

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

**Monday, June 5, 2023
11:00 a.m.
1400 West Third Street
Little Rock, AR 72201**

ATTENDEES

Board Members Present

Danny Knight, Chair
Anita Bell
Kathy Clayton
Susan Ford
Dr. Mike Hernandez
Shawn Higginbotham
Michael Johnson
Bobby Lester
Chip Martin
Jeff Stubblefield
Susannah Marshall, Bank Commissioner
Jason Brady, designee for Dennis Milligan
Eric Munson, designee for Mark Lowery, State Treasurer

Board Members Absent

Kelly Davis
Jacob Oliva, Secretary, Department of Ed.

Reporters Present

Mike Wickline, AR Dem. Gaz.

ATRS Staff Present

Rod Graves, Deputy Director
Curtis Carter, Chief Financial Officer
Dena Dixson, Int. Audit/Risk Mgmt.
Braeden Duke, Software Support Analyst
Vicky Fowler, Director, Human Resources
Willie Kincade, Director of Operations
Jennifer Liwo, General Counsel*
Joe Sithong, Information Systems Coordinator*
Whitney Sommers, Administrative Analyst
Brenda West, Int. Audit/Risk Mgmt.
Misty Yant, Manager, Accounting Reporting*

Guest Present

Guest Present

Katie Comstock, Aon Hewitt*
Leslie Lane, Arkansas Capital*
Heartsill Ragon, Gill Elrod & Ragon*

*VIA ZOOM

- I. **Call to Order/Roll Call.** Mr. Danny Knight, Chair, called the Board of Trustees meeting to order at 11:00 a.m. Roll call was taken. Ms. Davis and Mr. Oliva were absent.

- II. **Motion to Excuse Absent Board Members.**

Mr. Martin *moved to excuse* Ms. Davis and Mr. Oliva from the June 5 2023, meeting. Ms. Bell *seconded the motion*, and the Board *unanimously approved the motion*.

III. Adoption of Agenda.

_____ *moved for adoption of the Agenda.* _____
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 3, 2023, Minutes.

Mr. Johnson *moved for approval of the Minutes of the Board of Trustees meeting of April 3, 2023. Mr. Stubblefield seconded the motion, and the Board unanimously approved the motion.*

B. May 10, 2023, Minutes.

Ms. Clayton *moved for approval of the Minutes of the Board of Trustees meeting of May 10, 2023. Mr. Higginbotham seconded the motion, and the Board unanimously approved the motion.*

C. May 13, 2023, Minutes.

Ms. Marshall *moved for approval of the Minutes of the Board of Trustees meeting of May 13, 2023. Ms. Bell seconded the motion, and the Board unanimously approved the motion.*

D. May 22, 2023, Minutes.

Mr. Martin *moved for approval of the Minutes of the Board of Trustees meeting of May 22, 2023. Ms. Clayton seconded the motion, and the Board unanimously approved the motion.*

VI. Report of Member Interest Amount Waived under A.C.A. §24-7-205. No member interest was waived for this reporting period. This is a standard report for information and is not an action item.

VII. Report of Employer Penalties and Interest Waived Under A.C.A. §24-7-411. 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 or other situations that justify a waiver. Four (4) employer penalties and interest

amounts were waived for this reporting period in the amount of \$2,686.03. This is a standard report for information and is not an action item.

VIII. Manifest Injustice Report. This is the first report for 2023. The report contains one (1) Manifest Injustice claim that requires Board approval. The claim listed on the report requiring approval is the next agenda item for Board consideration.

IX. Manifest Injustice Claim: 2023-002. Ms. Jennifer Liwo presented the Board with the Manifest Injustice Claim 2023-002, for Board consideration.

Mr. Stubblefield moved for approval of the Resolution 2023-23, Manifest Injustice Claim 2023-002. Mr. Johnson seconded the motion, and the Board unanimously approved the motion

X. Legislative Audit Report, June 30, 2022, Official Review. The Audit Report was presented to the Board for review and approval.

Mr. Brady moved for approval of the Legislative Audit Report, June 30, 2022, Official Review. Ms. Marshall seconded the motion, and the Board unanimously approved the motion

XI. GASB Report after Legislative Audit Review. The GASB Report was presented to the Board for review and approval.

Mr. Higginbotham moved for approval of the GASB Report after Legislative Audit Review. Ms. Marshall seconded the motion, and the Board unanimously approved the motion

XII. Unreported Service: Employer Contributions Due. Interim Executive Director Rod Graves gave a report to the Board regarding the two (2) unreported service matters.

A. In Re: ATRS ID# 470317

Mr. Stubblefield moved to adopt Resolution 2023-19. Mr. Martin seconded the motion, and the Board unanimously approved the motion.

B. In Re: ATRS ID# 241511

Mr. Stubblefield moved to adopt Resolution 2023-20. Ms. Bell seconded the motion, and the Board unanimously approved the motion

XIII. De Minimis Amount. Act 107 removed previous language that capped the de minimis amount that could be approved by the Board at \$25.00. ATRS staff recommends setting the de minimis amount at \$50.00 for the period July 1, 2023, to June 30, 2024.

Ms. Marshall moved to adopt Resolution 2023-24, setting the De Minimis amount at \$50.00 for the period July 1, 2023 to June 30, 2024. Ms. Ford seconded the motion, and the Board unanimously approved the motion.

XIV. Litigation Update. Ms. Hannah Howard, of Gill Ragon Owen gave the Litigation Report regarding the Blue Oak lawsuit. ATRS invested in Blue Oak through Pinnacle Mountain IV.

Mr. Brady moved for approval to wait at this time for the Judge to rule on the lawsuit. Mr. Higginbotham seconded the motion and the Board unanimously approved the motion.

XV. Audit Committee Report. Mr. Jason Brady gave the Board the Committee Report.

A. Internal Audit: Qualified Domestic Relations Order Report. Ms. Dena Dixson gave the Committee a report on the Qualified Domestic Relations Order.

B. 2023-2024 Audit Plan. The Audit Committee denied the Audit Plan presented to the Audit Committee. The Committee asked Ms. West and Ms. Dixson to make changes to the Audit Plan and present it to the Audit Committee at the September 25, 2023, meeting.

XVI. Investment Committee Report. Mr. Chip Martin, Chair, gave a report on the Investment Committee Meeting.

A. Arkansas Related and Investment Update.

1. **List of Fund Closings.** Rod Graves, Interim Executive Director, gave an update on recent investment activity.

2. **Board Policies Report.** Rod Graves, Interim Executive Director, gave the Committee a report on Board Policies.

B. General Investment Consultant Report. Aon Hewitt Investment Consulting.

1. **Performance Report for First Quarter Ended March 31, 2023.** Aon Hewitt Investment Consulting provided the Committee with a performance report for the month ending March 31, 2023.
2. **Preliminary Flash Report for Month Ended April 30, 2023.** Aon Hewitt Investment Consulting provided the preliminary flash report for the month ended April 30, 2023.

C. Private Equity Consultant Report. *Franklin Park*

1. **Portfolio Review for the Quarter Ended December 31, 2022.** Franklin Park provided the Committee with a portfolio review for the quarter ended December 31, 2022.
2. **Recommendation to approve for Board adoption of Resolution 2023-21 authorizing an investment of up to \$30 million in KPS Special Situations Mid-Cap Fund II, L.P.** Franklin Park provided the Committee with the recommendation to commit up to \$30 million in KPS Special Situations Mid-Cap Fund II, L.P.

Staff concurs with the recommendation.

Mr. Martin *moved to approve* Resolution 2023.21, authorizing an investment of up to \$30 million in KPS Special Situations Mid-Cap Fund II, L.P. The Board *unanimously approved the motion.*

D. Real Assets Consultant Report. *Aon Hewitt Investment Consulting.*

1. **Performance Review for Fourth quarter ended December 31, 2022.** Aon Hewitt Investment Consulting provided the committee with the performance review for the Fourth quarter ended December 31, 2022.
2. **Recommendation for a motion to approve for Board adoption revision of ATRS Board Policy 6 - Real Assets Investment Policies, regarding target geographic allocations for ATRS timber investments.** Aon Hewitt presented the Committee with the recommendation for Board adoption revision of ATRS Board Policy 6 – Real Assets

Investment Policies regarding target geographic allocations for ATRS timber investments.

Staff concurs with the recommendation.

Mr. Martin *moved to approve* revisions to ATRS Board Policy 6 – Real Assets Investment Policies, regarding target geographic allocations for ATRS timber investments. The Board *unanimously approved the motion.*

3. **Recommendation to approve for Board adoption Resolution 2023-22 authorizing an investment of up to \$50 million in Blackstone Real Estate Partners Europe VII SCSp.** Aon Hewitt presented the Committee with the recommendation for adoption of Resolution 2023-22, authorizing an investment of up to \$50 million in Blackstone Real Estate Partners Europe VII SCSp.

Staff concurs with the recommendation.

Mr. Martin *moved to approve* Resolution 2023.22, authorizing an investment of up to \$50 million in Blackstone Real Estate Partners Europe VII SCSp. The Board *unanimously approved the motion.*

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

A. Open Forum for potential Rule or Law Changes by Committee Members and board Members in Attendance.

1. **Open Forum.** None.

B. ATRS Model Qualified Domestic Relations Order. Ms. Jennifer Liwo gave the Committee a report on the proposed revisions to the ATRS Model Qualified Domestic Relations Order.

Mr. Lester *moved to approve* the revisions to ATRS Model Qualified Domestic Relations Order. The Board *unanimously approved the motion.*

XVIII. Staff Reports.

- A. Medical Committee Report.** Mr. Willie Kincade reported that a total of four (4) Disability Retirement Applications were approved.

Ms. Bell moved to approve the Medical Committee Report. Ms. Clayton seconded the motion, and the Board unanimously approved the Motion.

XIX. Recess for Lunch at 11:35 a.m.

- XX. Reconvene Board Meeting.** Mr. Danny Knight, Chair, called the Board meeting to order at 12:09 p.m.

XXI. Executive Session.

The Board went into executive session at 12:10 p.m.

The Board reconvened from executive session at 12:43 p.m.

- XXII. Other Business:** Mr. Danny Knight, Chair, reported that Mr. James Hudson pulled his application as a candidate for the Executive Director position.

- XXIII. Adjourn.** With no other business, Mr. Danny Knight, Chair, entertained a motion to adjourn the meeting.

Mr. Lester moved to adjourn the Board Meeting. Ms. Clayton seconded the Motion and the Board unanimously approved the Motion.

Meeting adjourned at 12:45 p.m.

Mark White, Executive Director

Danny Knight, Chairman

Tammy Porter, Board Secretary

Date Approved

Board of Trustees Meeting– Minutes

June 5, 2023

Page **8** of **8**