

PRB**ARKANSAS FIRE & POLICE PENSION REVIEW BOARD**

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To: Little Rock Police Pension Fund Board of Trustees
From: Arkansas Fire and Police Pension Review Board (PRB)
Re: 2009 Certified DROP Interest Rate-**UPDATED**
Date: July 9, 2010

This memo and attached letter replace the July 8, 2010 versions. The July 8th information used an incorrect method to calculate the DROP interest rate.

The attached letter from the PRB's actuary provides the certified rate to award interest to the DROP accounts for your local police pension fund. The rate is located in item 5 and used for the 2009 year.

For enhancements to DROP i.e. extended the DROP period beyond 5 years; DROP accounts left on deposit; and/or continued employment after DROP, the rate used for these cases, also for the 2009 year, is located in item 5, but in the column on the right.

Should you have questions, please contact David Clark at one of the above phone numbers. Thank you.

Osborn, Carreiro & Associates, Inc.

ACTUARIES • CONSULTANTS • ANALYSTS

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July 9, 2010

Mr. David Clark, Executive Director
 Arkansas Fire and Police Pension Review Board
 620 West Third, Suite 200
 Little Rock, AR 72201

RECEIVED

JUL 09 2010

P R B

Re: 2009 DROP Interest Rate Certification
 Little Rock Police

Dear David:

The Deferred Retirement Option Plan (DROP) was established by Act 757 and Act 1004 of 1993. These acts state that the interest rate credited to the DROP accounts would be certified by the actuary for the pension funds. This letter will certify the interest rate as described in the law to be credited for the year 2009.

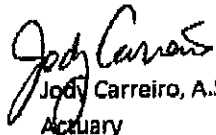
Pension Fund	Little Rock Police	
	First 5 years	Second 5 years (if applicable)
1. Net Investment Income Rate	6.25%	6.25%
2. Less 2.0%	2.00%	2.00%
3. Preliminary DROP Rate	4.25%	4.25%
4. Minimum Rate (2009 valuation rate or 0% for second column)	7.00%	0.00%
5. Certified Drop Rate Greater of (3) or (4)	7.00%	4.25%

The above rate is certified to be the rate to be credited to DROP accounts in 2009. The Net Investment Income Rate was based on the financial reports provided by the Arkansas Fire and Police Pension Review Board. These reports were not audited, but were reviewed for reasonableness and completeness.

The Pension Review Board in its meeting March 10, 2009 voted to reiterate to plans that the interest rate certified in this letter is the rate to be applied on the DROP accounts for 2009. The PRB understands that this is being given to you 6 months after the end of the year and may cause you to have to adjust distributions that were made during 2009. They also interpreted the rate of return shown here to mean the market value based rate of return.

If you have any questions or comments, please let me know.

Sincerely,


 Jody Carreiro, A.S.A., M.A.A.A.
 Actuary