

**ARKANSAS TEACHER RETIREMENT SYSTEM  
BOARD OF TRUSTEE MEETING – SPECIAL CALLED MEETING**

**Monday, November 15, 2021**

**4:00 p.m.**

**1400 West Third Street**

**Little Rock, AR 72201**

**ATTENDEES**

**Board Members Present**

Danny Knight, Chair  
Lloyd Black\*  
Anita Bell\*  
Kelly Davis\*  
Dr. Michael Hernandez\*  
Shawn Higginbotham\*  
Michael Johnson\*  
Bobby Lester\*  
Chip Martin\*  
Amanda Webb\*  
Susannah Marshall, Bank Commissioner\*  
Johnny Key\*  
Hon. Andrea Lea, State Auditor\*  
Jason Brady, designee for Dennis Milligan, State Treasurer\*

**ATRS Staff Present**

Clint Rhoden, Executive Director  
Rod Graves, Deputy Director  
Tammy Porter, Ex. Asst/Board Secretary  
Curtis Carter, Chief Financial Officer\*  
Braeden Duke, Information Services  
Vicky Fowler, Manager, Human Resources  
Willie Kincade, Director of Operations.  
Martha Miller, General Counsel\*  
Leslie Ward, Manager, Private Equity  
Brenda West, Internal Audit/Rick Mgmt.

**Guest Present**

Brian Murphy, GRS  
Judy Kermans, GRS  
Heidi Berry, GRS\*  
Derek Henning, GRS\*  
PJ Kelly, Aon Hewitt\*  
Katie Comstock, Aon Hewitt\*

\* *via ZOOM*

- I. **Call to Order/Roll Call.** Mr. Danny Knight, called the Board of Trustees meeting to order at 4:00 p.m. Roll call was taken. Ms. Kathy Clayton was absent.
  
- II. **Adoption of Agenda.**  
  
**Mr. Higginbotham *moved for adoption* of the Agenda. Ms. Davis *seconded* the *motion*, and the Committee *unanimously approved the motion*.**
  
- III. **Executive Summary.** The Executive Summary was provided for reference with no questions or expansions on the written summary.

**IV. Disability Review for Board Action.**

**A. Member Order - DR-2021-11-181245.** Member #181245 requested a one-time disability review within the six-month allotted time frame for a one-time disability review appeal. Executive staff concurs with the request and recommends to the Board that the case be returned to the Medical Committee to reconsider the matter using the standard of review established in A.C.A. §24-7-704(a)(1)(D). Director Rhoden confirmed staff concurs with the recommendation.

**Mr. Black *moved to approve* Disability Case DR-2021-11-181245 be returned to the Medical Committee for reconsideration. Ms. Davis *seconded the motion* and the Board *unanimously approved the motion*.**

**V. Discussions and Information about Implementing New Actuarial Assumptions.**

**A.** 2015-2020 Experience Study. Ms. Judy Kerman, Mr. Brian Murphy, Heidi Berry and Mr. Derek Henning of GRS provide the Board with information on the experience study. As the ATRS membership changes, the member behavior patterns change and ATRS adjusts its assumptions based upon passed experience and reasonable forward looking models. The experience study is not completed and will be presented in December. However, it is clear that the changes in assumptions, actuarial standards, and national trends necessitate that ATRS consider new demographic and financial assumptions to stay in the mainstream of actuarial compliance and properly state its financial condition.

**B. ATRS Long-Term Expected Rate of Return.** Aon Hewitt Investment Consultants provided the Board with their long-term expected rate of return based on the latest capital market assumptions. Aon develops risk, return and correlation assumptions for all major asset classes on a quarterly basis.

**VI. Recommendation to Adopt New Actuarial Assumed Rate of Return.** The actuarial assumed rate of return is the projected rate of investment returns used by actuaries to estimate a pension plan's future growth and asset size. A lower assumed rate of return will result in increasing the long term liabilities of ATRS. The Board periodically reviews the actuarial assumed rate of return used by ATRS to ensure it fairly and accurately reflects a reasonable rate of return for ATRS based upon the ATRS asset allocation, the expected rates of inflation, projected economic conditions, global economic activity, and actuarial standards.

As of June 30, 2021, ATRS had a fiscal year investment return of approximately 31% and a since inception investment return of over 8% that relates back to 1986. At the same time continued periods of lower inflation and changing actuarial standards have resulted in pension plans generally reducing actuarial assumed rates of return. With input from the ATRS general investment consultant, Aon, and additional input from Gabriel, Roeder, Smith, & Company, ATRS staff recommends adjusting the ATRS actuarial assumed rate of return from 7.5% to 7.25%.

**A. Resolution 2021-60**

**Mr. Black moved to adopt Resolution 2021-60, adjusting the ATRS actuarial assumed rate of return from 7.5% to 7.25%. Mr. Martin seconded the motion. A roll call was taken, and the Board unanimously approved the motion. For the record, Auditor Lea voted “no” against the adoption of Resolution 2021-60.**

**VII. Recommendation to Adopt Pub-2010 Mortality Table for the Actuarial Valuation of ATRS.** The life expectancy of a plan's members is one of many factors used to calculate a pension plan's cost of benefits and estimate unfunded liabilities. ATRS pays all retirees a lifetime retirement benefit. The longer the life expectancy of members, the larger the total payout will be to the membership group as a whole. The life expectancy of a pension plan's members is estimated using mortality assumptions produced by actuarial groups. The Board periodically reviews the mortality table used by ATRS to ensure it is adequately conservative and accurately reflects reasonable life expectancies and is generally accepted by actuaries for plan valuations. With input from the ATRS actuary, GRS, ATRS staff recommends the adoption of the appropriate Pub-2010 tables to be used in fiscal year 2021 and for each fiscal year after until such time as the Board may approve another mortality table in the future

**A. Resolution 2021-61**

**Mr. Higginbotham moved to adopt Resolution 2021-61, adoption of the appropriate Pub-2010 tables to be used in fiscal year 2021 and for each fiscal year after until such time as the Board may approve another mortality table in the future. Ms. Davis seconded the motion, and the Board unanimously approved the motion.**

**VIII. Recommendation to Adopt Additional Actuarial Assumptions Established by the 2015-2020 Experience Study.** With input from the ATRS actuary, GRS, ATRS staff recommends the adoption the demographic and economic assumption changes

presented in the 2015-2020 Experience Study to be used in fiscal year 2021 and for each fiscal year after until such time as the Board may approve assumptions from an experience study in the future.

**A. Resolution 2021-62**

**Mr. Black *moved to adopt* Resolution 2021-62, adoption of the demographic and economic assumption changes presented in the 2015-2020 Experience Study to be used in fiscal year 2021 and for each fiscal year after until such time as the Board may approve assumptions from an experience study in the future. Ms. Bell *seconded the motion*, and the Board *unanimously approved the motion*.**

**IX. Other Business. None**

**X. Adjourn.**

**With no further business, Mr. Knight *moved to adjourn* the meeting.**

**Meeting adjourned at 5:16 p.m.**

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Clint Rhoden  
Executive Director

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Mr. Danny Knight Chair  
Board of Trustees

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Tammy Porter,  
Board Secretary

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Date Approved