

AGENDA
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES

June 1, 2020
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. ***April 6, 2020 Minutes.** (Attachment No. 2) page 12.
 - B. ***May 20, 2020 Minutes.** (Attachment No. 3) page 18.
- VI. Report of Member Interest Amount Waived Under A.C.A. Sec. 24-7-205.
- VII. Report of Employer Interest and Penalties Waived Under A.C.A. Sec. 24-7-411. (Attachment No. 4) page 21.
- VIII. Manifest Injustice Report. (Attachment No. 5) page 22.
- IX. ***Forfeiture Recommendations Pursuant to A.C.A. 24-7-734(6).** *Martha Miller, General Counsel* (Attachment No. 6) page 24.
- X. Audit Committee Report.
 - A. 2020 Risk Assessment.
 - B. ***2020-2021 Audit Plan.**
 - 1. ***Audit Plan for FY 2021.** (Attachment No. 7) page 26.
 - 2. FY 2020 Summary of Work Completed. (Attachment No. 8) page 32.

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3. Conflict of Interest Statements. (Attachment No. 9) page 40.
4. Code of Ethics Statements. (Attachment No. 10) page 42.

C. ***Executive Session: Evaluation of Internal Auditor Brenda West.**

XI. Investment Committee Report.

A. Arkansas Related and Investment Update.

1. List of Fund Closings.

- a. 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 Commitment of up to \$30 Million Dollars on December 2, 2019 was Accepted and Closed on March 27, 2020.
- b. GCG Investors V, L.P., a Mezzanine Fund Focused on Investments in both Debt and Equity Securities in the Small and Lower Middle Market with Imminent Need, the Board Authorized Commitment of up to \$35 Million Dollars on April 6, 2020 was Accepted and Closed on April 15, 2020.

2. Rebalancing Update and Recap.

- a. The Board Authorized Redeployment of the Assets Formerly Managed in the AllianzGI Structured Alpha Equity Funds to the Existing BlackRock MSCI ACWI IMI Index Fund A on April 6, 2020 was Successfully Completed on May 15, 2020.
- b. Aon Hewitt Investment Consulting Recommended Rebalancing of Fixed Income Assets to Global Equity Assets by Redeploying \$100 Million Dollars from the BlackRock U.S. Core Plus Bond Fund and \$50 Million Dollars from the SSgA U.S. Aggregate Bond Index Fund to the Existing BlackRock MSCI ACWI IMI Index Fund A was Successfully Completed on May 15, 2020.

B. General Investment Consultant Report.

1. Performance Report fo the Quarter Ending March 31, 2020. (Attachment No. 11) page 44.
2. Preliminary Performance Report for month ending April 30, 2020. (Attachment No. 12) page 208.

C. Real Assets Consultant Report.

1. Performance Report for the Quarter ending December 31, 2019. (Attachment No. 13) page 232.
2. ***Recommendation to Commit up to \$50 Million Dollars in Torchlight Debt Fund VII, L.P., an Opportunistic Real Estate Fund Focused on High Yield Debt Investments in Both the Public and Private Markets.** (Attachment No. 14) page 287.

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- a. ***Resolution 2020-19.** (Attachment No. 15) page 307.
 3. ***Recommendation to Commit up to \$50 Million Dollars in CBRE Strategic Partners U.S. Value 9, L.P, a Value Added Real Estate Fund Focused on Institutional Quality Multifamily, Office, and Retail Properties in the U.S.** (Attachment No. 16) page 308.
 - a. ***Resolution 2020-20.** (Attachment No. 17) page 335.
 4. ***Recommendation to Commit up to \$50 Million Dollars in Macquarie Infrastructure Partners V, L.P. a Core Infrastructure Fund Focused Primarily on North American Infrastructure Assets.** (Attachment No. 18) page 336.
 - a. ***Resolution 2020-21.** (Attachment No. 19) page 382.
 - D. Private Equity Consultant Report.
 1. Portfolio Review fo the Quarter Ending December 31, 2019. (Attachment No. 20) page 383.
 2. ***Recommendation to Commit up to \$30 Million Dollars in LLR Equity Partners VI, L.P., a Growth Equity Fund that will Focus on Small and Middle Market Companies in the Technology and Healthcare Sectors.** (Attachment No. 21) page 435.
 - a. ***Resolution 2020-22.** (Attachment No. 22) page 438.
 3. ***Recommendation to Make an Additional Commitment of up to \$30 Million Dollars in Franklin Park Venture Capital Fund XIII, L.P., (formerly Franklin Park Venture Fund Series 2019) a Fund of Funds Managed by Franklin Park Investing in Venture Capital Private Equity Funds.** (Attachment No. 23) page 439.
 - a. ***Resolution 2020-23.** (Attachment No. 24) page 446.
- XII. Operations Committee Report.
- A. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members Present.
 1. Open Forum.
 - B. Update on Rules.
 - C. ATRS 2021 Legislative Packag.
 1. 160 Days. (Attachment No. 25) page 447.
 2. Contract Days. (Attachment No. 26) page 449.
 3. Definitions. (Attachment No. 27) page 450.
 4. Early Retirement Reduction. (Attachment No. 28) page 451.
 5. Five Year Lookback. (Attachment No. 29) page 452.
 6. Reciprocity Final Average Salary. (Attachment No. 30) page 453.

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7. Separation Period. (Attachment No. 31) page 454.
8. Termination Refund. (Attachment No. 32) page 456.

XIII. ***Staff Reports.**

- A. Year End Litigation Report. *Martha Miller, General Counsel* (Attachment No. 33) page 457.
- B. Medical Committee Report. *Willie Kincade, Director of Operations* (Attachment No. 34) page 459.

XIV. Executive Session: Evaluation of Executive Director.

XV. Other Business.

XVI. Adjourn.