

**ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES**

Monday, October 7, 2019

11:00 a.m.

1400 West Third Street

Little Rock, AR 72201

ATTENDEES

Board Members Present

Danny Knight, Vice Chair
Dr. Richard Abernathy
Anita Bell
Lloyd Black
Kathy Clayton
Kelly Davis
Candace Franks, State Bank Commissioner
Shawn Higginbotham
Hon. Andrea Lea*
Bobby Lester
Chip Martin
Robin Nichols
Janet Watson

Board Members Absent

Johnny Key, Education Commissioner
Hon. Dennis Milligan

Reporters Present

Mike Wickline, AR Dem Gaz

**via telephone*

ATRS Staff Present

Clint Rhoden, Executive Director
Rod Graves, Deputy Director
Curtis Carter, Chief Fiscal Officer
Dena Dixson, Internal Audit/Risk Mgmt.
Clementine Infante, Attorney Specialist
Willie Kincade, Director of Operations
Manju, Director of Operations
Martha Miller, General Counsel
Kevin Odum, Attorney Specialist
Joseph Sithong, Information Specialist Coordinator
Brenda West, Internal Audit/Risk Mgmt.

Guest Present

Chris Caldwell, Ark. Div. of Legislative Audit
Jorge Perez, Ark. Div. of Legislative Audit
Michael Bacine, Franklin Park
PJ Kelly, AHIC (Aon Hewitt)
Chae Hong, AHIC (Aon Hewitt)
Iftikhar Ahmed, AHIC (Aon Hewitt)
Jon Gilmore, GSG
Bill H. Stovall, III, WSG Consulting
Mary Carol Poole, Paschall Strategic Comm.

I. Call to Order/Roll Call. Mr. Danny Knight, Vice Chair, called the Board of Trustee meeting to order at 11:00 a.m. Roll call was taken. Mr. Johnny Key and Hon. Dennis Milligan were absent. Hon. Andrea Lea arrived at 11:02.

II. Motion to Excuse Absences.

Ms. Nichols *moved to excuse Mr. Key and Hon. Milligan from the October 7, 2019, Board of Trustees meeting. Mr. Lester seconded the motion, and the Board unanimously approved the motion.*

III. Adoption of Agenda.

Ms. Davis *moved for adoption of the Agenda. Dr. Abernathy seconded the motion, and the Board unanimously approved the motion.*

IV. Election of Board Chair and Vice Chair.

1. Board Chair

Mr. Lester *moved for nominate Danny Knight as Chairman of the Board of Trustees. Dr. Abernathy seconded the motion, and the Board unanimously approved the motion.*

2. Vice Chair

Ms. Davis *moved for nominate Dr. Richard Abernathy as Vice Chairman of the Board of Trustees. Mr. Lester seconded the motion, and the Board unanimously approved the motion.*

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

VI. Approval of Prior Meeting Minutes.

A. June 3, 2019

Ms. Nichols *moved for approval of the Minutes of the Board of Trustees meeting of June 3, 2019. Dr. Abernathy seconded the motion, and the Board unanimously approved the motion.*

B. July 8, 2019 Minutes.

Mr. Black *moved for approval of the Minutes of the Board of Trustees meeting of July 8, 2019. Ms. Davis seconded the motion, and the Board unanimously approved the motion.*

C. September 11, 2019 Minutes.

Ms. Watson *moved for approval of the Minutes of the Board of Trustees meeting of September 11, 2019. Ms. Clayton seconded the motion, and the Board unanimously approved the motion.*

- VII. 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. 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. A total of \$51.96 was waived this reporting period.. This was a standard report for information and was not an action item.
- VIII. 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. A total of \$3,091.04 was waived this reporting period. This was a standard report for information and was not an action item.
- IX. Manifest Injustice Report.** The Manifest Injustice Committee reviewed one (1) claim this reporting period. The rule on Manifest Injustice requires reports to the Board at least two times per year. This is the first report of 2019. If the ATRS Trustees would like a different format or reporting process, just let ATRS staff know. Typically, the Manifest Injustice Report is for information purposes only and is not an action item. However some Manifest Injustice claims will require Board action.
- X. Manifest Injustice for Board Approval.**
- A. In Re: Sandra Ledbetter MI-2018-006.** Sandra Ledbetter has been an employee of the Little Rock School District (LRSD) since 1991. For six (6) years, from fiscal year 1995 to fiscal year 2000, the LRSD failed to report her employment and did not pay the employer contributions for her noncontributory service. As a result, Ms. Ledbetter's record is missing six (6) years of noncontributory service. The LRSD has certified Ms. Ledbetter's salary and service for the years from 1995 to 2000. The manifest injustice committee met and found that a manifest injustice has occurred. A.C.A 24-7-205(d) allows ATRS to correct an error in a member's record beyond the 5 year look-back period in the event of a manifest injustice. However, to correct Ms. Ledbetter's record, the employer contributions in the amount of \$19,437.47 must be paid to ATRS. A.C.A. 24-7-411(a) requires ATRS to impose an interest penalty that ranges from 6% to 8% for the years in question. A

large amount of interest (\$61,928.53) has been assessed as a result of the 20 years that has passed since the initial unreported service. A.C.A. 24-7-411(c) allows the Board to waive interest if the employer delinquency was not the result of intentional nondisclosure, fraud or misrepresentation and that under the circumstances the payment would be unduly penal, or burdensome. Since executive staff only has authority to waive up to \$5,000, ATRS staff has placed this item on the agenda. ATRS has no evidence that the failure to report and remit employer contributions on Ms. Ledbetter's service was the result of an intentional nondisclosure, fraud or misrepresentation. Given that the initial failure to report the service occurred over 20 years ago, the amount of interest due could be considered unduly penal and burdensome. In the past ATRS has waived the interest associated with errors in reporting employer contributions. Executive Staff recommends the waiver of the \$61,928.53 interest due in the effort to finally resolve the errors in Ms. Ledbetter's record.

After extensive discussions, the Board determined that more information was needed and tabled this matter until the December 2, 2019, Board meeting.

Dr. Abernathy moved to table this matter until the December 2, 2019 and requested more information from Staff. Mr. Black seconded the motion, and the Board unanimously approved the motion.

- XI. **Investment Committee Report.** Robin Nichols, Chair, gave a report on the Investment Committee meeting.
 - A. **Arkansas Related and Investment Update.** Rod Graves, Deputy Director, gave the Committee a report on Arkansas Related and Investment Update.
 - 1. **List of Fund Closings**
 - a. **DW Healthcare Partners V, LP, a Private Equity Buyout Fund that Invests in Expansion Stage Companies in the Healthcare Sector with Imminent Need, the Board Authorized Commitment of up to \$30 Million Dollars on April 1, 2019 was Accepted and Closed on July 22, 2019.** The ATRS full commitment of

\$30 million dollars was negotiated, accepted, and closed on July 22, 2019.

- b. **Rockwood Capital Real Estate Partners Fund XI, L.P., a Closed End Value Added Real Estate Fund that Invests in Value Added Office, Apartment, Retail, and Hotel Properties Across Multiple Regions in the U.S., the Board Authorized Commitment of up to \$40 Million Dollars on April 1, 2019 was Accepted and Closed on June 14, 2019.** The ATRS full commitment of \$40 million dollars was negotiated, accepted, and closed on June 14, 2019.
- c. **Walton Street Real Estate Debt Fund II, L.P., a Closed End Value Added Real Estate Debt Fund that Invests in a Diversified Portfolio of Higher Yielding Commercial Real Estate Debt Investments, the Board Authorized Commitment of up to \$40 Million Dollars on April 1, 2019 was Accepted and Closed on May 17, 2019.** The ATRS full commitment of \$40 million dollars was negotiated, accepted, and closed on May 17, 2019.
- d. **Franklin Park Venture Fund Series 2019, L.P. a Fund of Funds Managed by Franklin Park Investing in Venture Capital Private Equity Funds, the Transfer of the Commitment of up to \$30 Million Dollars from the Franklin Park Venture Capital Access Fund, L.P. to the Franklin Park Venture Fund Series 2019 Authorized by the Board on June 3, 2019 was Accepted and Closed on June 25, 2019.** The ATRS full commitment of \$30 million dollars was negotiated, accepted, and closed on June 25, 2019.
- e. **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 Transfer of the Commitment of up to \$30 Million Dollars from the ATRS/FP Private Equity Fund to the Franklin Park Corporate Finance Access Fund Authorized by the Board on June 3,**

2019 was Accepted and Closed on July 31, 2019. The ATRS full commitment of \$30 million dollars was negotiated, accepted, and closed on July 31, 2019.

- f. **JFL Equity Investors V, L.P., a Private Equity Buyout Fund that Invests in the Defense, Aerospace and Maritime Industries and Related Businesses, the Board Authorized Commitment of up to \$30 Million Dollars on June 3, 2019 was Accepted and Closed on June 26, 2019.** The ATRS full commitment of \$30 million dollars was negotiated, accepted, and closed on June 26, 2019.

2. **Programs Being Unwound by the Fund Managers.** The Board approved Franklin Park and Circumference Group to manage funds that include appraisal rights at the February 5, 2018 meeting. Appraisal rights can be used to protect minority shareholders during the conversion of publicly held companies to private equity companies.

Franklin Park was approved to expand the strategy of the existing ATRS/FP Fund to include appraisal rights and Circumference Group was approved to start a new fund, the CG Equity Opportunity Fund. Both funds use committed capital for investment opportunities and the committed capital is only funded when the fund manager identifies an investment opportunity. Since the Board approved these strategies 2018, the opportunity set has been decreasing due to changing economic conditions.

Franklin Park and Circumference Group have recently approached ATRS staff and both firms believe the best course is to unwind the appraisal rights strategies they manage for ATRS due to the changing environment and decreasing opportunity set. Since limited capital had been called for the strategy the unwinding process for Circumference Group was completed in July and the process to unwind the Franklin Park allocation is expected to be completed soon.

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

1. **Performance Report for the Quarter Ended June 30, 2019.** P.J. Kelly of Aon Hewitt Investment Consulting provided the

Committee with a portfolio update for the quarter ending June 30, 2019. The ATRS fund had a market value of approximately \$17.5 billion dollars. The total fund had a return of 8.5% since inception, underperforming its benchmark of 8.6%. Total equity had a market value of approximately \$9.3 billion dollars. Total equity had a return of 8.2% since inception, underperforming its benchmark of 8.6%.

2. **Preliminary Performance Report for the Month Ended August 31, 2019.** P. J. Kelly of Aon Hewitt Investment Consulting provided the Committee with a preliminary portfolio update for the month ending August 31, 2019. The ATRS fund had a market value of approximately \$17.2 billion dollars. The total fund had a return of 8.4% since inception, underperforming at its benchmark of 8.5%. Total equity had a market value of approximately \$9.1 billion dollars. Total equity had a return of 7.4% since inception, underperforming its benchmark of 7.8%.
3. **Emerging Manager Report for Fiscal Year Ended June 30, 2019.** P.J. Kelly of Aon Hewitt Investment Consulting (AHIC) provided the Board with a report of AHIC's manager research process, including coverage of emerging managers, and provided an update on due diligence activities on emerging managers conducted on behalf of ATRS for the fiscal year ended June 30, 2019.
4. **Recommendation to Commit up to an Additional \$30 Million Dollars in Aeolus Catastrophe Keystone PF Fund, LP, an Opportunistic/Alternative Reinsurance Fund Specializing in Property Catastrophe Insurance Coverage.** This is the fifth recommendation on investing with Aeolus, after a recommendation of up to \$110 million dollars was approved in 2015, a recommendation of up to \$37 million dollars was approved in 2016, a recommendation of up to \$110 million dollars was approved in 2017, and a recommendation of up to \$70 million dollars was approved in 2018.

Aeolus Reinsurance, based in Bermuda, was founded in 2006 by Peter Appel and David Eklund. This firm was seeded by large investors, such as Bank of America and Merrill Lynch, and successfully provided global catastrophic protection to the reinsurance market for several years. In 2011 the founders transformed the firm into Aeolus Capital Management in order to raise capital from other third party investors to provide additional flexibility in deploying capital. The fund, Aeolus Property

Catastrophe Keystone PF Fund, LP, seeks to use highly customized portfolios based on actuarial projections concerning catastrophic events, such as hurricanes, to provide returns that are not usually correlated to other asset classes. The fund is expected to yield a gross return of the Treasury bill rate plus 15%. Reinsurance and retrocession markets underwrite in two seasons, January 1st and June 1st.

The Board authorized commitment of up to \$110 million dollars in the fund at the October 5, 2015 meeting was for the January underwriting season. The Board authorized commitment of up to \$37 million dollars in the fund at the April 4, 2016 meeting was for the June underwriting season. The Board authorized commitment of up to \$110 million dollars at the November 13, 2017 meeting was split with \$50 million dollars added to the January 2018 underwriting season and \$60 million dollars made available to cover larger than normal holdbacks across the prior tranches to maintain the appropriate ATRS investment allocation to each tranche. The Board authorized commitment of up to \$70 million dollars at the December 17, 2018 meeting was intended to be allocated across the January 2019 and June 2019 tranches or other future renewals.

Both Aon Hewitt Investment Consulting and ATRS staff recommend an additional allocation of up to \$30 million dollars to Aeolus Property Catastrophe Keystone PF Fund, LP. The expected use of the additional allocation is for the January 2020 renewal tranche and other future renewals. Because of hurricanes during the recent underwriting seasons, Aeolus is reserving more funds than usual to deal with any potential claims. The \$30 million dollar additional commitment is needed this year for two reasons. The first reason is to take advantage of the current opportunity for increased expected returns. The premiums that create profits for Aeolus are expected to increase due to claims created by the recent hurricanes. The second reason is the higher than usual level of claims creates a need to reserve additional funds that would normally be released to investors in time for investment in the upcoming January tranche. The additional allocation of \$30 million dollars is intended to deal with the timing issue between reserves for potential claims, and the timing required to fund other upcoming underwriting seasons. Similar to the prior investments in Aeolus, the draft resolution for this additional allocation also allows for callable distributions.

If approved, the additional funds can be used by ATRS to help reach the recommended allocations for upcoming renewal periods. Investment in reinsurance funds will help ATRS to continue to add diversification to the ATRS portfolio and help reduce the reliance on the traditional stock and bond markets.

Ms. Nichols moved to adopt Resolution 2019-38, to Commit up to an Additional \$30 Million Dollars in Aeolus Catastrophe Keystone PF Fund, LP, an Opportunistic/Alternative Reinsurance Fund Specializing in Property Catastrophe Insurance Coverage. The Board unanimously adopted the Resolution.

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

- 1. Performance Report for the Quarter Ended March 31, 2019.** Chae Hong and Iftikhar Ahmed of Aon Hewitt Investment Consulting provided the Committee with a performance report for the quarter ending March 31, 2019. NCREIF's NPI registered at 1.8% and NFI-ODCE (net) returned 1.2% for the quarter, down 30 bps quarter-over-quarter. NFI-ODCE returns are holding up well despite the maturity of the real estate cycle. Quarterly returns continue to moderate towards the long-term average with net income being a larger driver of the total return. NCREIF Farmland Index returned 0.7% for the quarter, down 220 bps from the prior quarter. Permanent and row crops notches similar performance at approximately 1.3% each. NCREIF Timberland Index returned 0.1% for the quarter. The NTIs trailing one year return was 2.4% and driven primarily by an income return of 3.07% while appreciation returned -0.67%. Regionally, the Northwest remains the NTIs top performer while the U.S. Lakes region lagged.
- 2. Recommendation to Commit up to \$50 Million Dollars in AxInfra NA II LP, an Open-Ended Infrastructure Fund Specializing in U.S. and Canadian Energy and Transportation Assets.** The fund typically seeks to invest in Canadian and U.S. mid-sized assets defined as requiring equity investments of \$15 million dollars to \$75 million dollars in energy assets (such as power generation, renewables, transmission and distribution systems, pipelines, and gas collection), transportation assets (such as roads, bridges,

airports, seaports, and mass transit systems), and social infrastructure assets (such as hospitals, schools, courthouses, and other institutional buildings). The strategy will invest in a mix involving both operations of existing infrastructure assets and new infrastructure assets.

The fund is managed by Axium Infrastructure. Headquartered in Montréal, Canada with offices in Toronto, Vancouver, and New York, Axium is a specialist infrastructure investment firm that has approximately \$2.7 billion dollars in total assets under management across two funds, a closed-ended infrastructure fund and an open-ended infrastructure fund. Axium Infrastructure is an employee owned, independent firm with employees owning 85% of the company and Maxsa Holding (a passive financial investor) owning the remaining 15%. The Axium Infrastructure investment team is led by Pierre Anctil, Stephane Mailhot, Juan Caceres and Thierry Vandal and is comprised of 19 investment professionals and 10 asset management professionals, indicating a good mix of complementary skill sets across investment, finance, and asset management as well as engineering and operational functions.

Both ATRS staff and Aon Hewitt Investment Consulting recommend an investment of up to \$50 million dollars in AxInfra NA II, LP.

Ms. Nichols *moved to adopt* Resolution 2019-39 to Commit up to \$50 Million Dollars in AxInfra NA II LP, an Open-Ended Infrastructure Fund Specializing in U.S. and Canadian Energy and Transportation Assets. The Board *unanimously adopted the Resolution.*

3. **Recommendation to Rebalance ATRS Timber Holdings Managed by BTG Pactual by Exchanging Certain ATRS Timber Holdings for Shares of the BTG Pactual Open Ended Core US Timberland Fund, LP, a Timber Fund Focused on Long-Term Commercial Timber Properties.** ATRS has invested in timber assets since 1998 through a Timberland Investment Group (TIG). The TIG was originally owned by Wachovia Bank, who sold it to Regions Bank in 2004. Regions Bank sold TIG to BTG Pactual in June of 2013. BTG Pactual is the current owner of TIG and is the company responsible for the management of timber assets owned by

ATRS. Gerrity Lansing is the Head of TIG and David Cassels is the Portfolio Manager.

As part of an effort to diversify geographically, improve liquidity, and increase returns TIG has proposed exchanging a portion of ATRS directly held timber properties for shares of BTG Pactual Open Ended Core US Timberland Fund, LP ("OEF"). The current ATRS timber assets are primarily located in the South. OEF has diversified holdings which include the Pacific Northwest. The Pacific Northwest is expected to provide quality returns and along with other OEF holdings will increase geographic diversity in the ATRS timber portfolio.

If approved ATRS would contribute approximately \$184 million dollars' worth of directly held timber for a similar amount of shares in OEF. The exact dollar amount would be based on upcoming appraisals but the proposed contribution would include all or part of the following properties: Bear Island and GP/Dinwiddle in Virginia, CNC in North and South Carolina, and Gilman II in Florida. Remaining ATRS owned timber properties not exchanged for shares in OEF including the timber assets located in Arkansas, the TKY hardwoods property located in Tennessee and Kentucky, the Four Corners property in Wisconsin, and the Huber property in Tennessee would continue to be held in a separate account for ATRS and managed by BTG Pactual.

The remaining directly held property listed above would have a value of approximately \$148 million dollars. The proposed rebalanced combination of directly held properties, ATRS owned shares of OEF (approximately \$184 million dollars), and any loans associated with timber investments would have a value of approximately \$332 million dollars. This amount is similar to the value of the current ATRS timber portfolio. The proposed rebalancing is intended to add diversification, liquidity, and performance to the ATRS portfolio without directly creating a decrease in the value of the ATRS timber portfolio or increase in TIG management fees.

Both ATRS staff and Aon Hewitt Investment Consulting recommend rebalancing the timber portfolio by exchanging certain ATRS timber holdings for shares of the BTG Pactual Open Ended Core US Timberland Fund, LP.

Ms. Nichols moved to adopt Resolution 2019-40, to Rebalance ATRS Timber Holdings Managed by BTG Pactual by Exchanging Certain ATRS Timber Holdings for Shares of the BTG Pactual Open Ended Core US Timberland Fund, LP, a Timber Fund Focused on Long-Term Commercial Timber Properties. The Board unanimously adopted the Resolution.

D. Private Equity Consultant Report. *Franklin Park*

- 1. Private Equity Portfolio Review for the Quarter Ended June 30, 2019.** Michael Bacine of Franklin Park provided the Committee with a portfolio review for the quarter ending June 30, 2019. The ATRS Legacy Portfolio is in the liquidating stage and has a remaining value of less than 0.1% of the ATRS private equity portfolio with a total IRR of 9.2%. CSFB Portfolio is also liquidating and will continue to see distributions. CSFB has a remaining value of 7.3% of the ATRS private equity portfolio with a net IRR of 8.8%. The Post 2006 Portfolio represents 2/3 of the ATRS private equity portfolio and will continue to grow as more commitments to capital are made. The Post 2006 Portfolio has a net IRR of 15.4%. The total fund had a net IRR of 10.9% for the quarter ended June 30, 2019.
- 2. Emerging Manager Report for Fiscal Year Ended June 30, 2019.** Michael Bacine of Franklin Park provided the Committee with the report of Franklin Park's manager research process, including coverage of emerging managers, and provided an update on due diligence activities on emerging managers conducted on behalf of ATRS for the fiscal year ended June 30, 2019.
- 3. Recommendation to Commit up to \$30 Million Dollars in Clearlake Capital Partners VI, L.P. a Private Equity Fund that Makes Opportunistic Debt and Equity Investments in Middle Market Companies Undergoing Change and/or are in Underserved Industries or Markets in North America.** Based in Santa Monica, California, Clearlake Capital was formed in 2007 by Steve Chang, Jose Feliciano and Behdad Eghbali with sponsorship by Reservoir Capital. As of April 2017, Reservoir no longer has a stake in the general partner. The fund is now managed by Messrs. Feliciano and Eghbali as well as Prashant Mehrota and Colin Leonard (partners) who are supported by

fifteen investment professionals. The partners have an average of over nine years of experience each with the general partner and sixteen years each in the private equity industry.

Clearlake makes both debt and equity investments in companies undergoing significant change or that are in underserved industries or markets. These investment opportunities often involve bankruptcies, restructurings and turnarounds. They may also involve companies that are experiencing legal or regulatory challenges or challenges meeting growth plans. The fund will focus primarily on the industrials and energy, software and technology-enabled services, and consumer sectors.

The Board approved a \$30 million dollar commitment to Clearlake Capital V, L.P. at the September 25, 2017 meeting. Clearlake V is still maturing but on track to perform well. The firm has generated a net IRR in excess of 30% on its previous four funds and is targeting a net return above 20% for Clearlake VI.

Both Franklin Park and ATRS staff recommend an investment of up to \$30 million dollars in Clearlake Capital VI, L.P.

Ms. Nichols *moved to adopt* Resolution 2019-41, to Commit up to \$30 Million Dollars in Clearlake Capital Partners VI, L.P. a Private Equity Fund that Makes Opportunistic Debt and Equity Investments in Middle Market Companies Undergoing Change and/or are in Underserved Industries or Markets in North America. The Board *unanimously adopted the Resolution.*

- E. **Other Business.** Rod Graves, Deputy Director gave the Committee an update on Big River Steel.

- XII. **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. Rule Change: Board Policy 1 – Board Governance.

Mr. Lester *moved to approve* Rule Change: Board Policy 1 – Board Governance. The Board *unanimously approved the Motion.*

C. Potential Rule Changes. A batch of potential rules changes was presented to the Committee. These rules are a continuation of a process to consolidate the current 50 individual rules into 15 more comprehensive rules. The consolidation process includes may cosmetic changes to the rules such as a standard numbering scheme and improved section titles. Along with the consolidation process, rules are modified to include substantive changes due to legislative changes and board actions.

1. **Rule 6** – Membership Rules.
2. **Rule 7** - Reporting and Eligibility.
3. **Rule 8** - Purchase and Refunds.
4. **Rule 9** - Retirement and Benefits.
5. **Rule 10** - T-DROP and Return to Service.
6. **Rule 11** - Survivor and Domestic Relations Orders.

Mr. Lester *moved to approve* Pursuing Promulgation of Rule 6, Rule 7, Rule 8, Rule 9, Rule 10, and Rule 11. The Board *unanimously approved the Motion.*

XIII. Staff Reports.

A. Medical Committee Reports. Willie Kincade presented the Medical Committee reports. A total of 54 disability applications were received, 33 were approved, 13 were denied, and 8 needed more information.

Mr. Lester *moved to approve* the Medical Committee Reports. Ms. Nichols *seconded the motion*, and the Board *unanimously approved the motion.*

XIV. Adjourn.

Mr. Lester *moved to adjourn* the Board Meeting. Mr. Knight *seconded the motion*, and the Board *unanimously approved the motion.*

Meeting adjourned at 12:02 p.m.

Clint Rhoden,
Executive Director

Mr. Danny Knight, Chair
Board of Trustees

Tammy Porter,
Recorder

Date Approved