

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

**Monday, February 6, 2023
11:00 a.m.
1400 West Third Street
Little Rock, AR 72201**

ATTENDEES

Board Members Present

Danny Knight, Chair
Kelly Davis, Vice Chair
Anita Bell
Kathy Clayton
Susan Ford*
Dr. Mike Hernandez
Shawn Higginbotham
Michael Johnson
Bobby Lester
Chip Martin
Jeff Stubblefield
Susannah Marshall, Bank Commissioner
Jason Brady, designee for Hon. Dennis Milligan
Hon. Mark Lowery, State Treasurer

Board Members Absent

Jacob Oliva, Secretary, Department of Ed.

ATRS Staff Present

Clint Rhoden, Executive Director
Rod Graves, Deputy Director
Tammy Porter, Ex. Assistant/Board Secretary
Curtis Carter, Chief Financial Officer
Dena Dixson, Int. Audit/Risk Mgmt.*
Braeden, Duke, Software Support Analyst
Vicky Fowler, Manager, Human Resources
Willie Kincade, Director of Operations
Mike Lauro, Information System Manager*
Jennifer Liwo, General Counsel
Manju, Director, Information Technology
Jerry Meyer, Manager, Real Assets
Whitney Sommers, Administrative Analyst
Leslie Ward, Manager, Private Equity
Brenda West, Internal Audit/Risk Mgmt.
Misty Yant, Manager, Accounting/Reporting*

Guest Present

Donna Morey, ARTA
Robin Nichols
Chae Hong, Aon Hewitt
Katie Comstock, Aon Hewitt
PJ Kelly, Aon Hewitt*
Gar Chung – FinNews*
Amy Fecher*
Bela Kirpalani, MandateWire*
ID# 683108*
ID: Carlos*
ID: David*
ID: JodyC*

**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. Mr. Oliva was absent.

II. Motion to Excuse Absent Board Members.

Mr. Lester *moved to excuse* Mr. Oliva from the February 6, 2023, meeting. Ms. Bell *seconded the motion*, and the Board *unanimously approved the motion*.

III. Adoption of Agenda.

Mr. Higginbotham *moved for adoption of* the Agenda. Ms. Davis *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. Approval of December 5, 2022, Minutes

Mr. Johnson *moved for approval of* the Minutes of the Board of Trustees meeting of December 5, 2022. Mr. Lester *seconded the motion*, and the Board *unanimously approved the motion*.

VI. Correcting a Scrivener's Error in Resolution No. 2022-42, Authorization to pay Post 10-Year T-DROP Interest for Fiscal Year 2023.

Mr. Stubblefield *moved to adopt* Resolution 2023-01, Correcting Scrivener's Error in Resolution 2022-42, Authorization to pay Post 10-Year T-DROP Interest for Fiscal Year 2023. Mr. Brady *seconded the motion*, and the Board *unanimously adopted the resolution*.

VII. Staff Empowerment.

A. Authority to Transact Business.

1. Resolution 2023-02.

Ms. Marshall *moved to adopt* Resolution 2023-02, 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 2023-03.

Mr. Higginbotham moved to adopt Resolution 2023-03, Authorizing Specific Powers of Executive Director on behalf of the ATRS Board of Trustees. Ms. Bell *seconded* the *motion* and the Board *unanimously adopted the resolution*.

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

1. Resolution 2023-04.

Ms. Clayton *moved* to *adopt* Resolution 2023-04, Appointment of ATRS as Manager of LLC's. Ms. Davis *seconded* the *motion*, and the Board *unanimously adopted the resolution*.

VIII. Authority to Reimburse Trustee Expenses for 2023.

A. Resolution 2023-05.

Mr. Brady *moved* to *adopt* Resolution 2023-05, 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. Dr. Hernandez *seconded* the *motion*, and the Board *unanimously adopted the resolution*.

IX. Authorization for Board Travel and Expense Reimbursement for 2023.

A. Resolution 2023-06.

Mr. Johnson *moved* to *adopt* Resolution 2023-06, authorizing ATRS to reimburse ATRS Trustees for expenses used in traveling for official Board duties. Ms. Marshall *seconded* the *motion*, and the Board *unanimously adopted the resolution*.

X. Adoption of 2023-2024 Employer Contribution Rate.

A. Resolution 2023-07.

Ms. Marshall *moved* to *adopt* Resolution 2023-07, Adoption Employer Contribution Rate at the rate of 15.00% for the fiscal year starting July 1, 2023. Mr. Martin *seconded* the *motion*, and the Board *unanimously adopted the resolution*.

XI. Adoption of 2023-2024 Member Contribution Rate.

A. Resolution 2023-08.

Mr. Stubblefield *moved to adopt* Resolution 2023-08, with a correction to the date for Adoption of Member Contribution Rate at the rate of 7.00% for the fiscal year starting July 1, 2023. Mr. Brady *seconded the motion*, and the Board *unanimously adopted the resolution*.

XII. Surcharge Rate for Outsourced Positions.

A. Resolution 2023-09

Ms. Bell *moved to adopt* Resolution 2023-09, Surcharge Rate of 4% applied to Outsourced Positions. Mr. Lowery *seconded the motion*, and the Board *unanimously adopted the resolution*.

XIII. Actuarial Valuations, June 30, 2022. 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.

Mr. Brady *moved to accept* the Actuarial Valuations for Active & Inactive Members as of June 30, 2022. Mr. Higginbotham *seconded the motion*, and the Board *unanimously approved the motion*.

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

Mr. Martin *moved to accept* the Actuarial Valuations Retirees & Beneficiaries as of June 30, 2021. Ms. Marshall *seconded the motion*, and the Board *unanimously approved the motion*.

XIV. 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.

XV. 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. Five (5) employer penalties and interest amounts were waived for this reporting period in the amount of \$2,028.54.

XVI. Member's Eligibility to Retire Using Purchase Future Service Credit.

Mr. Rhoden presented the Board with information concerning a member's eligibility to retire using purchase of future service credit.

Mr. Brady moved to table the matter until the April 3, 2023, Board Meeting. Mr. Lester seconded the motion, and the Board unanimously adopted the resolution.

XVII. Investment Committee Report. Chip Martin, Chair, gave a report on the Investment Committee Meeting.

A. Arkansas Related and Investment Update.

- 1. List of Fund Closings and Board Policies Report.** Rod Graves, Deputy Director, gave an update on recent investment activity and Board Policies Report.

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

- 1. Preliminary Performance Report for the Quarter Ending December 31, 2022.** Katie Comstock of Aon Hewitt Investment Consulting provided the Committee with a preliminary portfolio update for the quarter ending December 31, 2022.

C. Real Assets Consultant Report. Aon Hewitt Investment Consulting.

- 1. Performance Report for the Quarter Ending September 30, 2022.** Chae Hong Aon Hewitt Investment Consulting provided the Committee with a performance report for the quarter ending September 30, 2022.

D. Private Equity Consultant Report. Franklin Park

- 1. Preliminary Private Equity Portfolio Review for the Quarter Ended September 30, 2022.** Michael Bacine of Franklin Park provided the Committee with the private equity portfolio review for the quarter ended September 30, 2022

2. **Recommendation to approve for Board adoption Resolution 2023-10 authorizing an investment of up to \$30 million dollars in LLR Equity Partners VII, L.P. with Imminent Need.** Michael Bacine of Franklin Park provided the Committee with the recommendation for Board adoption of Resolution 2023-10, to authorize an investment of up to \$30 million dollars in LLR Equity Partners VII, L.P. with Imminent Need

Staff concurs with the recommendation.

Mr. Martin *moved to approve* Resolution 2023-10 authorizing an investment of up to \$30 million dollars in LLR Equity Partners VII, L.P. with Imminent Need. The Board *unanimously approved the motion.*

3. **Recommendation to approve for Board adoption Resolution 2023-11 authorizing an investment of up to \$30 million dollars in GCG Investors VI, L.P. with Imminent Need.** Michael Bacine of Franklin Park provided the Committee with the recommendation for Board adoption of Resolution 2023-11 authorizing an investment of up to \$30 million dollars in GCG Investors VI, L.P. with Imminent Need.

Staff concurs with the recommendation.

Mr. Martin *moved to approve* Resolution 2023-11 authorizing an investment of up to \$30 million dollars in GCG Investors VI, L.P. with Imminent Need. The Board *unanimously approved the motion.*

4. **Recommendation to approve Resolution 2023-12, authorizing an investment of up to \$65 million dollars in Franklin Park Co- Investment Fund VI, L.P. with Imminent Need.** Michael Bacine presented the Committee with the recommendation to approve for Board Adoption Resolution 2023-12, authorizing an investment of up to \$65 million dollars in Franklin Park Co- Investment Fund VI, L.P. with Imminent Need.

Staff concurs with the recommendation.

Mr. Martin *moved to approve* Resolution 2023-12, authorizing an investment of up to \$65 million dollars in Franklin Park Co- Investment Fund VI, L.P. with Imminent Need. The Board *unanimously approved the motion*

XVIII. 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.

B. ATRS 2023 Legislative Package update. Director Rhoden and Jennifer Liwo, General Counsel, gave the Committee an update on ATRS' legislative package.

XIX. 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. Willie Kincade provided the Board with two (2) disability reviews for Board consideration.

A. In Re: ATRS ID#378469.

Ms. Davis moved to approve ATRS ID# 378469 Disability Review Order. Mr. Martin seconded the motion and the Board unanimously approved the Motion.

B. In Re: ATRS ID# 259038

Mr. Stubblefield moved to approve ATRS ID# 259038 Disability Review Order. Ms. Marshall seconded the motion and the Board unanimously approved the Motion.

XX. Staff Reports.

A. Medical Committee Report. Mr. Kincade reported that a total of Ten (10) Disability Retirement Applications were approved.

Ms. Ford moved to approve the Medical Committee Report. Mr. Lowery seconded the motion and the Board unanimously approved the Motion.

XXI. Other Business: None

XXII. Adjourn. With no other business, Danny Knight, Chair entertained a motion to adjourn the meeting.

Mr. Lester *moved to adjourn* the Board Meeting. Mr. Martin *seconded the Motion* and the Board *unanimously approved the Motion*.

Meeting adjourned at 11:38 a.m.

Clint Rhoden,
Executive Director

Mr. Danny Knight, Chair
Board of Trustees

Tammy Porter,
Recorder

Date Approved