

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

**Monday April 1, 2019
1:00 p.m.
1400 West Third Street
Little Rock, AR 72201**

ATTENDEES

Board Members Present

Jeff Stubblefield, Chair
Danny Knight, Vice Chair*
Dr. Richard Abernathy
Anita Bell
Lloyd Black
Kathy Clayton
Kelly Davis
Skot Covert, designee for Andrea Lea
Bobby Lester*
Jason Brady, designee for Dennis Milligan
Robin Nichols
Deborah Thompson

Board Members Absent

Candace Franks
Johnny Key
Janet Watson

ATRS Staff Present

Clint Rhoden, Executive Director
Rod Graves, Deputy Director
Tammy Porter, Ex. Assistant/Board Secretary
Curtis Carter, Chief Fiscal Officer
Dena Dixson, Internal Audit/Risk Mgmt.
Mitzi Ferguson, Internal Audit/Risk Mgmt.
Vicky Fowler, HR Manager
Laura Gilson, General Counsel
Wayne Greathouse, Investments
Mike Lauro, Information Systems Manager
Jerry Meyer, Manager, Real Assets
Martha Miller, Staff Attorney
Joseph Sithong, Software Support Analyst
Leslie Ward, Manager, Private Equity
Brenda West, Internal Audit/Risk Mgmt.

Guest Present

Donna Morey, ARTA
Lura Campbell, ARTA
Bob Thompson, ARTA
Charles Tadlock, ARTA
Michael Lameroux
PJ Kelley, AHIC (Aon Hewitt)
Tim Pflugardt, AHIC (Aon Hewitt)
Chae Hong, AHIC (Aon Hewitt)

**via telephone*

- I. **Call to Order/Roll Call.** Mr. Jeff Stubblefield, Chair, called the Board of Trustee meeting to order at 1:00 p.m. Roll call was taken. Ms. Franks, Mr. Key and Ms. Watson were absent.

- II. **Motion to Excuse Absences.**

Ms. Nichols moved to excuse Ms. Franks, Mr. Key and Ms. Watson from the April 1, 2019, Board of Trustees meeting. Mr. Brady seconded the motion, and the Board unanimously approved the motion.

III. Adoption of Agenda.

Mr. Black moved for adoption of the Agenda. Ms. Davis 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 February 4, 2019 Minutes.

Ms. Davis moved for approval of the Minutes of the Board of Trustees meeting of February 4, 2019. Ms. Clayton seconded the motion, and the Board unanimously approved the motion.

VI. 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. 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 for this reporting period. This is a standard report for information and is not an action item.

VII. 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. Seven (7) employer penalties and interest were waived for this reporting period in the amount of \$2,883.04. This is a standard report for information and is not an action item.

VIII. Board Waiver of Penalties and Interest Greater than \$1,000 in a Fiscal Year. Pulaski County Special School District (PCSSD) incurred interest in the amount of \$6,878.26 for failure to report member service and pay contributions to ATRS in December 2017. Since executive staff only has authority to waive up to \$1,000, ATRS staff has placed this item on the agenda. Multiple attempts were made by ATRS staff to work with the Employer to resolve issues and collect contributions and interest due. A year

after initial billing, PCSSD paid all contributions and partial interest. Of the remaining interest not paid, \$2,217.65 was avoidable by PCSSD. Therefore, staff recommended waiving \$4,660.61 and have PCSSD pay the 2018 interest due of \$2,217.65. This is the first penalty for PCSSD in this fiscal year.

Executive Staff recommends the waiver of interest in the amount of \$4,660.61.

Dr. Abernathy moved to approve to waive \$4,660.61 in penalties and interest due from Pulaski County Special School District for failure to report member service and pay contribution to ATRS. Ms. Bell seconded the motion, and the Board unanimously approved the motion.

- IX. Legislative Audit Report, June 30, 2018 – Official Review.** The Division of Legislative Audit provided ATRS staff with the 2018 fiscal year audit report for the fiscal year that ended on June 30, 2018. The audit report has been shared with the Board via email and also in the Board documents for this meeting. The law requires that the ATRS Board have the Legislative Audit report on the ATRS Board agenda and that the ATRS Board pass a motion reflecting that the audit report was received and reviewed by the Board in the event issues arise in the future related to the audit.

Mr. Knight moved to approve the Legislative Audit Report, June 30, 2018. Mr. Brady seconded the motion, and the Board unanimously approved the motion.

- X. GASB Report after Legislative Audit Review.** The Division of Legislative Audit and GRS Actuaries have completed their annual report required by the Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Pensions." This report allocates certain pension amounts to participating employers based on the employers' proportionate share of contributions received for the previous fiscal year. Employers use this information as a footnote in their financial statements as required by GASB 68. ATRS would like a motion from the Board to review and file the reports.

Ms. Nichols moved to approve GASB Report after Legislative Audit Review. Dr. Abernathy seconded the motion, and the Board unanimously approved the motion.

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

- A. Internal Audit Follow-up Report: Membership.** The objective of the follow-up audit was to assess if corrective measures implemented by the Agency had adequately addressed the issues noted in the finding of the original report.

In conclusion, the ATRS Membership Department has a very heavy work load as evidenced by the 76,231 documents processed during our follow-up period. Their work affects many other departments within ATRS and is essential in maintenance of data used for our actuarial evaluation. Many membership enrollment and maintenance processes are manual and require data entry from handwritten documents. The handwritten documents are often difficult to read, which can lead to errors in recording member data or assigning a contributory status.

The original audit recommended automation of these manual processes to yield greater efficiencies resulting in a more timely process with fewer errors. While some processes and internal control weaknesses have been addressed, there has been no meaningful progress in automation.

- B. Extending the Terms of Service for At-Large Members of the Audit Committee.** Currently the At-Large Members serve four-year terms on the Audit Committee. If their initial term on the Committee is for less than four years they may serve an additional four-year term.

Internal Audit is seeking approval to extend the service terms of the At-Large Members. Audit Committee members have a vast knowledge of governmental accounting, auditing, and internal audit procedures and Internal Audit would like to retain their services.

Ms. Davis moved to approve to extend the service terms of the AT-Large members to include two (2) full four (4) year terms, and the Board unanimously approved the motion.

- C. Executive Session: Evaluation of Internal Auditor Brenda West.** Ms. Davis, Chair, called the Executive Session of the Audit Committee to order at 9:47 a.m. Ms. Davis, Chair, reconvened the Audit Committee at 9:56 a.m. The Committee approved to submit the Evaluation of Ms. Brenda West to the appropriate agency for approval.

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

A. Arkansas Related Investment Update.

1. List of Fund Closings.

- a. Franklin Park International Fund 2019, L. P., a Fund of Funds Managed by Franklin Park Investing in International Private Equity Funds, the Board Authorized Commitment of up to \$30 Million Dollars on December 3, 2018 was Accepted and Closed on March 27, 2019.** The ATRS full commitment of \$30 million dollars was negotiated, accepted, and closed on March 27, 2019.
- b. ATRS/FP Private Equity Fund, L. P., a Multi-Strategy Fund Focused on Co-Investments, Next Generation Manager Funds and Appraisal Right Opportunities Managed by Highly Skilled Teams, the Board Authorized Commitment of up to an Additional \$30 Million Dollars on December 3, 2018 was Accepted and Closed on March 1, 2019.** The ATRS full commitment of an additional \$30 million dollars was negotiated, accepted, and closed on March 1, 2019.

B. Private Equity Consultant Report. *Franklin Park*

- 1. Recommendation to Commit up to \$30 Million Dollars to Arlington Capital Partners V, LP, a Private Equity Buyout Fund Specializing in Small to Lower Mid-Market Companies in the U.S., with Imminent Need.** Michael Bacine presented the recommendation to commit up to \$30 million dollars to Arlington Capital Partners, V, LP, with imminent need. Based in Chevy Chase, Maryland, Arlington was founded in 1999 and has raised four prior funds. The firm is led by Jeffrey Freed, Matthew Altman, Michael Lustbader and Peter Manos (principals) who have an average of 21 years of experience each in the private equity industry and over 15 years with Arlington. The fund is being raised to make "buy and build" investments in four government-related areas: (1) defense and aerospace (2) government services (3) healthcare and (4)

business services and software. Arlington employs a top-down approach to identify market segments with tailwinds and to develop investment themes. The team focuses on core areas and themes in which it can add value and benefit from experience through repeat deals. ATRS invested in the firm's fourth fund in 2016 and this fund currently has a net IRR of 15.6%.

Since there are no scheduled ALC meetings while the General Assembly is in session, Imminent Need is requested in order for ATRS to participate in the closing.

Both Franklin Park and ATRS staff recommend an investment of up to \$30 million dollars in Arlington Capital Partners IV, L.P. with Imminent Need, subject to final due diligence.

Ms. Nichols *moved to adopt Resolution 2019-16, to Commit up to \$30 Million Dollars to Arlington Capital Partners V, LP, a Private Equity Buyout Fund Specializing in Small to Lower Mid-Market Companies in the U.S., with Imminent Need. The Board unanimously adopted the Resolution.*

2. **Recommendation to Commit up to \$30 Million Dollars to DW Healthcare Partners V, LP, a Private Equity Buyout Fund that Invests in Expansion Stage Companies in the Healthcare Sector, with Imminent Need.** DW Healthcare Partners was formed in 2002 and is based in Salt Lake City and Toronto. The current team is comprised of Andrew Carragher, Jay Benear, Lance Rudd, Doug Schillinger and Rod Boone who average over eleven years each with the general partner. The firm has a history of successful investments in small healthcare companies and the team has substantial healthcare industry experience including executive roles, consulting and financial operations. In 2012 ATRS invested in the firm's third fund which has generated a net IRR of 19%. In 2016 ATRS invested in the firm's fourth fund which has a net IRR of over 55%.

The fund will target control oriented investments in the healthcare sector and will focus on growth buyouts of specialty device manufacturers, product manufacturers, as well as distributors and services businesses. Typically, the fund will target companies seeking institutional capital for the first time and will purchase at conservative prices and leverage multiples.

Most companies will provide essential patient care or treatment and will have opportunities for operational improvement and organic or add-on growth. The general partner's dedicated deal sourcing resources include a database of over 24,000 healthcare companies. This and other resources have led to significant deal flow for the firm over the course of the last three funds.

Since there are no scheduled ALC meetings while the General Assembly is in session, Imminent Need is requested in order for ATRS to participate in the closing.

Both Franklin Park and ATRS staff recommend an investment of up to \$30 million dollars in DW Healthcare Partners V, LP with Imminent Need, subject to final due diligence.

Ms. Nichols *moved to adopt Resolution 2019-17, to Commit up to \$30 Million Dollars to DW Healthcare Partners V, LP, a Private Equity Buyout Fund that Invests in Expansion Stage Companies in the Healthcare Sector, with Imminent Need. The Board unanimously adopted the Resolution.*

C. General Investment Consultant Report *Aon Hewitt*

- 1. Preliminary Performance Report for the Month Ending February 28, 2019.** PJ Kelly and Tim Pflugradt of Aon Hewitt Investment Consulting provided the preliminary performance report for the month ending February 28, 2019. The ATRS fund had a market value of approximately \$17.1 billion dollars. The total fund had a return of 8.5% since inception, performing at its benchmark of 8.5%. Total equity had a market value of approximately \$9.1 billion dollars. Total equity had a return of 7.9% since inception, underperforming its benchmark of 8.1%.
- 2. Recommendation to Adjust the Target Ranges of the Private Equity and Total Equity Allocations in the Investment Policy Statement (IPS) and to Make Several Minor Edits to the IPS.** PJ Kelly and Tim Pflugradt of Aon Hewitt Investment Consulting (AHIC) provided information concerning the asset allocation mix of private equity and total equity. The current target allocations as stated in the ATRS

Investment Policy Statement (IPS) are 10% for private equity and 55% for total equity.

AHIC recommends increasing the target allocation to private equity to be more in line with the actual allocation to private equity. The adjustment of the target ranges to private equity and total equity should improve the expected rate of return of the ATRS investment portfolio. Both AHIC and ATRS staff recommend updating the IPS to adjust the current allocation targets of private equity (10%) and total equity (55%) by raising the private equity target allocation to 12% and lowering the total equity target allocation to 53%. Other recommended edits include updating the ATRS total equity benchmark description to more accurately reflect the Board's objective to continue to add global diversification to the total equity portfolio.

ATRS staff concurs with the recommendation.

Ms. Nichols *moved to approve to Adjust the Target Ranges of the Private Equity and Total Equity Allocations in the Investment Policy Statement (IPS) and to Make Several Minor Edits to the IPS. The Board unanimously approved the Motion.*

3. **Total Equity Review: Recommendations and Rebalancing Update and Recap.** PJ Kelly and Tim Pflugradt of Aon Hewitt Investment Consulting (AHIC) provided the Board with a review of the ATRS total equity portfolio and provided rebalancing updates and two recommendations. The annual review of the total equity portfolio by AHIC is designed to ensure the total equity portfolio is following the Board's objectives and long term goals. The results of this year's review provided opportunities to efficiently modify the current total equity allocations to continue the Board's objective of making the total equity portfolio more global and reducing the portfolio's current investments in small cap stocks.
 - a. **Recommendation to Terminate Daruma Capital Management, LLC, and Redeploy the Assets to the Existing AllianzGI Structured Alpha Global Equity 350 L.L.C. Fund and the Existing BlackRock MSCI ACWI IMI Index Fund A.** Daruma was hired by the Board in 2000 to manage a domestic small cap equity

portfolio and currently has approximately \$385 million of ATRS assets under management. The Daruma strategy is focused on domestic small cap stocks and as such AHIC and ATRS staff recommend terminating Daruma and transitioning the assets to the existing AllianzGI Structured Alpha Global Equity 350 fund (Allianz 350) and the existing BlackRock BlackRock MSCI ACWI IMI Index Fund A using a Board approved transition manager. The essential reason for the termination recommendation is to continue the Board's objective of making the total equity portfolio more global and reducing the portfolio's current investments in small cap stocks.

The Board approved the BlackRock MSCI ACWI IMI fund in 2011. This fund is a passive index fund that provides ATRS global market participation with management fees that are typically lower than actively managed accounts. The fund is designed to mirror the returns of the MSCI All Country World Index (ACWI) IMI index. This index is the broadest measure of the global stock market, covering approximately 99% of global equity opportunities.

The Board approved the Allianz 350 fund in 2016. The 350 in the global fund's name represents 350 basis points of tracking around the MSCI ACWI. The strategy uses put and call options on a variety of indices to create "profit zones". If the value of the index falls within those zones at expiration, the strategy profits from the structure of the options strategy. The strategy is designed to mirror global markets with the added benefit of potentially higher returns due to the fund's option strategy.

The redeployment of the domestic small cap asset allocation currently managed by Daruma should increase the value of the global Allianz 350 fund by approximately \$167 million dollars from approximately \$261 million dollars to approximately \$428 million dollars. The redeployment would also increase the BlackRock ACWI Index fund by approximately \$218 million dollars from approximately \$103 million dollars to approximately \$321 million dollars. The recommendation is based on the results of the annual total equity review and should help increase ATRS global investment opportunities while at the same time reducing the small cap bias in the portfolio.

ATRS staff concurs with the recommendation.

Ms. Nichols *moved to adopt* Resolution 2019-18, to Terminate Daruma Capital Management, LLC, and Redeploy the Assets to the Existing AllianzGI Structured Alpha Global Equity 350 L.L.C. Fund and the Existing BlackRock MSCI ACWI IMI Index Fund A. The Board *unanimously adopted the Resolution.*

- b. **Recommendation to Consolidate Assets Managed by Pershing Square Capital Management, L.P., by Closing the Pershing Square International Ltd Fund and Redeploying the Assets to the Existing BlackRock MSCI ACWI IMI Index Fund A.** ATRS has a long and great relationship with Pershing Square. The Board hired Pershing Square in 2008 to manage the Pershing Square, LP fund. Pershing Square is an activist manager that invests in large US companies that are underperforming and provides advice to potentially improve a company's earnings and stock price. In 2012 the Board authorized the conversion of ATRS holdings from the Pershing Square LP fund to two funds both managed by Pershing Square, Pershing Square International (a private closed end fund) and Pershing Square Holdings (a publicly traded open end fund). The transfer allowed ATRS to continue participation in Pershing Square's investment strategy with the added benefit of additional liquidity provided by the publicly traded fund. Currently ATRS has approximately \$109 million dollars invested in Pershing Square International, the private fund being considered by this recommendation.

The recommendation includes continued participation in the publicly traded Pershing Square Holdings fund to maintain ATRS investment opportunities with this manager along with the benefit of this fund's added liquidity. Similar to the recommendation for Daruma described above, the liquidation and transfer of the Pershing Square International assets to the existing BlackRock MSCI ACWI IMI Index will continue the Board's long term objective to increase the global

allocation of the ATRS portfolio. Since the closed end Pershing Square International fund is subject to certain liquidity provisions, the reallocation of the assets will be over a period of time.

ATRS staff concurs with the recommendation.

Ms. Nichols moved to adopt Resolution 2019-19, to Consolidate Assets Managed by Pershing Square Capital Management, L.P., by Closing the Pershing Square International Ltd Fund and Redeploying the Assets to the Existing BlackRock MSCI ACWI IMI Index Fund A. The Board unanimously adopted the Resolution.

D. Real Asset Consultant Report. Aon Hewitt

- 1. Recommendation to Commit up to €44 Million Euros (Approximately the Equivalent of \$50 Million Dollars) in Blackstone Real Estate Partners Europe VI, SCSp , a Closed End Opportunistic Real Estate Fund that Acquires Distressed and Undermanaged European Properties at Below Market Prices and Executes Business Plans that Seek to Creating Core Real Estate Assets, with Imminent Need.** Chae Hong presented the recommendation to Commit up to €44 Million Euros (Approximately the Equivalent of \$50 Million Dollars) in Blackstone Real Estate Partners Europe VI, SCSp, with Imminent Need. Blackstone was founded in 1985 by Stephen A. Schwarzman and currently has \$457 billion under management. The fund is a continuation of Blackstone's historical focus on acquiring high quality assets through large, complicated transactions, where competition is often limited and its ability to move quickly and with scale provides an advantage. The fund will invest solely in Europe. ATRS has previously invested in Blackstone Real Estate Partners VII which invests in a similar US strategy and currently has a 17.3% net IRR. The fund is targeting a 15% net IRR which is what the previous funds have returned on average.

Since there are no scheduled ALC meetings while the General Assembly is in session, Imminent Need is requested in order for ATRS to participate in the closing. Both Aon Hewitt Investment Consulting and ATRS staff recommend an investment of up to €44 million euros (approximately the equivalent of \$50 million

dollars) in Blackstone Real Estate Partners Europe VI, SCSp. with Imminent Need.

ATRS staff concurs with the recommendation.

Ms. Nichols *moved to adopt* Resolution 2019-20 to Commit up to €44 Million Euros (Approximately the Equivalent of \$50 Million Dollars) in Blackstone Real Estate Partners Europe VI, SCSp , a Closed End Opportunistic Real Estate Fund that Acquires Distressed and Undermanaged European Properties at Below Market Prices and Executes Business Plans that Seek to Creating Core Real Estate Assets, with Imminent Need The Board *unanimously adopted the Resolution.*

2. **Recommendation to Commit up to \$40 Million Dollars in Rockwood Capital Real Estate Partners Fund XI, L.P., a Closed End Value Added Real Estate Fund that Invests in Value Added Office, Apartment, Retail, and Hotel Properties Across Multiple Regions in the US.** Chae Hong presented the recommendation to Commit up to \$40 Million Dollars in Rockwood Capital Real Estate Partners Fund XI, L.P. The fund was founded in 1995 by Walter Schmidt and Robert Gray, Jr and has \$7.1 billion in assets under management. The fund will acquire value-add office and apartment properties within high barrier to entry urban and evolving near-urban centers of primary cities. Targeted neighborhoods are those benefitting from urbanization trends, experiencing increased/ongoing tenant demand from above-average employment growth, and above-average population growth of the broad MSA. ATRS previously invested in Fund IX of the series which currently has a 14.2% return. The fund will target a 12-14% net IRR with previous funds in the series averaging a 16% net return. Both Aon Hewitt Investment Consulting and ATRS staff recommend an investment of up to \$40 million dollars in Rockwood Capital Real Estate Partners Fund XI, L.P.

ATRS staff concurs with the recommendation.

Ms. Nichols *moved to adopt* Resolution 2019-21, to Commit up to \$40 Million Dollars in Rockwood Capital Real Estate Partners Fund XI, L.P., a Closed End Value Added Real Estate Fund that Invests in Value Added Office, Apartment, Retail, and Hotel

Properties Across Multiple Regions in the US. The Board *unanimously adopted the Resolution.*

3. **Recommendation to Commit up to \$40 Million Dollars in Walton Street Real Estate Debt Fund II, L.P., a Closed End Value Added Real Estate Debt Fund that Invests in a Diversified Portfolio of Higher Yielding Commercial Real Estate Debt Investments.** The four founding Managing Principals have worked together for 28 years and average 38 years of real estate industry experience. The fund will look to structure junior loans by originating whole loans and partnering with cost effective senior lenders to achieve the fund target returns of approximately 9% net. Loans will be secured by high-quality, cash-flowing assets in U.S. markets where Walton Street has invested for over two decades. The strategy will seek to provide current return, meaningful downside protection, as well as the added benefit of a natural hedge in a rising interest rate environment. The previous fund of this series is on track to deliver a 10% net IRR. Both Aon Hewitt Investment Consulting and ATRS staff recommend an investment of up to \$40 million dollars in Walton Street Real Estate Debt Fund II, L.P.

ATRS staff concurs with the recommendation.

Ms. Nichols *moved to adopt Resolution 2019-22, to Commit up to \$40 Million Dollars in Walton Street Real Estate Debt Fund II, L.P., a Closed End Value Added Real Estate Debt Fund that Invests in a Diversified Portfolio of Higher Yielding Commercial Real Estate Debt Investments. The Board *unanimously adopted the Resolution.**

XIII Operations Committee Report. Dr. Abernathy, 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. Open Forum. None.

B. Legislative Update. Executive Director Clint Rhoden gave an update on the Legislative Session and the ATRS Legislative Package. Mr. Rhoden stated that no legislation that adjusted member benefits got out of Committee. It was a great Session and the leadership was awesome.

ATRS' Legislative Package are now all Acts effective 7/1/2019:

1. HB1308 - Rehiring Disability Retirees. Now ACT 209 Effective 7/1/2019.
2. HB1310 - Employer Contributions over 14%. Now ACT 594 Effective 7/1/2019.
3. HB1316 - Dependent Child Survivor. Now ACT 210 Effective 7/1/2019.
4. HB1320 - Technical Corrections. Now ACT 427 Effective 7/1/2019.
5. HB1335 - Retention of Teachers. Now ACT 595 Effective 7/1/2019.
6. SB218 - T-DROP Deposit Clarification. Now ACT 296 Effective 7/1/2019.
7. SB222 - Noncontributory Eligibility. Now Act 297 Effective 7/1/2019

C. Potential Rule Change.

1. **Rule 1-18: Audit Committee Charter.** Staff suggested that the Audit Committee Charter include Act 127 of 2017, which provides for an annual employee evaluation of the Internal Auditor by the ATRS Audit Committee. The rationale for the addition of this language to the Audit Committee Charter is to provide a comprehensive charter that outlines the committee's responsibilities. The addition of Act 127 of 2017 language accomplishes that objective.

After discussion by the Committee members, the Committee tabled this matter for further review.

XIV Staff Reports.

- A. **Medical Committee Reports.** Willie Kincade presented the Medical Committee reports. A total of sixteen (16) disability applications were received, Fourteen (14) were approved, and two (2) needed more information.

Ms. Nichols moved to approve the Medical Committee Reports. Ms. Bell seconded the motion, and the Board unanimously approved the motion.

- XV. **Use of Sick Leave in the Calculation of Final Average Salary.** Clint Rhoden explained how ATRS uses payments for unused sick leave in the

calculation of the final average salary and discuss any changes the board decides to implement. **This is an action item.**

A. Resolution No. 2019-23

Mr. Stubblefield moved to adopt Resolution 2019-23, Use of Sick Leave in the Calculation of Final Average Salary. Dr. Abernathy seconded the motion, and the Board unanimously approved the motion.

XVI. Remodeling Project of ATRS Office. Clint Rhoden gave the Board an update on the upcoming remodeling to the ATRS offices.

XVII. Security Monitoring Contract RFQ. Clint Rhoden gave the Board a status report on the process of submitting a Security Monitoring Contract RFQ to OSP for approval.

XVIII. Executive Session to Discuss Executive Director's Performance Evaluation. Mr. Stubblefield, Chair, called the Executive Session of the Board of Trustees to order at 1:53 p.m. Mr. Stubblefield, Chair, reconvened the Board of Trustees meeting at 2:10 p.m.

The Board expressed their satisfaction and appreciation to Mr. Rhoden for hard work and service to ATRS. The Board will pass the evaluation to HR for processing.

XIX. Other Business. The Board discussed having a workshop in July with GRS and Aon Hewitt. The Board Secretary will get with Trustees on a day that will work for everyone in July and schedule the workshop.

XX. Adjourn.

Mr. Lester moved to adjourn the Board Meeting. Mr. Covert seconded the motion, and the Board unanimously approved the motion.

Meeting adjourned at 2:16 p.m.

Clint Rhoden,
Executive Director

Mr. Jeff Stubblefield, Chair
Board of Trustees

Tammy Porter,
Recorder

Date Approved