

ARKANSAS TEACHER RETIREMENT SYSTEM

April 5, 2021

1400 West Third Street

BOARD ROOM

Little Rock, AR 72201

Board of Trustees Meeting

11:00 a.m.

Trustees

Danny Knight, Chair

Anita Bell

Lloyd Black

Kathy Clayton

Kelly Davis

Dr. Mike Hernandez

Shawn Higginbotham

Michael Johnson

Bobby G. Lester

Chip Martin

Robin Nichols

Ex Officio Trustees

Susannah Marshall, State Bank Commissioner

Johnny Key, Education Commissioner

Honorable Andrea Lea, State Auditor

Honorable Dennis Milligan, State Treasurer

AGENDA
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES

April 5, 2021

11:00 a.m.

1400 West Third Street
Little Rock, AR 72201

- I. ***Call to Order/Roll Call.** page 1.
- II. ***Motion for Excused Absences.**
- III. ***Adoption of Agenda.** page 2.
- IV. Executive Summary. (Attachment No. 1) page 6.
- V. Approval of Prior Meeting Minutes.
 - A. ***February 1, 2021, Minutes.** (Attachment No. 2) page 12.
 - B. ***March 3, 2021, Minutes.** (Attachment No. 3) page 22.
- VI. Report of Member Interest Amount Waived Under A.C.A. Sec. 24-7-205. *Clint Rhoden, Executive Director* (Attachment No. 4) page 24.
- VII. Report of Employer Penalties and Interest Waived Under A.C.A. Sec. 24-7-411. (Attachment No. 5) page 25.
- VIII. ***Adoption of Number of Years for Calculating Final Average Salary pursuant to A.C.A. 24-7-736(c)(1).** *Clint Rhoden, Executive Director*
 - A. ***Resolution 2021-18.** (Attachment No. 6) page 27.
- IX. ***Manifest Injustice Board Review.** *Clint Rhoden, Executive Director and Martha Miller, General Counsel*
 - A. ***In the Matter of MI Claim #2021-03.**
 - B. ***In the Matter of MI Claim #2021-04.**
- X. Investment Committee Report. *Robin Nichols, Investment Committee Chair*

* Action Item

2021-03-31 13:05:38.560653

- A. Arkansas Related and Investment Update.
 - 1. List of Fund Closings.
 - a. Mesa West Real Estate Income Fund V, LP, a Closed-End Value Added Real Estate Fund Focused on Originating Senior Debt on Value Add/Transitional Commercial Real Estate Properties, the Board Authorized Commitment of up to \$40 Million Dollars on December 7, 2020 was Accepted and Closed on March 11, 2021.
 - b. ISQ Global Infrastructure Fund III, L.P, a Closed End Infrastructure Fund Specializing in Utilities, Transportation, and Power, the Board Authorized Commitment of up to \$50 Million Dollars on February 1, 2021, with Imminent Need was Accepted and Closed on March 4, 2021.
 - c. Franklin Park Corporate Finance Access Fund, L.P., a Fund of Funds Managed by Franklin Park Investing in Smaller Buyout, Growth, and Turnaround Private Equity Funds the Board Authorized Additional Commitment of up to \$30 Million Dollars on February 1, 2021, with Imminent Need was Accepted and Closed on February 10, 2021.
 - d. Franklin Park International Fund X, L.P. (formerly Franklin Park International Fund 2019), a Fund of Funds Managed by Franklin Park Investing in International Private Equity Funds the Board Authorized Additional Commitment of up to \$30 Million Dollars on February 1, 2021, with Imminent Need was Accepted and Closed on February 10, 2021.
 - e. Greenbriar Equity Fund V, L.P., a Buyout Fund that will Invest in Advanced Manufacturing and Business Services Companies Across the Logistics, Aerospace & Defense, and Transportation Sub-sectors the Board Authorized Commitment of up to \$30 Million Dollars on February 1, 2021, with Imminent Need was Accepted and Closed on February 22, 2021.
 - f. Change in the Legal Structure of Existing Highland Investments, the Board Authorized Change in the Legal Structure of Certain Highland Investments on December 7, 2020 was Closed on February 23, 2021.
 - 2. Discussion of US Agriculture Investment Queue.
- B. General Investment Consultant.
 - 1. Preliminary Performance Report for the Month Ending February 28, 2021. (Attachment No. 7) page 28.
 - 2. Total Equity Review. (Attachment No. 8) page 52.

XI. Operations Committee Report. *Bobby Lester, Operations Committee Chair*

* Action Item

- A. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members Present.
 - 1. Open Forum.
- B. 2021 Legislative Update.
 - 1. ATRS Board of Trustee Legislation.
 - a. HB1279 - Disability Retirement Determination (Act 223).
 - b. HB1319 - Reciprocity - Final Average Salary (Act 221).
 - c. HB1320 - Employer Reporting - EFT (Act 220).
 - d. HB1326 - Technical/Minor Corrections (Act 279).
 - e. HB1339 - Unused Sick Leave and Final Average Salary (Act 189).
 - f. HB1340 - Correction of Errors - Unreported Service (Act 190).
 - 2. Non-ATRS Legislation.
 - a. SB174 - Termination of Employment (Act 290).
 - b. HB1275 - Reciprocity under Alternate Retirement Plan (Act 427).
 - c. SB232 - Contributory Status for 185 Contract Days (Act 443).
 - d. HB1325 - General Reciprocity (to be heard by JRC April 5, 2021).
 - e. SB231 - Felony Forfeiture (Failed in JRC).
 - f. HB1169 - Public School Employees Heroes Act (Failed in JRC).
- C. Potential Rule Change.
 - 1. Rule 9: 160 Days at Retirement Exceptions. (Attachment No. 9) page 77.
 - 2. Rule 9: Board of Trustees Disability Review. (Attachment No. 10) page 78.
 - 3. Rule 9: Current Draft. (Attachment No. 11) page 79.

XII. ***Board of Trustees Disability Review.** *Clint Rhoden, Executive Director and Martha Miller, General Counsel*

- A. ***Group Order - Approved. The proposed order is for the acceptance of 12 approved disability reviews from June 2018 to February 2021.** (Attachment No. 12) page 94.
- B. ***Group Order - Denied. The proposed order is for the acceptance of 4 denied disability reviews from June 2018 to February 2021.** (Attachment No. 13) page 96.

* Action Item

- C. ***Member Order - ATRS ID #293902.** The proposed order is for the acceptance of an approved disability review for member ATRS ID #293901 after a second review conducted on September 4, 2019. (Attachment No. 14) page 98.
- D. ***Member Order - ATRS ID #498094.** The proposed order is to return the matter to the medical committee with a request that it reconsider the matter in light of the additional information available in the Social Security Decision for member ATRS ID #498094. (Attachment No. 15) page 101.
- E. ***Member Order - ATRS ID #368231.** The proposed order is to return the matter to the medical committee with a request that it reconsider the matter to confirm that the standard of review is based upon the ATRS standard established in A.C.A.24-7-704(a)(1)(D) for member ATRS ID #498094. (Attachment No. 16) page 104.

XIII. ***Staff Reports.**

- A. ***Medical Committee Report.** A total of 11 Disability Applications were approved. (Attachment No. 17) page 107.

XIV. Other Business.

XV. ***Adjourn.**

EXECUTIVE SUMMARY

TO: Board of Trustees
FROM: ATRS Staff
RE: Executive Summary
DATE: April 5, 2021

- V. Report of Member Interest Amount Waived Under A.C.A. Sec. 24-7-205.** ATRS waives interest for members when there is a dispute between ATRS and the member as to whether ATRS made a mistake or otherwise did not do all that was required on the member's account. Since ATRS has implemented the actuarial cost method for the purchase of service credit, interest waived is slowly disappearing, as well as the number of members who purchase service credit. No member interest was waived for this reporting period. This is a standard report for information and is not an action item
- VI. Report of Employer Penalties and Interest Waived Under A.C.A. Sec. 24-7-411.** ATRS may also waive employer interest and penalties when reports or payments are late or have issues due to a new bookkeeper, inclement weather, sickness and other situations that justify a waiver. Fifteen (15) employer penalties and interest amounts were waived for this reporting period in the amount of \$4,390.29. This is a standard report for information and is not an action item.
- VII. Adoption of Number of Years for Calculating Final Average Salary pursuant to A.C.A. 24-7-736(c)(1).** A.C.A. § 24-7-736 authorizes the Board to adjust the final average salary calculation annually. One method to adjust the final average salary calculation is to adjust the number of years used in the calculation of the final average salary between three (3) and five (5) years of service. ATRS staff recommends maintaining the five (5) year final average salary as adopted by the Board on November 13, 2017. **This is an action item.**
- VIII. Manifest Injustice Board Review.**
- A. In the Matter of MI Claim #2021-03.** When an active member dies, survivor benefits may be payable to eligible spouses and dependents as outlined in A.C.A. § 24-7-710. Once an application is made, the applicant must complete the application process within six months. A.C.A. § 24-7-710(a)(2)(B) further states that “the application shall be void unless an extension is granted by the system.” Clearly, executive staff has authority to grant an extension of the six-

month process *before* the expiration of period, but whether the executive staff has authority to grant an extension *after* the expiration of the six-month period is questionable. It is the opinion of the executive staff that the facts in this case warrant an extension to be granted. It would have been granted had the ATRS requested it within the six-month period. However, the authority to waive a deadline is an exclusive remedy of the Board of Trustees. In the matter of MI Claim #2021-03, executive staff recommends the Board find a manifest injustice exists in this case and grant a three (3) month extension retroactively. **This is an action item.**

B. In the Matter of MI Claim #2021-04. When an active member dies, survivor benefits may be payable to eligible spouses and dependents as outlined in A.C.A. § 24-7-710. Once an application is made, the applicant must complete the application process within six months. A.C.A. § 24-7-710(a)(2)(B) further states that “the application shall be void unless an extension is granted by the system.” Clearly, executive staff has authority to grant an extension of the six-month process *before* the expiration of period, but whether the executive staff has authority to grant an extension *after* the expiration of the six-month period is questionable. It is the opinion of the executive staff that the extensive legal matters involved in this case warrant an extension to be granted. It would have been granted had the ATRS requested it within the six-month period. However, the authority to waive a deadline is an exclusive remedy of the Board of Trustees. In the matter of MI Claim #2021-04, executive staff recommends the Board find a manifest injustice exists in this case and grant a ten (10) month extension retroactively. **This is an action item.**

IX. Investment Committee Report.

A. Arkansas Related and Investment Update

1. List of Fund Closings

- a. Mesa West Real Estate Income Fund V, LP, a Closed-End Value Added Real Estate Fund Focused on Originating Senior Debt on Value Add/Transitional Commercial Real Estate Properties, the Board Authorized Commitment of up to \$40 Million Dollars on December 7, 2020 was Accepted and Closed on March 11, 2021.** The ATRS full commitment of \$40 million dollars was negotiated, accepted, and closed on March 11, 2021.
- b. ISQ Global Infrastructure Fund III, L.P, a Closed End Infrastructure Fund Specializing in Utilities, Transporta-**

tion, and Power, the Board Authorized Commitment of up to \$50 Million Dollars on February 1, 2021, with Imminent Need was Accepted and Closed on March 4, 2021. The ATRS full commitment of \$50 million dollars was negotiated, accepted, and closed on March 4, 2021.

- c. **Franklin Park Corporate Finance Access Fund, L.P., a Fund of Funds Managed by Franklin Park Investing in Smaller Buyout, Growth, and Turnaround Private Equity Funds the Board Authorized Additional Commitment of up to \$30 Million Dollars on February 1, 2021, with Imminent Need was Accepted and Closed on February 10, 2021.** The ATRS full commitment of \$30 million dollars was negotiated, accepted, and closed on February 10, 2021.
- d. **Franklin Park International Fund X, L.P. (formerly Franklin Park International Fund 2019), a Fund of Funds Managed by Franklin Park Investing in International Private Equity Funds the Board Authorized Additional Commitment of up to \$30 Million Dollars on February 1, 2021, with Imminent Need was Accepted and Closed on February 10, 2021.** The ATRS full commitment of \$30 million dollars was negotiated, accepted, and closed on February 10, 2021.
- e. **Greenbriar Equity Fund V, L.P., a Buyout Fund that will Invest in Advanced Manufacturing and Business Services Companies Across the Logistics, Aerospace & Defense, and Transportation Sub-sectors the Board Authorized Commitment of up to \$30 Million Dollars on February 1, 2021, with Imminent Need was Accepted and Closed on February 22, 2021.** The ATRS full commitment of \$30 million dollars was negotiated, accepted, and closed on February 22, 2021.
- f. **Change in the Legal Structure of Existing Highland Investments, the Board Authorized Change in the Legal Structure of Certain Highland Investments on December 7, 2020 was Closed on February 23, 2021.** The change in the legal structure of certain Highland investments was negotiated, accepted and closed on February 23, 2021.

2. Discussion of US Agriculture Investment Queue.

B. General Investment Consultant Report. *Aon Investment Consulting.*

- 1. Preliminary Performance Report for the Month Ending February 28, 2021.** PJ Kelly and Katie Comstock of Aon Hewitt Investment Consulting will provide the Board with a preliminary portfolio update for the month ending February 28, 2021.
- 2. Total Equity Review.** PJ Kelly and Katie Comstock of Aon Hewitt Investment Consulting will provide the Board with a review of the Total Equity portfolio.

X. Operations Committee Report.

A. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members Present.

1, Open Forum.

B. 2021 Legislative Update.

1. ATRS Board of Trustee Legislation.
 - a. HB1279 - Disability Retirement Determination (Act 223).
 - b. HB1319 - Reciprocity - Final Average Salary (Act 221).
 - c. HB1320 - Employer Reporting - EFT (Act 220).
 - d. HB1326 - Technical/Minor Corrections (Act 279).
 - e. HB1339 - Unused Sick Leave and Final Average Salary (Act 189).
 - f. HB1340 - Correction of Errors - Unreported Service (Act 190).
2. Non-ATRS Legislation.
 - a. SB174 - Termination of Employment (Act 290).
 - b. HB1275 - Reciprocity under Alternate Retirement Plan (Act 427).

- c. SB232 - Contributory Status for 185 Contract Days (Act 443).
- d. HB1325 - General Reciprocity (to be heard by JRC April 5, 2021).
- e. SB231 - Felony Forfeiture. (Failed in JRC)
- f. HB1169 - Public School Employees Heroes Act. (Failed in JRC)

C. Potential Rule Change.

- 1. **Rule 9: 160 Days at Retirement Exceptions.** The passage of Act 279 of 2021 allows for rules promulgation regarding the 160 day law. Staff suggests a modification to Rule 9 to allow for some exceptions to the 160 day law.
- 2. **Rule 9: Board of Trustees Disability Review.** The passage of Act 223 of 2021 clarified the ATRS law for disability eligibility. Staff suggests a modification to Rule 9 to clarify the process performed by the Board after a disability review denial.
- 3. **Rule 9: Current Draft.** All of the ATRS Rules will need to be reviewed and edited to account for the recent legislative session. This is just the first draft of Rule 9.

XI. Board of Trustees Disability Review. Under the Disability Review procedure described in A.C.A. §24-7-704(b)(3)(D) the Board shall approve the recommendations of the Medical Committee. The following are proposed orders for Board approval regarding Disability Review recommendations.

A. Group Order - Approved. The proposed order is for the acceptance of 12 **approved** disability reviews from June 2018 to February 2021. **This is an action item.**

B. Group Order - Denied. The proposed order is for the acceptance of 4 **denied** disability reviews from June 2018 to February 2021. **This is an action item.**

C. Member Order - ATRS ID #293902. The proposed order is for the acceptance of an **approved** disability review for member ATRS ID #293901 after a second review conducted on September 4, 2019. **This is an action item.**

D. Member Order - ATRS ID #498094. The proposed order is to return the matter to the medical committee with a request that it reconsider the matter in light of the additional information available in the Social Security Decision for member ATRS ID #498094. **This is an action item.**

E. Member Order - ATRS ID #368231. The proposed order is to return the matter to the medical committee with a request that it reconsider the matter to confirm that the standard of review is based upon the ATRS standard established in A.C.A. §24-7-704(a)(1)(D) for member ATRS ID #498094. **This is an action item.**

XII. Staff Reports.

A. Medical Committee Reports. A Total of 11 Disability Retirement Applications Approved.

The Medical Committee Report is a standard report made by staff on behalf of the Medical Committee approving disability cases. A total of 15 disability applications were received, 11 were approved, 2 were denied, and 2 needed more information. **This is an action item.**

XIII. Other Business.

XIV. Adjourn.

**MINUTES
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES**

**Monday, February 1, 2021
11:00 a.m.
1400 West Third Street
Little Rock, AR 72201**

ATTENDEES

Board Members Present

Danny Knight, Chair
Lloyd Black, Vice Chair*
Anita Bell*
Kathy Clayton*
Kelly Davis*
Dr. Mike Hernandez*
Shawn Higginbotham*
Michael Johnson*
Bobby Lester*
Chip Martin*
Robin Nichols*
Susannah Marshall, Bank Commissioner*
Johnny Key, Secretary, Dept. of Ed*
Hon. Andrea Lea, State Auditor*

Board Members Absent.

Hon. Dennis Milligan, State Treasurer

ATRS Staff Present

Clint Rhoden, Executive Director
Rod Graves, Deputy Director*
Tammy Porter, Ex. Assistant/Board Secretary
Dena Dixson, Internal Audit/Risk Mgmt.*
Vicky Fowler, Manager, Human Resources*
Willie Kincade, Director of Operations*
Martha Miller, General Counsel*
Manju, Director Information Technology*
Leslie Ward, Manager, Private Equity*
Brenda West, Internal Audit/Risk Mgmt.*
Misty Yant, Manager, Reporting*

Guest Present

Donna Morey, ARTA*
Duncan Baird, APERS*
Katie Comstock, Aon Hewitt (AHIC)*
Chae Hong, Aon Hewitt (AHIC)*
Michael Bacine, Franklin Park*
Gar Chung*

*via Zoom**

- I. **Call to Order/Roll Call.** Mr. Danny Knight, Chair, called the Board of Trustees meeting to order at 11:00 a.m. Roll call was taken. Hon. Dennis Milligan was absent.

- II. **Adoption of Agenda.**

Ms. Nichols moved for adoption of the Agenda. Mr. Lester seconded the motion, and the Board unanimously approved the motion.

III. Executive Summary. The Executive Summary was provided for reference with no questions or expansions on the written summary.

IV. Approval of Prior Meeting Minutes.

A., December 7, 2020, Minutes

Ms. Bell *moved for approval of the Minutes of the Board of Trustees meeting of December 7, 2020. Ms. Davis seconded the motion, and the Board unanimously approved the motion.*

B., January 20, 2021, Minutes.

Mr. Higginbotham *moved for approval of the Minutes of the Board of Trustees meeting of January 20, 2021. Ms. Davis seconded the motion, and the Board unanimously approved the motion.*

V. Staff Empowerment.

A. Authority to Transact Business.

1. Resolution 2021-01

Ms. Nichols *moved to adopt Resolution 2021-01, Authority to Transact Business on behalf of the ATRS Board of Trustees. Mr. Lester seconded the motion, and the Board unanimously adopted the resolution.*

B. Specific Powers of Executive Director.

1. Resolution 2021-02.

Dr. Hernandez *moved to adopt Resolution 2021-02, Authorizing Specific Powers of Executive Director on behalf of the ATRS Board of Trustees. Auditor Lea seconded the motion and the Board unanimously adopted the resolution.*

C. Appointment of ATRS as Manager of LLC's.

1. Resolution 2021-03

Ms. Bell *moved to adopt* Resolution 2021-03, Appointment of ATRS as Manager of LLC's. Mr. Johnson *seconded the motion*, and the Board *unanimously adopted the resolution*.

VI. Authority to Reimburse Trustee Expenses for 2021.

A. Resolution 2021-04.

Mr. Lester *moved to adopt* Resolution 2021-04, authorizing ATRS to reimburse ATRS Trustees for miscellaneous expenses and losses in salary resulting from Board of Trustees meeting attendance or other official Board duties. Ms. Clayton *seconded the motion*, and the Board *unanimously adopted the resolution*.

VII. Authorization for Board Travel and Expense Reimbursement for 2021.

A. Resolution 2021-05.

Ms. Nichols *moved to adopt* Resolution 2021-05, authorizing ATRS to reimburse ATRS Trustees for expenses used in traveling for official Board duties. Ms. Bell *seconded the motion*, and the Board *unanimously adopted the resolution*.

VIII. Adoption of 2021-2022 Employer Contribution Rate.

A. Resolution 2021-06.

Mr. Higginbotham *moved to adopt* Resolution 2021-06, Adoption Employer Contribution Rate at the rate of 14.75% for the fiscal year starting July 1, 2021. Dr. Hernandez *seconded the motion*, and the Board *unanimously adopted the resolution*.

IX. Adoption of 2021-2022 Member Contribution Rate.

A. Resolution 2021-07.

Mr. Lester *moved to adopt* Resolution 2020-17, Adoption of Member Contribution Rate at the rate of 6.75% for the fiscal year starting July 1, 2021. Ms. Bell *seconded the motion*, and the Board *unanimously adopted the resolution*.

XI. Adoption of Contribution Rate applied to Outsourced Positions.

A. Resolution 2021-08.

Ms. Davis moved to adopt Resolution 2021-08, Adoption Contribution Rate of 3% applied to Outsourced Positions. Ms. Nichols seconded the motion, and the Board unanimously adopted the resolution.

XI. 2021 Board of Trustee Election Update.

A. Certification of Dr. Mike Hernandez as Administrator Trustee.

1. Resolution 2021-14.

Mr. Lester moved to adopt Resolution 2021-14, Certification of Dr. Mike Hernandez as Administrator Trustee. Ms. Davis seconded the motion, and the Board unanimously adopted the resolution.

B. Certification of Mr. Shawn Higginbotham as Administrator Trustee - Superintendent.

1, Resolution 2021-15.

Ms. Davis moved to adopt Resolution 2021-15 Certification of Mr. Shawn Higginbotham as Administrator Trustee - Superintendent. Ms. Bell seconded the motion, and the Board unanimously adopted the resolution.

C. Certification of Ms. Anita Bell as Minority Trustee.

2. Resolution 2021-16.

Ms. Davis moved to adopt Resolution 2021-16, Certification of Ms. Anita Bell as Minority Trustee. Ms. Nichols seconded the motion, and the Board unanimously adopted the resolution.

XII. Actuarial Valuations, June 30, 2020. Mr. Rhoden presented the annual reports prepared by the Actuaries concerning the valuation of liability to active and inactive members along with the valuation of liabilities for annuities being paid to current retirees and current beneficiaries.

A. Active & Inactive Members. This report reflects the liabilities owed by ATRS to active and inactive members.

- B. Retirees & Beneficiaries.** This report reflects the liabilities to ATRS retirees, beneficiaries, survivors, and incapacitated children.

Ms. Nichols moved to accept the Actuarial Valuations for Active & inactive Members, and Retirees & Beneficiaries as of June 30, 2020. Ms. Marshall seconded the motion, and the Board unanimously approved the motion.

- XIII. Report of Member Interest Waived Under A. C. A. Section 24-7-205.** Mr. Rhoden presented the member interest amount waived report. ATRS waives interest for members when there is a dispute between ATRS and the member as to whether ATRS made a mistake or otherwise did not do all that was required on the member's account. No member interest was waived for this reporting period.

- XIV. Report of Employer Interest and Penalties Waived Under A. C. A. Sec. 24-7-411.** Mr. Rhoden presented the employer interest and penalties waived report. ATRS may also waive employer interest and penalties when reports or payments are late or have issues due to a new bookkeeper, inclement weather, sickness and other situations that justify a waiver. Six (6) employer penalties and interest amounts were waived for this reporting period in the amount of \$1,349.83.

XV. Manifest Injustice For Board Approval

- A. In the Matter of MI Claim #2020-06.** Director Rhoden presented the Board with MI Claim #2020-06. Executive Staff recommended the Board find a manifest injustice exists in this case and waive the \$2,498.11 interest due in the effort to finally resolve the errors in this member's record.

Mr. Lester moved to approve the Recommendation to find a manifest injustice exists and waive \$2,498.11 interest due to resolve errors in the member's record. Ms. Clayton seconded the motion, and the Board unanimously approved the motion.

- B. In the Matter of MI Claim #2020-07.** Director Rhoden presented the Board with MI Claim #2020-07. Executive Staff recommended the Board find a manifest injustice exists in this case and waive the \$8,448.38 interest due in the effort to finally resolve the errors in this member's record.

Mr. Johnson moved to approve the Recommendation to find a manifest injustice exists and waive \$8,448.38 interest due to

resolve errors in the member’s record. Ms. Bell *seconded* the *motion*, and the Board *unanimously approved* the *motion*.

XVI. Clarification and Reaffirmation of Investment Management Processes under ATRS Policy 4. Director Rhoden and Rod Graves gave a presentation regarding the need for clarification from the Board in this matter.

A, Resolution No. 2021-13.

Ms. Lester *moved to adopt* Resolution 2021-13, Clarification and Reaffirmation of Investment Management Processes under ATRS Policy 4. Mr. Higginbotham *seconded* the *motion*, and the Board *unanimously adopted* the *resolution*.

XVII. Audit Committee Report. Kelly Davis, Chair, gave a report on the Audit Committee Meeting.

A. Internal Audit Report: Teacher Deferred Retirement Option Plan (T-DROP). Dena Dixon gave the Committee the report on the Teacher Deferred Retirement Option Plan (T-DROP).

XVIII. Investment Committee Report. Robin Nichols, Chair, gave a report on the Investment Committee meeting.

A. Arkansas Related and Investment Update.

- 1. List of Fund Closings.** Rod Graves, Deputy Director, gave an update on recent Investment activity.
- 2. American Center Update.** Rod Graves, Deputy Director, gave the Committee an update on the American Center.

B. General Investment Consultant Report.

- 1. Preliminary Performance Report for the Quarter Ending December 31, 2020.** Katie Comstock of Aon Hewitt Investment Consulting provided the Committee with a preliminary portfolio update for the quarter ending December 31, 2020.

C. Real Asset Consultant Report.

- 1, **Performance Report for the Quarter Ending September 30, 2020.** Chae Hong of Aon Hewitt Investment Consulting provided the Committee with a portfolio update for the quarter ending September 30, 2020.
2. **Recommendation to Commit up to \$50 Million Dollars to ISQ Global Infrastructure Fund III, L.P, a Closed End Infrastructure Fund Specializing in Utilities, Transportation, and Power with Imminent Need.** Chae Hong provided the committee with the recommendation to Commit up to \$50 Million Dollars to ISQ Global Infrastructure Fund III, L.P, a Closed End Infrastructure Fund Specializing in Utilities, Transportation, and Power with Imminent Need

ATRS staff concurs with the recommendation.

a. **Resolution 2021-09**

Ms. Nichols *moved to adopt* Resolution 2021-09, to Commit up to \$50 Million Dollars to ISQ Global Infrastructure Fund III, L.P, a Closed End Infrastructure Fund Specializing in Utilities, Transportation, and Power with Imminent Need. The Board *unanimously adopted the Resolution.*

D. **Private Equity Consultant Report.**

1. **Private Equity Portfolio Review for the Quarter Ending September 30, 2020.** Michael Bacine of Franklin Park provided the Committee with a portfolio update for the quarter ending September 30, 2020.
2. **Recommendation to Make an Additional Commitment of up to \$30 Million Dollars in Franklin Park Corporate Finance Access Fund, L.P., a Fund of Funds Managed by Franklin Park Investing in Smaller Buyout, Growth, and Turnaround Private Equity Funds with Imminent Need.** Michael Bacine of Franklin Park provided the Committee with a recommendation to make an Additional Commitment of up to \$30 Million Dollars in Franklin Park Corporate Finance Access Fund, L.P., a Fund of Funds Managed by Franklin Park Investing in Smaller Buyout, Growth, and Turnaround Private Equity Funds with Imminent Need. .

Staff Concurs with the Recommendation.

a. **Resolution 2021-10**

Ms. Nichols *moved to adopt* Resolution 2021-10, to Make an Additional Commitment of up to \$30 Million Dollars in Franklin Park Corporate Finance Access Fund, L.P., a Fund of Funds Managed by Franklin Park Investing in Smaller Buyout, Growth, and Turnaround Private Equity Funds with Imminent Need. The Board *unanimously adopted the Resolution.*

3. **Recommendation to Make an Additional Commitment of up to \$30 Million Dollars in Franklin Park International Fund X, L.P. (formerly Franklin Park International Fund 2019), a Fund of Funds Managed by Franklin Park Investing in International Private Equity Funds with Imminent Need.** Michael Bacine of Franklin Park provided the Committee with a recommendation to Make an Additional Commitment of up to \$30 Million Dollars in Franklin Park International Fund X, L.P. (formerly Franklin Park International Fund 2019), a Fund of Funds Managed by Franklin Park Investing in International Private Equity Funds with Imminent Need.

Staff Concurs with the Recommendation.

a. **Resolution 2021-11**

Ms. Nichols *moved to adopt* Resolution 2021-11, to Make an Additional Commitment of up to \$30 Million Dollars in Franklin Park International Fund X, L.P. (formerly Franklin Park International Fund 2019), a Fund of Funds Managed by Franklin Park Investing in International Private Equity Funds with Imminent Need. The Board *unanimously adopted the Motion.*

4. **Recommendation to Commit up to \$30 Million Dollars in Greenbriar Equity Fund V, L.P., a Buyout Fund that will Invest in Advanced Manufacturing and Business Services Companies Across the Logistics, Aerospace & Defense, and Transportation Sub-sectors with Imminent Need.** Chae

Hong provided the committee with the recommendation to Commit up to \$30 Million Dollars in Greenbriar Equity Fund V, L.P., a Buyout Fund that will Invest in Advanced Manufacturing and Business Services Companies Across the Logistics, Aerospace & Defense, and Transportation Sub-sectors with Imminent Need.

Staff Concurs with the Recommendation.

a. Resolution 2021-12

Ms. Nichols *moved to adopt* Resolution 2021-12, to Commit up to \$30 Million Dollars in Greenbriar Equity Fund V, L.P., a Buyout Fund that will Invest in Advanced Manufacturing and Business Services Companies Across the Logistics, Aerospace & Defense, and Transportation Sub-sectors with Imminent Need. Board *unanimously adopted the Motion*

XIX. Operations Committee Report. Bobby Lester, Chair, gave a report on the Operations Committee meeting.

A. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members in Attendance.

1. Open Forum. None.

B. Legislative Package. Mr. Rhoden gave the Committee an update on the 2021 Legislative Package.

XX. Staff Reports.

A. Medical Committee Report. Mr. Kincade reported that a total of Fifteen (14) Disability Retirement Applications were approved.

Ms. Nichols *moved to approve* the Medical Committee Report. Ms. Bell *seconded* the *motion* and the Board *unanimously approved* the *Motion*.

XXI. Other Business: None

XXII. Adjourn. With no other business, Danny Knight, Chair adjourned the meeting.

Meeting adjourned at 11:51 a.m.

Clint Rhoden,
Executive Director

Mr. Danny Knight, Chair
Board of Trustees

Tammy Porter,
Recorder

Date Approved

**ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEE MEETING – CALLED MEETING**

**Wednesday, March 3, 2021
4:00 p.m.
1400 West Third Street
Little Rock, AR 72201**

ATTENDEES

Board Members Present

Danny Knight, Chair
Lloyd Black, Vice Chair*
Anita Bell *
Kathy Clayton*
Kelly Davis*
Dr. Mike Hernandez*
Shawn Higginbotham*
Michael Johnson*
Bobby Lester*
Chip Martin*
Robin Nichols*

ATRS Staff Present

Clint Rhoden, Executive Director
Rod Graves, Deputy Director*
Tammy Porter, Ex. Asst/Board Secretary
Willie Kincade, Director of Operations*
Martha Miller, General Counsel*
Manju, Director, Information Services*
Leslie Ward, Manager, Private Equity*

Guest Present

Michael Bacine, Franklin Park*

Board Members Absent

Susannah Marshall, Bank Commissioner
Johnny Key, Secretary, Dept. of Education
Hon. Andrea Lea, State Auditor
Hon. Dennis Milligan, State Treasurer

* *via ZOOM*

- I. **Call to Order/Roll Call.** Mr. Danny Knight, called the Board of Trustees meeting to order at 4:08 p.m. Roll call was taken. Ms. Susannah Marshall, Mr. Johnny Key, Hon. Andrea Lea, and Hon. Dennis Milligan were absent.

- II. **Adoption of Agenda.**

Mr. Black moved for adoption of the Agenda. Ms. Bell seconded the motion, and the Committee unanimously approved the motion.

- III. **Executive Summary.** The Executive Summary was provided for reference with no questions or expansions on the written summary.

- IV. Investment Committee Report.** Mr. Martin, Vice Chair, gave a report on the Investment Committee Meeting.
- A. Recommendation to Assign Interest in Riverside Fund V, L.P., to Riverside Fund V SQ-A, L.P., a Continuation of an Existing Private Equity Buyout Fund Specializing in Small Companies in the Healthcare and Technology Sectors, with Imminent Need.**

Mr. Martin *moved to adopt* Resolution 2021-17, to Assign Interest in Riverside Fund V, L.P., to Riverside Fund V SQ-A, L.P., a Continuation of an Existing Private Equity Buyout Fund Specializing in Small Companies in the Healthcare and Technology Sectors, with Imminent Need. The Board *unanimously adopted the Resolution.*

V. Other Business. None.

VI. Adjourn.

Meeting adjourned at 4:12 p.m.

Clint Rhoden
Executive Director

Mr. Danny Knight Chair
Board of Trustees

Tammy Porter,
Board Secretary

Date Approved

Waiver of Member Interest 2021
April 5, 2021, Board Meeting
A.C.A. Sec. 24-7-205

Amount **Reason to Waive Interest**

None report this period

Waiver of Employer Report Penalties 2021

April 5, 2021, Board Meeting

A.C.A. Sec. 24-7-411

These are typical reports of employer penalties and interest waived by ATRS during a reporting period. 150+450+450+300+450+5.03+

Employer Penalties Waived	
Arkadelphia Public Schools Arkadelphia, AR	\$150.00
Future School of Ft. Smith Charter Ft. Smith, AR	\$300.00
Friendship Aspire - Southeast Pine Bluff Pine Bluff, AR	\$150.00
Lee County School District Marianna, AR	\$450.00
Monticello School District Monticello, AR	\$150.00
Nettleton Public Schools Jonesboro, AR	\$450.00
Newport Special School District Newport, AR	\$450.00
Ozarks Unlimited Resource Educational Service Co-Op Valley Springs, AR	\$300.00
South Conway County School District Morrilton, AR	\$450.00
TOTAL PENALTIES WAIVED	\$2,850.00
Employer Interest Waived	
Friendship Aspire - Southeast Pine Bluff Pine Bluff, AR	\$5.03
Gentry Public Schools Gentry, AR	\$36.71

Gravette School District Gravette, AR	\$533.08
Jackson County School District Marianna, AR	\$385.58
Lee County School District Marianna, AR	\$25.83
Maynard School District Maynard, AR	\$220.84
Westside Consolidated School District Jonesboro, AR	\$230.64
Westside Consolidated School District Jonesboro, AR	\$102.58
TOTAL INTEREST WAIVED	\$1,540.29
\	
TOTAL PENALTIES AND INTEREST WAIVED	\$4,390.29

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**RESOLUTION
No. 2021-18**

COMPUTATION OF FINAL AVERAGE SALARY

WHEREAS, A.C.A. §24-7-736(c)(1) states that the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) shall set annually the applicable number of years to be used in computing the final average salary calculation; and

WHEREAS, the number of years used in the calculation of final average salary shall be not less than three (3) and not more than five (5) years of service; and

WHEREAS, in order to maintain actuarial soundness, on November 13, 2017, the ATRS Board resolved to increase the three (3) year final average salary calculation in use at that time to a five (5) year final average salary calculation and to grandfather the use of a three (3) year final average salary for active members as of June 30, 2018, if it provided a higher final average salary in comparison.

NOW, THEREFORE, BE IT RESOLVED, that beginning July 1, 2021 the ATRS Board reaffirms the use of a five (5) year final average salary and the availability of the grandfathered benchmark three (3) year final average salary for active members as of June 30, 2018 as resolved in ATRS Board Resolution 2017-33.

Adopted this 5th day of April, 2021.

Mr. Danny Knight, Chair



Arkansas Teacher Retirement System | February 28, 2021

Monthly Investment Review

All information presented in this report should be considered preliminary.

Finalized data will be available on the next Quarterly Investment Report after the close of the quarter.

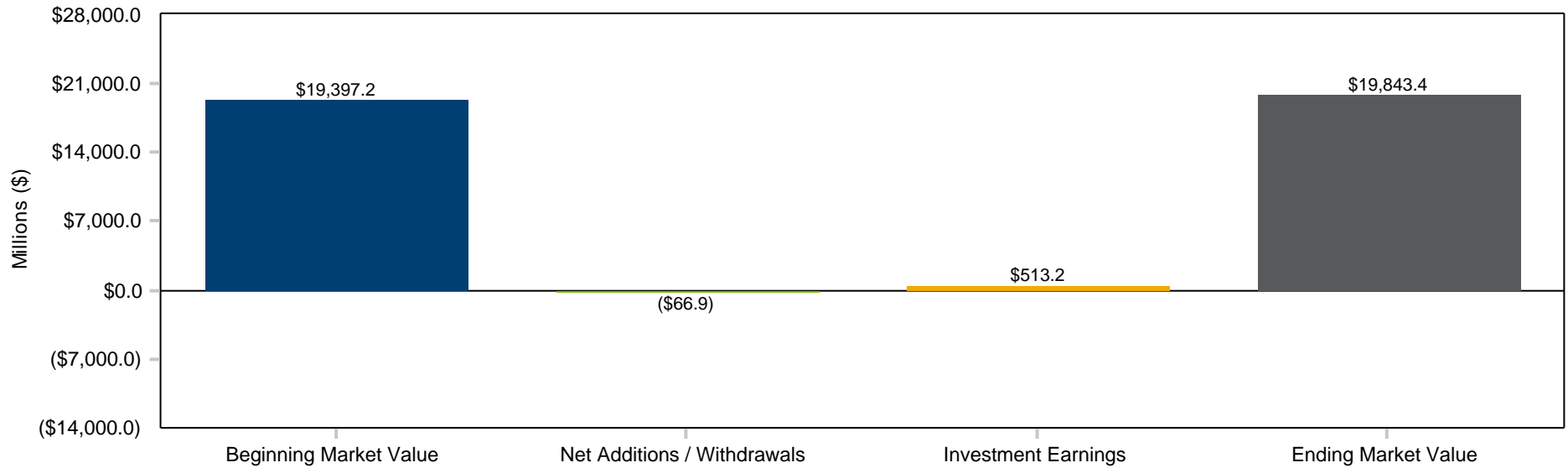
As of February 28, 2021

Market Environment

	Performance(%)						
	1 Month	Year To Date	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
Dow Jones U.S. Total Stock Market Index	3.2	2.9	28.8	35.5	15.0	17.4	13.4
S&P 500 Index	2.8	1.7	24.3	31.3	14.1	16.8	13.4
Russell 1000 Index	2.9	2.1	27.0	34.3	15.0	17.4	13.6
Russell 1000 Value Index	6.0	5.1	29.0	22.2	8.2	12.0	10.4
Russell 1000 Growth Index	0.0	-0.8	25.2	44.3	21.0	22.2	16.4
Russell 2000 Index	6.2	11.6	53.8	51.0	14.9	17.9	11.9
Russell 2000 Value Index	9.4	15.2	57.5	41.1	10.1	14.2	9.7
Russell 2000 Growth Index	3.3	8.3	50.4	58.9	18.9	21.1	13.8
MSCI AC World IMI (Net)	2.7	2.5	28.2	31.5	10.3	14.3	8.9
MSCI AC World ex USA IMI (Net)	2.2	2.4	28.2	27.2	5.4	11.3	5.0
MSCI EAFE Index (Net)	2.2	1.2	23.0	22.5	4.6	9.7	5.0
MSCI Emerging Markets Index (Net)	0.8	3.9	36.2	36.0	6.4	15.2	4.4
Blmbg. Barc. U.S. Universal Index	-1.3	-1.9	0.3	2.1	5.5	4.1	3.9
Blmbg. Barc. U.S. Aggregate	-1.4	-2.2	-0.9	1.4	5.3	3.6	3.6
Blmbg. Barc. U.S. Government	-1.8	-2.7	-3.3	0.0	4.9	2.6	3.0
Blmbg. Barc. Credit Bond Index	-1.7	-2.9	1.3	2.4	6.6	5.5	5.0
Blmbg. Barc. U.S. Mortgage Backed Securities	-0.7	-0.6	-0.2	1.5	4.1	2.6	2.9
Blmbg. Barc. U.S. Corp: High Yield	0.4	0.7	12.1	9.4	6.6	9.0	6.5
Citigroup 90-Day T-Bill	0.0	0.0	0.1	0.3	1.5	1.2	0.6

Total Plan Asset Summary

**Change in Market Value
From February 1, 2021 to February 28, 2021**



Summary of Cash Flow

	Year To Date	Fiscal YTD	1 Year
Beginning Market Value	19,454,666,395	16,663,156,052	17,302,938,002
+ Additions / Withdrawals	-134,887,910	-564,625,808	-734,751,329
+ Investment Earnings	523,654,885	3,744,903,126	3,275,246,698
= Ending Market Value	19,843,433,370	19,843,433,370	19,843,433,370

As of February 28, 2021

Asset Allocation & Performance

	Allocation			Performance(%)								
	Market Value (\$)	%	Policy(%)	1 Month	Year To Date	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Fund	19,843,433,370	100.0	100.0	2.6	2.7	22.7	19.4	9.3	11.8	9.0	8.7	04/01/1986
Performance Benchmark				1.5	1.3	19.9	19.7	9.6	11.5	9.3	8.8	
Total Equity	11,789,207,209	59.4	57.6	4.6	4.7	37.2	31.5	10.6	15.0	9.9	10.5	07/01/2015
Total Equity Performance Benchmark				2.8	2.6	28.4	32.7	11.7	15.3	10.7	11.3	
Fixed Income	2,626,968,389	13.2	15.0	-0.5	-0.8	2.6	4.8	5.3	5.1	4.3	5.4	07/01/1992
Performance Benchmark				-1.3	-1.9	0.3	2.1	5.5	4.1	3.9	5.6	
Opportunistic/Alternatives	914,051,167	4.6	4.7	0.2	0.4	4.8	0.7	-0.3	1.5		3.0	05/01/2011
Custom Alternatives Benchmark				1.1	1.7	7.3	5.1	2.3	2.8		1.9	
Real Assets	2,062,088,389	10.4	10.7									
Real Estate	1,307,586,634	6.6										
Timber	290,518,758	1.5										
Agriculture	209,284,698	1.1										
Infrastructure	254,698,299	1.3										
Private Equity	2,316,387,950	11.7	12.0									
Cash	134,730,265	0.7	0.0									

***Preliminary Results**

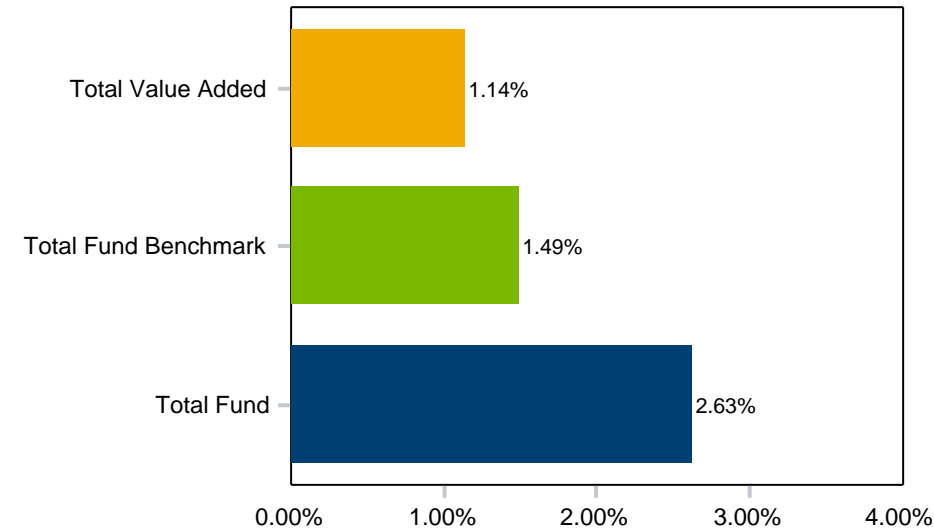
*Policy % is the interim target used for benchmarking purposes. See page 17 for long-term targets. Beginning July 1, 2013, an updated Investment Policy was adopted which includes the new Real Assets category, which includes Real Estate, Timber, Agriculture and Infrastructure.

*Real Assets and Private Equity are valued on a quarterly basis and reported on a quarter lag. Market values have been adjusted for the current month's cash flows. Updated results for these portfolios are not yet available and will be included in the quarterly performance report.

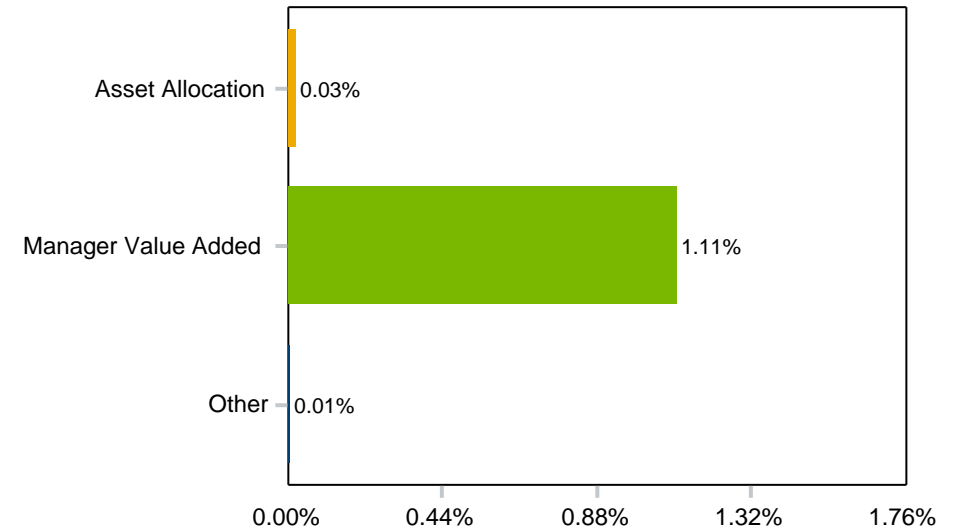
*The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns. For historical performance of the U.S. Equity and Global Equity asset classes please see page 21 of this report.

Total Fund Attribution

Total Fund Performance

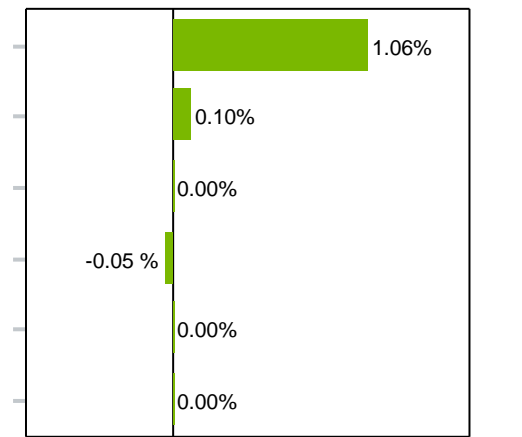
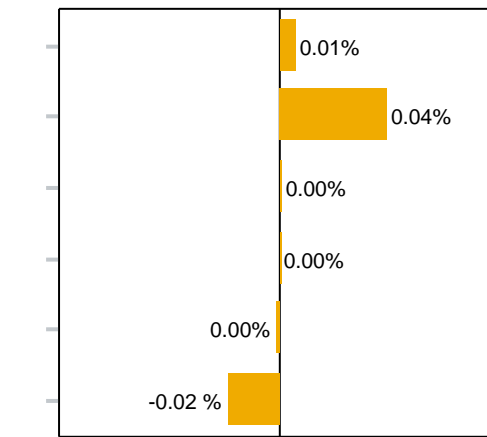
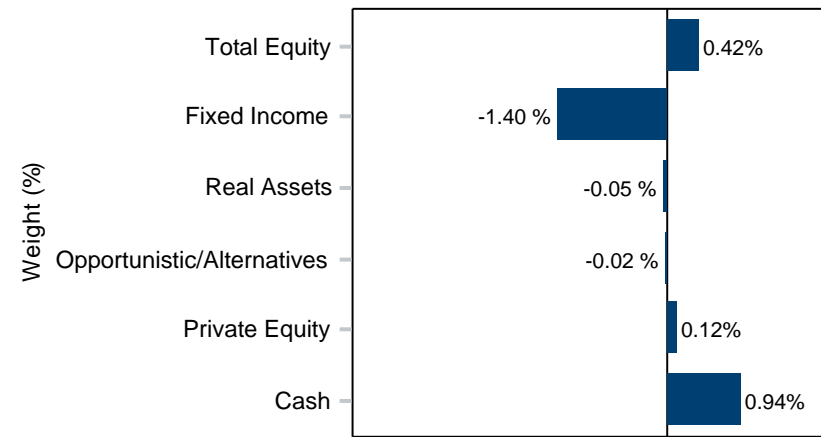


Total Value Added: 1.14%



Total Asset Allocation: 0.03%

Total Manager Value Added: 1.11%



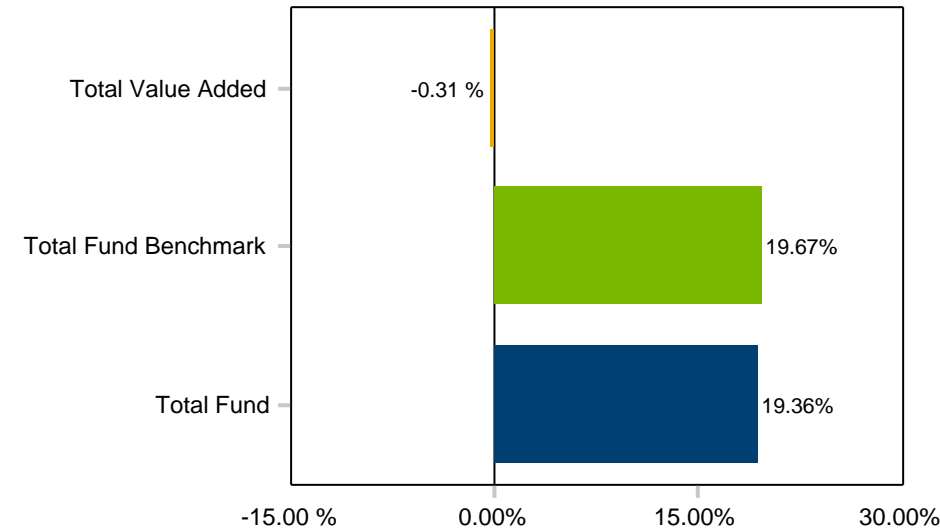
Average Active Weight

Asset Allocation Value Added

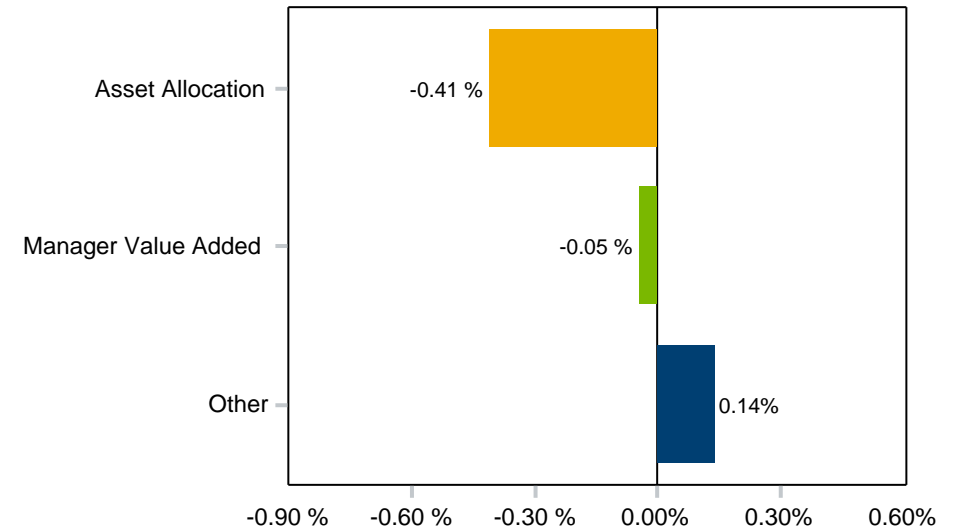
Manager Value Added

Total Fund Attribution

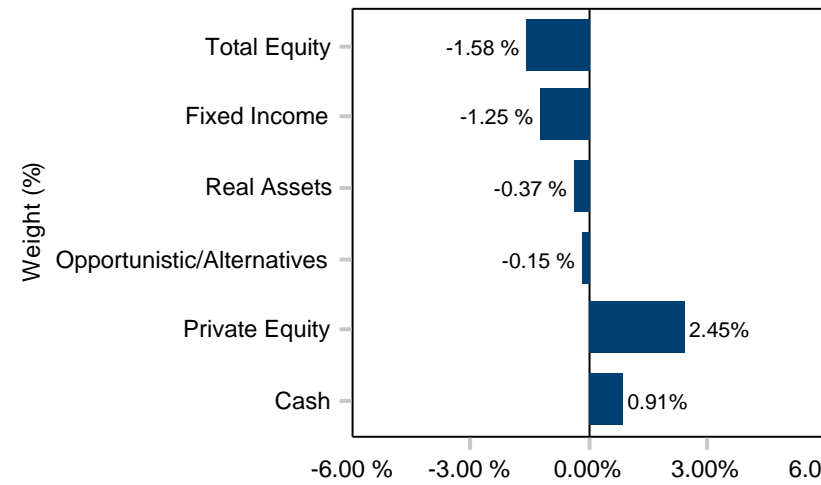
Total Fund Performance



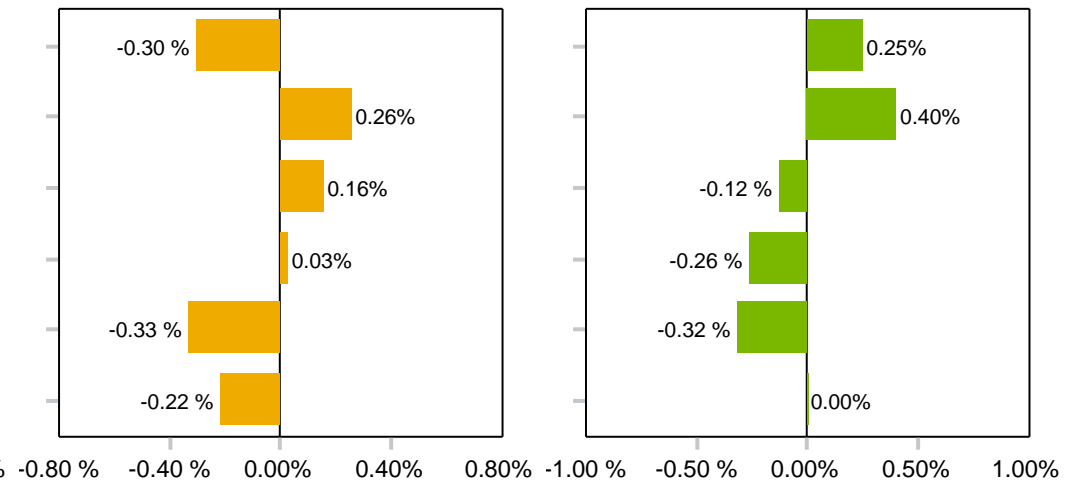
Total Value Added: -0.31 %



Total Asset Allocation: -0.41 %



Total Manager Value Added: -0.05 %



Average Active Weight

Asset Allocation Value Added

Manager Value Added

As of February 28, 2021

Asset Allocation & Performance

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Month	Year To Date	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Total Equity	11,789,207,209	100.0	4.6	4.7	37.2	31.5	10.6	15.0	10.5	07/01/2015
Total Equity Performance Benchmark			2.8	2.6	28.4	32.7	11.7	15.3	11.3	
Jacobs Levy 130/30	821,963,779	7.0	6.0	6.5	32.4	36.0	13.2	18.5	11.1	01/01/2008
Russell 3000 Index			3.1	2.7	28.6	35.3	15.0	17.4	10.0	
Kennedy Capital Management	701,538,815	6.0	12.0	14.8	56.3	39.1	8.3	13.1	12.4	01/01/1994
Russell 2000 Value Index			9.4	15.2	57.5	41.1	10.1	14.2	10.0	
Stephens	632,507,257	5.4	3.0	5.5	35.0	57.3	21.2	22.5	11.9	08/01/2006
Russell 2000 Growth Index			3.3	8.3	50.4	58.9	18.9	21.1	11.6	
Voya Absolute Return	708,024,833	6.0	2.2	1.6	29.3	31.3	9.5	14.1	11.2	10/01/2008
Performance Benchmark Voya Absolute Return			2.3	1.9	26.3	30.2	10.3	14.2	11.2	
Allianz (Nicholas Applegate)	1,071,994,813	9.1	3.7	6.8	49.1	65.8	28.5	23.5	12.0	12/01/1998
Performance Benchmark			3.1	6.2	44.8	55.4	23.4	20.6	9.6	
Pershing Square International	24,532,913	0.2	6.4	3.9	27.7	63.8	32.9	18.7	12.2	07/01/2008
Dow Jones U.S. Total Stock Market Index			3.2	2.9	28.8	35.5	15.0	17.4	11.5	
Pershing Square Holdings	247,795,929	2.1	4.2	-0.8	48.6	103.0	39.8	18.3	9.6	01/01/2013
Dow Jones U.S. Total Stock Market Index			3.2	2.9	28.8	35.5	15.0	17.4	15.2	
SSgA Global Index	1,157,862,441	9.8	2.7	2.5	28.4	32.0	10.7	14.7	7.4	04/01/2008
MSCI AC World IMI (Net)			2.7	2.5	28.2	31.5	10.3	14.3	7.1	
BlackRock MSCI ACWI IMI Fund	1,140,649,518	9.7	2.7	2.5	28.4	31.8	10.6	14.5	9.5	07/01/2011
MSCI AC World IMI (Net)			2.7	2.5	28.2	31.5	10.3	14.3	9.2	

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Preliminary Results

*The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns. For historical performance of the U.S. Equity and Global Equity asset classes please see page 21 of this report.

As of February 28, 2021

Asset Allocation & Performance

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Month	Year To Date	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Wellington Global Perspectives	699,503,884	5.9	6.6	6.7	47.5	38.7	8.3	14.5	14.3	07/01/2009
Performance Benchmark			5.1	7.0	42.9	40.9	10.1	14.6	12.4	
T. Rowe Price Global Equity	1,621,772,062	13.8	6.8	6.3	46.4	70.0	25.6	27.1	16.8	08/01/2009
MSCI AC World Index (Net)			2.3	1.9	26.3	30.2	10.3	14.2	10.3	
MSCI AC World Index Growth (Net)			0.2	0.1	26.7	42.1	16.6	18.7	12.9	
Lazard	805,563,630	6.8	2.7	3.1	40.5	48.1	11.8	17.0	10.9	08/01/2009
MSCI AC World Index (Net)			2.3	1.9	26.3	30.2	10.3	14.2	10.3	
D.E. Shaw	866,370,328	7.3	2.1	-0.4	25.4	28.1	9.1	14.1	11.5	09/01/2009
MSCI World Index (Net)			2.6	1.5	24.9	29.3	10.8	14.1	10.5	
GMO Global All Country Equity	518,667,654	4.4	4.2	4.7	29.1	27.5	7.3	12.7	6.2	07/01/2014
MSCI AC World Index (Net)			2.3	1.9	26.3	30.2	10.3	14.2	8.7	
MSCI AC World Index Value (Net)			4.5	3.6	25.7	17.8	3.7	9.6	4.4	
Harris Global Equity	594,909,363	5.0	8.3	7.8	43.4	39.5	7.0	14.6	8.0	06/01/2014
MSCI World Index (Net)			2.6	1.5	24.9	29.3	10.8	14.1	9.1	
MSCI World Value (Net)			4.7	3.6	24.6	16.7	4.0	9.3	4.8	
Triam Partners	78,346,882	0.7	2.6	-0.7	19.9	14.7	10.8	10.9	8.8	11/01/2015
S&P 500 Index			2.8	1.7	24.3	31.3	14.1	16.8	14.3	
Triam Co-Investments	97,126,765	0.8	3.4	-1.3	25.2	16.7	13.6		6.5	01/01/2017
S&P 500 Index			2.8	1.7	24.3	31.3	14.1		15.8	

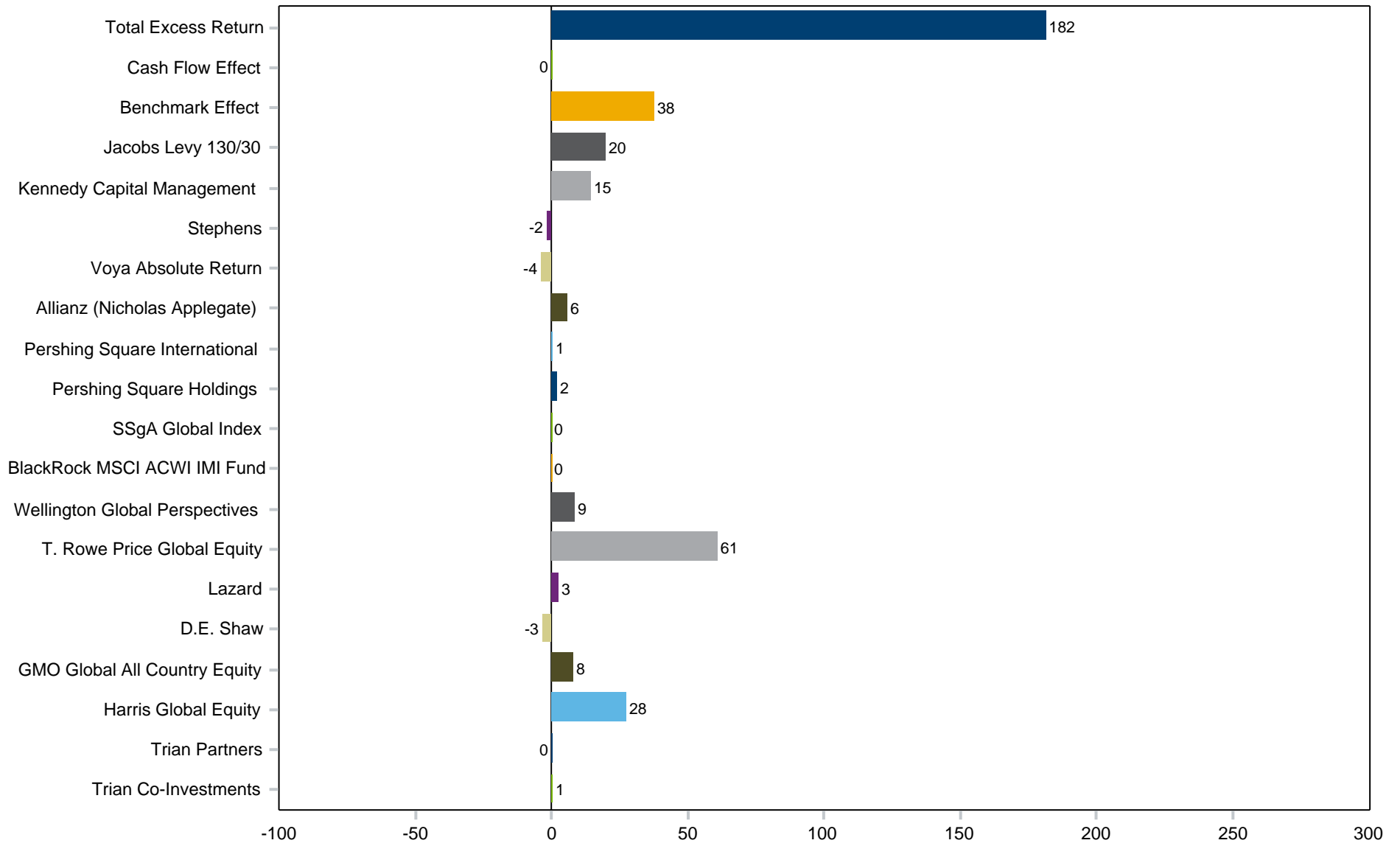
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Preliminary Results

*The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns. For historical performance of the U.S. Equity and Global Equity asset classes please see page 21 of this report.

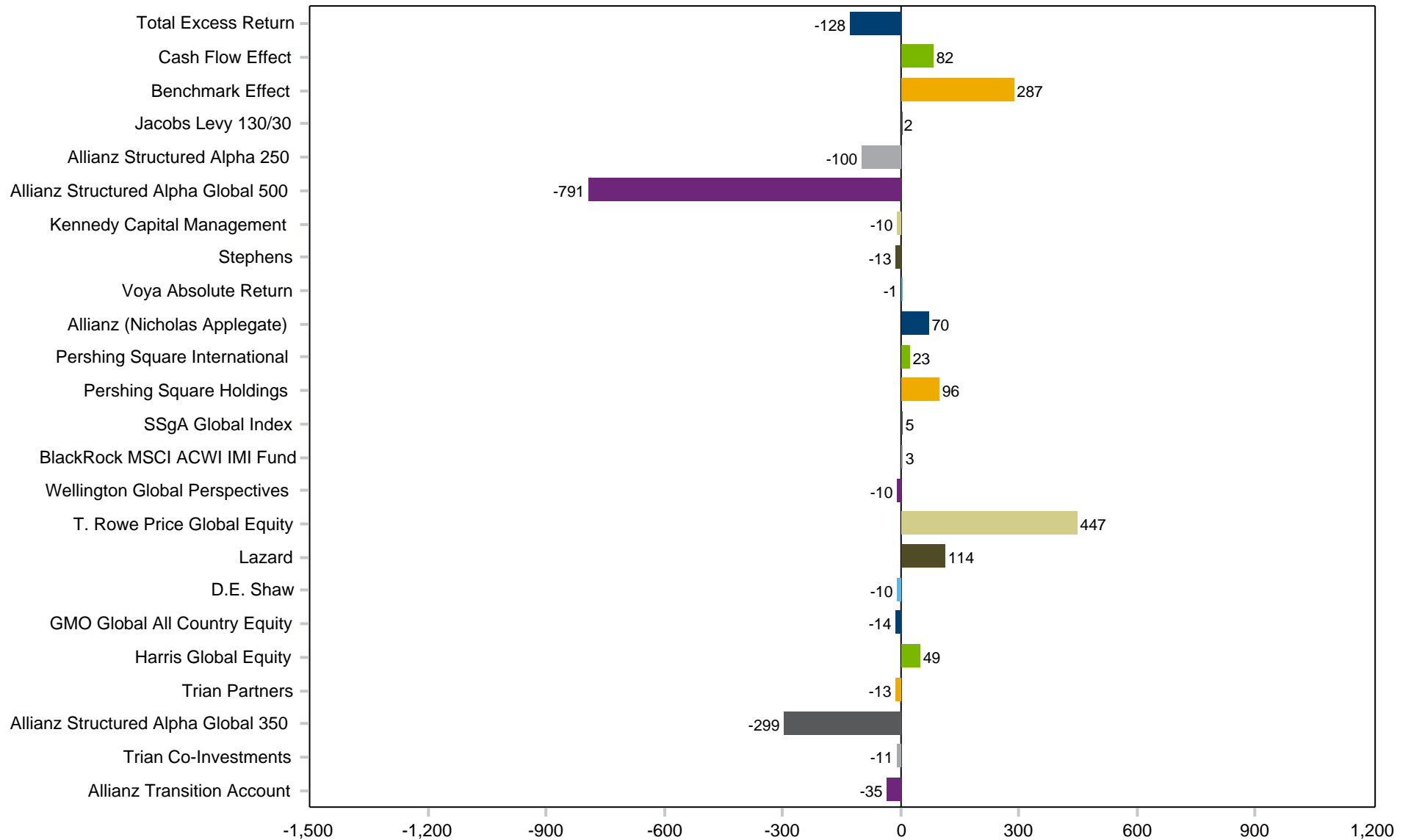
Asset Class Attribution

1 Month



Asset Class Attribution

1 Year



As of February 28, 2021

Asset Allocation & Performance

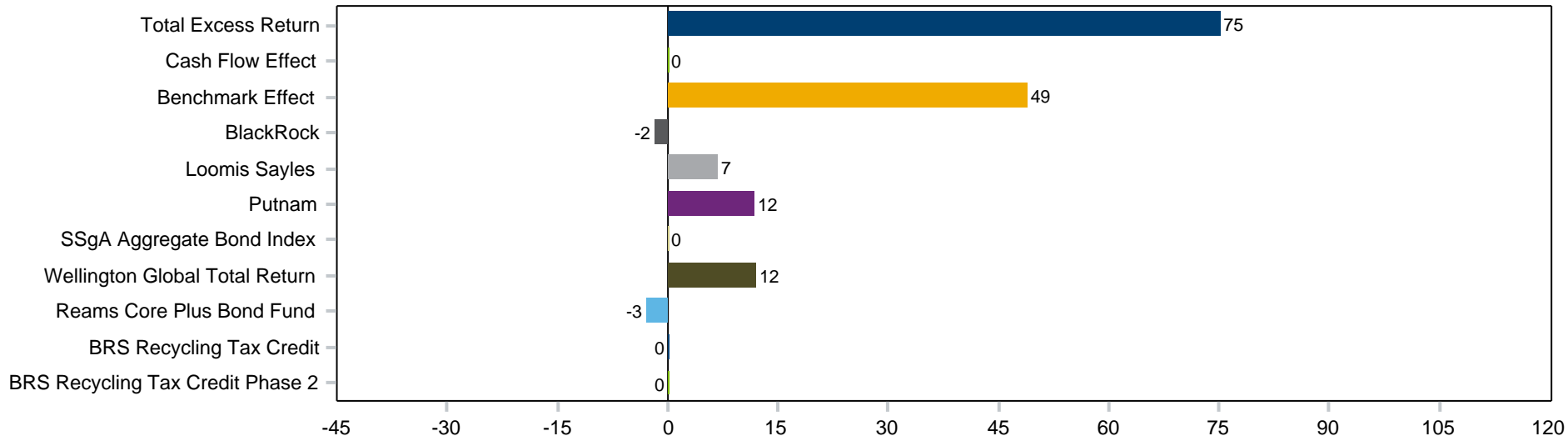
	Allocation		Performance(%)							
	Market Value (\$)	%	1 Month	Year To Date	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Fixed Income	2,626,968,389	100.0	-0.5	-0.8	2.6	4.8	5.3	5.1	5.4	07/01/1992
Performance Benchmark			-1.3	-1.9	0.3	2.1	5.5	4.1	5.6	
BlackRock	279,104,583	10.6	-1.4	-2.1	0.2	3.0	5.8	4.1	4.7	10/01/2003
Performance Benchmark			-1.3	-1.9	0.3	2.1	5.5	4.1	4.4	
Loomis Sayles	489,457,749	18.6	-0.6	-1.1	6.8	9.6	7.2	8.0	8.4	09/01/2008
Performance Benchmark			-1.0	-1.6	3.3	4.3	6.2	5.7	5.8	
Putnam	390,400,000	14.9	0.8	1.1	5.5	2.4	3.4	4.9	3.1	08/01/2008
LIBOR			0.0	0.0	0.2	0.7	1.9	1.5	1.0	
SSgA Aggregate Bond Index	466,203,735	17.7	-1.4	-2.1	-0.8	1.4	5.3	3.6	3.6	06/01/2010
Blmbg. Barc. U.S. Aggregate			-1.4	-2.2	-0.9	1.4	5.3	3.6	3.6	
Wellington Global Total Return	354,670,087	13.5	0.9	1.6	1.9	1.8	3.7	2.8	2.2	06/01/2014
ICE BofAML 3 Month U.S. T-Bill			0.0	0.0	0.1	0.4	1.5	1.2	0.9	
Reams Core Plus Bond Fund	394,100,628	15.0	-1.6	-2.5	1.4	11.0	8.4	5.8	4.8	06/01/2014
Blmbg. Barc. U.S. Aggregate			-1.4	-2.2	-0.9	1.4	5.3	3.6	3.3	
BRS Recycling Tax Credit	176,000,000	6.7								
BRS Recycling Tax Credit Phase 2	77,031,608	2.9								

*Preliminary Results

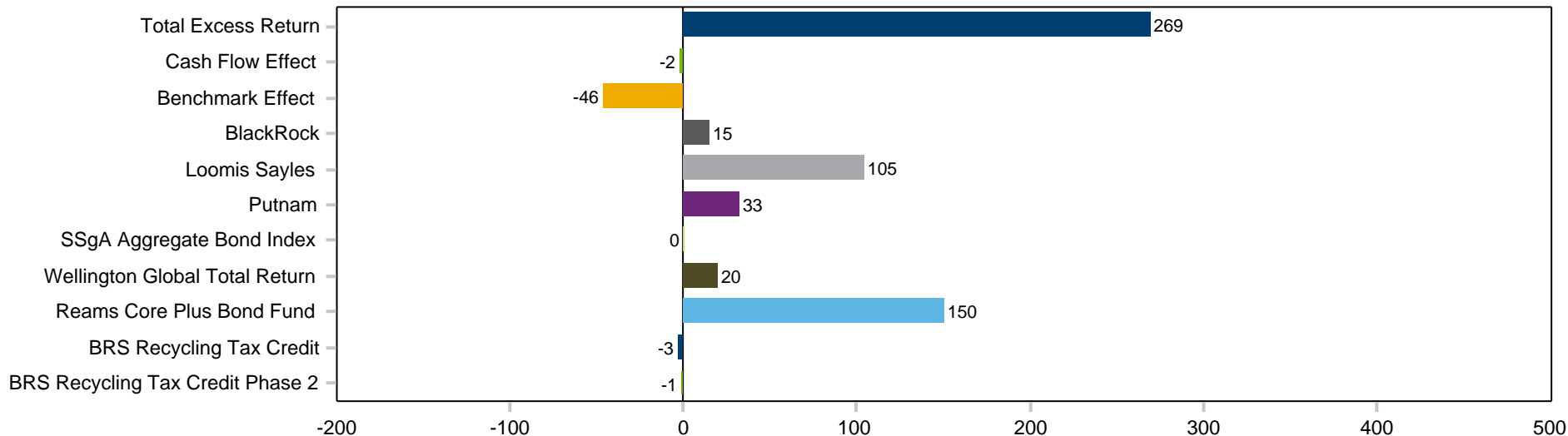
*The BRS Recycling Tax Credit represents an annual income stream of \$16 million dollars over the next 14 years, which ATRS purchased for approximately \$162 million. The value shown above represents the year-end market value in accordance with GASB Statement 72, representing the 14 years of annual income, and has been incorporated into Total Fixed Income and Total Fund performance.

Asset Class Attribution

1 Month



1 Year



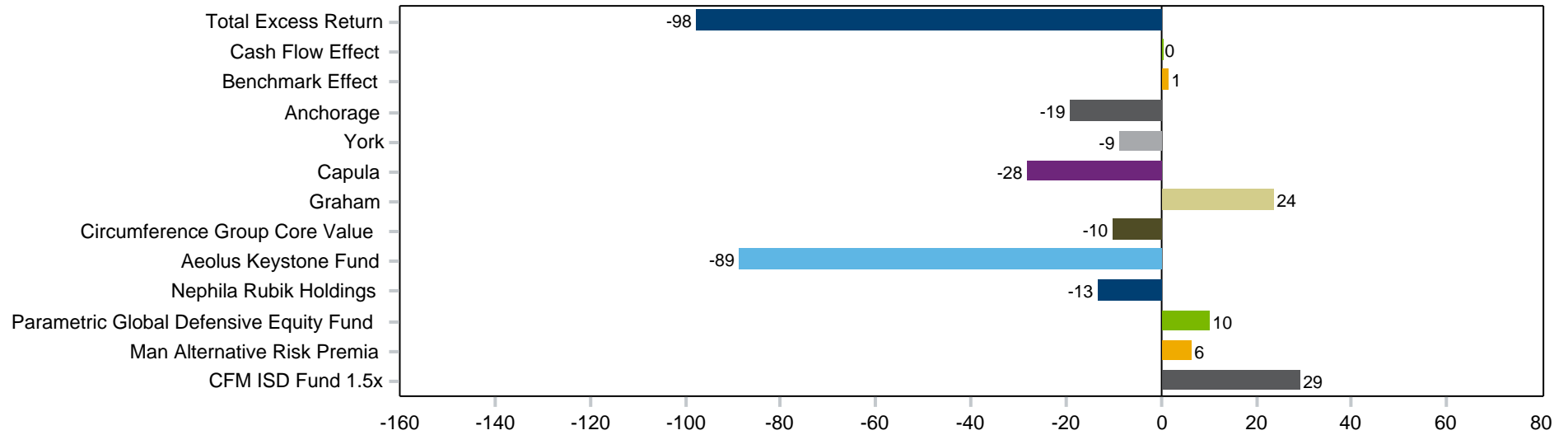
As of February 28, 2021

Asset Allocation & Performance

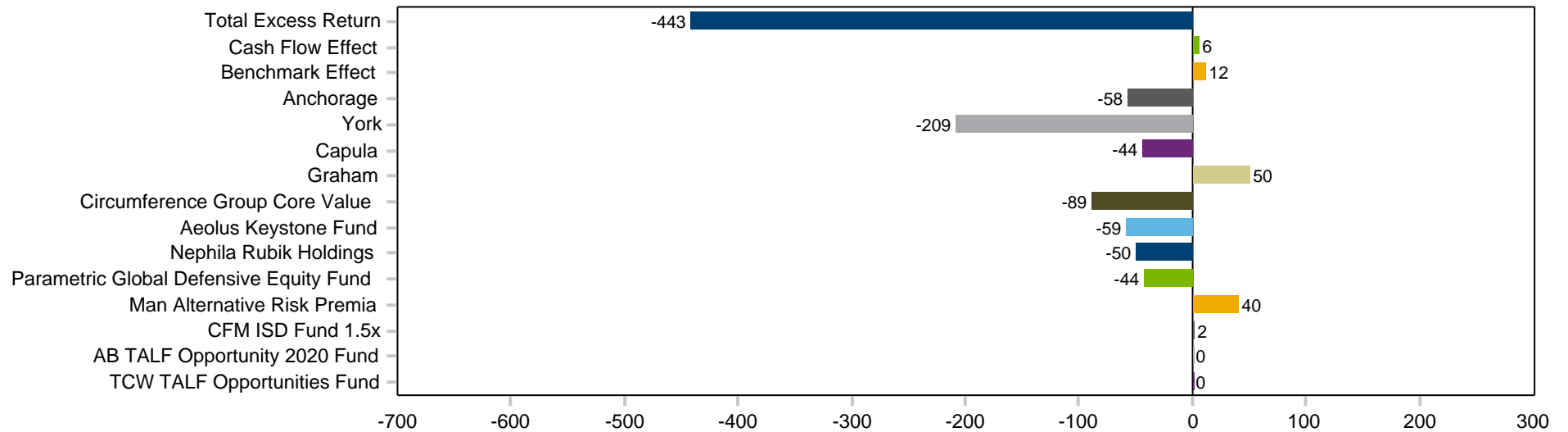
	Allocation		Performance(%)							
	Market Value (\$)	%	1 Month	Year To Date	Fiscal YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Opportunistic/Alternatives	914,051,167	100.0	0.2	0.4	4.8	0.7	-0.3	1.5	3.0	05/01/2011
Custom Alternatives Benchmark			1.1	1.7	7.3	5.1	2.3	2.8	1.9	
Anchorage	81,204,711	8.9	1.0	5.1	10.9	6.1	2.4	3.9	5.1	05/01/2011
Credit Suisse Event Driven			3.2	4.6	18.7	12.8	4.4	5.5	2.9	
HFRI ED: Distressed/Restructuring Index			2.6	6.7	23.3	20.3	6.3	9.0	4.7	
York	22,242,096	2.4	-0.3	0.5	-13.0	-38.0	-23.2	-10.1	-4.2	05/01/2011
Credit Suisse Event Driven			3.2	4.6	18.7	12.8	4.4	5.5	2.9	
HFRI ED: Distressed/Restructuring Index			2.6	6.7	23.3	20.3	6.3	9.0	4.7	
Capula	90,730,491	9.9	-0.1	0.6	2.0	5.4	6.4	6.1	6.2	05/01/2011
HFRI Macro (Total) Index			2.8	2.9	9.2	9.7	3.8	2.2	1.1	
Graham	70,205,029	7.7	6.0	5.2	23.0	16.5	5.0	3.6	3.3	05/01/2011
HFRI Macro (Total) Index			2.8	2.9	9.2	9.7	3.8	2.2	1.1	
Circumference Group Core Value	35,672,491	3.9	3.5	7.8	19.8	25.5	11.9	13.5	10.7	08/01/2015
Russell 2000 Index			6.2	11.6	53.8	51.0	14.9	17.9	12.4	
Aeolus Keystone Fund	225,760,621	24.7	-3.5	-4.0	-0.8	-1.7	-1.0	-1.7	-1.4	12/01/2015
FTSE 3 Month T-Bill			0.0	0.0	0.1	0.3	1.5	1.2	1.1	
Eurekahedge ILS Advisers Index			-0.4	-0.3	2.3	2.2	-0.2	-0.3	-0.1	
Nephila Rubik Holdings	40,769,841	4.5	-2.9	-2.9	-10.0	-9.2	-4.7		-4.2	06/01/2016
FTSE 3 Month T-Bill			0.0	0.0	0.1	0.3	1.5		1.2	
Eurekahedge ILS Advisers Index			-0.4	-0.3	2.3	2.2	-0.2		-0.5	
Parametric Global Defensive Equity Fund	182,207,280	19.9	1.7	1.5	14.7	11.8	4.8		5.3	06/01/2017
Performance Benchmark			1.2	0.9	12.8	15.2	6.2		6.8	
MSCI AC World Index			2.3	1.9	26.6	30.9	10.9		12.3	
Man Alternative Risk Premia	86,613,326	9.5	-0.1	-1.9	-4.9	-8.3			-4.8	06/01/2018
SG Multi Alternative Risk Premia Index			-0.8	0.1	-2.5	-11.8			-5.3	
CFM ISD Fund 1.5x	78,645,281	8.6	2.7	3.5	5.1	-11.3			-8.1	07/01/2018
SG Multi Alternative Risk Premia Index			-0.8	0.1	-2.5	-11.8			-5.3	
AB TALF Opportunity 2020 Fund		0.0								
TCW TALF Opportunities Fund		0.0								

Asset Class Attribution

1 Month



1 Year



Asset Allocation as of 2/28/2021	Values in \$1,000								
	Total Equity	U.S. Bond	Real Estate	Private Equity	Cash	Total	Percent of Total	Interim Policy	Long-Term Target
Jacobs Levy 130/30	\$821,963.8	--	--	--	--	\$821,963.8	4.14%		
Kennedy Capital Management	\$701,538.8	--	--	--	--	\$701,538.8	3.54%		
Stephens	\$632,507.3	--	--	--	--	\$632,507.3	3.19%		
Voya Absolute Return	\$708,024.8	--	--	--	--	\$708,024.8	3.57%		
Allianz (Nicholas Applegate)	\$1,071,994.8	--	--	--	--	\$1,071,994.8	5.40%		
Pershing Square International	\$24,532.9	--	--	--	--	\$24,532.9	0.12%		
Pershing Square Holdings	\$247,795.9	--	--	--	--	\$247,795.9	1.25%		
SSgA Global Index	\$1,157,862.4	--	--	--	--	\$1,157,862.4	5.83%		
BlackRock MSCI ACWI IMI Fund	\$1,140,649.5	--	--	--	--	\$1,140,649.5	5.75%		
Wellington Global Perspectives	\$699,503.9	--	--	--	--	\$699,503.9	3.53%		
T. Rowe Price Global Equity	\$1,621,772.1	--	--	--	--	\$1,621,772.1	8.17%		
Lazard	\$805,563.6	--	--	--	--	\$805,563.6	4.06%		
D.E. Shaw	\$866,370.3	--	--	--	--	\$866,370.3	4.37%		
GMO Global All Country Equity	\$518,667.7	--	--	--	--	\$518,667.7	2.61%		
Harris Global Equity	\$594,909.4	--	--	--	--	\$594,909.4	3.00%		
Triam Partners	\$78,346.9	--	--	--	--	\$78,346.9	0.39%		
Triam Partners Co-Investments	\$97,126.8	--	--	--	--	\$97,126.8	0.49%		
Capital Guardian & Knight Vinke	\$76.3	--	--	--	--	\$76.3	0.00%		
Total Equity						\$11,789,207.2	59.41%	57.59%	53.00%
BlackRock	--	\$279,104.6	--	--	--	\$279,104.6	1.41%		
Loomis Sayles	--	\$489,457.7	--	--	--	\$489,457.7	2.47%		
Putnam	--	\$390,400.0	--	--	--	\$390,400.0	1.97%		
SSgA Aggregate Bond Index	--	\$466,203.7	--	--	--	\$466,203.7	2.35%		
Wellington Global Total Return	--	\$354,670.1	--	--	--	\$354,670.1	1.79%		
Reams Core Plus Bond Fund	--	\$394,100.6	--	--	--	\$394,100.6	1.99%		
BRS Recycling Tax Credit	--	\$176,000.0	--	--	--	\$176,000.0	0.89%		
BRS Recycling Tax Credit Phase 2	--	\$77,031.6	--	--	--	\$77,031.6	0.39%		
Total Fixed Income						\$2,626,968.4	13.24%	15.00%	15.00%
Anchorage	--	--	--	\$81,204.7	--	\$81,204.7	0.41%		
Capula	--	--	--	\$90,730.5	--	\$90,730.5	0.46%		
Graham	--	--	--	\$70,205.0	--	\$70,205.0	0.35%		
York	--	--	--	\$22,242.1	--	\$22,242.1	0.11%		
Circumference Group Core Value	--	--	--	\$35,672.5	--	\$35,672.5	0.18%		
Aeolus Keystone Fund	--	--	--	\$225,760.6	--	\$225,760.6	1.14%		
Nephila Rubik Holdings	--	--	--	\$40,769.8	--	\$40,769.8	0.21%		
Parametric Global Defensive Equity	--	--	--	\$182,207.3	--	\$182,207.3	0.92%		
Man Alternative Risk Premia	--	--	--	\$86,613.3	--	\$86,613.3	0.44%		
CFM ISD Fund 1.5x	--	--	--	\$78,645.3	--	\$78,645.3	0.40%		
Total Opportunistic/Alternatives						\$914,051.2	4.61%	4.73%	5.00%
Real Estate			\$1,307,586.6			\$1,307,586.6	6.59%		
Timber			\$290,518.8			\$290,518.8	1.46%		
Agriculture			\$209,284.7			\$209,284.7	1.05%		
Infrastructure			\$254,698.3			\$254,698.3	1.28%		
Total Real Assets						\$2,062,088.4	10.39%	10.68%	15.00%
Total Private Equity				\$2,316,388.0		\$2,316,388.0	11.67%	12.00%	12.00%
Total Cash					\$134,730.3	\$134,730.3	0.68%	0.00%	0.00%
Total Fund	\$11,789,207.2	\$2,626,968.4	\$2,062,088.4	\$3,230,439.1	\$134,730.3	\$19,843,433.4	100.00%	100.00%	100.00%

*Note: The market values for the Real Assets and Private Equity investments shown above are lagged one quarter and adjusted for the current quarter's cash flows. Market values and allocation percentages may not add to the sum total due to rounding.

Asset Allocation as of 2/28/2021				Values in \$1,000			
	Real Estate	Percent of Real Estate	Percent of Total Fund		Real Estate	Percent of Real Estate	Percent of Total Fund
Almanac Realty Securities Fund V	\$122.3	0.01%	0.00%	LaSalle Income & Growth Fund VI	\$6,545.2	0.50%	0.03%
Almanac Realty Securities Fund VI	\$3,824.3	0.29%	0.02%	LaSalle Income & Growth Fund VII	\$14,831.8	1.13%	0.07%
Almanac Realty Securities Fund VII	\$14,513.1	1.11%	0.07%	LaSalle Income & Growth Fund VIII	\$8,318.8	0.64%	0.04%
Almanac Realty Securities Fund VIII	\$6,128.5	0.47%	0.03%	Lone Star Real Estate Fund IV	\$6,592.8	0.50%	0.03%
American Center	\$27,739.6	2.12%	0.14%	Long Wharf Real Estate Partners V	\$20,533.4	1.57%	0.10%
AR Insurance	\$2,236.7	0.17%	0.01%	Long Wharf Real Estate Partners VI	\$8,049.3	0.62%	0.04%
AR Teachers Retirement Building	\$5,376.0	0.41%	0.03%	Metropolitan RE Co-Investments	\$10,357.2	0.79%	0.05%
Blackstone Real Estate Partners VII	\$19,586.2	1.50%	0.10%	Met Life Commercial Mtg Inc Fund	\$48,075.4	3.68%	0.24%
Blackstone RE Europe VI	\$13,703.1	1.05%	0.07%	New Boston Fund VII	\$4.9	0.00%	0.00%
Carlyle Realty Partners VII	\$11,015.8	0.84%	0.06%	O'Connor NAPP II	\$8,502.3	0.65%	0.04%
Carlyle Realty VIII	\$9,729.0	0.74%	0.05%	PRISA	\$265,814.5	20.33%	1.34%
CBREI SP U.S. Opportunity V	\$729.3	0.06%	0.00%	Recoveries Land	\$70.0	0.01%	0.00%
CBREI SP VIII	\$21,231.2	1.62%	0.11%	Rockwood Capital RE Partners IX	\$5,501.2	0.42%	0.03%
CBREI SP IX	\$10,450.8	0.80%	0.05%	Rockwood Capital RE XI	\$10,197.3	0.78%	0.05%
Cerberus Institutional RE Partners III	\$9,323.3	0.71%	0.05%	Rose Law Firm	\$4,295.0	0.33%	0.02%
Chenal Retirement Village	\$0.0	0.00%	0.00%	Texarkana DHS	\$1,627.7	0.12%	0.01%
Calmwater	\$23,137.8	1.77%	0.12%	Torchlight Debt Opportunity Fund IV	\$4,770.6	0.36%	0.02%
Fletcher Properties	\$1,162.2	0.09%	0.01%	Torchlight Debt Opportunity Fund V	\$6,926.6	0.53%	0.03%
FPA Core Plus IV	\$19,055.8	1.46%	0.10%	Torchlight Debt Opportunity Fund VI	\$25,080.4	1.92%	0.13%
Harbert European Real Estate	\$20,472.0	1.57%	0.10%	Torchlight Debt Opportunity Fund VII	\$4,834.2	0.37%	0.02%
Heitman European Property IV	\$1,739.5	0.13%	0.01%	UBS Trumbull Property Fund	\$191,082.1	14.61%	0.96%
JP Morgan Strategic Property Fund	\$273,639.7	20.93%	1.38%	UBS Trumbull Property Income Fund	\$51,199.7	3.92%	0.26%
Kayne Anderson V	\$21,920.4	1.68%	0.11%	Victory	\$32,775.7	2.51%	0.17%
Landmark Fund VI	\$1,875.2	0.14%	0.01%	Walton Street Real Estate Debt II	\$7,337.2	0.56%	0.04%
Landmark Real Estate VIII	\$8,919.8	0.68%	0.04%	West Mphs. DHS	\$6.1	0.00%	0.00%
LaSalle Asia Opportunity Fund IV	\$2,116.0	0.16%	0.01%	Westbrook IX	\$10,461.5	0.80%	0.05%
LaSalle Asia Opportunity Fund V	\$10,654.6	0.81%	0.05%	Westbrook Real Estate Fund X	\$13,393.7	1.02%	0.07%
Total Real Estate					\$1,307,586.6	100.00%	6.59%

*Note: The market values for the real estate investments shown above are lagged one quarter and adjusted for the current quarter's cash flows. Market values and allocation percentages may not add to the sum total due to rounding.

Asset Allocation as of 2/28/2021				Values in \$1,000			
	Private Equity	Percent of Private Equity	Percent of Total Fund		Private Equity	Percent of Private Equity	Percent of Total Fund
Arlington Capital IV	\$25,539.3	1.10%	0.13%	JF Lehman III	\$13,650.3	0.59%	0.07%
Arlington Capital V	\$5,958.4	0.26%	0.03%	JF Lehman IV	\$25,737.3	1.11%	0.13%
Advent GPE VI	\$4,898.2	0.21%	0.02%	JF Lehman V	\$6,929.9	0.30%	0.03%
Altus Capital II	\$6,304.6	0.27%	0.03%	KPS III	\$169.9	0.01%	0.00%
American Industrial Partners VI	\$18,586.4	0.80%	0.09%	KPS IV	\$22,553.0	0.97%	0.11%
American Industrial Partners VII	\$6,689.6	0.29%	0.03%	KPS X	\$5,621.4	0.24%	0.03%
Altaris Constellation Partners	\$27,161.5	1.17%	0.14%	KPS Mid-Cap	\$4,049.3	0.17%	0.02%
Altaris Health Partners IV	\$18,849.7	0.81%	0.09%	Levine Leichtman V	\$19,129.8	0.83%	0.10%
Atlas Capital II	\$11,465.3	0.49%	0.06%	Lime Rock III	\$11,268.3	0.49%	0.06%
Audax Mezzanine III	\$2,963.4	0.13%	0.01%	LLR III	\$9,812.0	0.42%	0.05%
Big River - Equity	\$100,507.2	4.34%	0.51%	Mason Wells III	\$3,558.4	0.15%	0.02%
Big River - Holdings Note 2023	\$12,871.4	0.56%	0.06%	NGP IX	\$880.6	0.04%	0.00%
Big River - Holdings Note 3/16/23	\$5,397.4	0.23%	0.03%	NGP X	\$5,102.0	0.22%	0.03%
Bison V	\$25,863.1	1.12%	0.13%	NGP XI	\$19,176.3	0.83%	0.10%
Boston Ventures VII	\$5,236.9	0.23%	0.03%	NGP XII	\$15,094.6	0.65%	0.08%
Boston Ventures IX	\$26,650.1	1.15%	0.13%	One Rock Capital Partners II	\$28,302.0	1.22%	0.14%
Boston Ventures X	\$224.4	0.01%	0.00%	PineBridge	\$5,768.2	0.25%	0.03%
BV VIII	\$19,788.9	0.85%	0.10%	Riverside IV	\$778.3	0.03%	0.00%
Castlelake II	\$15,786.4	0.68%	0.08%	Riverside V	\$25,073.6	1.08%	0.13%
Castlelake III	\$17,420.4	0.75%	0.09%	Riverside VI	\$8,109.4	0.35%	0.04%
Clearlake V	\$37,883.1	1.64%	0.19%	Siris III	\$22,030.2	0.95%	0.11%
Clearlake VI	\$14,782.2	0.64%	0.07%	Siris IV	\$13,884.6	0.60%	0.07%
Court Square III	\$36,849.1	1.59%	0.19%	SK Capital V	\$11,781.0	0.51%	0.06%
CSFB-ATRS 2005-1 Series	\$33,129.3	1.43%	0.17%	Sycamore Partners II	\$11,109.8	0.48%	0.06%
CSFB-ATRS 2006-1 Series	\$58,882.5	2.54%	0.30%	Sycamore Partners III	\$6,950.3	0.30%	0.04%
Diamond State Ventures II	\$4,568.1	0.20%	0.02%	TA XI	\$33,481.8	1.45%	0.17%
Doughty Hanson Tech I	\$422.3	0.02%	0.00%	Tennenbaum VI	\$10,659.5	0.46%	0.05%
DW Healthcare III	\$15,578.7	0.67%	0.08%	Thoma Bravo Discover	\$15,941.5	0.69%	0.08%
DW Healthcare IV	\$33,686.4	1.45%	0.17%	Thoma Bravo Discover II	\$16,486.7	0.71%	0.08%
DW Healthcare V	\$9,142.7	0.39%	0.05%	Thoma Bravo Discover III	-\$19.3	0.00%	0.00%
EnCap IX	\$6,299.8	0.27%	0.03%	Thoma Bravo Explore I	\$3,745.6	0.16%	0.02%
EnCap VIII	\$9,217.0	0.40%	0.05%	Thoma Bravo XI	\$31,600.0	1.36%	0.16%
EnCap X	\$19,669.2	0.85%	0.10%	Thoma Bravo XII	\$40,799.5	1.76%	0.21%
EnCap XI	\$7,789.0	0.34%	0.04%	Thoma Bravo XIII	\$26,958.7	1.16%	0.14%
Franklin Park Series	\$757,307.2	32.69%	3.82%	Vista Equity III	\$4,269.3	0.18%	0.02%
GCG IV	\$24,081.2	1.04%	0.12%	Vista Foundation II	\$15,338.6	0.66%	0.08%
GCG V	\$2,701.4	0.12%	0.01%	Vista Foundation III	\$29,827.4	1.29%	0.15%
GTLA Holdings	\$20,000.0	0.86%	0.10%	Wellspring V	\$12,861.4	0.56%	0.06%
Highland	\$279,828.4	12.08%	1.41%	Wicks IV	\$20,091.5	0.87%	0.10%
Insight Equity II	\$19,925.3	0.86%	0.10%	WNG II	\$6,295.2	0.27%	0.03%
Insight Mezzanine I	\$1,624.6	0.07%	0.01%				
Total Private Equity					\$2,316,388.0	100.00%	11.67%

*Note: The market values for the private equity investments shown above are lagged one quarter and adjusted for the current quarter's cash flows.
Market values and allocation percentages may not add to the sum total due to rounding.

Arkansas Teacher Retirement System

Appendix

Description of Benchmarks

Total Fund - The Performance Benchmark for the Total Fund reflects a weighted average of the underlying asset class benchmarks, weighted as follows: Opportunistic/Alternatives and Real Assets at the weight of the previous month's ending market values, Fixed Income and Private Equity at their long-term Policy Targets of 15% and 12%, respectively, and Total Equity at its long-term Policy Target of 50% plus the balance of the unfunded or uncommitted assets of the Opportunistic/Alternatives and Real Assets categories. These targets can be found on page 14 of the this report. From October 2007 to July 2013, the Performance Benchmark was the performance of the asset class benchmarks as a weighted average of the previous month's ending market values. The historical components of the benchmark are shown in the table below. Returns prior to September 30, 1996, consist of the actual allocations to the seven different asset classes included in the Arkansas Teacher Retirement System over time. The historical benchmarks used for each asset class are noted below.

Date	DJ Total Stock Market Index	Russell 3000 Index	MSCI ACW ex-U.S. Index	MSCI All Country World Index	BC Universal Bond Index	BC Aggregate Bond Index	Alternative Policy*
03/2004-9/2007	40.0 %	—	17.5 %	—	25.0 %	—	17.5 %
06/2003-02/2004	40.0	—	17.5	—	—	25.0 %	17.5
10/2001-07/2003	—	40.0 %	17.5	—	—	25.0	17.5
08/1998-09/2001	—	40.0	17.0	—	—	28.0	15.0
10/1996-07/1998	—	40.0	20.0	—	—	28.0	12.0

*Historically, the Alternative Policy was comprised of the weighted averages of the Private Equity, Real Estate, and Alternatives policy benchmarks. Prior to July 31, 2003 the alternative benchmark consisted of 57.0% of the Russell 3000 + a 2% Premium per year, 8.5% of the NCREIF Southeast Timberland Index, 28.5% of the Real Estate Index, 6% of the EnnisKnupp STIF Index.

Arkansas Teacher Retirement System

Appendix

Total Equity -A weighted average of the Dow Jones U.S. Total Stock Market Index and the MSCI All Country World IMI Index based on weights of the underlying investment manager allocations. As of February 1, 2021, the Total Equity Performance Benchmark was comprised of 30.9% DJ U.S. Total Stock Market Index and 69.1% MSCI ACWI IMI.

Fixed Income - The Barclays Capital Universal Bond Index as of March 1, 2004.

Opportunistic/Alternatives - A custom benchmark consisting of 25% DJ/CS Event-Driven Index, 25% HFR Macro Index, and 50% South Timberland NCREIF Index until June 30,2013; 60% HFRI Macro Index and 40% DJ/CS Event-Driven Index until July 31, 2015; 56% HFRI Macro Index, 38% DJ/CS Event-Driven Index, and 6% Russell 2000 Index until March 31, 2016; 45% HFRI Macro Index, 30% DJ/CS Event-Driven Index, 5% Russell 2000 Index, and 20% FTSE 3 Month T-bill until May 31, 2016; 37% HFRI Macro Index, 25% DJ/CS Event-Driven Index, 5% Russell 2000 Index, and 33% FTSE 3 Month T-bill until May 31, 2017; 28% HFRI Macro Index, 20% DJ/CS Event-Driven Index, 4% Russell 2000 Index, 25% FTSE 3 Month T-bill, and 23% Parametric Performance Benchmark Until May 31, 2018. 22% HFRI Macro Index, 18% DJ/CS Event-Driven Index, 3% Russell 2000 Index, 27% FTSE 3 Month T-bill, 18.50% Parametric Performance Benchmark, and 11.5% SG Multi-Alternative Risk Premia Until June 30, 2018. 20% HFRI Macro Index, 15% DJ/CS Event-Driven Index, 3.5% Russell 2000 Index, 25% FTSE 3 Month T-bill, 16.5% Parametric Performance Benchmark, and 20% SG Multi-Alternative Risk Premia Until August 31, 2018. 17% HFRI Macro Index, 15% DJ/CS Event-Driven Index, 3.5% Russell 2000 Index, 28% FTSE 3 Month T-bill, 16.5% Parametric Performance Benchmark, and 20% SG Multi-Alternative Risk Premia Until November 30, 2018. 15% HFRI Macro Index, 15% DJ/CS Event-Driven Index, 3.5% Russell 2000 Index, 30% FTSE 3 Month T-bill, 16.5% Parametric Performance Benchmark, and 20% SG Multi-Alternative Risk Premia thereafter.

Real Assets - A custom benchmark consisting of a weighted average of the net asset values at previous month's end of the sub-categories' benchmarks, defined as Real Estate Benchmark, Timber Benchmark, Agriculture Benchmark and Infrastructure Benchmark.

Real Estate-The NCREIF Index.

Timberland Property Benchmark - NCREIF Timberland Property Index (NTPI) weighted according to ATRS' regional exposure based on net asset value.

Agriculture Benchmark - NCREIF Farmland Index (NFI) weighted according to ATRS' regional and crop type exposure based on net asset value.

Infrastructure Benchmark - Consumer Price Index (CPI) plus 500 basis points annually.

Private Equity - The Dow Jones U.S. Total Stock Market Index + a 2% premium per year.

Cash Equivalentents - The Citigroup 90 day T-bill.

Arkansas Teacher Retirement System

Appendix

Description of Benchmarks

FTSE 90 day T-bill Index - Treasury bill rates of return, as reported by Citigroup (Salomon Smith Barney), for bills with a maximum time remaining to maturity of 90 days.

Bloomberg Barclays Aggregate Bond Index - A market-value weighted index consisting of the Barclays Capital Corporate, Government and Mortgage-Backed Securities Indices. The Index also includes credit card-, auto- and home equity loan-backed securities, and is the broadest available measure of the aggregate U.S. fixed income market.

Bloomberg Barclays Universal Bond Index - A market-value weighted index consisting of the components of the Barclays Capital Bond Index, plus EuroDollar bonds, emerging markets bonds, 144A fixed income securities, and U.S. credit high yield securities.

Bloomberg Barclays Mortgage Index - A market value-weighted index consisting of the mortgage pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC).

MSCI All Country World ex-U.S. Index - A capitalization-weighted index consisting of 22 developed and 23 emerging countries, but excluding the U.S. Covers approximately 85% of global equity opportunity set outside of the U.S.

MSCI All Country World Index - A capitalization-weighted index of stocks representing 46 stock markets in Europe, Australia, the Far East, the Middle East, Latin America and North America.

MSCI All Country World IMI Index - A capitalization-weighted index representing large and small cap stock from 46 stock markets in Europe, Australia, the Far East, the Middle East, Latin America and North America.

FTSE Europe - A tradable index, designed to represent the performance of the 100 most highly capitalized blue chip companies in Europe.

MSCI Europe, Australasia, Far East (EAFE) Non-U.S. Stock Index - A capitalization-weighted index of stocks representing 21 developed and emerging country markets in Europe, Australia, Asia and the Far East.

NCREIF Index - The National Council of Real Estate Investment Fiduciaries (NCREIF) Net Property Index is an unlevered, market-value weighted Index consisting of \$128 billion in domestic institutional real estate assets. The Index is representative of the national real estate market, across all property types and regions.

Nicholas Applegate Performance Benchmark - On January 1, 2005, the benchmark for the portfolio was changed to the Merrill Lynch Convertible Bond (All Quality) Index. Prior to January 1, 2005, the performance benchmark for the Nicholas Applegate portfolio was the CSFB Convertible Securities Index. Prior to May 1, 2004, the performance benchmark consisted of 90% CSFB Convertible Securities Index and 10% Salomon High Yield Index.

Wellington Global Performance Benchmark- As of July 1, 2012 the benchmark was changed to MSCI All Country World Small Cap Index. Prior to July 1, 2012, the benchmark was MSCI All Country World Small/Mid Cap Index.

As of February 28, 2021

Arkansas Teacher Retirement System

Appendix

BlackRock Performance Benchmark - The Barclays Capital Universal Bond Index as of March 1, 2004.

Voya Absolute Return Performance Benchmark - As of December 1, 2015 the benchmark was changed to MSCI All Country World Index. Prior to December 1, 2015, the benchmark was the S&P 500 Stock Index.

LIBOR Index - London Interbank Offered Rate. A filtered average of the world's most creditworthy banks' interbank deposit rates with maturities between overnight and one full year.

Russell 3000 Index - An index that measures the performance of the 3000 stocks that make up the Russell 1000 and Russell 2000 Indices.

Russell 1000 Index - An index that measures the performance of the largest 1,000 stocks contained in the Russell 3000 Index.

Russell 1000 Value Index - An index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

Russell 2000 Index - An index that measures the performance of the smallest 2000 companies contained in the Russell 3000 Index.

Russell 2000 Growth Index - An index that measures the performance of those Russell 2000 companies with greater price-to-book ratios and greater I/B/E/S growth forecasts.

Russell 2000 Value Index - An index that measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

Russell Mid Cap Value Index - An index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

S&P 500 Stock Index - A capitalization-weighted stock index consisting of the 500 largest publicly traded U.S. stocks.

HFR Macro Index - Macro: Investment Managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up theses, quantitative and fundamental approaches and long and short term holding periods. Primary investment thesis is predicated on predicted or future movements in the underlying instruments.

HFR Distressed/Restructuring Index - Distressed Restructuring Strategies employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings. Distressed Strategies employ primarily debt (greater than 60%) but also may maintain related equity exposure.

Parametric Performance Benchmark - 50% MSCI All Country World Index and 50% Citigroup 90 day T-Bill Index as of June 1, 2017.

SG Multi Alternative Risk Premia Index - An equally weighted index composed of risk premia managers who employ investment programs diversified across multiple asset classes while utilizing multiple risk premia factors.

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Appendix

Historical U.S. Equity and Global Equity composite returns

As of June 30, 2015	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
U.S. Equity	6.7	18.1	16.4	9.4	10.5	04/01/1986
Dow Jones U.S. Total Stock Market Index	7.2	17.6	17.5	8.3	-	
Global Equity	1.8	14.6	12.1	-	2.5	11/01/2007
MSCI AC World Index (Net)	0.7	13.0	11.9	6.4	2.1	

In June 2015, the ATRS Board approved the combination of the U.S. and Global equity asset classes to a single Total Equity asset class. Total Equity performance reporting began in July 2015. In the table above, we show the historical returns for the U.S. Equity and Global Equity asset classes since inception through June 2015. Performance for the Total Equity asset class prior to July 2015 represents a weighted average of the U.S. Equity and Global Equity historical performance.

Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.
- All information presented in this report should be considered preliminary. Finalized data will be available on next Quarterly Investment Report after the close of the quarter.

Disclaimer

Past performance is not necessarily indicative of future results.

Unless otherwise noted, performance returns presented reflect the respective fund's performance as indicated. Returns may be presented on a before-fees basis (gross) or after-fees basis (net). After-fee performance is net of each respective sub-advisors' investment management fees and include the reinvestment of dividends and interest as indicated on the notes page within this report or on the asset allocation and performance summary pages. Actual returns may be reduced by Aon Investments' investment advisory fees or other trust payable expenses you may incur as a client. Aon Investments' advisory fees are described in Form ADV Part 2A. Portfolio performance, characteristics and volatility also may differ from the benchmark(s) shown.

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Refer to Hedge Fund Research, Inc. www.hedgefundresearch.com for information on HFR indices.

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Chicago, IL 60601
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Arkansas Teacher Retirement System

Total Equity Structure Review

April 5, 2021

Discussion Guide

Section 1	Executive Summary
Section 2	Total Equity Structure Review
Section 3	Appendix



Section 1: Executive Summary

Executive Summary

- Total Equity Structure Review Objectives:
 - Identify any material, *unintended* biases
 - Review level and composition of active risk
 - Ensure appropriate structure, considering long-term goals, liquidity needs, and the opportunity set
- Continuing themes:
 - Methodically transition from a U.S. bias to a global orientation
 - Monitor impact and expectations from small cap bias
 - Utilize passive management to improve efficiency and provide liquidity
 - Focus on high conviction active managers and a streamlined manager structure
- Overall, the Total Equity portfolio is well-structured and appropriately positioned to meet its long-term investment objectives
 - Well-diversified among managers, geographies, style, size and active/passive mandates
 - Active risk levels appropriate for desired return potential



Section 2: Total Equity Review

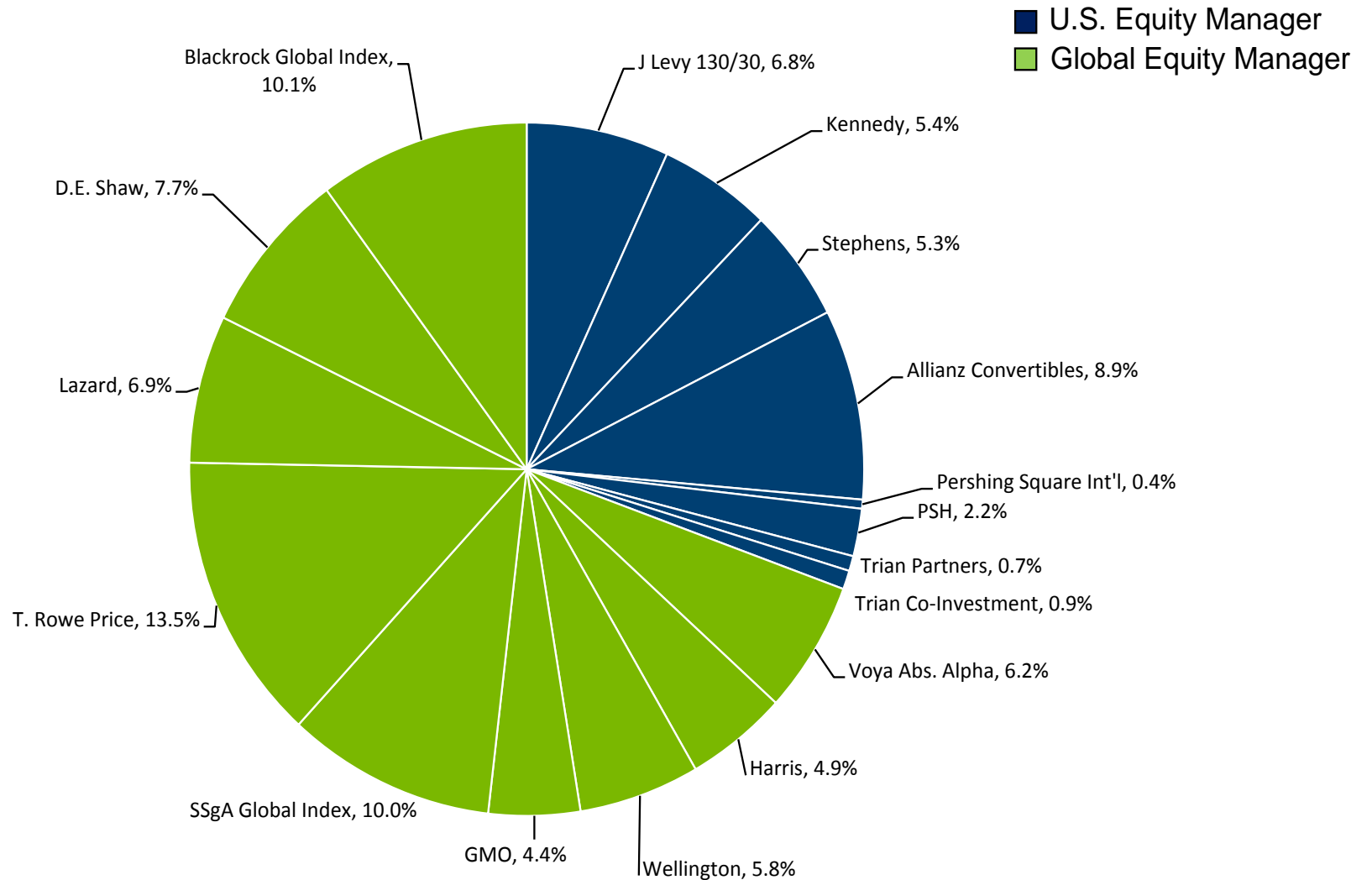
Total Equity: Current Structure

- The Equity portfolio is well diversified across investment strategies and appropriately positioned to capture market growth and seek additional alpha

As of 12/31/2020	Total Equity
Role	<ul style="list-style-type: none"> • Growth, Alpha, Diversification
Long-Term Target	<ul style="list-style-type: none"> • 55.0%
Current Alloc. (\$B / % of total fund)	<ul style="list-style-type: none"> • \$11.3B / 58.1%
Active / Passive (%)	<ul style="list-style-type: none"> • 80% / 20%
Active / Passive Mandates	<ul style="list-style-type: none"> • 15 / 2
# of Managers	<ul style="list-style-type: none"> • 15
Structural Biases	<ul style="list-style-type: none"> • Small cap bias • U.S. bias

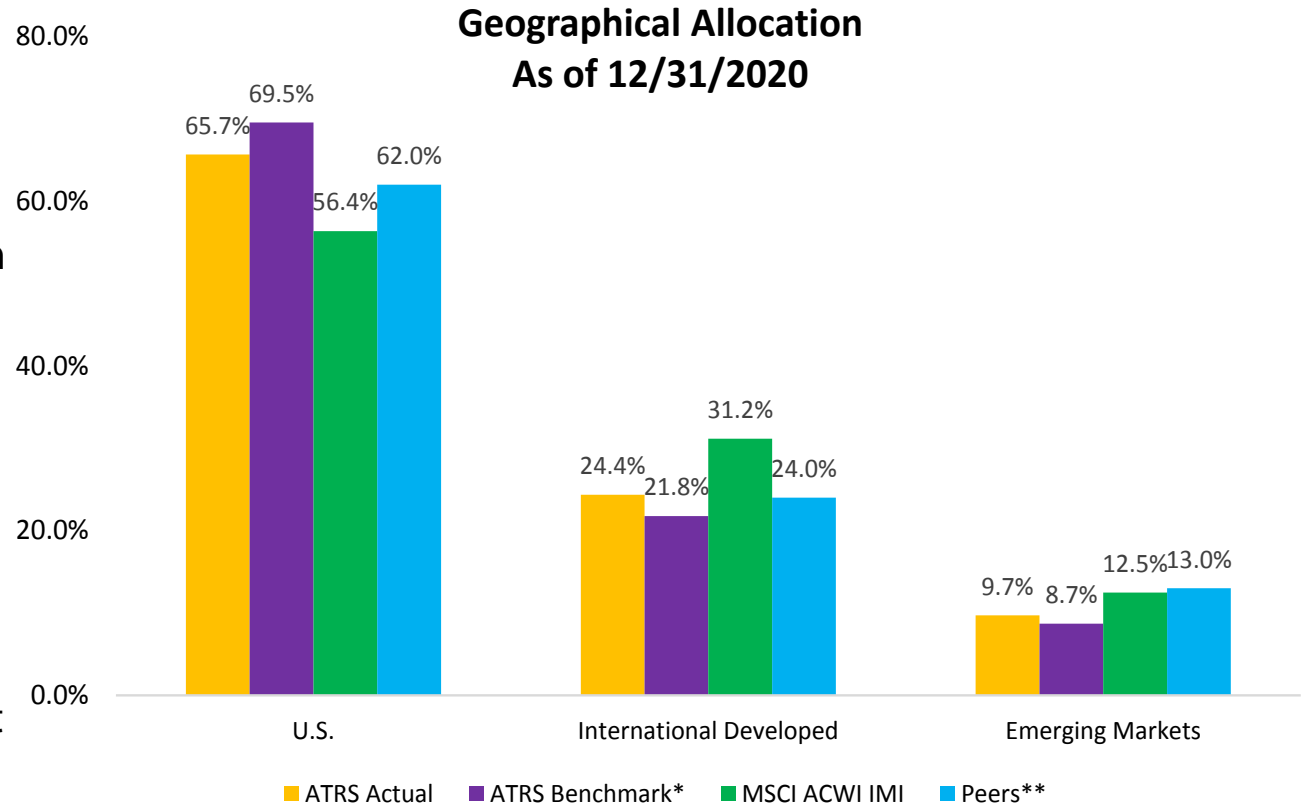
Total Equity: Manager Allocation

Current Manager Allocation



Total Equity: Geographical Allocation Highlight

- The ATRS Total Equity portfolio has global exposure
- Structurally, there remains a U.S. bias (purple bar), which has been trimmed over time
- Active management tilts (orange bar) have underweighted the U.S. relative to the ATRS benchmark (purple bar)
- U.S. bias has been a tailwind to performance for much of the past 5 years
- A globally oriented portfolio remains our best thinking and we will continue to methodically reduce the U.S. bias over time



Annualized Returns As of 12/31/2020	1- Year	3-Years	5-Years
U.S. Markets	20.8%	14.4%	15.4%
Int'l Developed	7.8%	4.3%	7.4%
Emerging Markets	18.3%	6.2%	12.8%

30% Dow Jones US Total Stock Market, 70% MSCI ACWI IMI
 *Greenwich Associates 2019 U.S. Institutional Market Trends Survey of public plans over \$5 billion in assets.

Holdings Based Portfolio Skyline: Overview

- Designed to answer the question "How significantly different is the portfolio from the benchmark?"
 - Bars above (below) indicate the portfolio has a positive (negative) tilt towards that factor
- Below highlights the metrics that are measured for each factor

Value Metrics

Book to Price
Earnings Yield
Dividend Yield
Shareholder Yield
Cyclically Adj Earnings Yield
Free Cash Flow Yield
Sales to Price

Growth

Return on Equity
Earnings Growth
Sales Growth
IBES 12M Growth
ROIC
Gross Profits to Assets

Volatility

Market Cap
Market Beta
Volatility 3yr
Volatility 5yr

Quality

Low Gearing
Earnings Growth Stability
Earnings Growth Stability 5yr

Economic

Exp to GDP Growth Shock
Exp to Inflation
Exp to Oil Return

Momentum

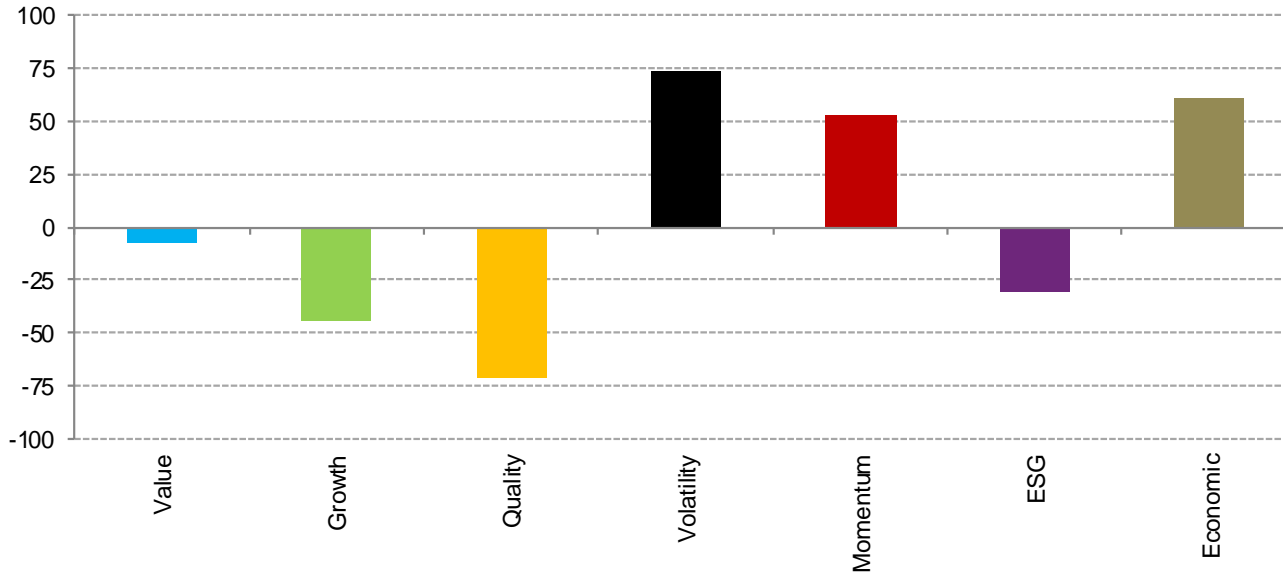
Short Term
Medium Term
Momentum 12-1

ESG

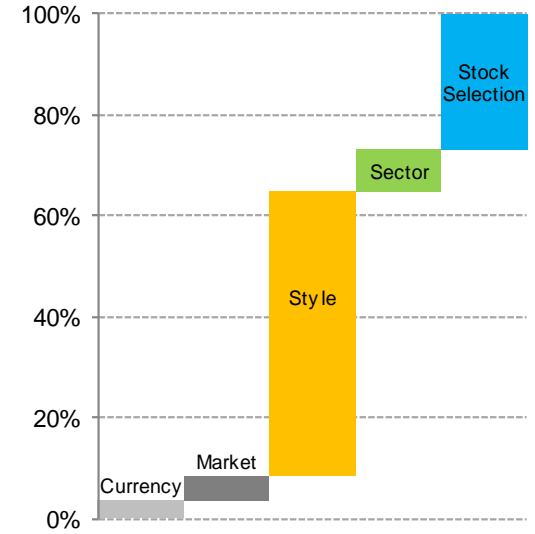
Trucost - Carbon Footprint
MSCI ESG - Environmental
MSCI ESG Overall
MSCI ESG - Governance
MSCI ESG - Social

ATRS Total Equity Skyline Snapshot: As of 12/31/2020

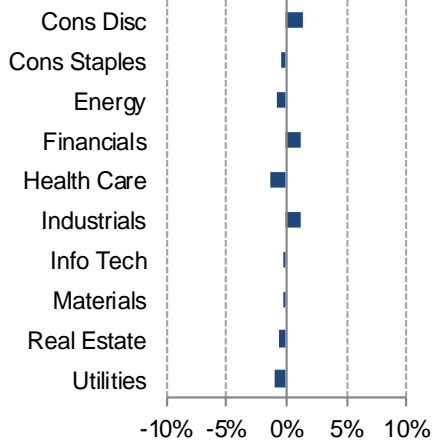
Master Skyline Tilts *



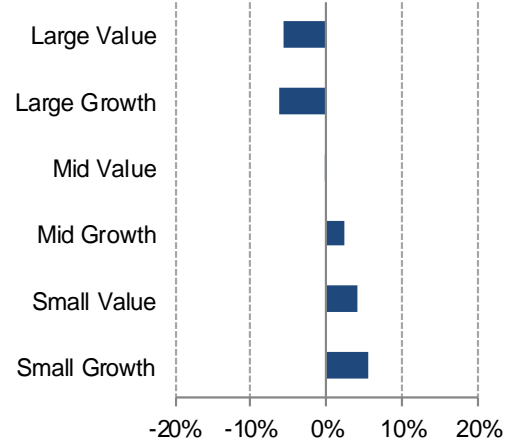
Decomposition of Active Risk



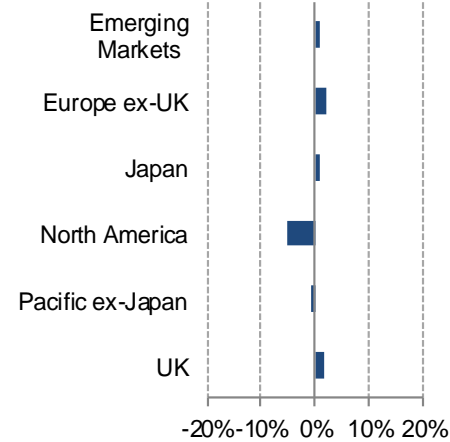
Relative Sector Distribution



Relative Style Distribution



Relative Region Distribution



Benchmark Overlap	60.6%
Active Share	39.4%
Tracking Error	1.38%
Number of Stocks	11,344

Source: Aon, Style Research

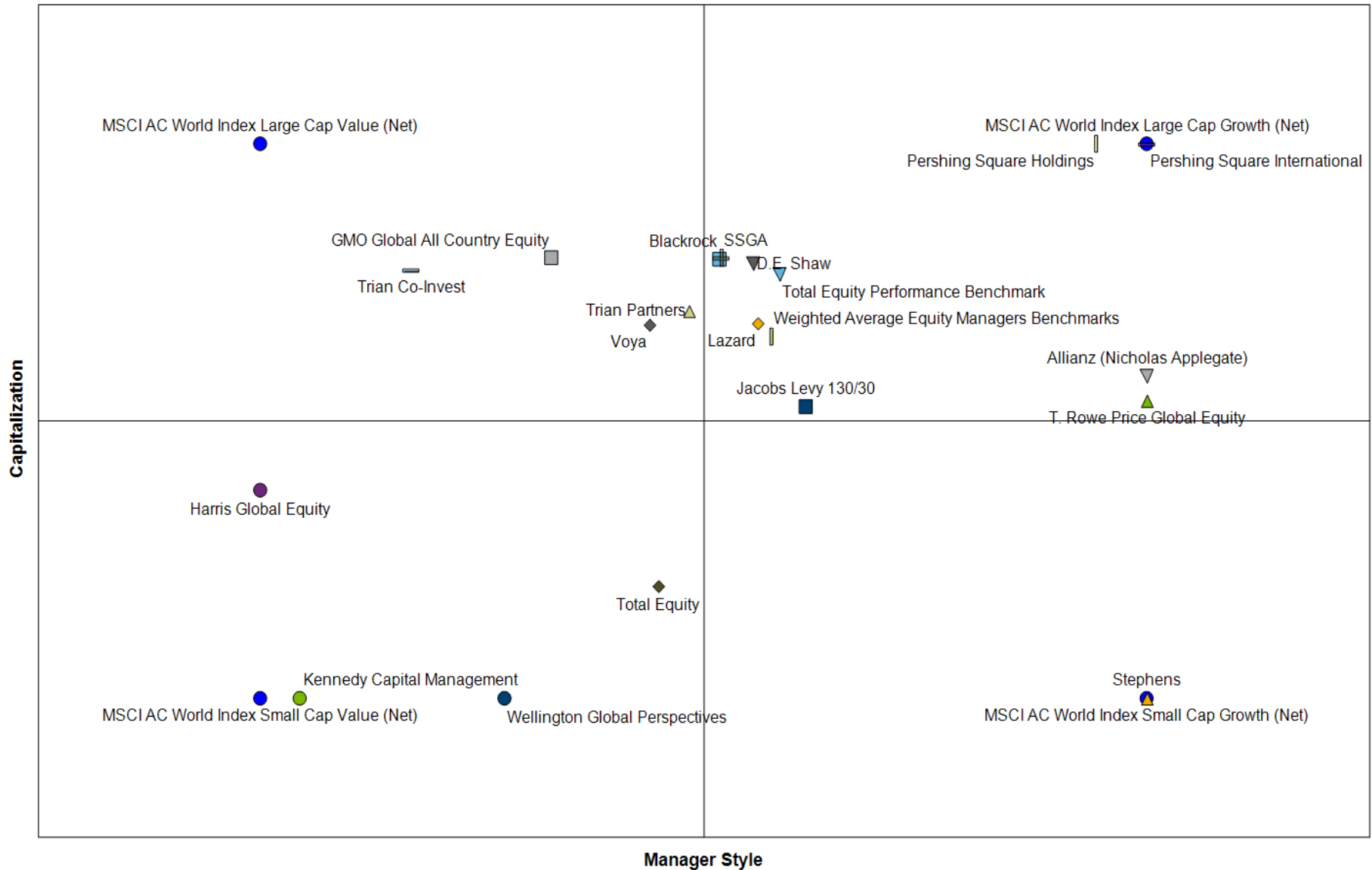
Portfolio Skyline, Distribution and Data as of 12/31/2020. Benchmark is Custom Benchmark (30% Dow Jones US Total Stock Market, 70% MSCI ACWI IMI)

*Please see Appendix for factor definitions

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Total Equity: Returns-Based Style Map

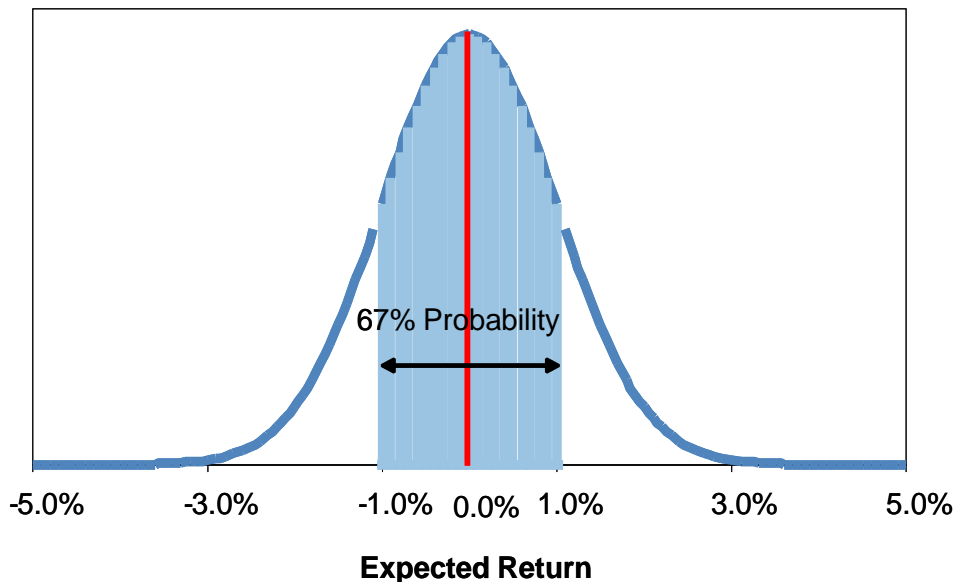
Style Map(12 Months)



Active Risk Budgeting

- Active risk defines the range of expected returns relative to the return of its policy benchmark
 - Measured as the standard deviation of excess returns of a fund relative to the return of the policy benchmark (also referred to as tracking error)
 - A central focus of risk budgeting is understanding and measuring size of risk contribution / allocation, instead of dollar allocation
- As shown on the next slide, ATRS's Total Equity active risk is 2.2% as of 12/31/2020

An Illustration: Total Fund Active Risk = 1.0%



What does an active risk of 1.0% mean?

- In two out of every three years, the Fund's return can be expected to lie within +/- 1.0 percentage points (one standard deviation) of its benchmark return
- In nine out of every ten years, the Fund's return can be expected to lie within +/-2.0 percentage points (two standard deviations) of its benchmark

Total Equity: Active Risk

- Contribution to active is risk diversified across active managers
- Approximately 1/3 of the active risk is due to the small cap bias

As of 12/31/2020	Allocation (\$M)	Allocation (%)	Active Risk	Contribution to Active Risk		
				Manager Specific	Misfit	Total
Jacobs Levy 130/30	\$ 772	6.8%	4.5%	6.5%	-0.7%	5.8%
Kennedy Capital Management	\$ 611	5.4%	2.9%	1.2%	11.0%	12.2%
Stephens	\$ 599	5.3%	6.3%	-1.6%	15.3%	13.7%
Voya Absolute Return	\$ 696	6.2%	2.2%	1.8%	-1.0%	0.8%
Allianz Convertibles	\$ 1,004	8.9%	2.2%	3.0%	8.1%	11.1%
Triam	\$ 79	0.7%	7.6%	0.0%	-0.4%	-0.4%
Triam Co-Invest	\$ 99	0.9%	10.2%	-0.7%	-0.5%	-1.2%
Pershing Square International	\$ 48	0.4%	16.2%	0.4%	0.0%	0.4%
Pershing Square Holdings	\$ 251	2.2%	20.2%	7.7%	-0.2%	7.5%
SSgA Global Index	\$ 1,129	10.0%	0.0%	0.0%	0.4%	0.4%
BlackRock Global Index	\$ 1,142	10.1%	0.0%	0.0%	0.4%	0.4%
Wellington Global Perspectives	\$ 655	5.8%	3.1%	1.3%	8.7%	10.0%
T. Rowe Price Global Equity	\$ 1,525	13.5%	5.9%	25.0%	-2.2%	22.8%
Lazard	\$ 781	6.9%	4.8%	8.3%	-1.1%	7.1%
D.E. Shaw	\$ 870	7.7%	2.4%	3.2%	-1.2%	2.0%
GMO Global All Country Equity	\$ 496	4.4%	3.3%	0.4%	-0.7%	-0.4%
Harris Global All Cap Equity	\$ 551	4.9%	8.7%	8.4%	-0.8%	7.6%
Total Equity	\$9,482	100.0%	2.2%	64.9%	35.1%	100.0%

Total Equity: Performance

- Absolute performance has been strong over all trailing time periods
- FYTD returns have been exceptional, as both value and small cap have bounced back
- Longer-term relative returns primarily impacted by Allianz Structured Alpha fallout (has since been terminated) – relative performance impact will dampen over time

As of 12/31/2020	FYTD	1-Year	3-Year	5-Year	10-Year
Total Equity	31.0%	12.4%	9.2%	12.1%	10.0%
Benchmark	25.1%	17.6%	11.1%	13.2%	11.0%
Excess Return	+5.9%	-5.2%	-1.9%	-1.1%	-1.0%

Observations and Conclusions

- Portfolio maintains U.S. equity bias
 - Beneficial to performance over past three, five, and ten years
 - ATRS has made progress efficiently reducing bias via existing mandates
 - Globally oriented portfolio continues to be Aon's best thinking
- Small cap bias accounts for approximately 30% of active risk
 - Over long-term periods, we expect small cap bias to enhance total returns
 - Aon continues to monitor and assess the magnitude of its impact
- 20% passive allocation
 - Global index funds typically source of liquidity needs
- Manager structure is complex
 - 15 managers across 17 investment strategies or line-items
 - Diversified across high conviction active managers
- Overall, the Total Equity portfolio is well-structured and appropriately positioned to meet its long-term investment objectives

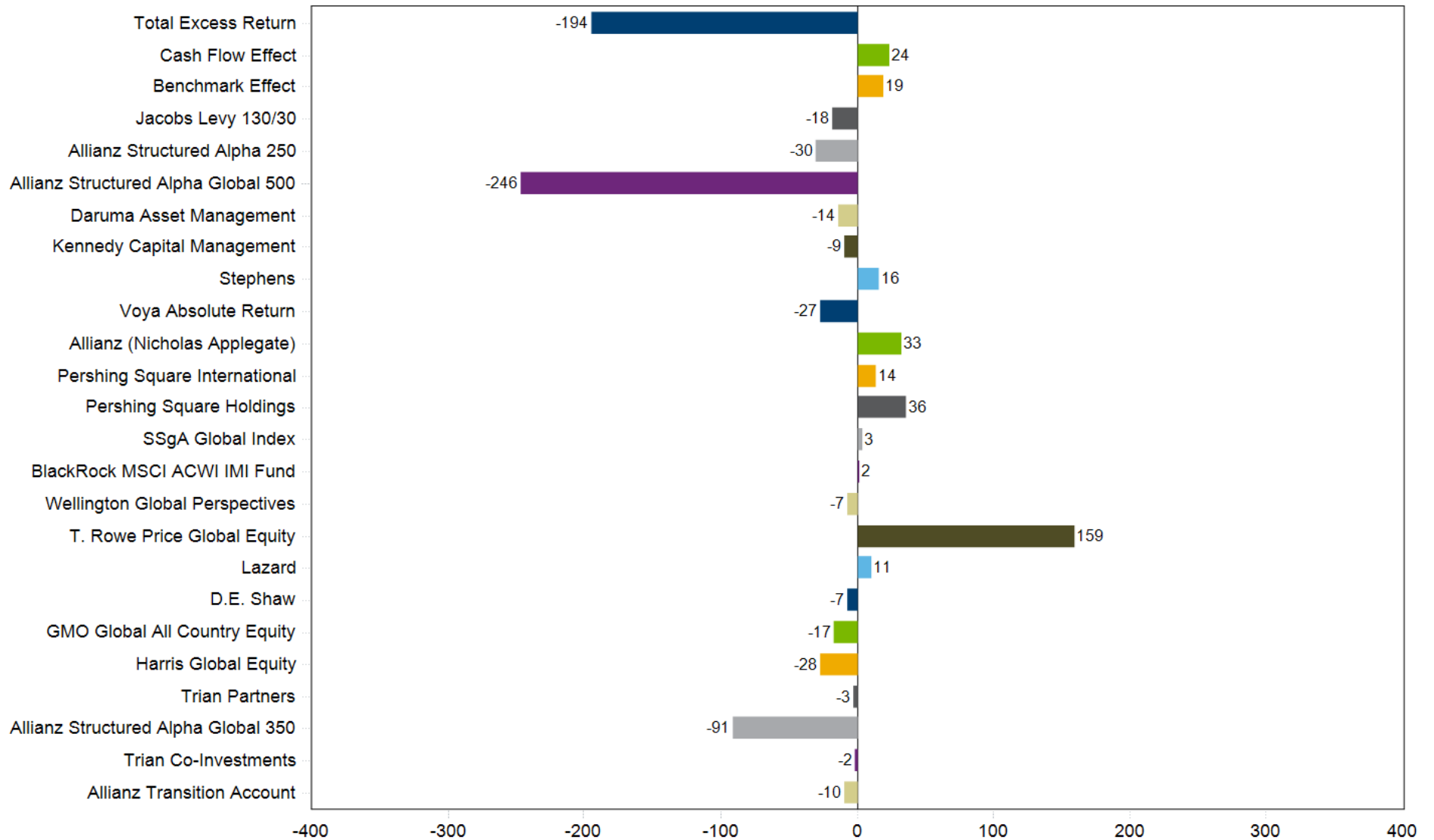




Section 3: Appendix

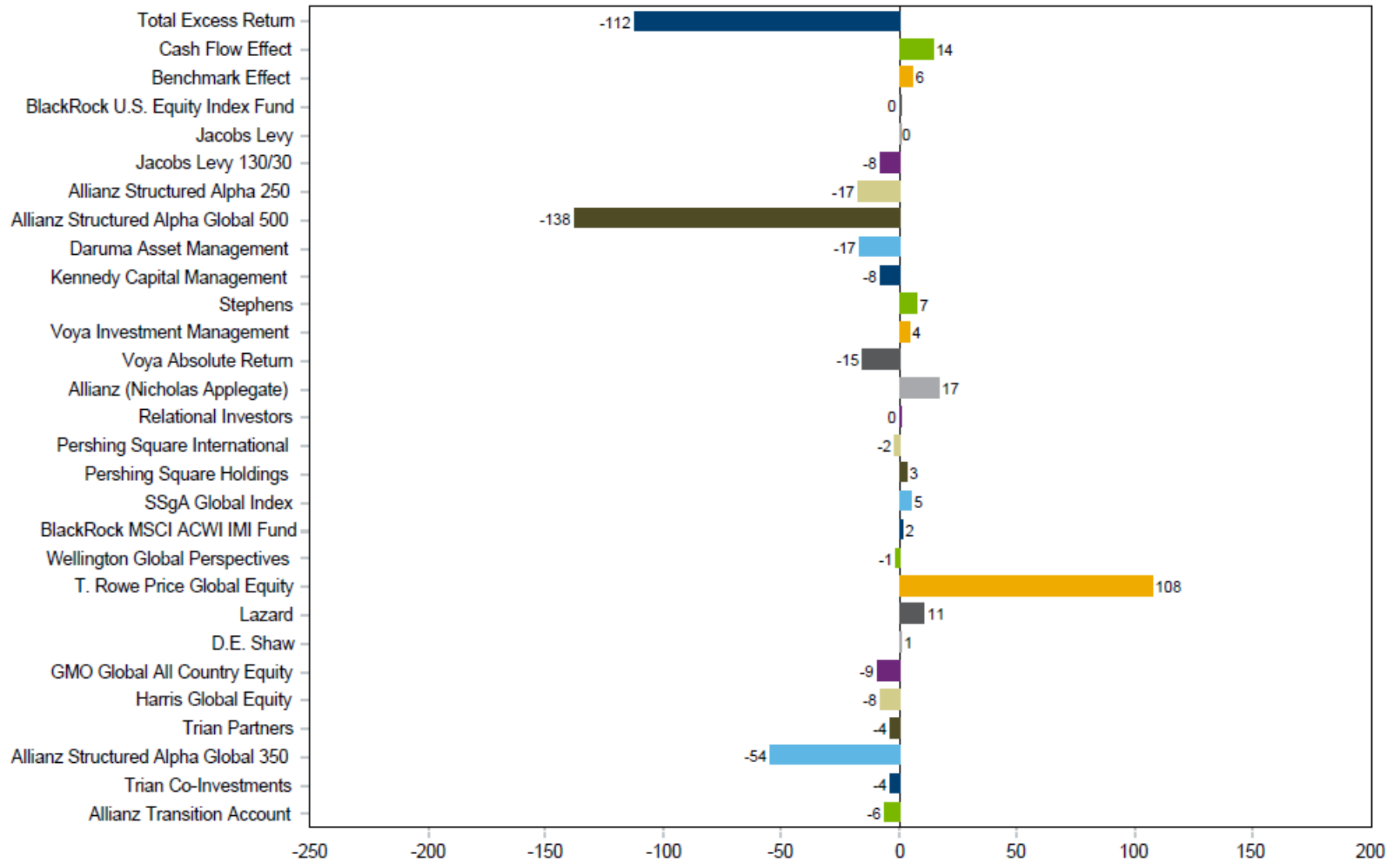
Total Equity: Performance Attribution

3 Years



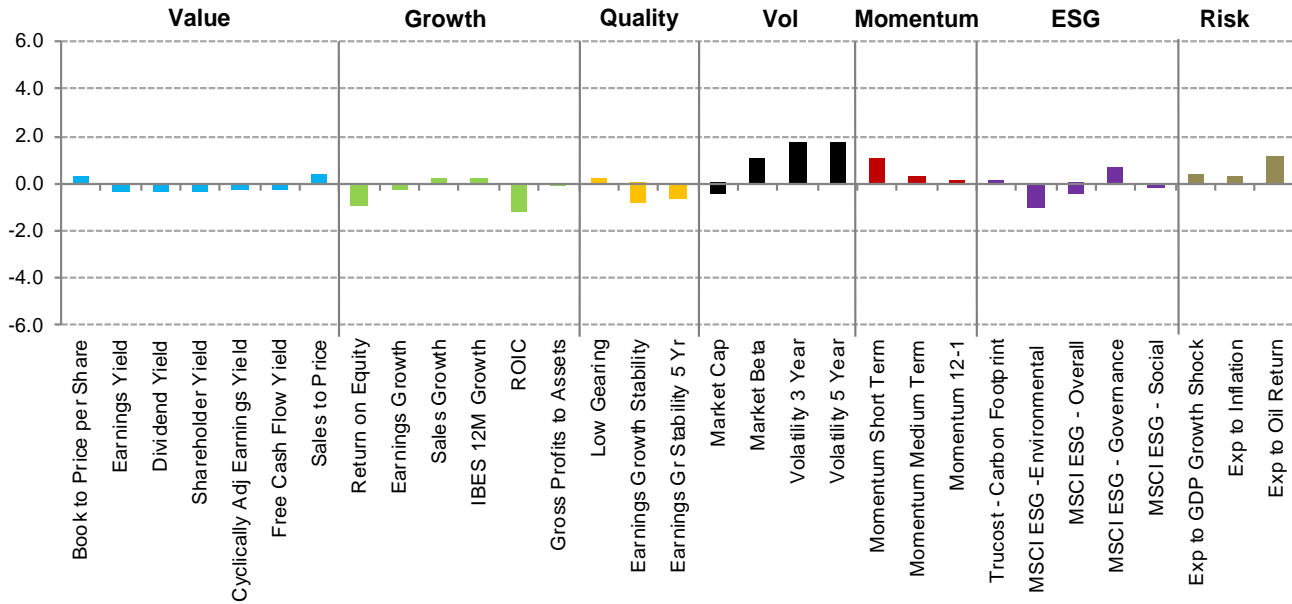
Total Equity: Performance Attribution

5 Years

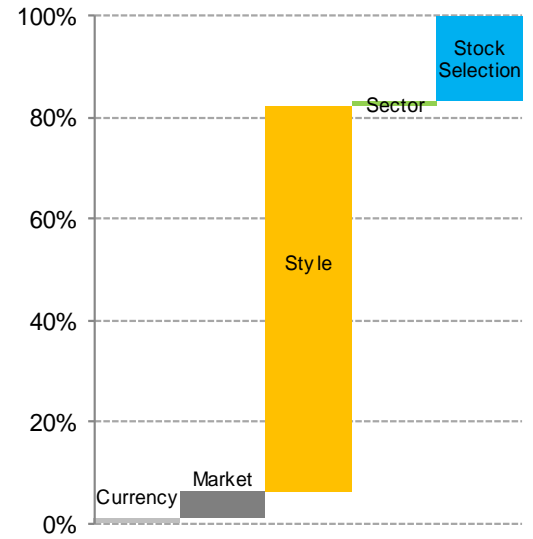


ATRS Total Equity: Weighted Manager Benchmarks vs. Total Equity Benchmark

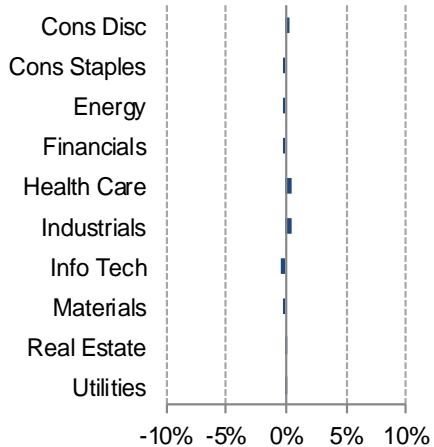
Portfolio Skyline



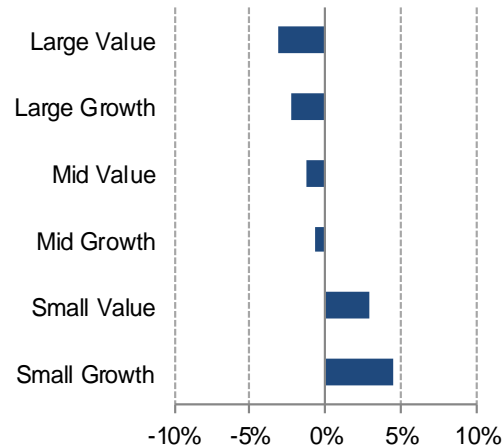
Decomposition of Active Risk



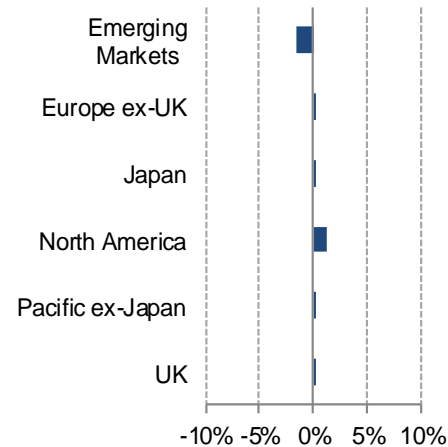
Relative Sector Distribution



Relative Style Distribution



Relative Region Distribution



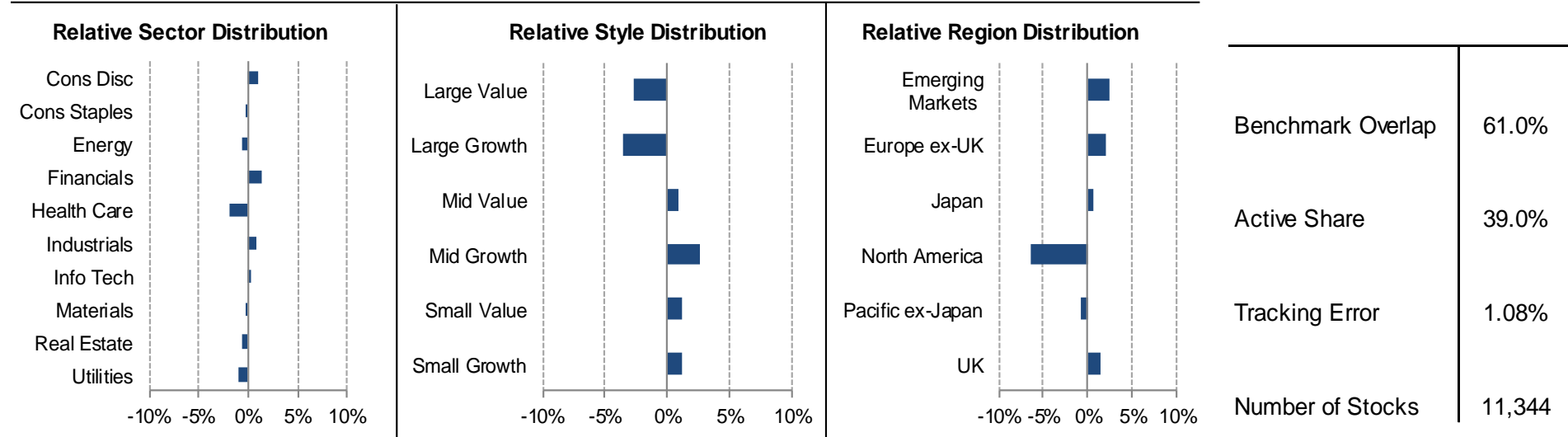
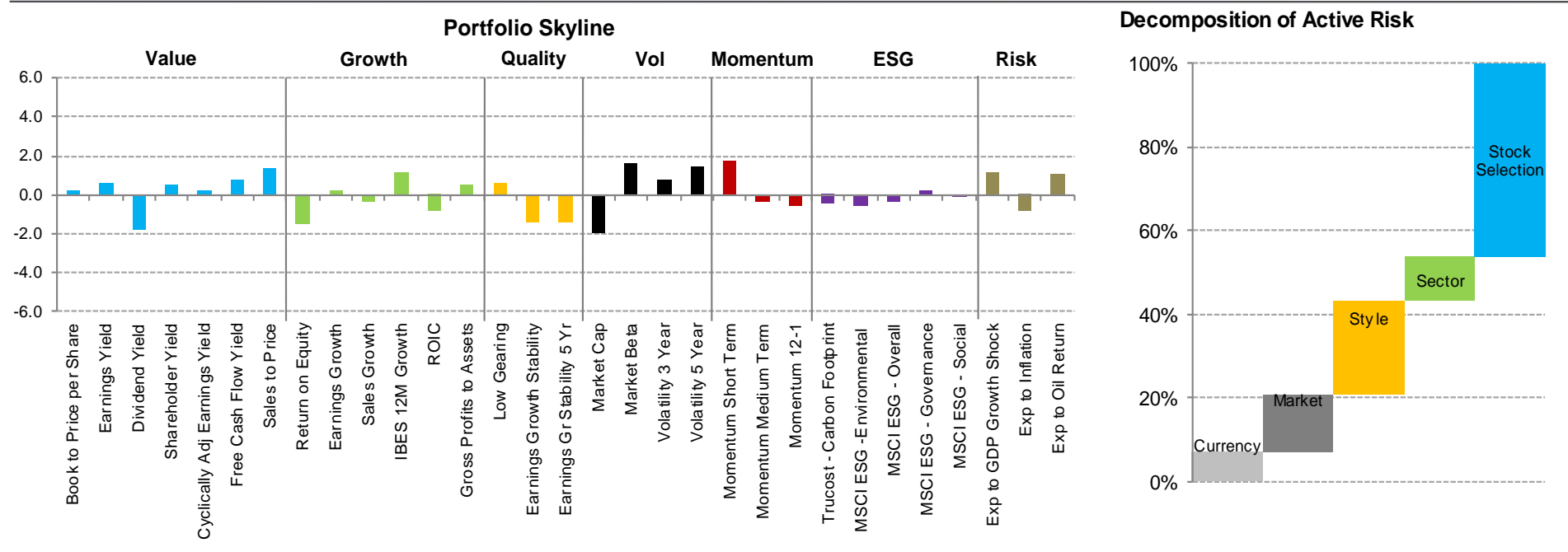
Benchmark Overlap	89.5%
Active Share	10.5%
Tracking Error	0.63%
Number of Stocks	10,567

Source: Aon, Style Research

Portfolio Skyline, Distribution and Data as of 12/31/2020. Benchmark is Custom Benchmark (30% Dow Jones US Total Stock Market, 70% MSCI ACWI IMI)

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ATRS Total Equity: Actual vs. Manager Weighted Average Benchmarks



Source: Aon, Style Research
 Portfolio Skyline, Distribution and Data as of 12/31/2020. Benchmark is weighted average of manager benchmarks



Style Research Output Manual

Portfolio Skyline:

- The skylines are designed to answer the question "How significantly different is the portfolio from the benchmark?" in respect to Style factors which are important in equity markets.
- The first six bars from the left are value factors (shown as blue bars) while the next four bars are growth factors (green bars). The next six bars are quality factors (amber) whilst the dark and light grey bars represent momentum and risk factors, respectively.
- A bar above the axis indicates that the portfolio has a positive tilt towards that factor e.g. in the case of value factors, if the bar is above axis then the portfolio has a tilt towards cheaper companies.
- As a general rule of thumb, for any individual Style tilt:
 - Style tilts less than -0.5 or more than +0.5 indicate a tilt is observable
 - Style tilts less than -1 or more than +1 are significant
 - Style tilts less than -2 or more than +2 are very significant

Value measures:

- Book to Price - The ratio of the company's Book Value (the sum of Shareholders' Equity plus accumulated Retained Earnings from the P & L Account) to its Share Price.
- Dividend Yield - The annual Dividend Paid per Share divided by the Share Price.
- Total Shareholder Yield – The sum of Net Buyback Yield and Net Debt Paydown yield. This factor measures the proportion of a company's value distributed to shareholders through dividend payments, share repurchases and debt reduction.
- Cyclically Adjusted Earnings Yield – 10 year average of cyclically adjusted annual earnings (adjusted for Amortizations of Intangibles, Extraordinary charges and credits) per Share divided by the Share Price. Sales to Price - Net Sales per Share divided by the Share Price.
- Free cash flow Yield - Annual Cash Flow per share minus Capital Expenditure per share divided by the share price. Free cash flow is the amount of money available to the company after paying out for the maintenance and renewal of fixed assets
- Earnings Yield - Annual Earnings (adjusted for Amortizations of Intangibles, Extraordinary charges and credits) per Share divided by the Share Price.
- Sales to Price – New sales per share divided by share price

Style Research Output Manual – cont.

Growth measures:

- Return on Equity - Net Income before Preferred Dividends divided by the Book Value of Shareholders' Common Equity.
- Earnings Growth - The average annual growth rate of Earnings (adjusted for Amortizations of Intangibles, Extraordinary charges and credits) over a trailing three years.
- Sales Growth - The average annual growth rate of Net Sales per Share over a trailing three years.
- IBES 12M Growth - IBES consensus forecast growth of Earnings over the next twelve months.

Quality measures:

- Return on Invested Capital - $(\text{Net Income} + ((\text{Interest Expense on Debt} - \text{Interest Capitalized}) * (1 - \text{Tax Rate}))) / \text{Average of Last Year's and Current Year's (Total Capital} + \text{Short Term Debt} \& \text{ Current Portion of Long Term Debt)}$. The Return on Invested Capital (also known as Return on Capital) measures the profitability of a company as measured by its operating income in relation to the total capital invested in the company.
- Gross Profit to Assets – Gross Profits divided by Total Assets. Gross profit is a company's total revenue minus the cost of goods sold. Gross profit may be preferred as an alternative over earnings or free cash flow to consider a company's true economic profitability without subtracting expenses that may in fact be increasing a company's production advantage or competitive advantage e.g. advertising, R&D, or capital expenditure. Gross profits are divided by assets, not shareholder's equity, because gross profits exclude interest payments, and are therefore independent of leverage.
- Low Gearing - The negative of Debt to Equity. Low geared companies can be regarded as being of higher "Quality" as they are less burdened by debt repayment costs.
- Earnings Growth Stability - This 'Quality' factor is calculated as the negative of the standard deviation of Earnings Growth over the most recent 5 years of growth data.
- Earnings Growth Stability 5 Year - This quality factor is calculated as the negative of the standard deviation of sales growth over the most recent 5 years of growth data. Interim data is used where available.

Style Research Output Manual – cont.

Low Volatility measures:

- Market Beta - The "slope coefficient" from the simple regression.
- 3 Year Volatility – The standard deviation of the last 36 months of total returns, expressed as an annualized percentage.
- 5 Year Volatility – The standard deviation of the last 60 months of total returns, expressed as an annualized percentage.

Momentum measures:

- ST Momentum - Calculated using a 6 month "memory" of monthly total returns. The past period returns are weighted using a "decay ratio" of 2/3, per month.
- MT Momentum - Calculated using a 12 month "memory" of monthly total returns.
- Momentum 12-1 – The total return of the stock over the last 12 months, excluding the total return over the most recent month since reversal effects are often associated with one-month returns.

Style Research Output Manual – cont.

Risk measures:

- Exposure to GDP Shock Beta – Based on the equation: Quarterly Share Price Return of Security $n = \alpha n + \beta n \text{GDP Shock}$. Where GDP Shock is the difference between the most recent GDP quarterly growth rate and the average of the previous 4 quarters. A number of, say, 2.5 would mean that a GDP growth rate of 1% (quoted at an actual quarter to quarter rate) above the average of GDP growth rates recorded over the previous 4 quarters would result in the value of the stock/sector/portfolio being 2.5% (= 2.5 x 1%) higher in the current quarter than would otherwise have been.
- Exposure to Inflation Beta – Based on the equation: Monthly Share Price Return of Security $n = \alpha n + \beta n \text{ Monthly Inflation Rate}$. Where Monthly Inflation is quoted at an annual rate. A number of, say, 0.8 would mean that a rise in the annual rate of inflation by 1% (quoted at an annual rate) would result in the performance of the stock/sector/portfolio being 0.8% (= 0.8 x 1%) stronger in the current month than would otherwise have been.
- Exposure to Oil Beta - Based on the equation: Monthly Share Price Return of Security $n = \alpha n + \beta n \text{ Oil Price Return}$. Where the Oil Price Return is the monthly per cent change in the Oil Price, in US dollars. A number of, say, 0.7 would mean that an increase of 1% in the US dollar price of oil would result in the value of the stock/sector/portfolio being 0.7% (= 0.7 x 1%) higher in the current month than would otherwise have been.
- Market Capitalisation - The average Size statistic of a portfolio is the weighted (by holding value) average size of the securities held. The average Size statistic of a benchmark (or total market) is the weighted (by holding value) average size of the securities within the benchmark (or total market). If the bar is above the line, there is a large cap bias whilst a bar below the line indicates a mid/small cap bias.
- Market Beta – The "slope coefficient", (β), from the simple regression: Security Monthly Return = $\alpha + \beta * \text{Market Monthly Return} + \text{Random Error}$. The regression is carried out over 36 month periods; where sufficient information is not available, $\beta=1$ is assumed.

Style Research Output Manual – cont.

Decomposition of Active Risk:

- Risk attribution breaks down the Tracking Error into the main sources of risk i.e., from currency allocation, market (country) allocation, sector allocation, Style allocation and stock selection (or equity risk). These are displayed as percentages and provide further insights into the sources of risk in a portfolio.

Risk Measures:

- Tracking Error - Estimate of the expected relative volatility of the portfolio versus the benchmark and is expressed as an annualised percentage.
- Benchmark Overlap– Measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index. A high Active share indicates large differences between the portfolio and benchmark in terms of holdings while a portfolio with a low active share will conclude that there is a reasonable overlap between the portfolio and the benchmark.
- Number of Stocks - The number of stocks contained in the portfolio.

Relative Style Distribution:

- The distribution shows the relative style distribution analysis according to Market Cap and Book to Price based on the Benchmark.
- Large, Mid, Small = Market Cap (65%, 25%, 10%); Value, Growth = Book to Price (50%, 50%).

B. Effective Date of Retirement Benefits (A.C.A. § 24-7-701)

1. If a member meets all eligibility requirements for retirement and is approved for retirement, annuity benefits shall be effective the month proposed by the member in their application. If the member does not file an application at least one calendar month prior to the proposed effective retirement date, then that proposed retirement effective date cannot be used, and the member's effective retirement date shall be the following month. If a member has signed an employment contract for the fiscal year and has been paid in full without providing service for the full period of the employment contract, the member's retirement effective date shall not be prior to July 1 of the subsequent fiscal year.
2. If a member has accrued a full year of service credit equal or greater to one hundred and sixty (160) days in a fiscal year, the member's retirement date shall not begin earlier than July 1 of the subsequent fiscal year unless:-

a. the member has attained the normal retirement age and is not separating from employment; or

b. the member is not a classroom teacher vacating a classroom.

C. Compound Cost of Living Adjustment (A.C.A. § 24-7-727)

The Board by resolution may reverse a compound cost of living adjustment as needed to maintain the actuarial soundness of ~~the~~ ATRS. A reversal may be phased in as the Board determines appropriate.

D. Last Benefit Payment Upon Death

Benefits are payable through the month in which the retiree's death occurs.

E. Change of Marital Status

If the marriage of the retiree member legally ends for any reason, the member may choose to cancel the designation of the former spouse as the designated beneficiary. If the member so chooses, the member must file a change of option beneficiary on an ATRS approved form, and any change in the benefit amount shall become effective the month after receipt by ATRS of the approved form.

IV. A member that has attained the normal retirement age age 65 or older may apply for retirement benefits without terminating employment and may begin drawing benefits with no effect on the member's retirement benefit.

V. In addition to a complete retirement application, the following documents are mandatory documents and shall be submitted to ATRS within six (6) months of the effective date of retirement unless an extension is granted by ATRS:

~~I. Disability retirees who are disapproved for further disability annuities due to a medical examination reviewed by the Medical Committee shall be removed from ATRS' retiree payroll the earlier of six months following the review date or the first of the month following the return to covered employment.~~

I. If a member applies for disability retirement and is denied,

1. within six(6) months they have a one-time right to request a second review, provided additional medical documentation is submitted.

2. If a member is denied disability retirement after the second review, they may file a new disability application submitting additional information for consideration as long as the member remains active.

~~J. If a member applies for disability retirement and is disapproved, he/she has the right to file a new disability application submitting additional information for review as long as the member remains active.~~

J. After a disability review, due to a finding by the Social Security Administration that the member is not disabled, the medical committee's recommendations will be submitted to the Board for a final order. If a member is denied for further disability benefits due to a disability review by the medical committee,

1. they shall have 30 days from the date of the disability review to offer additional medical information; and

2. request that the Board send the matter back to the medical committee for reconsideration.

ATRS Rule 9

RETIREMENT AND BENEFITS

A.C.A. §§ 24-7-202, 24-7-205, 24-7-502, 24-7-701 — 24-7-707, 24-7-709,
24-7-710, 24-7-727, 24-4-732, Act 808 of 1987

I. Definitions

- A. "Act 808 Employee" means an employee of a state agency who, on April 8, 1987, was an active member of the Arkansas Teacher Retirement System (ATRS) and qualified to retire before January 1, 1988, under the Early Retirement Incentive Law of 1987 (Act 187 of 1987), could elect to become a member of the Arkansas Public Employees Retirement System (APERS) and have their credited service in ATRS transferred to APERS.
- B. "Annuity options" means the member's election at retirement of an annuity that shall be paid throughout the retiree's lifetime in accordance with A.C.A. § 24-7-706.
- C. "Effective Retirement Date" means, for purposes of ATRS retirement benefits, the 1st day of the month in which the member requests to receive retirement benefits and for which the member has submitted a timely retirement application.
- D. "Marriage dissolution" means a final decree of divorce, separate maintenance, or annulment duly executed by a court of competent jurisdiction and filed of record in the Office of the Ex Officio Recorder.
- E. "Medical committee" means the committee of three (3) physicians appointed by the Board under A.C.A. § 24-7-303 for the purpose of evaluating disability retirement applications.
- F. "Option beneficiary" means a person(s) nominated by the member, in writing at retirement, who, if eligible, will receive annuity payments under the annuity option selected by the member after the member's death.
- G. "Person" for purposes of Rule 9 means an individual, corporation, partnership or other legal entity.
- H. "Participating employer" means an employer who participates in ATRS whose employees are eligible for membership under A.C.A. § 24-7-501, A.C.A. § 24-7-202, or other applicable law.
- I. "Residue" means the member's accumulated contributions, including regular interest standing in the member's credit at the time of his/her retirement.
- J. "Residue beneficiary" means a person(s) nominated by the member to

receive the residue, if any, under A.C.A. § 24-7-709.

- K. "Receivable" means monies due to ATRS from a member, former member, participating employer, contributor, retiree, beneficiary, or alternate payee under a qualified domestic relations order as a result of an overpayment of any payment or benefit by ATRS.
- L. "Retiree" means a retired member who is receiving an annuity from ~~the~~ ATRS.

II. Age And Service Retirement Eligibility

- A. If eligible, an active or inactive member who attains age sixty (60) and has five (5) or more years of actual and reciprocal service credit may voluntarily retire upon written application filed with ATRS.
- B. If eligible, an active or inactive member who has not reached age sixty (60) and has twenty-five (25) or more years of actual and reciprocal service credit, including purchased or free credited service, may voluntarily retire upon written application filed with ~~the~~ ATRS.
- C. In order to be eligible, a member must comply with the following requirements:
 - 1. Satisfy the credited service requirements under one of ~~the~~ ATRS' retirement statutes, A.C.A. §§ 24-7-701—707;
 - 2. Be credited with all required employer and member contributions in the member's deposit account, with no amounts owed to ATRS;
 - 3. Pay all amounts owed to ATRS for underpayments or purchase service accounts; and
 - 4. Terminate employment with all participating employers, or have reached the normal retirement age ~~age sixty-five (65) or older~~.

III. Benefits

A. Benefits Formula

The retirement benefits payable shall be the total number of contributory years of credited service, multiplied by a factor between 1.75% and 2.15% of the final average salary as set by the board, plus the total number of noncontributory years of credited service multiplied by a factor between 0.5% and 1.39% of the final average salary, as set by the board. The board shall modify the factor for credited service as necessary to maintain actuarial soundness. (A.C.A. § 24-7-705).

B. Effective Date of Retirement Benefits (A.C.A. § 24-7-701)

- 1. If a member meets all eligibility requirements for retirement and is approved for retirement, annuity benefits shall be effective the month

proposed by the member in their application. If the member does not file an application at least one calendar month prior to the proposed effective retirement date, then that proposed retirement effective date cannot be used, and the member's effective retirement date shall be the following month. If a member has signed an employment contract for the fiscal year and has been paid in full without providing service for the full period of the employment contract, the member's retirement effective date shall not be prior to July 1 of the subsequent fiscal year.

2. If a member has accrued a full year of service credit equal or greater to one hundred and sixty (160) days in a fiscal year, the member's retirement date shall not begin earlier than July 1 of the subsequent fiscal year unless:-

a. the member has attained the normal retirement age and is not separating from employment; or

b. the member is not a classroom teacher vacating a classroom.

C. Compound Cost of Living Adjustment (A.C.A. § 24-7-727)

The Board by resolution may reverse a compound cost of living adjustment as needed to maintain the actuarial soundness of ~~the~~ ATRS. A reversal may be phased in as the Board determines appropriate.

D. Last Benefit Payment Upon Death

Benefits are payable through the month in which the retiree's death occurs.

E. Change of Marital Status

If the marriage of the retiree member legally ends for any reason, the member may choose to cancel the designation of the former spouse as the designated beneficiary. If the member so chooses, the member must file a change of option beneficiary on an ATRS approved form, and any change in the benefit amount shall become effective the month after receipt by ATRS of the approved form.

- IV. A member that has attained the normal retirement age age-65-or-older may apply for retirement benefits without terminating employment and may begin drawing benefits with no effect on the member's retirement benefit.

- V. In addition to a complete retirement application, the following documents are mandatory documents and shall be submitted to ATRS within six (6) months of the effective date of retirement unless an extension is granted by ATRS:

A. Member elects a straight life annuity:

1. Proof of member's birthdate from a birth certificate or other authenticating documents.

2. Proof of member's taxpayer identification number from a Social Security card or other authenticating documents.
- B. Member elects Option A or Option B benefit with Spouse as the beneficiary:
1. Proof of member's birthdate from a birth certificate or other authenticating documents.
 2. Proof of member's taxpayer identification number from a Social Security card or other authenticating documents.
 3. Proof of spouse's birthdate from a birth certificate or other authenticating documents.
 4. Proof of spouse's taxpayer identification number from a Social Security card or other authenticating documents.
 5. Proof of marriage between the member and spouse from a marriage license or equivalent, marriage license recording document, or other legally acceptable proof of the existence of the marriage.
- C. Member elects Option A or Option B benefit with incompetent child as the beneficiary:
1. Proof of member's birthdate from a birth certificate or other authenticating documents.
 2. Proof of member's taxpayer identification number from a Social Security card or other authenticating documents.
 3. Adequate proof of the existence of a guardianship due to the incapacity of the member's child that preexists the member's official retirement date. Authenticating documents may include the order appointing guardianship of the person, letters of guardianship, or other adequate proof of the existence of the guardianship.
 4. Proof of child's taxpayer identification number from a Social Security card or other authenticating documents.
- D. Member elects Option C annuity:
1. Proof of member's birthdate from a birth certificate or other authenticating documents.
 2. Proof of member's taxpayer identification number from a Social Security card or other authenticating documents.
- E. If the member elects an alternative residual beneficiary or beneficiaries in lieu of their spouse, the member shall submit the names of the alternative residual beneficiary or beneficiaries along with the alternative residual beneficiary's or beneficiaries' birthdate from a birth certificate or other

authenticating document approved by ATRS, on a form provided and approved by ATRS. The selection of an alternative residual beneficiary or beneficiaries allows the member's residue from T-DROP and/or the member's contributions to be paid in a lump sum to the alternative residual beneficiary or beneficiaries and a monthly retirement annuity shall not be paid.

- F. The failure to submit a complete retirement application and any mandatory documents within a six-month period from the member's effective retirement date plus any extension granted by ATRS shall result in the retirement application being voided and the application shall have no effect. This rule on required documents applies to all retirement applications including retirement based upon age retirement, service retirement, early retirement, and disability retirement.

VI. State Employee Transfers to APERS (Act 808) Rules

- A. The Act 808 employee will make the election to transfer to APERS on a form furnished by ATRS.
- B. The transfer from ~~the~~ ATRS to APERS will become effective on the date of retirement.
- C. ATRS will certify to APERS a record of the Act 808 employee's service credit in ATRS.
- D. At the time of retirement, if the Act 808 employee is a non-contributory member of ATRS, he will retire under the non-contributory provisions of Act 187 of 1987 and shall be entitled to a refund of Act 808 employee contributions made since January 1, 1978, to ATRS.
- E. At the time of retirement, if the Act 808 employee was a contributory member of ATRS, he will retire under the contributory provisions of Act 187 of 1987.
- F. For any Act 808 employee who elects to transfer to APERS, APERS will pay the monthly benefits.
- G. APERS will certify monthly to ATRS the amount of monthly benefits paid and ATRS will transfer it's pro-rata portion to APERS.
- H. Upon receipt of a death certificate from APERS for a retiree who chose straight life annuity and has a balance remaining in his account, ATRS will transfer the remaining balance in the retiree's account to APERS for refunding to the designated beneficiary or beneficiaries.

VII. Disability Retirement Rules

- A.
 - 1. If the member is eligible under A.C.A. § 24-7-704 and these Rules, and

the ~~medical committee~~ **Medical Committee** determines a disability exists for the member, then disability retirement benefits shall commence the month the member files a written application with ATRS if at the time the member files the application the member is no longer employed by an ATRS covered employer.

2. If the member is still employed by an ATRS covered employer at the time the member files the application for disability retirement, then, once approved, the disability retirement will commence the month following the last day of covered employment.

B.

1. Termination of active membership for disability retirement benefits shall be the last date of any employer payment to the member due to the end of the employee/employer relationship.
2. The member is considered active if they are using earned sick leave, Family Medical Leave Act (FMLA) leave, annual leave, and catastrophic leave. Worker's compensation, which may or may not include the use of leave granted by the employer, is not considered leave by which a member is considered active, nor does it extend the date of active membership.

C.

1. The following criteria and deadlines, applied to the individual member circumstances, affect eligibility for continued disability payments for a member who has been approved by ATRS for disability retirement, based upon the date of the first ATRS disability retirement check. The deadlines may be extended under the provisions of this Rule and A.C.A. § 24-7-704.
 - a. If the first disability retirement check to the member is dated before July 1, 2015, and the member is under fifty-seven (57) years before July 1, 2015, the member shall submit to ATRS a Social Security Administration (SSA) determination letter dated before July 1, 2018, that finds that the member is disabled. In the absence of a SSA determination letter, the member's disability retirement payments will cease on June 30, 2018.
 - b. If the first disability retirement check to the member is dated July 1, 2015, or after, and the member is under fifty-seven (57) years on the date of the first disability retirement check, member shall submit to ATRS a Social Security Administration (SSA) determination letter dated within thirty-six (36) months from the date of the first disability retirement check that finds that the member is disabled. In the absence of a SSA determination letter, the member's disability

retirement payments will cease thirty-six (36) months from the date of the first disability retirement check. For example:

- Date of 1st ATRS disability retirement check: January 2017, then
 - Social Security Administration determination letter finding dated by: December 2019; or
 - Date of last disability retirement check if no SSA determination letter: December 2019
2. ATRS will grant an extension to the above deadlines if the member can provide documentation to ATRS that:
 - a. The SSA disability claim was properly filed and remained active for at least twenty-four (24) months prior to the deadline above; and
 - b. An active SSA disability claim is still under review by the SSA with no voluntary dismissal or withdrawal.
 3. Once the member who is receiving disability retirement reaches sixty (60) years of age, the member thereafter will receive regular retirement benefits as if voluntarily retired under A.C.A. § 24-7-701 and no Social Security Administration determination letter is required.
 4. A member may apply for ~~an additional review of~~ a disability ~~review~~claim within three (3) months of disability benefits ceasing due to a denial letter and finding by the Social Security Administration that the member is not disabled. The member's disability-~~claim~~ review will follow the procedure set forth in A.C.A. § 24-7-704.

D.

1. A member under the age of sixty (60) may be employed by an ATRS covered employer and also receive ATRS disability retirement if the member performs less than eighty (80) days of actual service during a fiscal year.
2. A member shall not receive disability retirement if the member indirectly performs work for an ATRS covered employer as described in A.C.A. § 24-7-704(a)(4)(B).
3. If a member is approved for disability retirement but continues to work either directly or indirectly for the covered employer, the member shall terminate employment with the covered employer or indirect employer by the proposed disability retirement effective date, or, if the member is finalizing work for the employer, then the employee may terminate employment up to two (2) full calendar months after the ~~medical~~ medical ~~committee~~Medical Committee meets.

4. If the member does not terminate employment under these Rules and the termination requirement under A.C.A. § 24-7-502, the application is rescinded and the member can reapply.
 5. After receiving an ATRS disability retirement a member may choose to return to regular employment with an ATRS covered employer and relinquish their disability retirement. In this instance, the member would no longer receive disability retirement and would be an active member and shall comply with A.C.A. § 24-7-738 (Act 549 of 2017).
- E. If the application for disability retirement benefits is denied and the member elects and otherwise qualifies for voluntary retirement, the effective date for retirement shall be determined by the date the disability retirement application is filed.
- F. If the member dies after the disability application is received by ATRS but before disability retirement is approved, then ATRS shall consider the member to have died in "active" service and survivor benefits under A.C.A. § 24-7-710 shall be paid, unless the member has designated an alternative residual beneficiary or beneficiaries.
- G. The annuity formula for computing disability retirement benefits is the same as for voluntary age and service retirement.
- H.
1. For all disability retirement applications approved by the ~~medical committee~~Medical Committee after May 31, 2011, the Board shall allow a disability retiree at the time of retirement to designate an Option A or Option B beneficiary. Option C beneficiaries shall not be available to disability retirees. A.C.A. § 24-7-706(a)(3);
 2. If a disability retiree designates an Option A or Option B spouse beneficiary, and the disability retiree dies before reaching age sixty (60), then the same rules that apply to active member option beneficiaries shall apply to the disability Option A and Option B beneficiaries under A.C.A. § 24-7-710(b).
 3. If a disability retiree designates an Option A or Option B incapacitated child beneficiary, and the disability retiree dies before reaching age sixty (60), then the same rules that apply to an active member surviving child shall apply to the disability Option A or Option B beneficiary under A.C.A. § 24-7-710(c) until the disability retiree would have turned age sixty (60), then the Option A or Option B incapacitated child beneficiary shall receive the greater of the surviving child annuity under A.C.A. § 24-7-710(c) or the Option A spouse annuity under A.C.A. § 24-7-710(a).

I. If a member applies for disability retirement and is denied.

1. within six(6) months they have a one-time right to request a second review, provided additional medical documentation is submitted.

~~I. Disability retirees who are disapproved for further disability annuities due to a medical examination reviewed by the Medical Committee shall be removed from ATRS' retiree payroll the earlier of six months following the review date or the first of the month following the return to covered employment.~~

2J. If a member is denied applies for disability retirement after the second review, they may and is disapproved, he/she has the right to file a new disability application submitting additional information for consideration review as long as the member remains active.

J. After a disability review, due to a finding by the Social Security Administration that the member is not disabled, the medical committee's recommendations will be submitted to the Board for a final order. If a member is denied for further disability benefits due to a disability review by the medical committee,

1. they shall have 30 days from the date of the disability review to offer additional medical information; and

2. request that the Board send the matter back to the medical committee for reconsideration.

VIII. Annuity Options and Disposition of Residue After Retirement Rules

Before the date the first benefit payment of an annuity becomes due, a member retiring with age or service may elect an option to receive an annuity payable as provided in one of the following. (Disability retirement option rights are set forth in Rule 9.VII.H. above):

A. Option 1: A straight life annuity payable monthly for the life of the retiree. Upon the retiree's death, if the retiree has not received payments equal to the residue amount, the residue remaining, if any, shall be paid to the residue beneficiary. If no residue beneficiaries survive the retiree, the residue will be paid to the retiree's estate.

B. Effect of Option 1 Retiree's Death within the First Year of Retirement

If an Option 1 retiree dies within one year of retirement, and his or her spouse qualifies for Option A benefits, the spouse may elect to cancel the Option 1 annuity in effect and elect Option A (100% survivor annuity) at that time.

The election shall become effective the first day of the month following receipt of the election form by ATRS. If the spouse elects Option A, the residue, if any, will not be paid until the Option A beneficiary's death.

C. Persons Eligible as Option A or Option B Beneficiaries at the Time of Retirement

In order to be nominated as an Option A or B beneficiary, the person must be one of the following:

1. The retiree's spouse (if the retiree has been married to the spouse for at least one (1) year prior to the first annuity payment being paid to the retiree);
2. A dependent child (regardless of age) who has been ruled physically or mentally incapacitated by a court of competent jurisdiction.

D. Eligibility of a Spouse to Become an Option A or Option B Beneficiary after a Member's Retirement

If a member was married to his or her spouse for less than one (1) year upon his or her effective retirement date or the member marries after his or her effective retirement date, then the member may elect to cover the spouse after being married for one (1) year. Upon meeting the one (1) year marriage requirement, the member shall have six (6) months to file an election to cover his or her spouse under either Option A or Option B. The written election must be filed on a form approved by ATRS.

E. Emancipation of Incapacitated Child Option Beneficiary

If an incapacitated child, who has been adjudged physically or mentally incapacitated by a court of competent jurisdiction, is nominated as an Option A or Option B beneficiary, and a court has determined that the incapacity issue no longer indicates incapacitation, or the incapacitated person is emancipated through marriage or dies, then the member may request ATRS to remove the incapacitated child from the member's account. Proof of the court's decision shall be by a copy of the court order, proof of emancipation shall be by a copy of the child's marriage license, or proof of death shall be by the death certificate.

Once proof is provided, the member may elect to return to Option 1 at that time, or if the member is married, the member shall have six months to designate the member's spouse as the member's option beneficiary. The election shall become effective the first day of the month following receipt of the election form by ATRS.

F. Residue Paid Upon Death of Option Annuitant

If after a retiree dies, an option annuity becomes payable, but the option beneficiary dies prior to the retiree and the option beneficiary receiving annuity payments equal to the residue amount, the residue, if any, shall be paid to member's residue beneficiary. If no residue beneficiary is nominated or survives upon the death of the option beneficiary, the

residue remaining, if any, shall be paid to the last surviving option beneficiary's estate.

G. Final Benefit Check

Benefits are payable through the month in which the last option beneficiary's death occurs. If the option beneficiary dies prior to receiving the last check, ATRS will pay the final check in the normal manner paid prior to death. If payment of the final check in the normal course becomes impossible, the final option beneficiary's annuity check will be returned to ~~the~~ ATRS.

H. Eligible Residue Beneficiaries

Any "person" as defined in this policy is eligible to be designated by the member to receive the residue, if any, payable upon the member's death including individuals, trusts, estates, corporations, and other legally recognized entities.

IX. Error Corrections and Collection of Overpayments Rules

- A. If a change or error in ATRS' records discovered during the ATRS look back period results in either an overpayment or underpayment to ATRS, the Board authorizes ATRS to correct the error in the records and to adjust any benefit or adjust any other amount payable to the corrected amount and take all necessary action as the circumstances may require, including the options allowed under A.C.A. § 24-7-205(b).
- B. If a benefit participant under a qualified domestic relations order pursuant to A.C.A. §§ 9-18-101—103, is paid any benefit or payment by ATRS to which the benefit participant is not entitled, and it is discovered during the ATRS look back period, then a receivable is created and the Board or its designee(s), may collect the amount due to ATRS as set forth in A.C.A. § 24-7-205.
- C. Before making an adjustment of benefits or pursuing any other collection action, a notice shall be provided to the person who is the subject of the adjustment. The notice will state the amount determined to be a receivable and the reasons underlying the determination. The notice shall also suggest alternate methods for payment of the receivable.
- D. Appeals to dispute collections shall be made according to the procedures and requirements of ATRS Rule 13. During the appeal process, retirement benefits may continue to be paid.
- E. Actions that affect rights on benefits cannot be corrected or adjusted further than a 5 year "look back" period unless a manifest injustice has occurred or an exception exists under A.C.A. § 24-7-205.
- F. The board or its designee may also make adjustments to the employer,

member, and ATRS records beyond the look-back period if the board determines that the time limitation imposed by the lookback period will result in a manifest injustice in a specific case. See Rule 17 – Manifest Injustice.

- G. The Board authorizes the Executive Director to waive interest on required contributions in an amount not to exceed \$5,000. Any request to excuse an interest amount exceeding \$5,000 shall be submitted to the ATRS Board for review. The Executive Director shall report to the Board any amounts excused under this section.
- H. If required, a receivable under this section that is found by the Board or its designee to be uncollectible or for which adjustment or payment has been waived will be submitted to the Chief Fiscal Officer of the state for abatement pursuant to A.C.A. §§ 19-2-301--307.
- I. A determination by ATRS of a manifest injustice in a particular instance due to a technical error or error in judgment is always discretionary and governed by the provisions in A.C.A. § 24-7-205.

X. Retirement Application Rules

- A. A copy of the ATRS retirement application can be downloaded from the ATRS website or requested from ATRS.
- B. In order for a retirement application to be timely filed, there is a three (3) month "window" to apply for retirement benefits.
For active members currently employed, the window for filing your retirement application is:
 - 1. No sooner than four (4) months prior to your Effective Retirement Date; and,
 - 2. No later than one (1) month before your Effective Retirement Date.
- C. For an inactive, vested, immediately eligible-to-retire member, retirement benefits are payable the month after the retirement application is received.
- D. The procedure for handling received retirement applications is as follows:
 - 1. If a retirement application is received by ATRS before the three (3) month window begins for the member's anticipated Effective Retirement Date, the application is not timely filed, and ATRS will reject the application and notify the member of the dates that their retirement application can be filed timely and the procedure to do so.
 - 2. If a retirement application is received after the three (3) month window ends for the member's anticipated Effective Retirement Date, the retirement application is not timely filed and the member will receive a new Effective Retirement Date beginning on the 1st day of the next

month.

- E. This Rule does not apply to an application for disability retirement or survivor benefits.

The following table shows examples of the "windows" for filing a retirement application:

EXAMPLE OF RETIREMENT FILING DATES			
Effective Date of Retirement	Retirement Application Must be Filed In:	Last Date of Employment	First Retirement Check
January 1	September, October or November	December 31	End of January
February 1	October, November or December	January 31	End of February
March 1	November, December or January	Feb 28/29 (Leap year)	End of March
April 1	December, January or February	March 31	End of April
May 1	January, February or March	April 30	End of May
June 1	February, March or April	May 31	End of June
July 1	March, April or May	June 30	End of July
August 1	April, May or June	July 31	End of August
September 1	May, June or July	August 31	End of September
October 1	June, July or August	September 30	End of October
November 1	July, August or September	October 31	End of November
December 1	August, September or October	November 30	End of December

The following table is the only "window" for filing a T-DROP application:

Effective Date of Retirement	Retirement Application Must be Filed In:
July 1	March, April or May

HISTORY

Effective:	July 2, 2002	9-3
Amended:	June 15, 2004	9-2, 9-4, 9-7
Amended:	July 18, 2005	9-4, 9-8
Amended:	February 7, 2006	9-2, 9-7
Amended:	April 26, 2007	9-2, 9-7
Amended:	June 19, 2007	9-4
Amended:	June 16, 2009	(Emergency) 9-2
Amended:	October 5, 2009	(Permanent) 9-2
Adopted:	December 18, 2009	9-1, 9-4, 9-8
Amended:	July 1, 2011	(Emergency) 9-1, (Emergency) 9-2, 9-4, (Emergency) 9-7, (Emergency) 9-8
Adopted:	August 8, 2011	9-1, 9-2, 9-4, 9-7, 9-8
Effective:	November 11, 2011	9-1, 9-2, 9-4, 9-7, 9-8
Approved by Board:	February 6, 2012	9-4, 9-7
Amended:	April 18, 2012	9-4, 9-7
Effective:	May 29, 2012	9-4, 9-7
Approved by Board:	July 26, 2013	9-2, 9-4, 9-8
Amended:	October 9, 2013	9-2, 9-4, 9-8
Effective:	November 8, 2013	9-2, 9-4, 9-8
Approved by Board:	October 5, 2015	9-2, 9-4
Amended:	February 1, 2016	9-2, 9-4
Effective:	February 10, 2016	9-2, 9-4
Approved by Board:	February 5, 2018	9-2, 9-4, 9-8, 9-9
Effective:	February 16, 2018	9-2, 9-4, 9-8, 9-9
Effective:	May 28, 2020	Rule 9

**BEFORE THE
ARKANSAS TEACHER RETIREMENT SYSTEM**

**IN THE MATTER OF
CONTINUATION OF DISABILITY RETIREMENT BENEFITS
UNDISPUTED RECOMMENDATIONS**

PROPOSED DISABILITY REVIEW ORDER

INTRODUCTION

This matter is a review of the medical committee's recommendations that certain members' disability retirement benefits be continued under subdivision A.C.A. §24-7-704(b)(3)(D)(iii).

FINDINGS OF FACT

1. The following members applied for disability review after having been initially approved for disability benefits, ATRS ID's: 163604, 316006, 439374, 169431, 310867, 300444, 223240, 191576, 179652, 415851, 191594, and 484133.
2. After reviewing each member's records, the medical committee recommended that each member be **approved** eligibility to continue receiving ATRS disability benefits.
3. After reviewing each member's records, the medical committee recommended that each member remain eligibility to receive ATRS disability benefits.

ANALYSIS AND RECOMMENDATION TO THE BOARD

Arkansas law provides that an ATRS member who has been approved for disability benefits must provide, within thirty-six months, a favorable determination by the Social Security Administration that the member is disabled. In the alternative A.C.A. §24-7-704(b)(3)(C) allows the member to ask for additional time to provide the

SSA decision, or to apply for a review by the medical committee due to the lack of an SSA determination letter.

The medical committee considers each request for review, and makes a recommendation to the Board on the question of whether the member continues to meet “the definition of disability under subdivision (a)(1)(D)” of A.C.A. §24-7-704. The primary element of the standard of review is whether the member is able to perform their previous covered employment work duties.

In the cases noted above, the medical committee is recommending to the Board that it find that these members continue to be “disabled” within the meaning of the ATRS law and are entitled to continue to receive ATRS disability benefits.

The Executive Director recommends that the Board of Trustees accept the medical committee recommendation to approve continued disability benefits in each case.

Reviewed and approved

Danny Knight, Chairman

April 5, 2021

**BEFORE THE
ARKANSAS TEACHER RETIREMENT SYSTEM**

IN THE MATTER OF
TERMINATION OF DISABILITY RETIREMENT BENEFITS
UNDISPUTED RECOMMENDATIONS

PROPOSED DISABILITY REVIEW ORDER

INTRODUCTION

This matter is a review of the medical committee's recommendation that certain members' disability retirement benefits be terminated under subdivision A.C.A. §24-7-704(b)(3)(D)(iii).

FINDINGS OF FACT

1. The following members applied for disability review after having been initially approved for disability benefits, ATRS ID's: 378469, 444395, 366615, and 229758 .
2. After reviewing each member's records, the medical committee recommended that each member be **denied** eligibility to continue receiving ATRS disability benefits.
3. None of the members listed in Paragraph 1. requested a review of the medical committee's recommendation to deny continued benefits.
4. The time to request a review of the medical committee's recommendation has expired in each case listed above.
5. Each member's disability benefits have been suspended pending a review of the medical committee's recommendation by the Board of Trustees pursuant to A.C.A. §24-7-704(b).

ANALYSIS AND RECOMMENDATION TO THE BOARD

Arkansas law provides that an ATRS member who has been approved for disability

benefits must provide, within thirty-six months, a favorable determination by the Social Security Administration that the member is disabled. In the alternative A.C.A. §24-7-704(b)(3)(C) allows the member to ask for additional time to provide the SSA decision, or to apply for a review by the medical committee due to the lack of an SSA determination letter.

The medical committee considers each request for review, and makes a recommendation to the Board on the question of whether the member continues to meet “the definition of disability under subdivision (a)(1)(D)” of A.C.A. §24-7-704. The primary element of the standard of review is whether the member is able to perform their previous covered employment work duties.

In the cases noted above, the medical committee recommends to the Board that it find that these members are no longer “disabled” within the meaning of the ATRS law and are no longer entitled to continue to receive ATRS disability benefits. None of the members have challenged that recommendation and the time to object has expired.

The Executive Director recommends that the Board of Trustees accept the medical committee recommendation to terminate disability benefits in each case.

Reviewed and approved

Danny Knight, Chairman

April 5, 2021

**BEFORE THE
ARKANSAS TEACHER RETIREMENT SYSTEM**

IN THE MATTER OF
TERMINATION OF DISABILITY RETIREMENT
OF ATRS ID #293902

PROPOSED DISABILITY REVIEW ORDER

INTRODUCTION

This matter is a review of the medical committee's initial recommendation that the member's disability retirement be terminated under subdivision A.C.A. §24-7-704(b)(3)(d)(iii), and its subsequent reversal upon reconsideration.

FINDINGS OF FACT

1. Member's application for ATRS disability retirement was approved June 15, 2016, which became effective July 1, 2016, because the medical committee found that Member could no longer perform their job as a school bus driver.
2. On May 15, 2019, Member filed an Application for ATRS Disability Review, along with copies of medical records in support of Member's application.
3. On June 3, 2019, ATRS received a copy of the unfavorable Social Security Administration Decision in Member's case.
4. On July 3, 2019, the medical committee reviewed Member's application and recommended that Member's benefits should be terminated because they did not meet the statutory requirements to continue receiving ATRS disability retirement benefits.
5. Member's disability benefits were suspended effective July 1, 2019, upon the recommendation of the medical committee.

6. ATRS notified Member of the medical committee's decision in a letter dated July 5, 2019.
7. On July 11, 2019, after receiving a phone call from Member, ATRS sent Member a Staff Determination Letter advising Member of his option to request an Executive Director Review.
8. Member filed a request for an Executive Director Review on July 23, 2019, and attached additional documentation that Member had failed a school bus driver physical examination.
9. On September 4, 2019, the medical committee reviewed the Application a second time with the additional documentation that Member could not be a bus driver after having failed the physical exam. Upon reconsideration, the medical committee changed its recommendation, finding the Member was "disabled" within the meaning of ATRS law.
10. Member's disability benefits were re-instated effective July 1, 2019, pending Board approval of the medical committee's recommendation.

ANALYSIS AND RECOMMENDATION TO THE BOARD

The standard for determining whether a member is initially eligible for ATRS disability retirement benefits is stated in A.C.A. §24-7-704(a)(1)(D):

(D) The member is qualified to receive disability retirement benefits if by majority opinion the medical committee reports to the board in writing that its review of the member's application and accompanying documentation finds:

- (i) The member is physically or mentally **incapacitated**;
- (ii) The member exhibits symptoms of physical or mental incapacitation while the **member is employed** by a system employer as an active member;
- (iii) The member is **unable to perform his or her current work duties**;
- (iv) The incapacity will most **likely be permanent**; and
- (v) The member **should be retired**.

The same standard applies when the medical committee is asked to review a member's continued eligibility for disability benefits. See A.C.A. §24-7-704(b)(3)(D)(ii). At the heart of this standard is the determination that the member is not able to perform their covered employment work duties.

This standard is different from the more stringent standard used by the Social Security Administration, i.e. that the applicant is unable to engage in any substantial gainful activity.

In this case, the medical committee recommends to the Board of Trustees that the Member met this standard and should continue to receive a disability benefit. The Executive Director concurs with this recommendation.

Reviewed and approved

Danny Knight, Chairman

April 5, 2021

**BEFORE THE
ARKANSAS TEACHER RETIREMENT SYSTEM**

IN THE MATTER OF
TERMINATION OF DISABILITY RETIREMENT
OF ATRS ID #498094

PROPOSED DISABILITY REVIEW ORDER

INTRODUCTION

This matter is a review of the medical committee's recommendation that the member's disability retirement be terminated under subdivision A.C.A. §24-7-704(b)(3)(D)(iii).

FINDINGS OF FACT

1. Member's application for ATRS disability retirement was approved September 13, 2017, and became effective June 1, 2017.
2. Effective June 1, 2020, Member's disability benefits were suspended because Member had not submitted a Social Security Administration Decision as required by A.C.A. §24-7-704(b)(3)(A).
3. On August 31, 2020, Member filed an Application for ATRS Disability Review.
4. On September 9, 2020, the medical committee reviewed Member's application and reported that Member failed to meet the requirements of A.C.A. §24-7-704(b)(3) to avoid a termination of disability benefits.
5. ATRS notified Member of the medical committee's decision in a letter dated September 9, 2020.
6. On October 6, 2020, ATRS received a letter from Member requesting reconsideration of the medical committee's recommendation, along with a Social Security Administration

Decision dated March 28, 2019.

7. The Social Security Administrative Law Judge found that even though Member was unable to perform Member's previous work as an educator, there were other jobs Member could perform and therefore the claimant was not disabled within the meaning of the Social Security Act.

ANALYSIS AND RECOMMENDATION TO THE BOARD

The standard for determining whether a member is initially eligible for ATRS disability retirement benefits is stated in A.C.A. §24-7-704(a)(1)(D):

(D) The member is qualified to receive disability retirement benefits if by majority opinion the medical committee reports to the board in writing that its review of the member's application and accompanying documentation finds:

- (i) The member is physically or mentally **incapacitated**;
- (ii) The member exhibits symptoms of physical or mental incapacitation while the **member is employed** by a system employer as an active member;
- (iii) The member is **unable to perform his or her current work duties**;
- (iv) The incapacity will most **likely be permanent**; and
- (v) The member **should be retired**.

The same standard applies when the medical committee is asked to review a member's continued eligibility for disability benefits. See A.C.A. §24-7-704(b)(3)(D)(ii). At the heart of this standard is the determination that the member is not able to perform their covered employment work duties. This standard is different from the more stringent standard used by the Social Security Administration, i.e. that the applicant is unable to engage in any substantial gainful activity.

In this case, the Social Security Decision which found that Member could no longer do Member's previous job in education was not in Member's record at the time

the medical committee made its recommendation that Member was not entitled to continue to receive ATRS disability benefits.

The Executive Director recommends that the Board of Trustees return the matter to the medical committee with a request that it reconsider the matter in light of the additional information available in the Social Security Decision.

Reviewed and returned to the medical committee

Danny Knight, Chairman

April 5, 2021

**BEFORE THE
ARKANSAS TEACHER RETIREMENT SYSTEM**

IN THE MATTER OF
TERMINATION OF DISABILITY RETIREMENT
OF ATRS ID #368231

PROPOSED DISABILITY REVIEW ORDER

INTRODUCTION

This matter is a review of the medical committee's recommendation that the Member's disability retirement be terminated under subdivision A.C.A. §24-7-704(b)(3)(D)(iii).

FINDINGS OF FACT

1. Member's application for ATRS disability retirement was approved January 24, 2018, and became effective March 1, 2018.
2. On January 28, 2021, ATRS received a one-page cover letter of an unfavorable Social Security Administration Decision which was dated December 6, 2019. The full decision was not included.
3. On February 2, 2021, Member filed an Application for ATRS Disability Review under A.C.A. §24-7-704(b)(3)(C)(iii).
4. On February 24, 2021, ATRS received medical records from Dr. Vikki Sutterfield which concluded that Member was "totally and permanently disabled for performing his/her former job duties"
5. On March 3, 2021, the medical committee reviewed Member's application and reported that Member failed to meet the requirements of Act 327, as amended,¹ to avoid a

¹ (The correct citation should be to Act 427 of 1973, as amended.)

termination of disability benefits.

6. ATRS notified Member of the medical committee's decision in a letter dated March 3, 2021.
7. Effective March 1, 2021, Member's disability benefits were suspended.
8. On March 15, 2021, ATRS received a letter from Member requesting reconsideration of the medical committee's recommendation.

ANALYSIS AND RECOMMENDATION TO THE BOARD

The standard for determining whether a member is initially eligible for ATRS disability retirement benefits is stated in A.C.A. §24-7-704(a)(1)(D):

(D) The member is qualified to receive disability retirement benefits if by majority opinion the medical committee reports to the board in writing that its review of the member's application and accompanying documentation finds:

- (i) The member is physically or mentally **incapacitated**;
- (ii) The member exhibits symptoms of physical or mental incapacitation while the **member is employed** by a system employer as an active member;
- (iii) The member **is unable to perform his or her current work duties**;
- (iv) The incapacity will most **likely be permanent**; and
- (v) The member **should be retired**.

The same standard applies when the medical committee is asked to review a member's continued eligibility for disability benefits. See A.C.A. §24-7-704(b)(3)(D)(ii). At the heart of this standard is the determination that the member is not able to perform their covered employment work duties. This standard is different from the more stringent standard used by the Social Security Administration, i.e. that the applicant is unable to engage in any substantial gainful activity.

In this case, the full Social Security Decision outlining the Administrative Law Judge's analysis of Member's ability or lack of ability to perform her former school job

duties was not a part of Member's record. Without access to the full decision, we must assume that the unfavorable decision was based on the ALJ's conclusion that Member could engage in some unspecified work activity, or "substantial gainful activity".

The record did contain medical reports from Member's treating physician that Member was "totally and permanently disabled for performing his/her former job duties".

It is not clear from the record what specific standard the medical committee used in concluding that the Member was not disabled: the ATRS standard of whether the Member could perform his or her former work duties as a kitchen manager; or the SSA standard that Member could engage in other substantial gainful activity.

The Executive Director recommends that the Board of Trustees return the matter to the medical committee with a request that it reconsider the matter to confirm that the standard of review is based upon the ATRS standard established in A.C.A. §24-7-704(a)(1)(D).

Reviewed and returned to the medical committee

Danny Knight, Chairman

April 5, 2021

SUMMARY OF DISABILITY APPLICATIONS SUBMITTED
FOR CONSIDERATION BY THE MEDICAL COMMITTEE

The Medical Committee met in executive session in the first floor conference room at 9:30 a.m. on February 3, 2021. Those members present were Dr. Eddie Phillips, Dr. Hoyte Pyle, and Dr. Jim Morse. Anne Marie Lehman Berardi of the Teacher Retirement System was also in attendance.

A total of five disability applications were considered. Of the five applicants, three were approved. One was denied. One had more information requested.

Respectfully Submitted,



Eddie Phillips, CMO
Medical Committee Chairman

Respectfully Submitted,



Anne Marie Lehman Berardi
Retirement Benefits Counselor

SUMMARY OF DISABILITY APPLICATIONS SUBMITTED
FOR CONSIDERATION BY THE MEDICAL COMMITTEE

The Medical Committee met in executive session in the first floor conference room at 9:30 a.m. on March 3, 2021. Those members present were Dr. Eddie Phillips, Dr. Hoyte Pyle, and Dr. Jim Morse. Anne Marie Lehman Berardi of the Teacher Retirement System was also in attendance.

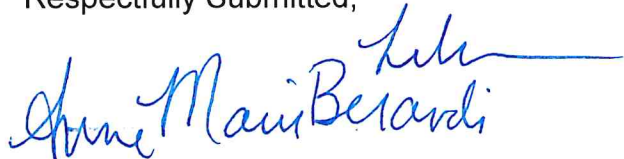
A total of ten disability applications were considered. Of the ten applicants, eight were approved. One was denied. One had more information requested.

Respectfully Submitted,



Eddie Phillips, CMO
Medical Committee Chairman

Respectfully Submitted,



Anne Marie Lehman Berardi
Retirement Benefits Counselor