

ARKANSAS TEACHER RETIREMENT SYSTEM

April 4, 2022

1400 West Third Street

BOARD ROOM

Little Rock, AR 72201

Board of Trustees Meeting

11:00 a.m.

Trustees

Danny Knight, Chair

Lloyd Black, Vice Chair

Anita Bell

Kathy Clayton

Kelly Davis

Dr. Mike Hernandez

Shawn Higginbotham

Michael Johnson

Bobby G. Lester

Chip Martin

Amanda Webb

Ex Officio Trustees

Susannah Marshall, State Bank Commissioner

Johnny Key, Education Secretary

Honorable Andrea Lea, State Auditor

Honorable Dennis Milligan, State Treasurer

AGENDA
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES

April 4, 2022
11:00 a.m.
1400 West Third Street
Little Rock, AR 72201

- I. ***Call to Order/Roll Call.** page 1.
- II. ***Motion to Excuse Absences.**
- III. ***Adoption of Agenda.** page 2.
- IV. Executive Summary. (Attachment No. 1) page 6.
- V. ***Approval of Prior Meeting Minutes.**
 - A. ***February 7, 2022, Minutes.** (Attachment No. 2) page 14.
 - B. ***February 25, 2022, Minutes.** (Attachment No. 3) page 28.
 - C. ***March 18, 2022, Minutes.** (Attachment No. 4) page 30.
- VI. ***Member Appeal.** *Clint Rhoden, Executive Director*
 - A. ***In Re: Mary K. Wood, Case No. 2021-MA-002.** (Attachment No. 5) page 32.
- VII. Report of Member Interest Waived under A.C.A. Sec. 24-7-205. *Clint Rhoden, Executive Director*
- VIII. Report of Employer Penalties and Interest Waived under A.C.A. Sec. 24-7-411. *Clint Rhoden, Executive Director*
- IX. Approval of New ATRS Employer. *Clint Rhoden, Executive Director*
 - A. In the matter of the Arkansas Public School Resource Center.
 - 1. ***Resolution 2022-28.** (Attachment No. 6) page 39.

* Action Item

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- X. Audit Committee Report. *Ricky Quattelbaum, Audit Committee Chair*
 - A. Internal Audit Follow-Up Report: Disability Service Benefits. (Attachment No. 7) page 50.

- XI. Investment Committee Report. *Chip Martin, Investment Chair*
 - A. Arkansas Related and Investment Update.
 - 1. List of Fund Closings.
 - a. Landmark Real Estate Partners IX, L.P., a closed end opportunistic real estate fund investing in secondary interests of value added and opportunistic funds, the Board authorized commitment of up to \$50 million dollars on December 6, 2021 was accepted and closed on February 28, 2022.
 - b. Riverside Value Fund I, L.P., a private equity turnaround fund that will invest in underperforming companies in the U.S., the Board authorized commitment of up to \$30 million dollars on December 6, 2021 with imminent need was accepted and closed on March 11, 2022.
 - c. Purchase of the revenue stream generated by state of Arkansas tax credits associated with Big River Steel, the Board authorized commitment of up to \$82,119,766 on February 7, 2022 with imminent need was accepted and closed on February 7, 2022.
 - d. SK Capital Partners VI, L.P., a private equity buyout fund focused on middle market specialty chemicals and specialty materials companies, the Board authorized commitment of up to \$30 million dollars on February 7, 2022 with imminent need was accepted and closed on March 3, 2022.
 - e. Franklin Park Corporate Finance Access Fund II, 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 February 7, 2022 with imminent need was accepted and closed on February 11, 2022.
 - B. General Investment Consultant Report.
 - 1. Preliminary Performance Report for the Month Ending February 28, 2022. (Attachment No. 8) page 55.
 - 2. Open forum to discuss investment related topics.
 - C. Real Assets. Aon Hewitt Investment Consulting.

* Action Item

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.** (Attachment No. 9) page 79.
 - a. ***Resolution No. 2022-23.** (Attachment No. 10) page 88.
- D. Private Equity 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.** (Attachment No. 11) page 89.
 - a. ***Resolution No. 2022-24.** (Attachment No. 12) page 93.
 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.** (Attachment No. 13) page 94.
 - a. ***Resolution No. 2022-25.** (Attachment No. 14) page 103.
- XII. 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.
 - a. Potential Legislation for 2023.
 - b. Teacher Shortage.
 - c. Retiree Purchasing Power.
 - B. Rules Promulgation Status Update.
 - C. ***Retirement After Full Year of Service Credit.**
 1. ***Resolution 2022-26.** (Attachment No. 15) page 104.
 - D. ***New Policy: E-signatures.**
 1. ***Resolution 2022-27.** (Attachment No. 16) page 105.
- XIII. Litigation Update. *Martha Miller, General Counsel*
- XIV. ***Staff Reports.**
 - A. ***Medical Disability Report.** *Willie Kincade, Director of Operations* (Attachment No. 17) page 108.
- XV. Other Business.

* Action Item

XVI. ***Adjourn.**

EXECUTIVE SUMMARY

TO: Board of Trustees
FROM: ATRS Staff
RE: Executive Summary
DATE: April 4, 2022

VI. *Member Appeal. *Clint Rhoden, Executive Director*

A. *In Re: **Mary K. Wood, Case No. 2021-MA-002.** page 32.

This appeal is before the Board of Trustees for consideration. Under Rule 13, the Board has the final authority to accept the Proposed Order, reject the Proposed Order, or accept the Proposed Order as modified by the Board. In addition to the Board making its own findings of fact and conclusions of law, if the Board rejects the Proposed Order in whole or in part, they may remand the matter back to the Administrative Hearing Officer for reconsideration.

The issue 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.

A summary of the findings of fact are as follows:

- 1) On August 21, 2020, Ms. Woods filed her application for retirement with ATRS, which triggered an effective date for her retirement benefits to begin on September 1, 2020.
- 2) In a letter dated October 22, 2020, Ms. Wood requested a waiver of the application deadline and that her benefits be paid retroactive beginning July 1, 2020. The primary reasons stated to justify the waiver were unfairness due to illness and disruptions due to the COVID-19 pandemic.
- 3) On November 12, 2020, ATRS sent Ms. Wood a staff determination letter denying her request for a waiver primarily based on the executive director not possessing the authority to waive deadlines for retirement applications.
- 4) On December 16, 2020, ATRS received an appeal of the staff determination letter to the executive director.
- 5) On March 2, 2021, the executive director upheld the staff determination citing compliance with Arkansas Code 24-7-701(c)(1) and that ATRS relies on deadlines for efficient operations. It was acknowledged that COVID-19 did interrupt normal activities, however ATRS must follow the law regarding deadlines for retirement applications.

6) On March 30, 2021, Ms. Wood pursued this appeal to the Board by requesting a hearing.

The Administrative Hearing Officer found that the ATRS cannot retroactively apply benefits when the applicable law does not allow it to do so, nor can it expand a deadline without specific Board authority, even in the case of a pandemic. ATRS has no legal authority to waive the statutorily imposed deadline set out in Arkansas Code 24-7-701(c)(1).

ATRS law and rules specify that the waiver of a deadline is exclusively a Board remedy, and not a remedy available to the executive director. However, due to the COVID-19 pandemic the Board voted to allow the executive director discretion in waiving minor discrepancies in the May 31, 2020 deadline for retirement applications. The executive director decided to allow submission of retirement applications 10 days past the May 31st deadline. Ms. Wood submitted her application for retirement on August 21, 2020, which was 82 days past the deadline. The executive director did not find the lateness of 82 days was a "minor discrepancy" to justify a waiver.

It is certainly true that COVID-19 has wreaked havoc in many people's lives, including Ms. Wood's. There is no proof in the record that Ms. Wood was unaware of the May 31st deadline or that she submitted her application anytime prior to the extended deadline, or that ATRS was somehow at fault and misplaced her application. ATRS has a fiduciary duty to its members to adhere to the law and treat all members equally. ATRS is not a mind-reader and cannot predict or mandate the date when an applicant voluntarily wished to begin retirement benefits. ATRS cannot retroactively apply benefits when the applicable law does not allow it to do so, nor can it expand a deadline without specific board authority, even in the case of a pandemic. To do so would be discriminatory against other members who failed, for whatever reason, to file a retirement application at the time they had initially planned on doing.

In summary, the Administrative Hearing Officer concluded that there was no evidence presented to show that the executive director acted unreasonably in denying Ms. Wood's request for a waiver. Furthermore, there is no legal authority which would allow the executive director to waive this deadline since the waiver of a deadline is exclusively a Board remedy.

The Administrative Hearing Officer recommends that Ms. Wood's appeal be denied. ATRS staff agrees and recommends the Board accept and affirm the proposed order regarding this member appeal, 2021-MA-002.

VII. Report of Member Interest Waived under A.C.A. Sec. 24-7-205. *Clint Rhoden, Executive Director*

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.

VIII. Report of Employer Penalties and Interest Waived under A.C.A. Sec. 24-7-411.
Clint Rhoden, Executive Director

ATRS may 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 or interest were waived for this reporting period. This is a standard report for information and is not an action item.

IX. Approval of New ATRS Employer. *Clint Rhoden, Executive Director*

A. In the matter of the Arkansas Public School Resource Center.

The Arkansas Public School Resource Center (APSRC) has applied for covered employer status under ATRS in order to enable its employees to become members of ATRS. APSRC is a private, non-profit educational organization incorporated on July 1, 2008 required to operate solely for charitable and educational purposes. The Arkansas Department of Education (ADE) certifies the APSRC annually to provide statutorily mandated school board training and other professional development training to public school educators in Arkansas.

If the APSRC did not provide the services and training it offers to Arkansas schools, the ADE would be required to provide these services. The board has been provided a detailed memo, prepared by the ATRS legal staff, that walks through the analysis behind this recommendation. In short, the ATRS executive staff has determined that approving the APSRC as a covered employer, does not jeopardize ATRS as a qualified governmental plan.

Executive staff recommends the Board adopt Resolution 2022-28, which details the approval of the Arkansas Public School Resource Center as a covered employer.

1. ***Resolution 2022-28.** page 39.

X. Audit Committee Report. *Ricky Quattelbaum, Audit Committee Chair*

A. Internal Audit Follow-Up Report: Disability Service Benefits. page 50.

The results of the follow-up audit on Disability Service Benefits for the periods July 1, 2014 March 30, 2018 and July 1, 2020 June 30, 2021 will be presented. The objective was to assess if corrective measures implemented by the Agency have adequately addressed the issues noted in the findings of the original report.

XI. Investment Committee Report. *Chip Martin, Investment Chair*

A. Arkansas Related and Investment Update.

1. List of Fund Closings.

- a. **Landmark Real Estate Partners IX, L.P., a closed end opportunistic real estate fund investing in secondary interests of value added and opportunistic funds, the Board authorized commitment of up to \$50 million dollars on December 6, 2021 was accepted and closed on February 28, 2022.**

The ATRS full commitment of \$50 million dollars was negotiated, accepted, and closed on February 28, 2022.

- b. **Riverside Value Fund I, L.P., a private equity turnaround fund that will invest in underperforming companies in the U.S., the Board authorized commitment of up to \$30 million dollars on December 6, 2021 with imminent need was accepted and closed on March 11, 2022.**

The ATRS full commitment of \$30 million dollars was negotiated, accepted, and closed on March 11, 2022.

- c. **Purchase of the revenue stream generated by state of Arkansas tax credits associated with Big River Steel, the Board authorized commitment of up to \$82,119,766 on February 7, 2022 with imminent need was accepted and closed on February 7, 2022.**

The ATRS full commitment of \$82,119,766 was negotiated, accepted, and closed on February 7, 2022.

- d. **SK Capital Partners VI, L.P., a private equity buyout fund focused on middle market specialty chemicals and specialty materials companies, the Board authorized commitment of up to \$30 million dollars on February 7, 2022 with imminent need was accepted and closed on March 3, 2022.**

The ATRS full commitment of \$30 million dollars was negotiated, accepted, and closed on March 3, 2022.

- e. **Franklin Park Corporate Finance Access Fund II, 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 February 7, 2022 with imminent need was accepted and closed on February 11, 2022.**

The ATRS full commitment of \$30 million dollars was negotiated, accepted, and closed on February 11, 2022.

B. General Investment Consultant Report.

1. Preliminary Performance Report for the Month Ending February 28, 2022. page 55.

PJ Kelly and Katie Comstock of Aon Hewitt Investment Consulting will provide the Board with a preliminary portfolio update for the month ending February 28, 2022.

2. Open forum to discuss investment related topics.

PJ Kelly and Katie Comstock will be available to discuss investment related topics and issues with Committee Members and Board Members in attendance.

C. Real Assets. Aon Hewitt Investment Consulting.

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. page 79.

This amount is in addition to the \$50 million dollars previously approved by the Board at the June 7, 2021 meeting. The fund is sponsored by KKR Associates Diversified Core Infrastructure SCSp., an arm of KKR. KKR was founded in 1976 by Jerome Kohlberg Jr., and Henry Kravis and George R. Roberts, all of whom had previously worked together at Bear Stearns, where they completed some of the earliest leveraged buyout transactions. KKR is a global investment firm with over \$234 billion dollars in assets under management across alternative asset classes, including private equity, energy, infrastructure, real estate, credit and hedge funds. The strategy involves an open-end fund that seeks to pursue core infrastructure investments with a buy-and-hold approach and a particular focus on investments in contracted or regulated cash flows from existing projects, assets and businesses located in North America, Western Europe and Asia. The fund is a new fund and started with \$650 million dollars in assets that will provide an initial 4 to 6% cash yield. The fund anticipates growing to a net asset value of \$5 to \$10 billion dollars over the next 5 years comprised of 10 to 15 investments.

Though the fund is new, the same team has successfully managed 3 prior open-end value add KKR infrastructure funds which have averaged a 14.1% IRR. ATRS has previously invested in KKR Global Infrastructure Fund II which as of the end of 2021 has a 17.5% IRR. The fund is targeting a 7 to 9% net return. Aon recommends an additional investment of up to \$25 million dollars in

KKR Diversified Core Infrastructure Fund L.P., and ATRS staff concurs.

a. ***Resolution No. 2022-23.** page 88.

D. Private Equity 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.** page 89.

Arlington is a private equity buyout fund that focuses on small to lower middle market companies in the U.S. Based in Chevy Chase, Maryland, Arlington was founded in 1999 and has raised five prior funds. The firm is led by Matthew Altman, Michael Lustbader, Peter Manos, David Wodlinger and C. Malcolm Little (principals) who have an average of 20 years of experience each in the private equity industry and 17 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 and fifth funds and they have each generated an approximate gross IRR of 40% as of September 30, 2021.

Franklin Park recommends an investment of up to \$30 million dollars in Arlington Capital Partners VI, L.P. and ATRS staff concurs.

a. ***Resolution No. 2022-24.** page 93.

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.** page 94.

ATRS has invested in venture capital through Franklin Park investment vehicles for the last thirteen years with excellent results. In December 2019, the Board approved a commitment of \$30 million dollars in Franklin Park Venture Capital Fund XIII, L.P., a new vehicle designed to provide more flexibility to invest in high quality venture funds over a multi-year period. The Board approved an additional commitment of \$30 million in Fund XIII in June 2020. In this new multi-year fund, Franklin Park admitted investors who were not existing clients as limited partners, but they were required to pay fees and carried interest. Beginning with Fund XIV in 2021, non-client investors will be required to pay a management fee of 0.9% with carried interest of 5% after an 8% preferred return is

achieved. Existing clients that invest \$60 million or more in the 2 to 3 year fund will not pay a management fee, and their carried interest is reduced to 4%. The fees and carried interest provide a source of incentive compensation for Franklin Park's investment staff. Franklin Park is committed to remaining a small boutique firm and is not seeking to add large clients to grow their fee base. The small size and high level of expertise of the firm are of significant benefit to ATRS because they allow Franklin Park to access top-tier venture funds that are often top-decile performers.

As a reminder, Franklin Park acts as the manager of a fund of funds in the venture space since it is a very volatile segment of private equity. In order to offset some of that risk, Franklin Park acquires an interest in several venture funds and spreads those through its investors to create greater diversity of managers and styles. The venture capital portfolio that Franklin Park has created and managed for ATRS has performed very well. The current average net IRR for all of the venture vehicles (since 2008) is 26.5%. In the next few months, a number of highly successful and sought-after venture managers are coming to market with new funds. In order to make timely investments in these top-tier managers, the vehicle needs commitments from its limited partners at this time. ATRS staff concurs with Franklin Park's recommendation to make an additional commitment of up to \$30 million dollars in Franklin Park Venture Capital Fund XIV, L.P. and to the fee structure.

a. ***Resolution No. 2022-25.** [page 103.](#)

XII. 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.

This is a standard part of the Committee agenda to allow Committee Members and Board Members in attendance to address topics and issues for consideration.

a. **Potential Legislation for 2023.**

b. **Teacher Shortage.**

c. **Retiree Purchasing Power.**

B. Rules Promulgation Status Update.

ATRS staff will present a status update on the current rule changes.

C. *Retirement After Full Year of Service Credit.

Act 2021, No. 279 provides that a member who accrues a full year of

service credit for a fiscal year shall not have an effective retirement date that is earlier than the July 1 after the fiscal year ends unless the Board adopts by rule or resolution an earlier beginning date for all members whose retirement will not result in a reduction of classroom teachers. This resolution provides that licensed or certified personnel who have at least one hundred sixty (160) days of service credit in a fiscal year and do not teach in a classroom may retire before July 1 of the subsequent fiscal year. Additionally, the resolution clarifies that licensed or certified personnel whose retirement before July 1 of the subsequent fiscal year would result in the vacating of a classroom shall not have an effective retirement date that is earlier than the July 1 of the subsequent fiscal year regardless of whether the he or she holds multiple licenses or has primarily administrative duties.

1. ***Resolution 2022-26.** page 104.

D. *New Policy: E-signatures.

ATRS staff has determined that the adoption of a electronic signature policy will improve member experience in managing the member's account, increase the security of member transactions, as well as increasing the operating efficiency of ATRS. The adoption of this policy will lay the groundwork for the establishment of an electronic member portal through which a member may initiate changes to the member's account.

1. ***Resolution 2022-27.** page 105.

XIII. Litigation Update. *Martha Miller, General Counsel*

ATRS General Counsel will update the board regarding various on-going litigation cases.

XIV. *Staff Reports.

A. *Medical Disability Report. *Willie Kincade, Director of Operations* page 108.

The Medical Committee Report is a standard report made by staff on behalf of the Medical Committee approving disability cases. A total of fifteen (15) disability applications were received, nine (9) were approved, two (2) were denied, and four (4) needed more information.

XV. Other Business.

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

**Monday, February 7, 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
Kathy Clayton
Kelly Davis
Dr. Mike Hernandez
Shawn Higginbotham
Michael Johnson
Bobby Lester
Chip Martin*
Amanda Webb*
Susannah Marshall, Bank Commissioner
Johnny Key, Secretary, Dept. of Ed*
Jason Brady, designee for Hon. Dennis Milligan
Hon. Andrea Lea, State Auditor*

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)*
Chae Hong, Aon Hewitt (AHIC)*
Michael Bacine, Franklin Park*
Duncan Baird, APERS*
Donna Morey, ARTA*
Gar Chung*
Heartsill Ragon, Gill, Elrod and Ragon*
Aifric O'Raghallaigh*
ID: MHelms*
Rush Deacon*
Kevin Baload – Journalist, With.Intelligence*
Ari Levy*
Robin Nichols
Jeff Stubblefield

**Via ZOOM*

- I. **Call to Order/Roll Call.** Mr. Danny Knight, Chair, called the Board of Trustees meeting to order at 11:01 a.m. Roll call was taken. All members were present.

II. Motion to Excuse Absent Board Members. No member was absent.

III. Adoption of Agenda.

Mr. Lester moved for adoption of the Agenda. Mr. Black 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. April 5, 2021, Minutes – Scrivener’s Error.

Mr. Black moved for approval of the Minutes of the Board of Trustees meeting of April 5, 2021. Ms. Bell seconded the motion, and the Board unanimously approved the motion.

B. December 6, 2021, Minutes.

Ms. Bell moved for approval of the Minutes of the Board of Trustees meeting of December 6, 2021. Ms. Clayton seconded the motion, and the Board unanimously approved the motion.

VI. Member Appeal

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

Matter was deferred to the April 4, 2022, Board Meeting.

VII. Staff Empowerment.

A. Authority to Transact Business.

1. Resolution 2022-01

Mr. Higginbotham moved to adopt Resolution 2022-01, Authority to Transact Business on behalf of the ATRS Board of Trustees. Mr. Lester seconded the motion, and the Board unanimously adopted the resolution.

B. Specific Powers of Executive Director.

1. Resolution 2022-02.

Mr. Black moved to adopt Resolution 2022-02, Authorizing Specific Powers of Executive Director on behalf of the ATRS Board of Trustees. Mr. Lester *seconded* the *motion* and the Board *unanimously adopted the resolution*.

C. Appointment of ATRS as Manager of LLC's.

1. Resolution 2022-03

Mr. Lester *moved to adopt* Resolution 2022-03, Appointment of ATRS as Manager of LLC's. Ms. Marshall *seconded* the *motion*, and the Board *unanimously adopted the resolution*.

VIII. Authority to Reimburse Trustee Expenses for 2022.

A. Resolution 2022-04.

Ms. Bell *moved to adopt* Resolution 2022-04, authorizing ATRS to reimburse ATRS Trustees for miscellaneous expenses and losses in salary resulting from Board of Trustees meeting attendance or other official Board duties. Ms. Davis *seconded* the *motion*, and the Board *unanimously adopted the resolution*.

IX. Authorization for Board Travel and Expense Reimbursement for 2022.

A. Resolution 2022-05.

Mr. Johnson *moved to adopt* Resolution 2022-05, authorizing ATRS to reimburse ATRS Trustees for expenses used in traveling for official Board duties. Dr. Hernandez *seconded* the *motion*, and the Board *unanimously adopted the resolution*.

X. Adoption of 2022-2023 Employer Contribution Rate.

A. Resolution 2022-06.

Mr. Higginbotham *moved to adopt* Resolution 2022-06, Adoption Employer Contribution Rate at the rate of 15.00% for the fiscal year starting July 1, 2022. Ms. Bell *seconded* the *motion*, and the Board *unanimously adopted the resolution*.

XI. Adoption of 2022-2023 Member Contribution Rate.

A. Resolution 2022-07.

Mr. Lester *moved to adopt* Resolution 2022-07, Adoption of Member Contribution Rate at the rate of 7.00% for the fiscal year starting July 1, 2022. Ms. Davis *seconded the motion*, and the Board *unanimously adopted the resolution*.

XII. Adoption of Contribution Rate applied to Outsourced Positions.

A. Resolution 2022-08.

Mr. Black *moved to adopt* Resolution 2022-08, Adoption Contribution Rate of 4% applied to Outsourced Positions. Ms. Bell *seconded the motion*, and the Board *unanimously adopted the resolution*.

XIII. Retirement Benefit Formula.

A. Resolution 2022-09.

Dr. Hernandez *moved to adopt* Resolution 2022-09, Adoption of Retirement Benefit Formula. Mr. Lester *seconded the motion*, and the Board *unanimously adopted the resolution*.

XIV. Board of Trustees Election Update.

A. Positions No. 1 and No. 9. Mr. Rhoden gave the Board an update on the candidates for Positions No. 1 and No. 9.

B. Selection of Election Vendor.

1. Resolution 2022-17.

Mr. Lester *moved to adopt* Resolution 2022-17, Approving the selection of SourceOne of Little Rock, Arkansas, to conduct the 2022 ATRS Board Election. Ms. Clayton *seconded the motion*, and the Board *unanimously adopted the resolution*.

C. Selection of Election Vendor for Campaign Material.

1. Resolution 2022-22.

Mr. Lester moved to adopt Resolution 2022-22, Approving the selection of SourceOne of Little Rock, Arkansas, for the purpose of sending campaign materials to eligible voter. Ms. Clayton seconded the motion, and the Board unanimously adopted the resolution.

XV. Actuarial Valuations, June 30, 2021. Mr. Rhoden presented the annual reports prepared by the Actuaries concerning the valuation of liability to active and inactive members along with the valuation of liabilities for annuities being paid to current retirees and current beneficiaries.

A. Active & Inactive Members. This report reflects the liabilities owed by ATRS to active and inactive members.

B. Retirees & Beneficiaries. This report reflects the liabilities to ATRS retirees, beneficiaries, survivors, and incapacitated children.

Mr. Lester moved to accept the Actuarial Valuations for Active & Inactive Members, and Retirees & Beneficiaries as of June 30, 2021. Ms. Marshall seconded the motion, and the Board unanimously approved the motion.

XVI. 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.

XVII. 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. Five (5) employer penalties and interest amounts were waived for this reporting period in the amount of \$2,028.54.

XVIII. Unreported Service: Employer and Member Contributions due.

A. In Re: ATRS 235667. Mr. Rhoden presented the Board with the employer and member contributions due ATRS ID# 235667.

1. Resolution 2022-21

Mr. Higginbotham moved to adopt Resolution 2022-21, Approving waiver of Interest on Contributions of Unreported Service. Ms. Bell seconded the motion, and the Board unanimously adopted the resolution.

XIX. Manifest Injustice For Board Approval

A. In the Matter of MI Claim #2021-05. Director Rhoden presented the Board with MI Claim #2021-05. Executive Staff recommended the Board find a manifest injustice exists in this case and the Board extend the deadline in this matter.

1. Resolution 2022-19.

Mr. Black moved to adopt Resolution 2022-19, to find a manifest injustice exists and extend the deadline in this matter. Ms. Bell seconded the motion, and the Board unanimously adopted the resolution.

B. In the Matter of MI Claim #2021-07. Director Rhoden presented the Board with MI Claim #2021-07. Executive Staff recommended the Board find a manifest injustice exists in this case and waive the repayment of retirement benefits and T-DROP contributions due.

Mr. Black moved to adopt Resolution 2022-20, to find a manifest injustice exists and repayment of retirement benefits in the amount of \$62,510.42 be waived, that repayment of T-DROP distribution of \$45,097.84 be waived and that no new retirement application be required of the member. Ms. Bell seconded the motion, and the Board unanimously approved the motion.

XX. Forfeiture Recommendation pursuant to A.C.A. 24-7-734(6). Ms. Martha Miller, General Counsel, gave a presentation regarding forfeiture recommendations. Staff reviewed 47 member accounts and identified member benefits totally in the aggregate \$22,366.64. Staff recommends the Board find these benefits should be forfeited according to A.C.A. §24-7-734(b) and directed staff to transfer these benefits to the trust assets of ATRS.

Mr. Lester moved to accept the Forfeiture recommendation as presented to the Board. Mr. Black seconded the motion, and the Board unanimously approved the motion.

XXI. Approval of New ATRS Employer. Director Rhoden presented the Board with the recommendation to approve Economic Arkansas as a covered employer.

Staff recommends the Board approve Resolution 2022-18, detailing the approval of Economics Arkansas as a covered employer.

Mr. Lester *moved to adopt Resolution 2022-18, to approve Economic Arkansas as a covered employer. Ms. Bell seconded the motion, and the Board unanimously approved the motion.*

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

A. Election of Committee Chair and Vice Chair. The Committee elected Ricky Quattlebaum as Chair and Kelly Davis as Vice Chair.

B. Board Policy No. 1 Revision. Director Rhoden provided the Committee with revision to Board Policy No. 1. The change was to define the make-up of the Audit Committee.

Ms. Davis *moved to approve revisions to Policy No. 1 as submitted by Director Rhoden. The Board unanimously approved the motion.*

C. Internal Audit: Reciprocal Service Benefit Follow-up Report. Ms. Dena Dixson presented the report to the Committee.

XVIII. Investment Committee Report. Shawn Higginbotham, acting Chair, gave a report on the Investment Committee meeting.

A. Election of Committee Chair and Vice Chair. The Committee elected Chip Martin as Chair and Kathy Clayton as Vice Chair.

B. Arkansas Related and Investment Update.

1. List of Fund Closings. Rod Graves, Deputy Director, gave an update on recent Investment activity. Mr. Graves reported a correction to the Committee. The summary for this meeting listed a closing date of January 14, 2022, for item six, Franklin Park Corporate Access Fund II. This investment closed on February 4, 2022.

2. Recommendation to approve for Board adoption Resolution 2022-10 authorizing the purchase of the revenue stream generated by state of Arkansas tax credits associated with Big River Steel with Imminent Need. Rod Graves explained the need to use Arkansas Capital Corporation as an approved subcontractor for Global Principal Partners (GPP) for the review of this investment opportunity. The approved subcontractor for GPP was used to avoid any appearance of potential conflicts of interest because of relationships between GPP, US Steel, and ATRS. Representatives of Arkansas Capital Corporation presented the Committee with a recommendation to purchase the revenue stream generated by tax credits associated with Big River Steel.

Staff concurs with the Recommendation

Mr. Higginbotham *moved to approve Resolution 2022-10, authorizing the purchase of the revenue stream generated by state of Arkansas tax credits associated with Big River Steel with Imminent Need. The Board *unanimously approved the motion.**

C. General Investment Consultant Report.

1. Preliminary Performance Report for the Quarter Ending December 31, 2021. Katie Comstock of Aon Hewitt Investment Consulting provided the Committee with a preliminary portfolio update for the quarter ending December 31, 2021.

2. **Recommendation to approve Resolution 2022-11 authorizing an investment of up to \$50 million dollars in Silver Point Capital Fund LP. with Imminent Need.** P. J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting provided the Board with a recommendation to approve for Board adoption Resolution 2022-11 authorizing an investment of up to \$50 million dollars in Silver Point Capital Fund LP. with Imminent Need.

Staff concurs with the recommendation.

Mr. Higginbotham *moved to approve Resolution 2022-11, authorizing an investment of up to \$50 million dollars in Silver Point Capital Fund LP. with Imminent Need. The Board *unanimously approved the motion.**

D. Real Asset Consultant Report.

1. **Performance Report for the Quarter Ending September 30, 2021.** Jack Dowd of Aon Hewitt Investment Consulting provided the Board with a portfolio update for the quarter ending September 30, 2021.

E. Private Equity Consultant Report.

1. **Private Equity Portfolio Review for the Quarter Ending September 30, 2021.** Michael Bacine of Franklin Park provided the Board with a portfolio review for the quarter ending September 30, 2021.
2. **Recommendation to approve Resolution 2022-12 authorizing an investment of up to \$30 million dollars in SK Capital Partners VI, L.P. with Imminent Need.** Mr. Michael Bacine of Franklin Park provided the Committee with the recommendation for Board adoption Resolution 2022-12 authorizing an investment of up to \$30 million dollars in SK Capital Partners VI, L.P. with Imminent Need.

Staff concurs with the recommendation

Mr. Higginbotham *moved to approve Resolution 2022-12, authorizing an investment of up to \$30 million dollars in SK Capital Partners VI, L.P. with Imminent Need. The Board *unanimously approved the motion.**

3. **Recommendation to approve for Board adoption Resolution 2022-13 authorizing an investment of up to \$15 million dollars in Thoma Bravo Fund XV, L.P. with Imminent Need.** Mr. Michael Bacine of Franklin Park provided the Committee with the recommendation for Board adoption Resolution 2022-13 authorizing an investment of up to \$15 million dollars in Thoma Bravo Fund XV, L.P. with Imminent Need.

Staff concurs with the recommendation.

Mr. Higginbotham *moved to approve Resolution 2022-13 authorizing an investment of up to \$15 million dollars in Thoma Bravo Fund XV, L.P. with Imminent Need. The Board *unanimously approved the motion.**

4. **Recommendation to approve for Board adoption Resolution 2022-14, authorizing an investment of up to \$15 million dollars in Thoma Bravo Discover Fund IV, L.P. with Imminent Need.** Mr. Michael Bacine of Franklin Park provided the Committee with the recommendation for Board adoption Resolution 2022-14 authorizing an investment of up to \$15 million dollars in Thoma Bravo Discover Fund IV, L.P. with Imminent Need.

Staff concurs with the recommendation.

Mr. Higginbotham *moved to approve Resolution 2022-14, authorizing an investment of up to \$15 million dollars in Thoma Bravo Discover Fund IV, L.P. with Imminent Need. The Board *unanimously approved the motion.**

5. **Recommendation to approve for Board adoption Resolution 2022-15 authorizing an investment of up to \$15 million dollars in Thoma Bravo Explore Fund II, L.P. with Imminent Need.** Mr. Michael Bacine presented the Committee

with the recommendation to approve for Board adoption Resolution 2022-15 authorizing an investment of up to \$15 million dollars in Thoma Bravo Explore Fund II, L.P. with Imminent Need.

Staff concurs with the recommendation.

Mr. Higginbotham *moved to approve Resolution 2022-15 authorizing an investment of up to \$15 million dollars in Thoma Bravo Explore Fund II, L.P. with Imminent Need. The Board *unanimously approved the motion.**

6. **Recommendation to approve Resolution 2022-16, authorizing an additional investment of up to \$30 million dollars in Franklin Park Corporate Finance Access Fund II, L.P. with Imminent Need.** Mr. Michael Bacine presented the Committee with the recommendation to approve for Board adoption Resolution 2022-16 authorizing an additional investment of up to \$30 million dollars in Franklin Park Corporate Finance Access Fund II, L.P. with Imminent Need.

Staff concurs with the recommendation.

Mr. Higginbotham *moved to approve Resolution 2022-16, authorizing an additional investment of up to \$30 million dollars in Franklin Park Corporate Finance Access Fund II, L.P. with Imminent Need. The Board *unanimously approved the motion.**

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

- A. Election of Committee Chair and Vice Chair.** The Committee elected Mr. Bobby Lester as Chair and Ms. Anita Bell as Vice Chair.

- B. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members in Attendance.**
 - 1. Open Forum. None.

- C. Approval of Rules after Public Comment Period.** Jennifer Liwo, Attorney Specialist, presented the Rules after public comment period.

Mr. Lester *moved to approve* Rule 4, Rule 6, Rule 7, Rule 8, Rule 9, Rule 10, and Rule 11, after the public comment period. The Board *unanimously approved the motion.*

XXV. Board of Trustees Disability Review. Willie Kincade provided the Board with the disability review.

Ms. Clayton *moved to approve* the Group Order DR-2022-02-A. Mr. Black *seconded the motion and the Board unanimously approved the Motion.*

XXVI. Staff Reports.

- A. Medical Committee Report.** Mr. Kincade reported that a total of Sixteen (16) Disability Retirement Applications were approved.

Mr. Black *moved to approve* the Medical Committee Report. Ms. Davis *seconded the motion and the Board unanimously approved the Motion.*

- B. Personnel Report.** Ms. Vicky Fowler, Human Resources Director provided the Board with the personnel report.

- C. Direct Investment Consultant RFP/RFQ.** Deputy Director Rod Graves provided the Board with the recommendation to work with OSP to solicit one or more firms to do due diligence.

Mr. Brady moved to approve staff work with OSP to use OSP to solicit one or more firms to perform due diligence. Mr. Lester *seconded* the *motion* and the Board *unanimously approved* the *Motion*.

XXVII. Other Business: None

XXVIII. Adjourn. With no other business, 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

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

Friday, February 25, 2022

4:00 p.m.

1400 West Third Street

Little Rock, AR 72201

ATTENDEES

Board Members Present

Danny Knight, Chair
Anita Bell*
Kathy Clayton*
Kelly Davis*
Dr. Mike Hernandez*
Shawn Higginbotham*
Michael Johnson*
Bobby Lester*
Chip Martin*
Amanda Webb*
Susannah Marshall, Bank Commissioner*
Johnny Key, Secretary, Dept. of Ed*
Jason Brady, Designee for Dennis Milligan, State Treasurer*

* *via ZOOM*

ATRS Staff Present

Clint Rhoden, Executive Director
Rod Graves, Deputy Director
Tammy Porter, Ex. Asst/Board Secretary
Willie Kincade, Director of Operations
Jennifer Liwo, Staff Attorney*
Manju, Director, Information Systems*
Martha Miller, General Counsel*

Guests Present

Melinda Campbell, Kaplan Fox*
Fred Fox, Kaplan Fox*
Tony Gelderman, BLBG*
Donnie Hall, Kaplan Fox*
Hannah Ross, BLBG*
James Harrod, BLBG*
Scott Carroll, Arkansas Business*
C. Eric Heinz*
Donna Morey, ARTA*
Mike Wickline, Reporter

- I. **Call to Order/Roll Call.** Mr. Danny Knight, called the Board of Trustees meeting to order at 4:01 p.m. Roll call was taken. Auditor Lea was absent. Mr. Johnny Key joined the meeting at 4:04 p.m.
- II. **Adoption of Agenda.**

Mr. Martin *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. **Board of Trustees Disability Report.** Under the Disability Review procedure described in A.C.A. §24-7-704(b)(3)(D) the Board shall make a final decision on

the recommendations of the Medical Committee. Mr. Rhoden presented the Board with the following proposed order for Board approval regarding Disability Review recommendations.

A. Group Order – Approved – DR-2022-02-B

Ms. Davis moved to approve the Group Order – Approved DR.2022-02-B. Ms. Bell seconded the motion and the Board unanimously approved the Motion.

- V. Litigation Update.** Director Rhoden gave the Board an update regarding settlement offer in the Allianz Global Investors lawsuit. Attorneys from Kaplan Fox and BLBG provided the Board with details of the case and the recommendation to settle the case for a gross amount of \$642 Million Dollars. Director Rhoden told the Board that staff concurred with the recommendation.

Ms. Davis moved to accept the recommendation to settle the case for \$642 Million Dollars with funds being provided to ATRS early next week and directing staff to provide an update to the Board once settlement is received. Ms. Clayton seconded the motion. A roll call vote was taken and the Board unanimously approved the Motion.

- VI. Other Business. None**

- VII. Adjourn.**

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

Meeting adjourned at 4:16 p.m.

Clint Rhoden
Executive Director

Mr. Danny Knight Chair
Board of Trustees

Tammy Porter,
Board Secretary

Date Approved

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

**Friday, March 18, 2022
4:00 p.m.
1400 West Third Street
Little Rock, AR 72201**

ATTENDEES

Board Members Present

Danny Knight, Chair
Anita Bell*
Kathy Clayton*
Dr. Mike Hernandez*
Shawn Higginbotham*
Michael Johnson*
Bobby Lester*
Amanda Webb*
Susannah Marshall, Bank Commissioner*
Johnny Key*, Secretary, Dept. of Education*
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
Braeden Duke, Information Tech Services
Willie Kincade, Director of Operations
Jennifer Liwo, Staff Attorney*
Manju, Director, Information Systems*
Martha Miller, General Counsel*

Guests Present

Erin Woods, Bleichmar, Fonti & Auld*
Javier Bleichmar, Bleichmar, Fonti & Auld*

Reporters Present

Mike Wickline, Ark. Democrat Gazette

* *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. Mr. Black, Ms. Clayton, Ms. Davis, Mr. Martin, and Auditor Lea were absent. Mr. Johnny Key joined the meeting at 4:02 p.m.

- II. **Adoption of Agenda.**

Mr. Higginbotham *moved* for adoption of the Agenda. Ms. Marshall *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. **Pending Class Action litigation discussion.** Director Rhoden and Martha Miller, general counsel, presented the Board with a recommendation to participate in a class action litigation in which ATRS has the option to be lead plaintiff. Ms. Erin

Woods and Mr. Javier Bleichmar, of Bleichmar, Fonti & Auld, gave a report to the Board regarding the case.

Director Rhoden and Ms. Miller stated that staff concurs with the recommendation.

Mr. Brady *moved for approve* the Recommendation to participate in a class action litigation in which ATRS would be the lead plaintiff and to hire Bleichmar, Fonti & Auld to handle the case. Mr. Key *seconded the motion*, and the Committee *unanimously approved the motion* by roll call.

V. Other Business. None

VI. Adjourn.

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

Meeting adjourned at 4:08 p.m.

Clint Rhoden
Executive Director

Mr. Danny Knight Chair
Board of Trustees

Tammy Porter,
Board Secretary

Date Approved

**ATRS
FILED
10/15/21**

BEFORE THE ARKANSAS TEACHER RETIREMENT SYSTEM

IN THE MATTER OF) ATRS CASE NO. 2021-MA-002
MARY K. WOOD)

PROPOSED ORDER AND RECOMMENDATION TO THE BOARD

I. INTRODUCTION

The Administrative Hearing Officer (AHO) has received and reviewed the administrative record provided in this case, including the following briefs and pleadings of the parties: (1) the Arkansas Teacher Retirement System’s (ATRS’) Findings of Fact and Conclusions of Law (FOF/COL), which included the ATRS exhibits and witness list, (2) additional exhibits that were provided by the parties at the hearing in this matter, and in subsequent correspondence pursuant to the Petitioner’s request; and (3) the Petitioner’s Post-Hearing Brief and the ATRS’ responsive Post-Hearing Brief with attachments.

Further, on August 5, 2021, a hearing was held at which time additional testimony was presented by the parties, which has also been considered.

The parties submit this appeal on the issue as to whether Ms. Wood is eligible to have her retirement benefits retroactively applied to begin on July 1, 2020, rather than September 1, 2020, since she did not submit her retirement application into the ATRS until August 21, 2020.

II. FINDINGS OF FACT

The following Findings of Fact are found:

1. Ms. Wood is currently a retired member of the ATRS and is 65 years old.
2. On August 21, 2020, Ms. Wood filed her retirement application with the ATRS, which triggered an effective date for her retirement benefits to begin on September 1, 2020 pursuant to Arkansas law.

3. On November 4, 2020, ATRS received a letter from Ms. Wood dated October 22, 2020, requesting a waiver of the application deadline and that her benefits should be retroactive beginning July 1, 2020. While in her letter she admitted that it was “probably her mistake” that she did not timely file to receive the benefits beginning July 1, 2020, she requested a waiver for several reasons, which included that: (a) due to COVID, her routines were disrupted and she became inefficient in that she believed she had submitted the application by March 12, 2020 in order for her benefits to begin on July 1, 2020; (b) she was ill for two weeks during this time period, which was possibly COVID; (c) she truly earned the benefits; (d) it was not fair for her to lose several months of retirement income because of COVID disruption; (e) granting her request would not set any material precedent to which the ATRS would be committed in future years since the prevailing reason for her failure to submit earlier was due to COVID; and (f) that other retirement funds such as Social Security allow for back-pay in similar situations.

4. On November 12, 2020, ATRS sent a Staff Determination letter to Ms. Wood, denying Ms. Wood’s request for a waiver, citing to state law at A.C.A. Sec. 24-7-701(c)(1) which sets out the timing for issuing a retirement annuity; and which stated that the ATRS Executive Director does not have the authority to waive the law on extending the date for application for retirement benefits.

5. On December 16, 2020, the ATRS received an appeal from Ms. Wood of the Staff Determination to the Executive Director.

6. On March 2, 2021, the Executive Director upheld the Staff Determination for the following reasons: (a) he cited to A.C.A. Sec. 24-7-701(c)(1) to find that the ATRS relies on deadlines set out in applicable law in order to have “efficient operation,” and

must be compliant with the law; (b) he acknowledged that while COVID did interrupt normal activities, the ATRS is not authorized to change the law as to the initiation of retirement benefits once an application is received; and (c) that the ATRS is sympathetic to her situation, but must “treat all members equally under the law.”

7. On March 30, 2021, Ms. Wood pursued this instant appeal to the ATRS Board, requesting a hearing.

III. CONCLUSIONS OF LAW

It is determined that Ms. Wood’s appeal is denied, as further set out below.

Subchapter 7–ATRS - Benefits of Title 24 - Retirement and Pensions, Chapter 7–Retirement of Employees of Schools and Educational Institutions of the Arkansas Code, codified at A.C.A. Secs. 24-7-101 et seq., provides for the timing of a member receiving retirement benefits based on the date of the submittal of the member’s application to ATRS, at A.C.A. Sec. 24-7-701, which states in pertinent part:

“(a)(1)(A) . . . an active member . . . may voluntarily retire upon written application filed with the [ATRS] . . .

(c) The annuity shall begin the first day of the calendar month next following the latest of:
(1) One (1) month after the date the written application is filed with the Board of Trustees of the [ATRS] . . . “Emphasis added.

There does not appear to be any statutory exceptions to the above law which sets out the time frame for an applicant to receive retirement benefits based on when a retirement application is filed with the ATRS, which is, in effect, a deadline. Rather, ATRS Board Rule 17-1 *Manifest Injustice* at Secs. III(A) and (B) specifically prohibits the Executive Director “from waiving any deadline that may apply in the ATRS Rules or law” and

provides that **“the waiver of a deadline is exclusively a Board remedy, and not a remedy available to the Executive Director.”** (Emphasis added.)

However, last year, due to the severity of the COVID pandemic which undoubtedly adversely affected the public in many ways, on April 6, 2020, the Board of Trustees voted to **“allow the Executive Director discretion in waiving minor discrepancies this year in the deadline for retirement applications,** let him take them up on an individual basis and deal with them on an individual basis.” (Emphasis added.) Respondent’s Exhibit G. The ATRS provided testimony at the hearing through its Associate Director of Operations, Mr. Willie Kincade, that he consulted with the Executive Director concerning the limited waiver approved by the Board. The Executive Director decided to allow the submission of retirement applications up to June 10, 2020, which would be retroactive for retirement benefits for applications received by May 31, 2020. Transcript, p. 58, ll. 3-8, 13-16. This extension was for 10 days, the period of time that the Executive Director determined was a “minor discrepancy” for the waiver in compliance with the Board’s instructions. In this case, Ms. Wood did not submit her application prior to the extended deadline of June 10, 2020, but instead submitted it well after June 10th – on August 21, 2020 – which is about 72 days after the extended deadline. It is immaterial as to whether she knew about the extension since she also missed the extended deadline. The Executive Director, in his discretion, did not find that the lateness of her application of 72 days from the extended deadline was a “minor discrepancy” to justify a waiver.

Ms. Wood submitted a letter dated August 5, 2021, from District 41 State Representative Karilyn Brown, requesting that this AHO grant leniency to Ms. Wood due

to the pandemic and to err in her favor on the side of fairness. See Petitioner's Ex. B. 10/5/21

While her opinion is appreciated, and it is certainly true that COVID has wreaked havoc in many people's lives, including Ms. Wood's, there is no proof in the record that Ms. Wood was unaware of the initial due date or that she submitted her application any time prior to the extended deadline, or that ATRS was at somehow at fault and misplaced her application. Instead, it is clear from the record that her application was not filed until August 21, 2020. While Ms. Wood claims that the result is unfair because of the pandemic, the law is clear regarding when an annuity begins and that only the Board, not the Executive Director, has the authority to waive deadlines. The Board gave the Executive Director limited authority to do so for "minor discrepancies." This AHO cannot substitute her judgment for the judgment of the Executive Director in denying Ms. Wood's request for a waiver of an application that was about 82 days past the deadline of May 31, 2020, and about 72 days past the Executive Director's 10-day extension of that deadline. There needs to be a limit to any deadline, including an extended deadline, for efficient operation of an agency. There is no evidence presented in this matter or any further law relied upon or submitted by the Petitioner to controvert the law on waiving deadlines or to show that the Director acted unreasonably in denying Ms. Wood's request for a waiver.

The ATRS has a fiduciary duty to its members to adhere to the law and to treat all members equally. The ATRS is not a mind-reader and cannot predict or mandate the date when an applicant voluntarily wishes to begin retirement benefits. It cannot retroactively apply benefits when the applicable law does not allow it to do so, nor can it expand a deadline without specific Board authority, even in the case of a pandemic. To

10/5/21

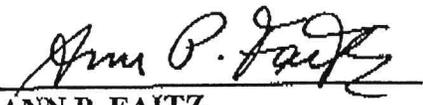
do so would be discriminatory against other members who failed, for whatever reason, to file a retirement application at the time they initially planned on doing so or did so well after the extended reasonable deadline due to the pandemic.

Ms. Wood disputed that her benefits began in September 2020, but instead has claimed that she did not begin receiving benefits until October 2020. However, the record shows in correspondence provided by the ATRS to Ms. Wood, that the first retirement funds began to be deposited in her account in September 2020. See also Transcript, pp. 79-80, 94-95, testimony of Mr. Kincade. According to ATRS procedure, such payments are always paid at the end of the month. See also ATRS Rule 9 Chart, attached to the Post Hearing Brief Submitted by the ATRS Staff.

IV. RECOMMENDATION

The Petitioner's appeal is denied for the reasons set forth above.

DATED this 5th day of October, 2021.


ANN P. FAITZ
Administrative Hearing Officer

Distributed to by fax and U.S. Mail:

Mr. Kevin Odum
Arkansas Teacher Retirement System
1400 West Third Street
Little Rock, AR 72201
501.682.1517
kevin@artrs.gov
Attorney Specialist for ATRS

BEFORE THE ARKANSAS TEACHER RETIREMENT SYSTEM

IN THE MATTER OF)
MARY K. WOOD) ATRS CASE NO. 2021-MA-002

ORDER

On this _____ day of April, 2022, the proposed Order and Recommendation of the Administrative Hearing Officer regarding the appeal of Mrs. Mary K. Wood is presented to the Arkansas Teacher Retirement System (ATRS) Board of Trustees, which is attached hereto and made part of this Order as if set out word for word herein.

After review by the Board of Trustees, the ATRS Board of Trustees hereby accepts and affirms the hearing officer's Proposed Order and Recommendation.

IT IS SO ORDERED.

MR. DANNY KNIGHT, Chairman
ATRS Board of Trustees

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**RESOLUTION
No. 2022-28**

**Approving Application of
Arkansas Public School Resource Center
to be a Covered Employer**

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to review applications by education-related agencies or organizations to become covered employers; and

WHEREAS, employment with an education-related agency or organization may be considered “employment with a school” under certain circumstances as detailed in A.C.A. §24-7-202(19)(D); and

WHEREAS, ATRS members who have been members of ATRS for a minimum of five (5) years who become employed in a position with an education-related agency or organization may elect to become or remain a member of ATRS if the employment is related to (a) training public school employees or school board members; (b) teaching public school students; or (c) providing adult education programs; and (d) is not related in any manner to private schools; and

WHEREAS, the education-related agency or organization must apply to ATRS to become eligible as a covered employer and agree to be responsible for all required employer contributions as it relates to the ATRS member with at least five (5) years who wishes to continue membership in ATRS; and

WHEREAS, the Board of Trustees has a fiduciary duty to ensure that the approval of an application of an education-related agency or organization will not in any way impair any legal status of ATRS, its status as a governmental plan pursuant to the Internal Revenue Code and the Employee Retirement Income Security Act of 1974, or have a substantial adverse impact on the actuarial soundness of ATRS; and

WHEREAS, a private letter ruling from the Internal Revenue Service is not available according to IRS Rev. Proc. 2021-3, Section 3 regarding the potential impact of the approval of an application of an education-related agency or organization to become a covered employer; and

WHEREAS, previous IRS rulings may provide guidance to the Board of Trustees in evaluating an application to become a covered employer as discussed in the Exhibit A (attached) which include factors such as (a) the degree of control the State has over the agency or organization's everyday operations; (b) whether the agency or organization was created by a governmental entity; (c) the nature and source of its funding; (d) the manner in which the agency or organization's governing body is selected; (e) whether the employees are employees of a governmental entity; and (f) whether the addition of the eligible employees of the agency or organization would increase the number of ATRS membership beyond a *de minimis* amount of the aggregate membership; and

WHEREAS, the Arkansas Supreme Court considered whether a private agency or organization may be a covered employer of ATRS in the case of *Chandler v. Board of Trustees of the Teacher Retirement System of the State of Arkansas*, 236 Ark. 256, 365 S.W.2d 447 (1963). Act 80 of 1949 permitted employees of AEA and ATA to participate in ATRS, and the question before the Court was whether the use of state funds (in the form of matching contributions to ATRS) was for a public purpose. The Court observed that none of the funding for either AEA or ATA came from the State; their members did not devote time to public service; and their activities were not solicited by the State, leading the Court to conclude that, under Act 80, public funds were being used for a private purpose in violation of the Due Process Clause of the Constitution; and

WHEREAS, the Board finds that the Arkansas Public School Resource Center and its employees are distinguishable from the facts of the *Chandler* case in that a substantial amount of their funding comes from the State; the very purpose of the organization is to provide services and training in support of Arkansas education; and, without their activities, the work they do would otherwise fall to the State; and

WHEREAS, the ATRS Board has reviewed and evaluated the application of the Arkansas Public School Resource Center according to the criteria discussed in Exhibit A and finds that it should be approved.

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves the request of the Arkansas Public School Resource Center to be recognized as a covered employer (as defined in A.C.A. § 24-7-202) in order for its eligible employees to become or remain members of ATRS; and

FURTHER, BE IT RESOLVED, that as an Employer under the ATRS Act, the Arkansas Public School Resource Center shall make all member contributions required by A.C.A. § 24-7-406 regarding any employee who has been a member of ATRS for a minimum of five (5) years and who wishes to remain a member of ATRS; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement.

Adopted this 4th day of April, 2022

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System



MEMO TO: BOARD OF TRUSTEES OF THE ARKANSAS TEACHER RETIREMENT SYSTEM

FROM: EXECUTIVE DIRECTOR, CLINT RHODEN

SUBJECT: ARKANSAS PUBLIC SCHOOL RESOURCE CENTER — APPLICATION FOR COVERED EMPLOYER STATUS UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM

I. Questions Presented

1. Is the Arkansas Public School Resource Center (APSRC) eligible for covered employer status under the Arkansas Teacher Retirement System (ATRS)?
2. Will the participation of APSRC employees in ATRS impair ATRS' legal status as a governmental plan under the Internal Revenue Code (IRC), 26 U.S.C. § 1 et seq., or the Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C. § 1001 et seq., or subject ATRS to additional federal requirements?
3. Will the participation of APSRC employees in ATRS have a substantial adverse impact on ATRS' actuarial soundness?
4. Should the Board of Trustees of the Arkansas Teacher Retirement System (Board of Trustees) vote to approve the participation of the APSRC as a covered employer under ATRS?

II. Staff Recommended Answers to Questions Presented

1. Yes, the APSRC is eligible for covered employer status under ATRS as its employees will likely meet the requirements of Ark. Code Ann. § 24-7-202(19)(D).
2. No, the participation of APSRC employees in ATRS will not or is unlikely to impair ATRS' legal status as a governmental plan or subject ATRS to additional federal requirements.
3. No, there is no evidence to support a contention that the participation of APSRC employees in ATRS is likely to have a substantial adverse impact on ATRS' actuarial soundness.
4. Yes, the Board of Trustees should vote to approve the participation of APSRC as a covered employer under ATRS for the reasons provided in this Section II (1) – (3).



III. Relevant Facts

On February 11, 2022, Arkansas Public School Resource Center, Inc. dba as Arkansas Public School Resource Center (APSRC) applied for covered employer status under ATRS in order to enable its employees to become members of ATRS. APSRC proposed July 1, 2022, as the effective start date for ATRS membership.

Incorporated on July 1, 2008, APSRC is a private, tax-exempt, non-profit corporation that is also a public benefit corporation under the provisions of the Arkansas Nonprofit Corporation Act of 1993, Ark. Code Ann. § 4-33-101 et seq.¹

APSRC is organized and required to operate solely for charitable and educational purposes. APSRC must be operated exclusively to:

1. Provide comprehensive services and assistant to open enrollment public charter schools and rural school districts in Arkansas (Arkansas schools);
2. Provide technical assistance to Arkansas schools in areas including, but not limited to, accountability, testing, tracking and measuring student achievement, financial management, and best practices;
3. Provide professional educational and career opportunities for educators, administrators, and parents of students;
4. Provide professional development programs for Arkansas schools; and
5. Engage in educational programs and activities that are approved by the Board of Directors of the Arkansas Public School Resource Center (Board of Directors) and consistent with APSRC's overall mission to support Arkansas schools.

APSRC's overriding purpose and mission is to enhance learning, improve educational opportunities and choice, improve fiscal practices, improve learning, improve the educational advancement of students who attend Arkansas schools, and to assist Arkansas schools and the students and parents of students who attend Arkansas schools.

APSRC provides financial, legal, technological, and teaching and learning and communications training and services to Arkansas schools. Additionally, APSRC provides state-mandated training to school boards, administrators, building leaders, teachers, and other staff in public school districts, charter schools, and educational cooperatives.

The Arkansas Department of Education (ADE) certifies the APSRC annually to provide statutorily mandated school board training and other professional development training to public school educators in Arkansas. Additionally, the ADE annually approves APSRC's provision of Tier 1 financial training to superintendents and business managers.

¹ "Public benefit corporation" means a domestic corporation which is formed as a public benefit corporation pursuant to §§ 4-33-201 et seq., or is required to be a public benefit corporation pursuant to § 4-33-1707 to perform good works, to benefit society or improve the human condition. Ark. Code Ann. § 4-33-140(29).



On December 10, 2020, the State Board of Education approved APSRC to be the new operator for the Arkansas Leadership Academy (ALA) beginning on July 1, 2021. The ALA was created by legislation and provides training and developmental programs to school leaders in Arkansas. The training and developmental programs offered by ALA include without limitation the Master Principal Program, Teacher Leader Program, Executive & Policy Leader Empowerment, School Team Empowerment, and Instructional Leader Empowerment.

APSRC does not provide services to private schools. Additionally, if the APSRC did not provide the services and training it offers to Arkansas schools, the ADE would be required to provide these services.

With limited exceptions for the payment of reasonable services and payments or distributions that further APSRC's purposes, APSRC's net earnings are prohibited from being distributed to or being used for the benefit of any private person or entity. Additionally, APSRC is prohibited from substantially conducting activities that carry on propaganda, influence legislation not permitted by 16 U.S.C. § 501(h)², or participate or intervene in political campaigns.

Should APSRC dissolve, after paying any outstanding liabilities, APSRC's assets must be transferred to an entity that is organized, exists, and operates for the benefit of public schools in Arkansas. If such an entity does not exist, then to a 501(c)(3) organization in Arkansas.

With regard to the election of the members of the Board of Directors, if there is a vacancy on the Board of Directors, the Board of Directors submit recommendations for potential new members to the Executive Director of the Arkansas Public School Resource Center (APSRC Executive Director). After receiving the recommendations, the APSRC Executive Director submits the list of recommended members to the Nominating Committee for review. Following its review of the recommended members, the Nominating Committee makes a final recommendation to the APSRC Executive Director who in turn presents the final recommendation to the full Board of Directors for approval. Members of the Board of Directors are selected annually by a majority vote of the full Board of Directors. No governmental agency has input or authority over the selection or election of the members of the Board of Directors.

Grants from the state and federal government account for approximately fifty-six percent (56%) of APSRC's funding. Other funding sources for the APSRC include private grants, membership dues, conference fees, fees for services, investment returns, CFAM software licensing fees etc.

APSRC has approximately four (4) employees. The employees include the APSRC Executive Director, the Director of Legal Services, the Director of Finance, the Director of Teach and Learn, the Director of Technology, and the Common Core Specialist. The salaries, other compensation, and employee benefits paid by APSRC were \$1,937, 328 for 2017, \$2,349,222 for 2018, and \$2, 047, 541 for 2019. It is unknown whether the salaries for APSRC employee positions and the matched employer contributions will be covered by funding received from the ADE.

² 26 U.S.C. § 501(h) provides that tax-exempt status will be denied to a 501(c)(3) organization that "substantially" carries on propaganda or otherwise attempts to influence legislation if the organization normally "makes lobbying expenditures in excess of the lobbying ceiling amount for the organization for each taxable year" or "grass roots expenditures in excess of the grass roots ceiling amount for the organization for each taxable year".



APSRC's End of Year net assets or fund balances were \$3,630,655 for 2017, \$3,954,988 for 2018, and \$5,435,077 for 2019.

IV. Applicable Law

With regard to an organization's eligibility to apply for covered employer status under ATRS, the organization's employees must be engaged in "*employment with a school*" as defined in Ark. Code Ann. § 24-7-202.

The applicable definition of "*employment with a school*" for the employees of Arkansas Public School Resource Center is Ark. Code Ann. § 24-7-202(19)(D). Ark. Code Ann. § 24-7-202(19)(D) defines "*employment with a school*" as "[e]mployment in a position with an education-related agency or organization if the employee is or has been a member of the Arkansas Teacher Retirement System for a minimum of five (5) years and elects to become or remain a member of the Arkansas Teacher Retirement System." The employment with the education-related agency or organization must be related to: "(a) Training public school employees or school board members; (b) Teaching public school students; or (c) Adult education programs." *Id.* Additionally, the employment cannot "*be related in any manner to private schools.*" *Id.*

ATRS is required to determine if an Internal Revenue Service (IRS) ruling should be requested concerning whether or not the participation of the applicant's employees in ATRS will jeopardize ATRS' status as a governmental plan. *See Section (VII)(E) of Rule 6*³.

Both the Internal Revenue Code and ERISA define "governmental plan", in relevant part, as "*a plan established and maintained for its employees by the Government of the United States, by the government of any State or political subdivision thereof, or by any agency or instrumentality of any of the foregoing.*" 26 U.S.C. § 414(d) and 29 U.S.C. § 1002(32).

In determining whether a retirement plan is a governmental plan within the meaning of the IRC, the Internal Revenue Services (IRS) noted the following non-determinative factors:

1. Whether there is specific legislation creating the organization;
2. The source of funds for the organization;
3. The manner in which the organization's trustees or operating board are selected; and
4. Whether the applicable governmental unit considers the employees of the organization to be employees of the applicable governmental unit.

Rev. Rul. 89-49.

Additionally, the IRS has advised, "*A plan will not be considered a governmental plan merely because the sponsoring organization has a relationship with a governmental unit or some quasi-governmental power.*" *Id.* The IRS has further stated, "*One of the most important factors to be considered*

³ The IRS is no longer issuing private letter rulings or determination letters with regard to whether a plan is a governmental plan. *Rev. Proc. 2021-3, § 3.*

in determining whether an organization is an agency or instrumentality of the United States or any state or political subdivision is the degree of control that the federal or state government has over the organization's everyday operations.”⁴ Id.

The IRS further noted, “*Although all of the above factors are considered in determining whether an organization is an agency of a government, the mere satisfaction of one or all of the factors is not necessarily determinative.*” *Id.*

Finally, the Department of Labor (DOL), which has the authority to interpret the definition of “governmental plan” as applicable to ERISA⁵, has issued advisory opinions indicating that the participation of a de minimis number of private employees in an otherwise governmental plan will not adversely affect governmental plan status.⁶

With regard to constitutional issues, in *Chandler v. Bd. of Trustees of the Teacher Ret. Sys.*, 236 Ark. 256, 365 S.W.2d 447 (1963), the Supreme Court of Arkansas considered constitutional arguments centered around the participation of employees of the Arkansas Education Association (AEA) and the Arkansas Teacher Association (ATA) in ATRS. The issue before the court was whether the participation of AEA and ATA employees in ATRS would constitute an appropriate use of state funds for a public

⁴ Here the IRS is referencing Rev. Rul. 57-128. In Rev. Rul. 57-128, the IRS was asked to determine whether an organization was an instrumentality of a state for Federal employment tax purposes. In making its determination, the IRS considered the following factors:

1. Whether the organization is used for a governmental purpose and performs a governmental function;
2. Whether performance of the organization's function is on behalf of one or more states or political subdivisions;
3. Whether there are any private interests involved, or whether the states or political subdivisions involved have the powers and interests of an owner;
4. Whether control and supervision of the organization is vested in public authority or authorities;
5. If express or implied statutory or other authority is necessary for the creation and/or use of such an instrumentality, and whether such authority exists; and
6. The degree of financial autonomy and the source of organization's operating expenses.

⁵ The DOL has the authority to interpret Title I of ERISA, which includes 29 U.S.C. § 1002(32), the definition of governmental plan.

⁶ See Advisory Opinion 1999-15A (“*It would not be consonant with the intended scope and purpose of the "governmental plan" exception to treat the Fund as failing to fall within the exception in ERISA § 4(b)(1) because of the participation of one Fund employee, particularly inasmuch as the activities of that employee on which participation is based relate exclusively to conducting the affairs of the Fund. However, if a benefit arrangement is extended to cover more than a de minimis number of private sector employees, the Department may not consider it a governmental plan under Title I of ERISA.*”). Also see Advisory Opinion 2000-08A (“*It is the view of the Department of Labor that the participation by a de minimis number of private-sector employees in an otherwise governmental plan will not adversely affect the plan's status as a governmental plan. However, if a benefit arrangement were to cover more than a de minimis number of private sector employees, the Department may not consider it a governmental plan under Title I of ERISA.*”).

purpose as required under the privileges and immunities clause (Ark. Const. Art. 2, § 18), illegal exactions clause (Ark. Const. Art. 16, § 13), and the due process clause (Ark. Const. Art. 2, § 8).

The court cited *Brodhead v. City of Milwaukee*, 19 Wis. 624 (1865)⁷ and *Texarkana-Forest Park Paving etc. Dist. No. 1 v. State*, 189 Ark. 617, 74 S.W.2d 784 (1934)⁸. In making its determination, the court considered whether the essential nature of the AEA and ATA was public or private in character and concluded as follows:

We can reach no conclusion except that the use of tax moneys to provide a retirement income for AEA and ATA staff employees cannot be classified as an expenditure for a public purpose. A retirement allowance represents compensation paid to the recipient. [internal citation omitted]. The workers in question, however, are not employees of the State. There is no sound reason why their salaries should be supplemented by the taxpaying public. Although the cause of public education is undoubtedly furthered by the activities of the AEA members, there is no indication that the AEA employees devote their time to the pub[l]ic service. Even if such a showing had been made, the public services would still have been rendered by these people in the course of their work for a private employer, unsolicited by the State and affording no basis for a claim against the State.

[Requiring] the AEA and the ATA to match their employees' contributions, does not remedy the situation. Tax moneys are still being devoted to a private purpose, because (a) the administrative expense of the system is in part borne by the State, and (b) the retirement allowances are life annuities, [internal citation omitted]; so if an annuitant should live long enough to receive more in benefits than had been contributed to his account, the remaining annuity installments would have to be paid with public funds.

V. Application of Law to Facts

⁷ *Brodhead v. City of Milwaukee*, 19 Wis. 624 (1865) (“The legislature cannot create a public debt, or levy a tax, or authorize a municipal corporation to do so, in order to raise funds for a mere private purpose. It cannot in the form of a tax take the money of the citizens and give it to an individual, the public interest or welfare being in no way connected with the transaction. The objects for which money is raised by taxation must be public, and such as subserve the common interest and well being of the community required to contribute.”)

⁸ *Texarkana-Forest Park Paving etc. Dist. No. 1 v. State*, 189 Ark. 617, 74 S.W.2d 784 (1934) (“The power to pay gratuities to individuals is denied to the Legislature generally by constitutional mandate and usually a gift of money to an individual would be an appropriation of public funds to private use, which cannot be justified in law.”)



APSRC may be considered an education-related agency or organization as its overriding purpose and mission is to improve learning, educational opportunities and choice, school-related fiscal practices, and the educational advancement of students who attend Arkansas schools. Additionally, APSRC focuses on assisting Arkansas schools, students in Arkansas schools, and the parents of students who attend Arkansas schools. Furthermore, APSRC is required to operate solely for charitable and educational purposes.

As employment with APSRC is related to training public school employees, an APSRC employee who is or has been a member of ATRS for a minimum of five (5) years may elect to become or remain a member of ATRS. APSRC does not provide services or training to private schools. As such, employment with APSRC could not be characterized as employment related to private schools.

APSRC is not created by specific legislation; however, approximately fifty-six percent (56%) of the organization's funding is derived from state and federal funds.

While any relationship that APSRC has with a governmental unit or some quasi-governmental power is not dispositive as to ATRS' status as a governmental plan, it should be noted that the ADE annually certifies the APSRC to provide statutorily mandated school board training and other professional development training to Arkansas' public school educators. Additionally, the ADE annually approves Tier 1 financial training provided by APSRC to superintendents and business managers. Furthermore, APSRC functions as the operator for ALA, which provides several training and developmental programs to school leaders in Arkansas. If not provided by APSRC, the aforementioned training and services would become the responsibility of the ADE to provide.

With regard to the government's degree of control over the operations of APSRC, governmental agencies are not involved in the selection of the Board of Directors. Furthermore, it is unclear as to whether or not the ADE considers employees of APSRC to be employees or quasi-employees of the ADE. However, the ADE is one of APSRC's largest source of government funding and annually approves APSRC to provide education-related training. As one of APSRC's largest source of government funding and the agency responsible for approving APSRC as an education-related training provider, it is likely that the ADE does not offer input regarding APSRC's operations.

Finally, granting APSRC's application and allowing its employees to elect membership in ATRS is unlikely to raise constitutional concerns. The concerns expressed in *Chandler v. Bd. of Trustees of the Teacher Ret. Sys.* with regard to AEA and ATA do not appear to be present with regard to in the present situation as APSRC: (1) receives funds from the State of Arkansas through the state grants; (2) does not appear to engage in lobbying activities; (3) has a primary objective that can be described as furthering Arkansas' public education; and (4) likely employs public employees who are dedicated to providing resources and training that will improve the quality of public education in Arkansas.

Additionally, the ADE arguably solicits the APSRC's services by annually approving and relying on APSRC to provide education-related training that would otherwise fall to the ADE to provide. The ADE's solicitation of APSRC's services is also demonstrated through the State Board of Education's approval of APSRC as the operator for ALA.

VI. Conclusion



The Board of Trustees should vote to approve APSRC's application for covered employer status under ATRS as:

1. The APSRC employees qualify for membership under Ark. Code Ann. § 24-7-202(19)(D);
2. ATRS' status as a governmental plan is unlikely to be impaired if APSRC's application is granted;
3. It is unlikely that there will be a substantial adverse impact on ATRS' actuarial soundness if APSRC's application is granted; and
4. It is unlikely that granting the APSRC's application will raise constitutional questions or concerns.

**INTERNAL AUDIT FOLLOW-UP REPORT
DISABILITY SERVICE BENEFITS
FOR THE PERIOD JULY 1, 2014 – MARCH 30, 2018; JULY 1, 2020 – JUNE 30, 2021**

April 4, 2022

Introduction

Objectives

The objective of the follow-up audit was to assess if corrective measures implemented by the Agency have adequately addressed the issues noted in the findings of the original report.

Scope and Methodology

This follow-up was conducted for the period July 1, 2014 – March 30, 2018 and July 1, 2020 – June 30, 2021. To accomplish our objective, we interviewed employees, reviewed any changes in Arkansas laws, agency procedures or forms, and analyzed sampled data.

To review the correction of effective dates for disability benefits for the period of July 1, 2014 through March 30, 2018 addressed in finding 1, we obtained a listing of all disability retirees who retired during this period. From this listing, we selected a sample of thirty (30) using a random number generator. The selected members were analyzed for the accuracy of the effective date, collection of overpayments of benefits and payment of underpayment of benefits.

To review accuracy of determination of effective date of disability benefits for the period of July 1, 2020 through June 30, 2021, we obtained a listing of all disability retirees for this period. From this listing, we selected a sample of twenty (20) using a random number generator. The selected members were analyzed for the accuracy of effective date of disability benefits.

Findings and Recommendations

The objective of a system of internal controls is to provide management with reasonable, but not absolute, assurance that transactions are executed in accordance with policies and guidelines and are recorded properly. Our findings and recommendations are provided to assist management in implementing internal controls that ensure proper procedures are implemented and followed, and should not be used for any other purpose.

Following are the findings and recommendations presented in the original Disability Benefit audit, along with the results of our review of the progress by ATRS in the implementation of corrective actions.

Finding 1: Act 493 of 2013 amended A.C.A. § 24-7-4(a) to redefine the effective date of disability retirement from the calendar month following the member's termination of active membership to the date the written application is filed with ATRS and the member is no longer employed by an ATRS employer. The Act was effective July 1, 2013. Based upon Board Rule 9-4, staff determined the date the member is no longer employed to be the last date of compensation payment. In March 2018, Administration determined that the date the member is no longer employed as provided in Act 493, should be the member's termination date.

We found that four of the thirty 30 disability we reviewed for accuracy had their benefits calculated using the last date of employer payment as their retirement effective date. This resulted in an underpayment of benefits for three members and an overpayment of benefits for one member. Benefits underpaid totaled \$3,860.46 and benefits overpaid totaled \$3,851.98.

Recommendation: Develop procedures to ensure new legislation is implemented timely, accurately, and efficiently. Apply the implementation of Act 493 consistently by reviewing and correcting disability retirees from July 2014 through June 2018 whose effective date of benefits were not determined based on the member's termination date.

Management Response: Our disability team is currently rectifying this matter. ATRS Disability staff has applied our Look Back period as a result of over and underpayments due to inaccuracies of the disability effective date. A list of those individuals has been provided to the ATRS Executive Director and Internal Audit. ATRS Administration has recommended that we correct this matter as a fiduciary obligation to our members. We have provided disability staff with guidance and training to abide by Act 493, and develop written Standard Operating Procedures for disability. We have placed several control measures as a preventive mechanism to correctly identify a member's effective date since discovering our past practice errors and misinterpretation of Act 493.

Internal Audit Review: ATRS has developed a checklist for implementing new legislation. Checklist includes changes made to forms, letters, procedures, programming and who is responsible. ATRS reviewed and corrected disability effective dates from July 2014 through February 2018. There were one hundred sixty-eight (168) disability retirees for this period. Internal Audit (IA) reviewed a sample of thirty (30) for accuracy of effective date determination, repayment of overpayment of benefits and payment of underpayment of benefits. All thirty were correct. IA reviewed a sample of twenty (20) out of ninety-one (91) disability retirees for fiscal year 2021 for accuracy of the determination of member's disability effective date. All twenty (20) were correct. ATRS has developed standard operating procedures for disability benefits. Procedures include examples.

Finding 2: Board Rule 9-4 (B)(i) definition of termination of active membership does not reflect the system's interpretation of Arkansas Code. A.C.A. § 24-7-704 bases the effective date of disability retirement on a member who is no longer employed by an ATRS employer. No longer employed by an ATRS employer is not defined in the Board Rules. Also, Board rule 9-4 (I) is no longer applicable.

Recommendation: Implement procedures to ensure board rules are updated timely and accurately when new legislation is enacted. Any board rules that are not currently in agreement with the Arkansas Code need to be updated. Also, Board rules should be amended to include a definition for no longer employed by an ATRS employer.

Management Response: We concur with the previous recommendation. ATRS Management will disseminate information regarding new legislation via written and verbal communication to staff members for complete interpretation of the law. Standard Operating Procedures will be updated, examples will be provided to staff, and training will be conducted to ensure total comprehension.

Internal Audit Review: Board rules have been updated to agree with A.C.A. §24-7-704 determination of a disability effective date of benefits. Board rule 9-4(I) has been removed.

Finding 3: Agency procedure is for incoming U.S. Postal Service mail from or regarding an ATRS member to be delivered from the mailroom to the Scanning Department. Medical reports are given directly to the disability counselor.

Recommendation: All incoming mail including medical reports should be taken from the mailroom to the Scanning Department for entry into the ATRS Member Information System (ATRMIS). Scanning Department will scan the documents into the member's file and all documents should be worked from the ATRMIS image system.

Management Response: The mailroom staff currently delivers a member's medical records to our Disability counselor. Once the counselor removes the necessary documents that are vital for processing a disability applicant for medical review and retirement, the rest of the report is sent to scanning. The documents are reviewed by the Disability counselor and stored in a personal shared directory. Those documents have a shelf-life of one year and afterwards they are deleted by our Data Processing department. ATRS Administration has made a decision to provide our Disability counselor with a safe to safeguard vital records pertaining to a member's medical information in the future.

Internal Audit Review: Disability counselor has been provided a safe to safeguard vital records pertaining to a member's medical information.

Finding 4: The Certification of Salary form 258 requests the employer provide the member's resigned/termination date. Neither the form nor the correspondence accompanying the form gives any direction on what constitutes a member's termination date.

Recommendation: Clear and precise definitions of information requested should be included on all outgoing forms. The Certification of Salary form should have a clear definition of what constitutes a member's termination date.

Management Response: Act 24-7-502 gives a very detailed definition of "Termination". We have agreed that termination is a complete severance of the employer-employee relationship at all system-covered employers. The member must be no longer performing work in any capacity or receiving pay from an employer in which all ties have been detached. The effective date will be determined once all these conditions have been met. We are in the process of developing suitable language on Form 258 to have a clear understanding of a member's termination date.

Internal Audit Review: Disability Certification form has been updated to require a certifying officer to sign the member has severed a working relationship with the employer.

Finding 5: Staff monitors whether a disability retiree under age 57 at retirement has sent in their Social Security determination letter showing the member is receiving Social Security disability benefits. If the letter has not been received three months prior to a member's deadline, correspondence is sent to the member reminding them of the upcoming deadline and the consequences of not sending in the required letter. Two reports are used to obtain all members who have not submitted a letter. One report, R7115, was missing four disability members.

Recommendation: A field should be added to ATRMIS that indicates whether members have met the requirement to submit a Social Security determination letter. A report could then be designed using this information to allow the staff to accurately monitor the fulfillment of this requirement for each member.

Management Response: ATRS staff has communicated with our Data Processing department to enhance parameters utilized on R7115. We recently ran this report for correctness to validate the members who

were on disability and under age 57. We will also have a discussion with Data Processing to add a field to member maintenance that indicates the system has received the member's Social Security Determination Letter.

Internal Audit Note: R7115 was pulling the from the Disability Check Sheet. If a member did not have a check sheet they would not be included in the report. R7115 was changed March 13, 2019 to pull from the payee screen. See IA document: Disability Audit Work Paper A1.1.

Internal Audit Review: IA reviewed report R7115 for July 2020 through June 2021. All disability retirees were accounted for on report R7115.

Finding 6: There are no written procedures regarding the removal of members from the disability payroll if they do not fulfill the requirement for Social Security disability benefits. Furthermore, there is no Board rule or written procedures surrounding the re-retirement of these members once they meet the requirements for age and service retirement.

Recommendation: Develop detailed written procedures that are consistent with ATRS rules and laws to cover all aspects of removing a disability retiree from the benefit payroll. Also, consider the need for a Board rule concerning the age and service retirement of a previous disability retiree that was determined to be ineligible and removed from the benefit payroll.

Management Response: Our Disability team has been working diligently on improving our Standard Operating Procedures overall including Social Security Determination reviews and drafting additional policies. ATRS Management will make this a priority to develop and implement these procedures for removing Disability retirees from the benefit payroll when they are not in compliance with Act 24-7-704.

Internal Audit: Staff has produced Standard Operating Procedures for disability retirees. These procedures give clear direction on when a disability retiree is to be removed from the payroll.

Conclusion

All findings from the disability benefit audit have been addressed.



Arkansas Teacher Retirement System | February 28, 2022

Monthly Investment Review

All information presented in this report should be considered preliminary.

Finalized data will be available on the next Quarterly Investment Report after the close of the quarter.

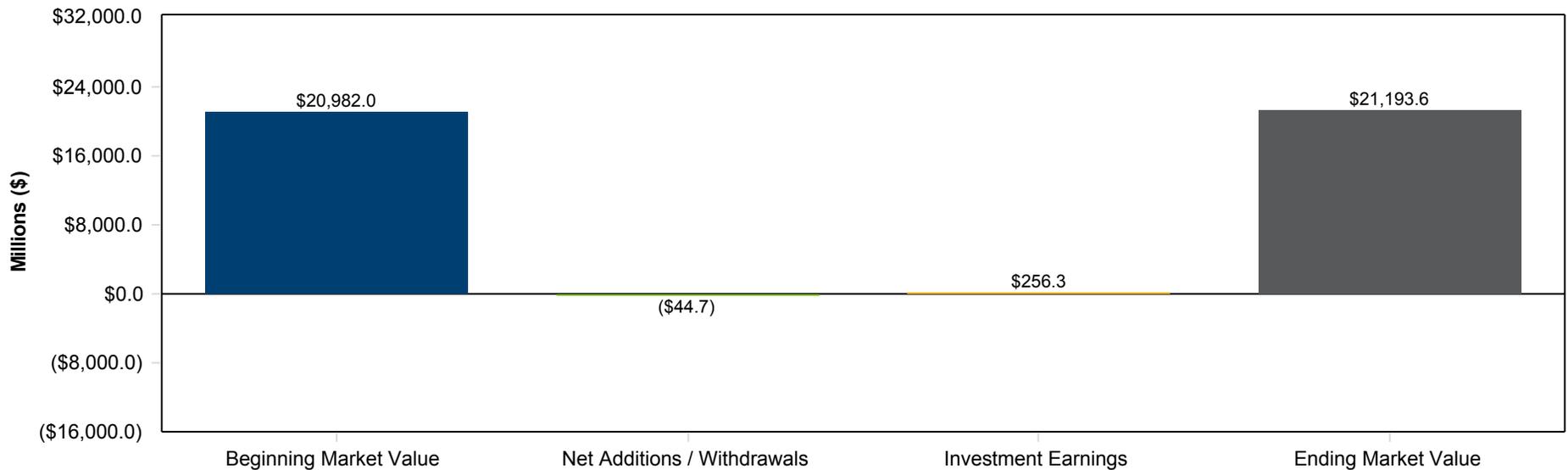
As of February 28, 2022

Market Environment

	Performance(%)						
	1 Month	Fiscal YTD	Year To Date	1 Year	3 Years	5 Years	10 Years
Dow Jones U.S. Total Stock Market Index	-2.5	-0.1	-8.4	11.9	17.4	14.6	14.2
S&P 500 Index	-3.0	2.7	-8.0	16.4	18.2	15.2	14.6
Russell 1000 Index	-2.7	1.0	-8.2	13.7	18.1	15.1	14.5
Russell 1000 Value Index	-1.2	3.2	-3.5	15.0	12.2	9.5	11.7
Russell 1000 Growth Index	-4.2	-1.1	-12.5	12.5	23.2	20.2	17.0
Russell 2000 Index	1.1	-10.8	-8.7	-6.0	10.5	9.5	11.2
Russell 2000 Value Index	1.7	-3.1	-4.3	6.6	10.9	8.0	10.7
Russell 2000 Growth Index	0.4	-17.9	-13.0	-17.4	9.2	10.5	11.4
MSCI AC World IMI (Net)	-2.3	-2.8	-7.4	6.9	13.1	11.2	9.8
MSCI AC World ex USA IMI (Net)	-1.9	-6.8	-5.9	-0.2	8.0	7.4	5.6
MSCI EAFE Index (Net)	-1.8	-4.4	-6.5	2.8	7.8	7.2	6.2
MSCI Emerging Markets Index (Net)	-3.0	-13.7	-4.8	-10.7	6.0	7.0	3.2
Blmbg. U.S. Universal Index	-1.4	-3.5	-3.5	-2.7	3.4	2.9	2.8
Blmbg. U.S. Aggregate	-1.1	-3.2	-3.2	-2.6	3.3	2.7	2.5
Blmbg. U.S. Government	-0.7	-2.3	-2.5	-2.1	3.1	2.4	1.9
Blmbg. Barc. Credit Bond Index	-1.9	-4.8	-5.0	-3.3	4.5	3.7	3.6
Blmbg. U.S. Mortgage Backed Securities	-1.0	-2.7	-2.4	-2.9	1.9	1.9	2.0
Blmbg. U.S. Corp: High Yield	-1.0	-2.2	-3.7	0.6	5.3	4.9	5.9
Citigroup 90-Day T-Bill	0.0	0.0	0.0	0.1	0.8	1.1	0.6

Total Plan Asset Summary

**Change in Market Value
From February 1, 2022 to February 28, 2022**



Summary of Cash Flow

	1 Month	Year To Date	1 Year
Beginning Market Value	20,982,035,155	21,766,942,738	20,111,932,436
+ Additions / Withdrawals	-44,747,278	-100,103,315	-794,800,085
+ Investment Earnings	256,317,550	-473,233,996	1,876,473,077
= Ending Market Value	21,193,605,427	21,193,605,427	21,193,605,427

As of February 28, 2022

Asset Allocation & Performance

	Allocation			Performance(%)								
	Market Value (\$)	%	Policy(%)	1 Month	Fiscal YTD	Year To Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Fund*	21,193,605,427	100.0	100.0	1.2	2.9	-2.2	9.2	11.4	10.3	9.9	8.7	04/01/1986
<i>Performance Benchmark</i>				-1.7	1.0	-4.4	9.1	12.3	10.5	10.0	8.8	
Total Equity	12,493,627,535	58.9	58.6	2.2	1.2	-3.4	8.8	13.2	11.7	11.1	10.2	07/01/2015
<i>Total Equity Performance Benchmark</i>				-2.4	-2.0	-7.7	8.4	14.4	12.2	11.4	10.9	
Fixed Income	2,583,253,514	12.2	15.0	-0.7	-2.3	-1.8	-1.9	3.6	3.2	3.5	5.2	07/01/1992
<i>Performance Benchmark</i>				-1.4	-3.5	-3.5	-2.7	3.4	2.9	2.8	5.3	
Opportunistic/Alternatives	896,329,373	4.2	4.2	0.2	-2.1	0.4	3.1	1.4	0.4	3.5	3.0	05/01/2011
<i>Custom Alternatives Benchmark</i>				-0.1	0.4	-0.6	4.1	3.7	3.0	2.7	2.1	
Real Assets	2,200,501,595	10.4	10.2									
Real Estate	1,328,810,900	6.3										
Timber	309,826,452	1.5										
Agriculture	217,773,286	1.0										
Infrastructure	344,090,956	1.6										
Private Equity	2,693,669,145	12.7	12.0									
Cash	326,224,265	1.5	0.0									

***Preliminary Results**

*Policy % is the interim target used for benchmarking purposes. See page 17 for long-term targets. Beginning July 1, 2013, an updated Investment Policy was adopted which includes the new Real Assets category, which includes Real Estate, Timber, Agriculture and Infrastructure.

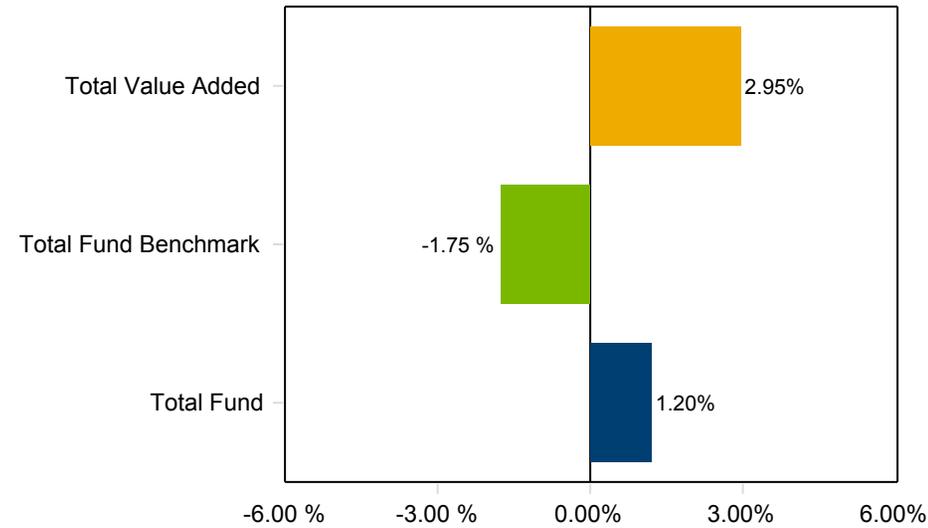
*Real Assets and Private Equity are valued on a quarterly basis and reported on a quarter lag. Market values have been adjusted for the current month's cash flows. Updated results for these portfolios are not yet available and will be included in the quarterly performance report.

*The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns. For historical performance of the U.S. Equity and Global Equity asset classes please see page 21 of this report.

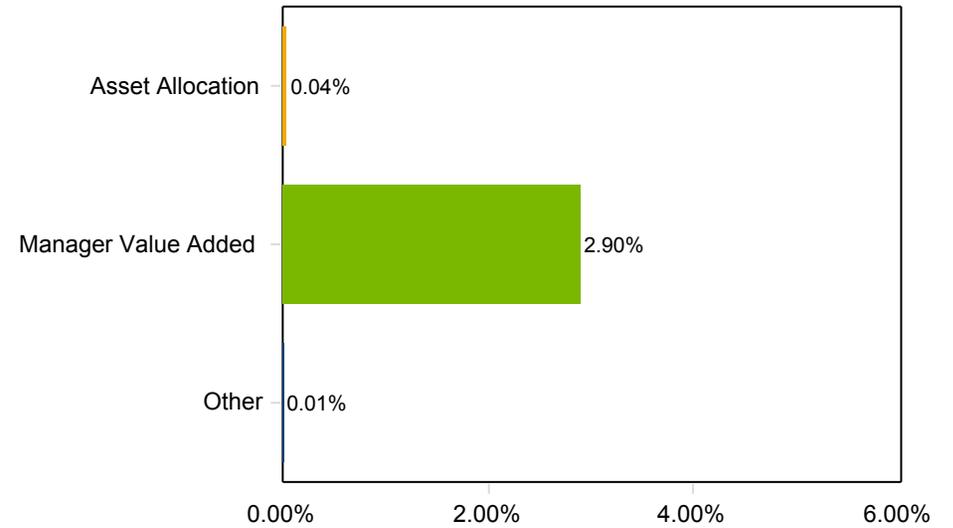
*Includes investment gains from Allianz litigation income received on 2/28/2022.

Total Fund Attribution

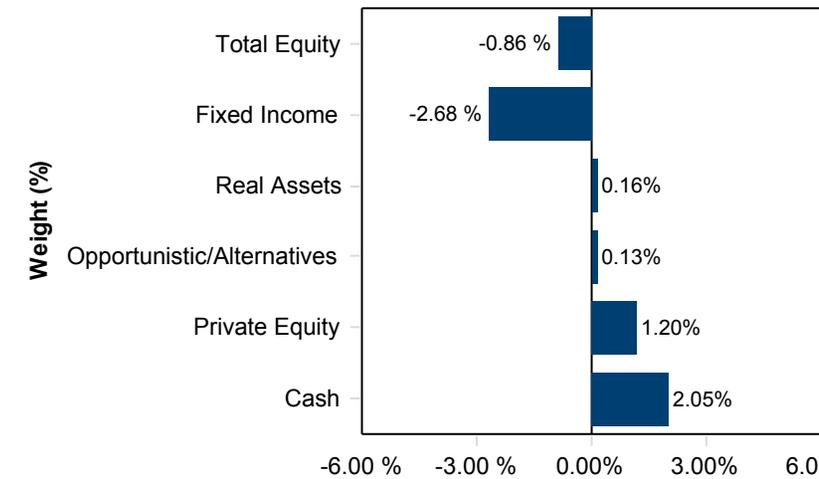
Total Fund Performance



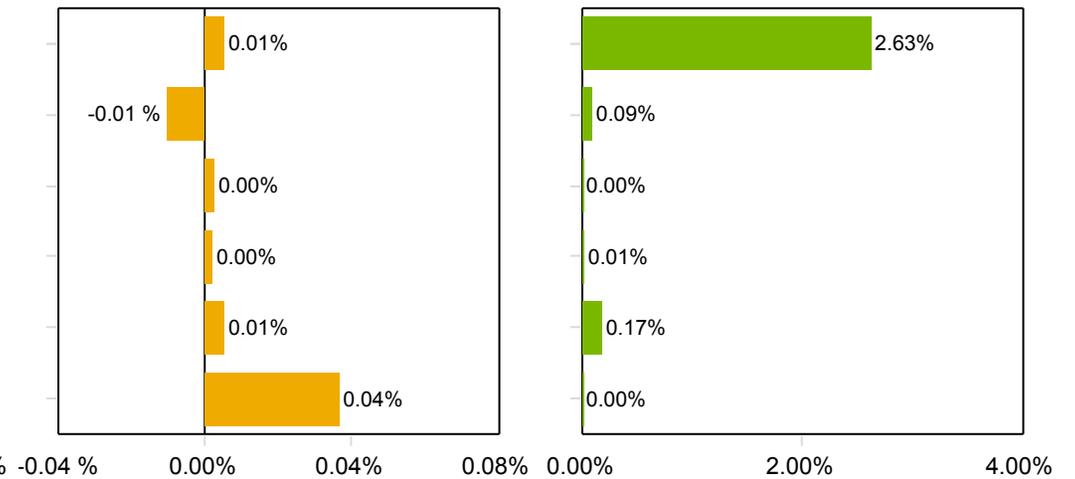
Total Value Added: 2.95%



Total Asset Allocation: 0.04%



Total Manager Value Added: 2.90%



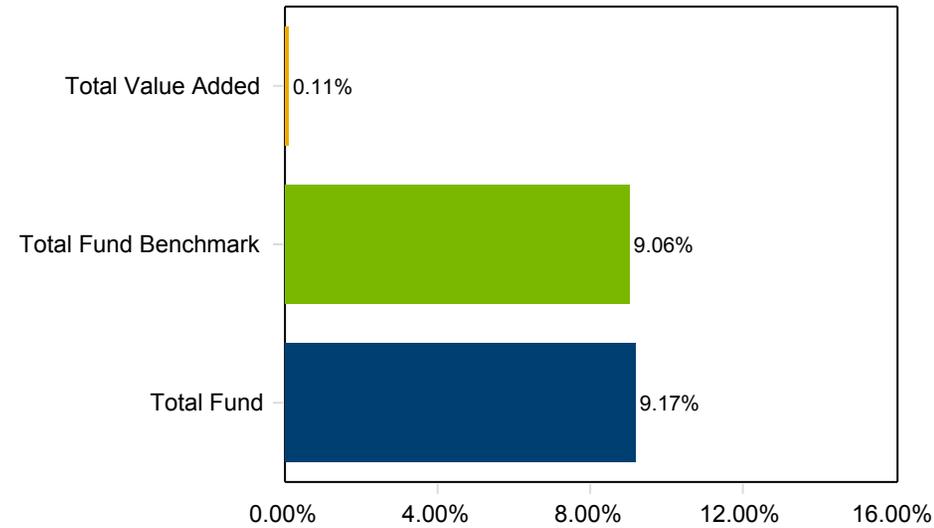
Average Active Weight

Asset Allocation Value Added

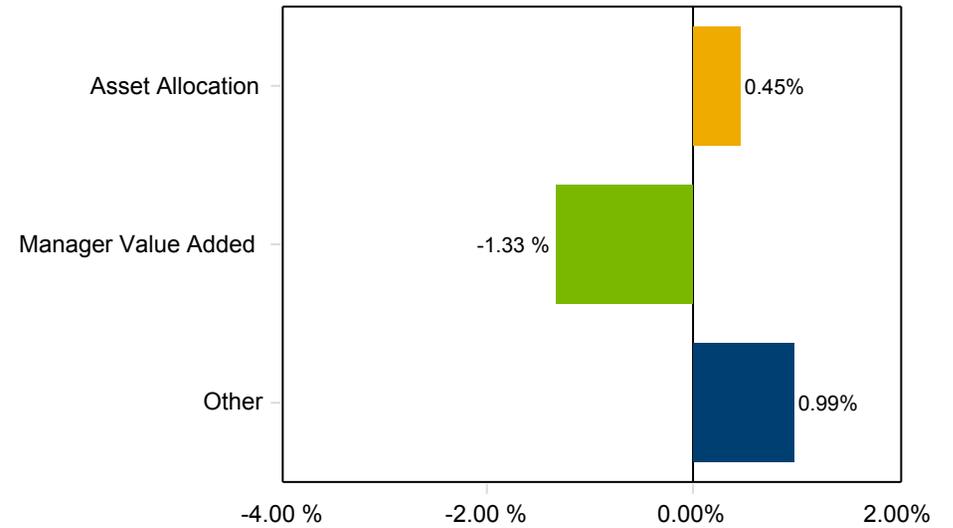
Manager Value Added

Total Fund Attribution

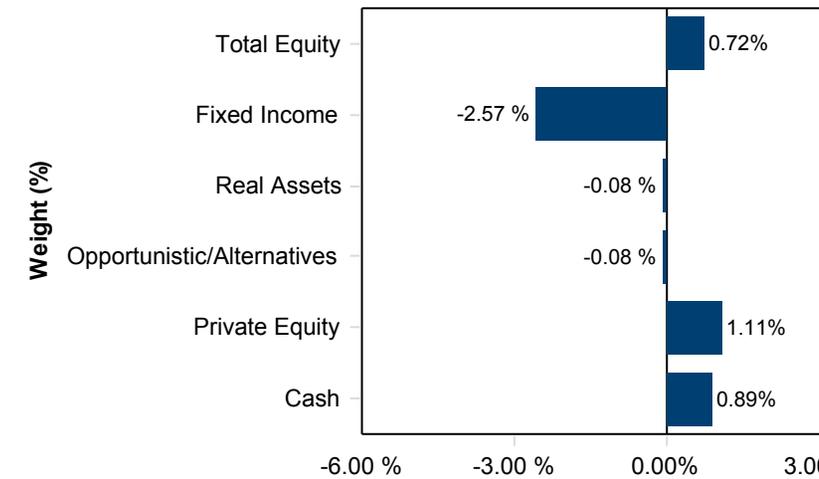
Total Fund Performance



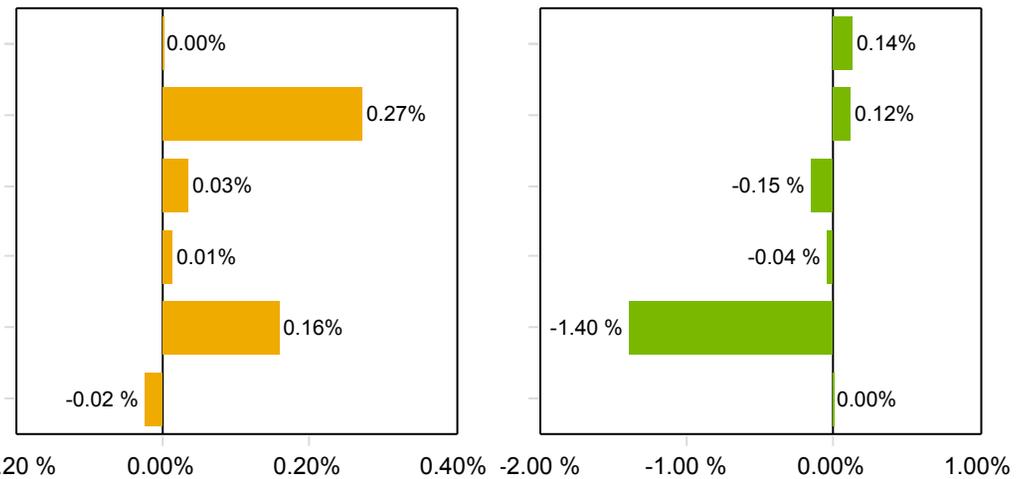
Total Value Added: 0.11%



Total Asset Allocation: 0.45%



Total Manager Value Added: -1.33%



Average Active Weight

Asset Allocation Value Added

Manager Value Added

As of February 28, 2022

Asset Allocation & Performance

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Month	Fiscal YTD	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Total Equity	12,493,627,535	100.0	2.2	1.2	-3.4	8.8	13.2	11.7	10.2	07/01/2015
<i>Total Equity Performance Benchmark</i>			-2.4	-2.0	-7.7	8.4	14.4	12.2	10.9	
Jacobs Levy 130/30	1,096,322,412	8.8	-1.0	17.5	-1.0	33.4	21.9	17.8	12.6	01/01/2008
<i>Russell 3000 Index</i>			-2.5	0.2	-8.3	12.3	17.6	14.7	10.2	
Kennedy Capital Management	814,586,193	6.5	1.0	4.7	-4.7	15.5	14.6	9.3	12.5	01/01/1994
<i>Russell 2000 Value Index</i>			1.7	-3.1	-4.3	6.6	10.9	8.0	9.9	
Stephens	599,943,513	4.8	0.9	-9.3	-13.0	-5.8	12.8	15.1	10.6	08/01/2006
<i>Russell 2000 Growth Index</i>			0.4	-17.9	-13.0	-17.4	9.2	10.5	9.4	
Voya Absolute Return	754,614,969	6.0	-3.0	-3.3	-9.5	6.1	12.8	10.7	10.8	10/01/2008
<i>Performance Benchmark Voya Absolute Return</i>			-2.6	-2.2	-7.4	7.8	13.4	11.4	10.9	
Allianz (Nicholas Applegate)	982,456,009	7.9	0.0	-7.5	-7.8	-8.6	20.2	17.4	11.1	12/01/1998
<i>Performance Benchmark</i>			0.0	-7.0	-6.5	-6.4	17.5	14.3	8.8	
Pershing Square International	1,238,401	0.0	0.0	0.0	0.0	1.0	22.1	16.9	11.4	07/01/2008
<i>Dow Jones U.S. Total Stock Market Index</i>			-2.5	-0.1	-8.4	11.9	17.4	14.6	11.5	
Pershing Square Holdings	260,292,836	2.1	-2.1	0.5	-11.3	6.2	31.5	20.1	9.2	01/01/2013
<i>Dow Jones U.S. Total Stock Market Index</i>			-2.5	-0.1	-8.4	11.9	17.4	14.6	14.8	
SSgA Global Index	1,165,349,498	9.3	-2.3	-2.7	-7.4	7.1	13.5	11.5	7.4	04/01/2008
<i>MSCI AC World IMI (Net)</i>			-2.3	-2.8	-7.4	6.9	13.1	11.2	7.1	
BlackRock MSCI ACWI IMI Fund	973,153,652	7.8	-2.4	-2.7	-7.4	7.1	13.3	11.4	9.3	07/01/2011
<i>MSCI AC World IMI (Net)</i>			-2.3	-2.8	-7.4	6.9	13.1	11.2	9.0	

¹Preliminary Results

²The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns. For historical performance of the U.S. Equity and Global Equity asset classes please see page 21 of this report.

*Includes investment gains from Allianz litigation income received on 2/28/2022.

As of February 28, 2022

Asset Allocation & Performance

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Month	Fiscal YTD	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Wellington Global Perspectives	763,342,909	6.1	0.3	-0.2	-4.1	8.3	12.9	10.9	13.8	07/01/2009
<i>Performance Benchmark</i>			-0.1	-6.8	-7.3	0.6	11.2	9.5	11.4	
T. Rowe Price Global Equity	1,529,464,319	12.2	-2.8	-9.5	-9.9	-6.1	21.0	19.7	14.8	08/01/2009
<i>MSCI AC World Index (Net)</i>			-2.6	-2.2	-7.4	7.8	13.4	11.4	10.1	
<i>MSCI AC World Index Growth (Net)</i>			-3.6	-6.4	-11.9	3.1	17.8	15.3	12.1	
Lazard	747,970,516	6.0	-5.6	-12.1	-11.9	-7.8	11.1	10.7	9.3	08/01/2009
<i>MSCI AC World Index (Net)</i>			-2.6	-2.2	-7.4	7.8	13.4	11.4	10.1	
D.E. Shaw	942,096,081	7.5	-2.8	-1.2	-6.8	8.7	12.0	11.3	11.3	09/01/2009
<i>MSCI World Index (Net)</i>			-2.5	-0.5	-7.7	10.7	14.4	12.1	10.5	
GMO Global All Country Equity	531,566,466	4.3	-4.7	-5.9	-6.7	2.5	10.2	8.9	5.7	07/01/2014
<i>MSCI AC World Index (Net)</i>			-2.6	-2.2	-7.4	7.8	13.4	11.4	8.5	
<i>MSCI AC World Index Value (Net)</i>			-1.6	1.9	-2.8	12.2	8.4	7.2	5.4	
Harris Global Equity	634,279,518	5.1	-3.1	-2.8	-3.7	6.1	13.4	9.5	7.8	06/01/2014
<i>MSCI World Index (Net)</i>			-2.5	-0.5	-7.7	10.7	14.4	12.1	9.3	
<i>MSCI World Value (Net)</i>			-1.6	3.2	-2.9	14.3	9.0	7.5	6.0	
Triam Partners	84,728,604	0.7	-0.8	-2.8	-3.5	8.1	10.1	8.5	8.7	11/01/2015
<i>S&P 500 Index</i>			-3.0	2.7	-8.0	16.4	18.2	15.2	14.6	
Triam Co-Investments	104,704,078	0.8	0.7	1.7	-3.4	9.3	12.2	6.8	7.0	01/01/2017
<i>S&P 500 Index</i>			-3.0	2.7	-8.0	16.4	18.2	15.2	15.9	

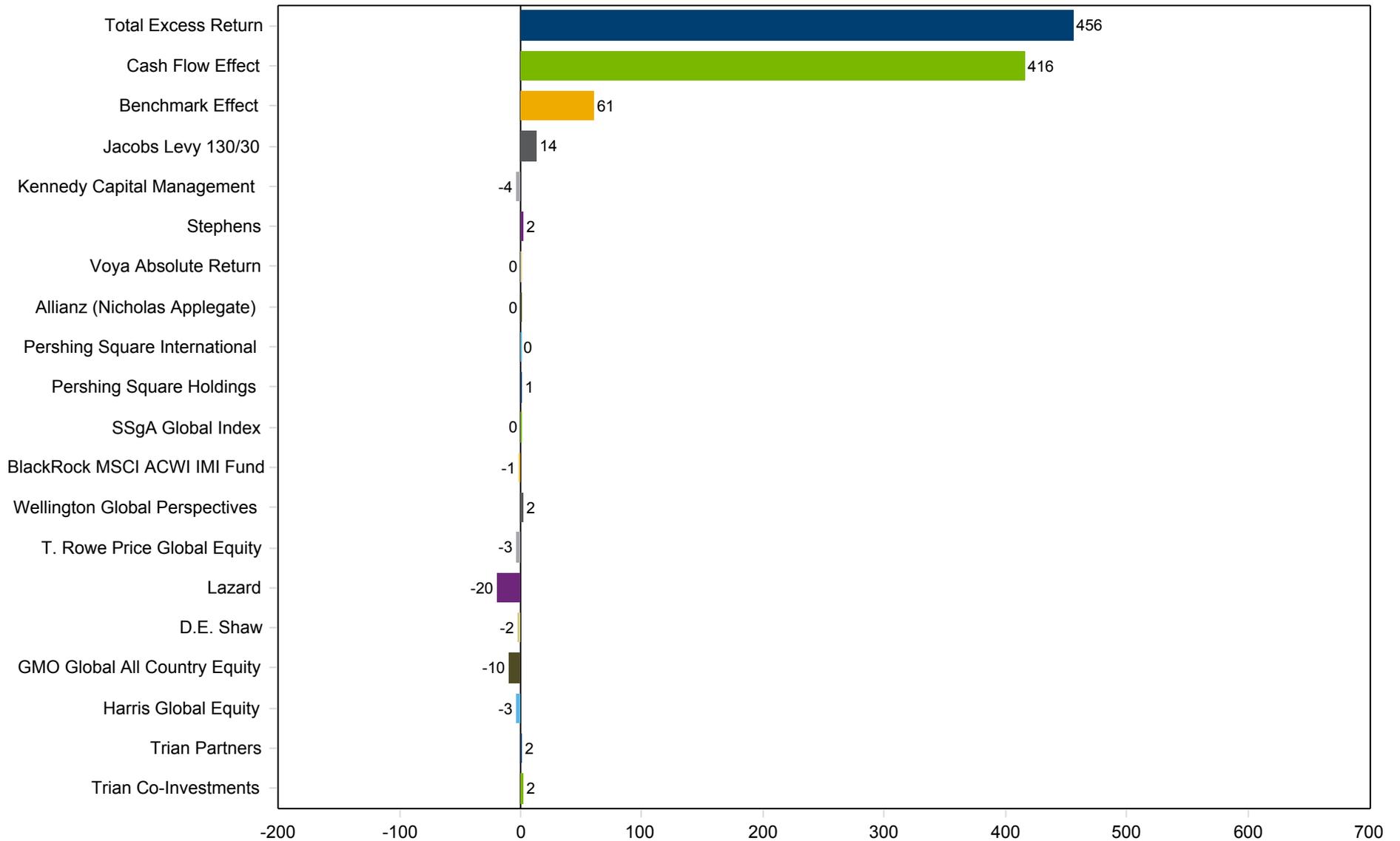
20 Preliminary Results

The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns. For historical performance of the U.S. Equity and Global Equity asset classes please see page 21 of this report.

*Includes investment gains from Allianz litigation income received on 2/28/2022.

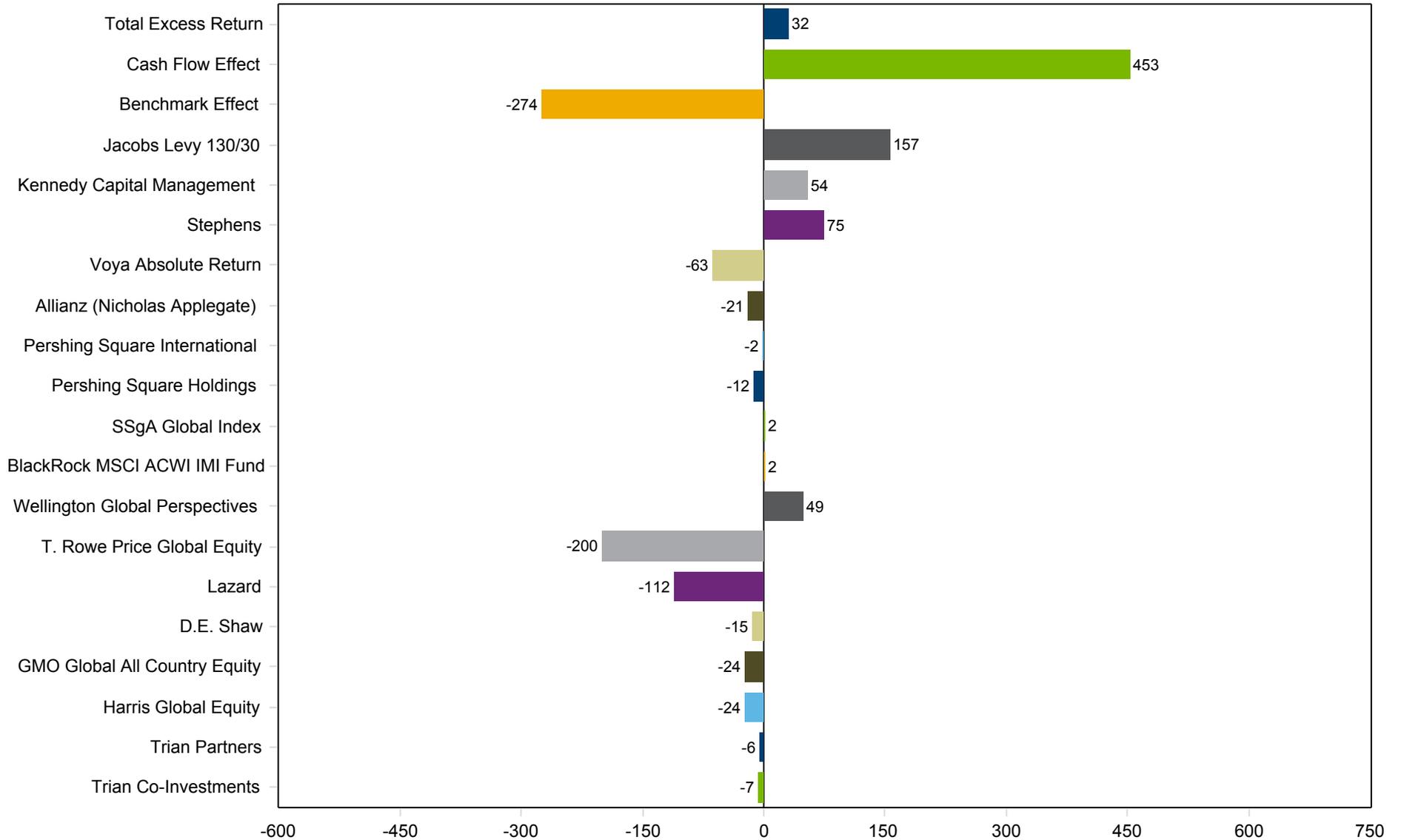
Asset Class Attribution

1 Month



Asset Class Attribution

1 Year



As of February 28, 2022

Asset Allocation & Performance

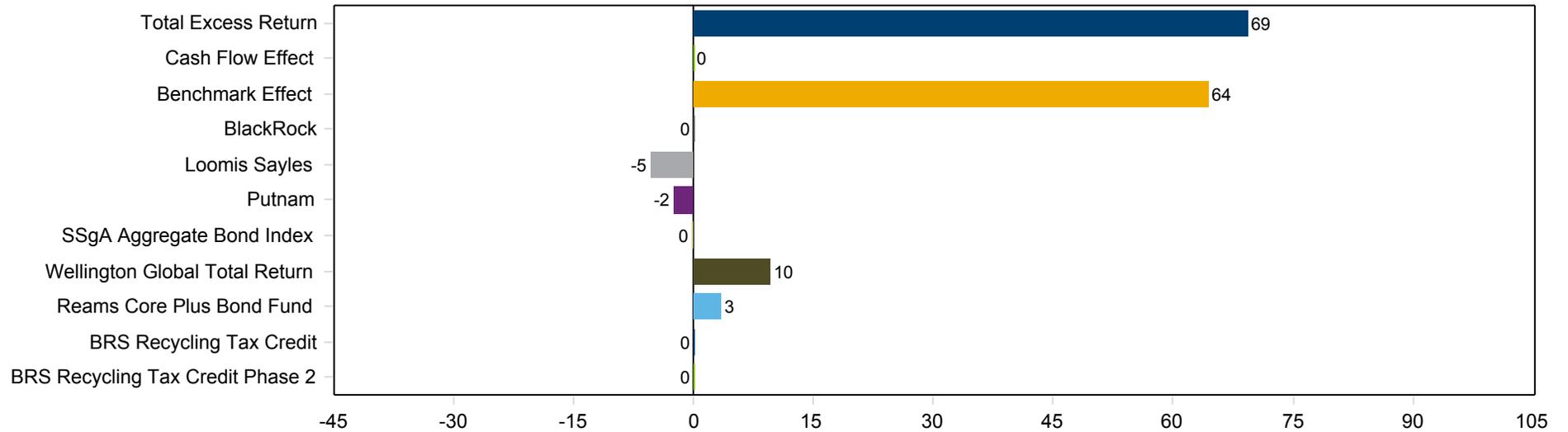
	Allocation		Performance(%)							
	Market Value (\$)	%	1 Month	Fiscal YTD	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Fixed Income	2,583,253,514	100.0	-0.7	-2.3	-1.8	-1.9	3.6	3.2	5.2	07/01/1992
<i>Performance Benchmark</i>			-1.4	-3.5	-3.5	-2.7	3.4	2.9	5.3	
BlackRock	272,089,119	10.5	-1.4	-3.3	-3.4	-2.7	3.7	3.0	4.2	10/01/2003
<i>Performance Benchmark</i>			-1.4	-3.5	-3.5	-2.7	3.4	2.9	4.0	
Loomis Sayles	482,661,653	18.7	-1.4	-3.9	-4.0	-1.7	5.6	4.9	7.6	09/01/2008
<i>Performance Benchmark</i>			-1.1	-3.0	-3.6	-1.4	4.4	3.7	5.2	
Putnam	376,035,100	14.6	-0.2	-2.6	0.3	-4.0	1.2	2.2	2.6	08/01/2008
<i>LIBOR</i>			0.0	0.0	0.0	0.1	1.1	1.4	0.9	
SSgA Aggregate Bond Index	453,902,845	17.6	-1.1	-3.2	-3.2	-2.7	3.3	2.7	3.1	06/01/2010
<i>Bimbg. U.S. Aggregate</i>			-1.1	-3.2	-3.2	-2.6	3.3	2.7	3.1	
Wellington Global Total Return	358,274,873	13.9	0.7	0.9	1.8	0.7	2.1	3.0	2.0	06/01/2014
<i>ICE BofAML 3 Month U.S. T-Bill</i>			0.0	0.0	0.0	0.0	0.9	1.1	0.8	
Reams Core Plus Bond Fund	387,258,317	15.0	-0.9	-2.6	-2.8	-1.9	6.6	4.8	3.9	06/01/2014
<i>Bimbg. U.S. Aggregate</i>			-1.1	-3.2	-3.2	-2.6	3.3	2.7	2.5	
BRS Recycling Tax Credit	176,000,000	6.8								
BRS Recycling Tax Credit Phase 2	77,031,608	3.0								

*Preliminary Results

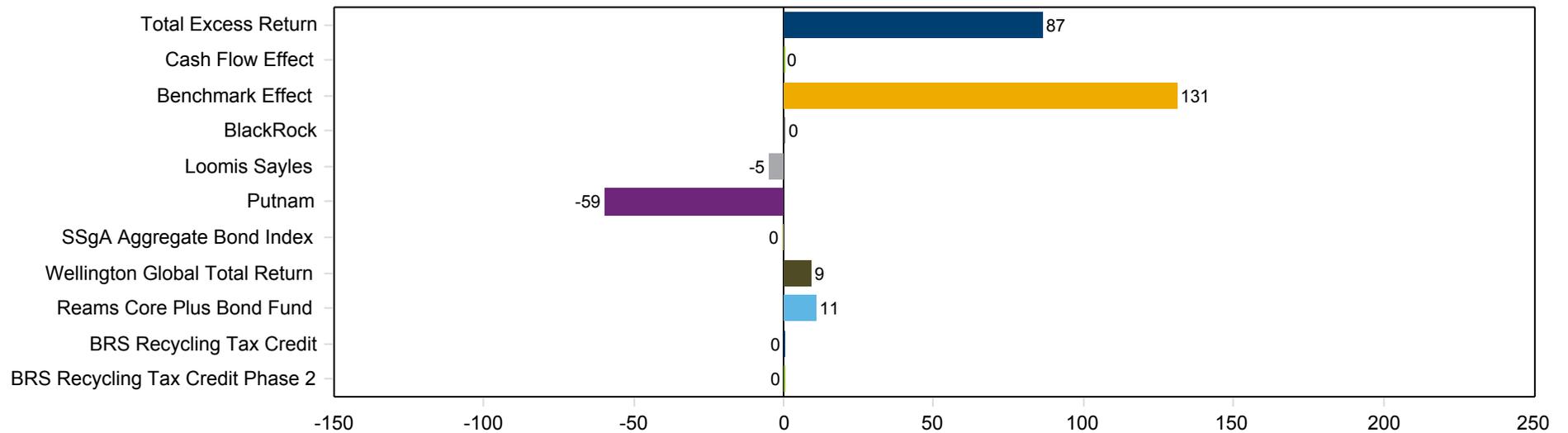
*The BRS Recycling Tax Credit represents an annual income stream of \$16 million dollars over the next 14 years, which ATRS purchased for approximately \$162 million. The value shown above represents the year-end market value in accordance with GASB Statement 72, representing the 14 years of annual income, and has been incorporated into Total Fixed Income and Total Fund performance.

Asset Class Attribution

1 Month



1 Year



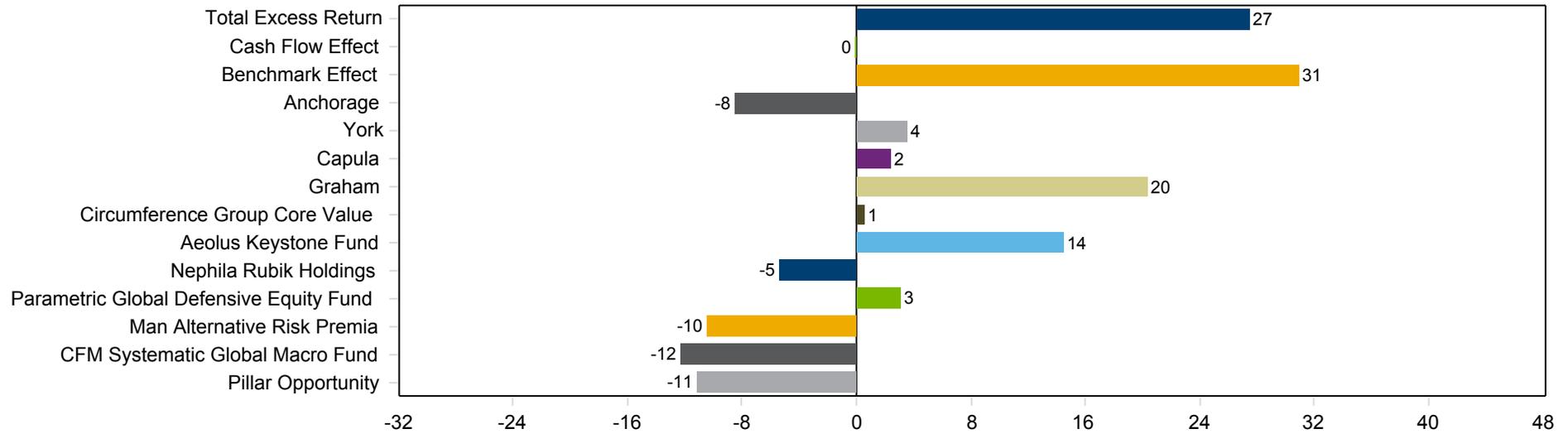
As of February 28, 2022

Asset Allocation & Performance

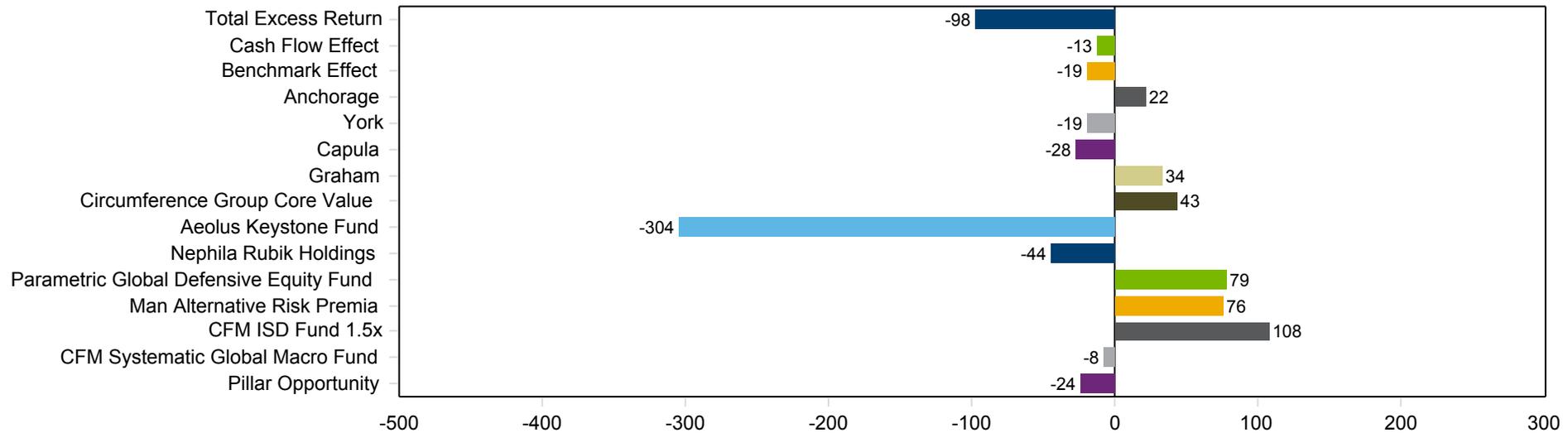
	Allocation		Performance(%)								
	Market Value (\$)	%	1 Month	Fiscal YTD	Year To Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Opportunistic/Alternatives	896,329,373	100.0	0.2	-2.1	0.4	3.1	1.4	0.4	3.5	3.0	05/01/2011
<i>Custom Alternatives Benchmark</i>			-0.1	0.4	-0.6	4.1	3.7	3.0	2.7	2.1	
Anchorage	82,585,726	9.2	-1.1	-1.7	-1.2	9.8	5.9	4.2	6.6	5.5	05/01/2011
<i>Credit Suisse Event Driven</i>			-0.2	1.7	-0.8	7.1	7.6	5.3	4.7	3.4	
<i>HFRI ED: Distressed/Restructuring Index</i>			1.3	1.2	0.3	7.7	8.8	6.3	5.8	5.0	
York	7,845,000	0.9	3.7	-28.5	-3.7	-14.6	-24.9	-15.2	-5.1	-5.1	05/01/2011
<i>Credit Suisse Event Driven</i>			-0.2	1.7	-0.8	7.1	7.6	5.3	4.7	3.4	
<i>HFRI ED: Distressed/Restructuring Index</i>			1.3	1.2	0.3	7.7	8.8	6.3	5.8	5.0	
Capula	83,187,902	9.3	1.6	3.6	2.8	4.1	6.0	5.3	6.1	6.0	05/01/2011
<i>HFRI Macro (Total) Index</i>			1.4	1.6	2.2	6.7	7.0	3.8	2.2	1.7	
Graham	77,793,585	8.7	3.8	7.0	9.5	10.8	11.9	5.3	5.5	4.0	05/01/2011
<i>HFRI Macro (Total) Index</i>			1.4	1.6	2.2	6.7	7.0	3.8	2.2	1.7	
Circumference Group Core Value	38,166,530	4.3	1.2	-1.4	-1.7	5.2	9.1	10.5		9.9	08/01/2015
<i>Russell 2000 Index</i>			1.1	-10.8	-8.7	-6.0	10.5	9.5		9.4	
Aeolus Keystone Fund	114,568,812	12.8	1.1	-12.4	1.3	-11.9	-3.0	-6.4		-3.2	12/01/2015
<i>FTSE 3 Month T-Bill</i>			0.0	0.0	0.0	0.0	0.8	1.1		0.9	
<i>Eurekahedge ILS Advisers Index</i>			0.1	0.4	0.3	1.9	1.7	-0.9		0.2	
Nephila Rubik Holdings	9,404,350	1.0	-5.0	-13.4	-4.9	-13.0	-6.2	-6.9		-5.8	06/01/2016
<i>FTSE 3 Month T-Bill</i>			0.0	0.0	0.0	0.0	0.8	1.1		1.0	
<i>Eurekahedge ILS Advisers Index</i>			0.1	0.4	0.3	1.9	1.7	-0.9		-0.1	
Parametric Global Defensive Equity Fund	196,654,393	21.9	-1.1	1.0	-3.4	7.9	6.9			5.9	06/01/2017
<i>Performance Benchmark</i>			-1.3	-1.0	-3.7	4.0	7.3			6.2	
<i>MSCI AC World Index</i>			-2.6	-2.0	-7.3	8.3	14.0			11.5	
Man Alternative Risk Premia	99,984,858	11.2	-1.8	6.9	0.2	15.4	1.1			0.2	06/01/2018
<i>SG Multi Alternative Risk Premia Index</i>			-0.8	1.6	0.0	7.5	-2.4			-2.1	
CFM Systematic Global Macro Fund	90,489,424	10.1	0.5		1.6					-1.0	11/01/2021
<i>HFRI Macro: Systematic Diversified Index</i>			1.7		3.0					-0.3	
Pillar Opportunity	95,648,793	10.7	0.3		0.7					0.7	12/01/2021
<i>HFRI Macro (Total) Index</i>			1.4		2.2					3.0	

Asset Class Attribution

1 Month



1 Year



Asset Allocation as of 2/28/2022							Values in \$1,000		
	Total Equity	U.S. Bond	Real Estate	Private Equity	Cash	Total	Percent of Total	Interim Policy	Long-Term Target
Jacobs Levy 130/30	\$1,096,322.4	--	--	--	--	\$1,096,322.4	5.17%		
Kennedy Capital Management	\$814,586.2	--	--	--	--	\$814,586.2	3.84%		
Stephens	\$599,943.5	--	--	--	--	\$599,943.5	2.83%		
Voya Absolute Return	\$754,615.0	--	--	--	--	\$754,615.0	3.56%		
Allianz (Nicholas Applegate)	\$982,456.0	--	--	--	--	\$982,456.0	4.64%		
Pershing Square International	\$1,238.4	--	--	--	--	\$1,238.4	0.01%		
Pershing Square Holdings	\$260,292.8	--	--	--	--	\$260,292.8	1.23%		
SSgA Global Index	\$1,165,349.5	--	--	--	--	\$1,165,349.5	5.50%		
BlackRock MSCI ACWI IMI Fund	\$973,153.7	--	--	--	--	\$973,153.7	4.59%		
Wellington Global Perspectives	\$763,342.9	--	--	--	--	\$763,342.9	3.60%		
T. Rowe Price Global Equity	\$1,529,464.3	--	--	--	--	\$1,529,464.3	7.22%		
Lazard	\$747,970.5	--	--	--	--	\$747,970.5	3.53%		
D.E. Shaw	\$942,096.1	--	--	--	--	\$942,096.1	4.45%		
GMO Global All Country Equity	\$531,566.5	--	--	--	--	\$531,566.5	2.51%		
Harris Global Equity	\$634,279.5	--	--	--	--	\$634,279.5	2.99%		
Triam Partners	\$84,728.6	--	--	--	--	\$84,728.6	0.40%		
Triam Partners Co-Investments	\$104,704.1	--	--	--	--	\$104,704.1	0.49%		
Capital Guardian & Knight Vinke	\$71.5	--	--	--	--	\$71.5	0.00%		
Total Equity						\$11,986,181.4	56.56%	58.08%	53.00%
BlackRock	--	\$272,089.1	--	--	--	\$272,089.1	1.28%		
Loomis Sayles	--	\$482,661.7	--	--	--	\$482,661.7	2.28%		
Putnam	--	\$376,035.1	--	--	--	\$376,035.1	1.77%		
SSgA Aggregate Bond Index	--	\$453,902.8	--	--	--	\$453,902.8	2.14%		
Wellington Global Total Return	--	\$358,274.9	--	--	--	\$358,274.9	1.69%		
Reams Core Plus Bond Fund	--	\$387,258.3	--	--	--	\$387,258.3	1.83%		
BRS Recycling Tax Credit	--	\$176,000.0	--	--	--	\$176,000.0	0.83%		
BRS Recycling Tax Credit Phase 2	--	\$77,031.6	--	--	--	\$77,031.6	0.36%		
Total Fixed Income						\$2,583,253.5	12.19%	15.00%	15.00%
Anchorage	--	--	--	\$82,585.7	--	\$82,585.7	0.39%		
Capula	--	--	--	\$83,187.9	--	\$83,187.9	0.39%		
Graham	--	--	--	\$77,793.6	--	\$77,793.6	0.37%		
York	--	--	--	\$7,845.0	--	\$7,845.0	0.04%		
Circumference Group Core Value	--	--	--	\$38,166.5	--	\$38,166.5	0.18%		
Aeolus Keystone Fund	--	--	--	\$114,568.8	--	\$114,568.8	0.54%		
Nephila Rubik Holdings	--	--	--	\$9,404.4	--	\$9,404.4	0.04%		
Parametric Global Defensive Equity	--	--	--	\$196,654.4	--	\$196,654.4	0.93%		
Man Alternative Risk Premia	--	--	--	\$99,984.9	--	\$99,984.9	0.47%		
CFM Systematic Global Macro	--	--	--	\$90,489.4	--	\$90,489.4	0.43%		
Juniperus	--	--	--	\$95,648.8	--	\$95,648.8	0.45%		
Total Opportunistic/Alternatives						\$896,329.4	4.23%	4.46%	5.00%
Real Estate			\$1,328,810.9			\$1,328,810.9	6.27%		
Timber			\$309,826.5			\$309,826.5	1.46%		
Agriculture			\$217,773.3			\$217,773.3	1.03%		
Infrastructure			\$344,091.0			\$344,091.0	1.62%		
Total Real Assets						\$2,200,501.6	10.38%	10.46%	15.00%
Total Private Equity				\$2,693,669.1		\$2,693,669.1	12.71%	12.00%	12.00%
Total Cash					\$833,670.5	\$833,670.5	3.93%	0.00%	0.00%
Total Fund	\$11,986,181.4	\$2,583,253.5	\$2,200,501.6	\$3,589,998.5	\$833,670.5	\$21,193,605.6	100.00%	100.00%	100.00%

*Note: The market values for the Real Assets and Private Equity investments shown above are lagged one quarter and adjusted for the current quarter's cash flows. Market values and allocation percentages may not add to the sum total due to rounding.

Asset Allocation as of 2/28/2022				Values in \$1,000			
	Real Estate	Percent of Real Estate	Percent of Total Fund		Real Estate	Percent of Real Estate	Percent of Total Fund
Almanac Realty Securities Fund V	\$86.5	0.01%	0.00%	LaSalle Income & Growth Fund VI	\$5,358.7	0.40%	0.03%
Almanac Realty Securities Fund VI	\$4,012.7	0.30%	0.02%	LaSalle Income & Growth Fund VII	\$16,720.5	1.26%	0.08%
Almanac Realty Securities Fund VII	\$17,297.0	1.30%	0.08%	LaSalle Income & Growth Fund VIII	\$7,596.0	0.57%	0.04%
Almanac Realty Securities Fund VIII	\$11,077.6	0.83%	0.05%	LBA Logistics Value Fund	\$3,525.6	0.27%	0.02%
American Center	\$27,750.1	2.09%	0.13%	Lone Star Real Estate Fund IV	\$6,615.4	0.50%	0.03%
AR Insurance	\$2,248.2	0.17%	0.01%	Long Wharf Real Estate Partners V	\$19,043.5	1.43%	0.09%
AR Teachers Retirement Building	\$5,648.4	0.43%	0.03%	Long Wharf Real Estate Partners VI	\$17,718.2	1.33%	0.08%
Blackstone Real Estate Partners VII	\$23,614.5	1.78%	0.11%	Mesa West Income Fund V	\$2,307.8	0.17%	0.01%
Blackstone RE Europe VI	\$28,492.8	2.14%	0.13%	Metropolitan RE Co-Investments	\$9,062.7	0.68%	0.04%
Carlyle Realty Partners VII	\$8,327.0	0.63%	0.04%	Met Life Commercial Mtg Inc Fund	\$48,111.5	3.62%	0.23%
Carlyle Realty VIII	\$9,236.8	0.70%	0.04%	New Boston Fund VII	\$3,126.0	0.24%	0.01%
Carlyle Realty IX	-\$56.9	0.00%	0.00%	O'Connor NAPP II	\$8,514.9	0.64%	0.04%
CBREI SP U.S. Opportunity V	\$407.5	0.03%	0.00%	PRISA	\$299,690.5	22.55%	1.41%
CBREI SP VIII	\$21,442.8	1.61%	0.10%	Recoveries Land	\$70.0	0.01%	0.00%
CBREI SP IX	\$12,193.4	0.92%	0.06%	Rockwood Capital RE Partners IX	\$5,977.2	0.45%	0.03%
Cerberus Institutional RE Partners III	\$11,424.8	0.86%	0.05%	Rockwood Capital RE XI	\$21,221.9	1.60%	0.10%
Calmwater	\$14,586.0	1.10%	0.07%	Rose Law Firm	\$4,363.7	0.33%	0.02%
Chatham	\$50,000.0	3.76%	0.24%	Texarkana DHS	\$0.0	0.00%	0.00%
Fletcher Properties	\$1,144.1	0.09%	0.01%	Torchlight Debt Opportunity Fund IV	\$4,352.2	0.33%	0.02%
FPA Core Plus IV	\$31,672.0	2.38%	0.15%	Torchlight Debt Opportunity Fund V	\$3,183.4	0.24%	0.02%
GCP GLP IV	\$23,151.7	1.74%	0.11%	Torchlight Debt Opportunity Fund VI	\$24,949.3	1.88%	0.12%
Harbert European Real Estate	\$14,640.8	1.10%	0.07%	Torchlight Debt Opportunity Fund VII	\$12,712.9	0.96%	0.06%
Heitman European Property IV	\$1,506.5	0.11%	0.01%	UBS Trumbull Property Fund	\$158,379.4	11.92%	0.75%
JP Morgan Strategic Property Fund	\$161,368.5	12.14%	0.76%	UBS Trumbull Property Income Fund	\$54,349.7	4.09%	0.26%
Kayne Anderson V	\$17,658.3	1.33%	0.08%	Victory	\$32,968.7	2.48%	0.16%
Kayne Anderson VI	\$7,735.1	0.58%	0.04%	Walton Street Real Estate Debt II	\$11,706.5	0.88%	0.06%
Landmark Fund VI	\$1,581.4	0.12%	0.01%	West Mphs. DHS	\$0.0	0.00%	0.00%
Landmark Real Estate VIII	\$9,463.5	0.71%	0.04%	Westbrook IX	\$9,027.7	0.68%	0.04%
LaSalle Asia Opportunity Fund IV	\$1,783.1	0.13%	0.01%	Westbrook Real Estate Fund X	\$8,577.6	0.65%	0.04%
LaSalle Asia Opportunity Fund V	\$10,085.1	0.76%	0.05%				
				Total Real Estate	\$1,328,810.9	100.00%	6.27%

*Note: The market values for the real estate investments shown above are lagged one quarter and adjusted for the current quarter's cash flows. Market values and allocation percentages may not add to the sum total due to rounding.

Asset Allocation as of 2/28/2022				Values in \$1,000			
	Private Equity	Percent of Private Equity	Percent of Total Fund		Private Equity	Percent of Private Equity	Percent of Total Fund
Alpine VIII	\$3,834.7	0.14%	0.02%	JF Lehman III	\$14,577.1	0.54%	0.07%
Arlington Capital IV	\$36,688.2	1.36%	0.17%	JF Lehman IV	\$10,253.7	0.38%	0.05%
Arlington Capital V	\$17,874.2	0.66%	0.08%	JF Lehman V	\$15,383.7	0.57%	0.07%
Advent GPE VI	\$4,570.9	0.17%	0.02%	KPS III	\$182.6	0.01%	0.00%
Altus Capital II	\$7,676.1	0.28%	0.04%	KPS IV	\$14,288.9	0.53%	0.07%
American Industrial Partners VI	\$21,130.1	0.78%	0.10%	KPS X	\$10,216.6	0.38%	0.05%
American Industrial Partners VII	\$21,090.1	0.78%	0.10%	KPS Mid-Cap	\$7,172.9	0.27%	0.03%
Altaris Constellation Partners	\$20,797.5	0.77%	0.10%	Levine Leichtman V	\$18,044.5	0.67%	0.09%
Altaris Health Partners IV	\$20,950.9	0.78%	0.10%	Lime Rock III	\$20,049.2	0.74%	0.09%
Atlas Capital II	\$13,968.2	0.52%	0.07%	LLR III	\$3,695.3	0.14%	0.02%
Audax Mezzanine III	\$1,058.4	0.04%	0.00%	LLR VI	\$11,872.4	0.44%	0.06%
Big River - Equity	\$1,860.1	0.07%	0.01%	Mason Wells III	-\$557.4	-0.02%	0.00%
Big River - Holdings Note 2023	-\$74,794.7	-2.78%	-0.35%	NGP IX	\$199.4	0.01%	0.00%
Big River - Holdings Note 3/16/23	-\$14,310.2	-0.53%	-0.07%	NGP X	\$4,136.3	0.15%	0.02%
Bison V	\$31,248.3	1.16%	0.15%	NGP XI	\$21,229.3	0.79%	0.10%
Boston Ventures VII	\$1,136.1	0.04%	0.01%	NGP XII	\$19,559.2	0.73%	0.09%
Boston Ventures IX	\$34,282.6	1.27%	0.16%	One Rock Capital Partners II	\$38,316.3	1.42%	0.18%
Boston Ventures X	\$13,133.4	0.49%	0.06%	PineBridge	\$7,401.4	0.27%	0.03%
BV VIII	\$20,121.1	0.75%	0.09%	Revelstoke	\$5,925.8	0.22%	0.03%
Castlake II	\$16,159.3	0.60%	0.08%	Riverside IV	\$233.9	0.01%	0.00%
Castlake III	\$15,975.4	0.59%	0.08%	Riverside V	\$26,877.8	1.00%	0.13%
Clearlake V	\$39,007.8	1.45%	0.18%	Riverside VI	\$15,593.4	0.58%	0.07%
Clearlake VI	\$36,823.5	1.37%	0.17%	Siris III	\$18,992.0	0.71%	0.09%
Court Square III	\$31,280.9	1.16%	0.15%	Siris IV	\$23,974.4	0.89%	0.11%
CSFB-ATRS 2005-1 Series	\$55,359.0	2.06%	0.26%	SK Capital V	\$30,277.6	1.12%	0.14%
CSFB-ATRS 2006-1 Series	\$67,335.4	2.50%	0.32%	Sycamore Partners II	\$12,980.1	0.48%	0.06%
Diamond State Ventures II	\$2,080.2	0.08%	0.01%	Sycamore Partners III	\$12,834.1	0.48%	0.06%
Doughty Hanson Tech I	\$0.0	0.00%	0.00%	TA XI	\$24,052.1	0.89%	0.11%
DW Healthcare III	\$11,123.0	0.41%	0.05%	Tennenbaum VI	\$9,712.5	0.36%	0.05%
DW Healthcare IV	\$29,904.4	1.11%	0.14%	Thoma Bravo Discover	\$5,739.2	0.21%	0.03%
DW Healthcare V	\$14,602.7	0.54%	0.07%	Thoma Bravo Discover II	\$27,099.8	1.01%	0.13%
EnCap IX	\$10,329.2	0.38%	0.05%	Thoma Bravo Discover III	\$15,211.6	0.56%	0.07%
EnCap VIII	\$15,187.3	0.56%	0.07%	Thoma Bravo Explore I	\$12,081.7	0.45%	0.06%
EnCap X	\$22,461.0	0.83%	0.11%	Thoma Bravo XI	\$39,451.1	1.46%	0.19%
EnCap XI	\$18,451.1	0.68%	0.09%	Thoma Bravo XII	\$51,211.3	1.90%	0.24%
Franklin Park Series	\$1,117,703.1	41.49%	5.27%	Thoma Bravo XIII	\$43,103.8	1.60%	0.20%
Greenbriar V	\$14,608.1	0.54%	0.07%	Thoma Bravo XIV	\$18,951.6	0.70%	0.09%
GCG IV	\$16,686.6	0.62%	0.08%	Vista Equity III	\$5,716.0	0.21%	0.03%
GCG V	\$9,234.6	0.34%	0.04%	Vista Foundation II	\$15,488.2	0.57%	0.07%
GTLA Holdings	\$40,000.0	1.48%	0.19%	Vista Foundation III	\$32,103.3	1.19%	0.15%
Highland	\$216,140.0	8.02%	1.02%	Wellspring V	\$13,126.6	0.49%	0.06%
Insight Equity II	\$10,106.4	0.38%	0.05%	Wicks IV	\$10,489.5	0.39%	0.05%
Insight Mezzanine I	\$1,750.3	0.06%	0.01%	WNG II	\$11,795.2	0.44%	0.06%
Total Private Equity					\$2,693,669.1	100.00%	12.71%

*Note: The market values for the private equity investments shown above are lagged one quarter and adjusted for the current quarter's cash flows. Market values and allocation percentages may not add to the sum total due to rounding.

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Appendix

Description of Benchmarks

Total Fund - The Performance Benchmark for the Total Fund reflects a weighted average of the underlying asset class benchmarks, weighted as follows: Opportunistic/Alternatives and Real Assets at the weight of the previous month's ending market values, Fixed Income and Private Equity at their long-term Policy Targets of 15% and 12%, respectively, and Total Equity at its long-term Policy Target of 50% plus the balance of the unfunded or uncommitted assets of the Opportunistic/Alternatives and Real Assets categories. These targets can be found on page 14 of the this report. From October 2007 to July 2013, the Performance Benchmark was the performance of the asset class benchmarks as a weighted average of the previous month's ending market values. The historical components of the benchmark are shown in the table below. Returns prior to September 30, 1996, consist of the actual allocations to the seven different asset classes included in the Arkansas Teacher Retirement System over time. The historical benchmarks used for each asset class are noted below.

Date	DJ Total Stock Market Index	Russell 3000 Index	MSCI ACW ex-U.S. Index	MSCI All Country World Index	BC Universal Bond Index	BC Aggregate Bond Index	Alternative Policy*
03/2004-9/2007	40.0 %	—	17.5 %	—	25.0 %	—	17.5 %
06/2003-02/2004	40.0	—	17.5	—	—	25.0 %	17.5
10/2001-07/2003	—	40.0 %	17.5	—	—	25.0	17.5
08/1998-09/2001	—	40.0	17.0	—	—	28.0	15.0
10/1996-07/1998	—	40.0	20.0	—	—	28.0	12.0

*Historically, the Alternative Policy was comprised of the weighted averages of the Private Equity, Real Estate, and Alternatives policy benchmarks. Prior to July 31, 2003 the alternative benchmark consisted of 57.0% of the Russell 3000 + a 2% Premium per year, 8.5% of the NCREIF Southeast Timberland Index, 28.5% of the Real Estate Index, 6% of the EnnisKnupp STIF Index.

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Total Equity -A weighted average of the Dow Jones U.S. Total Stock Market Index and the MSCI All Country World IMI Index based on weights of the underlying investment manager allocations. As of February 1, 2022, the Total Equity Performance Benchmark was comprised of 32.1% DJ U.S. Total Stock Market Index and 67.9% MSCI ACWI IMI.

Fixed Income - The Barclays Capital Universal Bond Index as of March 1, 2004.

Opportunistic/Alternatives - A custom benchmark consisting of 25% DJ/CS Event-Driven Index, 25% HFR Macro Index, and 50% South Timberland NCREIF Index until June 30,2013; 60% HFRI Macro Index and 40% DJ/CS Event-Driven Index until July 31, 2015; 56% HFRI Macro Index, 38% DJ/CS Event-Driven Index, and 6% Russell 2000 Index until March 31, 2016; 45% HFRI Macro Index, 30% DJ/CS Event-Driven Index, 5% Russell 2000 Index, and 20% FTSE 3 Month T-bill until May 31, 2016; 37% HFRI Macro Index, 25% DJ/CS Event-Driven Index, 5% Russell 2000 Index, and 33% FTSE 3 Month T-bill until May 31, 2017; 28% HFRI Macro Index, 20% DJ/CS Event-Driven Index, 4% Russell 2000 Index, 25% FTSE 3 Month T-bill, and 23% Parametric Performance Benchmark Until May 31, 2018. 22% HFRI Macro Index, 18% DJ/CS Event-Driven Index, 3% Russell 2000 Index, 27% FTSE 3 Month T-bill, 18.50% Parametric Performance Benchmark, and 11.5% SG Multi-Alternative Risk Premia Until June 30, 2018. 20% HFRI Macro Index, 15% DJ/CS Event-Driven Index, 3.5% Russell 2000 Index, 25% FTSE 3 Month T-bill, 16.5% Parametric Performance Benchmark, and 20% SG Multi-Alternative Risk Premia Until August 31, 2018. 17% HFRI Macro Index, 15% DJ/CS Event-Driven Index, 3.5% Russell 2000 Index, 28% FTSE 3 Month T-bill, 16.5% Parametric Performance Benchmark, and 20% SG Multi-Alternative Risk Premia Until November 30, 2018. 15% HFRI Macro Index, 15% DJ/CS Event-Driven Index, 3.5% Russell 2000 Index, 30% FTSE 3 Month T-bill, 16.5% Parametric Performance Benchmark, and 20% SG Multi-Alternative Risk Premia thereafter.

Real Assets - A custom benchmark consisting of a weighted average of the net asset values at previous month's end of the sub-categories' benchmarks, defined as Real Estate Benchmark, Timber Benchmark, Agriculture Benchmark and Infrastructure Benchmark.

Real Estate-The NCREIF Index.

Timberland Property Benchmark - NCREIF Timberland Property Index (NTPI) weighted according to ATRS' regional exposure based on net asset value.

Agriculture Benchmark - NCREIF Farmland Index (NFI) weighted according to ATRS' regional and crop type exposure based on net asset value.

Infrastructure Benchmark - Consumer Price Index (CPI) plus 500 basis points annually.

Private Equity - The Dow Jones U.S. Total Stock Market Index + a 2% premium per year.

Cash Equivalents - The Citigroup 90 day T-bill.

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Appendix

Description of Benchmarks

FTSE 90 day T-bill Index - Treasury bill rates of return, as reported by Citigroup (Salomon Smith Barney), for bills with a maximum time remaining to maturity of 90 days.

Bloomberg Barclays Aggregate Bond Index - A market-value weighted index consisting of the Barclays Capital Corporate, Government and Mortgage-Backed Securities Indices. The Index also includes credit card-, auto- and home equity loan-backed securities, and is the broadest available measure of the aggregate U.S. fixed income market.

Bloomberg Barclays Universal Bond Index - A market-value weighted index consisting of the components of the Barclays Capital Bond Index, plus EuroDollar bonds, emerging markets bonds, 144A fixed income securities, and U.S. credit high yield securities.

Bloomberg Barclays Mortgage Index - A market value-weighted index consisting of the mortgage pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC).

MSCI All Country World ex-U.S. Index - A capitalization-weighted index consisting of 22 developed and 23 emerging countries, but excluding the U.S. Covers approximately 85% of global equity opportunity set outside of the U.S.

MSCI All Country World Index - A capitalization-weighted index of stocks representing 46 stock markets in Europe, Australia, the Far East, the Middle East, Latin America and North America.

MSCI All Country World IMI Index - A capitalization-weighted index representing large and small cap stock from 46 stock markets in Europe, Australia, the Far East, the Middle East, Latin America and North America.

FTSE Europe - A tradable index, designed to represent the performance of the 100 most highly capitalized blue chip companies in Europe.

MSCI Europe, Australasia, Far East (EAFE) Non-U.S. Stock Index - A capitalization-weighted index of stocks representing 21 developed and emerging country markets in Europe, Australia, Asia and the Far East.

NCREIF Index - The National Council of Real Estate Investment Fiduciaries (NCREIF) Net Property Index is an unlevered, market-value weighted Index consisting of \$128 billion in domestic institutional real estate assets. The Index is representative of the national real estate market, across all property types and regions.

Nicholas Applegate Performance Benchmark - On January 1, 2005, the benchmark for the portfolio was changed to the Merrill Lynch Convertible Bond (All Quality) Index. Prior to January 1, 2005, the performance benchmark for the Nicholas Applegate portfolio was the CSFB Convertible Securities Index. Prior to May 1, 2004, the performance benchmark consisted of 90% CSFB Convertible Securities Index and 10% Salomon High Yield Index.

Wellington Global Performance Benchmark- As of July 1, 2012 the benchmark was changed to MSCI All Country World Small Cap Index. Prior to July 1, 2012, the benchmark was MSCI All Country World Small/Mid Cap Index.

As of February 28, 2022

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BlackRock Performance Benchmark - The Barclays Capital Universal Bond Index as of March 1, 2004.

Voya Absolute Return Performance Benchmark - As of December 1, 2015 the benchmark was changed to MSCI All Country World Index. Prior to December 1, 2015, the benchmark was the S&P 500 Stock Index.

LIBOR Index - London Interbank Offered Rate. A filtered average of the world's most creditworthy banks' interbank deposit rates with maturities between overnight and one full year.

Russell 3000 Index - An index that measures the performance of the 3000 stocks that make up the Russell 1000 and Russell 2000 Indices.

Russell 1000 Index - An index that measures the performance of the largest 1,000 stocks contained in the Russell 3000 Index.

Russell 1000 Value Index - An index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

Russell 2000 Index - An index that measures the performance of the smallest 2000 companies contained in the Russell 3000 Index.

Russell 2000 Growth Index - An index that measures the performance of those Russell 2000 companies with greater price-to-book ratios and greater I/B/E/S growth forecasts.

Russell 2000 Value Index - An index that measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

Russell Mid Cap Value Index - An index that measure the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

S&P 500 Stock Index - A capitalization-weighted stock index consisting of the 500 largest publicly traded U.S. stocks.

HFR Macro Index - Macro: Investment Managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up theses, quantitative and fundamental approaches and long and short term holding periods. Primary investment thesis is predicated on predicted or future movements in the underlying instruments.

HFR Distressed/Restructuring Index - Distressed Restructuring Strategies employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings. Distressed Strategies employ primarily debt (greater than 60%) but also may maintain related equity exposure.

Parametric Performance Benchmark - 50% MSCI All Country World Index and 50% Citigroup 90 day T-Bill Index as of June 1, 2017.

SG Multi Alternative Risk Premia Index - An equally weighted index composed of risk premia managers who employ investment programs diversified across multiple asset classes while utilizing multiple risk premia factors.

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Appendix

Historical U.S. Equity and Global Equity composite returns

As of June 30, 2015	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
U.S. Equity	6.7	18.1	16.4	9.4	10.5	04/01/1986
Dow Jones U.S. Total Stock Market Index	7.2	17.6	17.5	8.3	-	
Global Equity	1.8	14.6	12.1	-	2.5	11/01/2007
MSCI AC World Index (Net)	0.7	13.0	11.9	6.4	2.1	

In June 2015, the ATRS Board approved the combination of the U.S. and Global equity asset classes to a single Total Equity asset class. Total Equity performance reporting began in July 2015. In the table above, we show the historical returns for the U.S. Equity and Global Equity asset classes since inception through June 2015. Performance for the Total Equity asset class prior to July 2015 represents a weighted average of the U.S. Equity and Global Equity historical performance.

Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.
- All information presented in this report should be considered preliminary. Finalized data will be available on next Quarterly Investment Report after the close of the quarter.

Disclaimer

Past performance is not necessarily indicative of future results.

Unless otherwise noted, performance returns presented reflect the respective fund's performance as indicated. Returns may be presented on a before-fees basis (gross) or after-fees basis (net). After-fee performance is net of each respective sub-advisors' investment management fees and include the reinvestment of dividends and interest as indicated on the notes page within this report or on the asset allocation and performance summary pages. Actual returns may be reduced by Aon Investments' investment advisory fees or other trust payable expenses you may incur as a client. Aon Investments' advisory fees are described in Form ADV Part 2A. Portfolio performance, characteristics and volatility also may differ from the benchmark(s) shown.

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Refer to Hedge Fund Research, Inc. www.hedgefundresearch.com for information on HFR indices.

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Aon Investments USA Inc.
200 East Randolph Street
Suite 700
Chicago, IL 60601
ATTN: Aon Investments Compliance Officer

Memorandum

To: Arkansas Teacher Retirement System (“ATRS”)
From: Chae Hong; Iftikhar Ahmed
CC: PJ Kelly; Jack Dowd; Trevor Dodds
Date: April 4, 2022
Re: KKR Diversified Core Infrastructure Fund – \$25 million Commitment Recommendation

Background and Recommendation

KKR Diversified Core Infrastructure Fund (“DCIF” or the “Fund”) is an open-ended commingled core infrastructure fund sponsored by Kohlberg Kravis Roberts & Co. L.P. (“KKR”), a global investment firm that manages multiple asset classes, including private equity, energy, infrastructure, real estate, credit, and hedge funds through its strategic partners. Unlike its other infrastructure funds focused on core+ and value-add infrastructure investments, DCIF is KKR’s first open-ended infrastructure fund that seeks to pursue core infrastructure investments with a buy-and-hold approach and a particular focus on investments in contracted and/or regulated cash flows from existing projects, assets and businesses located in the OECD countries of North America, Western Europe and developed Asia. DCIF will seek to invest across utilities, power and renewable, telecom, transportation, social infrastructure and energy transition sectors. The Fund will target 8-10% gross annual returns (7-9% net) including a 4-6% annual cash yield.

Aon Investments, USA is satisfied with the strategy of the Fund and its appropriateness for ATRS. Additionally, we believe that the merits of this offering outweigh its risks. A DCIF Investment Summary is attached as **Exhibit A** and a DCIF update is provided as **Exhibit B**. We recommend that ATRS invest \$25 million in the Fund to fulfill ATRS’ 2022 infrastructure allocation, in accordance with the previously approved 2022 ATRS Real Asset Pacing Schedule. Additionally, DCIF may provide investors with various investment vehicles. Townsend recommends ATRS consult with its tax and legal counsel to determine the most appropriate vehicle for the Plan.

Exhibit A



Infrastructure Investment Summary

KKR Diversified Core Infrastructure Fund

February 2021

EXECUTIVE SUMMARY

OVERVIEW

Date	Rating	Prior Fund Rating
February 2021	Buy	N/A

KKR Diversified Core Infrastructure Fund (“DCIF” or the “Fund”) is an open-ended commingled core infrastructure fund sponsored by Kohlberg Kravis Roberts & Co. L.P. (“KKR”, the “Firm” or the “Manager”), a global investment firm that manages multiple asset classes, including private equity, energy, infrastructure, real estate, credit, and hedge funds through its strategic partners. Since the establishment of its infrastructure team in 2008, KKR has been actively pursuing core+ and value-add infrastructure investments across the Organization for Economic Co-operation and Development (“OECD”) countries. Across all its prior funds, the Firm has raised approximately \$11.5 billion in total commitments, invested \$7.5 billion across 34 individual transactions, realized \$4.9 billion and produced a combined net internal rate of return (“IRR”) of 14.1% and net total value to paid-in (“TVPI”) of 1.4x in U.S. Dollars (“USD”) terms, as of September 30, 2020. In addition, KKR has deployed approximately \$9 billion of co-investment capital alongside its prior infrastructure funds.

The Townsend Group, an Aon Company. (“Townsend”) has reviewed and performed an in-depth analysis of the above categories which includes, but is not limited to:

- Retention of Limited Partners
- Institutional Investor Representation
- Management Company Ownership
- Consistency/Volatility of Returns
- Write-offs
- Transaction Experience in Strategy
- Organization Expenses
- Management Fee
- Incentive Fees/Waterfall Distribution
- Fund Size
- Sponsor Commitment
- Ability to Create Value in Deals
- Valuation Discipline
- Reporting Transparency
- Back-Office Resources
- Investment Period
- Fund Term
- Key Person Provision
- Turnover/Tenure
- GP Attribution Concentration
- Fault Provisions
- Advisory Board
- Priority of Distributions
- Alignment of Partner Interest
- Firm Leadership

In addition, Aon Investments, USA’s Operational Due Diligence team has reviewed the Firm from an operating perspective and has given KKR a Pass rating.

RECOMMENDATION

Aon Investments, USA is satisfied with the strategy of the Fund and its appropriateness for ATRS. Additionally, we believe that the merits of this offering outweigh its risks. We recommend that ATRS invest \$25 million in the Fund to fulfill ATRS’ 2022 infrastructure allocation, in accordance with the previously approved 2022 ATRS Real Asset Pacing Schedule. Additionally, DCIF may provide investors with various investment vehicles. Townsend recommends ATRS consult with its tax and legal counsel to determine the most appropriate vehicle for the Plan.

Sponsor:

HQ Location	New York	Parent	Kohlberg Kravis Roberts & Co. L.P.
Ownership	Publicly listed company	Founded	1976
Employees	1,579 total employees	Team	46 investment professionals
AUM	\$233.8 billion		

Fund/Portfolio Characteristics:

Structure	Open-Ended	Risk Segment	Low to Moderate / Core
Size	N/A	Sponsor Commitment	At least \$500 million
Target Sectors	Utilities, Power and Renewable, Communications, Transportation, Social Infrastructure, and Energy Transition	Target Geography	Global (OECD)
Target Stage	Mainly Brownfield	Diversification Guidelines	<ul style="list-style-type: none">• 15% for a single investment• 10% outside OECD countries
Target Return (USD)	8-10% time-weighted gross return (7-9% net) including 4-6% cash yield	Partnership Level Leverage	30% of NAV
Fund Term	Open-ended / Evergreen	Investment Period	N/A
Minimum Commitment	\$10.0 million		

Primary Strategy: Unlike its other infrastructure funds focused on core+ and value-add infrastructure investments, DCIF is KKR's first open-ended infrastructure fund that seeks to pursue core infrastructure investments with a buy-and-hold approach and a particular focus on investments in contracted and / or regulated cash flows from existing projects, assets and businesses located in the OECD countries of North America, Western Europe and developed Asia. DCIF will seek to invest across utilities, power and renewable, telecom, transportation, social infrastructure and energy transition sectors. The Fund will target 8-10% gross annual returns (7-9% net) including a 4-6% annual cash yield.

SPONSOR

OVERVIEW

Established in 1976 and headquartered in New York, KKR is a global investment firm with over \$234 billion in assets under management as of September 30, 2020 across alternative asset classes, including private equity, energy, infrastructure, real estate, credit, and through its strategic partners, hedge funds. The Firm has offices across 4 continents, 16 countries and 20 cities and approximately 1,579 employees.

KKR is a publicly traded company listed on New York Stock Exchange (NYSE: KKR). Based on information available as of Sep 30, 2020, KKR employees and former employees beneficially own approximately 33% of KKR through the ownership or control of units of KKR Holdings L.P.

In 2008, KKR established its dedicated infrastructure team. Since then, KKR has been actively pursuing core+ and value-add infrastructure investments in OECD countries. Across all its prior funds, the Firm has raised approximately \$11.5 billion in total commitments, invested \$6.9 billion across 34 individual transactions, realized \$4.9 billion. In addition, KKR has deployed approximately \$9.2 billion of co-investment capital alongside its prior infrastructure funds. In 2018, KKR also established an Asia Pacific infrastructure team to pursue infrastructure investments in the Asia Pacific region and launched KKR Asia Infrastructure Investors ("KKR Asia"), its first dedicated Asia Pacific infrastructure fund, in 2019.

KKR’s infrastructure investment team (“Investment Team”) is composed of 46 members including 6 partners (3 in the U.S., 2 in Europe, and 1 in Asia), 6 managing directors (2 in each location), 11 directors (3 in the U.S. and 4 in Europe and Asia), 5 principals, 16 associates and 2 analysts. The Investment Team is led by Raj Agrawal and is organized by geography with presence across New York, Menlo Park, Houston, London, Singapore, Seoul, Hong Kong, Tokyo, and Mumbai. DCIF will be led by Tara Davies, co-head of European infrastructure and head of core infrastructure. In addition, the Investment Team has access to KKR’s broader platform resources including KKR Capstone, Global Macro and Asset Allocation, KKR Capital Markets, KKR Global Institute and KKR Global Public Affairs. Following is the list of key senior members of the infrastructure team;

Name	Title	Location	Years in Infrastructure Experience	Years with KKR	Member of Investment Committee?
Johannes Huth	Head of KKR Europe	London	36	21	Yes
Joe Bae	Co-President and Co-COO	New York	26	24	Yes
Raj Agrawal	Partner, Global Head of Infrastructure	Menlo Park	20	14	Yes
Tara Davies	Partner, Co-Head of European Infrastructure and Global Head of Core Infrastructure	London	21	4	Yes
Brandon Freiman	Partner, Head of North American Infrastructure	Menlo Park	17	14	Yes
David Luboff	Partner, Head of Asia-Pacific Infrastructure	Singapore	20	2	Yes
Vincent Policard	Partner, Co-Head of European Infrastructure	London	23	9	Yes
James Cunningham	Partner, North American Infrastructure	Houston	17	3	Yes
Alberto Signori	Managing Director	London	23	2	No
Waldemar Szlezak	Managing Director	New York	18	1	No
Michael De Guzman	Managing Director	Hong Kong	24	1	No
Hardik Shah	Managing Director	Mumbai	13	2	No
Neil Brown	Managing Director	New York	18	6	No
Florian Christ	Managing Director	Houston	13	<1	No
Oleg Shamovsky	Director, Head of Europe - Core Infrastructure	London	13	8	No
Andrew Jennings	Director, Head of Asia - Core Infrastructure	Sydney	14	1	No
Federica Gironi	Director	London	14	7	No
Anogie Joseph Erameh	Principal	London	8	6	No

About Townsend Group – An Aon Company

Founded in 1983, The Townsend Group provides custom real asset solutions that help clients worldwide achieve their unique investment goals. As an Aon company, The Townsend Group is now part of one of the top three outsourced chief investment officer (OCIO) providers in the world measured by global assets under management. Aon’s Investment organization, including Townsend, manages more than \$130 billion of worldwide assets under management and has advised on more than \$240 billion of real estate assets.

Disclaimer

This document has been prepared by Townsend Holdings LLC (“Townsend”), a division of Aon plc., and is appropriate solely for qualified investors. Nothing in this document should be treated as an authoritative statement of the law on any particular aspect or in any specific case. It should not be taken as financial advice and action should not be taken as a result of this document alone. The information contained herein is given as of the date hereof and does not purport to give information as of any other date. The delivery at any time shall not, under any circumstances, create any implication that there has been a change in the information set forth herein since the date hereof or any obligation to update or provide amendments hereto. The information contained herein is derived from proprietary and non-proprietary sources deemed by Townsend to be reliable and are not necessarily all inclusive. Reliance upon information in this material is at the sole discretion of the reader.

Past performance is no guarantee of future results.

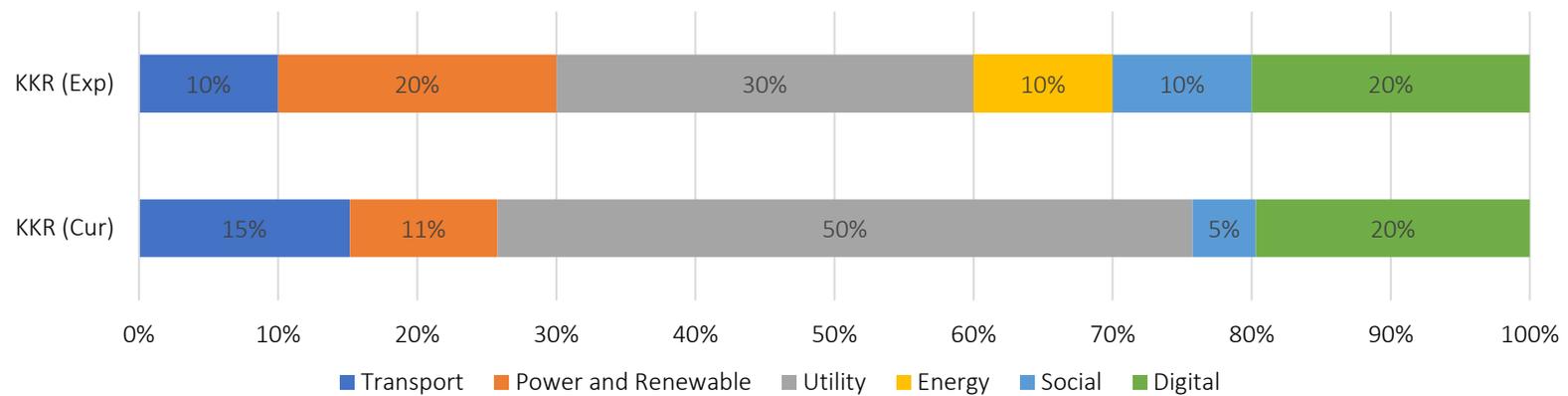
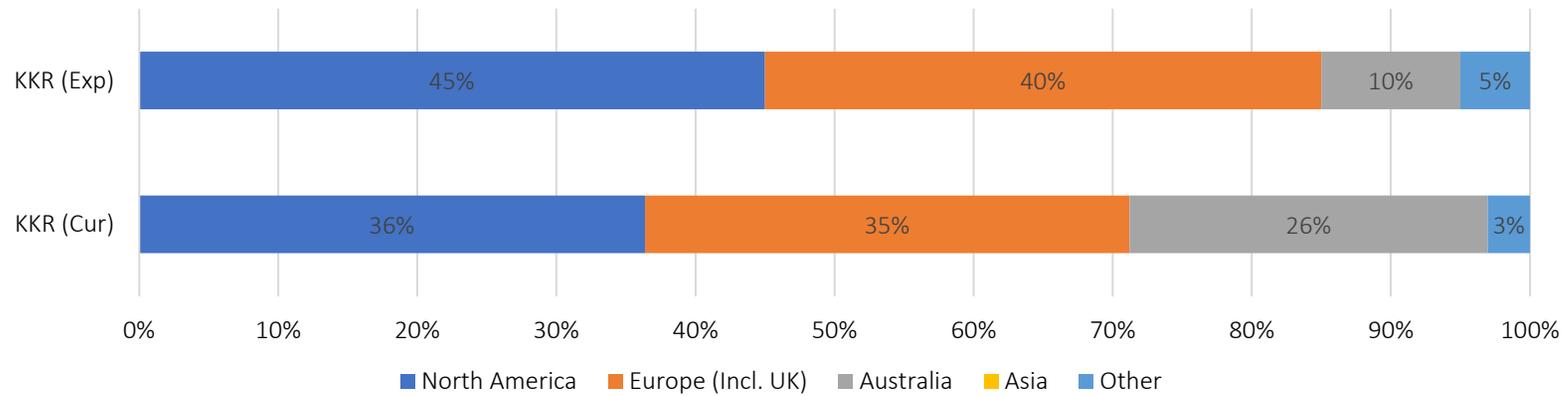
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Townsend is a registered investment adviser with the Securities and Exchange Commission and is a wholly owned, indirect subsidiary of Aon plc

Exhibit B

KKR Diversified Core Infrastructure Fund – Portfolio Updates

- The Fund raised \$6.8 billion in aggregate capital commitments by June 30, 2021.
- Invested / committed to invest \$4.5 billion across 6 investments by Dec 31, 2021.
- The portfolio is getting well diversified across geographies and sectors.
- The estimated queue for new capital is around 9 months.



KKR Diversified Core Infrastructure Fund – Portfolio Updates

As of December 31, 2021 (USD in million)

DCIF Portfolio	Investment Date	Company Description	Ownership (%)	Country	Invested Capital	NAV	Leverage	Discount Rate (%)
Neon Renewables	12/1/2020	Portfolio of 12 renewable energy assets (six wind and six solar) located in the U.S.	24%	United States	\$157	\$161	30%	9%
Caruna	3/1/2021	Finland's largest electricity utility providing essential services to over 700,000 customers.	40%	Finland	\$533	\$571	40%	8%
John Laing	10/4/2021	A leading platform that develops and operates core infrastructure projects awarded primarily under public-private-partnership ("PPP") frameworks and an existing portfolio of 29 PPPs and renewable assets.	100%	Global	\$1,200	\$1,191	57%	9%
Spark Infrastructure	12/21/2021	Portfolio of interests in four regulated electricity distribution and transmission networks and one solar farm in Australia.	33%	Australia	\$755	\$774	58%	8%
Clearway	Pending Close	A leading platform that owns and operates 13 existing heating and cooling networks across 11 cities in the U.S. as well as a business intended to pursue bolt-on acquisitions.	100%	United States	\$1,000	Pending Close	38%	8%
Reintel	Pending Close	The largest dark fiber owner in Spain with 52,000km of dark fiber supporting the backbone fiber network nationwide.	49%	Spain	\$900	Pending Close	36%	9%
Total / Weighted Average					\$4,545	\$2,697	45.9%	8.5%

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**RESOLUTION
No. 2022-23**

**Approving Investment in KKR Diversified Core Infrastructure
Fund L.P.**

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the Board has reviewed the recommendation of its real assets investment consultant, Aon Hewitt Investment Consulting, Inc., along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **KKR Diversified Core Infrastructure Fund L.P.**, a core infrastructure fund investing in utilities, telecom, transportation, social infrastructure and energy transition sectors.

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **\$25 million dollars (\$25,000,000.00)** in **KKR Diversified Core Infrastructure Fund L.P.** The total investment amount is to be determined by the real assets consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the ATRS Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment, if acceptable terms are reached.

Adopted this 4th day of April, 2022.

Mr. Danny Knight, Chair
Arkansas Teacher Retirement System



Executive Summary

Arlington Capital Partners VI, L.P.

Executive Summary

Fund	Arlington Capital Partners VI, L.P. (the “Fund”)																								
General Partner	Arlington Capital Partners (the “General Partner” or “Arlington”)																								
Report Date	March 2022																								
Fundraising	The General Partner is targeting limited partner capital commitments of \$3.25 billion, with a cap of \$3.5 billion. The General Partner expects to hold an initial closing for the Fund in late April 2022.																								
Source	Franklin Park sourced the offering directly from the General Partner. The General Partner has retained Evercore to assist with fundraising.																								
Investment Strategy	<p>The Fund is being formed to primarily make buy & build investments in small and mid-market companies based in the U.S. The General Partner targets companies operating in four government-related verticals: (1) defense & aerospace, (2) government services & technology, (3) healthcare, and (4) business services & software.</p> <p>The Fund will target companies with enterprise values of between \$50 million and \$500 million and apply a barbell approach with ~75% of deals in the small to lower-mid-market with equity checks of \$50-\$200 million; 25% of deals with equity checks of \$200M+. The Fund will seek companies with i) high barriers-to-entry or substitution; ii) deeply rooted customer relationships, iii) regulator protection, and iv) defensible or enduring cost structure advantages</p> <p>The General Partner will target value oriented acquisitions where it can acquire quality companies at 20%-30% below market value and add-value through operational improvements to promote EBITDA growth as well as an add-on acquisition strategy designed to gain market share, scale and diversity product offerings, services, and client bases.</p>																								
Management Team	<p>Based in Chevy Chase, MD, the General Partner was founded in 1999. The Fund will be managed by five senior professionals (the “Principals”). The Principals are supported by four mid-level and seven junior level investment professionals, a debt financing professional, and four finance and operations professionals. The backgrounds of the Principals are summarized in the table below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #f2f2f2;"> <th style="text-align: left;">Principals</th> <th style="text-align: center;">Yrs. GP</th> <th style="text-align: center;">Yrs. PE</th> <th style="text-align: left;">Background</th> </tr> </thead> <tbody> <tr> <td>Matthew Altman</td> <td style="text-align: center;">20</td> <td style="text-align: center;">23</td> <td>Stonington Partners, Merrill Lynch</td> </tr> <tr> <td>Michael Lustbader</td> <td style="text-align: center;">22</td> <td style="text-align: center;">22</td> <td>Lazard Freres</td> </tr> <tr> <td>Peter Manos</td> <td style="text-align: center;">19</td> <td style="text-align: center;">24</td> <td>Carlyle, Capitol Partners, Fayez Sarofim, DFJ</td> </tr> <tr> <td>David Wodlinger</td> <td style="text-align: center;">16</td> <td style="text-align: center;">16</td> <td>Deutsche Bank, BearingPoint</td> </tr> <tr> <td>C. Malcolm Little</td> <td style="text-align: center;">7</td> <td style="text-align: center;">14</td> <td>Avista, Oak Hill, Bear Sterns</td> </tr> </tbody> </table>	Principals	Yrs. GP	Yrs. PE	Background	Matthew Altman	20	23	Stonington Partners, Merrill Lynch	Michael Lustbader	22	22	Lazard Freres	Peter Manos	19	24	Carlyle, Capitol Partners, Fayez Sarofim, DFJ	David Wodlinger	16	16	Deutsche Bank, BearingPoint	C. Malcolm Little	7	14	Avista, Oak Hill, Bear Sterns
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David Wodlinger	16	16	Deutsche Bank, BearingPoint																						
C. Malcolm Little	7	14	Avista, Oak Hill, Bear Sterns																						
Track Record	The General Partner has raised five prior funds. The following chart summarizes the performance of the prior funds, as of September 30, 2021.																								

Aggregate Performance Summary ¹				(USD 000)			
Fund (Vintage)	Fund Size	Rlzd Deals / # Deals	Invested	Realized	Unrealized	Gross ROI	Gross IRR
Fund I (2000)	452,000	10 / 10	324,864	530,810	0	1.6x	20.1%
Fund II (2005)	585,000	11 / 11	511,237	1,157,073	0	2.3x	16.5%
Fund III (2012)	416,000	9 / 9	420,481	1,853,692	6,646	4.4x	53.6%
Fund IV (2016)	700,000	2 / 9	662,470	489,099	1,268,521	2.7x	40.1%
Fund V (2019)	1,692,000	0 / 8	836,476	0	1,214,521	1.5x	39.0%
Total		32 / 47	2,755,528	4,030,674	2,489,688	2.4x	22.9%

¹ Gross of fees and carried interest expenses. The unrealized investments were valued by the General Partner.

Investment Evaluation

- The Fund's strategy is compelling.** The General Partner seeks to make acquisitions of growing mid-market companies. The General Partner generally targets founder recapitalizations and corporate carve-outs that often attract less attention from larger strategic and financial buyers, and consequently can be purchased at more attractive prices, often on a non-auctioned basis. Further, the General Partner typically acquires a platform company, and then makes subsequent add-on investments as a strategic buyer to gain consolidation benefits and economies of scale. Arlington will also make additions to the management team and identify an industry executive from its network to join the General Partner on the board in order to drive operational improvements.
- The General Partner has an experienced and cohesive team.** The Principals average 20 years of private equity experience and four of the five Principals have been working together for over 15 years.

Further the General Partner is well-positioned competitively in its target market:

The General Partner has been focused on investing in regulated industries and adjacent markets since 2008 and has developed a reputation as a skilled and proven investor within its target sectors. The General Partner has established relationships within its target segments that provide access to deal flow, idea generation, diligence capabilities and strategic value-add. Further, the General Partner's relationships with senior regulators, military personnel, government officials and policy advisors also provide the General Partner with an information advantage when developing investment themes and conducting due diligence.

- The General Partner has an impressive track record.** Since 2000, the General Partner has invested \$2.8 billion in 47 deals and has generated a 2.4x gross ROI and 23% gross IRR. Excluding non-core deals¹, the General Partner has made 40 investments that have generated an aggregate 2.6x gross ROI, including 25 realized investments that have generated a 3.6x gross ROI.
- The Fund will be substantially larger than the General Partner's prior fund.** At the Fund size cap of \$3.5 billion, the Fund would be more than two times larger than Fund V and five times the size of Fund IV. However, the General Partner will not significantly change its transaction focus with respect to size of transactions it has pursued in its prior fund and will generally seek to enhance M&A capabilities for its platform investments. Further, the General Partner believes that it is sufficiently staffed to manage a larger fund size.

¹ Fund I and II made investments in early stage technology and media companies. The General Partner ceased that strategy beginning with Fund III.

The General Partner's investment pacing has increased significantly over the past three years. From 2016-2018, the General Partner invested \$200 million per year on average; whereas, from 2019-2021, the General partner invested \$573 million per year on average, representing a 187% increase. The General Partner's increased pacing is a result of increased deal flow that has provided additional opportunities for compelling platform and add-on investments.

Recommendation Franklin Park recommends a commitment of up to \$30 million to the Fund, subject to satisfactory negotiation of final documentation, based on the following:

- The General Partner is competitively well positioned;
- The General Partner is led by a seasoned and cohesive team; and
- The General Partner has an impressive track record.

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**RESOLUTION
No. 2022-24**

**Approving Investment in Arlington Capital
Partners VI, L.P.**

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential investment in **Arlington Capital Partners VI, L.P.**, a buyout fund specializing in small to lower middle market companies in the U.S.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **\$30 million dollars (\$30,000,000.00)** in **Arlington Capital Partners VI, L.P.** The total investment amount is to be determined by the private equity consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the ATRS Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment, if acceptable terms are reached.

Adopted this 4th day of April 2022.

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System



Arkansas Teacher Retirement System
Franklin Park Venture Capital Fund XIV, L.P.

April 2022

Disclaimer

This Presentation (this “Presentation”) has been prepared by Franklin Park Associates, LLC (“Franklin Park”) solely for informational purposes for the exclusive use of the party to whom Franklin Park delivers this Presentation (the “Recipient”). This Presentation is not to be construed as a solicitation, invitation or an offer by Franklin Park or any of its members, officers, employees or agents to buy or sell any securities or related financial instruments. This Presentation is furnished on a confidential and limited basis for the sole and exclusive purpose of providing general and background information concerning Franklin Park Venture Capital Fund XIV, L.P. (the “Fund”) as well as Franklin Park and its activities. This Presentation is not an offer or sale of, or a solicitation to any person to buy, any security or investment product or investment advice. Any such offer, sale or solicitation of interests in the Fund will be made only pursuant to the Fund’s definitive documents, and will be subject to the terms and conditions contained in such documents. This Presentation is qualified in its entirety by reference to the Fund’s definitive documents.

The information in this Presentation has been obtained from Franklin Park’s proprietary research and other publicly available sources and has not been independently verified by Franklin Park or any of its members, officers, employees, agents, representatives or advisers or any other person. Any valuations, projections, estimates, forecasts, targets, prospects, returns and/or opinions contained herein involve elements of subjective judgment and analysis. Any opinions expressed in this material are subject to change without notice. This Presentation may contain forward-looking statements. Any estimates or projections as to events that may occur in the future are based upon the reasonable expectation of Franklin Park. No obligation is undertaken by Franklin Park or any other person to provide the Recipient with additional information or to update, revise or reaffirm the information contained in this Presentation or to correct any inaccuracies therein which may become apparent.

Past or projected performance information contained in this Presentation is not necessarily indicative of future results. There can be no assurance that the Fund will ultimately achieve comparable performance results.

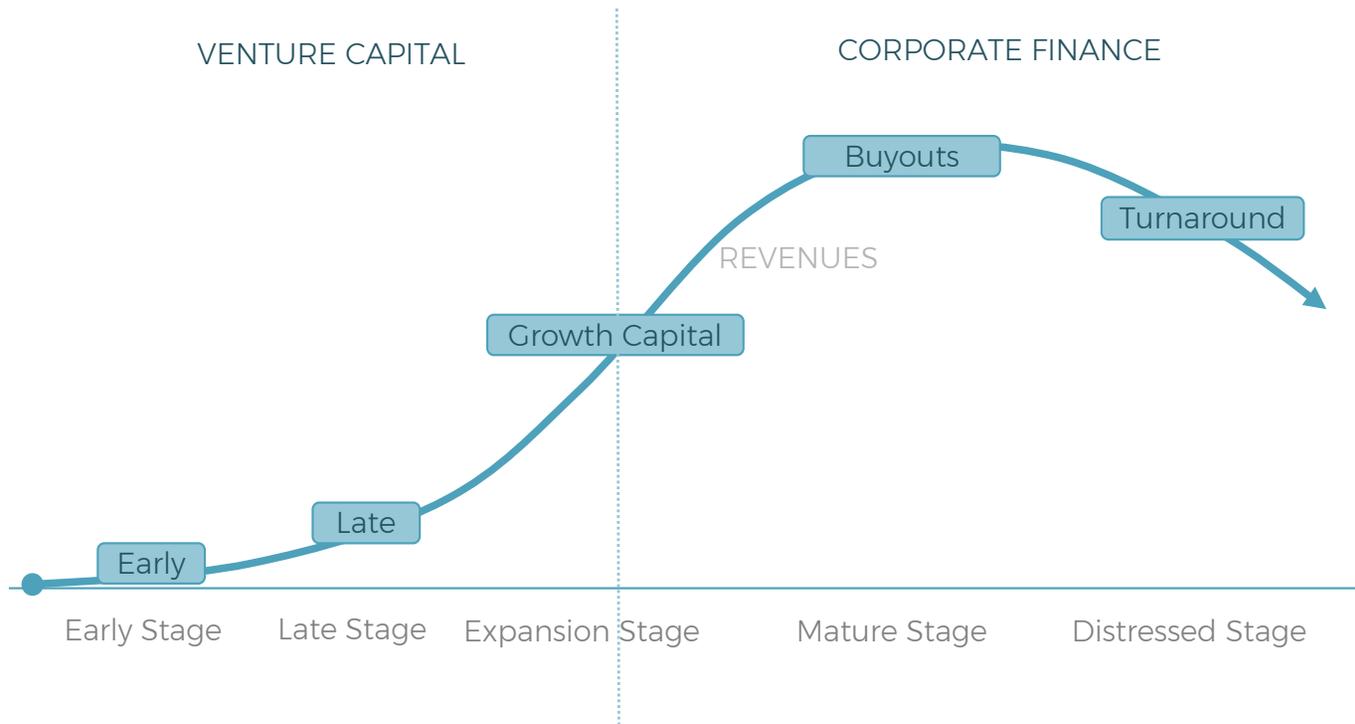
This Presentation is not intended to be relied upon as legal, tax, accounting or investment advice or a recommendation and is not, and should not be assumed to be, complete. The Recipient agrees that Franklin Park and its affiliates, members, partners, stockholders, managers, directors, officers, employees and agents shall have no liability for any misstatement or omission of fact or any opinion expressed herein. The contents herein are not to be construed as legal, business or tax advice, and the Recipient should consult its own attorney, business advisor and tax advisor as to legal, business and tax advice. Recipient is expected to rely on its own due diligence if it wishes to proceed further.

The Recipient further agrees that it will (i) not copy, reproduce or distribute the Presentation, in whole or in part, to any person or party without the prior written consent of Franklin Park, (ii) keep permanently confidential all information contained herein not already public and (iii) use the Presentation solely for the purpose set forth in the first paragraph above.

By accepting this Presentation the Recipient agrees to be bound by the foregoing obligations and limitations.

Venture Capital Overview

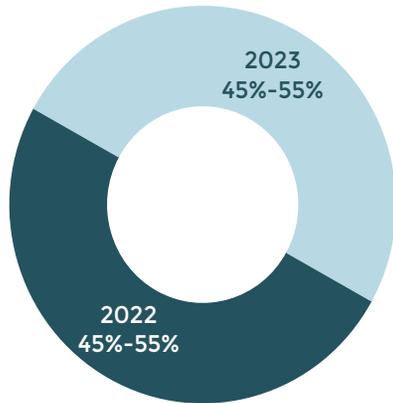
The expected return and risk level for venture capital is high and access to the best funds is challenging



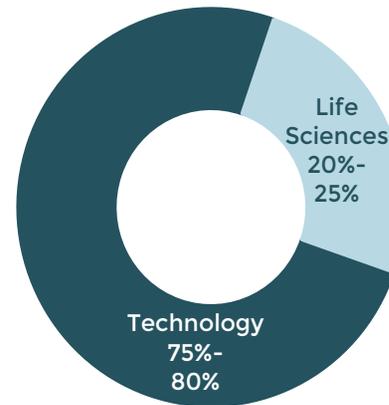
Portfolio Composition

The portfolio is expected to be diversified by vintage, sector, stage and geography

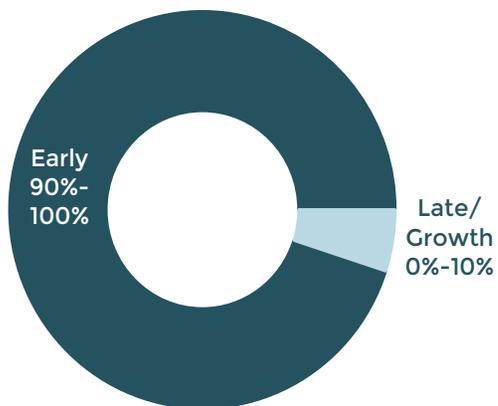
Diversification By Vintage



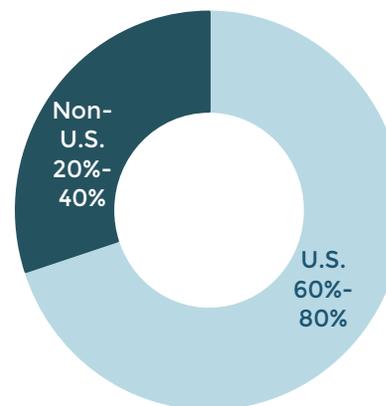
Diversification By Sector



Diversification By Stage

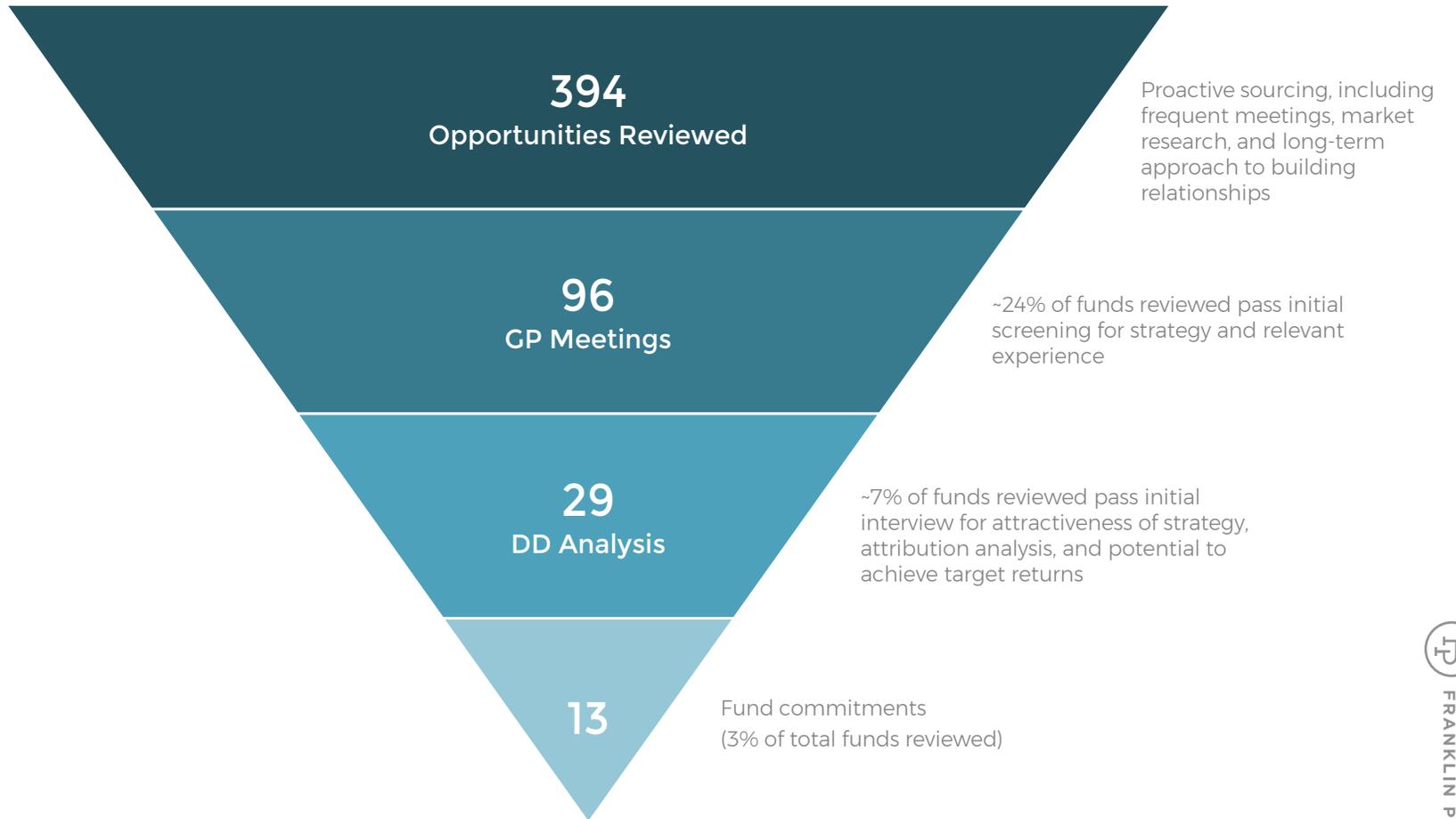


Diversification By Geography



Venture Capital Deal Flow (2021)

Broad market coverage with highly selective decision making



Historical Performance

ATRS has committed \$365 million to 13 prior Franklin Park venture capital vehicles raised since 2008

VEHICLE	ATRS COMMITMENT	CONTRIBUTED	DISTRIBUTED	REMAINING	TVPI	NET IRR
FPV 2008	\$30.0	\$30.0	\$53.5	\$54.3	3.6x	20.1%
FPV 2009	25.0	24.5	50.6	19.6	2.9x	18.7%
FPV 2010	25.0	16.0	20.3	39.2	3.7x	20.3%
FPV 2011	25.0	24.1	82.7	120.7	8.4x	39.9%
FPV 2012	25.0	22.3	32.3	63.4	4.3x	27.7%
FPV 2013	20.0	18.2	19.6	53.8	4.0x	31.8%
FPV 2014	25.0	23.7	12.3	86.6	4.2x	31.7%
FPV 2015	25.0	23.7	6.1	53.7	2.5x	26.7%
FPV 2016	25.0	21.0	4.1	45.2	2.3x	33.9%
FPV 2017	25.0	16.3	2.1	32.8	2.1x	48.6%
FPV 2018	25.0	19.6	0.0	32.9	1.7x	42.1%
FPV 2019	30.0	15.7	0.0	22.8	1.5x	40.2%
FPV XIII	60.0	17.6	0.1	19.8	1.1x	NMF
Total	\$365.0	\$272.6	\$283.6	\$644.7	3.4x	26.5%

Data in the table is as of September 30, 2021 and represents only ATRS's interests in each vehicle; \$ in millions. The returns presented are net of underlying private fund manager fees, transaction expenses and carried interest charges, as well as expenses incurred by the Franklin Park Venture Capital Fund vehicles. Past results are not necessarily indicative of future performance. There can be no assurance that investments recommended by Franklin Park will realize the rates of return indicated in this presentation. Wherever there is potential for profit, there is also potential for loss. See additional information in the Footnotes.

Proposal

ATRS' plan is to consider committing \$30 million per year to Franklin Park Venture Capital Fund XIV, L.P. over a 2-year period (2021-2022)

An initial \$30 million commitment was approved by ATRS in 2021 and the current proposal is to consider an additional \$30 million as part of the 2022 pacing plan discussed in December 2021

Terms:

- **Management Fees:** None for ATRS (0.9% of commitments for all other LPs)
 - **Carried Interest:** 4% for \$60m+ commitment (5% for all other LPs)
-

Footnotes

Historical Performance:

The returns represent the performance of each Franklin Park Venture Fund Series 2008-2019 vehicle and Franklin Park Venture Capital Fund XIII, L.P. based upon ATRS' cash flows and capital account balances. The performance results are measured in U.S. dollars from the inception date of each vehicle's activities through September 30, 2021.

The returns presented are net of underlying private equity fund manager fees, transaction expenses and carried interest charges, as well as expenses incurred by the Franklin Park Venture vehicles. No investment advisory fees or carried interest are charged by the Franklin Park Venture Fund Series 2008-2019 vehicles and Franklin Park Venture Capital Fund XIII, L.P. (the "FPV vehicles") to any investor; provided that, the calculations exclude investment fees and expenses paid through other Franklin Park accounts and vehicles, including amounts paid to Franklin Park and its affiliates under a separate investment management agreement. If the performance results had been adjusted to reflect the Partnership's expense structure, net returns would be lower.

Vintage represents the year in which each Franklin Park Venture vehicle first called capital.

DPI represents the ratio of distributed capital to contributed capital.

TVPI represents the ratio of distributed capital plus remaining value (the capital account balance) to contributed capital.

Net IRR is the discount rate that results in a net present value of zero of a series of cash flows, and considers both cash flow timing and amount.

Performance for FP Venture Capital Fund XIII, L.P. is deemed not yet meaningful ("NMF") due to the young age of the underlying investment portfolio, and are therefore not presented.

Risk of Loss; Past Performance is Not a Guarantee: Prospective investors must be aware that investments in private equity funds such as the Fund are speculative and involve a substantial risk of loss. No assurance can be given that the Fund will achieve its investment objectives or avoid substantial losses. Information about other investments made by Franklin Park, including the past performance of other Franklin Park vehicles and investments, is provided solely to illustrate Franklin Park's investment experience, and processes and strategies used by Franklin Park in the past with respect to other Franklin Park vehicles and investments. The performance information relating to Franklin Park's previous investments is not intended to be indicative of the Fund's future results. Past performance is not necessarily indicative, or a guarantee, of future results. There can be no assurance that the Fund will achieve comparable results as those presented or that investors in the Fund will not lose any of their invested capital.

Potential Future Returns: There can be no assurance that investments with an unrealized value will be realized at the valuations shown, as actual realized returns will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations contained herein are based. Accordingly, the actual realized return of these unrealized investments may differ materially from the returns indicated herein.

No Investment Advice: References to the portfolio funds in this Presentation should not be considered a recommendation or solicitation for the portfolio funds mentioned, nor should individual portfolio fund performance be considered representative of portfolio funds held, or to be held, by the Fund.

Franklin Park Associates, LLC

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Bala Cynwyd, PA 19004

For more information, please contact us at info@franklinparkllc.com

Franklin Park Associates, LLC is an SEC registered investment advisor pursuant to the Investment Advisors Act of 1940

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**RESOLUTION
No. 2022-25**

**Approving Additional Investment in Franklin Park
Venture Fund XIV, L.P.**

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding a potential additional investment in **Franklin Park Venture Fund XIV, L.P.**, a fund of funds managed by Franklin Park investing in venture capital private equity funds.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an additional investment of up to **\$30 million dollars (\$30,000,000.00)** in **Franklin Park Venture Fund XIV, L.P.** The total investment amount is to be determined by the private equity consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the ATRS Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment, if acceptable terms are reached.

Adopted this 4th day of April 2022.

Mr. Danny Knight, Chair
Arkansas Teacher Retirement System

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

RESOLUTION
No. 2022-26

Retirement After Full Year of Service Credit

WHEREAS, A.C.A. § 24-7-701(d) and A.C.A. § 24-7-702(e) provide that if a member has accrued a full year of service in a fiscal year then a retirement annuity shall not begin earlier than July 1 after the fiscal year ends; and

WHEREAS, A.C.A. § 24-7-701(d) and A.C.A. § 24-7-702(e) also authorize the Board of Trustees of the Teacher Retirement System to adopt an earlier retirement beginning date for all members whose retirement will not result in a reduction of classroom teachers.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees establishes that if a member has accrued a full year of service credit equal to or greater than one hundred and sixty (160) days in a fiscal year, the member's retirement date shall not begin earlier than July 1 of the subsequent fiscal year unless the member has attained the normal retirement age and is not separating from employment; or is not licensed or otherwise certified as a classroom teacher and vacating a classroom.

FURTHER BE IT RESOLVED, that a member who holds a teacher license or certification and whose retirement before the end of the school year results in "vacating a classroom" will not be allowed to retire before July 1 of the subsequent fiscal year, even if the member holds multiple licenses and whose primary duties are administrative.

FURTHER BE IT RESOLVED, that this resolution is effective for all members with retirement beginning dates on or after April 1, 2022.

Adopted this 4th day of April 2022.

Mr. Danny Knight, Chair
Arkansas Teacher Retirement System Board

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**RESOLUTION
No. 2022-27**

Adoption of Electronic Signature Policy

WHEREAS, A.C.A. § 25-32-118 authorizes the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) to determine whether and the extent to which it will send and accept electronic records and electronic signatures; and

WHEREAS, A.C.A. § 25-32-101 et seq. (the Arkansas Uniform Electronic Transactions Act) establishes a framework to which a state agency must adhere in determining its policies regarding electronic records and electronic signatures; and

WHEREAS, ATRS staff has determined that the adoption of the attached policy (ATRS Signature & Verification Policy---Electronic Signatures, Attachment A) is consistent with the Arkansas Uniform Electronic Transactions Act and will improve member experience in managing the member's account, increase the security of member transactions, as well as increasing the operating efficiency of ATRS; and

WHEREAS, the adoption of this policy will lay the groundwork for the establishment of an electronic member portal through which a member may initiate changes to the member's account.

NOW, THEREFORE, BE IT RESOLVED, That the Board of Trustees in accordance with standards of the Uniform Electronic Transactions Act hereby adopts the ATRS Signature & Verification Policy---Electronic Signatures to be effective immediately upon its adoption.

Adopted this 4th day of April, 2022.

Mr. Danny Knight, Chair
Arkansas Teacher Retirement System Board

ATRS Signature & Verification Policy
Electronic Signatures

I. Purpose.

This policy specifies the standards and guidelines regarding acceptance of an electronic, digital, and original signature, and to govern when electronic signatures may be used and accepted.

The use of electronic and digital signatures can significantly reduce costs, simplify transactions, and speed up transaction time when combined with processes which ensure the integrity, security, and authenticity of a signature.

II. Definitions.

“Electronic Signature” means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record, including clicking OK on a screen or email, using a password or PIN number, a digital signature, a fingerprint scan, or a retina scan.

“Digital Signature” is a type of electronic signature that uses certificate-based IDs to verify a signature's validity, or a signature made with a computer mouse or stylus.

Original (“Wet Signature”) is a handwritten signature in ink.

III. Policy.

This policy authorizes use and acceptance of electronic and digital signatures in accordance with the Uniform Electronic Transactions Act, A.C.A. §25-32-101 et seq.

ATRS will recognize the legal effect and enforceability of electronic signatures as described in this document.

IV. ATRS Staff Use of Electronic Signatures.

ATRS staff may use electronic signatures in a form and manner approved by the Executive Director for signing documents in accordance with Board-delegated authority. The Executive Director will consult the National Institute of Standards and Technology (NIST) *Digital Identity Guidelines* in establishing the standards for use of electronic signatures.

If an electronic signature is used on external correspondence, contracts, amendments or agreements, a copy of the document must be included with the official records.

When a document which requires a signature is sent from one ATRS employee to another ATRS employee via email, the receiving ATRS employee may accept any form of signature,

including a typed or digital signature as long as the document is attached to a verifiable ATRS email address.

V. Acceptance of Signature.

A. Generally.

ATRS staff may accept a signature as valid on its face, whether it is a name, mark, symbol, scribble, stamp or other reasonable indication of the signatory's intent to sign. The validity of a signature by mark will be evaluated in light of the requirements of A.C.A. §1-1-102. Rarely, circumstances may clearly and convincingly cast doubt about the validity of a signature whether the signature is on paper or in any electronic format.

If, in the exercise of professional judgment, an employee feels that circumstances clearly and convincingly cast doubt about the authenticity of a signature, the employee will first inform a supervisor. Following approval from a supervisor, the employee may contact the signatory to verify the signatory's intent. Such contact must be documented. If, after contact has been made, there remains clear and convincing evidence that the signature needs additional verification, ATRS may require two witnesses or notarization to attest to the signature prior to acceptance of the document.

B. Electronic.

ATRS staff may accept electronic signatures in a form and manner approved by the Executive Director. The Executive Director will consult the National Institute of Standards and Technology (NIST) *Digital Identity Guidelines* in establishing the standards for use of electronic signatures.

The following methods of electronic signature are examples of those that may be accepted by ATRS staff:

Signature on a form submitted via the Member Portal on the ATRS website, including a statement that the person intends that to be their legal signature.

Electronic signature on a document that has also been notarized,

Electronic signature on a form and the member has independently attested to signing the document.

VI. Notification

ATRS will notify the member either by letter, email, or phone to confirm the authenticity of the member's signature when a change to member's account has been requested.

Adopted: _____, 2022

SUMMARY OF DISABILITY APPLICATIONS SUBMITTED
FOR CONSIDERATION BY THE MEDICAL COMMITTEE

The Medical Committee met in executive session in the first floor conference room at 9:30 a.m. on February 2, 2022. Those members present were Dr. Eddie Phillips and Dr. Jim Morse. Anne Marie Lehman Berardi of the Teacher Retirement System was also in attendance.

A total of seven disability applications were considered. Of the seven applicants, five were approved. Two applicants were denied pending six-month hold for appeal.

Respectfully Submitted,



Eddie Phillips, CMO
Medical Committee Chairman

Respectfully Submitted,



Anne Marie Lehman Berardi
Retirement Benefits Counselor

SUMMARY OF DISABILITY APPLICATIONS SUBMITTED
FOR CONSIDERATION BY THE MEDICAL COMMITTEE

The Medical Committee met in executive session in the first floor conference room at 9:30 a.m. on March 2, 2022. Those members present were Dr. Eddie Phillips, Dr. Hoyte Pyle, and Dr. Jim Morse. Anne Marie Lehman Berardi of the Teacher Retirement System was also in attendance.

A total of eight disability applications were considered. Of the eight applicants, four were approved. Four applicants had more information requested.

Respectfully Submitted,



Eddie Phillips, CMO
Medical Committee Chairman

Respectfully Submitted,



Anne Marie Lehman Berardi
Retirement Benefits Counselor