

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

**Monday, December 6, 2021  
10:30 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  
Amanda Webb  
Susannah Marshall, Bank Commissioner\*  
Hon. Andrea Lea, State Auditor\*  
Jason Brady, designee for Dennis Milligan,  
State Treasurer

**Board Members Absent**

Johnny Key, Cabinet Secretary

**Reporters Present**

Mike Wickline, AR Democrat Gazette

**ATRS Staff Present**

Clint Rhoden, Executive Director  
Rod Graves, Deputy Director  
Tammy Porter, Ex. Assistant/Board Secretary  
Curtis Carter, Chief Financial Officer  
Dena Dixon, Internal Audit/Risk Management\*  
Braeden Duke, Software Specialist Analyst  
Vick Fowler, Manager, Human Resources\*  
Willie Kincade, Director of Operations  
Jennifer Liwo, Attorney Specialist  
Manju, Director, Information Services  
Jerry Meyer, Manager, Real Assets  
Martha Miller, General Counsel\*  
Leslie Ward, Manager, Private Equity  
Brenda West, Internal Audit/Risk Management\*  
Misty Yant, Manager, Accounting/Reporting\*

**Guest Present**

PJ Kelly, Aon (AHIC) \*  
Katie Comstock Aon (AHIC) \*  
Chae Hong, Aon (AHIC) \*  
Judith Kermans, GRS\*  
Brian Murphy, GRS\*  
Heidi Berry, GRS\*  
Derek Henning, GRS\*  
Donna Morey, ARTA\*  
Duncan Baird, APERS\*  
Kevin Baload, PageantMedia\*  
Lindsey Saienni\*  
Michael Bacine, Franklin Park\*  
Robin Nichols\*

*\*via ZOOM*

I. **Call to Order/Roll Call.** Mr. Danny Knight, Chair, called the Board of Trustees meeting to order at 11:03 a.m. Roll call was taken. Mr. Johnny Key was absent.

II. **Adoption of Agenda.**

**Mr. Lester moved for adoption of the Agenda. Ms. Bell 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. **February 1, 2021, Corrected Minutes.**

**Mr. Black moved for approval of the Corrected Minutes of the Board of Trustees meeting of February 1, 2021. Mr. Lester seconded the motion, and the Board unanimously approved the motion.**

B. **September 27, 2021, Minutes**

**Mr. Higginbotham moved for approval of the Minutes of the Board of Trustees meeting of September 27, 2021. Ms. Davis seconded the motion, and the Board unanimously approved the motion.**

C. **October 18, 2021, Minutes.**

**Ms. Bell moved for approval of the Minutes of the Board of Trustees meeting of October 18, 2021. Mr. Black seconded the motion, and the Board unanimously approved the motion.**

D. **November 15, 2021, Minutes.**

**Mr. Martin moved for approval of the Minutes of the Board of Trustees meeting of November 15, 2021. Ms. Clayton seconded the motion, and the Board unanimously approved the motion.**

V. **Actuarial Assumed Rate of Return.** Director Rhoden presented the Board with a report regarding his recommendation to lower the Actuarial Assumed Rate of Return. The Board members had extensive discussions regarding the assumed rate of return being lowered. This was not an action item, it was for informational purposes only.

**VI. Preliminary Active Actuarial Valuation.** Judy Kermans, Brian Murphy, Heidi Berry, and Derek Henning of GRS, gave a presentation regarding the Preliminary Active Actuarial Valuation. This was not an action item, it was for informational purposes only.

**VII. Statement of Financial Interest.** Director Rhoden gave a reminder that ATRS Trustees must file a Statement of Financial Interest (SFI) by the end of January 2021, for their financial information for calendar year 2021. This was not an action item, it was for informational purposes only.

**VIII. Proposed 2022 Board of Trustees Schedule.**

***Ms. Davis moved for approval of the 2022 Board of Trustees meeting schedule. Dr. Hernandez seconded the motion, and the Board unanimously approved the motion.***

**IX. Report of Member Interest Amount Waived Under A.C.A. Sec. 24-7-205.** 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. No member interest was waived this reporting period. This was for information purposes only and no action was taken.

**X. Report of Employer Penalties and Interest Waived Under A.C.A. Sec. 24-7-411.** 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 \$3,046.30. This was information purposes only and no action was taken.

**XI. Unreported Service: Employer and Member Contributions Due.** Director Rhoden gave the Board a report of a member with 15 years of unreported service. Executive staff recommended to the Board that a waiver of the employer's and member's interest be given in a effort to resolve the errors in the member's record.

***Mr. Lester moved for approval of the Executive Director recommendation to waive the Employer's and Member's interest due in order to resolve the errors in the member's record. Ms. Bell***

***seconded the motion. Roll call vote was taken and the Board unanimously approved the motion.***

**XII. Manifest Injustice Report.** The second Manifest Injustice report of 2021 was presented to the Board. The report is for information purposes only.

**XIII. Investment Committee Report. *Chip Martin, Vice Chair***

**A. Arkansas Related and Investment Update.**

1. **List of Fund Closings.** Rod Graves, Deputy Director, gave an update on recent investment activity.
2. **Recommendation to Approve for Board Adoption Resolution 2021-68, authorizing the purchase of the revenue stream generated by State of Arkansas tax credits associated with Highland Pellets with Imminent Need.** Ari Levy with Global Principal Partners (GPP) presented the Board with a recommendation to purchase the revenue stream generated by tax credits associated with Highland Pellets

**a. Resolution 2021-68.**

**Mr. Martin *moved to adopt* Resolution 2021-68, to authorize the purchase of the revenue stream generated by State of Arkansas tax credits associated with Highland Pellets with Imminent Need, and the Board *unanimously approved the* Resolution.**

**B. General Investment Consultant Report.**

1. **Preliminary Performance Report for the Quarter Ended September 30, 2021.** P. J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting provided the Committee with a preliminary portfolio update for the quarter ending September 30, 2021.
2. **Preliminary Performance Report for the Month Ended October 31, 2021.** P. J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting provided the Committee with a preliminary portfolio update for the month ending **October 31, 2021.**

**C. Real Assets Consultant Report.**

1. **Performance Report for the Quarter Ended June 30, 2021.**  
Jack Dowd and Chae Hong of Aon Hewitt Investment Consulting provided the Committee with the performance report for the quarter ending March 31, 2021.
2. **Recommendation to approve for Board adoption Resolution 2021-66, authorizing an investment of up to \$50 million dollars in Landmark Real Estate Partners IX, L.P. .**  
Chae Hong of Aon Hewitt Investment Consulting provided the Committee with a recommendation to Commit up to \$40 Million Dollars in Almanac Realty Securities IX, L.P. Director Rhoden confirmed staff concurs with the recommendation.
  - a. **Resolution 2021-66.**  
  
**Mr. Martin *moved to adopt* Resolution 2021-66, Recommendation authorizing an investment of up to \$50 million dollars in Landmark Real Estate Partners IX, L.P., and the Board *unanimously approved the* Resolution.**
3. **2022 Real Assets Commitment Pacing (Total Pacing \$575 Million Dollars).** Chae Hong presented the Committee with the recommendation to approve the 2022 Real Asset Commitment Pacing (Total Pacing \$575 million dollars) as follows:
  1. **Core Real Assets - \$250 Million Dollars.**
  2. **Value Added and Opportunistic Real Estate - \$250 Million Dollars; and**
  3. **Infrastructure - \$75 Million Dollars.**

Director Rhoden stated staff concurs with the recommendation.

**Mr. Martin *moved to approve* the 2022 Real Assets Commitment Pacing (Total Pacing \$575 Million Dollars), and the Board *unanimously approved the* Motion.**

**D. Private Equity Consultant Report.**

1. **Preliminary Private Equity Portfolio Review for the Quarter Ended June 30, 2021.** Michael Bacine of Franklin Park provided the Committee with a portfolio review for the quarter ending June 30, 2021.
2. **2022 Private Equity Pacing Schedule (Total Pacing \$350 Million Dollars).** Michael Bacine of Franklin Park provided the Committee with the 2022 Private Equity Pacing Schedule (Total Pacing \$350 million dollars) as follows:
  - a. **Six Small or Mid Buyout/Growth/Turnaround \$30-35 Million Dollars Each in the U.S. (Total \$200 Million Dollars)**
  - b. **One Debt/Distressed Assets \$30 Million Dollars.**
  - c. **Franklin Park International Fund XI \$30 Million Dollars**
  - d. **Franklin Park Venture Fund XIV \$30 Million Dollars.**
  - e. **Franklin Park Venture Capital Opportunity Fund \$30 Million Dollars.**
  - f. **Franklin Park Corporate Finance Access Fund II \$30 Million Dollars.**
  - g. **ATRS/FP Private Equity Fund (Co-Investment Fund) No New Allocation.**

Director Rhoden stated that staff concurs with the Recommendation.

**Mr. Martin *moved to approve 2022 Private Equity Pacing Schedule (Total Pacing \$350 Million Dollars), and the Board *unanimously approved the Motion****

3. **Recommendation to approve for Board adoption Resolution 2021-63 authorizing an investment of up to \$30 million dollars in Franklin Park International Fund XI, L.P. with Imminent Need.** Mr. Michael Bacine of Franklin Park provided the Committee with the recommendation for Board adoption Resolution 2021-63 authorizing an investment of up to

\$30 million dollars in Franklin Park International Fund XI, L.P. with Imminent Need. Director Rhoden stated that staff concurs with the recommendation.

**Mr. Martin *moved to adopt* Resolution 2021-63, authorizing an investment of up to \$30 million dollars in Franklin Park International Fund XI, L.P. with Imminent Need, and the Board *seconded the motion*, and the Board *unanimously approved the motion*.**

4. **Recommendation to approve for Board adoption Resolution 2021-64 authorizing an investment of up to \$30 million dollars in Franklin Park Venture Capital Opportunity Fund, L.P. with Imminent Need.** Mr. Michael Bacine of Franklin Park provided the Committee with the recommendation to approve for Board adoption Resolution 2021-64 authorizing an investment of up to \$30 million dollars in Franklin Park Venture Capital Opportunity Fund, L.P. with Imminent Need.

Director Rhoden stated staff concurs with the recommendation.

**Mr. Martin *moved to adopt* Resolution 2021-64, authorizing an investment of up to \$30 million dollars in Franklin Park Venture Capital Opportunity Fund, L.P. with Imminent Need, and the Board *unanimously approved the motion*.**

5. **Recommendation to approve for Board adoption Resolution 2021-65, authorizing an investment of up to \$30 million dollars in Riverside Value Fund I, L.P. with Imminent Need.** Mr. Michael Bacine presented the Committee with the recommendation to approve for Board adoption Resolution 2021-65 authorizing an investment of up to \$30 million dollars in Riverside Value Fund I, L.P. with Imminent Need.

Director Rhoden stated staff concurs with the recommendation.

**Mr. Martin *moved to adopt* Resolution 2021-65, authorizing an investment of up to \$30 million dollars in Riverside Value Fund I, L.P. with Imminent Need, and the Board *unanimously approved the motion*.**

**XIV. Operations Committee Report.** Kelly Davis, Vice 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. Director Rhoden discussed the issue regarding the new Arkansas Congressional District map as it relates to ATRS Board elections. The Arkansas Legislature redefined the boundaries of the four congressional districts in October of 2021. The boundaries of the four Congressional Districts will become effective January 14th, 2022. ATRS staff is recommending that the Board approve a resolution that for purposes of trustee eligibility, the congressional district map in place on the first day of the fiscal year be used for the entire fiscal year. This will provide consistency for Board elections and appointments.
  
2. Ms. Clayton discussed some concerns regarding the use of ATRS' logo by a candidate running for a Trustee's position. She stated that she was asked by several people (non ATRS staff or Board member) if ATRS was endorsing a particular candidate. The Committee agreed that neither the ATRS Board or staff endorses any candidate running for a Trustee's position in a Board Election. Director Rhoden told the Committee ATRS currently has no written rules regarding these issues. He stated that we are in the public comment period on Rule promulgation for Rule 4. We can craft a public comment regarding endorsing any candidate and the use of ATRS logo. The Committee agreed that protecting the integrity of the Board is of utmost importance.

After discussion, the Committee asked Staff to draft public comments to Rule 4 regarding these 2 issues and present to the Committee at the next meeting in February, 2022.

- B. Board Policy 3 Update – Regarding Independent Actuary. Committee Appointments.** Director Rhoden gave the Committee a draft of the update to Board Policy 3 Update regarding independent actuary. Board Policy 3 has been updated to reflect the current process that is before each Regular Session of the Arkansas General Assembly, all actuarial

census data is sent to an independent actuary hired by the State Legislature for use in reviewing the system and preparing cost analysis reports for legislation affecting ATRS.

Director Rhoden stated that staff concurs with the recommendation.

**Mr. Lester *moved to approve* the update to approve the update to Board Policy 3 regarding Independent Actuary, and the Board *unanimously approved the Motion.***

- C. Rule Promulgation Status Update.** Jennifer Liwo, Attorney Specialist, gave the Committee an update on the current status of ATRS Rule package promulgation.

- XV. Board of Trustees Congressional District Map. Resolution 2021-67.** Director Rhoden presented the Board with a recommendation regarding the Congressional District as it relates to Board Election.

**Mr. Lester *moved to adopt* Resolution 2021-67, that the Arkansas congressional district boundaries as defined on the first day of the fiscal year shall be used to determine trustee candidate eligibility for the complete fiscal year. Auditor Lea *seconded the motion* and the Board *unanimously approved the Motion.***

- XVI. Board of Trustees Disability Review.** Under the Disability Review procedure described in A.C.A. §24-7-704(b)(3)(D) the Board shall make a final decision on the recommendations of the Medical Committee. Mr. Rhoden presented the Board with the following proposed orders for Board approval regarding Disability Review recommendations.

- A. Group Order - Approved. DR-2021-12-A**

**Mr. Black *moved to approve* the Group Order – Approved DR.2021-12-A. Ms. Brady *seconded the motion* and the Board *unanimously approved the Motion.***

- XVII. Staff Reports.**

- A. Medical Committee Report.** Mr. Kincade reported that a total of Seventeen (17) Disability Retirement Applications were approved.

**Ms. Clayton *moved to approve* the Medical Committee Report. Mr. Martin *seconded the motion* and the Board *unanimously approved the Motion.***

**XVIII. Election of Board Chair and Vice Chair.**

**1. Board Chair**

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

**2. Vice Chair**

**Mr. Lester *moved for nominate* Mr. Lloyd Black as Vice Chairman of the Board of Trustees. Mr. Higginbotham *seconded the motion*, and the Board *unanimously approved the motion*.**

**XIX. Other Business. None.**

**XX. Adjourn.**

**Mr. Martin *moved to adjourn* the Board of Trustees meeting. Mr. Lester *seconded the motion*, and the Board *unanimously approved the motion*.**

Meeting adjourned at 1:04 p.m.

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Mr. Clint Rhoden,  
Executive Director

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Mr. Danny Knight, Chair  
Board of Trustees

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Tammy Porter,  
Recorder

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Date Approved