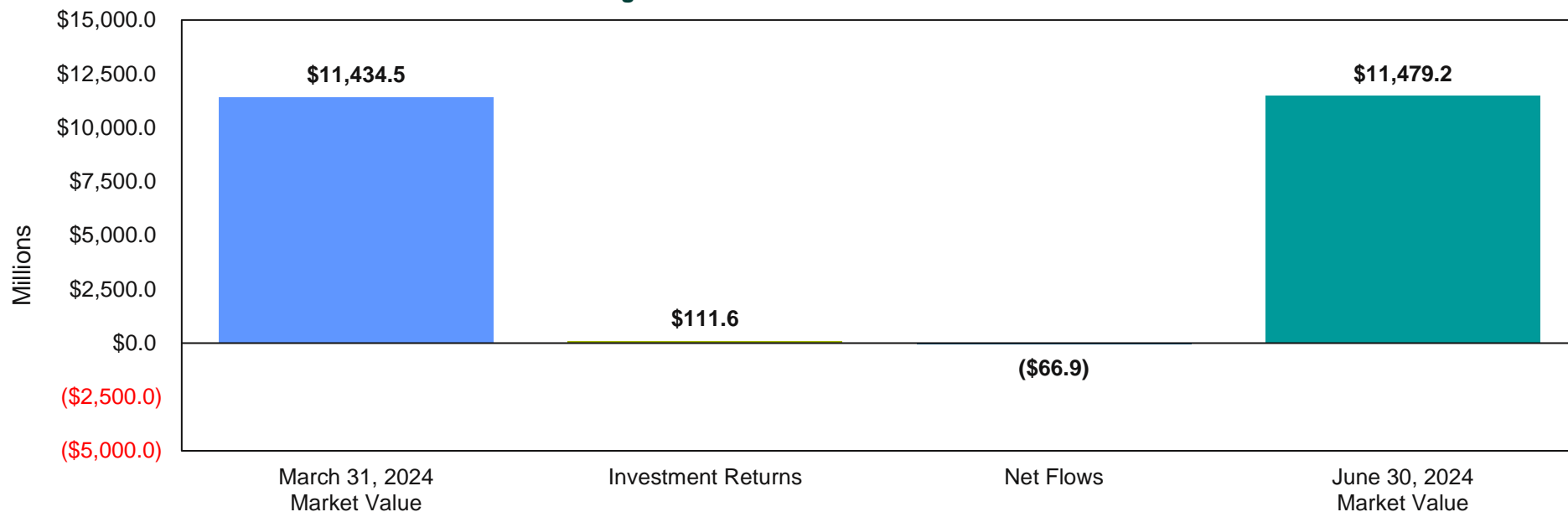
Asset Class	\$Millions Actual	Weight Actual	Min. Target	Target	Max. Target
Domestic Equity	4,541	39.6%	34.0%	39.0%	44.0%
International Equity	2,828	24.6%	12.0%	17.0%	22.0%
Domestic Fixed Income	1,987	17.3%	16.0%	21.0%	26.0%
Alternatives	388	3.4%	2.0%	7.0%	12.0%
Real Assets	1,619	14.1%	11.0%	16.0%	21.0%
Cash	116	1.0%	0.0%	0.0%	5.0%
<b>Total</b>	<b>11,479</b>	<b>100.0%</b>		<b>100.0%</b>	

\*The target asset allocation was approved in February 2023. The benchmark will be modified to reflect the new long-term targets when the Private Equity allocation has been fully implemented. Benchmark definitions can be found in the appendix.

# Total Fund Asset Summary

June 30, 2024

Changes in Total Fund Assets – Q2 2024



	Beginning Market Value	+	Investment Gain/(Loss)	+	Net Flows	=	Ending Market Value
<b>Q2 2024</b> <b>(3/31/24 - 6/30/24)</b>	\$11,434,487,782	+	\$111,554,985	+	(\$66,866,690)	=	<b>\$11,479,176,077</b>
<b>Fiscal Year</b> <b>(6/30/23 - 6/30/24)</b>	\$10,691,261,784	+	\$1,088,664,236	+	(\$300,749,943)	=	<b>\$11,479,176,077</b>

# Total Fund Performance

June 30, 2024

Returns for Periods Ended June 30, 2024

Group: Callan Public Fund Spr DB

	Q2 2024	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile:	2.13%	13.92%	4.84%	8.90%	7.84%	7.71%
25th Percentile:	1.88%	12.48%	4.03%	8.28%	7.40%	7.42%
Median:	1.38%	11.13%	3.16%	7.70%	6.96%	7.10%
75th Percentile:	0.95%	9.71%	2.34%	6.95%	6.39%	6.71%
90th Percentile:	0.53%	8.49%	1.50%	6.15%	5.85%	6.36%
<b>Total Fund</b>	<b>0.97% (73)</b>	<b>10.42% (63)</b>	<b>2.44% (72)</b>	<b>7.65% (51)</b>	<b>6.90% (53)</b>	<b>7.39% (27)</b>
<b>Benchmark</b>	<b>1.46% (45)</b>	<b>11.32% (48)</b>	<b>3.60% (37)</b>	<b>8.01% (37)</b>	<b>7.06% (44)</b>	<b>7.37% (28)</b>
Peer Universe Constituents	329	329	323	323	304	223

Peer group ranking in parentheses.  
Benchmark definitions included in the Appendix.

# Total Fund Performance

June 30, 2024

Returns for Periods Ended June 30, 2024

Group: Callan Public Fd V Lg DB (>\$10B)

	Q2 2024	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
10th Percentile:	2.09%	12.15%	6.15%	9.49%	8.06%	7.84%
25th Percentile:	1.72%	10.83%	5.05%	8.78%	7.67%	7.64%
Median	1.45%	10.23%	3.95%	8.12%	7.23%	7.43%
75th Percentile:	1.01%	9.17%	3.03%	7.62%	6.92%	7.14%
90th Percentile:	0.78%	7.80%	2.37%	7.08%	6.44%	6.44%
<b>Total Fund</b>	<b>0.97% (79)</b>	<b>10.42% (44)</b>	<b>2.44% (89)</b>	<b>7.65% (74)</b>	<b>6.90% (77)</b>	<b>7.39% (53)</b>
<b>Benchmark</b>	<b>1.46% (49)</b>	<b>11.32% (21)</b>	<b>3.60% (57)</b>	<b>8.01% (59)</b>	<b>7.06% (64)</b>	<b>7.37% (54)</b>
Peer Universe Constituents	54	54	54	54	52	50

Peer group ranking in parentheses.  
Benchmark definitions included in the Appendix.



# Asset Class Performance and Market Values

June 30, 2024

	Market Value \$(Dollars)	Ending Weight	Q2 2024	Fiscal YTD	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
<b>Domestic Equity</b> <i>Russell:3000 Index</i>	\$4,541,270,314	39.56%	1.13% 3.22%	18.49% 23.13%	18.49% 23.13%	5.41% 8.05%	12.28% 14.14%	10.91% 12.15%
<b>International Equity</b> <i>Int'l Equity Benchmark</i>	\$2,827,846,080	24.63%	0.65% 0.92%	10.90% 11.57%	10.90% 11.57%	0.31% 0.19%	7.05% 4.92%	5.16% 3.57%
<b>Private Markets</b>	\$388,399,810	3.38%	6.83%	24.56%	24.56%	7.60%	7.62%	6.48%
<b>Private Equity</b> <i>PE Benchmark</i>	\$145,640,694	1.27%	16.22% 10.59%	-- --	-- --	-- --	-- --	-- --
<b>Hedge Funds</b> <i>HFRI FOF Index</i>	\$242,759,116	2.11%	1.89% 0.62%	11.82% 8.42%	11.82% 8.42%	6.72% 6.71%	6.45% 5.97%	6.38% 5.42%
<b>Fixed Income</b> <i>Blmbg:Aggregate</i>	\$1,987,383,073	17.31%	0.62% 0.07%	5.48% 2.63%	5.48% 2.63%	(1.96%) (3.02%)	0.98% (0.23%)	2.34% 1.35%
<b>Real Assets</b> <i>Real Assets Benchmark</i>	\$1,618,595,624	14.10%	0.08% (0.26%)	(6.38%) (5.53%)	(6.38%) (5.53%)	3.91% 4.54%	4.92% 5.52%	4.90% 5.49%
<b>REITS</b> <i>S&amp;P DJ US Select REIT</i>	\$12,443,817	0.11%	(0.15%) (0.16%)	7.12% 7.15%	7.12% 7.15%	(0.13%) (0.14%)	2.52% 2.78%	-- 5.17%
<b>Core/Core Plus RE</b> <i>NFI-ODCE Eq Wt Net</i>	\$1,085,035,225	9.45%	(0.44%) (0.82%)	(8.71%) (10.32%)	(8.71%) (10.32%)	2.39% 1.14%	3.11% 2.58%	5.83% 5.80%
<b>Value Add Real Estate</b> <i>NCREIF Total Index</i>	\$318,988,019	2.78%	0.32% (0.26%)	(7.18%) (5.53%)	(7.18%) (5.53%)	9.06% 2.33%	9.92% 3.39%	11.74% 6.07%
<b>Farmland</b> <i>NCREIF Farmland Index</i>	\$101,016,534	0.88%	0.43% (0.21%)	1.86% 2.54%	1.86% 2.54%	-- 6.77%	-- 5.82%	-- 6.90%
<b>Timber</b> <i>NCREIF Timberland Index</i>	\$101,112,028	0.88%	4.78% 1.71%	10.62% 9.84%	10.62% 9.84%	14.39% 10.99%	8.21% 7.18%	3.96% 5.89%
<b>Cash</b>	\$115,681,176	1.01%	1.29%	5.09%	5.09%	3.07%	2.16%	1.50%
<b>Total Fund</b> <i>Total Fund Benchmark</i>	\$11,479,176,077	100.00%	0.97% 1.46%	10.42% 11.32%	10.42% 11.32%	2.44% 3.60%	7.65% 8.01%	6.90% 7.06%

Benchmark definitions included in the Appendix.

# Investment Manager Returns and Peer Group Rankings

June 30, 2024

	Q2 2024		Fiscal Year		Last 3 Years		Last 5 Years		Last 10 Years	
<b>Domestic Equity</b>	<b>1.13%</b>	<b>84</b>	<b>18.49%</b>	<b>84</b>	<b>5.41%</b>	<b>86</b>	<b>12.28%</b>	<b>77</b>	<b>10.91%</b>	<b>72</b>
Russell 3000 Index	3.22%	12	23.13%	15	8.05%	28	14.14%	21	12.15%	23
Pub Pln- Dom Equity	2.16%		21.15%		7.52%		13.31%		11.54%	
Lazard Asset Mgmt.	(0.22%)	55	5.07%	98	2.20%	83	8.24%	96	9.12%	78
Russell 3000 Index	3.22%	23	23.13%	35	8.05%	38	14.14%	34	12.15%	38
Callan All Cap Broad	0.54%		21.28%		7.03%		12.82%		10.95%	
CastleArk	6.67%	1	33.32%	7	11.04%	13	18.55%	7	15.12%	5
Russell 3000 Growth Index	7.80%	1	32.22%	8	10.33%	22	18.55%	7	15.75%	1
Callan All Cap Broad	0.54%		21.28%		7.03%		12.82%		10.95%	
Mellon S&P 500 Index Fd	4.28%	47	24.55%	75	10.01%	55	14.72%	56	12.70%	55
S&P 500 Index	4.28%	47	24.56%	75	10.01%	55	15.05%	48	12.86%	48
Callan Large Cap Core	4.08%		26.57%		10.31%		15.00%		12.79%	
Horrell Capital - Passive	(4.13%)	96	12.84%	87	7.50%	48	12.54%	52	10.59%	55
Bloomberg Arkansas Index	(4.23%)	97	9.52%	92	13.38%	5	17.09%	11	10.03%	62
S&P 500 Index	4.28%	10	24.56%	33	10.01%	23	15.05%	24	12.86%	23
Callan All Cap Broad	0.54%		21.28%		7.03%		12.82%		10.95%	
Mellon Large Cap Growth	8.32%	15	33.53%	42	-	-	-	-	-	-
Russell 1000 Growth Index	8.33%	15	33.48%	42	11.28%	16	19.34%	9	16.33%	15
Callan Large Cap Growth	6.42%		31.92%		8.73%		16.51%		15.26%	
Wellington Management	(1.24%)	42	15.58%	58	7.86%	43	10.63%	58	8.88%	60
Russell 1000 Value Index	(2.17%)	67	13.06%	83	5.52%	82	9.01%	89	8.23%	88
Callan Large Cap Value	(1.58%)		16.26%		7.38%		10.98%		9.20%	
LSV Asset Management	(3.51%)	55	13.74%	48	6.57%	18	10.63%	31	-	-
Russell 2000 Value Index	(3.64%)	57	10.90%	71	(0.53%)	90	7.07%	89	6.23%	97
Callan Small Cap Value	(3.48%)		13.22%		3.65%		9.38%		7.86%	
Stephens Investment Mgmt.	(2.31%)	49	15.36%	18	(0.51%)	28	8.59%	46	9.68%	61
Russell 2000 Growth Index	(2.92%)	62	9.14%	58	(4.86%)	66	6.17%	87	7.39%	99
Callan Small Cap Growth	(2.33%)		10.21%		(2.49%)		8.46%		10.05%	
Froley Revy Investment	0.34%	59	7.87%	32	(3.66%)	94	8.60%	26	7.79%	27
ML All Conv	(0.21%)	72	6.19%	69	(2.31%)	83	9.40%	16	8.15%	17
Callan Convert Bonds DB	0.46%		6.98%		(0.55%)		7.06%		6.32%	

Benchmark definitions included in the Appendix.

# Investment Manager Returns and Peer Group Rankings

June 30, 2024

	Q2 2024		Fiscal Year		Last 3 Years		Last 5 Years		Last 10 Years	
<b>International Equity</b>	<b>0.65%</b>	<b>82</b>	<b>10.90%</b>	<b>85</b>	<b>0.31%</b>	<b>59</b>	<b>7.05%</b>	<b>35</b>	<b>5.16%</b>	<b>46</b>
Benchmark*	0.92%	74	11.57%	73	0.19%	61	4.92%	82	3.58%	90
Pub Pln- Intl Equity	1.62%		12.62%		0.93%		6.63%		4.94%	
Artisan Partners	2.03%	10	14.91%	21	8.27%	1	12.08%	1	8.16%	3
MSCI EAFE	(0.42%)	69	11.54%	44	2.89%	37	6.46%	64	4.33%	78
Callan NonUS Eq	0.23%		11.15%		2.10%		7.10%		5.22%	
Mellon ACWI ex US Fund	1.20%	23	11.82%	42	0.72%	69	5.84%	78	-	
MSCI ACWI ex US	0.96%	26	11.62%	44	0.46%	72	5.55%	84	3.84%	89
Callan NonUS Eq	0.23%		11.15%		2.10%		7.10%		5.22%	
Baillie Gifford Overseas	(0.53%)	71	3.54%	96	(8.91%)	99	3.96%	96	4.48%	75
MSCI ACWIxUS Gross	1.17%	23	12.17%	38	0.97%	65	6.05%	70	4.34%	78
Callan NonUS Eq	0.23%		11.15%		2.10%		7.10%		5.22%	
Lazard Asset Mgmt.	(1.20%)	84	10.47%	55	1.28%	61	5.91%	74	5.03%	55
MSCI ACWIxUS Gross	1.17%	23	12.17%	38	0.97%	65	6.05%	70	4.34%	78
Callan NonUS Eq	0.23%		11.15%		2.10%		7.10%		5.22%	
Acadian ACW ex US SmallCap	3.04%	1	18.39%	7	3.04%	14	-		-	
MSCI ACWI ex US Small Cap	0.66%	9	11.26%	38	(1.45%)	45	6.13%	47	4.44%	78
Callan Intl Small Cap	(1.20%)		9.11%		(2.26%)		5.59%		5.42%	
Franklin Templeton Intl SmallCap	(0.10%)	31	7.22%	65	(3.39%)	58	-		-	
MSCI ACWI ex US Small Cap	0.66%	9	11.26%	38	(1.45%)	45	6.13%	47	4.44%	78
Callan Intl Small Cap	(1.20%)		9.11%		(2.26%)		5.59%		5.42%	

Benchmark definitions included in the Appendix.

# Investment Manager Returns and Peer Group Rankings

June 30, 2024

	Q2 2024		Fiscal Year		Last 3 Years		Last 5 Years		Last 10 Years	
<b>Fixed Income</b>	<b>0.62%</b>	<b>15</b>	<b>5.48%</b>	<b>13</b>	<b>(1.96%)</b>	<b>46</b>	<b>0.98%</b>	<b>42</b>	<b>2.34%</b>	<b>29</b>
Blmbg Aggregate Index	0.07%	82	2.63%	87	(3.02%)	89	(0.23%)	97	1.35%	94
Pub Pln- Dom Fixed	0.25%		4.02%		(2.04%)		0.86%		1.97%	
DoubleLine Capital	0.36%	65	4.27%	51	(1.86%)	19	0.38%	83	-	
MacKay Shields	0.99%	1	6.57%	4	(1.85%)	19	1.57%	13	2.53%	23
PGIM	0.50%	31	5.51%	14	(2.19%)	41	0.93%	43	2.72%	16
Blmbg Aggregate Index	0.07%	96	2.63%	95	(3.02%)	90	(0.23%)	98	1.35%	100
Callan Core Plus FI	0.42%		4.31%		(2.33%)		0.91%		2.25%	
<b>Private Markets</b>	<b>6.83%</b>		<b>24.56%</b>		<b>7.60%</b>		<b>7.62%</b>		<b>6.48%</b>	
<b>Private Equity</b>	<b>16.22%</b>		-		-		-		-	
Benchmark**	10.58%		-		-		-		-	
HarbourVest Dover XI	12.80%		-		-		-		-	
Neuberger Berman Fund of One	27.43%		-		-		-		-	
Benchmark**	10.58%		-		-		-		-	
<b>Hedge Funds of Funds</b>	<b>1.89%</b>		<b>11.82%</b>		<b>6.72%</b>		<b>6.45%</b>		<b>6.38%</b>	
HFRI FOF: Diversified Index***	0.64%		8.44%		6.72%		5.97%		5.42%	
Blackstone Alt. Asset Mgmt.	1.89%	29	11.82%	11	6.72%	12	6.45%	31	6.38%	7
HFRI FOF: Diversified Index***	0.64%	80	8.44%	74	6.72%	12	5.97%	49	5.42%	15
Callan Core Diversif FoF	1.57%		9.98%		4.22%		5.93%		4.52%	

Benchmark definitions included in the Appendix.

# Investment Manager Returns and Peer Group Rankings

June 30, 2024

	Q2 2024		Fiscal Year		Last 3 Years		Last 5 Years		Last 10 Years	
<b>Real Assets</b>	<b>0.08%</b>		<b>(6.38%)</b>		<b>3.91%</b>		<b>4.92%</b>		<b>4.90%</b>	
NCREIF Total Index****	(0.26%)		(5.53%)		4.54%		5.52%		5.48%	
<b>REITS</b>	<b>(0.15%)</b>		<b>7.12%</b>		<b>(0.13%)</b>		<b>2.52%</b>		-	
S&P DJ US Select REIT	(0.16%)		7.15%		(0.14%)		2.78%		5.17%	
MCMEB DV Non-SL REIT Fd	(0.15%)	47	7.12%	52	(0.13%)	47	2.52%	93	-	
S&P DJ US Select REIT	(0.16%)	48	7.15%	48	(0.14%)	48	2.78%	87	5.17%	87
Callan Real Estate REIT	(0.17%)		7.13%		(0.15%)		4.92%		6.58%	
<b>Core/Core-Plus Real Estate</b>	<b>(0.44%)</b>		<b>(8.71%)</b>		<b>2.39%</b>		<b>3.11%</b>			
NCREIF NFI-ODCE Eq Wt Net	(0.82%)		(10.32%)		1.14%		2.58%			
Carlyle Property Investors	0.31%	10	-		-		-		-	
Clarion Lion Industrial Trust	(1.53%)	82	(3.26%)	16	-		-		-	
Invesco Real Estate	(1.29%)	79	(10.49%)	70	0.90%	63	2.33%	66	6.18%	45
Heitman Real Estate Trust LP*****	0.65%	7	(7.66%)	37	4.12%	28	3.98%	37	6.52%	29
NCREIF NFI-ODCE Eq Wt Net	(0.82%)	60	(10.32%)	68	1.14%	59	2.58%	61	5.80%	61
Callan OE Core Cmngld RE	(0.60%)		(8.55%)		1.60%		3.18%		5.96%	
<b>Non-Core Real Estate</b>	<b>0.32%</b>		<b>(7.18%)</b>		<b>9.06%</b>		<b>9.92%</b>		<b>11.74%</b>	
NCREIF Total Index	(0.26%)		(5.53%)		2.33%		3.39%		6.07%	
Harrison Street Fund VIII	(0.14%)		0.07%		-		-		-	
Harrison Street Fund IX	0.00%		-		-		-		-	
Heitman Value Partners IV	0.32%		11.38%		13.26%		13.12%		-	
LaSalle Inc & Growth VI LP	(8.13%)		(17.07%)		(16.13%)		(11.70%)		0.03%	
LaSalle Inc & Growth VII LP	(2.06%)		(45.04%)		(16.17%)		(9.13%)		-	
Starwood SOF XII	3.25%		10.37%		-		-		-	
TA Realty XII	0.94%		(8.13%)		15.50%		-		-	
TA Realty XIII	(1.43%)		-		-		-		-	
NCREIF Total Index	(0.26%)		(5.53%)		2.33%		3.39%		6.07%	
<b>Farmland</b>	<b>0.43%</b>		<b>1.86%</b>		-		-		-	
IFC Core Farmland Fund	1.18%		6.09%		-		-		-	
PGIM Agriculture	(0.39%)		(3.40%)		-		-		-	
NCREIF Farmland Index	(0.21%)		2.54%		6.77%		5.82%		6.90%	
<b>Timber</b>	<b>4.78%</b>		<b>10.62%</b>		<b>14.39%</b>		<b>8.21%</b>		<b>3.96%</b>	
Pinnacle	4.78%		10.62%		14.39%		8.21%		3.96%	
NCREIF Timberland Index	1.71%		9.84%		10.99%		7.18%		5.89%	
<b>Cash</b>	<b>1.29%</b>		<b>5.09%</b>		<b>3.07%</b>		<b>2.16%</b>		<b>1.50%</b>	
<b>Total Fund</b>	<b>0.97%</b>	<b>73</b>	<b>10.42%</b>	<b>63</b>	<b>2.44%</b>	<b>72</b>	<b>7.65%</b>	<b>51</b>	<b>6.90%</b>	<b>53</b>
Benchmark*	1.46%	45	11.32%	48	3.60%	37	8.01%	37	7.06%	44
Callan Public Fund Spr DB	1.38%		11.13%		3.16%		7.70%		6.96%	

Benchmark definitions included in the Appendix.

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## Organizational Developments

*2<sup>nd</sup> Quarter 2024*

### **CastleArk – Domestic Equity**

In July 2024, Callan was informed that David Bucolo, Senior Research Analyst on the Large Cap Growth team, left the firm to pursue another opportunity within the industry. CastleArk has started the interview process to replace David and will follow up once the new hire is announced.

No action required.

### **LaSalle Investment Management – Value Add Private Real Estate**

June 2024 – Kristy Heuberger, co-head of Americas and head of asset management, will be leaving LaSalle in summer 2024 to pursue other opportunities. Her responsibilities as head of asset management will be taken over by Kyle Dupree, currently the residential sector lead. Brad Gries, currently co-head of Americas alongside Ms. Heuberger, will become the sole head of the Americas division.

April 2024 – It was announced that Joe Munoz, Portfolio Manager for LaSalle Value Partners, has departed LaSalle to pursue another opportunity. Jeff Shuster (Head of investments for Fund VIII, IX, and portfolio construction with Munoz) will be assuming the PM role.

No action required.

# Work Plan Update

## Annual Work Plan

Agenda Item	Frequency	Last Completed	Scheduled Review
Performance Measurement Reports	Quarterly	08/2024	11/2024
Quarterly Board Meetings	Quarterly	08/2024	11/2024
Customized Board Education Sessions	As Needed	05/2023	As Needed
Investment Policy Statement Review	Annual	11/2023	11/2024

## Multi-Year Work Plan

Agenda Item	Frequency	Last Completed	Scheduled Review
Asset/Liability Study	5-7 years	02/2019	2024 – 2026
Asset Allocation Analysis	3 years	12/2023	2026 – 2029
Domestic Equity Structure Review	3-5 years	08/2022	2025 – 2027
Non-U.S. Equity Structure Review	3-5 years	11/2020	2023 – 2025
Fixed Income Structure Review	3-5 years	11/2023	2026 – 2028
Real Assets Structure & Pacing Analysis	1-3 years	05/2021	2022 – 2024
Private Equity Structure & Pacing Analysis	1-3 years	05/2023	2024 – 2026



## Appendix



# Benchmark Definitions

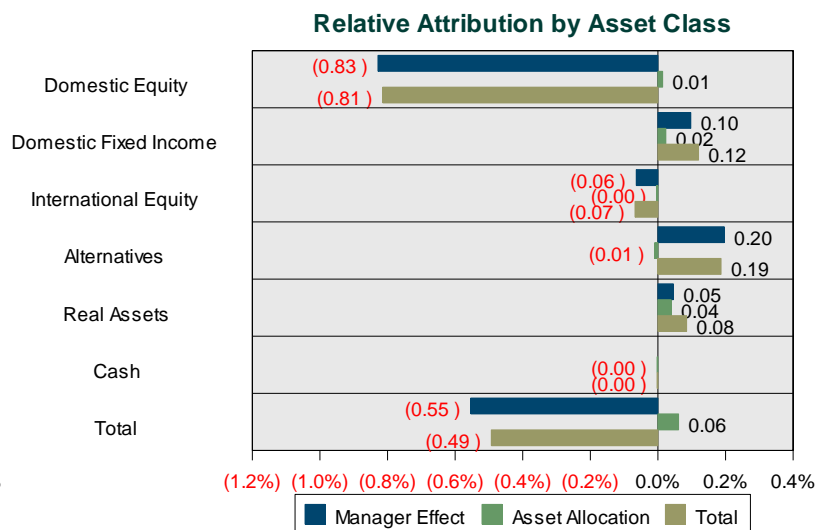
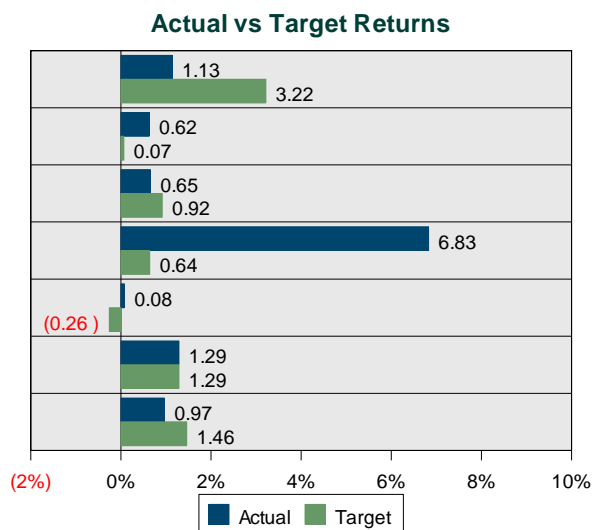
1. **Total Fund Benchmark (Target):** Blend of asset class benchmarks at policy weights. The Long-Term Target was established in February 2023; however, the benchmark will be modified in accordance with the actual implementation. This process reflects the practical implementation of the strategic long-term asset allocation.

	<b>Long-Term Target</b>	<b>2Q 2024 Target</b>
<b>Domestic Equity</b>	<b>39.0%</b>	<b>39.0%</b>
<b>International Equity</b>	<b>17.0</b>	<b>24.0</b>
<b>Fixed Income</b>	<b>21.0</b>	<b>19.0</b>
<b>Real Assets</b>	<b>16.0</b>	<b>16.0</b>
<b>Private Markets</b>	<b>7.0</b>	<b>2.0</b>
- Private Equity	5.0	0.0
- Hedge Funds	2.0	2.0
<b>Total Target</b>	<b>100.0%</b>	<b>100.0%</b>

2. **Domestic Equity Benchmark:** Russell 3000 Index
3. **International Equity Benchmark:** MSCI ACWI xUS IMI Index; Prior to 12/31/2020 MSCI EAFE Index
4. **Fixed Income Benchmark:** Bloomberg Aggregate Index
5. **Real Assets Benchmark:** NCREIF Total Index; Prior to 7/1/2023 CPI All Urban Consumers + 4%
6. **Private Equity Benchmark:** Russell 3000 Index +3%, lagged one quarter.
7. **Hedge Funds Benchmark:** HFRI Diversified Index; Prior to 7/1/2023 60% MSCI World and 40% Bloomberg Aggregate.

# Total Fund Relative Attribution – Q2 2024

June 30, 2024



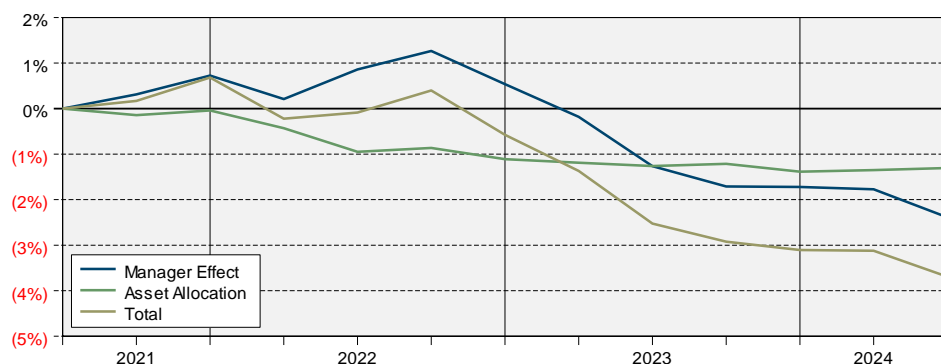
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	40%	39%	1.13%	3.22%	(0.83)%	0.01%	(0.81)%
Fixed Income	17%	19%	0.62%	0.07%	0.10%	0.02%	0.12%
International Equity	25%	24%	0.65%	0.92%	(0.06)%	(0.00)%	(0.07)%
Private Markets	3%	2%	6.83%	0.64%	0.20%	(0.01)%	0.19%
Real Assets	14%	16%	0.08%	(0.26)%	0.05%	0.04%	0.08%
Cash	1%	0%	1.29%	1.29%	0.00%	(0.00)%	(0.00)%
<b>Total</b>			<b>0.97%</b>	<b>1.46%</b>	<b>(0.55%)</b>	<b>0.06%</b>	<b>(0.49%)</b>

Benchmark definitions included in the Appendix.

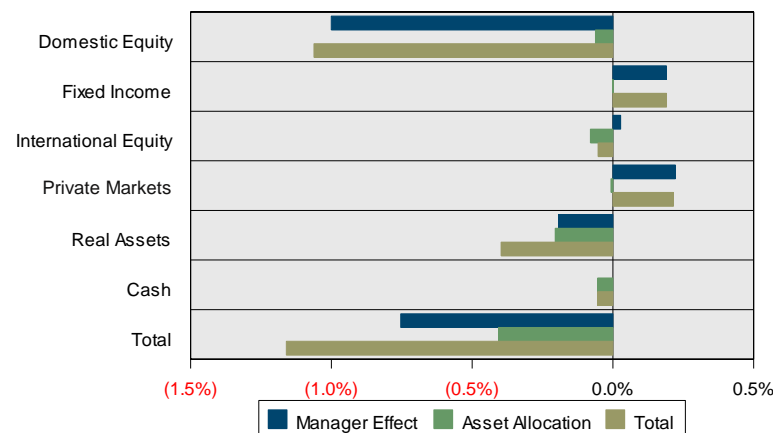
# Total Fund Relative Attribution – 3 Years

June 30, 2024

Cumulative Relative Attribution Effects



3-Year Annualized Relative Attribution Effects



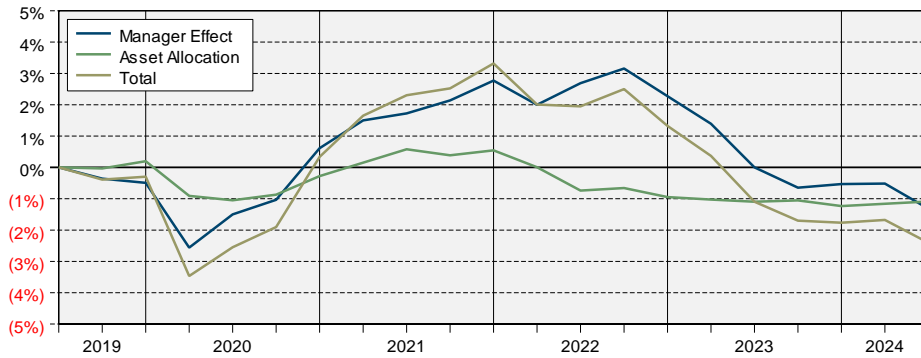
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	39%	38%	5.41%	8.05%	(1.00%)	(0.06%)	(1.06%)
Fixed Income	18%	18%	(1.96%)	(3.02%)	0.19%	0.00%	0.19%
International Equity	25%	24%	0.31%	0.19%	0.03%	(0.08%)	(0.05%)
Private Markets	4%	4%	7.60%	1.58%	0.22%	(0.01%)	0.22%
Real Assets	14%	16%	3.91%	4.54%	(0.19%)	(0.20%)	(0.40%)
Cash	1%	0%	3.07%	3.07%	0.00%	(0.05%)	(0.05%)
<b>Total</b>			<b>2.44%</b>	<b>3.60%</b>	<b>+ (0.75%)</b>	<b>+ (0.41%)</b>	<b>(1.16%)</b>

Benchmark definitions included in the Appendix.

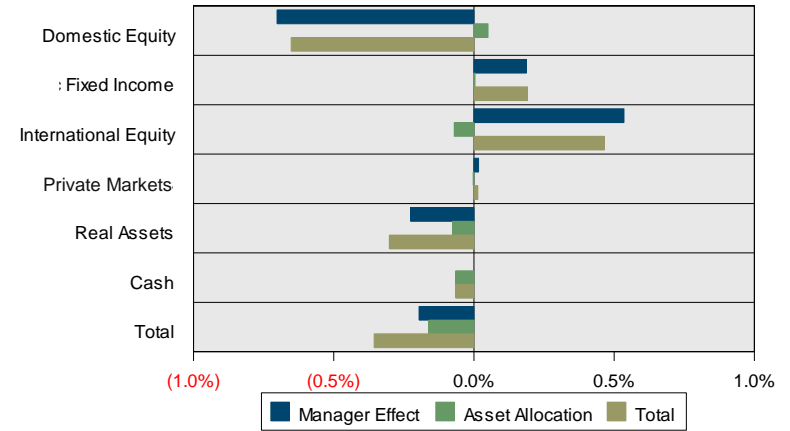
# Total Fund Relative Attribution – 5 Years

June 30, 2024

Cumulative Relative Attribution Effects



5-Year Annualized Relative Attribution Effects



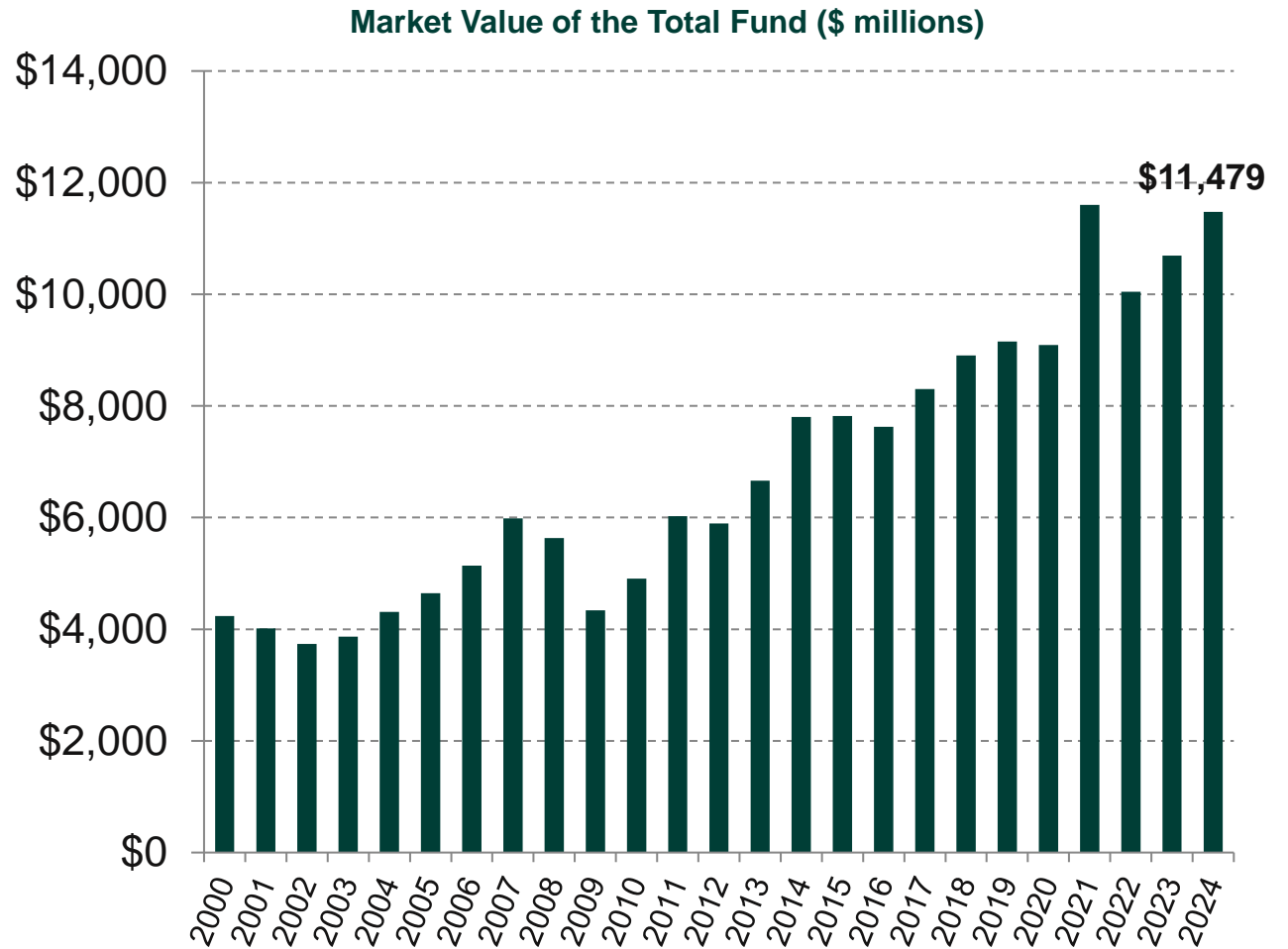
Asset Class	Effective Actual Weight	Effective Target Weight	Actual Return	Target Return	Manager Effect	Asset Allocation	Total Relative Return
Domestic Equity	39%	37%	12.28%	14.14%	(0.70%)	0.05%	(0.65%)
Fixed Income	17%	18%	0.98%	(0.23%)	0.19%	0.00%	0.19%
International Equity	25%	24%	7.05%	4.92%	0.53%	(0.07%)	0.46%
Private Markets	4%	4%	7.62%	6.39%	0.02%	(0.00%)	0.01%
Real Assets	14%	16%	4.92%	5.52%	(0.23%)	(0.08%)	(0.30%)
Cash	1%	0%	2.16%	2.16%	0.00%	(0.06%)	(0.06%)
<b>Total</b>			<b>7.65%</b>	<b>8.01%</b>	<b>+ (0.20%)</b>	<b>+ (0.16%)</b>	<b>(0.36%)</b>

Benchmark definitions included in the Appendix.

# Historical Market Values of the Total Fund

## Fiscal Year-End Market Values

Fiscal Year Ending	Market Value
2000	\$4,236,749,732
2001	\$4,012,745,608
2002	\$3,739,381,695
2003	\$3,869,787,673
2004	\$4,307,589,827
2005	\$4,642,924,118
2006	\$5,136,985,259
2007	\$5,985,111,493
2008	\$5,633,155,289
2009	\$4,341,419,711
2010	\$4,907,734,835
2011	\$6,022,965,592
2012	\$5,896,862,618
2013	\$6,662,631,673
2014	\$7,800,291,923
2015	\$7,820,289,128
2016	\$7,624,665,446
2017	\$8,301,352,120
2018	\$8,904,393,859
2019	\$9,153,121,783
2020	\$9,093,497,703
2021	\$11,602,695,185
2022	\$10,042,629,672
2023	\$10,691,261,784
2024	\$11,479,176,077



# Asset Distribution Across Investment Managers

June 30, 2024

	June 30, 2024			March 31, 2024		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
<b>Domestic Equity</b>	<b>\$4,541,270,314</b>	<b>39.56%</b>	<b>\$(93,846,056)</b>	<b>\$52,836,642</b>	<b>\$4,582,279,727</b>	<b>40.07%</b>
Lazard Asset Mgmt.	512,688,063	4.47%	(20,400,767)	(1,355,344)	534,444,174	4.67%
CastleArk Mgmt. LLC	670,854,772	5.84%	9,260,512	41,997,702	619,596,559	5.42%
Mellon S&P 500 Index Fd	766,895,908	6.68%	(15,021,621)	32,128,438	749,789,091	6.56%
Horrell Capital - Passive	232,996,159	2.03%	(97,347)	(10,049,304)	243,142,810	2.13%
Mellon Large Cap Growth	43,359,992	0.38%	(3,586)	3,331,876	40,031,703	0.35%
Wellington Management	499,380,752	4.35%	(30,408,983)	(6,360,073)	536,149,808	4.69%
William Blair LCG	483,639,549	4.21%	(282,634)	21,615,141	462,307,042	4.04%
Intech	0	0.00%	0	(6,841)	6,841	0.00%
Stephens Mid Cap Growth	336,585,156	2.93%	340,442,703	(3,857,547)	-	-
LSV Asset Management	381,007,229	3.32%	(25,592,660)	(13,969,796)	420,569,685	3.68%
Stephens Investment Mgmt.	199,105,050	1.73%	(341,319,270)	(12,012,339)	552,436,659	4.83%
Foley Revy Investment	414,757,684	3.61%	(10,422,402)	1,374,730	423,805,356	3.71%
<b>International Equity</b>	<b>\$2,827,846,080</b>	<b>24.63%</b>	<b>\$(2,573,770)</b>	<b>\$18,325,657</b>	<b>\$2,812,094,193</b>	<b>24.59%</b>
Artisan Partners	727,913,592	6.34%	(958,806)	14,467,483	714,404,916	6.25%
Mellon ACWI ex US Fund	630,339,627	5.49%	(72,492)	7,501,644	622,910,475	5.45%
Baillie Gifford Overseas	510,787,337	4.45%	(516,882)	(2,765,216)	514,069,435	4.50%
Lazard Asset Mgmt.	578,988,242	5.04%	(449,745)	(7,042,191)	586,480,178	5.13%
Acadian ACW ex US SmallCap	215,330,175	1.88%	(312,582)	6,340,613	209,302,145	1.83%
Franklin Templeton Intl SmallCap	164,487,107	1.43%	(263,263)	(176,675)	164,927,045	1.44%
<b>Fixed Income</b>	<b>\$1,987,383,073</b>	<b>17.31%</b>	<b>\$(962,466)</b>	<b>\$12,315,873</b>	<b>\$1,976,029,667</b>	<b>17.28%</b>
DoubleLine Capital	624,784,855	5.44%	(292,597)	2,251,896	622,825,556	5.45%
MacKay Shields	679,897,868	5.92%	(334,730)	6,687,090	673,545,508	5.89%
PGIM	682,700,350	5.95%	(335,140)	3,376,888	679,658,602	5.94%
<b>Private Markets</b>						
<b>Private Equity</b>	<b>\$145,640,694</b>	<b>1.27%</b>	<b>\$3,976,077</b>	<b>\$20,978,409</b>	<b>\$120,686,208</b>	<b>1.06%</b>
HarbourVest Dover XI	108,366,327	0.94%	(2,523,923)	12,954,042	97,936,208	0.86%
Neuberger Berman Fund of One	37,274,367	0.32%	6,500,000	8,024,367	22,750,000	0.20%
<b>Hedge Funds</b>	<b>\$242,759,116</b>	<b>2.11%</b>	<b>\$(608,447)</b>	<b>\$4,504,637</b>	<b>\$238,862,926</b>	<b>2.09%</b>
Blackstone Alt. Asset Mgmt	242,759,116	2.11%	(608,447)	4,504,637	238,862,926	2.09%

# Asset Distribution Across Investment Managers

June 30, 2024

	June 30, 2024			March 31, 2024		
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
<b>Real Assets</b>	<b>\$1,618,595,624</b>	<b>14.10%</b>	<b>\$103,629,850</b>	<b>\$1,141,384</b>	<b>\$1,513,824,389</b>	<b>13.24%</b>
<b>REITS</b>	<b>\$12,443,817</b>	<b>0.11%</b>	<b>\$(1,550)</b>	<b>\$(19,247)</b>	<b>\$12,464,614</b>	<b>0.11%</b>
MCM EB DV Non-SL REIT Fd	12,443,817	0.11%	(1,550)	(19,247)	12,464,614	0.11%
<b>Core/Core-Plus Real Estate</b>	<b>\$1,085,035,225</b>	<b>9.45%</b>	<b>\$80,420,558</b>	<b>\$(4,829,426)</b>	<b>\$1,009,444,093</b>	<b>8.83%</b>
Carlyle Property Investors	81,486,019	0.71%	(405,818)	251,047	81,640,790	0.71%
Clarion Lion Industrial Trust	78,011,272	0.68%	(472,454)	(1,216,558)	79,700,284	0.70%
Invesco Real Estate	516,250,020	4.50%	(545,180)	(6,763,968)	523,559,168	4.58%
Heitman Real Estate Tr LP	323,479,184	2.82%	(3,155,991)	2,091,324	324,543,851	2.84%
Principal Enh. Property Fd	85,808,730	0.75%	85,000,000	808,730	-	-
<b>Non-Core Real Estate</b>	<b>\$318,988,019</b>	<b>2.78%</b>	<b>\$24,652,164</b>	<b>\$923,655</b>	<b>\$293,412,200</b>	<b>2.57%</b>
Harrison Street Fund VIII	48,780,029	0.42%	18,679	(68,716)	48,830,066	0.43%
Harrison Street Fund IX	31,489,774	0.27%	3,531,782	0	27,957,992	0.24%
Heitman Value Partners IV	46,221,898	0.40%	439,103	149,568	45,633,227	0.40%
LaSalle Inc & Growth VI LP	4,601,156	0.04%	0	(406,989)	5,008,145	0.04%
LaSalle Inc & Growth VII LP	15,331,636	0.13%	(62,893)	(323,303)	15,717,832	0.14%
Starwood SOF XII	41,341,952	0.36%	(232,951)	1,302,161	40,272,742	0.35%
TA Realty XI	363,979	0.00%	(1,203,303)	(388,537)	1,955,819	0.02%
TA Realty XII	94,496,345	0.82%	(138,958)	881,623	93,753,680	0.82%
TA Realty XIII	36,361,251	0.32%	22,300,706	(222,153)	14,282,698	0.12%
<b>Farmland</b>	<b>\$101,016,534</b>	<b>0.88%</b>	<b>\$(722,637)</b>	<b>\$429,048</b>	<b>\$101,310,123</b>	<b>0.89%</b>
IFC Core Farmland Fund	52,719,017	0.46%	(605,999)	617,990	52,707,026	0.46%
PGIM Agriculture	48,297,517	0.42%	(116,638)	(188,942)	48,603,097	0.43%
<b>Timber</b>	<b>\$101,112,028</b>	<b>0.88%</b>	<b>\$(718,685)</b>	<b>\$4,637,354</b>	<b>\$97,193,359</b>	<b>0.85%</b>
Pinnacle	101,112,028	0.88%	(718,685)	4,637,354	97,193,359	0.85%
<b>Cash</b>	<b>\$115,681,176</b>	<b>1.01%</b>	<b>\$(76,481,878)</b>	<b>\$1,452,382</b>	<b>\$190,710,672</b>	<b>1.67%</b>
<b>Composite Fund</b>	<b>\$11,479,176,077</b>	<b>100.00%</b>	<b>\$(66,866,690)</b>	<b>\$111,554,985</b>	<b>\$11,434,487,782</b>	<b>100.00%</b>

# Investment Manager Returns – Net of Fees

June 30, 2024

	Q2 2024	Fiscal Year	Last 3 Years	Last 5 Years
<b>NET OF FEE RETURNS</b>				
<b>Domestic Equity</b>	<b>1.04%</b>	<b>18.12%</b>	<b>5.07%</b>	<b>11.91%</b>
Russell 3000 Index	3.22%	23.13%	8.05%	14.14%
Pub Pln- Dom Equity	2.16%	21.15%	7.52%	13.31%
Lazard Asset Mgmt.	(0.30%)	4.75%	1.89%	7.92%
Russell 3000 Index	3.22%	23.13%	8.05%	14.14%
Callan All Cap Broad	0.54%	21.28%	7.03%	12.82%
CastleArk	6.54%	32.78%	10.65%	18.15%
Russell 3000 Growth Index	7.80%	32.22%	10.33%	18.55%
Callan All Cap Broad	0.54%	21.28%	7.03%	12.82%
Mellon S&P 500 Index Fd	4.28%	24.53%	10.00%	14.70%
S&P 500 Index	4.28%	24.56%	10.01%	15.05%
Callan Large Cap Core	4.08%	26.57%	10.31%	15.00%
Horrell Capital - Passive	(4.17%)	12.66%	7.33%	12.36%
Bloomberg Arkansas Index	(4.23%)	9.52%	13.38%	17.09%
S&P 500 Index	4.28%	24.56%	10.01%	15.05%
Callan All Cap Broad	0.54%	21.28%	7.03%	12.82%
Mellon Large Cap Growth	8.31%	33.47%	-	-
Russell 1000 Growth Index	8.33%	33.48%	11.28%	19.34%
Callan Large Cap Growth	6.42%	31.92%	8.73%	16.51%
Wellington Management	(1.32%)	15.22%	7.53%	10.30%
Russell 1000 Value Index	(2.17%)	13.06%	5.52%	9.01%
Callan Large Cap Value	(1.58%)	16.26%	7.38%	10.98%
William Blair LCG	4.68%	-	-	-
Russell 1000 Growth Index	8.33%	33.48%	11.28%	19.34%
Callan Large Cap Growth	6.42%	31.92%	8.73%	16.51%
LSV Asset Management	(3.66%)	13.07%	5.97%	10.01%
Russell 2000 Value Index	(3.64%)	10.90%	(0.53%)	7.07%
Callan Small Cap Value	(3.48%)	13.22%	3.65%	9.38%
Stephens Investment Mgmt.	(2.58%)	14.49%	(1.18%)	7.87%
Russell 2000 Growth Index	(2.92%)	9.14%	(4.86%)	6.17%
Callan Small Cap Growth	(2.33%)	10.21%	(2.49%)	8.46%
Froley Revy Investment	0.24%	7.43%	(4.05%)	8.17%
ML All Conv	(0.21%)	6.19%	(2.31%)	9.40%
Callan Convert Bonds DB	0.46%	6.98%	(0.55%)	7.06%

Benchmark definitions included in the Appendix.



# Investment Manager Returns – Net of Fees

June 30, 2024

	Q2 2024	Fiscal Year	Last 3 Years	Last 5 Years
<b>NET OF FEE RETURNS</b>				
<b>International Equity</b>	<b>0.56%</b>	<b>10.49%</b>	<b>(0.05%)</b>	<b>6.69%</b>
Benchmark*	0.92%	11.57%	0.19%	4.92%
Pub Pln- Intl Equity	1.62%	12.62%	0.93%	6.63%
Artisan Partners	1.89%	14.30%	7.70%	11.48%
MSCI EAFE	(0.42%)	11.54%	2.89%	6.46%
Callan NonUS Eq	0.23%	11.15%	2.10%	7.10%
Mellon ACWI ex US Fund	1.19%	11.76%	0.66%	5.78%
MSCI ACWI ex US	0.96%	11.62%	0.46%	5.55%
Callan NonUS Eq	0.23%	11.15%	2.10%	7.10%
Baillie Gifford Overseas	(0.64%)	3.12%	(9.27%)	3.56%
MSCI ACWIxUS Gross	1.17%	12.17%	0.97%	6.05%
Callan NonUS Eq	0.23%	11.15%	2.10%	7.10%
Lazard Asset Mgmt.	(1.28%)	10.13%	0.97%	5.58%
MSCI ACWIxUS Gross	1.17%	12.17%	0.97%	6.05%
Callan NonUS Eq	0.23%	11.15%	2.10%	7.10%
Acadian ACW ex US SmallCap	2.88%	17.67%	2.40%	-
MSCI ACWI ex US Small Cap	0.66%	11.26%	(1.45%)	6.13%
Callan Intl Small Cap	(1.20%)	9.11%	(2.26%)	5.59%
Franklin Templeton Intl SmallCap	(0.27%)	6.50%	(4.03%)	-
MSCI ACWI ex US Small Cap	0.66%	11.26%	(1.45%)	6.13%
Callan Intl Small Cap	(1.20%)	9.11%	(2.26%)	5.59%

Benchmark definitions included in the Appendix.

# Investment Manager Returns – Net of Fees

June 30, 2024

	Q2 2024	Fiscal Year	Last 3 Years	Last 5 Years
<b>NET OF FEE RETURNS</b>				
<b>Fixed Income</b>	<b>0.57%</b>	<b>5.27%</b>	<b>(2.15%)</b>	<b>0.78%</b>
Blmbg Aggregate Index	0.07%	2.63%	(3.02%)	(0.23%)
Pub Pln- Dom Fixed	0.25%	4.02%	(2.04%)	0.86%
DoubleLine Capital	0.31%	4.07%	(2.04%)	0.20%
Mackay Shields	0.94%	6.36%	(2.05%)	1.37%
PGIM	0.45%	5.30%	(2.39%)	0.73%
Blmbg Aggregate Index	0.07%	2.63%	(3.02%)	(0.23%)
Callan Core Plus FI	0.42%	4.31%	(2.33%)	0.91%
<b>Private Markets</b>				
<b>Private Equity</b>	<b>14.03%</b>	-	-	-
Benchmark**	10.58%	-	-	-
HarbourVest Dover XI	10.04%	-	-	-
Neuberger Berman Fund of One	27.43%	-	-	-
Benchmark**	10.58%	-	-	-
<b>Hedge Funds of Funds</b>	<b>1.63%</b>	<b>10.69%</b>	<b>5.65%</b>	<b>5.38%</b>
HFRI FOF: Diversified Index***	0.64%	8.44%	1.58%	6.39%
Blackstone Alt. Asset Mgmt.	1.63%	10.69%	5.65%	5.38%
HFRI FOF: Diversified Index****	0.64%	8.44%	6.72%	5.97%
Callan Core Diversif FoF	1.57%	9.98%	4.22%	5.93%

Benchmark definitions included in the Appendix.

# Investment Manager Returns – Net of Fees

June 30, 2024

	Q2 2024		Fiscal Year		Last 3 Years		Last 5 Years	
<b>NET OF FEE RETURNS</b>								
<b>Real Assets</b>	<b>(0.13%)</b>		<b>(6.92%)</b>		<b>3.00%</b>		<b>4.03%</b>	
NCREIF Total Index*****	(0.26%)		(5.53%)		4.54%		5.52%	
<b>REITS</b>	<b>(0.17%)</b>		<b>7.06%</b>		<b>(0.20%)</b>		<b>2.46%</b>	
S&P DJ US Select REIT	(0.16%)		7.15%		(0.14%)		2.78%	
MCM EB DV Non-SL REIT Fd	(0.15%)	47	7.12%	52	(0.13%)	47	2.52%	93
S&P DJ US Select REIT	(0.16%)	48	7.15%	48	(0.14%)	48	2.78%	87
Callan Real Estate REIT	(0.17%)		7.13%		(0.15%)		4.92%	
<b>Core/Core-Plus Real Estate</b>	<b>(0.62%)</b>		<b>(9.18%)</b>		<b>1.88%</b>		<b>2.60%</b>	
NCREIF NFI-ODCE Eq Wt Net	(0.82%)		(10.32%)		1.14%		2.58%	
Invesco Real Estate	(1.40%)	80	(10.84%)	71	0.54%	67	1.97%	76
Heitman Real Estate Trust LP	0.47%	8	(8.15%)	41	3.45%	32	3.25%	43
NFI-ODCE Equal Weight Net	(0.82%)	60	(10.32%)	68	1.14%	59	2.58%	61
Callan OE Core Cmngld RE	(0.60%)		(8.55%)		1.60%		3.18%	
<b>Non-Core Real Estate</b>	<b>0.11%</b>		<b>(7.18%)</b>		<b>6.73%</b>		<b>7.34%</b>	
NCREIF Total Index	(0.26%)		(5.53%)		2.33%		3.39%	
Carlyle Property Investors	(0.19%)		-		-		-	
Clarion Lion Industrial Trust	(2.12%)		(4.70%)		-		-	
Harrison Street Fund VIII	(0.10%)		1.53%		-		-	
Heitman Value Partners IV	0.14%		10.49%		12.42%		12.15%	
LaSalle Inc & Growth VI LP	(8.13%)		(17.07%)		(16.39%)		(12.16%)	
LaSalle Inc & Growth VII LP	(2.46%)		(45.88%)		(17.14%)		(10.19%)	
Starwood SOF XII	2.65%		6.85%		-		-	
TA Realty XII	0.89%		(6.54%)		12.52%		-	
TA Realty XIII	(2.68%)		-		-		-	
NCREIF Total Index	(0.26%)		(5.53%)		2.33%		3.39%	
<b>Farmland</b>	<b>(0.10%)</b>		<b>(0.72%)</b>		<b>-</b>		<b>-</b>	
IFC Core Farmland Fund	0.38%		2.17%		-		-	
PGIM Agriculture	(0.63%)		(4.42%)		-		-	
NCREIF Farmland Index	(0.21%)		2.54%		6.77%		5.82%	
<b>Timber</b>	<b>4.55%</b>		<b>9.62%</b>		<b>13.36%</b>		<b>7.24%</b>	
Pinnacle	4.55%		9.62%		13.36%		7.24%	
NCREIF Timberland Index	1.71%		9.84%		10.99%		7.18%	
<b>Cash</b>	<b>1.29%</b>		<b>5.09%</b>		<b>3.07%</b>		<b>2.16%</b>	
<b>Total Fund</b>	<b>0.84%</b>	<b>81</b>	<b>9.97%</b>	<b>72</b>	<b>2.01%</b>	<b>82</b>	<b>7.22%</b>	<b>66</b>
Callan Public Fund Spr DB	1.38%		11.13%		3.16%		7.70%	
<b>Total Fund ex Cash</b>	<b>0.83%</b>	<b>81</b>	<b>10.01%</b>	<b>71</b>	<b>2.03%</b>	<b>82</b>	<b>7.25%</b>	<b>65</b>
Benchmark*	1.46%	45	11.32%	48	3.60%	37	8.01%	37
Callan Public Fund Spr DB	1.38%		11.13%		3.16%		7.70%	

Benchmark definitions included in the Appendix.

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A PRESENTATION FROM STEPHENS CAPITAL MANAGEMENT

# Arkansas PERS Private Equity Program

## Second Quarter 2024 Update

## APERS Private Equity Program Second Quarter Activity

### Commitments Totaling \$725mm In Two Underlying Funds

- \$400mm HarbourVest Partners Dover Street XI, LP (Secondary Private Equity Fund)
  - No Capital Was Drawn During 2Q
  - As of 6/30/2024 \$76mm of Cumulative Capital Has Been Called
- \$325mm NB Arkansas PERS FOO, LP (Custom Private Equity Fund)
  - A Capital Call of \$6.5mm Was Contributed April 15, 2024
  - As of 6/30/2024 \$29.25MM of Cumulative Capital Has Been Called

**Performance data and detailed information will be available twelve months after first capital call. We expect data to lag by one quarter.**

## Commitment Funding Status as of 6/30/24

	Investment	Adjusted Commitment	Paid-In Capital	Distributions	Net Capital Contributed	Valuation*	Unfunded	% Funded
<i>APERS PE Program</i>								
1	NB AR PERS FOO, LP	\$325,000,000	\$29,250,000	\$ -	\$ 29,250,000.00	\$ 37,274,000.00	\$ 295,750,000.00	9%
2	HV Dover Street XI	\$400,000,000	\$76,000,000	\$ -	\$ 76,000,000.00	\$ 100,500,000.00	\$ 324,000,000.00	19%
TOTAL		\$725,000,000	\$105,250,000	\$ -	\$ 105,250,000.00	\$ 137,774,000.00	\$ 619,750,000.00	28%

\* Valuations provided by managers from previous quarter plus roll forward estimates

Source: MSCI/Burgiss, Stephens, Neuberger Berman, HarbourVest



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Blended benchmarks are rebalanced periodically. The blended return calculations for the benchmarks are determined by using the return performance data for the stated time period on each of the comparative index benchmarks as stated per asset class below, as reported by independent data services, and blending asset class and time period. Index performance information is provided for comparison only. Indexes are unmanaged, may assume reinvestment of all distributions and does not account for fees or any charges. It is not possible to invest directly into an index.

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# APERS

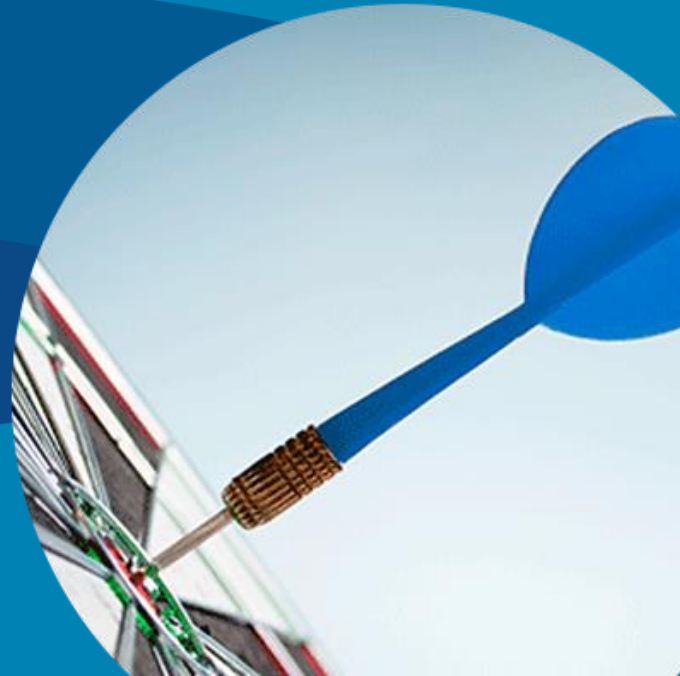
## Preliminary Valuation Results

June 30, 2024

August 21, 2024 Board Meeting

Presented by: Heidi G. Barry, ASA, FCA, MAAA

Mita D. Drazilov, ASA, FCA, MAAA



# Agenda

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- Preliminary results for the June 30, 2024 actuarial valuation
  - Overview
  - Participant Data
  - Funding Value of Assets
  - APERS Funded Ratio
  - Preliminary Employer Contribution Rate
  - Summary
  - Appendix

# Overview

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- The purpose of the June 30, 2024 actuarial valuation is twofold:
  - Determine the employer contribution rate for the 12-month period beginning July 1, 2026
  - Determine the financial position of APERS (i.e., funded ratio) as of June 30, 2024
- The purpose of presenting the June 30, 2024 preliminary valuation results is twofold:
  - Presents the preliminary computed employer contribution rate based upon the “layered” amortization method for amortizing the Unfunded Actuarial Accrued Liability (UAAL)
  - Allows the Board to consider modifying the minimum employer contribution rate (i.e., 15.32% of payroll) and/or adopt a maximum employer contribution rate

# Participant Data

Valuation Date	Active Members				Retired Lives (Including DROP Members)			
	No.	Valuation Payroll			No.	Active per Retired	Annual Benefits	
		\$ Millions	Average	% Incr.			\$ Millions	As a % of Pay
6/30/15	45,722	\$ 1,645.0	\$ 35,979	0.7%	33,106	1.4	\$ 483.9	29.4%
6/30/16	45,676	1,686.5	36,923	2.6%	34,214	1.3	509.7	30.2%
6/30/17	46,094	1,668.8	36,204	(1.9)%	36,260	1.3	540.1	32.4%
6/30/18	46,207	1,723.6	37,302	3.0%	37,398	1.2	575.1	33.4%
6/30/19	45,965	1,802.4	39,212	5.1%	38,543	1.2	609.1	33.8%
6/30/20	44,373	1,795.7	40,469	3.2%	39,805	1.1	637.1	35.5%
6/30/21	42,669	1,781.8	41,759	3.2%	40,762	1.0	658.8	37.0%
6/30/22	42,771	1,925.5	45,020	7.8%	41,390	1.0	671.2	34.9%
6/30/23	43,352	2,112.3	48,724	8.2%	42,276	1.0	703.5	33.3%
<b>6/30/24</b>	<b>43,394</b>	<b>2,117.4</b>	<b>48,794</b>	<b>0.1%</b>	<b>42,797</b>	<b>1.0</b>	<b>730.0</b>	<b>34.5%</b>

# Participant Data (Concluded)

---

- There are 38,826 members who participate in the New Contributory Plan
  - This total includes members who have made an election to participate in the New Contributory Plan
  - Member contribution rate for the 12-month period beginning July 1, 2026 will be 6.25% of payroll
- There are 4,568 members who participate in the Non-Contributory Plan
- There are an additional 1,479 members with a \$102 million payroll who participate in the DROP plan (not included in active counts above)
  - Employers will make contributions on the pay of these DROP participants

# Funding Value of Assets

Valuation Date June 30:	2024
A. Funding Value Beginning of Year	\$ 10,638,398,858
B. Market Value End of Year	11,012,453,569
C. Market Value Beginning of Year	10,263,062,809
D. Non-Investment Net Cash Flow	(257,857,463)
E. Investment Income	
E1. Market Total: B - C - D	1,007,248,223
E2. Assumed Rate	7.00%
E3. Amount for Immediate Recognition	\$ 735,764,671
E4. Amount for Phased-In Recognition	271,483,552
F. Phased-In Recognition of Investment Income	
F1. Current Year: 0.25 x E4	67,870,888
F2. First Prior Year	21,259,355
F3. Second Prior Year	(471,723,828)
F4. Third Prior Year	504,333,542
F5. Total Phase-Ins	121,739,957
G. Preliminary Funding Value End of Year: A + D + E3 + F5	\$ 11,238,046,023
H. Adjustment to Minimum of 75% of B, Maximum 125% of B	-
<b>I. Funding Value End of Year</b>	<b>\$ 11,238,046,023</b>
J. Difference Between Market & Funding Value	(225,592,454)
<b>K. Recognized Rate of Return</b>	<b>8.2%</b>
L. Market Rate of Return	9.9%
M. Ratio of Funding Value to Market Value	102%

- Funding Value of Assets (FVA) as of June 30, 2023 was \$10,638.4M (row A)
- Non-Investment net cash flow (i.e., dollars in less dollars out) for the System during the calendar year was -\$257.9M (row D)
- The System earned \$1,007.2M (row E1) in investment income during the year versus \$737.8M (row E3) expected
- This additional investment income of \$271.5M (row E4) is then recognized in the FVA over the next 4 years
- 25% of the current year's investment income above expectations and 25% of the prior 3 years' unrecognized investment income (totaling 121.7M; row F5) are then recognized in the June 30, 2024 FVA
- The sum of the above (rows A+D+E3+F5) equals the Preliminary FVA (row G). The 25% corridor is then applied, if necessary, resulting in the final June 30, 2024 FVA equal to \$11,238.0M (row I)
- As of June 30, 2024 the FVA Value of Assets is 2% higher than the Market Value of Assets (MVA) (row M)



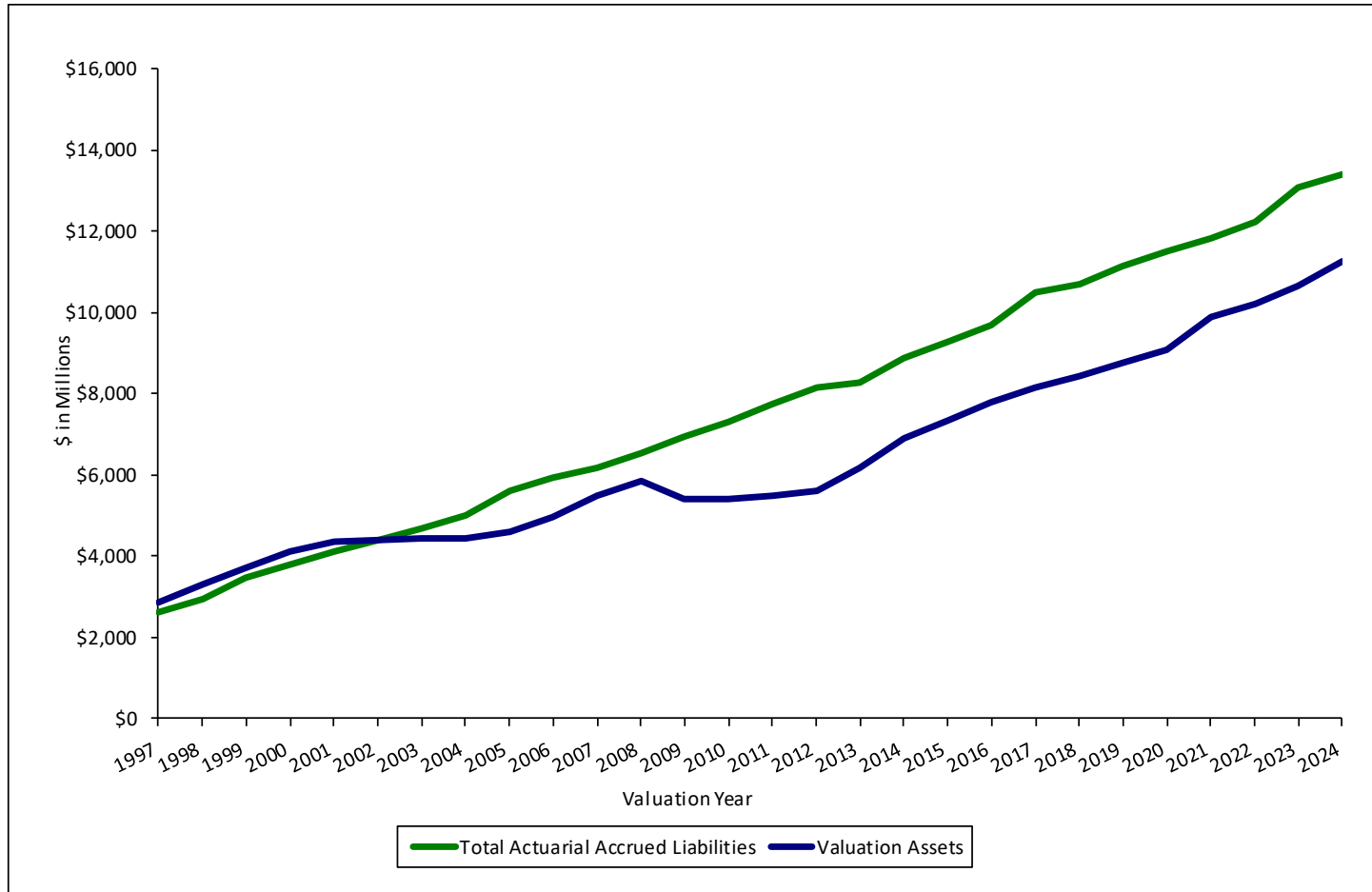
# APERS Funded Ratio

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- Funding value of assets total \$11.24B
- Actuarial accrued liabilities total \$13.39B
- Unfunded actuarial accrued liabilities total \$2.15B
- The APERS funded ratio on a funding value of assets basis is 84%
  - On a market value of assets basis, the funded ratio is 82%
- The funded ratios were 81% and 79%, respectively, in the previous valuation



# APERS Funded Ratio (Concluded)



# Preliminary Employer Contribution Rate

Contribution for	Contributions Expressed as %'s of Active Payroll for Fiscal Year Beginning July 1, 2026			
	Non-Contributory	Contributory	DROP	Total
Normal Cost:				
Age and service annuities (including DROP and reduced retirement)				8.66%
Separation benefits				2.70%
Disability benefits				0.56%
Death-in-service annuities				0.18%
Administrative expenses				0.40%
Total	9.93%	13.03%	9.76%	12.50%
Member contributions	0.00%	6.25%	0.00%	5.16%
Employer Normal Cost	9.93%	6.78%	9.76%	7.34%
Unfunded Actuarial Accrued Liabilities				6.99% *
Preliminary Computed Employer Contribution Rate				14.33%
<b>Board Adopted Minimum Employer Contribution Rate</b>				<b>15.32%</b>

- The preliminary computed employer contribution rate presented on this slide (i.e., 14.33% of payroll) is before the application of the Board adopted minimum employer contribution rate (15.32%).
- The normal cost portion of the computed employer contribution rate (i.e., 7.34% of payroll) is the employer cost of the active membership accruing an additional year of service credit.
- The amortization payment portion of the computed employer contribution to finance the unfunded actuarial accrued liabilities (i.e., 6.99% of payroll) is based upon the “layered” amortization method in conjunction with the Board’s adopted funding policy.

\* The unfunded actuarial accrued liability and total payroll is projected to the beginning of Fiscal Year 2026 when determining the unfunded amortization rate. Unfunded actuarial accrued liabilities were amortized over multiple amortization periods as shown on the following slide.

# Layered Amortization

Source of Unfunded Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability		6/30/2026 UAAL Amount	Remaining Period Beginning 7/1/2026	Amortization Factor	FY 2027 Contribution as a % of Payroll
	Initial Amount	Financing Period				
Initial Unfunded Actuarial Accrued Liability.						
	\$ 2,237,467,492	N/A	\$ 2,146,204,007	16 yrs.	11.999553	7.21%
Changes from experience deviations.						
6/30/2024	\$ (261,187,500)	20	\$ (303,766,073)	20	14.072825	(0.87)%
Changes from actuarial assumptions and actuarial cost method revisions.						
6/30/2023	\$ 192,713,806	20	\$ 219,855,653	19	13.581905	0.65%
<b>Totals</b>			<b><u>\$ 2,062,293,587</u></b>			<b><u>6.99%</u></b>

# Summary

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- The preliminary computed employer contribution rate for the 12-month period beginning July 1, 2026 is 14.33% of payroll
- In conjunction with the Board's adopted funding policy, the Board may wish to modify the minimum employer contribution rate (i.e., 15.32% of payroll)
  - The Board may or may not do this at this meeting
- The final employer contribution rate for the 12-month period beginning July 1, 2026 will be adopted by the Board at the November Board meeting

**THANK YOU**



# Appendix

## Board Adopted Funding Policy (Highlights)

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- The Board adopted changes to the Funding Policy at the February 2023 Board meeting
- Amortization Method
  - Beginning with the 2023 annual actuarial valuation, once APERS reaches a 20-year amortization period, the amortization period will remain closed and the remaining UAAL will be amortized over that period
  - Each year, changes in the UAAL due to actuarial gains or losses or from changes to the actuarial assumptions will be amortized over a closed 20-year period
  - Changes in the UAAL due to changes in benefit provisions that would result in an increase in the employer contribution rate shall be amortized over a closed 15-year period for active members and a closed 5-year period for non-active members (i.e., retired members and deferred members)
  - Changes in the UAAL due to changes in benefit provisions that would result in a decrease in the employer contribution rate shall be amortized over a closed 30-year period for active members and a closed 15-year period for non-active members
  - The maximum amortization period to finance the total UAAL shall not exceed 30 years
- Funding Target and Computed Employer Contributions
  - The target funded ratio is 100%
  - The Board has the discretion to establish, change or remove an employer minimum contribution rate and an employer maximum contribution rate

# Disclaimers

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- This presentation is intended to be used in conjunction with the June 30, 2024 actuarial valuation report. This presentation should not be relied on for any purpose other than the purpose described in the valuation report.
- This presentation should not be relied on for any purpose other than the purpose described in the presentation.
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- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- Readers are cautioned to examine original source materials and to consult with subject matter experts before making decisions related to the subject matter of this presentation.
- This presentation expresses the views of the authors and does not necessarily express the views of Gabriel, Roeder, Smith & Company.



Quarterly Board Meeting

**Statement of Fiduciary Net Position as of (June 30, 2024)**

<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 72,354,872
Receivables	
Dec 2004 Actuarial Liability Receivable	4,090,215
Contributions Receivable	5,429,363
Overpayment Receivable	701,260
Allowance for Doubtful Accounts	<u>(648,866)</u>
Total Receivables	9,571,972
Investments at Fair Value	
Investment Assets	10,973,039,060
Securities Lending Collateral	<u>650,973,847</u>
Total Investments	11,624,012,907
Fixed Assets (Net)	9,130,626
Prepays and Other Assets	771,651
<b>TOTAL ASSETS</b>	<u><u>11,715,842,028</u></u>
<b>LIABILITIES</b>	
Securities Lending Liability	651,069,077
Accrued Expense and Other Liabilities	15,410,560
Other Post Employment Benefits	<u>4,404,909</u>
<b>TOTAL LIABILITIES</b>	<u><u>670,884,547</u></u>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	<u><u>\$ 11,044,957,481</u></u>





Quarterly Board Meeting

**Statement of Changes in Fiduciary Net Position for the Period Ending (June 30, 2024)**

ADDITIONS	
Contributions	
Employer	\$ 348,653,977
Employee	<u>102,239,193</u>
Total Contributions	450,893,170
Investment Income	
Investment Income	1,088,435,323
Less: Investment Expense	<u>(79,117,788)</u>
Net Investment Income	1,009,317,535
Other Additions	
Transfers from Teachers and Highway	3,004,211
Miscellaneous Additions	479,872
Miscellaneous Administrative Transfers	<u>331,189</u>
Total Other Additions	<u>3,815,272</u>
TOTAL ADDITIONS	1,464,025,977
DEDUCTIONS	
Benefits	682,663,974
Refund of Contributions	19,159,269
Administrative Expense	<u>12,169,361</u>
TOTAL DEDUCTIONS	<u>713,992,603</u>
NET INCREASE/(DECREASE)	750,033,374
ADJUSTMENTS	
Actuarial Adjustment to DJ Unfunded Liability	<u>(380,284)</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	
Beginning of Year	<u>10,295,304,391</u>
End of 4th Quarter	<u>\$ 11,044,957,481</u>



**SFY2024**

**ASSURANCE OFFICER**

**REPORT**

August 21, 2024

**APERS SFY2024  
Assurance Officer Report**

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**APERS SFY2024  
Assurance Officer Report**

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Dear Board of Trustees,

I am pleased to present the Arkansas Public Employees Retirement System (APERS) Assurance Officer Report for State Fiscal Year (SFY) 2024. This report provides an Agency Description, Agency Function, and Audit Report Summary, which includes the List of Audits, Audit Results, and Audit Recommendations.

Detailed information for each completed audit is provided in this report's Supplemental Information section.

The assurance officer executes all audits to ensure that:

- Compliance with applicable laws and regulations
- Reliability and integrity of financial and operational information
- Safeguarding of assets
- Effectiveness and efficiency of operations

Furthermore, the assurance officer conducts all activities to achieve the overall goal of internal assurance: adding value and improving agency operations.



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**Assurance Officer/Internal Auditor, APERS**

**APERS SFY2024  
Assurance Officer Report**

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**AGENCY FUNCTION**

The Arkansas Public Employees Retirement System provides present and future retirement benefits for its members, members' survivors, and members' beneficiaries.

**AGENCY DESCRIPTION**

**Agency Origins**

The Arkansas Public Employees Retirement System (APERS), formerly the Arkansas State Employees Retirement System, was established by the General Assembly in 1957 as a multi-employer defined benefit retirement plan for State of Arkansas employees (via Act 77 of 1957). From 1957 through 1965, county employers (via Act 42 of 1959), municipal employers (via Act 64 of 1961), college and university employers (via Act 149 of 1963), non-teaching public school employers (via Act 63 of 1965), and Arkansas District Judges (via Act 177 of 2007), all joined the system.

APERS is governed by the Board of Trustees of the Arkansas Public Employees Retirement System (The Board), which comprises nine members.

APERS' assurance officer administratively reports to the executive director of APERS and functionally reports to the Board.

**Agency Function**

The agency's function is to administer a retirement system for the State of Arkansas employees and participating public employers.

**Budget and Personnel Information**

APERS' operations are appropriated and funded from the agency's trust funds, and the agency receives no direct appropriation of general or special revenues from the state. On an annual basis, the Legislature enacts line-item appropriations for personnel, operational expenses, equipment, travel, supplies, and professional consulting services.

APERS has 85 authorized positions and routinely has between 62 and 72 filled at any time.

APERS has four divisions and 13 functional units. A member of the Executive Team heads each division.

**Agency Divisions**

APERS' divisions of responsibilities are as follows:

- **Executive Division** – comprises the Executive Team, Social Security, Legal, and Internal Assurance.
  - **Executive Team**  
Includes the APERS Executive Director, Deputy Director of Benefits Administration, Deputy Director of Investments and Finance, and Deputy Director of Operations.
  - **Social Security**  
Responsible for dealing with issues regarding social security for state agencies.

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- **Legal**  
Responsible for handling all legal matters within APERS
- **Internal Assurance**  
Responsible for conducting internal audits and consulting engagements within APERS.
- **Operations Division** - comprises the Public Affairs, Human Resources, Digital Services, and Information Technology Services units.
  - **Public Affairs**  
Responsible for the agency website, social media presence, retirement support center, training, and outreach.
  - **Human Resources**  
Responsible for personnel management, payroll, recruitment and training, office policy management, employee orientation, and employee benefit programs.
  - **Digital Services**  
Responsible for digitizing all agency documents and staffing the agency reception desk.
  - **Information Technology Services**  
Responsible for the agency's data processing, information technology, and information security.
- **Benefits Administration Division** - comprises Member Services, Retiree Services, and Employer Services.
  - **Member Services**  
The Member Services Section serves members and former members on all pre-retirement requests, including service verifications, reciprocal service, service credit purchases, benefit estimates, and benefit applications.
  - **Retiree Services**  
The Retiree section serves retirees and survivors on all post-retirement requests, including benefit verifications, demographic changes, annuity option changes, deduction changes, and direct deposit authorizations.
  - **Employer Services**  
The Employer Services Section assists participating public employers in fulfilling their requirements for member enrollment, compensation and service reporting, contribution remittance, and employer enrollment.

**Investment and Finance Division** – comprises Investments and Finance.

- **Investments**  
Responsible for monitoring external consultants such as investment managers and the trust fund's custodian bank. The investment managers provide daily, monthly, and annual reports on

**APERS SFY2024  
Assurance Officer Report**

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APERS' investments in domestic equities, international equities, fixed income, and alternative investments.

- **Finance**  
Responsible for general accounting, budgeting, and agency purchasing activities.

**Administration of Additional Plans**

The staff of APERS is responsible by law for administering multiple retirement systems in addition to the APERS plan. Each plan is separately funded and has a separate and distinct benefit established by law. Those plans are listed below:

- **Arkansas Judicial Retirement System (AJRS)**—A separate Board of Trustees governs this system, which benefits retired members of state Circuit Courts, the Court of Appeals, and the Supreme Court.
- **Arkansas State Police Retirement System (ASPRS)** – A separate Board of Trustees governs this system and provides benefits for retired officers of the Arkansas State Police.
- **Arkansas District Judges Retirement System (ADJRS)** – This closed plan was abolished, and its powers, duties, and plan liabilities were transferred to APERS.
- **Closed Local Plans** – APERS administers the benefits to retirees of several closed local retirement funds for municipal judges and court clerks.

**APERS SFY2024**  
**Assurance Officer Report**

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**AUDIT REPORT SUMMARY**

The Assurance Officer undertook

- List of Audits:
1. Call Center Operations – completed October 2023
  2. IT General Controls – completed March 2024
  3. Annuity Option Change Calculations – completed June 2024
- Consulting Engagements:
1. Return Mail Consulting Engagement – completed December 2023
  2. Overpayment Consulting Engagement – ongoing
- Special Projects:
1. Culture and Working Environment Follow-up – completed March 2024
  2. Agency Control Self-Assessment – completed February 2024



**SUPPLEMENTAL INFORMATION SECTION**

## **AUDIT AREA: Call Center Operations - October 2023**

**Scope:** July 1, 2022, to June 30, 2023

**Audit Objective(s):**

- Determine if the APERS Call Center (ACC) has a process for establishing and measuring goals, objectives, and coverage and evaluate how ACC reports outcomes to APERS management.
- Ensure APERS Call Center agents are adequately trained to provide callers with the correct information or forward questions to the right area for additional information.
- Evaluate the current method of gaining customer satisfaction information and determine its adequacy.
- Evaluate whether controls suggested in the 202 LineaSecure Controls Review have been implemented.

**Methodology:** Procedures for reviewing Call Center operations included accessing all reports received from DIS for calls during the audit period and conducting data analysis, listening to calls from random days for all Call Center representatives, and shadowing two call center representatives during everyday work activities.

**Overall Evaluation:** The Call Center faces several challenges related to staffing and supervision.

**Observations:** Provide the call center supervisor training to measure agents against goals, objectives, and coverage specifications.

Work with Public Affairs to develop tools to encourage APERS members to become registered and to use MSS.

Work with OPM to modify the position description for Call Center representatives.

Annually review the Call Center Scope document.

Review training procedures for new Call Center staff

Explore automated survey options

**APERS SFY2024**  
**Assurance Officer Report**

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Work toward a system that would allow all new staff beginning in Benefits to start their journey in the Call Center and have a clear path for promotion to more challenging and rewarding positions within APERS.

The full audit report is available upon request.

**APERS SFY2024  
Assurance Officer Report**

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**AUDIT AREA: IT General Controls - February 2024**

**Scope:** December 2023 to February 2024

**Audit Objective(s):**

- Conduct an overview of the currently established ITGCs in effect at APERS in the following areas: Disaster Recovery, Backup and Restores, Change Management, Documentation, Environmental Security, Logical Security, and Physical Security
- Identify additional controls that may be implemented to increase the effectiveness and efficiency of APERS ITGCs.

**Methodology:** Procedures for reviewing the ITGCs included accessing all documentation for disaster recovery, backup and restores, change management, and security, walk-throughs of the physical areas within APERS, testing users' laptops for access levels, and comparing ITGCs prescribed in the Center for Internet Security's list of controls against those in place at APERS.

**Overall Evaluation:** Overall, based on the results of this review, the APERS IT Department ITGCs are adequate. The staff strives to ensure a safe and reliable network for the agency in a quickly changing environment. Moving to a policy of all users having Standard rights on assets, providing ongoing staff internet security training, and gaining two-factor authentication for VPN access, administrative access, and the COMPASS self-service module would enhance the system's safety.

**Observations:** Check and confirm BitLocker installation on all APERS devices yearly and retain documentation of the results for future audits.

Ensure all APERS are given Standard user rights on laptops (or desktops).

Monitor the KnowBe4 training application with tracking to ensure accountability for all staff.

Approve and distribute the policy for general security, Internet, e-mail, computer use, and computer hardware, which are currently under development.

Implement two-factor authentication for administrative access.

Implement two-factor authentication for VPN access

**APERS SFY2024**  
**Assurance Officer Report**

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Disable Autorun and Autoplay for removable media.

Implement two-factor authentication for the Member Self-Service portion of COMPASS as soon as possible.

Work with Public Affairs to encourage members to use a personal email when registering for MSS access.

The full audit report is available upon request.

**APERS SFY2024  
Assurance Officer Report**

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**AUDIT AREA: Annuity Option Change Calculations - June 2024**

**Scope:** July 1, 2022, through June 30, 2023

- Audit Objective(s):**
- Determine if APERS Benefit Counselors correctly calculate retirement amounts for newly elected changes.
  - Determine that changes are only made under the circumstances allowed in APERS rules
  - Determine that APERS Benefit Counselors adequately communicate with members regarding their requests for annuity option changes.

**Methodology:** Procedures for reviewing the ITGCs included requesting a report from IT containing all members with options changes during the defined scope, selecting a test population, performing thorough tests to determine if mistakes occurred, and contacting members with options changes during the defined scope to assess their experience.

**Overall Evaluation:** This audit revealed an area of concern, and controls should be implemented as soon as staffing levels are appropriate. The most effective control would be adding at least one staff member responsible for checking these complicated changes to benefit calculations.

**Observations:** Due to the high number of errors identified, a systematic review of option changes needs to be undertaken. The current staffing level needs to be revised to handle the added workload this will create. At least one additional position should be added to the current staff.

The full audit report is available upon request.

**APERS SFY2024  
Assurance Officer Report**

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**CONSULTING AREA: Return Mail - December 2024**

**Scope:** Current member files

**Audit Objective(s):**

- Determine if the currently established procedures are effective in processing return mail and to what extent they are being followed.
- Evaluate additional procedures that may be implemented to increase the effectiveness and efficiency of updates to COMPASS. Research best practices from other similar organizations.
- Evaluate the workload required for additional procedures and determine the most appropriate personnel for those assignments.

**Methodology:** Procedures to review the state of handling return mail at APERS included visually inspecting the large backlog of return mail in the mail receiving area, reviewing documentation for return mail processes, requesting queries from IT of members with addresses marked as invalid, and utilizing information from Arkansas Mailing Services.

**Overall Evaluation:** Return mail has been an ongoing issue at APERS. There was a strong desire to get a handle on the issue, but more pressing needs had pushed the work off. APERS staff was happy to cooperate with the engagement and work together to find solutions. Several observations and recommendations were noted to improve the process.

**Observations:**

Add a dedicated staff position assigned to working return mail.

Develop clear parameters for when a retiree address should be invalidated in COMPASS.

Begin suspending retired members' payroll for retired members that have three return mail instances.

Begin utilizing the services available from AMS to run our retiree mailing address list against the USPS records to return "New Addresses" and "Non-Deliverable" lists.

**APERS SFY2024**  
**Assurance Officer Report**

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Code the envelopes of all Explanation of Benefits (EOB) letters with a phrase that will allow quick identification of those letters that might be returned.

Place an indicator code on the address component of the welcome letter for easy identification within return mail.

After 90 days, discard all Active and Inactive Annual Member Statements return mail unless the Employers Services team is actively working on it.

Stress the importance of updating retired members' profiles with phone numbers to the Call Center and Benefits Administration staff.

Add information about how address changes may trigger temporary suspension of benefit payments on the APERS website and retirement application communications.

The full consulting report is available upon request.



**APERS SFY2024  
Assurance Officer Report**

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**CONSULTING AREA: Overpayments - Ongoing**

**Scope:** Historical and current overpayments

**Audit Objective(s):**

- Determine if the current rate of overpayments is reasonable
- Evaluate additional procedures that may be implemented to reduce the number of overpayments made.
- Evaluate the current recovery process for overpayments to determine if APERS pursues those appropriately in the manner prescribed by the code.

**Methodology:** Procedures to review the state of overpayments within APERS are included.

**Overall Evaluation:** This engagement is ongoing. A cross-functional team from within the agency has been assembled to look at internal processes that result in overpayments and determine if any changes can be made to reduce the amount and frequency of overpayments generated.

**Observations:** N/A currently

**SPECIAL PROJECT: CULTURE AND WORKING ENVIRONMENT FOLLOW-UP**

A follow-up to the Culture and Working Environment engagement completed in FY23 was conducted. The objectives of the follow-up engagement were to conduct a follow-up survey using many of the same questions asked in the original survey to measure change in staff attitudes and to assess the implementation of suggestions made in the original engagement. Survey analysis found little change in attitudes about the working environment and working conditions. A review of the recommendations from the original engagement found that all recommendations that could have been implemented had been implemented. The Assurance Officer will continue to conduct follow-up surveys each year. Complete results of the follow-up engagement are available upon request.

**SPECIAL PROJECT: CONTROL SELF-ASSESSMENT**

A Control Self-Assessment (CSA) within all state agencies is conducted once every two years. The Department of the Inspector General is charged with facilitating the completion of the CSA. Within the Department of the Inspector General, the Office of Internal Audit coordinates all activities undertaken to complete the CSA. The Assurance Officer is charged with managing the CSA process within APERS. Work on the CSA was completed in February 2024. After a complete review of the risks identified for each area within APERS, none required a corrective action plan. The outcome of the APERS CSA was presented to the Board of Trustees at their February meeting. The CSA report was submitted to the Office of Internal Audit shortly after the report was given to the Board of Trustees. The complete Control Self-Assessment document is available for review upon request.

**INTERNAL ASSURANCE PLAN**

**FISCAL YEAR 2025**



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## EXECUTIVE SUMMARY

Dear Board of Trustees,

I am pleased to present the Arkansas Public Employees Retirement System (APERS) Internal Assurance Plan for State Fiscal Year 2025 (SFY2025). In addition to the audits planned, engagements, and follow-up activities, the Assurance Officer will assist in the Strategic Planning work currently underway at APERS. During SFY2025, the Assurance Officer will be actively training in anticipation of adding the State Social Security Analyst role to their duties in SFY2026. The activities referenced above will include reviews in the following areas:

- Public Affairs
- Retiree Services
- Cross-Functional Areas
- Culture and Working Environment

This planning document includes the scope, objective, goal, and audit methodology. It also includes the Audit Work Schedule and the Audit Plan Hours. The Risk Assessment Matrix and the Audit Plan Questionnaire used to identify audit areas for the audit work schedule are available upon request.



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Assurance Officer, APERS

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## **Scope**

The period under review/audit will be from July 1, 2023, to June 30, 2024. Special projects or consulting engagements may include the current fiscal year.

## **Objective**

The continuing objective of internal assurance is to assist the Board of Trustees and all levels of management in effectively discharging their responsibilities by furnishing analysis, appraisals, and recommendations concerning the agency's activities. This objective is accomplished by ensuring the following:

- Compliance with applicable laws and regulations
- Compliance with business processes, procedures, and policies
- Reliability and integrity of financial and operational information
- Safeguarding assets
- Effectiveness and efficiency of operations
- Safeguarding and monitoring the performance of internal controls

## **Goal**

All work activities conducted by the assurance officer are executed to further the overall goal of Internal Assurance: to add value and improve the agency's operations.

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## Audit Methodology

An annual risk assessment is prepared to determine the areas critical to the agency's selection of audits for the yearly audit work schedule.

Risk assessment is a “systematic process for assessing and integrating professional judgments about probable adverse conditions and events.” It organizes and integrates professional judgments to develop the annual audit work schedule.

Risk is the probability of an event or action that may adversely affect the organization and the activity being audited. Risk is a measure of uncertainty. “Control risk” is the risk that established internal controls lose effectiveness over time. “Custodial risk” is associated with owning and safeguarding assets. “Operation risk” is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, systems, or external events. “Business risk” is the risk associated with the probable material effects of an uncertain environment on achieving established objectives. “Residual risk” is the amount of risk that management is willing to assume or the amount of risk that applicable controls will not address.

The risk assessment process begins with the identification of auditable areas. Next, each area is assigned points under six risk factors: internal control, written procedures, the complexity of operations, operational changes, management priority, and the date of the last audit. After each area is assigned a point in each risk factor, the points are totaled, and the audit areas are given a low, medium, or high-risk level based on the total points. Audits with a high or medium risk level are evaluated for the annual audit work schedule.

In addition to the risk assessment matrix, an audit plan questionnaire is submitted to all the section managers so they can assist in identifying critical areas of risk. The Executive Director, in consultation with the Executive Team, may request a review of areas within APERS that warrant attention. The assurance officer will design engagements to accommodate those requests.

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## SFY2025 Areas of Focus

### I. Planned Work by Area of Focus

#### Engagement Area

Public Affairs  
Public Affairs  
Member Services  
Cross-functional  
Management Requested

#### Audit/Consulting Engagement

Review Internal Training  
Review External Outreach  
Review Benefit Calculations  
Review of causes of overpayments  
Review as requested

Culture and Work Environment

Follow-up



## SFY2025 Audit Plan Hours

<b>I. Planned Audits</b>	<b><u>Hours</u></b>
Public Affairs – training – internal	140
Public Affairs – training - external/outreach	180
Review of Benefit Calculations	200
<b>Total Planned Audit Hours</b>	<b>520</b>
<b>II. Follow-up and Additional Activities</b>	
Culture and Working Conditions	60
Strategic Planning Activities	60
<b>Total Follow-up and Additional Activities Hours</b>	<b>120</b>
<b>III. Training for State Social Security Analyst Role</b>	
Shadow, Madison Davis, current State Social Security Administrator	200
Attend the National Conference of State Social Security Administrators	40
<b>Total Training for State Social Security Analyst Role</b>	<b>240</b>
<b>IV. Consulting Engagements</b>	
Overpayments	240
As Requested by Management	240
<b>Total Consulting Engagement Hours</b>	<b>480</b>
<b>V. Administrative</b>	
General Administration*	360
Training**	80
Annual Leave (Estimate 18 days)	144
Sick Leave (Estimate 6 days a year; 8 hrs. x 6 days)	48
Holidays (11 days x 8 hrs.)	88
<b>Total Administrative Audit Hours</b>	<b>720</b>
<b>Total Planned Audit Hours***</b>	<b>2,080</b>

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\*General administration includes extending planned audits, following up on prior audit findings, assisting external auditors if requested, and undertaking collateral duties such as providing recommendations for grievance hearings, updating the internal audit manual, and managing the Continuity of Operations plan.

\*\*Training includes conferences and seminars for the Association of Public Pension Fund Auditors, the Institute of Internal Auditors, and other continuing education. This entry does not include specific training for the duties of the State Social Security Analyst.

\*\*\*Total plan hours (52 weeks x 40 hours a week)



Quarterly Board Meeting  
August 21, 2024  
**Legal Report**

**ADMINISTRATIVE MEMBER APPEALS**

*In re Bart Virden*

Retired member appeals the Executive Director decision denying his request to be paid monthly benefits retroactively from the date he could have retired if he had rescinded his selection of reciprocal service with the Arkansas Judges Retirement System two years earlier. The hearing before the Member Appeals Subcommittee is scheduled on September 5, 2024, at 9:00 a.m.

**APPEAL FROM ADMINISTRATIVE MEMBER APPEAL - LITIGATION**

*Hon. Raymond R. Abramson v. APERS et al, 48CV-23-98*

On December 6, 2023, Raymond Abramson filed a petition for judicial review (appeal) from the Member Appeals Subcommittee’s decision, adopted by the full board, that upheld the Executive Director’s determination to deny the retired member’s request to add non APERS-covered employment to their APERS record. APERS is represented by the Office of the Attorney General. APERS’ Answer to the Petition and the Administrative Record were filed on January 12, 2024, and January 16, 2024, respectively. A motion to remove APERS board members’ and the Executive Director in their individual capacity was filed March 28, 2024. April 1, 2024, Judge Danny Glover recused, followed by Judge Christopher Morledge. **Since the previous APERS board meeting**, succeeding Judges Chalk Mitchell and E. Dion Wilson have both recused. Judge Wilson’s recusal is dated July 25, 2024.

**RULES PROMULGATION**

APERS is not in the process of rule promulgation. However, the Bureau of Legislative Research is finalizing the codification of APERS rules and APERS staff has been working closely with them to ensure accuracy during the conversion process.

**SECURITIES LITIGATION CASES**

Company name	Case Caption	Date	Lead Plaintiff Status	Party/lawfirm	Update
Seagate	In re Seagate Technology Holdings plc	10/19/2023 3/26/2024 8/8/2024	Lead Plaintiff Granted Hearing - Motion to Dismiss Case dismissed	BLBG Seagate	None

## **RESOLUTION No. 2024-01**

**WHEREAS**, Arkansas Code § 24-4-104(d)(2) provides that the Board of Trustees (board) of the Arkansas Public Employees' Retirement System (system) appoints an Executive Director to be the executive administrative officer of the system; and

**WHEREAS**, the Executive Director is accountable to the board for the administrative implementation of the system's governmental pension plan and other activities of the system; and

**WHEREAS**, the Executive Director, in carrying out the duties of the system to manage system assets and deliver benefits to members, is required to regularly execute and deliver documents on behalf of the system; and

**WHEREAS**, Arkansas Code § 24-4-104(d)(3) authorizes the board to delegate to the executive director any power or duty necessary to administer the day-to-day activities of the system; and

**WHEREAS**, the daily administration of the system requires that various legal, investment, financial, or other agreements and documents be executed by the Executive Director; and

**WHEREAS**, under Arkansas Code § 24-4-104(d)(4) the Executive Director employs professional personnel who act in their capacity to carry out the direction of the Executive Director, which may also include the execution and delivery of various legal, investment, financial, or other agreements and documents on behalf of the system; and

**WHEREAS**, in the transaction of business and duties of the system with other agencies and entities, a signatory resolution provides legal certainty;

**NOW THEREFORE, BE IT RESOLVED**, that under Arkansas Code § 24-4-104(d)(3) the board delegates to the Executive Director, Amy Fecher, signatory authority to execute and deliver various legal, investment, financial, or other agreements or documents necessary to administer the activities of the system, including the management of system assets and benefits to members.

**BE IT FURTHER RESOLVED**, that under Arkansas Code § 24-4-104(d)(3) the board also delegates to the Executive Director the prerogative to assign signatory authority to the following persons as may be necessary or appropriate to the efficient and proper functioning of the system:

Ashley Golleher, Deputy Director, Operations

Allison Woods, Deputy Director, Benefits

Carlos Borrromeo, Deputy Director, Chief Investment Officer

Jason Willett, Chief Financial Officer

Laura Gilson, Chief Legal Counsel

**MAY IT ALSO BE RESOLVED THAT** this action is effective upon the signature of the board Chair and shall be perpetual subject to subsequent future action of the board.

Adopted this 21st day of August, 2024.

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Larry Walther, Chair  
Arkansas Public Employees Retirement System

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Amy Fecher, Executive Director  
Arkansas Public Employees Retirement System



Quarterly Board Meeting  
Benefits Summary

## I. Membership

- **Mandatory participating public employers:** All employees of the State of Arkansas, except those who are members of another state retirement system, and all county employees must become members of the system as a condition of employment.
- **Optional participating public employers:** All employees of the following political subdivisions must become members of the system as a condition of employment after the date the employer elects to become a participating public employer.
  - Municipality
  - Rural Waterworks Facilities Board
  - Regional Airport Authority
  - Border Municipal Airport Authority
  - Public Facilities Board
  - Regional Solid Waste Management Board
  - Joint County and Municipal Sanitation Authority
  - Suburban Improvement District
  - Public Water Authority
  - Regional Water Distribution Board

### Participating Employers – New This Quarter

Employer Name	Employer Type	Effective Date	No. of Employees
None			

### Members – New This Quarter

	Apr 2024	May 2024	Jun 2024
Number	1068	1150	1173

### Members - Historical

	1 year	5 years	10 years	20 years
Number	43,352	46,207	45,707	42,879
Average Pay	\$48,724	\$37,302	\$35,285	\$26,772



Quarterly Board Meeting  
**Benefits Summary**

## II. Eligibility for Benefits

- **Normal retirement:** Members may voluntarily retire once they attain normal retirement age, which is the youngest of the following ages:
  - Age 65 with at least five (5) years of actual service
  - Any age with 28 years of actual service
  - Age 55 with 35 years of credited service
- **Early retirement:** Members who have not attained normal retirement age may retire with an early annuity, which is reduced by the difference between their age and normal retirement age. Early retirement can begin at the youngest of the following ages:
  - Age 55 with at least five (5) years of actual service
  - Any age with 25 years of actual service
  - Up to 10 years before normal retirement age
- **Disability retirement:** Members with at least five (5) years of actual service who become totally and permanently disabled for any suitable job or position may receive a disability annuity.
- **Survivor retirement:** Survivors of members with at least five (5) years of actual service who die before retirement may receive a survivor annuity. Eligible survivors include a spouse, dependent children, and in some cases, dependent parents.

### Inactive Members – New This Quarter

	Apr 2024	May 2024	Jun 2024
Number	71	103	109

### Inactive Members - Historical

	1 year	5 years	10 years	20 years
Number	15,247	13,856	13,267	8,958
Total Benefits	\$93.5m	\$75.1m	\$63.0m	\$37.1m



Quarterly Board Meeting  
**Benefits Summary**

### III. Benefits

- **Refund of contributions:** When members terminate covered service, they can request a refund of their accumulated contributions and interest, which is credited at the rate of two percent (2%).
- **Straight life annuity:** Members who retire receive a straight life annuity equal to a percentage of their final average compensation (FAC) multiplied by the number of years of credited service.
- **Annuity options:** Before members receive their first payment, they can elect to receive the straight life annuity or elect to have their annuity reduced under one of four options that provide continuing benefits to a designated beneficiary.
- **Cost-of-living adjustments:** Each July 1, the system redetermines the amount of each monthly benefit that has been paid for at least twelve months. The amount of the redetermined benefit – a cost of living adjustment (COLA) – is based on the date that the retiree was first hired.
- **Benefit calculation example:** Final Average Compensation X Multiplier X Credited Service  
 $\$48,724 \times 2.00\% \times 17.2 \text{ yrs.} = \$16,761 \text{ annually/ } \$1,396 \text{ monthly}$

#### Refunds – New This Quarter

	Apr 2024	May 2024	Jun 2024
Number	215	262	277
Total Benefits	\$1.3m	\$1.4m	\$1.8m

#### Retirees – New This Quarter

	Apr 2024	May 2024	Jun 2024
Number	142	144	164
Total Retirees	39,214	39,258	39,298
Total Benefits-All	\$54.7m	\$54.8m	\$54.7m

#### Retirees - Historical

	1 year	5 years	10 years	20 years
Number	42,276	37,398	30,533	18,838
Total Benefits	\$703.5m	\$575.1m	\$426.2m	\$186.0m





Quarterly Board Meeting  
**Benefits Summary**

### IV. Benefit Formula Components

<b>Multiplier</b>	<b>Group</b>	<b>Before July 1, 2007</b>	<b>On or after July 1, 2007</b>
	Non-contributory	1.75%	1.72%
	Contributory	2.03%	2.00%
<b>Final Average Compensation</b>	<b>Group</b>	<b>Before July 1, 2022</b>	<b>On or after July 1, 2022</b>
	All Members	3-year average	5-year average
<b>Credited Service</b>	<b>Group</b>	<b>Service Credit Rate</b>	
	Regular Members	One (1) month for each month of service	
	Local Elected Officials	Two (2) months for each month of service	



## Quarterly Board Meeting

### Executive Report

#### **APERS Strategic Planning Process**

APERS began the strategic planning process in May 2024. We have engaged the entire APERS staff on this process through various working sessions to identify five overarching goals for the agency to accomplish its vision and mission. Board support is important to this process, and we will be enlisting you as your time allows.

#### **FY 2024 Fiscal Year End Closing**

The Finance and Investments teams have completed closing out our books for APERS for the year of July 1, 2023, through June 30<sup>th</sup>, 2024.

#### **Biennial Budget**

We submitted our biennial budget to the Office of Budget and our hearing is scheduled for October 9<sup>th</sup> at 9:00 am.

#### **Proxy Vote Reports**

Act 498 of 2023 requires all retirement systems to report proxy votes to the Board annually and post the reports on our website. APERS, ASPRS and AJRS Proxy reports are complete and may be found on our website in the investments section: [Reports and Resources – APERS](#)

#### **Retirement Education and Outreach**

The APERS team continues to work with participating employers to provide retirement education through in person and virtual engagement. The APERS staff provided education and counseling at the following events over the last quarter: The Municipal League Conference, The Judicial Spring Conference, Administrative Office of the Courts, The Rural Development Conference, and the Arkansas Association of Counties Conference.

#### **AR Interns 2024**

APERS participated in the 2024 myARInternship program through the Department of Transformation and Shared Services. The interns were Janina Eddy and Lucky Gilmore. They participated in various meetings and projects to assist the APERS team. Some of their activities included: review of actuarial data, website review and edits, drafting the Fall newsletter, legislative research, attending meetings with the director, etc. We are grateful for the opportunity to work with the AR Interns and wish them all the best on their future endeavors.

#### **Collaboration with Auditor of State and AASIS**

Our IT Team worked closely with the OPM AASIS Team and the Auditor of State's Office to roll out the addition of several new entities onto the payroll system. This was a long-term project to integrate systems that went live on July 1 without issues.

#### **Proposed Legislative Package**

We are working on our proposed legislative package for the session to begin in January 2025 and will have a draft for the board to review at the December meeting.



## Quarterly Board Meeting Executive Report

### Board Meeting Dates

The APERS investments and finance teams would like the board to consider adjusting board meeting dates in the future to present up to date private equity data and returns. We are proposing the following dates for your consideration and action:

- December 4, 2024, at 9:00 a.m. (change from November 20<sup>th</sup>)
- March 12, 2025, at 9:00 a.m.
- June 11, 2025, at 9:00 a.m.
- September 10, 2025, at 9:00 a.m.
- December 3, 2025, at 9:00 a.m.