

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

**Monday, February 7, 2022
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*
Amanda Webb*
Susannah Marshall, Bank Commissioner
Johnny Key, Secretary, Dept. of Ed*
Jason Brady, designee for Hon. Dennis Milligan
Hon. Andrea Lea, State Auditor*

Reporters Present

Mike Wickline, AR Dem Gaz.

ATRS Staff Present

Clint Rhoden, Executive Director
Rod Graves, Deputy Director
Tammy Porter, Ex. Assistant/Board Secretary
Curtis Carter, Chief Financial Officer
Vicky Fowler, Manager, Human Resources
Willie Kincade, Director of Operations
Jennifer Liwo, Attorney Specialist
Kevin Odum, Attorney Specialist
Martha Miller, General Counsel*
Manju, Director Information Technology*
Joe Sithong, Information Tech Coordinator*
Leslie Ward, Manager, Private Equity*
Brenda West, Internal Audit/Risk Mgmt.*
Misty Yant, Manager, Reporting*

Guest Present

Katie Comstock, Aon Hewitt (AHIC)*
PJ Kelly, Aon Hewitt (AHIC)*
Chae Hong, Aon Hewitt (AHIC)*
Michael Bacine, Franklin Park*
Duncan Baird, APERS*
Donna Morey, ARTA*
Gar Chung*
Heartsill Ragon, Gill, Elrod and Ragon*
Aifric O'Raghallaigh*
ID: MHelms*
Rush Deacon*
Kevin Baload – Journalist, With.Intelligence*
Ari Levy*
Robin Nichols
Jeff Stubblefield

**Via ZOOM*

- I. **Call to Order/Roll Call.** Mr. Danny Knight, Chair, called the Board of Trustees meeting to order at 11:01 a.m. Roll call was taken. All members were present.

II. Motion to Excuse Absent Board Members. No member was absent.

III. Adoption of Agenda.

Mr. Lester moved for adoption of the Agenda. Mr. Black 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 Prior Meeting Minutes.

A. April 5, 2021, Minutes – Scrivener’s Error.

Mr. Black moved for approval of the Minutes of the Board of Trustees meeting of April 5, 2021. Ms. Bell seconded the motion, and the Board unanimously approved the motion.

B. December 6, 2021, Minutes.

Ms. Bell moved for approval of the Minutes of the Board of Trustees meeting of December 6, 2021. Ms. Clayton seconded the motion, and the Board unanimously approved the motion.

VI. Member Appeal

A. In Re: Mary K. Wood, Case No. 2021-MA-002

Matter was deferred to the April 4, 2022, Board Meeting.

VII. Staff Empowerment.

A. Authority to Transact Business.

1. Resolution 2022-01

Mr. Higginbotham moved to adopt Resolution 2022-01, 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 2022-02.

Mr. Black moved to adopt Resolution 2022-02, Authorizing Specific Powers of Executive Director on behalf of the ATRS Board of Trustees. Mr. Lester *seconded* the *motion* and the Board *unanimously adopted the resolution*.

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

1. Resolution 2022-03

Mr. Lester *moved to adopt* Resolution 2022-03, Appointment of ATRS as Manager of LLC's. Ms. Marshall *seconded* the *motion*, and the Board *unanimously adopted the resolution*.

VIII. Authority to Reimburse Trustee Expenses for 2022.

A. Resolution 2022-04.

Ms. Bell *moved to adopt* Resolution 2022-04, 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. Davis *seconded* the *motion*, and the Board *unanimously adopted the resolution*.

IX. Authorization for Board Travel and Expense Reimbursement for 2022.

A. Resolution 2022-05.

Mr. Johnson *moved to adopt* Resolution 2022-05, authorizing ATRS to reimburse ATRS Trustees for expenses used in traveling for official Board duties. Dr. Hernandez *seconded* the *motion*, and the Board *unanimously adopted the resolution*.

X. Adoption of 2022-2023 Employer Contribution Rate.

A. Resolution 2022-06.

Mr. Higginbotham *moved to adopt* Resolution 2022-06, Adoption Employer Contribution Rate at the rate of 15.00% for the fiscal year starting July 1, 2022. Ms. Bell *seconded* the *motion*, and the Board *unanimously adopted the resolution*.

XI. Adoption of 2022-2023 Member Contribution Rate.

A. Resolution 2022-07.

Mr. Lester *moved to adopt* Resolution 2022-07, Adoption of Member Contribution Rate at the rate of 7.00% for the fiscal year starting July 1, 2022. Ms. Davis *seconded the motion*, and the Board *unanimously adopted the resolution*.

XII. Adoption of Contribution Rate applied to Outsourced Positions.

A. Resolution 2022-08.

Mr. Black *moved to adopt* Resolution 2022-08, Adoption Contribution Rate of 4% applied to Outsourced Positions. Ms. Bell *seconded the motion*, and the Board *unanimously adopted the resolution*.

XIII. Retirement Benefit Formula.

A. Resolution 2022-09.

Dr. Hernandez *moved to adopt* Resolution 2022-09, Adoption of Retirement Benefit Formula. Mr. Lester *seconded the motion*, and the Board *unanimously adopted the resolution*.

XIV. Board of Trustees Election Update.

A. Positions No. 1 and No. 9. Mr. Rhoden gave the Board an update on the candidates for Positions No. 1 and No. 9.

B. Selection of Election Vendor.

1. Resolution 2022-17.

Mr. Lester *moved to adopt* Resolution 2022-17, Approving the selection of SourceOne of Little Rock, Arkansas, to conduct the 2022 ATRS Board Election. Ms. Clayton *seconded the motion*, and the Board *unanimously adopted the resolution*.

C. Selection of Election Vendor for Campaign Material.

1. Resolution 2022-22.

Mr. Lester moved to adopt Resolution 2022-22, Approving the selection of SourceOne of Little Rock, Arkansas, for the purpose of sending campaign materials to eligible voter. Ms. Clayton seconded the motion, and the Board unanimously adopted the resolution.

XV. Actuarial Valuations, June 30, 2021. 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.

Mr. Lester moved to accept the Actuarial Valuations for Active & Inactive Members, and Retirees & Beneficiaries as of June 30, 2021. Ms. Marshall seconded the motion, and the Board unanimously approved the motion.

XVI. 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.

XVII. 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.

XVIII. Unreported Service: Employer and Member Contributions due.

A. In Re: ATRS 235667. Mr. Rhoden presented the Board with the employer and member contributions due ATRS ID# 235667.

1. Resolution 2022-21

Mr. Higginbotham moved to adopt Resolution 2022-21, Approving waiver of Interest on Contributions of Unreported Service. Ms. Bell seconded the motion, and the Board unanimously adopted the resolution.

XIX. Manifest Injustice For Board Approval

A. In the Matter of MI Claim #2021-05. Director Rhoden presented the Board with MI Claim #2021-05. Executive Staff recommended the Board find a manifest injustice exists in this case and the Board extend the deadline in this matter.

1. Resolution 2022-19.

Mr. Black moved to adopt Resolution 2022-19, to find a manifest injustice exists and extend the deadline in this matter. Ms. Bell seconded the motion, and the Board unanimously adopted the resolution.

B. In the Matter of MI Claim #2021-07. Director Rhoden presented the Board with MI Claim #2021-07. Executive Staff recommended the Board find a manifest injustice exists in this case and waive the repayment of retirement benefits and T-DROP contributions due.

Mr. Black moved to adopt Resolution 2022-20, to find a manifest injustice exists and repayment of retirement benefits in the amount of \$62,510.42 be waived, that repayment of T-DROP distribution of \$45,097.84 be waived and that no new retirement application be required of the member. Ms. Bell seconded the motion, and the Board unanimously approved the motion.

XX. Forfeiture Recommendation pursuant to A.C.A. 24-7-734(6). Ms. Martha Miller, General Counsel, gave a presentation regarding forfeiture recommendations. Staff reviewed 47 member accounts and identified member benefits totally in the aggregate \$22,366.64. Staff recommends the Board find these benefits should be forfeited according to A.C.A. §24-7-734(b) and directed staff to transfer these benefits to the trust assets of ATRS.

Mr. Lester moved to accept the Forfeiture recommendation as presented to the Board. Mr. Black seconded the motion, and the Board unanimously approved the motion.

XXI. Approval of New ATRS Employer. Director Rhoden presented the Board with the recommendation to approve Economic Arkansas as a covered employer.

Staff recommends the Board approve Resolution 2022-18, detailing the approval of Economics Arkansas as a covered employer.

Mr. Lester *moved to adopt Resolution 2022-18, to approve Economic Arkansas as a covered employer. Ms. Bell seconded the motion, and the Board unanimously approved the motion.*

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

A. Election of Committee Chair and Vice Chair. The Committee elected Ricky Quattlebaum as Chair and Kelly Davis as Vice Chair.

B. Board Policy No. 1 Revision. Director Rhoden provided the Committee with revision to Board Policy No. 1. The change was to define the make-up of the Audit Committee.

Ms. Davis *moved to approve revisions to Policy No. 1 as submitted by Director Rhoden. The Board unanimously approved the motion.*

C. Internal Audit: Reciprocal Service Benefit Follow-up Report. Ms. Dena Dixson presented the report to the Committee.

XVIII. Investment Committee Report. Shawn Higginbotham, acting Chair, gave a report on the Investment Committee meeting.

A. Election of Committee Chair and Vice Chair. The Committee elected Chip Martin as Chair and Kathy Clayton as Vice Chair.

B. Arkansas Related and Investment Update.

1. List of Fund Closings. Rod Graves, Deputy Director, gave an update on recent Investment activity. Mr. Graves reported a correction to the Committee. The summary for this meeting listed a closing date of January 14, 2022, for item six, Franklin Park Corporate Access Fund II. This investment closed on February 4, 2022.

2. Recommendation to approve for Board adoption Resolution 2022-10 authorizing the purchase of the revenue stream generated by state of Arkansas tax credits associated with Big River Steel with Imminent Need. Rod Graves explained the need to use Arkansas Capital Corporation as an approved subcontractor for Global Principal Partners (GPP) for the review of this investment opportunity. The approved subcontractor for GPP was used to avoid any appearance of potential conflicts of interest because of relationships between GPP, US Steel, and ATRS. Representatives of Arkansas Capital Corporation presented the Committee with a recommendation to purchase the revenue stream generated by tax credits associated with Big River Steel.

Staff concurs with the Recommendation

Mr. Higginbotham *moved to approve Resolution 2022-10, authorizing the purchase of the revenue stream generated by state of Arkansas tax credits associated with Big River Steel with Imminent Need. The Board unanimously approved the motion.*

C. General Investment Consultant Report.

1. Preliminary Performance Report for the Quarter Ending December 31, 2021. Katie Comstock of Aon Hewitt Investment Consulting provided the Committee with a preliminary portfolio update for the quarter ending December 31, 2021.

2. **Recommendation to approve Resolution 2022-11 authorizing an investment of up to \$50 million dollars in Silver Point Capital Fund LP. with Imminent Need.** P. J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting provided the Board with a recommendation to approve for Board adoption Resolution 2022-11 authorizing an investment of up to \$50 million dollars in Silver Point Capital Fund LP. with Imminent Need.

Staff concurs with the recommendation.

Mr. Higginbotham *moved to approve Resolution 2022-11, authorizing an investment of up to \$50 million dollars in Silver Point Capital Fund LP. with Imminent Need. The Board *unanimously approved the motion.**

D. Real Asset Consultant Report.

1. **Performance Report for the Quarter Ending September 30, 2021.** Jack Dowd of Aon Hewitt Investment Consulting provided the Board with a portfolio update for the quarter ending September 30, 2021.

E. Private Equity Consultant Report.

1. **Private Equity Portfolio Review for the Quarter Ending September 30, 2021.** Michael Bacine of Franklin Park provided the Board with a portfolio review for the quarter ending September 30, 2021.
2. **Recommendation to approve Resolution 2022-12 authorizing an investment of up to \$30 million dollars in SK Capital Partners VI, L.P. with Imminent Need.** Mr. Michael Bacine of Franklin Park provided the Committee with the recommendation for Board adoption Resolution 2022-12 authorizing an investment of up to \$30 million dollars in SK Capital Partners VI, L.P. with Imminent Need.

Staff concurs with the recommendation

Mr. Higginbotham moved to approve Resolution 2022-12, authorizing an investment of up to \$30 million dollars in SK Capital Partners VI, L.P. with Imminent Need. The Board *unanimously approved the motion.*

3. **Recommendation to approve for Board adoption Resolution 2022-13 authorizing an investment of up to \$15 million dollars in Thoma Bravo Fund XV, L.P. with Imminent Need.** Mr. Michael Bacine of Franklin Park provided the Committee with the recommendation for Board adoption Resolution 2022-13 authorizing an investment of up to \$15 million dollars in Thoma Bravo Fund XV, L.P. with Imminent Need.

Staff concurs with the recommendation.

Mr. Higginbotham moved to approve Resolution 2022-13 authorizing an investment of up to \$15 million dollars in Thoma Bravo Fund XV, L.P. with Imminent Need. The Board *unanimously approved the motion.*

4. **Recommendation to approve for Board adoption Resolution 2022-14, authorizing an investment of up to \$15 million dollars in Thoma Bravo Discover Fund IV, L.P. with Imminent Need.** Mr. Michael Bacine of Franklin Park provided the Committee with the recommendation for Board adoption Resolution 2022-14 authorizing an investment of up to \$15 million dollars in Thoma Bravo Discover Fund IV, L.P. with Imminent Need.

Staff concurs with the recommendation.

Mr. Higginbotham moved to approve Resolution 2022-14, authorizing an investment of up to \$15 million dollars in Thoma Bravo Discover Fund IV, L.P. with Imminent Need. The Board *unanimously approved the motion.*

5. **Recommendation to approve for Board adoption Resolution 2022-15 authorizing an investment of up to \$15 million dollars in Thoma Bravo Explore Fund II, L.P. with Imminent Need.** Mr. Michael Bacine presented the Committee

with the recommendation to approve for Board adoption Resolution 2022-15 authorizing an investment of up to \$15 million dollars in Thoma Bravo Explore Fund II, L.P. with Imminent Need.

Staff concurs with the recommendation.

Mr. Higginbotham *moved to approve Resolution 2022-15 authorizing an investment of up to \$15 million dollars in Thoma Bravo Explore Fund II, L.P. with Imminent Need. The Board *unanimously approved the motion.**

6. **Recommendation to approve Resolution 2022-16, authorizing an additional investment of up to \$30 million dollars in Franklin Park Corporate Finance Access Fund II, L.P. with Imminent Need.** Mr. Michael Bacine presented the Committee with the recommendation to approve for Board adoption Resolution 2022-16 authorizing an additional investment of up to \$30 million dollars in Franklin Park Corporate Finance Access Fund II, L.P. with Imminent Need.

Staff concurs with the recommendation.

Mr. Higginbotham *moved to approve Resolution 2022-16, authorizing an additional investment of up to \$30 million dollars in Franklin Park Corporate Finance Access Fund II, L.P. with Imminent Need. The Board *unanimously approved the motion.**

XXV. Operations Committee Report. Bobby Lester, Chair, gave a report on the Operations Committee meeting.

- A. Election of Committee Chair and Vice Chair.** The Committee elected Mr. Bobby Lester as Chair and Ms. Anita Bell as Vice Chair.

- B. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members in Attendance.**
 - 1. Open Forum. None.

- C. Approval of Rules after Public Comment Period.** Jennifer Liwo, Attorney Specialist, presented the Rules after public comment period.

Mr. Lester *moved to approve* Rule 4, Rule 6, Rule 7, Rule 8, Rule 9, Rule 10, and Rule 11, after the public comment period. The Board *unanimously approved the motion.*

XXV. Board of Trustees Disability Review. Willie Kincade provided the Board with the disability review.

Ms. Clayton *moved to approve* the Group Order DR-2022-02-A. Mr. Black *seconded the motion and the Board unanimously approved the Motion.*

XXVI. Staff Reports.

- A. Medical Committee Report.** Mr. Kincade reported that a total of Sixteen (16) Disability Retirement Applications were approved.

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

- B. Personnel Report.** Ms. Vicky Fowler, Human Resources Director provided the Board with the personnel report.

- C. Direct Investment Consultant RFP/RFQ.** Deputy Director Rod Graves provided the Board with the recommendation to work with OSP to solicit one or more firms to do due diligence.

Mr. Brady moved to approve staff work with OSP to use OSP to solicit one or more firms to perform due diligence. Mr. Lester *seconded* the *motion* and the Board *unanimously approved* the *Motion*.

XXVII. Other Business: None

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

Meeting adjourned at 12:28 p.m.

Clint Rhoden,
Executive Director

Mr. Danny Knight, Chair
Board of Trustees

Tammy Porter,
Recorder

Date Approved