

AGENDA
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES

December 2, 2019
12:30 p.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 7.
- V. ***Approval of Prior Meeting Minutes.**
 - A. ***October 7, 2019 Minutes.** (Attachment No. 2) page 24.
 - B. ***June 3, 2019 Minutes - Scriverner's error.** (Attachment No. 3) page 39.
 - C. ***September 11, 2019 - Scriverner's error.** (Attachment No. 4) page 53.
- VI. Authority to Transact Business.
 - A. ***Resolution 2019-45.** (Attachment No. 5) page 57.
- VII. Preliminary Active Actuarial Valuation. *Judy Kermans and Brian Murphy of Gabriel, Roeder, Smith and Company* (Attachment No. 6) page 58.
- VIII. Statement of Financial Interest. (Attachment No. 7) page 104.
- IX. ***Proposed 2020 Board of Trustees Schedule.** (Attachment No. 8) page 122.
- X. Report of Member Interest Waived Under A.C.A. Sec. 24-7-205. No Member interest waived this reporting period.

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- XI. Report of Employer Interest and Penalties Waived Under A.C.A. Sec. 24-7-411. One (1) Employer penalties and interest was waived this reporting period in the amount of \$168.96. (Attachment No. 9) page 123.
- XII. Manifest Injustice Report. (Attachment No. 10) page 124.
- XIII. ***Manifest Injustice For Board Approval.**
- A. ***In Re: MI-2018-006.**
1. ***Question as to whether a Manifest Injustice exists.**
 2. ***Question as to waiving the look-back period.**
 3. ***Question as to billing LRSD for employer contributions.**
 4. ***Question as to billing LRSD interest from FY 2015 to FY 2020.**
 5. ***Question as to billing LRSD interest from FY 1997 to FY 2014.**
 6. ***Question as to future interest.**
- XIV. ***Member Appeal.** *Martha Miller, General Counsel, and Kevin Odum, Attorney Specialist*
- A. ***In Re: Benny Tunstall MA-2019-001.** (Attachment No. 11) page 125.
- XV. Audit Committee Report. *Kelly Davis, Audit Committee Chair*
- A. Internal Audit Follow-up Report: Implementation of Legislation Enacted by the 91st General Assembly for the Period December 24, 2017 - April 30, 2019. (Attachment No. 12) page 133.
- B. Internal Audit Report: Board Resolutions Effective July 1, 2018/July 1, 2019. (Attachment No. 13) page 135.
- C. Internal Audit Department Updates.
1. Arkansas Continuity of Operations Program (ACOOOP) Plan Review Scores. (Attachment No. 14) page 143.
 2. Changes in Internal Audit Staff.
- XVI. Investment Committee Report. *Robin Nichols, Investment Committee Chair*
- A. Arkansas Related and Investment Update.
1. List of Fund Closings.
 - a. KPS Special Situations Fund V, L.P., a Private Equity Turnaround Fund that will Invest in Large Manufacturing Companies with Solvable Operating and Financial Difficulties, the Board Authorized Commitment of up to \$30 Million Dollars on September 11, 2019 was Accepted and Closed on October 15, 2019.

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- b. KPS Special Situations Mid-Cap Fund, L.P., a Private Equity Turnaround Fund that will Invest in Middle Market Manufacturing Companies with Solvable Operating and Financial Difficulties, the Board Authorized Commitment of up to \$30 Million Dollars on September 11, 2019 was Accepted and Closed for \$20 Million Dollars on October 15, 2019.
 - 2. Investment Manager Guideline Update.
- B. General Investment Consultant Report.
 - 1. Preliminary Performance Report for the Month Ending October 31, 2019. (Attachment No. 15) page 145.
- C. Real Assets Consultant Report.
 - 1. Performance Report for the Quarter Ending June 30, 2019. (Attachment No. 16) page 169.
 - 2. ***2020 Real Assets Commitment Pacing (Total Pacing \$330 Million Dollars).** (Attachment No. 17) page 219.
 - a. Core Real Estate No New Allocation.
 - b. Value Added Real Estate \$180 Million Dollars.
 - c. Opportunistic Real Estate \$100 Million Dollars.
 - d. Infrastructure \$50 Million Dollars.
 - 3. ***Recommendation to Commit up to \$50 Million Dollars In Long Wharf Real Estate Partners Fund VI, L.P., a Value Added Real Estate Fund Focused on Acquiring a Diversified Portfolio of Assets at Significant Discounts to Values.** (Attachment No. 18) page 223.
 - a. ***Resolution 2019-42.** (Attachment No. 19) page 243.
- D. Private Equity Consultant Report.
 - 1. ***2020 Private Equity Pacing Schedule (Total Pacing \$300 Million Dollars).** (Attachment No. 20) page 244.
 - a. ***Seven Small or Mid Buyout/Growth/Turnaround \$30 Million Dollars Each.**
 - b. ***Debt/Distressed Assets \$30 Million Dollars.**
 - c. ***Franklin Park Venture Fund XIII (formerly the Franklin Park Venture Fund Series 2019) \$30 Million Dollars.**
 - d. ***Franklin Park International Fund X (formerly Franklin Park International Fund 2019) \$30 Million Dollars.**
 - e. ***ATRS/FP Private Equity Fund (Co-Investment Fund) No New Allocation.**

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2. ***Recommendation to Commit up to \$30 Million Dollars in Franklin Park Venture 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. 21) page 250.
 - a. ***Resolution 2019-43.** (Attachment No. 22) page 259.
3. ***Recommendation to Commit 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.** (Attachment No. 23) page 260.
 - a. ***Resolution 2019-44.** (Attachment No. 24) page 266.
4. ***ATRS/FP Private Equity Fund, L. P., a Multi-Strategy Fund Focused on Co-Investments and Other Strategies That Will Use Accumulated Recallable Distributions to Fund New Investments in the Near Term.** (Attachment No. 25) page 267.
5. ***Recommendation to Commit up to \$20 Million Dollars in Thoma Bravo Explorer Fund, L.P., a Private Equity Buyout Fund Focused on U.S. Investments in Small and Lower Middle Market Software Companies, with Imminent Need.** (Attachment No. 26) page 271.
 - a. ***Resolution 2019-47.** (Attachment No. 27) page 276.

XVII. Operations Committee Report. *Bobby Lester, Operations Committee Chair*

- A. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members Present.
 1. Open Forum.
- B. Update on Current Rule Promulgation.

XVIII. ***Staff Reports.**

- A. ***Medical Committee Report. A total of 13 Disability Retirement Applications were Approved.** *Willie Kincade, Director of Operations* (Attachment No. 28) page 278.
- B. Financial Reports. *Curtis Carter, Chief Fiscal Officer*
 1. Financial Statement Report. (Attachment No. 29) page 280.
 2. Travel Report. (Attachment No. 30) page 281.
- C. ***Contracts.** *Rod Graves, Deputy Director*
 1. Regular Contracts.
 2. ***Security Monitoring Contracts.** (Attachment No. 31) page 290.

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- D. Personnel Report. *Vicky Fowler, Human Resources Director* (Attachment No. 32) page 291.

XIX. Other Business.

- A. Recognition of the Retirement of G. Wayne Greathouse.

- 1. ***Resolution 2019-46.** (Attachment No. 33) page 292.

XX. ***Adjourn.**