

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

**Monday, February 1, 2021
11:00 a.m.
1400 West Third Street
Little Rock, AR 72201**

ATTENDEES

Board Members Present

Danny Knight, Chair
Lloyd Black, Vice Chair*
Anita Bell*
Kathy Clayton*
Kelly Davis*
Dr. Mike Hernandez*
Shawn Higginbotham*
Michael Johnson*
Bobby Lester*
Chip Martin*
Robin Nichols*
Susannah Marshall, Bank Commissioner*
Johnny Key, Secretary, Dept. of Ed*
Hon. Andrea Lea, State Auditor*

Board Members Absent.

Hon. Dennis Milligan, State Treasurer

ATRS Staff Present

Clint Rhoden, Executive Director
Rod Graves, Deputy Director*
Tammy Porter, Ex. Assistant/Board Secretary
Dena Dixon, Internal Audit/Risk Mgmt.*
Vicky Fowler, Manager, Human Resources*
Willie Kincade, Director of Operations*
Martha Miller, General Counsel*
Manju, Director Information Technology*
Leslie Ward, Manager, Private Equity*
Brenda West, Internal Audit/Risk Mgmt.*
Misty Yant, Manager, Reporting*

Guest Present

Donna Morey, ARTA*
Duncan Baird, APERS*
Katie Comstock, Aon Hewitt (AHIC)*
Chae Hong, Aon Hewitt (AHIC)*
Michael Bacine, Franklin Park*
Gar Chung*

*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. Hon. Dennis Milligan was absent.

- II. **Adoption of Agenda.**

Ms. Nichols moved for adoption of the Agenda. Mr. Lester seconded the motion, and the Board unanimously approved the motion.

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

IV. Approval of Prior Meeting Minutes.

A., December 7, 2020, Minutes

Ms. Bell *moved for approval of the Minutes of the Board of Trustees meeting of December 7, 2020. Ms. Davis seconded the motion, and the Board unanimously approved the motion.*

B., January 20, 2021, Minutes.

Mr. Higginbotham *moved for approval of the Minutes of the Board of Trustees meeting of January 20, 2021. Ms. Davis seconded the motion, and the Board unanimously approved the motion.*

V. Staff Empowerment.

A. Authority to Transact Business.

1. Resolution 2021-01

Ms. Nichols *moved to adopt Resolution 2021-01, 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 2021-02.

Dr. Hernandez *moved to adopt Resolution 2021-02, Authorizing Specific Powers of Executive Director on behalf of the ATRS Board of Trustees. Auditor Lea seconded the motion and the Board unanimously adopted the resolution.*

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

1. Resolution 2021-03

Ms. Bell *moved to adopt* Resolution 2021-03, Appointment of ATRS as Manager of LLC's. Mr. Johnson *seconded the motion*, and the Board *unanimously adopted the resolution*.

VI. Authority to Reimburse Trustee Expenses for 2021.

A. Resolution 2021-04.

Mr. Lester *moved to adopt* Resolution 2021-04, 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. Ms. Clayton *seconded the motion*, and the Board *unanimously adopted the resolution*.

VII. Authorization for Board Travel and Expense Reimbursement for 2021.

A. Resolution 2021-05.

Ms. Nichols *moved to adopt* Resolution 2021-05, authorizing ATRS to reimburse ATRS Trustees for expenses used in traveling for official Board duties. Ms. Bell *seconded the motion*, and the Board *unanimously adopted the resolution*.

VIII. Adoption of 2021-2022 Employer Contribution Rate.

A. Resolution 2021-06.

Mr. Higginbotham *moved to adopt* Resolution 2021-06, Adoption Employer Contribution Rate at the rate of 14.75% for the fiscal year starting July 1, 2021. Dr. Hernandez *seconded the motion*, and the Board *unanimously adopted the resolution*.

IX. Adoption of 2021-2022 Member Contribution Rate.

A. Resolution 2021-07.

Mr. Lester *moved to adopt* Resolution 2020-17, Adoption of Member Contribution Rate at the rate of 6.75% for the fiscal year starting July 1, 2021. Ms. Bell *seconded the motion*, and the Board *unanimously adopted the resolution*.

XI. Adoption of Contribution Rate applied to Outsourced Positions.

A. Resolution 2021-08.

Ms. Davis moved to adopt Resolution 2021-08, Adoption Contribution Rate of 4% applied to Outsourced Positions. Ms. Nichols seconded the motion, and the Board unanimously adopted the resolution.

XI. 2021 Board of Trustee Election Update.

A. Certification of Dr. Mike Hernandez as Administrator Trustee.

1. Resolution 2021-14.

Mr. Lester moved to adopt Resolution 2021-14, Certification of Dr. Mike Hernandez as Administrator Trustee. Ms. Davis seconded the motion, and the Board unanimously adopted the resolution.

B. Certification of Mr. Shawn Higginbotham as Administrator Trustee - Superintendent.

1, Resolution 2021-15.

Ms. Davis moved to adopt Resolution 2021-15 Certification of Mr. Shawn Higginbotham as Administrator Trustee - Superintendent. Ms. Bell seconded the motion, and the Board unanimously adopted the resolution.

C. Certification of Ms. Anita Bell as Minority Trustee.

2. Resolution 2021-16.

Ms. Davis moved to adopt Resolution 2021-16, Certification of Ms. Anita Bell as Minority Trustee. Ms. Nichols seconded the motion, and the Board unanimously adopted the resolution.

XII. Actuarial Valuations, June 30, 2020. 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.

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

Ms. Nichols moved to accept the Actuarial Valuations for Active & inactive Members, and Retirees & Beneficiaries as of June 30, 2020. Ms. Marshall seconded the motion, and the Board unanimously approved the motion.

- XIII. 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.

- XIV. 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. Six (6) employer penalties and interest amounts were waived for this reporting period in the amount of \$1,349.83.

XV. Manifest Injustice For Board Approval

- A. In the Matter of MI Claim #2020-06.** Director Rhoden presented the Board with MI Claim #2020-06. Executive Staff recommended the Board find a manifest injustice exists in this case and waive the \$2,498.11 interest due in the effort to finally resolve the errors in this member's record.

Mr. Lester moved to approve the Recommendation to find a manifest injustice exists and waive \$2,498.11 interest due to resolve errors in the member's record. Ms. Clayton seconded the motion, and the Board unanimously approved the motion.

- B. In the Matter of MI Claim #2020-07.** Director Rhoden presented the Board with MI Claim #2020-07. Executive Staff recommended the Board find a manifest injustice exists in this case and waive the \$8,448.38 interest due in the effort to finally resolve the errors in this member's record.

Mr. Johnson moved to approve the Recommendation to find a manifest injustice exists and waive \$8,448.38 interest due to

resolve errors in the member’s record. Ms. Bell *seconded* the *motion*, and the Board *unanimously approved* the *motion*.

XVI. Clarification and Reaffirmation of Investment Management Processes under ATRS Policy 4. Director Rhoden and Rod Graves gave a presentation regarding the need for clarification from the Board in this matter.

A, Resolution No. 2021-13.

Ms. Lester *moved to adopt* Resolution 2021-13, Clarification and Reaffirmation of Investment Management Processes under ATRS Policy 4. Mr. Higginbotham *seconded* the *motion*, and the Board *unanimously adopted* the *resolution*.

XVII. Audit Committee Report. Kelly Davis, Chair, gave a report on the Audit Committee Meeting.

A. Internal Audit Report: Teacher Deferred Retirement Option Plan (T-DROP). Dena Dixon gave the Committee the report on the Teacher Deferred Retirement Option Plan (T-DROP).

XVIII. Investment Committee Report. Robin Nichols, Chair, gave a report on the Investment Committee meeting.

A. Arkansas Related and Investment Update.

- 1. List of Fund Closings.** Rod Graves, Deputy Director, gave an update on recent Investment activity.
- 2. American Center Update.** Rod Graves, Deputy Director, gave the Committee an update on the American Center.

B. General Investment Consultant Report.

- 1. Preliminary Performance Report for the Quarter Ending December 31, 2020.** Katie Comstock of Aon Hewitt Investment Consulting provided the Committee with a preliminary portfolio update for the quarter ending December 31, 2020.

C. Real Asset Consultant Report.

- 1, **Performance Report for the Quarter Ending September 30, 2020.** Chae Hong of Aon Hewitt Investment Consulting provided the Committee with a portfolio update for the quarter ending September 30, 2020.
2. **Recommendation to Commit up to \$50 Million Dollars to ISQ Global Infrastructure Fund III, L.P, a Closed End Infrastructure Fund Specializing in Utilities, Transportation, and Power with Imminent Need.** Chae Hong provided the committee with the recommendation to Commit up to \$50 Million Dollars to ISQ Global Infrastructure Fund III, L.P, a Closed End Infrastructure Fund Specializing in Utilities, Transportation, and Power with Imminent Need

ATRS staff concurs with the recommendation.

a. **Resolution 2021-09**

Ms. Nichols *moved to adopt* Resolution 2021-09, to Commit up to \$50 Million Dollars to ISQ Global Infrastructure Fund III, L.P, a Closed End Infrastructure Fund Specializing in Utilities, Transportation, and Power with Imminent Need. The Board *unanimously adopted the Resolution.*

D. **Private Equity Consultant Report.**

1. **Private Equity Portfolio Review for the Quarter Ending September 30, 2020.** Michael Bacine of Franklin Park provided the Committee with a portfolio update for the quarter ending September 30, 2020.
2. **Recommendation to Make an Additional Commitment of up to \$30 Million Dollars in 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 with Imminent Need.** Michael Bacine of Franklin Park provided the Committee with a recommendation to make an Additional Commitment of up to \$30 Million Dollars in 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 with Imminent Need. .

Staff Concurs with the Recommendation.

a. **Resolution 2021-10**

Ms. Nichols *moved to adopt* Resolution 2021-10, to Make an Additional Commitment of up to \$30 Million Dollars in 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 with Imminent Need. The Board *unanimously adopted the Resolution.*

3. **Recommendation to Make an Additional Commitment of up to \$30 Million Dollars in 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 with Imminent Need.** Michael Bacine of Franklin Park provided the Committee with a recommendation to Make an Additional Commitment of up to \$30 Million Dollars in 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 with Imminent Need.

Staff Concurs with the Recommendation.

a. **Resolution 2021-11**

Ms. Nichols *moved to adopt* Resolution 2021-11, to Make an Additional Commitment of up to \$30 Million Dollars in 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 with Imminent Need. The Board *unanimously adopted the Motion.*

4. **Recommendation to Commit up to \$30 Million Dollars in Greenbriar Equity Fund V, L.P., a Buyout Fund that will Invest in Advanced Manufacturing and Business Services Companies Across the Logistics, Aerospace & Defense, and Transportation Sub-sectors with Imminent Need. Chae**

Hong provided the committee with the recommendation to Commit up to \$30 Million Dollars in Greenbriar Equity Fund V, L.P., a Buyout Fund that will Invest in Advanced Manufacturing and Business Services Companies Across the Logistics, Aerospace & Defense, and Transportation Sub-sectors with Imminent Need.

Staff Concurs with the Recommendation.

a. Resolution 2021-12

Ms. Nichols *moved to adopt* Resolution 2021-12, to Commit up to \$30 Million Dollars in Greenbriar Equity Fund V, L.P., a Buyout Fund that will Invest in Advanced Manufacturing and Business Services Companies Across the Logistics, Aerospace & Defense, and Transportation Sub-sectors with Imminent Need. Board *unanimously adopted the Motion*

XIX. 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. Legislative Package. Mr. Rhoden gave the Committee an update on the 2021 Legislative Package.

XX. Staff Reports.

A. Medical Committee Report. Mr. Kincade reported that a total of Fifteen (14) Disability Retirement Applications were approved.

Ms. Nichols *moved to approve* the Medical Committee Report. Ms. Bell *seconded* the *motion* and the Board *unanimously approved* the *Motion*.

XXI. Other Business: None

XXII. Adjourn. With no other business, Danny Knight, Chair adjourned the meeting.

Meeting adjourned at 11:51 a.m.

Clint Rhoden,
Executive Director

Mr. Danny Knight, Chair
Board of Trustees

Tammy Porter,
Recorder

Date Approved