

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

Dr. Richard Abernathy, Chair

Monday, May 23, 2011

10:30 a.m.

**1400 West Third Street
Little Rock, AR 72201**

Board Members Present

Dr. Richard Abernathy, Chair
Hazel Coleman, Vice Chair
David Cauldwell
Wes Goodner, designee for Honorable
Martha Shoffner
Dr. Tom Kimbrell
Beverly Leming
Donna Morey
Janelle Riddle
Jeff Stubblefield

Board Members Absent

Lloyd Black
Honorable Charlie Daniels
Candace Franks
Bobby Lester
Robin Nichols

Staff Present

George Hopkins, Executive Director
Gail Bolden, Deputy Director
Bob Berry, Chief Fiscal Officer
Kay Daniel, Director's Assistant
Dena Dixon, Risk Mgmt/Internal Audit
Reed Edwards, Litigation Attorney
Laura Gilson, General Counsel
Amy Glavin, Administrative Assistant
Manju, Dir. Data Processing
Gaye Swaim, Operations Manager
Brenda West, Risk Mgmt/Internal Audit

Guests Present

Chris Caldwell, Division of Legislative Audit
Erika Gee, Attorney General's Office
Charles Tadlock, ARTA

I. **Call to Order/Roll Call.** Chair, Dr. Richard Abernathy, called the Board of Trustees meeting to order at 10:42 a.m. Roll call was taken. Lloyd Black, Honorable Charlie Daniels, Candace Franks, Bobby Lester, and Robin Nichols were absent.

II. **Motion to Excuse Absences.**

Ms. Coleman *moved to excuse* Lloyd Black, Honorable Charlie Daniels, Candace Franks, Bobby Lester, and Robin Nichols from the May 23, 2011, Board of Trustees meeting. Mr. Stubblefield *seconded the motion*, and the Board *unanimously approved the motion*.

III. **Adoption of Agenda.**

Ms. Coleman moved to add the discussion of Board appointments to Item VII, Other Business. Ms. Riddle seconded the motion.

Ms. Coleman moved for adoption of the Amended Agenda. Ms. Morey seconded the motion and the Board unanimously approved the motion.

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

V. **Operations Committee Report.** Ms. Riddle gave a report on the Operations Committee meeting.

A. **Recommendation for Amended Rules and Regulations to Implement Certain 2011 Legislation.** At the April 4, 2011, Board meeting, ATRS staff presented a new approach to retirement policy. Policy language that restates law either directly or indirectly will be eliminated, policies that need clarification will have added language to explain the full impact of the law, and the development of specific guidelines.

1. **Election Procedures and Terms of Office for Elected Trustee Positions (Policy 4-2).** The Board is composed of 15 Trustee positions, with 11 elected members and 4 ex-officio members. Due to 2011 legislation, the Board now has authority, in lieu of a special election, to fill vacancies by appointment. In brief conversations with the Governor's Office and the Attorney General's Office, it appears that any appointments/elections to Boards or Commissions under their prior jurisdiction will remain as appointed/elected until the term expires with no consideration of redistricting at this time. However, the Board has full authority to determine their process and policy in regards to Board member eligibility. Current ATRS Board Policy states that Board member eligibility is determined by place of employment, not residence.

2. **Membership Definitions and Rules (Policy 6-1).** No Board discretion.

3. **College Alternate Part 1 (Policy 6-3).** No Board discretion.

4. **College Alternate Part 2 (Policy 6-4).** No Board discretion.

5. **College Alternate (Policy 6-5).** No Board discretion.

6. **Technical and Community College (Policy 6-6).** No Board discretion.

7. **Alternate Plan for Vocational Education (Policy 6-7).** No Board discretion.
8. **Department of Health Rehabilitation Services Transfer Act 793 (Policy 6-8).** No Board discretion.
9. **College Plan (Policy 6-12).** No Board discretion.
10. **Calculation of Final Average Salary (Policy 7-1).** No Board discretion.
11. **Proof of Service Credit (Policy 7-2).** No Board discretion.
12. **Definitions Concerning Purchase of Service Credits/Repayment of Refunds (Policy 8-1).** No Board discretion.
13. **Refund of Member Contributions (Policy 8-2).** No Board discretion.
14. **Rollovers (Policy 8-4).** No Board discretion.
15. **Free Military Service (Policy 8-7).** No Board discretion.
16. **Purchase of Back Contributions (Policy 8-9).** No Board discretion.
17. **Purchase of Additional Contributions (Policy 8-10).** No Board discretion.
18. **Purchase of Non-Contributory Service as Contributory (Policy 8-11).** No Board discretion.
19. **Purchase of Military Service (Policy 8-12).** No Board discretion.
20. **Purchase of National Guard (Policy 8-13).** No Board discretion.
21. **Purchase of Out-of-State Service (Policy 8-14).** No Board discretion.
22. **Purchase of Overseas Service (Policy 8-15).** No Board discretion.
23. **Purchase of Sabbatical Leave (Policy 8-16).** No Board discretion.
24. **Purchase of Private School Service (Policy 8-17).** No Board discretion.
25. **Purchase of Domestic Federal Service (Policy 8-18).** No Board discretion.

26. **Purchase of Federal Retirement Service (Policy 8-19).** No Board discretion.
27. **Contract Buyout (Policy 8-20).** No Board discretion.
28. **Retirement/Benefits Definitions (Policy 9-1).** No Board discretion.
29. **Age and Service (Voluntary) Retirement (Policy 9-2).** No Board discretion.
30. **Disability Retirement (Policy 9-4).** No Board discretion.
31. **Deferred Retirement (Policy 9-5).** No Board discretion.
32. **Early Retirement (Policy 9-6).** No Board discretion.
33. **Annuity Options (Policy 9-7) (Version 1 – 1 year).** ATRS has proposed two variations of policy for the Board to implement. In previous law, a member had to be married for at least one year to select Option A or Option B benefits for their beneficiary or had six months after retirement to designate a new spouse for Option B. With 2011 legislation, members are now required to be married for one or two years, depending on Board ruling, to have the six month window to designate their spouse as an Option A or Option B beneficiary. The Board has the authority to designate the provisions of this policy.
34. **Annuity Options (Policy 9-7) (Version 2 – 2 years).**

Ms. Riddle moved to approve Annuity Options (Policy 9-7) (Version 1 – 1 year). Ms. Coleman seconded the motion, and the Board unanimously approved the motion.
35. **Error Corrections and Collection of Overpayments (Policy 9-8).** No Board discretion.
36. **Rescinding Retirement (Policy 10-1).** No Board discretion.
37. **Teacher Deferred Retirement Option Plan (T-DROP) (Policy 10-3) (Version 1 – Quarterly 40 days).** Before 2011 legislation, ATRS did not have a law or policy to follow regarding part-time T-DROP deposits. Part-time employees enrolled in T-DROP are a cost savings for ATRS as they are members who can retire, but are not drawing a check. ATRS staff has proposed four variations of Policy 10-3 for the Board to implement. Version 1 divides the year into quarters and

requires 40 days of total service in a fiscal year: five days for the first and fourth quarters, and 15 for the second and third quarters. Version 2 divides the year into quarters and requires 80 days of total service in a fiscal year: 10 days for the first and fourth quarters, and 30 days for the second and third quarters. Version 3 divides the year into months and requires 20 days of total service in a fiscal year: two days for the months August through May. Version 4 divides the year into months and requires 40 days of total service in a fiscal year: eight days for May and August, and 32 days total for October through April.

38. Teacher Deferred Retirement Option Plan (T-DROP) (Policy 10-3) (Version 2 – Quarterly 80 days).

39. Teacher Deferred Retirement Option Plan (T-DROP) (Policy 10-3) (Version 3 – Monthly 20 days).

40. Teacher Deferred Retirement Option Plan (T-DROP) (Policy 10-3) (Version 4 – Monthly 40 days).

Ms. Riddle moved to approve Teacher Deferred Retirement Option Plan (T-DROP) (Policy 10-3) (Version 1 – Quarterly 40 days). Ms. Coleman seconded the motion, and the Board unanimously approved the motion.

41. Survivor Benefits (Policy 11-1) (Version 1 – 1 year).

42. Survivor Benefits (Policy 11-1) (Version 2 – 2 years). ATRS staff drafted two versions for Policy 11-1 for consistency with Policy 9-7. However, upon further research, Mr. Hopkins could find no statutory authority to change the marriage requirements for survivor benefits to one year. This will require a code change. Also, by law, a member must have 10 working days per quarter to be considered active. Should the member become deceased while active, survivor benefits may be paid to the beneficiaries. The drafts provide for members who become deceased before 10 working days are possible for the quarter. If the member was active in the previous two months, and 10 working days did not pass before the member became deceased, the member will be considered active.

Ms. Riddle moved to approve Survivor Benefits (Policy 11-1) (Version 2 – 2 years). Ms. Coleman seconded the motion, and the Board unanimously approved the motion.

43. Lump-sum Death Benefit (Policy 11-2). No Board discretion.

44. Retirement Fund Asset Accounts (Policy 14-1). No Board discretion.

Ms. Riddle *moved to approve* all policy changes that had no Board discretion. Mr. Stubblefield *seconded* the motion, and the Board *unanimously approved the motion*

- V. **Other Business.** Dr. Abernathy explained that, due to 2011 Legislation, the Board now has authority to appoint a Trustee or hold a special election to fill Mr. Dyer's vacant position. The Board wants to move forward and fill the Retiree Trustee position by June 2011. The ATRS Executive Director will notify retirement associations and employers that ATRS will be accepting applications for the position. Dr. Abernathy requested that, in addition to associations and employers, members who previously ran for election be notified.

Ms. Morey *moved to appoint* a temporary Trustee to fill Trustee Position #11 at the June 6, 2011, Board of Trustees meeting. Ms. Coleman *seconded the motion*, and the Board *unanimously approved the motion*.

- VI. **Adjourn.**

Ms. Leming *moved to adjourn* the Board of Trustees Meeting. Ms. Riddle *seconded the motion*, and the Board *unanimously approved the motion*.

Meeting adjourned at 11:00 a.m.

George Hopkins,
Executive Director

Dr. Richard Abernathy, Chair
Board of Trustees

Amy Glavin,
Recorder

Date Approved