

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

**Monday, April 4, 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
Kelly Davis
Dr. Mike Hernandez
Shawn Higginbotham
Michael Johnson
Bobby Lester
Chip Martin
Amanda Webb
Susannah Marshall, Bank Commissioner
Jason Brady, designee for Hon. Dennis Milligan
Hon. Andrea Lea, State Auditor

Board Members Absent

Kathy Clayton.
Johnny Key, Secretary, Dept of Ed.

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)*
Michael Bacine, Franklin Park*
Donna Morey, ARTA*
Gar Chung, FIN-News*
Kevin Baload – Journalist, With.Intelligence*
ID: MHelms*
Mary Wood and Husband
Nick Henry, State Auditor's Office

**via ZOOM*

- I. **Call to Order/Roll Call.** Mr. Danny Knight, Chair, called the Board of Trustees meeting to order at 11:02 a.m. Roll call was taken. Ms. Clayton and Mr. Key were absent.

- II. **Motion to Excuse Absent Board Members.**

Mr. Higginbotham *moved to excuse Ms. Clayton and Mr. Key from the April 4, 2022, Board Meeting. Ms. Bell seconded the motion, and the Board unanimously approved the motion.*

III. Adoption of Agenda.

Dr. Hernandez *moved for adoption of the Agenda. Mr. Johnson 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. February 7, 2022, Minutes

Mr. Lester *moved for approval of the Minutes of the Board of Trustees meeting of February 7, 2022. Ms. Davis seconded the motion, and the Board unanimously approved the motion.*

B. February 25, 2022, Minutes.

Mr. Higginbotham *moved for approval of the Minutes of the Board of Trustees meeting of February 25, 2022. Ms. Bell seconded the motion, and the Board unanimously approved the motion.*

C. March 18, 2022, Minutes.

Ms. Bell *moved for approval of the Minutes of the Board of Trustees meeting of March 18, 2022. Mr. Johnson seconded the motion, and the Board unanimously approved the motion.*

VI. Member Appeal

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

Director Rhoden gave the Board a report on the matter of Ms. Wood's case. The issue of this case is whether Ms. Wood is eligible to have her retirement benefits retroactively applied to begin on July 1, 2020, rather than September 1, 2020, even though her retirement application was not submitted to ATRS until August 21, 2020. The Executive Director agreed with ATRS staff that benefits should not be applied

retroactively to begin July 1. A summary of the findings of facts were presented to the Board.

Ms. Wood appealed the Executive Director's decision and requested an administrative hearing. The Administrative Hearing Officer concluded that there was no evidence that the Executive Director acted unreasonably in denying Ms. Wood's request for a waiver of the deadline to be a July 1 retiree.

Ms. Wood appealed the Administrative Hearing Officer's proposed order and requested Board review of the decision. Ms. Wood appeared in person and pled her case to the Board.

The Board sympathized with Ms. Wood, but upheld the Administrative Hearing Officer's decision.

Mr. Black moved for approval of the Administrative Hearing Officer's proposed Order regarding Member Appeal 2021-MA-002. Ms. Davis 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. No member interest was waived for this reporting period.

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. No employer penalties were waived for this reporting period

IX. Approval of New ATRS Employer.

A, In the matter of Arkansas Public School Resource Center. Director Rhoden presented the Board with the recommendation to approve Arkansas Public School Resource Center as a covered employer of ATRS.

Staff concurs with the recommendation.

1. Resolution 2022-38

Mr. Lester moved to adopt Resolution 2022-38, Approving Arkansas Public School Recourse Center (APSRC) as a covered employer of ATRS. Dr. Hernandez seconded the motion, and the Board unanimously adopted the resolution.

X. Audit Committee Report. Mr. Ricky Quattlebaum, Chair, gave a report on the Audit Committee Meeting.

A. Internal Audit Follow-up Report: Disability Service Benefits. Ms. Dena Dixson presented the report to the Committee.

B. Other Business. Mr. Quattlebaum passed out the evaluation of Ms. Brenda West to the committee member to complete. The evaluations are due back to Mr. Quattlebaum by May 1, 2022.

XI. Investment Committee Report. Mr. Shawn Higginbotham, acting 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

B. General Investment Consultant Report.

1. Preliminary Performance Report for the Quarter Ending February 28, 2022. Katie Comstock of Aon Hewitt Investment Consulting provided the Committee with a preliminary portfolio update for the quarter ending February 28, 2022.

2. Open Forum to discuss Investment related topics. P. J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting discussed investment related topics and issues with Committee Members and Board members in attendance.

C. Real Asset Consultant Report.

1. Recommendation to approve for Board adoption Resolution 2022-23 authorizing an additional investment of up to \$25

million dollars in KKR Diversified Core Infrastructure Fund L.P.

Staff concurs with the recommendation.

Mr. Martin *moved to approve* adoption Resolution 2022-23 authorizing an additional investment of up to \$25 million dollars in KKR Diversified Core Infrastructure Fund L.P. The Board *unanimously approved the motion.*

D Private Equity Consultant Report.

- 1. Recommendation to approve for Board adoption Resolution 2022-24 authorizing an investment of up to \$30 million dollars in Arlington Capital Partners VI, LP.** Michael Bacine of Franklin Park provided the Board with the recommendation to authorize an investment of up to \$30 million dollars in Arlington Capital Partners VI, LP.

Staff concurs with the recommendation.

Mr. Martin *moved to approve* adoption Resolution 2022-24 authorizing an investment of up to \$30 million dollars in Arlington Capital Partners VI, LP The Board *unanimously approved the motion.*

- 2. Recommendation to approve for Board adoption Resolution 2022-25 authorizing an additional investment of up to \$30 million dollars in Franklin Park Venture Capital Fund XIV, LP.** Mr. Michael Bacine of Franklin Park provided the Committee with the recommendation for Board adoption Resolution 2022-25 authorizing an additional investment of up to \$30 million dollars in Franklin Park Venture Capital Fund XIV, LP.

Staff concurs with the recommendation

Mr. Martin *moved to approve* Resolution 2022-25 authorizing an additional investment of up to \$30 million dollars in Franklin Park Venture Capital Fund

XIV, LP. The Board *unanimously approved the motion.*

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

A, Open Forum for Potential Rule and Law Changes by Committee Members and Board Members Presents.

- 1. Open Forum.** Director Rhoden brought the following items to the Committee and Members for Discussion.
 - a. Potential Legislation for 2023.
 - b. Teacher Shortage
 - c. Retiree Purchasing Power.

After discussion, The committee Director Rhoden told the Committee a draft will be brought to the Committee at the June 6, 2022, meeting.

B. Rules Promulgation Statutes Update. Ms. Jennifer Liwo gave the Committee a report on when the rules would be final. After the review and approval of the rules by the Joint Committee on Public Retirement and Social Security Programs and the Arkansas Legislative Council, the final rules will be submitted to Chairman Knight and then filed with the Secretary of State, BLR, and the Arkansas State Library. The final rules will be effective 10 days after filing with the Secretary of State. The final rules should be effective no later than June 1, 2022.

C. Retirement after Full Year of Service Credit. Director Rhoden presented the Committee with a recommendation to obtain Board approval of Resolution 2022-26.

Mr. Lester *moved* to approve adoption of Resolution 2022-26, Retirement after Full Year of Service Credit. Ms. Davis *seconded* the *motion*. The Board *unanimously approved the motion*.

D. New Policy: E-signatures. Ms. Martha Miller gave the committee a report and recommendation regarding the new policy for signature.

Mr. Lester *moved* to *approve* adoption of Resolution 2022-27, new policy regarding E-signatures. The Board *unanimously approved the motion*.

XIII. Litigation Update. Martha Miller, General Counsel, provided the Board with the update regarding various on-going litigation.

XIV. Staff Reports.

A. Medical Committee Report. Mr. Kincade reported that a total of Nine (9) Disability Retirement Applications were approved.

Mr. Brady moved to approve the Medical Committee Report. Mr. Higginbotham seconded the motion and the Board unanimously approved the Motion.

XV. Other Business: Resolution No. 2022-27, recognizing Mr. Brian Kennerly, deceased, for his service and dedication to ATRS.

Mr. Lester moved to approve adoption of Resolution 2022-27. Mr. Martin seconded the motion and the Board unanimously approved the Motion.

XVI. Adjourn. With no other business, Mr. 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