

AGENDA
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES

December 7, 2020
11:00 a.m.
1400 West Third Street
Little Rock, AR 72201

- I. ***Call to Order/Roll Call.** page 1.
- II. ***Adoption of Agenda.** page 2.
- III. ***Election of Board Vice Chair.**
- IV. Executive Summary. (Attachment No. 1) page 6.
- V. ***Approval of Prior Meeting Minutes.**
 - A. ***September 28, 2020 Minutes.** (Attachment No. 2) page 18.
 - B. ***November 9, 2020 Minutes.** (Attachment No. 3) page 29.
- VI. Preliminary Active Actuarial Valuation. *Judy Kermans, Brian Murphy and Heidi Berry of Gabriel, Roeder, Smith and Company* (Attachment No. 4) page 32.
- VII. Statement of Financial Interest. (Attachment No. 5) page 88.
- VIII. ***Proposed 2021 Board of Trustees Schedule.** (Attachment No. 6) page 105.
- IX. Report of Member Interest Waived Under A.C.A. Sec. 24-7-205. (Attachment No. 7) page 106.
- X. Report of Employer Interest and Penalties Waived Under A.C.A. Sec. 24-7-411. (Attachment No. 8) page 107.
- XI. Manifest Injustice Report. (Attachment No. 9) page 108.

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- XII. ***Forfeiture Recommendations Pursuant to A.C.A. 24-7-734(6).** (Attachment No. 10) page 110.
- XIII. Investment Committee Report. *Robin Nichols, Investment Committee Chair*
- A. Arkansas Related and Investment Update.
1. List of Fund Closings.
- a. Axlnfra NA II LP, an Open-Ended Infrastructure Fund Specializing in U.S. and Canadian Energy and Transportation Assets, the Board Authorized Commitment of up to \$50 Million Dollars on October 7, 2019 was Accepted and Closed on November 6, 2020.
- b. LLR Equity Partners VI, L.P., a Growth Equity Fund that will Focus on Small and Middle Market Companies in the Technology and Healthcare Sectors. the Board Authorized Commitment of up to \$30 Million Dollars on June 1, 2020 was Accepted and Closed on September 25, 2020.
- c. Franklin Park Venture Capital 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, the Board Authorized Additional Commitment of up to \$30 Million Dollars on June 1, 2020 was Accepted and Closed on September 24, 2020.
- d. Additional Commitment of up to \$30 Million Dollars in Franklin Park Corporate Finance Access Fund, L.P., a Fund of Funds Managed by Franklin Park Investing in Smaller Buyout, Growth, and Turnaround Private Equity Funds, the Board Authorized Additional Commitment of up to \$30 Million Dollars on September 28, 2020 was Accepted and Closed on October 22, 2020.
2. ***Recommendation to Change the Legal Structure of Existing Highland Investments.** (Attachment No. 11) page 112.
- a. ***Resolution 2020-36.** (Attachment No. 12) page 114.
3. American Center Management Update.
- B. General Investment Consultant Report.
1. Performance Report for the Quarter Ending September 30, 2020. (Attachment No. 13) page 115.
2. AB TALF Opportunity 2020 (Delaware) Fund Update.
- C. Real Assets Investment Consultant Report.
1. Performance Report for the Quarter Ending June 30, 2020. (Attachment No. 14) page 277.

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2. ***2021 Real Assets Commitment Pacing (Total Pacing \$330 Million Dollars).** (Attachment No. 15) page 334.
 - a. ***Core Real Estate No New Allocation.**
 - b. ***Value Added Real Estate \$280 Million Dollars.**
 - c. ***Infrastructure \$50 Million Dollars.**
 3. ***Recommendation to Commit up to \$40 Million Dollars in Mesa West Real Estate Income Fund V, LP, a Closed-End Value Added Real Estate Fund Focused on Originating Senior Debt on Value Add/Transitional Commercial Real Estate Properties.** (Attachment No. 16) page 338.
 - a. ***Resolution 2020-37.** (Attachment No. 17) page 357.
 4. ***Recommendation to Revise Board Policy 6 (Real Assets Investment Policies) and Board Policy 4 (Investment Policy) Related to Performance Benchmarks for Timber and Agriculture and to Change Portfolio Diversification Related to Agriculture, Real Estate and Timber.** (Attachment No. 18) page 358.
- D. Private Equity Consultant Report.
1. ***2021 Private Equity Pacing Schedule (Total Pacing \$300 Million Dollars).** (Attachment No. 19) page 395.
 - a. ***Eight Small or Mid Buyout/Growth/Turnaround \$30 Million Dollars Each in the U.S.**
 - b. ***One Small or Mid Buyout/Growth/Turnaround \$30 Million Dollars Each Outside the U.S.**
 - c. ***One Debt/Distressed Assets \$30 Million Dollars.**
 - d. ***ATRS/FP Private Equity Fund (Co-Investment Fund) No New Allocation.**
 2. ***ATRS/FP Private Equity Fund, L. P., a Multi-Strategy Fund Focused on Co-Investments and Other Strategies That Seeks to Use Accumulated Recallable Distributions to Fund an Investment in Franklin Park Co-Investment Fund V, L.P. and Discussion of Change in Fee Structure.** (Attachment No. 20) page 401.
- XIV. Operations Committee Report.
- A. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members Present.
 1. Open Forum.
 - B. ***ATRS 2021 Legislative Package.**
 1. ***Definitions and Technical Corrections (JNL090).** (Attachment No. 21) page 410.

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2. ***Five Year Lookback (JNL091).** (Attachment No. 22) page 420.
3. ***Unused Sick Leave (JNL092).** (Attachment No. 23) page 423.
4. ***Reciprocity Final Average Salary (JNL093).** (Attachment No. 24) page 425.
5. ***Employer Reporting (JNL094).** (Attachment No. 25) page 427.
6. ***Separation Period (JNL095).** (Attachment No. 26) page 430.

XV. ***Staff Reports.**

- A. ***Medical Committee Report. A total of 13 Disability Retirement Applications were Approved.** *Willie Kincade, Director of Operations* (Attachment No. 27) page 433.
- B. Financial Reports. *Curtis Carter, Chief Fiscal Officer*
 1. Financial Statement Report. (Attachment No. 28) page 435.
 2. Travel Report. (Attachment No. 29) page 437.
- C. Contracts. *Rod Graves, Deputy Director* (Attachment No. 30) page 445.
- D. Personnel Report. *Vicky Fowler, Human Resources Director* (Attachment No. 31) page 446.

XVI. Recognition of the Retirement of Candace Franks, Ex Officio Trustee. *Clint Rhoden, Executive Director and Danny Knight, Board Chair*

- A. Resolution 2020-38. (Attachment No. 32) page 447.

XVII. Other Business.

XVIII. ***Adjourn.**