

AGENDA
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES

December 5, 2022
10:30 a.m.
1400 West Third Street
Little Rock, AR 72201

- I. ***Call to Order/Roll Call.** page 1.
- II. ***Adoption of Agenda.** page 2.
- III. Executive Summary. (Attachment No. 1) page 8.
- IV. ***Approval of September 26, 2022, Minutes.** (Attachment No. 2) page 25.
- V. Preliminary Active Actuarial Valuation. *Judy Kermans, Brian Murphy and Heidi Berry of Gabriel, Roeder, Smith and Company* (Attachment No. 3) page 33.
- VI. Statement of Financial Interest. *Clint Rhoden, Executive Director* (Attachment No. 4) page 80.
- VII. ***Proposed 2023 Board of Trustees Schedule.** *Clint Rhoden, Executive Director* (Attachment No. 5) page 98.
- VIII. Report of Member Interest Waived Under A.C.A. Sec. 24-7-411. *Clint Rhoden, Executive Director* (Attachment No. 6) page 99.
- IX. Report of Employer Penalties and Interest Waived Under A.C.A. Sec. 24-7-411. (Attachment No. 7) page 100.
- X. Manifest Injustice Report. *Clint Rhoden, Executive Director* (Attachment No. 8) page 101.
- XI. ***Arkansas Retired Teacher Association (ARTA) blind mailing project presentation.** *Donna Morey, ARTA Executive Director*

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- XII. Review of ATRS Permissible Employer. *Jennifer Liwo, Attorney Specialist*
- A. ***Arkansas School Boards Association.** (Attachment No. 9) page 102.
1. Resolution 2022-49. (Attachment No. 10) page 111.
- XIII. ***Waiver of Interest and Penalties on Contributions.**
- A. ***Resolution No. 2022-59.** (Attachment No. 11) page 114.
- XIV. Investment Committee Report. *Chip Martin, Investment Committee Chair*
- A. Arkansas Related and Investment Update.
1. List of Fund Closings.
- a. JFL Equity Investors VI, LP, a fund focused on defense, aerospace, and maritime industries, the Board authorized commitment of up to \$30 million dollars on September 26, 2022 was accepted and closed on October 27, 2022.
- b. Greenbriar Equity Fund VI, LP, a fund focused on transportation, logistics, and distribution businesses, the Board authorized commitment of up to \$30 million dollars on September 26, 2022 was accepted and closed on October 17, 2022.
2. Board Policies Report. (Attachment No. 12) page 116.
- B. General Investment Consultant Report.
1. Performance Report for the Quarter Ending September 30, 2022. (Attachment No. 13) page 119.
2. Preliminary Performance Report for the Month Ended October 31, 2022. (Attachment No. 14) page 265.
3. Public Equity and Fixed Income Structure Review. (Attachment No. 15) page 289.
- a. ***Recommendation to approve for Board adoption Resolution 2022-50 authorizing the full redemption of the ATRS interest in Grantham, Mayo, Van Otterloo & Co. L.L.C. (GMO) Global All Country Equity Allocation.**
1. ***Resolution 2022-50.** (Attachment No. 16) page 340.
- b. ***Recommendation to approve for Board adoption Resolution 2022-51 authorizing the full redemption of the ATRS interest in D.E. Shaw World Alpha Extension Fund, L.L.C.**
1. ***Resolution 2022-51.** (Attachment No. 17) page 341.

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- c. ***Recommendation to approve for Board adoption Resolution 2022-52 authorizing an investment of up to \$800 million dollars in Arrowstreet Global Equity ACWI Alpha Extension 130/30/20 LP.**
 - 1. ***Resolution 2022-52.** (Attachment No. 18) page 342.
 - d. ***Recommendation to approve for Board adoption Resolution 2022-53 authorizing the full redemption of the ATRS interest in Putnam Absolute Return Fixed Income Fund.**
 - 1. ***Resolution 2022-53.** (Attachment No. 19) page 343.
- C. Real Assets Consultant Report.
- 1. Performance Report for the Quarter Ending June 30, 2022. (Attachment No. 20) page 344.
 - 2. ***Recommendation to approve for Board adoption Resolution 2022-54 authorizing an investment of up to €50 million euros (approximately the equivalent of \$50 million dollars based on recent exchange rates) in DIF Infrastructure VII Cooperatief U.A. and DIF Infrastructure VII SCSp (collectively DIF VII).** (Attachment No. 21) page 397.
 - a. ***Resolution No. 2022-54.** (Attachment No. 22) page 451.
 - 3. ***2023 Real Assets Commitment Pacing (Total Pacing \$475 Million Dollars).** (Attachment No. 23) page 453.
 - a. Core real estate \$200 million dollars.
 - b. Value added and opportunistic real estate \$200 million dollars.
 - c. Infrastructure \$75 million dollars.
- D. Private Equity Consultant Report.
- 1. Preliminary Private Equity Portfolio Review for the Quarter Ended June 30, 2022. (Attachment No. 24) page 457.
 - 2. ***Recommendation to approve for Board adoption a motion to authorize the use of \$30 million dollars of recallable distributions for the ATRS/FP Private Equity Fund L.P.** (Attachment No. 25) page 512.
 - 3. ***Recommendation to approve for Board adoption Resolution 2022-55 authorizing an investment of up to \$30 million dollars in Alpine Investors IX, L.P.** (Attachment No. 26) page 516.
 - a. ***Resolution No. 2022-55.** (Attachment No. 27) page 520.

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4. ***2023 Private Equity Pacing Schedule (Total Pacing \$350 Million Dollars).** (Attachment No. 28) page 521.
 - a. Six small or mid buyout/growth/turnaround \$25-30 million dollars each in the U.S. (total \$170 million dollars).
 - b. One debt/distressed assets \$25 million dollars.
 - c. Franklin Park Venture Fund XIV no new commitment.
 - d. Franklin Park Venture Capital Opportunity Fund \$30 million dollars.
 - e. Franklin Park International Fund XI \$30 million dollars.
 - f. Franklin Park Corporate Finance Access Fund II \$30 million dollars.
 - g. ATRS/FP Private Equity Fund (Co-Investment Fund VI) \$65 million dollars.
5. ***Recommendation to approve for Board adoption Resolution 2022-56 authorizing an additional investment of up to \$30 million dollars in Franklin Park Venture Capital Opportunity Fund, L.P.** (Attachment No. 29) page 528.
 - a. ***Resolution No. 2022-56.** (Attachment No. 30) page 538.
6. ***Recommendation to approve for Board adoption Resolution 2022-57 authorizing an additional investment of up to \$30 million dollars in Franklin Park International Fund XI, L.P.** (Attachment No. 31) page 539.
 - a. ***Resolution No. 2022-57.** (Attachment No. 32) page 548.
7. ***Recommendation to approve for Board adoption Resolution 2022-58 authorizing an additional investment of up to \$30 million dollars in Franklin Park Corporate Finance Access Fund II, L.P. with Imminent Need.** (Attachment No. 33) page 549.
 - a. ***Resolution 2022-58.** (Attachment No. 34) page 558.

- XV. Operations Committee Report. *Bobby Lester, Operations Committee Chair*
- A. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members in Attendance.
 1. Open Forum.
 - B. ***Revision to Current Board Policy.**
 1. ***Board Policy No. 3 Executive Director.** (Attachment No. 35) page 560.

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- C. Discussion concerning Ark. Code Ann. 24-7-506 (Outsourcing Surcharge). (Attachment No. 36) page 570.
- D. ATRS 2023 Legislative Package.
 - 1. Outsourcing - Election to Become Participating Employer. (Attachment No. 37) page 580.
 - 2. Outsourcing Repeal. (Attachment No. 38) page 584.
 - 3. Active Member - Survivor Annuity Benefits. (Attachment No. 39) page 589.
 - 4. Inactive Member Eligibility for Free Military Service Credit and Ability to Purchase Military, Contributory, and Federal Service Credit. (Attachment No. 40) page 593.
 - 5. Life Annuity - Multiplier. (Attachment No. 41) page 595.
 - 6. General Omnibus Clean-Up of Minor Issues. (Attachment No. 42) page 597.
 - 7. Unused Purchased Service Credit - Refunds. (Attachment No. 43) page 612.
 - 8. Retirees - Annuity Options. (Attachment No. 44) page 615.
 - 9. Membership Status. (Attachment No. 45) page 617.
 - 10. Lump-Sum Death Benefit. (Attachment No. 46) page 618.
 - 11. Final Average Salary. (Attachment No. 47) page 621.
 - 12. Permissive Service Credit Gap-Year Service. (Attachment No. 48) page 623.
 - 13. Termination Separation Period. (Attachment No. 49) page 625.

XVI. ***Staff Reports.**

- A. ***Medical Committee Report. A total of 22 Disability Retirement Applications were Approved.** *Willie Kincade, Director of Operations* (Attachment No. 50) page 626.
- B. Financial Reports. *Curtis Carter, Chief Fiscal Officer*
 - 1. Financial Statement Report. (Attachment No. 51) page 628.
 - 2. Travel Reports. (Attachment No. 52) page 629.
- C. ***Contracts.** *Rod Graves, Deputy Director* (Attachment No. 53) page 630.
- D. Personnel Report. *Vicky Fowler, Human Resources Director* (Attachment No. 54) page 631.

XVII. Other Business.

XVIII. ***Adjourn.**

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