

AGENDA
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES

September 25, 2023
11:00 a.m.
1400 West Third Street
Little Rock, AR 72201

- I. ***Call to Order/Roll Call.** page 1.
- II. ***Adoption of Agenda.** page 2.
- III. Executive Summary. (Attachment No. 1) page 8.
- IV. ***Approval of Minutes.**
 - A. ***June 5, 2023.** (Attachment No. 2) page 17.
 - B. ***June 8, 2023.** (Attachment No. 3) page 25.
 - C. ***July 17, 2023, Minutes.** (Attachment No. 4) page 27.
- V. Executive Director Report. *Mark White, Executive Director* (Attachment No. 5) page 31.
- VI. ***Commending Hon. Mark Lowery for his service to Arkansas Teacher Retirement System.** *Danny Knight, Board Chair*
 - A. ***Resolution 2023-32.** (Attachment No. 6) page 34.
- VII. ***Commending Ms. Kelly Davis for her service to Arkansas Teacher Retirement System.** *Danny Knight, Chair*
 - A. ***Resolution 2023-33.** (Attachment No. 7) page 35.
- VIII. ***Commending Mr. Bill Coon for his service and dedication to Arkansas Teacher Retirement System.** *Mark White, Executive Director*
 - A. ***Resolution 2023-34.** (Attachment No. 8) page 36.
- IX. Report of Member Interest Amount Waived Under A.C.A. Sec. 24-7-205. None this reporting period. *Mark White, Executive Director*

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- X. Report of Employer Penalties and Interest Waived Under A.C.A. Sec. 24-7-411. None this reporting period. *Mark White, Executive Director*

- XI. ***Authorization to Pay Regular T-DROP Interest for Fiscal Year 2024.** *Mark White, Executive Director*
 - A. ***Resolution 2023-35.** (Attachment No. 9) page 37.

- XII. ***Authorization to Pay Post 10 year T-DROP Interest for Fiscal Year 2024.** *Mark White, Executive Director*
 - A. ***Resolution 2023-36.** (Attachment No. 10) page 38.

- XIII. ***CBA Incentive Interest Rate on T-DROP Cash Balance Account.** *Mark White, Executive Director*
 - A. ***Resolution 2023-37.** (Attachment No. 11) page 39.

- XIV. ***Extension of ATRS CASH Program for Fiscal Year 2024.** *Mark White, Executive Director*
 - A. ***Resolution 2023-38.** (Attachment No. 12) page 43.

- XV. Audit Committee Report.
 - A. ***Election of Chair and Vice Chair.**
 - D. ***Appointment of At-Large Member.**
 - 1. Glen Grayham, CIE, CFE, CPA,. (Attachment No. 13) page 44.
 - 2. Patty Shipp. (Attachment No. 14) page 47.
 - E. ***Corrected 2023-2024 Audit Plan.** (Attachment No. 15) page 49.
 - F. Update to ATRS Board Policy 1 - Board Governance. (Attachment No. 16) page 55.

- XVI. Investment Committee Report.
 - A. Arkansas Related and Investment Update.
 - 1. List of Fund Closings.
 - a. LLR Equity Partners VII, L.P., a fund focused on technology and healthcare, the Board authorized commitment of up to \$30 million dollars on February 6, 2023 with Imminent Need was accepted and closed on July 19, 2023.

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- b. Lone Star Real Estate Fund VII, L.P., a fund focused on distressed real estate debt and equity, the Board authorized commitment of up to \$50 million dollars on April 3, 2023 with Imminent Need was accepted and closed on June 6, 2023.
 - c. KPS Special Situations Mid-Cap Fund II, L.P., a private equity turnaround fund specializing in middle market companies, the Board authorized commitment of up to \$30 million dollars on June 5, 2023 was accepted and closed on June 30, 2023.
 - d. Blackstone Real Estate Partners Europe VII SCSp, a European opportunistic fund that seeks to acquire undermanaged properties at below market prices, the Board authorized commitment of up to \$50 million dollars on June 5, 2023 was accepted and closed on June 30, 2023.
 - e. Hybar LLC and associated entities, a rebar manufacturing facility planned to be developed in Mississippi County near Osceola, AR, the Board authorized equity commitment of up to \$206,200.00 on July 17, 2023 with Imminent Need was accepted and closed on July 31, 2023.
 - f. Hybar LLC and associated entities, the Board authorized commitment of up to \$28,512,149.70 for a promissory note related to the revenue stream generated by State of Arkansas tax credits on July 17, 2023 with Imminent Need was accepted and closed on July 31, 2023.
 - g. Hybar LLC and associated entities, the Board authorized commitment of up to \$10,000,000.00 for a promissory note related to the revenue stream generated by State of Arkansas rebate payments on July 17, 2023 with Imminent Need was accepted and closed on July 31, 2023.
 - h. Westrock Coffee Company (Westrock), a coffee, tea, flavors, extracts, and ingredients solutions provider based in Little Rock, AR, the Board authorized commitment of up to \$25,000,000.00 on July 17, 2023 with Imminent Need was accepted and closed on July 18, 2023.
- 2. Board Policies Report.
 - 3. ***Recommendation to approve for Board adoption a motion to revise Board Policy 4 (Investment Policy) related to recent Arkansas legislation and federal initiatives.** (Attachment No. 17) page 68.

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4. ***Recommendation to approve for Board adoption a motion to authorize the use of up \$5.1 million dollars of recallable distributions for the US Agriculture farmland investment program.**
 5. ***Recommendation to approve for Board adoption a motion to revise the Farmland Management Agreement between ATRS and US Agriculture, LLC.** (Attachment No. 18) page 94.
 6. ***Recommendation to approve for Board adoption Resolution 2023-41 authorizing an investment of up to \$40 million dollars in a promissory note to Highland LP and associated entities.** (Attachment No. 19) page 216.
 - a. ***Resolution 2023-41.** (Attachment No. 20) page 220.
- B. *Private Equity Consultant Report.**
1. Preliminary Private Equity Portfolio Review for the Quarter Ended March 31, 2023. (Attachment No. 21) page 221.
 2. Emerging Manager Report for Fiscal Year Ended June 30, 2023. (Attachment No. 22) page 268.
 3. ***Recommendation to approve for Board adoption Resolution 2023-39 authorizing an investment of up to \$30 million dollars in Post Road Special Opportunity Fund III, LP with Imminent Need.** (Attachment No. 23) page 275.
 - a. ***Resolution 2023-39.** (Attachment No. 24) page 279.
- C. *General Investment Consultant Report.**
1. Performance Report for the Quarter Ended June 30, 2023. (Attachment No. 25) page 281.
 2. Preliminary Performance Report for the Month Ended August 31, 2023. (Attachment No. 26) page 429.
 3. Emerging Manager Report for Fiscal Year Ended June 30, 2023. (Attachment No. 27) page 451.
- D. *Real Assets Consultant Report.**
1. Performance Report for the Quarter Ended March 31, 2023. (Attachment No. 28) page 465.
 2. ***Recommendation to approve for Board adoption Resolution 2023-40 authorizing an investment of up to \$50 million dollars in EnCap Energy Transition Fund II.** (Attachment No. 29) page 518.
 - a. ***Resolution 2023-40.** (Attachment No. 30) page 528.

XVII. Operations Committee Report. *Bobby Lester, Operations Committee Chair*

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- A. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members in Attendance.
 - 1. Open Forum.
- B. ***Rules Promulgation Status Update.** (Attachment No. 31) page 529.
 - 1. Rule 0-1 - ATRS Rules of Organization and Operation. (Attachment No. 32) page 545.
 - 2. Rule 4 - Election of Board of Trustees. (Attachment No. 33) page 552.
 - 3. Rule 6 - Membership and Employer Participation. (Attachment No. 34) page 571.
 - 4. Rule 7 - Service Credit, Contributions, Reporting, and Final Average Salary. (Attachment No. 35) page 606.
 - 5. Rule 8 - Free Service Credit, Purchasable Service Credit, and Purchase Accounts. (Attachment No. 36) page 629.
 - 6. Rule 9 - Retirement and Benefits. (Attachment No. 37) page 656.
 - 7. Rule 10 - Return to Service and Teacher Deferred Retirement Option Plan. (Attachment No. 38) page 697.
 - 8. Rule 11 - Survivors and Domestic Relations Order. (Attachment No. 39) page 717.
 - 9. Rule 12-1 - Protection of "Qualified Trust" Status of ATRS Under Internal Revenue Code 401(a). (Attachment No. 40) page 750.
 - 10. Rule 13-1 - Administration Adjudications: Staff Determinations and Appeals. (Attachment No. 41) page 255.
 - 11. Rule 14-1 - Retirement Fund Asset Accounts. (Attachment No. 42) page 775.
 - 12. Rule 15-1 - Benefit Restoration Plan and Trust. (Attachment No. 43) page 777.
 - 13. Rule 16 - Cash and Savings Help (CASH) Program. (Attachment No. 44) page 794.
 - 14. Rule 17-1 - Manifest Injustice - Repealed and included in Amended Rule 13. (Attachment No. 45) page 800.
- C. ***Repeal of Investment Rules.** (Attachment No. 46) page 818.
- D. ***Update to ATRS Board Policy 1 - Board Governance.** (Attachment No. 47) page 825.
- E. ***Update to ATRS Board Policy 3 - Executive Director.** (Attachment No. 48) page 838.
- F. ***Update to ATRS Board Policy 4 - Statement of Investment Policy.** (Attachment No. 49) page 848.

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XVIII. ***Staff Reports.**

A. ***Medical Committee Report. 31 Applications were approved.** *Willie Kincade, Director of Operations* (Attachment No. 50) page 861.

XIX. ***Fulfillment of Vacancy Pursuant to A.C.A 24-7-302(b)(2).** (Attachment No. 51) page 864.

XX. ***Election of Chair and Vice Chair.**

XXI. Other Business.

XXII. ***Adjourn.**