

ARKANSAS TEACHER RETIREMENT SYSTEM

September 25, 2023

1400 West Third Street

BOARD ROOM

Little Rock, AR 72201

Board of Trustees Meeting

11:00 a.m.

Trustees

Danny Knight, Chair

Vacant, Vice Chair

Anita Bell

Kathy Clayton

Susan Ford

Dr. Mike Hernandez

Shawn Higginbotham

Michael Johnson

Bobby G. Lester

Chip Martin

Jeff Stubblefield

Ex Officio Trustees

Susannah Marshall, State Bank Commissioner

Jacob Oliva, Secretary, Dept. of Education

Honorable Dennis Milligan, State Auditor

Honorable Larry Walther, State Treasurer

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*

* Action Item

2023-09-24 12:35:41.148740

- 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.

* Action Item

- 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.

* Action Item

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*

* Action Item

- 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.

* Action Item

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.**

EXECUTIVE SUMMARY

TO: Board of Trustees
FROM: ATRS Staff
RE: Executive Summary
DATE: September 25, 2023

- V. **Executive Director Report.** *Mark White, Executive Director* page 31.
- VI. ***Commending Hon. Mark Lowery for his service to Arkansas Teacher Retirement System.** *Danny Knight, Board Chair*
Recognition of Ex Officio Trustee Hon. Mark Lowery
A. ***Resolution 2023-32.** page 34.
- VII. ***Commending Ms. Kelly Davis for her service to Arkansas Teacher Retirement System.** *Danny Knight, Chair*
Kelly Davis retired from the Board in June, 2023. She will be recognized and honored for her service.
A. ***Resolution 2023-33.** page 35.
- VIII. ***Commending Mr. Bill Coon for his service and dedication to Arkansas Teacher Retirement System.** *Mark White, Executive Director*
Mr. Bill Coon ("Mr. Bill") was a dedicated employee at ATRS. Mr. Bill passed away in March, 2023. His dedication and service to ATRS was beyond the call of duty. Mr. Bill's commitment and integrity to his position and the people with whom he worked will never be forgotten.
A. ***Resolution 2023-34.** 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*
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 amounts were waived for this reporting period. This is a standard report for information and is not an action item.

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

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. No employer interest and penalties was waived this period. This is a standard report for information and is not an action item.

XI. *Authorization to Pay Regular T-DROP Interest for Fiscal Year 2024. Mark White, Executive Director

The ATRS Board annually sets the interest rates on T-DROP accounts. In September 2021, the Board set the T-DROP rate at a fixed 3% unless investment returns in the prior calendar year exceeded the current assumed rate of return by more than 2%. The September 2021 resolution allows the Board to award an incentive rate of up to 3% if the ATRS rate of return is 2% or greater than the ATRS actuarial assumed rate of return. The executive staff recommends the incentive rate to be set at 0% for the fiscal year 2023-2024.

A. *Resolution 2023-35. [page 37.](#)

XII. *Authorization to Pay Post 10 year T-DROP Interest for Fiscal Year 2024. Mark White, Executive Director

The ATRS Board annually sets the interest rates on Post 10 Year T-DROP accounts. In September 2021, the Board set the Post 10 Year T-DROP rate at a rate between 4% and 6% with an incentive rate available when the returns exceed the assumed rate of return by more than 2%. The September 2021 resolution allows the Board to award an incentive rate of up to 1.25% which when combined with the 6% maximum rate provides a maximum Post 10 Year T-DROP rate of 7.25%. The executive staff recommends the incentive rate to be set at 0% for fiscal year 2023-2024

A. *Resolution 2023-36. [page 38.](#)

XIII. *CBA Incentive Interest Rate on T-DROP Cash Balance Account. Mark White, Executive Director

The ATRS Board provides the CBA program for members who have retired out of T-DROP and wish to leave a cash balance at ATRS for ultimate distribution to the member after retirement based upon the members withdrawal request. The Board can award an incentive rate with an incentive rate when the returns exceed the assumed rate of return by more than 2%. The executive staff recommends the CBA incentive rate to be set at 0% for fiscal year 2023-2024

A. *Resolution 2023-37. [page 39.](#)

XIV. *Extension of ATRS CASH Program for Fiscal Year 2024. Mark White, Executive Director

The CASH Program expired on June 30, 2023. ATRS staff recommends that the CASH program for fiscal year 2021 be the same as the expiring program except that the age for calculation of the accrued liability be set to the age attained as of June 30, 2023.

A. *Resolution 2023-38. 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,. page 44.

2. Patty Shipp. page 47.

E. *Corrected 2023-2024 Audit Plan. page 49.

F. Update to ATRS Board Policy 1 - Board Governance. 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.

The ATRS full commitment of \$30 million dollars was negotiated, accepted, and closed on July 19, 2023.

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.

The ATRS full commitment of \$50 million dollars was negotiated, 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.

The ATRS full commitment of \$30 million dollars was negotiated, 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.

The ATRS full commitment of \$50 million dollars was negotiated, 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.**

The ATRS full commitment of \$206,200.00 was negotiated, 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.**

The ATRS full commitment of \$28,512,149.70 was negotiated, 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.**

The ATRS full commitment of \$10,000,000.00 was negotiated, 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.**

The ATRS full commitment of \$25,000,000.00 was negotiated, 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. page 68.

A redline of the proposed changes is included in the Investment Committee and Board materials for consideration. The proposed changes are intended to ensure ATRS is following recent Arkansas legislation and federal initiatives.

4. *Recommendation to approve for Board adoption a motion to authorize the use of up to \$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. page 94.

A redline of the proposed changes is included in the Investment Committee and Board materials for consideration. The proposed changes include modifications to the agreement that would increase US Agriculture's discretionary authority related to their management of the fund.

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. page 216.

Representatives of Arkansas Capital Corporation will present the Board with a recommendation for an investment of up to \$40 million dollars in a promissory note to Highland LP and associated entities.

a. *Resolution 2023-41. page 220.

B. *Private Equity Consultant Report.

1. Preliminary Private Equity Portfolio Review for the Quarter Ended March 31, 2023. page 221.

Michael Bacine of Franklin Park will provide the Board with a preliminary portfolio review for the quarter ending March 31, 2023.

2. Emerging Manager Report for Fiscal Year Ended June 30, 2023. page 268.

Michael Bacine of Franklin Park will provide the Board with a report of Franklin Park's manager research process, including coverage of emerging managers, and provide an update on due diligence activities on emerging managers conducted on behalf of ATRS for the fiscal year ended June 30, 2023.

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. page 275.

Based in Stamford, Connecticut, Post Road was founded in 2015. In 2022, the general partner sold a minority interest to Capital Constellation (owned by Wafra), but the interest carries no governance rights. The current fund is being formed to provide solutions-based capital to small and lower middle market businesses in the telecommunications and digital infrastructure, communications, technology, media and other tech-enabled business services sectors. The fund will make structured credit investments with equity upside typically through free warrants, targeting a return of 11-16% net IRR.

The firm's corporate credit strategy is led by principals Michael Bogdan, Andrew Runk and Gardner Horan who have an average of over twenty-one years of investment experience spanning the areas of private equity as well as performing and distressed credit. The general partner has invested over \$500 million in its previous two funds and nine "pre-fund" transactions resulting in an aggregate gross return of 23.3% IRR. Due to the fact that there is no scheduled meeting of the Arkansas Legislative Council before the fund's anticipated closing date, Imminent Need is requested. Franklin Park recommends an investment of up to \$30 million dollars in Post Road Special Opportunity Fund III, LP with Imminent Need, and ATRS staff concurs.

a. *Resolution 2023-39. page 279.

C. *General Investment Consultant Report.

1. Performance Report for the Quarter Ended June 30, 2023. page 281.

P.J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting will provide the Board with a portfolio update for the quarter ending June 30, 2023.

2. Preliminary Performance Report for the Month Ended August 31, 2023. page 429.

P. J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting will provide the Board with a preliminary portfolio update for the month ending August 31, 2023.

3. Emerging Manager Report for Fiscal Year Ended June 30, 2023. page 451.

P.J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting (AHIC) will provide the Board with a report of AHIC's manager research process, including coverage of emerging managers, and provide an update on due diligence activities on emerging

managers conducted on behalf of ATRS for the fiscal year ended June 30, 2023.

D. *Real Assets Consultant Report.

1. Performance Report for the Quarter Ended March 31, 2023. page 465.

Chae Hong of Aon Hewitt Investment Consulting will provide the Board with a performance report for the quarter ending March 31, 2023.

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. page 518.

Based in Houston and Dallas, EnCap was founded in 1988 by David B. Miller, Gary R Peterson, D. Martin Phillips and Robert L. Zorich. Since its inception, EnCap has managed approximately \$39 billion of capital commitments across 22 institutional funds that have all focused on energy-related opportunities. EnCap's strategy originally focused on investments in the oil and gas production space and 17 of the EnCap funds, totaling approximately \$28.8 billion of capital commitments, are focused on this sector.

EnCap's energy transition efforts commenced in 2019. As a result of having undergone a thorough analysis of industry market conditions and trends associated with energy transition opportunities, EnCap recognized several market dynamics driving a significant expansion of economic investment opportunities and initiated the energy transition series of funds. Fund I currently has a 30% net IRR. ATRS previously invested in EnCap oil and gas funds VIII through XI with an average 11.4% net IRR. Aon Hewitt Investment Consulting recommends an investment of up to \$50 million dollars in EnCap Energy Transition Fund II and ATRS staff concurs.

a. *Resolution 2023-40. page 528.

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

A. Open Forum for Potential Rule or Law Changes by Committee Members and Board Members in Attendance.

Open Forum for Potential Rule or Law Changes by Committee Members and Board Members in Attendance

1. Open Forum.

B. *Rules Promulgation Status Update. page 529.

1. Rule 0-1 - ATRS Rules of Organization and Operation. page 545.

2. **Rule 4 - Election of Board of Trustees.** [page 552.](#)
3. **Rule 6 - Membership and Employer Participation.** [page 571.](#)
4. **Rule 7 - Service Credit, Contributions, Reporting, and Final Average Salary.** [page 606.](#)
5. **Rule 8 - Free Service Credit, Purchasable Service Credit, and Purchase Accounts.** [page 629.](#)
6. **Rule 9 - Retirement and Benefits.** [page 656.](#)
7. **Rule 10 - Return to Service and Teacher Deferred Retirement Option Plan.** [page 697.](#)
8. **Rule 11 - Survivors and Domestic Relations Order.** [page 717.](#)
9. **Rule 12-1 - Protection of "Qualified Trust" Status of ATRS Under Internal Revenue Code 401(a).** [page 750.](#)
10. **Rule 13-1 - Administration Adjudications: Staff Determinations and Appeals.** [page 255.](#)
11. **Rule 14-1 - Retirement Fund Asset Accounts.** [page 775.](#)
12. **Rule 15-1 - Benefit Restoration Plan and Trust.** [page 777.](#)
13. **Rule 16 - Cash and Savings Help (CASH) Program.** [page 794.](#)
14. **Rule 17-1 - Manifest Injustice - Repealed and included in Amended Rule 13.** [page 800.](#)

C. *Repeal of Investment Rules. [page 818.](#)

Repeal of Investment Rules. Jennifer Liwo, General Counsel.

Staff will present a status update on the proposed repeal of the ATRS rules concerning investments. The rules may be repealed pursuant to Ark. Code Ann. 25-15-201 et seq. and 25-15-401 et seq. The provisions of the rules proposed for repeal are adequately addressed in one (1) or more of ATRS' current board policies. The proposed repeal affects the following ATRS Rules:

1. Rule 5-1: Investment Introduction
2. Rule 5-2: Standard Care
3. Rule 5-3: Asset Allocation
4. Rule 5-4: Investment Goals
5. Rule 5-6: Investment Consultants
6. Rule 5-7: Investment Managers
7. Rule 5-8: Soft Dollars

D. *Update to ATRS Board Policy 1 - Board Governance. [page 825.](#)

Update to ATRS Board Policy 1 Board Governance. Jennifer Liwo, General Counsel

The proposed changes to Board Policy 1 clarify when the term of an at-large member of the Audit Committee begins. Staff proposes that the term of an at-large member begin on the 1st of the month immediately following the Board's approval of the at-large member. This is an action item.

E. *Update to ATRS Board Policy 3 - Executive Director. page 838.

Update to ATRS Board Policy 3 Jennifer Liwo, General Counsel

The proposed change to Board Policy 3 amends the existing language to clarify that the Executive Director is authorized to implement a resolution of a member's issue or claim that has a direct financial impact to ATRS of up to five thousand dollars (\$5,000). All potential resolutions of a member issue or claim having a direct financial impact on ATRS in excess of five thousand dollars (\$5,000) must be approved by the Board before the resolution is implemented. This is an action item.

F. *Update to ATRS Board Policy 4 - Statement of Investment Policy. page 848.

Update to ATRS Board Policy 4 Statement of Investment Policy. Jennifer Liwo, General Counsel.

The proposed changes to Board Policy 4 include amendments addressing Ark. Code Ann. 25-1-1001 et seq., 25-1-1201 et seq., and 24-2-801 et seq. The proposed changes also include non-substantive amendments intended to address grammar, spelling, formatting etc. This is an action item.

XVIII. *Staff Reports.

A. *Medical Committee Report. 31 Applications were approved. *Willie Kincade, Director of Operations* page 861.

37 Disability Applications were received. 31 applications were approved, 3 needed more information, and 3 were denied. This is an action item.

XIX. *Fulfillment of Vacancy Pursuant to A.C.A 24-7-302(b)(2). page 864.

A.C.A.24-302 states that if a vacancy occurs in the office of an elected trustee, then the board, by a majority vote, may fill the vacancy by a special election, or appointment of a trustee until the next system election. This is an action item.

XX. *Election of Chair and Vice Chair.

XXI. Other Business.

**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.

Ms. Marshall *moved for adoption* of the Agenda. Mr. Lester *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

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

**Thursday, June 8, 2023
8:00 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

ATRS Staff Present

Tammy Porter, Ex. Assistant/Board Secretary
Curtis Carter, Chief Financial Officer*
Braeden Duke, Software Support Analyst
Vicky Fowler, Director, Human Resources
Mike Lauro, Manager, Information Systems*
Jennifer Liwo, General Counsel
Joe Sithong, Information Systems Coordinator*
Misty Yant, Manager, Accounting/Reporting*

Guest Present

Donna Morey, ARTA*
Mike Wickline, Reporter, AR Dem Gazette
ID: C. Black*

*Via ZOOM

I. Call to Order/Roll Call. Mr. Danny Knight, Chair, called the Board of Trustees meeting to order at 8:00 am. Roll call was taken. Ms. Davis and Mr. Oliva were absent.

II. Adoption of Agenda.

Mr. Lester *moved to approve* the Agenda. Ms. Clayton *seconded the motion* and the Board *unanimously approved the Motion*.

III. Correction on Resolution 2022-23.

Mr. Stubblefield *moved to adopt* corrected Resolution 2023-23 approving the Waiver of Deadline to Apply for T-DROP Participation and the Retroactive Payment of T-DROP Plan Deposits. Mr. Higginbotham *seconded the motion* and the Board *unanimously approved the Motion*.

- IV. Convened into Executive Session for the purpose of potentially hiring a new Executive Director.** Mr. Knight, Chair, called the Executive Session of the Board to order at 8:02 a.m.
- V. Reconvened from Executive Session for hiring of new Executive Director.** Mr. Knight reconvened the Board from Executive Session at 8:15 a.m.

Mr. Lester *moved to hire* Mr. Mark White, as the new Executive Director for ATRS. Ms. Bell *seconded the motion*. After a roll call vote, the Board *unanimously approved the motion*.

- VI. Other Business:** None.
- VII. Adjourn.** Mr. Brady *moved to adjourn* the Board of Trustees meeting. Mr. Lester *seconded the Motion*, and the Board *unanimously approved the Motion*.

Meeting adjourned at 8:16 a.m.

Mark White, Executive Director

Danny Knight, Chair

Tammy Porter, Recorder

Date Approved

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

**Monday, July 17, 2023
4:15 p.m.
1400 West Third Street
Little Rock, AR 72201**

ATTENDEES

Board Members Present

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

ATRS Staff Present

Mark White, Executive Director
Rod Graves, Deputy Director
Tammy Porter, Ex. Assistant/Board Secretary
Braeden Duke, Software Specialist Analyst
Vicky Fowler, Director, Human Resources*
Jennifer Liwo, General Counsel
Jerry Meyer, Manager, Real Assets

Board Members Absent

Kathy Clayton
Jacob Oliva, Secretary, Dept. of Education
Susannah Marshall, Bank Commissioner

Guests Present

Mike Wickline, Reporter, AR Dem. Gaz.
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 1:40 p.m. Roll call was taken. Ms. Kathy Clayton, Ms. Susannah Marshall and Mr. Jacob Oliva, were absent.

- II. **Motion to Excuse Absences.**

Mr. Lester *moved to excuse Ms. Clayton, Ms. Marshall and Mr. Oliva from the July 17, 2023, Board Meeting. Ms. Bell seconded the motion, and the Board unanimously approved the motion.*

III. Adoption of Agenda.

Dr. Hernandez moved for adoption of the Agenda. Mr. Johnson 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. Adoption of Resolution 2023-25, Authority to Transact Business.

Mr. Stubblefield moved for adoption of Resolution 2023-25, Authority to Transact Business. Mr. Lester seconded the motion, and the Board unanimously approved the motion.

VI. Recognition of Board Vacancy for Position #7 – Member Trustee, Non-Certified Trustee. Ms. Kelly Davis served as a member trustee of the Board in Position #7. Ms. Davis retired July 1, 2023, leaving a vacancy on the Board.

Mr. Martin moved for adoption of Resolution 2023-26, Recognition of Board Vacancy for Position #7. Mr. Johnson seconded the motion, and the Board unanimously approved the motion.

VII. Appointment of Trustee to Fill Vacancy for Position #7 – Member Trustee, Non-Certified Trustee. Due to the retirement of Kelly Davis, the Board has recognized that a vacancy in Position #7 has existed since July 1, 2023. The Board by majority vote has voted to appoint an eligible member of the system to fill Position #7 vacancy until the next system election.

Mr. Lester moved for adoption of Resolution 2023-27, authorizing ATRS staff to advertise for the Position #7 vacancy and to accept applications for Board review and use to appoint an eligible member to fill the vacant position until the next system election. Ms. Bell seconded the motion, and the Board unanimously approved the motion.

VIII. Investment Committee Report. Chip Martin, Chair

A.

- 1. Recommendation to approve for Board adoption Resolution 2023-28, authorizing an investment of up to \$206,200.00 in Hybar LLC and associated entities with Imminent Need.**

Staff concurs with the recommendation.

Mr. Martin *moved to approve* the Recommendation to approve for Board adoption Resolution 2023-28, authorizing an investment of up to \$206,200.00 in Hybar LLC and associated entities with Imminent Need, and the Board *unanimously approved the motion.*

2. **Recommendation to approve for Board adoption Resolution 2023-29, authorizing a promissory note of up to \$28,512,149.70 related to the revenue stream generated by State of Arkansas tax credits related to Hybar LLC and associated entities with Imminent Need.**

Staff concurs with the recommendation.

Mr. Martin *moved to approve the* Recommendation to approve for Board adoption Resolution 2023-29 authorizing a promissory note of up to \$28,512,149.70 related to the revenue stream generated by State of Arkansas tax credits related to Hybar LLC and associated entities with Imminent Need, and the Board *unanimously approved the motion.*

3. **Recommendation to approve for Board adoption Resolution 2023-30, authorizing a promissory note of up to \$10,000,000.00 related to the revenue stream generated by State of Arkansas rebate payments related to Hybar LLC and associated entities with Imminent Need**

Staff concurs with the recommendation.

Mr. Martin *moved to approve* the Recommendation to approve for Board adoption Resolution 2023-30, authorizing a promissory note of up to \$10,000,000.00 related to the revenue stream generated by State of Arkansas rebate payments related to Hybar LLC and associated entities with Imminent Need, and the Board *unanimously approved the motion.*

- B. **Recommendation to approve for Board adoption Resolution 2023-31, authorizing an investment of up to \$25 million dollars in Westrock Coffee Company (Westrock), with Imminent Need.**

Staff concurs with the recommendation.

Mr. Martin *moved to approve* the Recommendation to approve for Board adoption Resolution 2023-31, authorizing an investment of up to \$25 million dollars in Westrock Coffee Company (Westrock), with Imminent Need, and the Board *unanimously approved the motion.*

IX. Other Business. None.

X. Adjourn.

Mr. Lester *moved to adjourn* the meeting. Mr. Martin *seconded the motion* and the meeting *was adjourned.*

Meeting adjourned at 1:46 p.m.

Mark White, Executive Director

Danny Knight, Chair

Tammy Porter, Recorder

Date Approved

**Executive Director Quarterly Board Report
September 18, 2023**

To the ATRS Board of Trustees:

As we come together Monday for our quarterly Board meeting, I am grateful for the time and effort you are investing to ensure a secure retirement for ATRS members. In the weeks since I began my tenure, I have been approached by dozens, if not hundreds, of our members who have expressed their thanks and appreciation for the retirement security offered by ATRS. That security exists because of your leadership and dedication.

I want to highlight for you some of the activities and achievements of your ATRS staff in this quarter. I have been deeply impressed with the staff's commitment to our members and to our mission.

Operations Improvement

- Shortly after arriving I discovered that members were facing long wait times when calling ATRS, and that too often calls were diverted to voicemail and terminated because they had been on hold for more than 20 minutes. In the last week of July, an average of 25 members per day were experiencing these call terminations. Thanks to the hard work of our Director of Operations Willie Kincade and his staff, that average has dropped to only 3 members per day as of last week. We will continue pushing towards the goal of 0 call terminations.
- While most monthly benefits are paid electronically via direct deposit, we have continued to use postal mail to deliver one-time checks such as for Cash Balance Account withdrawals. This has resulted in delays and lost checks for members. We are preparing now to issue more withdrawals through direct deposit, and for the times when we send a physical check, we will be making greater use of FedEx and similar tracking-enabled delivery options.
- We are implementing a plan proposed by staff to revise how we handle postal mail. Thanks to lower equipment and personnel costs, we expect to save \$40,000 annually.

Member Engagement

- I have made a point to accept every speaking invitation that I can, and for those where I have a conflict, Willie Kincade is appearing on my behalf. I have spoken at meetings sponsored by the Arkansas Retired Teachers Association, the Arkansas Association of Educational Administrators, the Arkansas Rural Education Association, the Arkansas Business Education Association, and the Nevada County Retired Teachers. I appeared on Sen. Kim Hammer's radio show to discuss the System. I have 9 more speaking engagements scheduled between now and December.
- We have significantly increased our tempo of social media activity, particularly on Facebook. In the last quarter, ATRS posts on Facebook have reached more than 28,000 individuals, an increase of 207% from the prior quarter. Engagement with our posts – meaning users who comment, share or react to a post – is up by 1,900%, with 2,400 total engagements in the quarter.
- I have begun a monthly tempo of sending email Executive Director Updates. We have more than 39,000 members on our email distribution list, and more than half of them are opening the emails.

Human Resources

- When I arrived in July, I learned that seven employees had confirmed that they intend to retire by the end of the fiscal year, including multiple members of the senior team. And there are at least four more who are considering retirement. While I hope they change their minds – and I am doing what I can to encourage them to stay – I am preparing for these eventual transitions. We will be advertising several of these positions with the intent of hiring replacements three to six months before the incumbents retire, so that the new employees can work with the incumbents to learn the jobs and ensure a seamless transition.
- I am working to maintain regular communication with all of our employees so that they feel informed and connected with me, with their colleagues, and with the System. I am sending a weekly email to employees to update them on what is happening, as well as meeting with employees on an individual and group basis. I am also resuming two practices from years past. First, we are naming an Employee of the Month to recognize the accomplishments of a valued employee each month. Second, I will be holding a full staff meeting after the Board meeting, so that I can brief the staff on your discussions and decisions.

Investments

- Staff has worked to develop policy and process changes to implement new legislation related to investments, including the new requirements and prohibitions related to ESG (Environmental, Social, and Governance). We are currently in compliance, as we await final implementation of the ESG Committee created by Act 411. Once the Governor makes her appointment to the Committee, that will trigger a 90-day clock for the Committee to issue its list of financial service providers that must be divested. We are preparing contingency plans for this list based on decisions made in other states with similar legislation. We are also exploring additional operational changes around proxy voting to better address the legislative concerns underlying Act 498.
- We have spent extensive time reviewing the investment recommendations on your agenda for Monday, especially the recommendation for Highland LP in light of the stake ATRS already holds in Highland. I have visited the Highland Pellets plant and talked with their financial and operational managers to better understand this investment.

Future Plans & Priorities

I devoted my first two months at ATRS to learning as much as I could about the System and its operations and getting to know the System's employees, members, and stakeholders. That knowledge has helped me refine my priorities for the remainder of the year. In this next quarter I will be focused on the following:

- **Joint Retirement Committee** – The House and Senate Committees will be meeting on October 5, and the Chairs have asked me to appear and give an update on the System. Although I have met with numerous legislators these last few weeks, this will be my first opportunity to brief the Committee as a whole.
- **Strategic Planning** – As Yogi Berra once said, “If you don't know where you are going, you'll end up someplace else.” To help us refine our direction and clarify our decision-making, I will be working with staff in the coming months to develop a strategic plan for ATRS. This plan will identify our long-term vision and the goals, priorities, and tactics to achieve that vision.
- **Accountability** – As part of a new strategic plan, we will look for opportunities to better measure and demonstrate our work and our outcomes. We are accountable to you as a Board, to our

members, to the Legislature and Governor, and ultimately to the taxpayers for what we do and how we do it. I want to see us set specific performance goals for each department and unit so that we will know our progress and can demonstrate it to the public.

- **Member Education** – One consistent theme I have heard from our employees is that they see opportunities for us to do a better job educating and informing our members. As an example, unlike similar systems we do not have a Member Handbook that explains in clear and concise terms what retirement options and decisions our members face. When a member has a question, it can be difficult to find a clear answer without calling to talk to a counselor. We want to make resources available to help our retirees understand their benefits, help active members understand how to plan for retirement, and help young members understand the unique value that ATRS represents to their future.
- **EBD Coordination** – Although ATRS is not responsible for retiree health insurance, it is a critical issue that goes hand-in-hand with retirement benefits. Members frequently face decisions about their health insurance at the same time they are making retirement decisions, and those decisions can impact one another. The EBD Director and I have discussed working together to increase coordination between our respective agencies with a goal of making the process easier for our members.

Respectfully submitted,

Mark White
Executive Director
Arkansas Teacher Retirement System

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

**RESOLUTION
No. 2023-32**

**Commending Hon. Mark Lowery
for his Service to the
Arkansas Teacher Retirement System**

WHEREAS, Arkansas Treasurer of State Hon. Mark Lowery served on the Board of Trustees of the Arkansas Teacher Retirement System as an Ex Officio Trustee from January 1, 2023, until his untimely death on July 26, 2023; and

WHEREAS, Treasurer Lowery served faithfully as a member of the Investment Committee; and

WHEREAS, Treasurer Lowery's membership on the Arkansas Teacher Retirement System Board provided valuable service to the System by means of his knowledge, integrity, wisdom, and dedication.

NOW, THEREFORE, BE IT RESOLVED By the Board of Trustees of the Arkansas Teacher Retirement System to adopt this Resolution and authorize the transmittal of this Resolution to Treasurer Lowery's family as an expression of sincere appreciation for his leadership, wisdom, and dedicated service to the State of Arkansas and the members of the Arkansas Teacher Retirement System.

Adopted this 25th day of September 2023

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

**Mr. Mark White, Executive Director
Arkansas Teacher Retirement System**

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

**RESOLUTION
No. 2023-33**

**Commending Ms. Kelly Davis
for her Service to the
Arkansas Teacher Retirement System**

WHEREAS, Ms. Kelly Davis has served on the Board of Trustees of the Arkansas Teacher Retirement System as a Active, Non-Licensed Trustee in Position No. 7 from July 1, 2015, until June 30, 2023; and

WHEREAS, Ms. Davis served faithfully as a member of the Audit and Operations Committees, and as Chairman of the Audit Committee; and

WHEREAS, Ms. Davis' membership on the Arkansas Teacher Retirement System Board provided valuable service to the System by means of her knowledge, integrity, wisdom, and dedication; and

WHEREAS, Ms. Davis' guidance, leadership, and vision will be missed by the Board and staff alike.

NOW, THEREFORE, BE IT RESOLVED By the Board of Trustees of the Arkansas Teacher Retirement System to adopt this Resolution and authorize the transmittal of this Resolution to Ms. Kelly Davis as an expression of sincere appreciation for her leadership, wisdom, and dedicated service to the State of Arkansas and the members of the Arkansas Teacher Retirement System.

Adopted this 25th day of September 2023

Mr. Danny Knight, Chair
Arkansas Teacher Retirement System Board

Mr. Mark White, Executive Director
Arkansas Teacher Retirement System

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

RESOLUTION
No. 2023-34

**COMMENDING MR. BILL COON FOR HIS SERVICE AND DEDICATION TO
ARKANSAS TEACHER RETIREMENT SYSTEM**

WHEREAS, the Arkansas Teacher Retirement System (ATRS) serves members by assisting them during all stages of their public service and their retirement; and

WHEREAS, the Arkansas Teacher Retirement System has a special staff that demonstrates dedication and commitment to serve its members; and

WHEREAS, on March 28, 2023, the Arkansas Teacher Retirement System lost a dedicated and loyal staff member, Mr. Bill Coon; and

WHEREAS, in remembrance of our friend and co-worker, Bill Coon, whose dedication and commitment to the Arkansas Teacher Retirement System and its members was unsurpassed for over 12 years and will not be forgotten.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of the Arkansas Teacher Retirement System extends its deepest appreciation for the dedication and commitment of Bill Coon.

Adopted this 25th day of September, 2023

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

Mr. Mark White, *Executive Director*
Arkansas Teacher Retirement System

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

**RESOLUTION
No. 2023-35**

**AUTHORIZATION TO PAY REGULAR T-DROP
INCENTIVE INTEREST FOR FISCAL YEAR 2023**

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) has the authority to set regular T-DROP interest rates for fiscal years by resolution; and

WHEREAS, the Board has determined it is appropriate to use the authorization provided in A.C.A. § 24-7-1307(c)(1) to set a fixed interest rate, by the end of the first quarter of the fiscal year in which the interest rate shall apply, for each fiscal year, until such time as the ATRS Board makes a subsequent adjustment; and

WHEREAS, Resolution 2021-32 authorizes the Board to award a fixed rate of 3% which when combined with an incentive rate of 3% can provide a maximum potential T-DROP interest rate of 6% for regular participants; and

WHEREAS, Resolution 2021-32 states the Board may authorize an incentive rate if the ATRS rate of return, as estimated by the general financial consultant, is 2% or greater than the ATRS actuarial assumed rate of return in the most recent preceding fiscal year; and

WHEREAS, the Board has reviewed the general financial consultant's estimated rate of return for the preceding fiscal year and found that estimate to be 9.2%, which IS NOT greater than 2% above the ATRS actuarial assumed rate of return which is currently 7.25%.

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board awards a regular T-DROP incentive interest rate of 0% for fiscal year 2024.

Adopted this _____ day of September, 2023.

Mr. Danny Knight, Chair
Arkansas Teacher Retirement System

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

RESOLUTION
No. 2023-36

**AUTHORIZATION TO PAY POST 10-YEAR T-DROP
INTEREST FOR FISCAL YEAR 2024**

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) has the authority to set Post 10-Year T-DROP interest rates for fiscal years by resolution; and

WHEREAS, Act 1049 of 2017 allows the Board to provide variable standard interest rate and an incentive interest rate for Post 10-Year T-DROP participants if justified by investment returns; and

WHEREAS, the Board has reviewed the general financial consultant's estimated rate of return for the preceding fiscal year and found that estimate to be 9.2% which IS NOT greater than 2% above the ATRS actuarial assumed rate of return which is currently 7.25%; and

WHEREAS, through Resolution 2017-36, beginning in fiscal year 2019, the Board determined it was appropriate to set the standard Post 10-Year T-DROP interest rate at a rate between 4% and 6% for a fiscal year; and

WHEREAS, Resolution 2021-33 states that in no event can the incentive rate when combined with the standard Post 10-Year T-DROP interest rate exceed the actuarial assumed rate of return on investments, which is 7.25%; and

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board sets the Post 10-Year T-DROP standard interest rate to 4% for fiscal year 2024.

FURTHER BE IT RESOLVED, that the ATRS Board awards a Post 10-Year T-DROP incentive interest rate to 0% for fiscal year 2024.

Adopted this _____ day of September, 2023.

Mr. Danny Knight, Chair
Arkansas Teacher Retirement System

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

RESOLUTION
No. 2023-37

Extension of ATRS CASH Program for Fiscal Year 2024

WHEREAS, The CASH Program was established by the Arkansas Teacher Retirement System (ATRS) Board of Trustees (Board) to allow inactive, vested non-contributory members to obtain an immediate one-time payment from ATRS instead of waiting until age 60 to draw monthly benefits; and

WHEREAS, The CASH Program is beneficial to ATRS by allowing ATRS to reduce its unfunded liabilities while providing inactive members an opportunity to obtain a CASH Program payment to benefit the member; and

WHEREAS, The CASH Program was established in November 2013 with significant participation from inactive, vested non-contributory members since its effective date; and

WHEREAS, Inactive, vested members with contributory service and inactive, vested members with mixed contributory and non-contributory service have not been eligible for the CASH Program prior to 2017; and

WHEREAS, Act 647 of 2017 allows the Board to extend, modify, or expand the CASH Program by Board Resolution; and

WHEREAS, The CASH Program was extended, modified, and expanded by Board Resolution 2017-18 on May 10, 2017 to include all inactive, vested ATRS members; and

WHEREAS, The extension of the CASH Program would enhance the benefit of the CASH Program to ATRS while providing the opportunity to obtain a CASH Program payment to all inactive, vested ATRS members;

NOW, THEREFORE, BE IT RESOLVED, That this resolution establishes the ATRS Rule 16 CASH Program for the Fiscal Year 2024 for Inactive Vested Members as set forth herein:

The Fiscal Year 2024 CASH Program for Inactive, Vested Members

I. Applicable to Inactive, Vested Members Only

- A. This offering is limited to vested members that are inactive. The CASH Program payment, once the CASH Program Election Form is properly submitted to ATRS, will be paid within a reasonable time or rolled out to another administrator at the direction of the member. The acceptance of a CASH Program payment by the member does not make the member a retiree.
- B. This offering is limited to members of ATRS who:
 - i. Have vested in ATRS; and
 - ii. Are currently inactive and have remained inactive for at least one (1) fiscal year after the last fiscal year that the member rendered actual service to a covered employer, but not retired, during the offering period set forth in this Resolution.

II. The Offering Period

The offering period for this CASH Program opportunity begins October 1, 2023 and ends June 30, 2024.

III. The CASH Program Formula

- A. Final Average Salary is defined under A.C.A. § 24-7-202(18) and calculated using the formula set in A.C.A. § 24-7-736.
- B. The member's age shall be the age attained as July 1, 2023.
- C. The CASH Program Payment is calculated on the following formula:

Step 1: (Final Average Salary) x (Years and partial years of Non-contributory Service) x (ATRS Non-contributory multiplier of 1.39%) + (Final Average Salary) x (Years and partial years of Contributory Service) x (ATRS Contributory multiplier of 2.15%) = Assumed Annual Benefit. The benefit stipend and lump sum death benefit are not part of the Assumed Annual Benefit.

Step 2: Assumed Annual Benefit ÷ 12 = Assumed Monthly Benefit Amount.

Step 3: Assumed Monthly Benefit Amount x Applicable Accrued Liability Factor for the Member as listed in the Accrued Liability Factor Table = Assumed Current Value.

Step 4: (Member Contributions + Interest on Member Contributions) x (101% for 1st Year of Eligibility OR 102% for 2nd Year of Eligibility OR 105% for 3rd Year of Eligibility OR 110% for the 4th the Year of Eligibility and beyond) = Premium Residue.

Step 5: Highest value of (Assumed Current Value x 30%) or Premium Residue = CASH Program payment.

VIII. ACCRUED LIABILITY FACTOR TABLE

Sample Attained Ages	Accrued Liability Factor	Sample Attained Ages	Accrued Liability Factor
20	6.97	56	113.97
21	7.53	57	123.39
22	8.13	58	133.63
23	8.79	59	144.78
24	9.49	60	156.92
25	10.25	61	154.09
26	11.07	62	151.18
27	11.96	63	148.18
28	12.92	64	145.12
29	13.96	65	141.98
30	15.08	66	138.76
31	16.29	67	135.50
32	17.60	68	132.15
33	19.01	69	128.70
34	20.54	70	125.17
35	22.19	71	121.55
36	23.98	72	117.85
37	25.91	73	114.07
38	28.00	74	110.20
39	30.26	75	106.28
40	32.70	76	102.30
41	35.33	77	98.25
42	38.19	78	94.21
43	41.27	79	90.17
44	44.61	80	86.13
45	48.21	81	82.11
46	52.11	82	78.14
47	56.33	83	74.24
48	60.90	84	70.37
49	65.83	85	66.60
50	71.18	86	62.92
51	76.95	87	59.38
52	83.21	88	56.07
53	89.99	89	52.97

54	97.35	90	50.09
55	105.31		

The mortality table used was the RP-2000 Mortality table for males and females projected 25 years with scale AA (95% for men and 87% for women).

Adopted this ___ day of September, 2023.

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

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

**RESOLUTION
No. 2023-38**

**AUTHORIZATION TO PAY AN INCENTIVE INTEREST RATE
ON T-DROP CASH BALANCE ACCOUNTS
ON JUNE 30, 2024**

WHEREAS, there are a number of ATRS members retiring from T-DROP who leave all or part of the T-DROP distribution in a Cash Balance Account (CBA) at retirement; and

WHEREAS, paying an incentive rate is authorized under the CBA program when strong investment returns are made by ATRS; and

WHEREAS, paying an incentive rate, when warranted, is likely to encourage members to open CBA accounts when retiring out of T-DROP and to leave money in CBA accounts longer by having the possibility of receiving incentive interest.

WHEREAS, the investment returns for fiscal year 2023 were approximately 9.2%; and

NOW, THEREFORE, BE IT RESOLVED, that in addition to the regular CBA interest rate payable in fiscal year 2024 that the ATRS Board approves an additional incentive interest payment of 0% to be paid on all CBA account balances that are held by ATRS on June 30, 2024.

Adopted this _____ day of September, 2023m

Mr. Danny Knight, Chair
Arkansas Teacher Retirement System

Glen Grayham
900 West Capitol, Suite 310
Little Rock, AR 72201

May 26, 2023

Arkansas Teacher Retirement System
1400 West 3rd Street
Little Rock, AR 72201

Dear Brenda West,

I am submitting my resume for consideration of serving as an at-large member of the Audit Committee. I believe I can use my skills and education to assist the Arkansas Teacher Retirement System Internal Audit with their goal of ensuring that Arkansas Teacher Retirement System maintains a strong system of internal controls.

I have over twenty years of experience in auditing, twelve in public accounting, and over nine in internal audit. This covers a broad array of clients (internal and external) and experience in complex engagements including retirement plans.

My attached resume will provide you with more details regarding my qualifications and experience. I look forward to hearing from you and thank you for your time.

Sincerely,



Glen Grayham

GLEN GRAYHAM
6320 Brentwood Rd
Cammack Village, AR 72207
Mobile: 870-240-3953
Email: ggrayham@rocketmail.com

Work Experience:

Arkansas Department of Inspector General
Office of Internal Audit
Little Rock, Arkansas
9/2022 – Present

Deputy Director

Supervise three positions that perform Office of Internal Audit engagements that include audit/assurance services, consulting activities, coordination of statewide control self-assessment activities, fraud investigations, and management advisory services for state agencies; supervision of two positions which are considered the Arkansas Department of Transportation Annual Project Review and Efficiency Study audit team.

3/2022 – 8/2022

Managing Audit Coordinator

Serving as primary auditor on the Arkansas Department of Transportation Annual Project Review and Efficiency Study. This engagement includes conducting an annual project review and efficiency study of the Arkansas Department of Transportation to include a review of the processes, procedures, procurement processes, projects, appeals procedures, and expenditures. The position supervises one employee.

Arkansas State University System
Little Rock, Arkansas
10/2013 – 2/2022

Senior Internal Auditor

Perform reviews for all ASU System operations and programs which include (four-year campuses) ASU Jonesboro and Henderson State University, and (two-year campuses) Beebe, Mountain Home, Newport, Mid-South, and Three Rivers, to determine whether resources are utilized efficiently and effectively. Review and evaluate the university's internal controls to ensure controls are adequate. Determine compliance with state and federal regulations, university policies, and generally accepted accounting principles. Provide management advisory services as requested by management. Facilitate risk assessment to assist in preparation of annual audit plan.

Freeman and Company, CPAs
Jonesboro, Arkansas
12/2001 – 9/2013

Auditor

Performance of audit fieldwork and financial statement preparation for financial institutions, cities, school districts, medical offices, retirement plans, and non-profit entities. Supervised audit fieldwork from 2004 to 2013. Tax return preparation for various entities: individual, corporation, partnership, non-profit entities, retirement plans.

Education:

Arkansas State University
Jonesboro, Arkansas
Bachelor's Degree 12/1996
Major: Accounting

Currently in progress:
Arkansas State University
Jonesboro, Arkansas
Master's Degree
Major: Public Administration
(24 of 36 hours completed)

Licenses and Certifications:

2017 Certified Internal Auditor
2014 Certified Fraud Examiner
2008 Certified Public Accountant

PATTY LYNN SHIPP

1209 E. Childress St. Morrilton, AR 72110 - 501.208.1825 - pattyslipp@gmail.com

Organized, detail and result-oriented, flexible leader with extensive experience in business management and Arkansas State government dynamics. Experienced in building and maintaining relationships. Proven ability to identify opportunities and network people and organizations to find creative solutions. Accomplished in organizational management and technology implementation to streamline processes. At ease with deadlines and demanding situations. Approaches every task with an owner mentality.

CORE COMPETENCIES

- Strategic Collaboration and Partnerships
- Public Speaking
- Deadline Prioritization
- Management Skills – Budgeting, Delegation, Problem-solving, Motivation
- Excellent Written and Verbal Communication Skills
- Experienced in AASIS, PBAS, QuickBooks, accounts receivable and payable, payroll processing, and other HR functions, advanced Word and Excel skill set

HIGHLIGHTED CAREER ACHIEVEMENTS

- ESTABLISHED office procedures and developed workflows for successful petroleum marketing business.
- MANAGED accounts payable, accounts receivable and HR activities for petroleum marketing business and the Arkansas Governor's Mansion
- LED finance decisions and served as a project manager at the Arkansas Department of Transformation and Shared Services as Chief Fiscal Officer.
- DEVELOPED and cultivated relationships within State government and Higher Education through service as an Inaugural member of the Arkansas Lottery Commission, Governor's Mansion Administrator, and Department of Transformation and Shared Services CFO.
- SPEARHEADED successful grant requests for two educational nonprofits resulting in community development projects. Applied for and received 501c3 designation from the IRS.

PROFESSIONAL HISTORY

Internal Auditor/Assurance Officer, Arkansas Public Employees Retirement System

Little Rock, AR

November 2022 – Present

- Plan and execute audit activities assessing internal controls. Manage agency's Continuity of Operations Plan. Provide various additional assurance services including monitoring culture and working environment of the organization.

Chief Fiscal Officer, Department of Transformation and Shared Services and Division of Information Systems

Little Rock, AR

September 2020 – November 2022

- Within the Division of Information Systems (DIS), managed a fiscal staff of 15 responsible for all aspects of a cost recovery state agency. Lead efforts to provide transparency related to rates and refine models used to determine rate builds. Monitored accounts payable, accounts

receivable, and procurement activities. Oversaw hiring and conducted performance evaluations for fiscal staff.

- January of 2022 assumed fiscal oversight for all divisions within the Department of Transformation and Shared Services (TSS). Submitted biennium budgets for TSS, DIS, GIS (Geographic Information Systems), and DBA (Division of Building Authority). Served as Project Manager for a third-party software implementation. Coordinated Control Self-Assessment for all TSS divisions.

Arkansas Governor's Mansion Administrator

Little Rock, AR

August 2018 – August 2020

- Appointed by Governor Asa Hutchinson, responsible for all aspects of operations at the Arkansas Governor's Mansion. Managed a staff of nine. Conducted yearly staff evaluations and made recommendations for compensation changes. Coordinated organization for fundraising and donor appreciation events. Worked closely with Governor's staff to execute special requests. Continued Mansion Financial Officer duties.

Financial Officer, Arkansas Governor's Mansion

Little Rock, AR

March 2015 – August 2018

- Managed budgets, procurements, HR functions, IT support, event planning and execution. Served as the liaison to the Governor's Mansion Commission, maintaining records and reporting to the Legislative Council yearly.
- Served as Interim Mansion Administrator from May 1, 2018, to August 1, 2018.

Executive Assistant, UCA Vice-President of Advancement

Conway, AR

March 2014 – February 2015

- Provided executive support to the Vice-President of Advancement and served as building manager for Buffalo Alumni Hall. Managed budgets, procurements, building maintenance, leave reports, coordinated travel for Advancement officers and Alumni personnel. Hired and managed student workers. Provided technical support for emerging technologies used by all development personnel.

Secretary/Treasurer, Hightower Oil & Petroleum, Inc.

Plumerville, AR

1992 – February 2014

- Managing partner handling multiple aspects of the business from cash flow, accounts receivable, accounts payable, payroll, state and federal reporting, budgeting, and computer support.

EDUCATION

University of Arkansas Little Rock, B.B.A. in Accounting
 Central Baptist College, B.S. in Organizational Management

REFERENCES

Available upon request

Internal Audit Department

CORRECTED
INTERNAL AUDIT PLAN

FOR THE PERIOD JULY 1, 2023 TO JUNE 30, 2024

PREPARED BY:

BRENDA WEST, INTERNAL AUDITOR

DENA DIXSON, ASSISTANT INTERNAL AUDITOR

Internal Audit Department

Corrected Audit Plan FY 2024

Introduction

As required by the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA), and by Arkansas Teacher Retirement System's (ATRS) Internal Audit Charter, we submit the following Internal Audit Plan for Fiscal Year 2024.

In selecting areas for review, Internal Audit gives priority to processes where failure of the system to adequately perform could have serious consequences for ATRS, its members, stakeholders, and the Board. Therefore, projects were identified for this audit plan by using the 2022 ATRS risk assessment. Also, as ATRS continues to grow in terms of responsibilities, assets, and membership, there are areas that require regular reviews to ascertain whether the system continues to operate in an effective and efficient risk-controlled manner.

The Internal Audit Department will work with department managers to schedule a convenient time to perform audits. Audit projects will have an informal time budget associated with them. If audits require more time than planned, more hours will be used to ensure a high-quality, useful audit is conducted. If audits require less hours than originally planned, more topics will be chosen and presented to the Audit Committee for approval. This technique ensures audit flexibility and that the highest priority areas are covered first.

Scope

This plan covers the period July 1, 2023 through June 30, 2024.

Objective

The Internal Audit Department's objective is to assist the Board of Trustees and all levels of management in the effective discharge of their responsibilities by furnishing analysis, appraisals, and recommendations concerning the activities of the agency. This objective is accomplished by ensuring:

- Compliance with applicable laws and regulations
- Reliability and integrity of financial and operational information
- Safeguarding of assets
- Effectiveness and efficiency of operations

Internal Audit Department

Corrected Audit Plan FY 2024

Risk Assessment

Risk assessment is defined as a "systematic process for assessing and integrating professional judgments about probable adverse conditions and/or events." The risk assessment process provides a means of organizing and integrating professional judgments for development of the annual audit work schedule.

Risk is defined as the probability that an event or action could possibly occur that may adversely affect the organization and the activity being audited. Risk is a measure of uncertainty. Control Risk is the risk that established internal controls lose effectiveness over time. Custodial Risk is the risk associated with owning and safeguarding of assets. Operation Risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, systems, or external events. Business Risk is the risk associated with the probable material effects of an uncertain environment or achieving established objectives. Residual Risk is the amount of risk that management is willing to assume or the amount of risk that will not be addressed by applicable controls.

The risk assessment process begins with identification of auditable areas. The risks are assessed according to the guidelines provided by the Arkansas Department of Inspector General - Office of Internal Audit.

Acceptable Level of Risk

Although this plan contemplates a wide-ranging scope of audit effort, it does not provide coverage for all ATRS's components and systems. We have tried to maximize the limited resources to provide reasonable coverage to the projects we believe require the most attention.

It is important for the Board and management to understand the limitations of the audit coverage and the risks they assume in areas not audited. We believe that this plan allocates resources of the Internal Audit Department to the highest risk areas of the system and includes audit effort to address other areas requiring periodic review. We have also scheduled time for special projects to address areas identified during the year that do not appear to warrant a full audit but should be reviewed during the upcoming fiscal year.

Reporting

All audit reports are reviewed by the audit client and the ATRS Director prior to being released as the official audit report. This procedure helps ensure the audit report is factual, accurate, and free of bias. In addition, a self-review checklist is used by the Internal Audit Department to ensure the audit reports are properly supported by sufficient audit evidence. All audit reports will be provided to the Audit Committee and the Board of Trustees for their review.

Internal Audit Department

Corrected Audit Plan FY 2024

Planning and Administrative Projects

Internal Audit Department's responsibilities include the completion of numerous administrative and planning projects each year. Some of these projects include, but are not limited to, the following:

- Development of annual audit plan;
- Establishment and maintenance of the internal audit manual;
- Maintenance of the Internal Auditor recommendation follow-up process.

Questions

If you have any questions regarding this audit plan, please contact Brenda at brendaw@artrs.gov or Dena at denad@artrs.gov.

Internal Audit Department

**Corrected FY 2024 Annual Audit Plan
Available Audit Hours**

Total Hours (2 employees * 2080 hrs)	4,160
Less: Holidays	216 (A)
Annual Leave	360 (B)
Sick Leave	192 (C)
General Administration & Board Meetings	866 (D)
Continuing Professional Education	80 (E)
	<u>1,714</u>
Available Audit Hours	<u>2,446</u>

Calculations

(A) Holidays (12 holidays * 9 hours) * 2 employees	216
(B) Annual leave (12 months * 15 hours) * 2 employees	360
(C) Sick leave (12 months * 8 hours) * 2 employees	192
(D) General Administration and Board Meetings	866
(E) Continuing Professional Education (40 hours) * 2 employees	<u>80</u>
	<u>1,714</u>

Internal Audit Department

**Corrected FY 2024 Annual Audit Plan
Scheduled Audits**

<u>Name of Audit</u>	<u>Estimated Hours</u>
1. Outsourcing (Requested by Legislative Audit)	400
2. Accounts Receivable	200
3. Review of Member Files	400
4. Follow-up Reports	800
5. Peer Review	400
6. Special Projects	<u>246</u>
Total Estimated Hours	<u>2,446</u>

ATRS Board Policy 1

BOARD GOVERNANCE

A.C.A. § 24-7-301 et seq., A.C.A. § 24-7-401 et seq.,
and A.C.A. § 25-16-901 et seq.

I. Board Plan Administration

- A. The authority and responsibility for the administration, management, and control of the Arkansas Teacher Retirement System ("ATRS" or "System"), and for the construing and carrying out the provisions of the plan is vested in the Board of Trustees of the Arkansas Teacher Retirement System (~~hereinafter the "Board"~~) ("Board"). The Board is responsible for the governance of ATRS. It is accountable for establishing policies and for supervising the implementation of those policies in compliance with all applicable legal mandates.
- B. The function of the Board is to make certain contributions that lead the Retirement System toward the desired performance and ensure that it occurs. The Board's specific contributions are unique to its trusteeship role and necessary for appropriate governance and management. Board decisions are to be based on facts and expert opinions.
- C. The Board will approach its task with a style that emphasizes outward vision rather than an internal preoccupation; encouragement of diversity of viewpoints; strategic leadership more than administrative detail; clear distinction of Board and staff roles; future rather than past or present; and proactive rather than reactive.
- D. Consequently, the contributions of the Board shall be:
1. The link between the Retirement System and its members.¹
 2. Written governing policies that, at the broadest levels, address:
 - a. **Governance Process**
Specification of how the Board conceives, carries out, and monitors its own task.
 - b. **Board-Staff Relationship**
How authority is delegated and its appropriate use is monitored.
 - c. **Ends**
Retirement system products, impacts, benefits, costs, and outcomes (~~what good for which needs at what cost~~).

d. **Limitations**

Constraints on executive authority that establish the prudence and ethics boundaries within which executive activity, decisions, and organizational matters shall be carried out.

3. The assurance of Executive Director performance against Ends and Limitations policies above.

II. Board Guiding Principles

- A. The Board ~~of Trustees~~ is dedicated to the proposition that its paramount purpose is that of providing an adequate and equitable retirement plan for the members of the teaching profession, to protect this group in the event total and permanent disability causes them to be unable to continue employment in their profession, and to provide in part for their dependents in case of death.
- B. The Board is responsible for the prudent investment of System funds. The two paramount considerations in fund investment are safety and yield, with yield being of first importance, provided such investments comply with legally mandated safeguards.
- C. The Board should be fully informed of its financial liabilities, not only to the retirees and beneficiaries, but also to active members of the teaching profession, and to make those liabilities known to members of the state legislature, to other state officials, and to education-related organizations.
- D. The Board should provide all interested citizens with information regarding ~~ATRS's~~ the System's procedures for investing ~~system~~ the System's funds, as well as the budgeting, control, and disbursement of those funds.
- E. The Board will actively promote the enactment of state and federal legislation that may improve the economic welfare of ATRS members.
- F. The Board endorses programs of counseling and information designed to assist members who are approaching retirement.
- G. The Board should be knowledgeable of the most current information regarding effective, efficient governance and operation of state retirement systems that could augment prudent decisions for the benefit of members. To this end, Board members are encouraged to participate actively in regional and national retirement organization programs that offer such information and training.

III. Board Code ~~Of~~ Conduct

The Board expects of itself and its members ethical and business-like conduct.

- A. Board members, as fiduciaries, shall discharge their duties solely in the best interest of ATRS members for the exclusive purpose of providing optimum benefits.
- B. Board members must avoid any conflict of interest with respect to their fiduciary responsibility. Board members must not use their positions to obtain favorable treatment for themselves, family members, or close employees.
- C. Board members who desire specific information from firms employed by ATRS should make the request through the Executive Director.
- D. Board members shall not, directly or indirectly, solicit or accept any gift of value as defined by the Arkansas Ethics Commission.
- E. Board members shall decline any offer and shall not have any contact with anyone associated with a firm that the Board is considering employing after requests for proposals (RFP's) or requests for qualifications (RFQ's) have been sent.
- F. Board members shall not attempt to exercise individual authority over the operation of the ~~retirement system~~ System or staff members except as explicitly set forth in Board policies. Board members' interaction with the staff, public, press, or other entities must recognize the inability of any Board member or Board members to speak for the Board.
- G. Board members shall report violations of any of these policies of conduct in writing to the ~~Board~~ Chair.

IV. Board Member Development

The Board is responsible for its own readiness for Board work and the performance of that work.

- A. The Board determines appropriate issues for Board work and appropriate issues to be addressed, as well as the education and data required to address those issues wisely.
- B. The Board determines the need and mechanisms for Board development.
 1. Among the mechanisms will be membership in the National Council on Teacher Retirement, Board-approved consultants, and seminars provided by employees of ATRS.
 2. The Board's annual plan will include expected outcomes, costs, and scheduling of the Board development effort.
 3. The Board will set forth the educational experiences it determines appropriate for a new Board member.

- C. The Board may enlist assistance from the Executive Director in any phase of its own development.

V. Board Meetings

The Board shall hold regular meetings at least quarterly. Additional meetings may be called by the Chair or scheduled by action of the Board in a regular meeting. The Board shall adopt its own rules of procedure, which shall be subject to the following:

- A. The Board shall elect a Chair and Vice Chair from its own membership. The election will be in the odd numbered years at the first regular meeting after the beginning of the fiscal year. The Chair and Vice Chair shall be elected for a term of two years and may be reelected for two additional two-year terms. The Chair and Vice Chair shall be either an active member or retiree trustee. A Board member must have served at least one full year as a member of the Board to be eligible for election to the position of Chair or Vice Chair.
- B. In the event a vacancy of the Chair or Vice Chair occurs for any reason other than completion of a term, the Board shall fill said vacancy by election from the existing Board members for the remainder of the unexpired term at its next regular meeting. A trustee elected to fill an unexpired term of the Chair or Vice Chair shall be eligible for two additional two-year terms.
- C. Quorum: Eight trustees shall constitute a quorum at any meeting of the Board.
- D. Each trustee shall be entitled to one vote on each question before the Board, and at least eight affirmative votes shall be required for a decision by the Board at any meeting.
- E. *Robert's Rules of Order* shall be followed in the conduct of all meetings except when a departure from Robert's is authorized by action of the Board.

F. Agenda

The Board shall adopt an agenda at the beginning of each meeting. By a majority vote of the Board, items may be added to the agenda before it is adopted.

1. The Executive Director shall prepare a tentative agenda and submit it to all trustees at least ten (10) days prior to a regularly scheduled meeting. The meeting agenda and materials will be submitted to trustees no later than three (3) days before the regularly scheduled meeting.

2. Trustees who want item(s) to be considered for the agenda should notify the Executive Director no later than seven (7) days prior to a regularly scheduled meeting.
3. Members or individuals who wish to have an item placed on the agenda at a regularly scheduled Board meeting should submit their request in writing to the Executive Director no later than twenty (20) days prior to the meeting.
4. Members or individuals who wish to make comments during a regularly scheduled Board meeting should indicate on forms provided the subject on which they intend to speak.
5. A time limit of five (5) minutes will be allowed members and individuals for presentation, unless extended by majority vote of the Board.

G. Minutes

The Board shall keep an official record of the proceedings of each meeting, the final draft of which must be approved by the Board and signed by the Chair and the Executive Director. The Board minutes are to contain only the action of the Board, information required by case law, and the vote thereon.

H. Public Meetings

All meetings of the Board shall be public and in compliance with the Freedom of Information Act. Representatives of the Little Rock news media shall be notified of each meeting.

VI. Duties ~~Of~~ Chair ~~And~~ Vice Chair

A. Duties of the Chair

The duty of the Chair is to ensure the integrity of the Board's process and to represent the Board to outside parties.

1. The Chair will see that the Board operates consistent with its own rules and those legitimately imposed on it from outside ATRS.
 - a. Meeting discussion content will be only those issues that, according to Board policy, clearly belong to the Board to decide.
 - b. Deliberation will be timely, fair, orderly, and thorough, but also efficient, limited in time, and kept to the point.
2. The authority of the Chair consists only in making decisions on behalf of the Board that fall within and are consistent with Board policies.

- a. The Chair is empowered to chair Board meetings with all the commonly accepted power of that position (e.g., ruling, recognizing, etc.).
- b. The Chair may also:
 - i. Convene meetings of the Board, or committees thereof, as prescribed by law.
 - ii. Certify actions taken by the Board.
 - iii. Serve as the official spokesperson for the Board.
 - iv. Appoint Board members to committees.
 - v. Perform other duties specifically requested by the Board that are deemed necessary and appropriate for the Board to fulfill its duties and responsibilities under law.

B. Duties of the Vice Chair

The duties of the Vice Chair are to act as temporary chair in the absence of the regular chair.

VII. Reimbursement ~~Of~~ Expenses

- A. The Board, by majority vote of the total membership cast at the first regularly scheduled meeting of each calendar year, may authorize expense reimbursement for each trustee for performing official Board duties. Official Board duties are defined as follows:
 - 1. Attending regular and called Board meetings.
 - 2. Attending committee meetings of the Board or any specially appointed committee comprised in whole or in part of Board members.
 - 3. Attending conferences approved by the Board of Trustees.
 - 4. Attending legislative committee meetings when acting as spokesperson for the Board.
 - 5. Attending legislative sessions at the request of the Board or Executive Director.
- B. Board members are subject to the same reimbursable expenses as state employees.
- C. Board officers are authorized payment for personal expenses, not otherwise reimbursed, incurred in the performance of their ATRS related duties. Such reimbursement is to cover (1) any losses in salary or compensation that would otherwise result from their attendance at Board or committee meetings, and will be paid to the officer's employer; and (2)

the costs of communication (long-distance telephone calls, postage, etc.) with other trustees or staff members.

VIII. Procurement of Services

- A. ATRS shall utilize an equitable and open system-method of awarding contracts to providers of all contractual, management, and consultant services, including, but not limited to: (1) construction architects, engineers, and contractors; (2) building managers; (3) real estate, legal, and investment consultants; and (4) actuaries and auditors.
- B. The system-method of awarding contracts will assure that all bona fide providers of such services will have equal opportunity to submit competitive bids or competitive proposals for consideration.
 - 1. Consistent with the Prudent Investor Rule and pursuant to A.C.A. § 242-61824-2-618, ATRS has a statutory goal to recruit and hire emerging managers and emerging investment funds.
 - 2. For purposes of this Rule, "emerging managers" and "emerging investment funds" means a managing group or fund that is predominately owned by black or African American, Hispanic American, American Indian or Native American, Asian, or Pacific Islander.
 - 3. Each investment consultant retained by ATRS to recommend investment managers or investment funds shall submit an annual report to ATRS consistent with the requirements in A.C.A. § 24-2-618 that addresses the goal of ATRS to recruit and hire emerging managers and emerging investment funds.
- C. The Executive Director shall develop procurement procedures and a plan for implementing the process of awarding contracts.
- D. The Board ~~of Trustees~~ shall approve all procedures and contracts related to the procurement of services.

IX. Board Self-Evaluation

The Board will regularly evaluate its own performance, taking whatever action is necessary to govern with excellence. The Board will review these policies of conduct at least annually and discuss the degree to which it complies.

X. Board Committee Principles

The Board may establish committees to help carry out its responsibilities.

- A. Board committees may not speak or act for the Board except when formally given such authority.

- B. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation.
- C. Board committees may not exercise authority over staff.
- D. All members of the Board shall be notified as to the time and place of all committee meetings. A Board member may attend any committee meeting, but only committee members may vote on committee matters.
- E. Appointments to committees shall be made before the next regular meeting after the Board elects the ~~Board~~-Chair.
- F. A quorum of each committee and the number of affirmative votes needed for a motion to carry shall be a majority of the designated size of the committee.
- G. Board committees shall elect their own Chair and Vice Chair unless otherwise indicated by Board policy.
- H. The Executive Director shall serve as secretary and ex officio nonvoting member of Board committees or shall delegate another member of the staff to serve in this capacity.
- I. Committees shall report to the Board following each of their meetings.

XI. Investment Committee Charter

- A. There shall be an Investment Committee composed of eight members. The ~~Board~~-Chair shall appoint five members from the Board, and the ~~Board~~-Chair shall serve as an ex officio voting member. The remaining two members shall be the State Treasurer and the State Bank Commissioner upon their acceptance of the position.
- B. The committee shall meet on call by the committee chair and/or the Executive Director, but not less than on a quarterly basis.
- C. The purposes of the committee shall be:
 - 1. To consider investment policies and procedures for recommendation to the Board for adoption.
 - 2. To consider asset allocations for recommendation to the Board for adoption.
 - 3. To consider all investment proposals for approval or rejection, unless the Board assigns the proposals to other committees.
 - 4. To monitor all phases of the investment program and to recommend any changes that need to be made to the full Board.
- D. The agenda will be set by the committee chair after conferring with the Executive Director and will be furnished in advance when practical.

- E. The committee may act by majority consent of all the committee members.
- F. The actions taken by the committee shall be reported at the next regularly scheduled meeting of the Board.
- G. All public Board disclosures and the Code of Ethics are applicable to all members of this committee.

XII. Operations Committee Charter

- A. There shall be an Operations Committee composed of up to eight members. The ~~Board~~ Chair shall appoint five members from the Board, and the ~~Board~~ Chair shall serve as an ex officio voting member. The remaining two members shall be the State Auditor and the Commissioner of Education upon their acceptance of the position.
- B. The committee shall meet on call by the committee chair and/or the Executive Director.
- C. The purposes of the committee shall be:
 - 1. To receive and consider proposals for the adoption of new or revised policy to recommend to the Board for adoption.
 - 2. To receive and consider legislative proposals to recommend to the Board for adoption.
 - 3. To suggest and develop legislative proposals for the benefit of ATRS and its members to recommend to the Board for adoption.
 - 4. To make recommendations to the Board for initiating, supporting, or opposing legislation.
 - 5. To recommend and oversee the Board and Executive Director evaluation process.
 - 6. To recommend and oversee the Board's training and conference schedules.
- D. All matters that are not within the jurisdiction/purposes of the Investment or Audit Committees shall be within the jurisdiction/purposes of the Operations Committee.
- E. The agenda will be set by the committee chair after conferring with the Executive Director and will be furnished in advance when practical.
- F. The committee may act by majority consent of all the committee members.
- G. The actions taken by the committee shall be reported at the next regularly scheduled meeting of the Board.

- H. All public Board disclosures and the Code of Ethics are applicable to all members of this committee.

XIII. Audit Committee Charter

- A. There shall be an Audit Committee composed of three (3) members of the ~~ATRS Board of Trustees~~Board appointed by the ~~Board~~Chair and two at-large members from the public with extensive auditing experience approved by the Board. The at-large members must be independent and have no affiliation with ATRS.
- B. At-large members may serve two (2) four-year terms. If the initial term of an at-large member is for less than four (4) years they may serve two (2) more four-year terms. An at-large member's four-year term shall begin on the first of the month immediately following the Board's approval and appointment of the at-large member.
- C. The committee shall meet as needed on call by either the committee chair or the ATRS Internal Auditor. Actions taken by the committee shall be reported to the ATRS Board of Trustees.
- D. The committee has authority to conduct or authorize investigations into any matters within its scope of responsibility and to seek any information it requires from employees, all of who are directed to cooperate with the committee's request. In the event the committee has difficulty obtaining the necessary information from an employee or employees, the committee may seek assistance from the Executive Director or the Board of Trustees as the circumstances dictate.
- E. The committee may invite members of management, auditors, employees, or others to attend meetings and provide pertinent information as necessary.
- F. The committee will assist the Board of Trustees in fulfilling the Board's oversight responsibility relating to:
1. The financial reporting processes
 2. The system of internal controls
 3. The internal audit process
 4. ATRS's compliance with laws and regulatory requirements and ethics policies
- G. Meeting agendas will be prepared and provided in advance to committee members , along with appropriate briefing material when practical.
- H. The committee may act by majority consent of all the members of the committee.

- I. Minutes of the meeting will be prepared and presented at the next scheduled Audit Committee meeting for review and approval. J. The committee will carry out the following responsibilities:
 1. **Financial Statements**
 - a. Review with management and auditors the results of audits which have significant findings and recommendations, together with management's responses to findings and follow up on corrective actions.
 2. **Internal Control**
 - a. Review the risk assessment to consider the effectiveness of ATRS's internal controls.
 - b. Review with management and auditors any significant findings and recommendations on internal controls over financial reporting, together with management's responses.
 3. **Internal Audit**
 - a. Review with management and the Internal Auditor the charter, activities, staffing, and organizational structure of the internal audit function.
 - b. Review and approve the audit plan and all major changes to the plan.
 - c. Review Internal Audit's reports and follow up on findings and recommendations.
 4. **Compliance**
 - a. Review the findings of any examinations by regulatory agencies, and any auditor observations.
 5. **Reporting Responsibilities**
 - a. Regularly report to the Board of Trustees on the committee's activities and issues that arise with respect to the quality or integrity of ATRS's financial statement, compliance with legal or regulatory requirements, and the performance of the internal audit function.
 6. **Other Responsibilities**
 - a. Perform other activities related to this charter or the audit functions as requested by the Board of Trustees.
 - b. Resolve any disagreements between management and the Internal Auditor regarding financial reporting.

- c. Review and assess the adequacy of the committee charter, and propose recommended changes as needed, and request Board of Trustees approval for recommended changes.
 - d. Approve administrative decisions regarding the appointment and removal of the Internal Auditor. Approval of appointment or termination of the Internal Auditor by the Audit Committee is not final until confirmed by the Board of Trustees.
 - e. Perform an annual employee evaluation of the Internal Auditor of ATRS. The audit committee shall:
 - i. Meet in executive session, with or without the Internal Auditor, for the purpose of conducting, reviewing, and discussing an employee evaluation of the internal auditor;
 - ii. Gather information as it deems necessary, including input from the Executive director or other persons with direct knowledge of the Internal Auditor's performance, for the purpose of conducting a fair and thorough annual employee evaluation of the Internal Auditor;
 - iii. Report to the Board of Trustees when the Committee has completed the annual evaluation that the evaluation has been completed. If a Trustee requests by motion and second to learn the specific results of the Internal Auditor evaluation, and the majority of the Board votes in favor of such motion, the Board of Trustees may meet in executive session to hear the Committee's findings and recommendation on the employee evaluation.
- K. The committee may periodically evaluate itself and report the results to the Board of Trustees. The effective date for the start of any evaluation process and frequency of evaluations may be determined by the committee.

HISTORY

Adopted: June 12, 2002 as Rule 1-1 through 1-19
 Amended: October 7, 2003
 Amended: December 3, 2007
 Amended: June 16, 2009
 Amended: September 12, 2012
 Amended: March 6, 2013
 Amended: April 1, 2013
 Amended: July 1, 2018

Amended: October 7, 2019 as Board Policy 1

Amended: September 27, 2021

Amended: September 25, 2023

1 "Members" as used in the Board policies means plan participants of the Arkansas Teacher Retirement System.

ATRS Board Policy 4

STATEMENT OF INVESTMENT POLICY

A.C.A. § 24-7-305

I. Board - Investment Policies and Procedures

A. Statement of Investment Policy

1. This Investment Policy has been prepared within the context of applicable Arkansas laws and is intended to allow for sufficient flexibility in the investment process to capture opportunities, yet ensure that both prudence and care are maintained in the execution of the investment program. While safety of principal is given primary consideration, the Arkansas Teacher Retirement System Board of Trustees, ~~hereinafter "Board"~~ ("Board") may take appropriate levels of risk to earn higher levels of investment return.
2. The Board has arrived at this policy through careful study of the rates of return and risks associated with various investment strategies in relation to the current and projected liabilities of the Arkansas Teacher Retirement System, ~~hereinafter, "the System"~~ ("the System"). This policy has been chosen as the most appropriate for achieving the financial objectives of the System. The policy will be reviewed periodically as circumstances dictate.
3. The Board has adopted a long-term investment horizon so that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets. The assets of the System will be invested in a manner that provides the safeguards and diversity to which a prudent investor would adhere. All transactions undertaken on behalf of the System will be in the sole interest of the ~~members of the System~~ System's plan beneficiaries.
4. To achieve the overall investment goal of the System, one or more investment consultants may be retained by the Board as investment advisors. The scope of duties, together with the terms and conditions of engagement, of any investment consultant will be set forth in a contract approved by the Board. Throughout this document, investment advisors are referred to as investment consultants.
5. The System shall manage those assets not specifically allocated to investment managers. No investment shall be made without an investment consultant's recommendation. The System shall not approve any material changes in any direct investment without first receiving written ~~advice/recommendation~~ advice or a written

recommendation from a third-party investment consultant and, if needed, outside legal counsel, and, without thereafter receiving written approval by the Investment Committee and Board.

B. Divestment of Direct Holdings Held with Certain Financial Services Providers

1. The System shall divest from all direct holdings that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002. Divestment shall occur as soon as practicable, but no later than three hundred sixty-five (365) calendar days after the financial services provider's inclusion on the list published on the Treasurer of State's website.
2. However, in order to prevent financial harm to the System and to ensure that the System's fiduciary duty is met, the System shall not divest from an investment that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002 if the investment is locked into a maturity date and an early divestment would result in a financial penalty and cause a negative financial impact to the System.

C. Investments in Countries of Concern

1. In order to comply with Arkansas Code § 25-1-1201 et seq. and also to ensure that System funds are not invested in the development of technologies and products that may threaten the national security of the United States, the System shall not directly hold any equity interest or debt financing interest in any entity that is:
 - a. Owned in whole or with a majority ownership by the government of the People's Republic of China; or
 - b. Subject to any investment restrictions imposed by the United States Department of the Treasury because the entity is located in a country of concern and is engaged in activities that may contribute to a threat to the national security of the United States.
2. For any prohibited investment held by the System as of the adoption of this section, the Executive Director, in cooperation with the investment consultant and other necessary parties, shall divest the System of any excluded holdings as soon as divestment is practicable and would not result in a financial penalty or cause a material negative impact to the System.

B-D. Standard of Care

1. ~~The standard of care for the Board and Executive Director of the assets of the System is: when~~When investing and reinvesting trust assets and in acquiring, retaining, managing and disposing of investments of the trust assets, there shall be exercised the reasonable care, skill, and caution that a prudent investor would use after considering the purposes, terms, distribution requirements, and other circumstances of the trust. Investment and management decisions respecting individual assets shall be evaluated not in isolation but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust. The investments of the trust shall be diversified unless the Board reasonably determines that, because of special circumstances, the purposes of the trust are better served without diversifying. The trust assets shall be invested and managed solely in the interest of the members and benefit recipients of the trust. The trust assets shall be invested in a manner to only incur costs that are appropriate and reasonable in relation to the assets and purposes of the investment. Compliance with the standard of care is determined in light of facts and circumstances at the time of action, not in hindsight.
2. Investment and management functions may be delegated to an investment agent that a prudent trustee of comparable skills could properly delegate under the circumstances. When making such delegation, the Board shall establish the scope and terms of the delegation, consistent with the purposes and terms of the trust, and shall monitor the investment agent performance and compliance with the terms of the delegation. In performing a delegated function, an investment agent owes a duty to the System and the trust to exercise reasonable care to comply with the terms of the delegation. The assets of the System allocated to the investment managers shall be diligently managed, which may include selling investments and realizing losses, if such action is considered advantageous to longer-term return maximization. In addition, the Executive Director may delegate certain duties to the System's investment staff without relieving the Executive Director from the ultimate responsibility.
3. Each party serving in a fiduciary capacity for the trust shall discharge his or her duties solely in the pecuniary interest of the participants and beneficiaries and in compliance with Arkansas Code § 24-2-801 et seq. A fiduciary's evaluation of an investment, or evaluation or exercise of any right appurtenant to an investment, shall take into account only pecuniary factors.

~~3.4.~~ Each party serving in a fiduciary capacity for the trust shall apply the standard of care set forth herein.

~~C.E.~~ Asset Allocation

1. The Board is responsible for the prudent investment of funds and to maintain a proper allocation of the System's investment assets. The Board, in conjunction with its investment consultants, shall set and adjust the System's asset allocation ranges as necessary to provide an optimal allocation to obtain its target returns. The general investment consultant shall notify the Executive Director and the Board when an asset liability modeling study should be undertaken. It shall be the goal of the System to maintain the following asset allocation targets and ranges:

Asset Category	Minimum*	Target	Maximum*
Total Equity	48.0%	53.0%	58.0%**
Fixed Income	13.0%	15.0%	17.0%
Opportunistic/Alternatives	N/A	5.0%	N/A
Real Assets***	N/A	15.0%	N/A
Private Equity	N/A	12.0%	N/A
Cash Equivalents	0.0%	0.0%	5.0%

* Due to the illiquid nature of opportunistic/alternatives, real assets, and private equity, it is not prudent to set rebalancing ranges for these asset classes

**Additional allocations to total equity may be made beyond the maximum range to serve as a placeholder for unfunded and uncommitted opportunistic/alternatives, real assets, and private equity

***Real assets includes real estate, timber, agriculture, and infrastructure

~~D.F.~~ Rebalancing

1. The asset allocation ranges established by the Board represent the Board's judgment of a portfolio mix that provides the greatest risk/return value. Allowing the portfolio to exceed the Board limits strays from the financial discipline, which the Board believes will - over time - provide the appropriate risk-adjusted return to the System.
2. The Executive Director is responsible for rebalancing the allowable asset classes and the individual portfolios if any of the asset classes falls outside of the designated range. The general investment consultant shall provide guidance and advice to the Executive Director to best achieve the rebalancing.

3. Rebalancing among individual investment manager portfolios within asset classes may also be necessary to ensure the appropriate level of diversification is achieved by investment style, market capitalization or risk levels (see total asset class guidelines) and/or to take advantage of market conditions, fund manager expertise, opportunities, or other circumstances that could be beneficial to ATRS.
4. The Executive Director may rebalance across all equity managers, all equity holdings, all fixed income managers, and all fixed income holdings. A Board approved transition manager may be used for rebalancing. Rebalancing including the use of a Board approved transition manager, as needed, may be initiated by the Executive Director after recommendation from the appropriate investment consultant and positive notice to the Board Chair. The Executive Director and general investment consultant will monitor the asset values by classification for each asset manager on a monthly basis, based on month-end data provided by the custodial bank. The Executive Director and general investment consultant shall regularly inform the Board on the rebalancing pacing and strategy.
5. Whenever the minimum or maximum range of total equity or fixed income has been exceeded, a transfer of funds or other appropriate action will occur to bring the actual allocation within the prescribed range within a time frame determined to be prudent by the Executive Director in consultation with the general investment consultant.
6. Normal plan cash flows should be used to the extent possible to rebalance. Interest, dividends, and plan contributions should be used to the extent possible to fund asset classes that are below their target. Withdrawals should be made from asset classes that are above their target.

E.G. Investment Manager Selection

1. The System may hire and retain individual investment managers to implement the System's investment strategy.
- ~~1.2. In order to implement its investment strategy, the System will use individual investment managers.~~ Arkansas Code § 24-2-610 et seq. requires ATRS to always operate under the prudent investor rule. The prudent investor rule requires all investment decisions to be made based on the experience of management, rates of return, appropriate risk, reasonable cost, and all other relevant factors that should be used by prudent investors.
- 2.3. It is the policy of the Board to include, whenever appropriate, qualified minority-owned and women-owned business enterprises in the System's investment manager selection process and to objectively

evaluate all qualified investment manager candidates regardless of race, gender or disability.

3.4. The Board will evaluate all qualified investment manager candidates with emphasis on demonstrated professional performance, organizational depth, institutional investment management capability, and reasonableness of fee structure regardless of the amount of investment assets under management or the age of the investment management firm.

5. The Board ~~will use~~ shall only hire and retain professional consultants that do not use discriminatory practices in the creation and maintenance of their investment manager databases and will require the investment consultants to affirm their use of non-discriminatory practices when recommending investment manager candidates to the Board.

4.6. The Board shall only hire and retain investment managers and professional consultants that agree to provide services to the System in a manner that complies with Arkansas Code § 24-2-601 et seq., 24-2-801 et seq., 25-1-1001 et seq., and 25-1-1201 et seq.

F.H. Goals

1. Recognizing the purpose of the System is to remain actuarially sound and pay member benefits, the overall investment goal is to achieve, over a period of years, the greatest rate of return for the System with due consideration given to preserving capital and its purchasing power, and to maintain an appropriate level of risk consistent with the obligations of a prudent investor. The return of the System should exceed, net of fees, a policy benchmark comprised of the respective asset class benchmarks weighted by the asset class policy targets over a full market cycle (approximately five years). During periods of transition to and from nonmarketable and illiquid asset classes such as private equity and real assets, actual allocations may be used over extended periods to reflect these changes in the policy targets. Periodic performance reports will provide a detailed description of the policy benchmark composition over time.
2. The System's actuary sets an expected return based on the Board's policy decisions. Market cycles may result in the System earning a return materially above or below the actuarial rate of return for extended periods of time. Therefore, the actuarial rate of return will not be used for performance comparison purposes.

G-I Total Equity

1. The total equity exposure of the portfolio shall be well diversified with broad exposures to small, mid, and large capitalization companies and growth and value style sectors across U.S. and non-U.S. markets.
2. The goal for total equity shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the aggregate global equity market as measured by the Morgan Stanley Capital International (MSCI) All Country World Index (ACWI) Investable Market Index (IMI) over a full market cycle (approximately five years). Because the total equity portfolio was previously segregated into domestic and global equity components, the total equity portfolio has a bias to domestic equity relative to the MSCI ACWI IMI. Therefore, to ensure appropriate performance measurement, the benchmark for total equity will be appropriately weighted between the Dow Jones U.S. Total Stock Market Index and the MSCI ACWI IMI Index to reflect the current domestic / global asset mix until the domestic allocation is in line with the global opportunity set as defined by the MSCI ACWI IMI. The manager structure of the total equity portfolio should resemble the weighted average of their respective benchmarks and avoid any material biases due to a concentration of managers or management styles. To achieve this goal, the Board may employ various actively managed and passive mandates. The structure of the equity component will be analyzed annually to ensure proper diversification is achieved.

H-J Fixed Income

1. The manager structure of the aggregate fixed income portfolio's risk exposure should resemble the aggregate domestic fixed income market as measured by the Barclays U.S. Universal Bond Index. To help achieve this goal, the Board will employ investment managers that invest assets in a broad array of sectors (government, mortgage backed, credits, asset backed, and commercial mortgage backed bonds), maturities, and credit qualities so that the overall portfolio structure is not materially different from that of the domestic and global fixed income markets. To provide a broad base of low-cost diversification and readily available liquidity, the Board may allocate a portion of the fixed income assets to a passive investment portfolio that approximates the return of the broad fixed income market.
2. The goal for fixed income investments shall be to achieve a total rate of return that will exceed, net of all costs and fees, the return of the Barclays U.S. Universal Bond Index over a full market cycle (approximately five years).

I.K. Opportunistic/Alternative Investments

1. The Opportunistic/Alternatives asset class may include investments in direct hedge funds, hedge fund of funds, commodities, currency mandates, and other alternative strategies that are not closely correlated or related to the traditional asset classes (fixed income, equities, private equity, and real assets). Unique investments that do not fit within the other asset class categories may also be included in the Opportunistic/Alternative category at the Board's discretion. Because this category may include illiquid investments made through closed end investment partnerships, it may take a period of time to reach and maintain the target allocation of 5%. Assets will be invested in the total equity asset class when the opportunity/alternative allocation is below its long-term target of 5%. The benchmark for the category will be a weighted average of the benchmarks of the underlying strategies.
2. The goal of the credit, global macro, and other liquid alternative investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the appropriate institutional quality hedge fund index over a full market cycle (approximately five years). Appropriate benchmarks will be determined as investments are added to the portfolio.

J.L. Real Assets

1. The Real Asset category may include real estate, timber, agriculture, and infrastructure. While no fixed targets are set, the following general parameters have been identified:
 - 10% Real Estate
 - 2% Timber
 - 1% Agriculture
 - 2% Infrastructure

The total target of the asset class will be 15%. Because this category may include illiquid investments made through closed end investment partnerships, it will take a period of time to reach these targets. Assets will be invested in the total equity asset class until the total target is attained.

The System may initiate investments in real estate as governed by the Real Asset Statement of Investment Policy. The System's goal for real estate is to not materially exceed the System's approved target asset allocation for total real estate investments as determined by the Board at the beginning of each fiscal year. Should the real estate target asset

allocation be exceeded, the Executive Director, working with the Real Estate Consultant, shall develop a pacing and strategy plan to address the over allocation.

ATRS' Real Estate portfolio is benchmarked on a net of fee basis against the NCREIF Fund Index Open-end Diversified Core Equity Index ("NFIODCE"). Once ATRS' Real Estate portfolio reaches its full target allocation for a ~~five-year~~five-year period, it is expected to meet or exceed the NFIODCE over rolling ~~five-year~~five-year periods.

The System may initiate direct ownership in timberland or indirect investments in fund of funds, partnerships, corporations, or real estate investment trusts ("REITs") investing in investment grade properties of like kind.

2. The goal of the timberland investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Timberland Property Index ("NTPI") over a ~~five-year~~five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the timber portfolio's performance compared to the opportunity cost of investing in timber.

The goal of the agriculture investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Farmland Index ("NFI") over a ~~five-year~~five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the agriculture portfolio's performance compared to the opportunity cost of investing in agriculture.

The goal of the infrastructure investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the Consumer Price Index (CPI) plus 5 percentage points over a full market cycle (approximately ten years). The Consumer Price Index plus 5 percentage points will be used as the benchmark to reflect the opportunity cost of investing in infrastructure. Similar infrastructure programs of institutional investors will also be used as a secondary benchmark to the extent such data is made available.

The ATRS Total Real Asset Benchmark is weighted by the allocations based on Net Asset Values across the various sub-categories, and thus defined as Real Estate benchmark, Timber benchmark, Agriculture benchmark and Infrastructure benchmark. The net of fee return for ATRS' Total Real Asset Portfolio is expected to meet or exceed the Total Real Asset Benchmark over rolling five year periods.

K. Private Equity

1. The System may initiate investments in private equity as governed by the Private Equity Statement of Investment Policy. Private equity investments may include domestic and foreign private equity partnerships, venture capital, and mezzanine financing partnerships that are intended to diversify the assets and reduce the likelihood of material losses in any individual investment classification. The investment consultant responsible for private equity shall advise the Executive Director and Board on the Private Equity Statement of Investment Policy and the structure of private equity investments best suited for the System.
2. The System's goal for private equity investments is to achieve a total rate of return that will exceed, net of all costs and fees, the return of the public equity markets, as measured by the Dow Jones U.S. Total Stock Market Index, plus a liquidity premium of 2 percentage points per year over a full market cycle for private equity (approximately ten years).

L. Cash Equivalents

1. The System may hold direct ownership in short-term investments or may permit or require managers to hold cash or cash equivalents to meet liquidity needs of the investment manager or of the System.
2. The System's cash management goal shall be to preserve capital and maintain liquidity.

M. Arkansas-Related Investments

1. The System may initiate Arkansas-related mortgage loans, promissory notes, direct real estate investments, or purchase insured certificates of deposit or ~~short term~~ short-term securities of Arkansas financial institutions to meet the goals of the mandated requirements. Arkansas-related investments are categorized according to the appropriate asset class for each investment. In addition, Arkansas related investments include, but are not limited to, investments managed by an Arkansas related manager, Arkansas related investments held by other fund managers, Arkansas timberland, partnerships based in Arkansas, and partnerships holding Arkansas properties.

N. Commingled or Mutual Funds

1. If a commingled fund or mutual fund is utilized, the portfolio will be governed by the prospectus or similar document for the fund. In those cases, the System will utilize the prudent investor rule and advice of the investment consultant in selecting and evaluating funds initially and in monitoring them on an on-going basis.

O. Derivatives

1. Derivatives may be used to reduce the risk in a portfolio and provide desired market and security level positions as an alternative to purchasing cash securities. Excessive leverage shall not be created through the use of derivatives in a manner that substantially increases the System's portfolio risk. Each investment manager's derivative usage shall be specified in the investment management agreement or specific guidelines.
2. The use of futures and options shall be matched by cash or cash equivalent securities, and all short futures positions shall be matched by equivalent long security positions, unless otherwise stated in the investment manager guidelines or authorizing fund documents.

P. Loaning of Securities

1. The lending agent will evaluate the credit-worthiness of potential borrowers of securities, and will loan securities only to financially sound borrowers. The lending agent will maintain a diversified list of such borrowers in order to mitigate the counterparty risk that is inherent in securities lending.
2. Collateral levels should be based on the nature of the loaned security and will generally be between 102% and 105% of the market value of the borrowed security. Marking to market will be performed every business day subject to de minimis rules of change in value, and borrowers will be required to deliver additional assets as necessary to maintain overcollateralization of securities loans.

Q. Securities Lending Reinvestment Guidelines

1. The cash collateral portfolio will be managed on an amortized cost basis (maintain a \$1 net asset value) and have investment guidelines that are 2a-7-like in nature (money market fund guidelines) to ensure that only a moderate amount of risk is taken on the reinvestment of the cash collateral. This will control the amount of credit and duration risk that can be taken by the short duration fixed income manager, which will help to mitigate losses due to insufficient collateral relative to the amount on loan. In addition, guidelines for the cash collateral portfolio will be created in conjunction with the lending strategy and with input from the securities lending agent.
2. The collateral pool should also maintain a reasonable level of overnight liquidity in order to allow for the smooth recall of securities over time.

R. Investment Manager Reporting

1. The System will require all investment managers, managing partners, and general partners to provide on at least a quarterly and an annual basis, reporting appropriate for the investment.

S. Roles

1. The Executive Director and investment consultant are jointly responsible for the initial selection of investment managers and any increase or decrease in an investment manager's funding. The Executive Director and investment consultant are jointly responsible for monitoring existing investment managers on performance, stability, and compliance. The Executive Director and investment consultant may also recommend termination of an investment manager when circumstances justify termination. Reasons for termination include, but are not limited to, relative performance, relative stability, costs, strategic allocation of assets, or other relevant factors that a prudent investor would use.

T. Proxies

- ~~1. 4.~~ All shares held directly or indirectly by or on behalf of the System shall be voted on solely in the pecuniary interest of the System's plan beneficiaries, in compliance with Arkansas Code § 24-2-801 et seq.
2. Unless an economically practicable alternative is unavailable, the System shall not: (A) Follow the recommendations of a proxy advisory firm or other service provider unless the firm or service provider has a practice of and provides a written commitment to adhere to the practice of following proxy voting guidelines that are consistent with the System's obligation to act based only on pecuniary factors, or (B) Entrust the System's plan assets to a fiduciary unless the fiduciary has a practice of and provides a written commitment to adhere to the practice of following guideline when engaging with portfolio companies and voting shares or proxies that match the obligation of the System's obligation to act based only on pecuniary factors.
3. The System authorizes the investment manager to vote all proxies related to stocks in which it invests the System's assets. The System requires the investment manager to vote all proxies in a manner that complies with Arkansas Code § 24-2-801 et seq. The System ~~expects~~ requires the investment manager to cast votes solely in the best interest of plan beneficiaries.

U. Soft Dollars

1. Commissions paid by investment managers for the purchase of equity securities are System assets and must be used for the sole benefit of the System members. Whenever possible, investment managers should seek to execute trades at the lowest possible commission rate but not to the detriment of best execution, which can result in a higher cost to the System. So that the Board may fulfill its obligation to ensure that System assets are being used appropriately, relevant equity investment managers shall provide periodic reports to the general investment consultant on brokerage activity, commissions, services, and such other information as may be requested by the investment consultant or Board. The investment consultant shall provide a periodic report to the Board summarizing such equity investment managers' reports and highlighting any questionable or problem areas.

HISTORY

Amended: October 4, 2010

Amended: February 7, 2011

Amended: June 3, 2013

Amended: October 7, 2013

Amended: February 17, 2014

Amended: June 1, 2015

Amended: April 21, 2016

Amended: November 13, 2017

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Amended: February 3, 2020 as Board Policy 4

Amended: December 7, 2020

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Amended: September 25, 2023

ATRS Board Policy 4

STATEMENT OF INVESTMENT POLICY

A.C.A. § 24-7-305

I. Board - Investment Policies and Procedures

A. Statement of Investment Policy

1. This Investment Policy has been prepared within the context of applicable Arkansas laws and is intended to allow for sufficient flexibility in the investment process to capture opportunities, yet ensure that both prudence and care are maintained in the execution of the investment program. While safety of principal is given primary consideration, the Arkansas Teacher Retirement System Board of Trustees (“Board”) may take appropriate levels of risk to earn higher levels of investment return.
2. The Board has arrived at this policy through careful study of the rates of return and risks associated with various investment strategies in relation to the current and projected liabilities of the Arkansas Teacher Retirement System (“the System”). This policy has been chosen as the most appropriate for achieving the financial objectives of the System. The policy will be reviewed periodically as circumstances dictate.
3. The Board has adopted a long-term investment horizon so that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets. The assets of the System will be invested in a manner that provides the safeguards and diversity to which a prudent investor would adhere. All transactions undertaken on behalf of the System will be in the sole interest of the System’s plan beneficiaries.
4. To achieve the overall investment goal of the System, one or more investment consultants may be retained by the Board as investment advisors. The scope of duties, together with the terms and conditions of engagement, of any investment consultant will be set forth in a contract approved by the Board. Throughout this document, investment advisors are referred to as investment consultants.
5. The System shall manage those assets not specifically allocated to investment managers. No investment shall be made without an investment consultant's recommendation. The System shall not approve any material changes in any direct investment without first receiving written advice or a written recommendation from a third-party investment consultant and, if needed, outside legal counsel, and,

without thereafter receiving written approval by the Investment Committee and Board.

B. Divestment of Direct Holdings Held with Certain Financial Services Providers

1. The System shall divest from all direct holdings that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002. Divestment shall occur as soon as practicable, but no later than three hundred sixty-five (365) calendar days after the financial services provider's inclusion on the list published on the Treasurer of State's website.
2. However, in order to prevent financial harm to the System and to ensure that the System's fiduciary duty is met, the System shall not divest from an investment that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002 if the investment is locked into a maturity date and an early divestment would result in a financial penalty and cause a negative financial impact to the System.

C. Investments in Countries of Concern

1. In order to comply with Arkansas Code § 25-1-1201 et seq. and also to ensure that System funds are not invested in the development of technologies and products that may threaten the national security of the United States, the System shall not directly hold any equity interest or debt financing interest in any entity that is:
 - a. Owned in whole or with a majority ownership by the government of the People's Republic of China; or
 - b. Subject to any investment restrictions imposed by the United States Department of the Treasury because the entity is located in a country of concern and is engaged in activities that may contribute to a threat to the national security of the United States.
2. For any prohibited investment held by the System as of the adoption of this section, the Executive Director, in cooperation with the investment consultant and other necessary parties, shall divest the System of any excluded holdings as soon as divestment is practicable and would not result in a financial penalty or cause a material negative impact to the System.

D. Standard of Care

1. When investing and reinvesting trust assets and in acquiring, retaining, managing and disposing of investments of the trust assets, there shall be exercised the reasonable care, skill, and caution that a prudent investor would use after considering the purposes, terms, distribution requirements, and other circumstances of the trust. Investment and management decisions respecting individual assets shall be evaluated not in isolation but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust. The investments of the trust shall be diversified unless the Board reasonably determines that, because of special circumstances, the purposes of the trust are better served without diversifying. The trust assets shall be invested and managed solely in the interest of the members and benefit recipients of the trust. The trust assets shall be invested in a manner to only incur costs that are appropriate and reasonable in relation to the assets and purposes of the investment. Compliance with the standard of care is determined in light of facts and circumstances at the time of action, not in hindsight.
2. Investment and management functions may be delegated to an investment agent that a prudent trustee of comparable skills could properly delegate under the circumstances. When making such delegation, the Board shall establish the scope and terms of the delegation, consistent with the purposes and terms of the trust, and shall monitor the investment agent performance and compliance with the terms of the delegation. In performing a delegated function, an investment agent owes a duty to the System and the trust to exercise reasonable care to comply with the terms of the delegation. The assets of the System allocated to the investment managers shall be diligently managed, which may include selling investments and realizing losses, if such action is considered advantageous to longer-term return maximization. In addition, the Executive Director may delegate certain duties to the System's investment staff without relieving the Executive Director from the ultimate responsibility.
3. Each party serving in a fiduciary capacity for the trust shall discharge his or her duties solely in the pecuniary interest of the participants and beneficiaries and in compliance with Arkansas Code § 24-2-801 et seq. A fiduciary's evaluation of an investment, or evaluation or exercise of any right appurtenant to an investment, shall take into account only pecuniary factors.
4. Each party serving in a fiduciary capacity for the trust shall apply the standard of care set forth herein.

E. Asset Allocation

1. The Board is responsible for the prudent investment of funds and to maintain a proper allocation of the System's investment assets. The Board, in conjunction with its investment consultants, shall set and adjust the System's asset allocation ranges as necessary to provide an optimal allocation to obtain its target returns. The general investment consultant shall notify the Executive Director and the Board when an asset liability modeling study should be undertaken. It shall be the goal of the System to maintain the following asset allocation targets and ranges:

Asset Category	Minimum*	Target	Maximum*
Total Equity	48.0%	53.0%	58.0%**
Fixed Income	13.0%	15.0%	17.0%
Opportunistic/Alternatives	N/A	5.0%	N/A
Real Assets***	N/A	15.0%	N/A
Private Equity	N/A	12.0%	N/A
Cash Equivalent	0.0%	0.0%	5.0%

* Due to the illiquid nature of opportunistic/alternatives, real assets, and private equity, it is not prudent to set rebalancing ranges for these asset classes

**Additional allocations to total equity may be made beyond the maximum range to serve as a placeholder for unfunded and uncommitted opportunistic/alternatives, real assets, and private equity

***Real assets includes real estate, timber, agriculture, and infrastructure

F. Rebalancing

1. The asset allocation ranges established by the Board represent the Board's judgment of a portfolio mix that provides the greatest risk/return value. Allowing the portfolio to exceed the Board limits strays from the financial discipline, which the Board believes will - over time - provide the appropriate risk-adjusted return to the System.
2. The Executive Director is responsible for rebalancing the allowable asset classes and the individual portfolios if any of the asset classes falls outside of the designated range. The general investment consultant shall provide guidance and advice to the Executive Director to best achieve the rebalancing.
3. Rebalancing among individual investment manager portfolios within asset classes may also be necessary to ensure the appropriate level of diversification is achieved by investment style, market capitalization or

risk levels (see total asset class guidelines) and/or to take advantage of market conditions, fund manager expertise, opportunities, or other circumstances that could be beneficial to ATRS.

4. The Executive Director may rebalance across all equity managers, all equity holdings, all fixed income managers, and all fixed income holdings. A Board approved transition manager may be used for rebalancing. Rebalancing including the use of a Board approved transition manager, as needed, may be initiated by the Executive Director after recommendation from the appropriate investment consultant and positive notice to the Board Chair. The Executive Director and general investment consultant will monitor the asset values by classification for each asset manager on a monthly basis, based on month-end data provided by the custodial bank. The Executive Director and general investment consultant shall regularly inform the Board on the rebalancing pacing and strategy.
5. Whenever the minimum or maximum range of total equity or fixed income has been exceeded, a transfer of funds or other appropriate action will occur to bring the actual allocation within the prescribed range within a time frame determined to be prudent by the Executive Director in consultation with the general investment consultant.
6. Normal plan cash flows should be used to the extent possible to rebalance. Interest, dividends, and plan contributions should be used to the extent possible to fund asset classes that are below their target. Withdrawals should be made from asset classes that are above their target.

G. Investment Manager Selection

1. The System may hire and retain individual investment managers to implement the System's investment strategy.
2. Arkansas Code § 24-2-610 et seq. requires ATRS to always operate under the prudent investor rule. The prudent investor rule requires all investment decisions to be made based on the experience of management, rates of return, appropriate risk, reasonable cost, and all other relevant factors that should be used by prudent investors.
3. It is the policy of the Board to include, whenever appropriate, qualified minority-owned and women-owned business enterprises in the System's investment manager selection process and to objectively evaluate all qualified investment manager candidates regardless of race, gender or disability.
4. The Board will evaluate all qualified investment manager candidates with emphasis on demonstrated professional performance,

organizational depth, institutional investment management capability, and reasonableness of fee structure regardless of the amount of investment assets under management or the age of the investment management firm.

5. The Board shall only hire and retain professional consultants that do not use discriminatory practices in the creation and maintenance of their investment manager databases and will require the investment consultants to affirm their use of non-discriminatory practices when recommending investment manager candidates to the Board.
6. The Board shall only hire and retain investment managers and professional consultants that agree to provide services to the System in a manner that complies with Arkansas Code § 24-2-601 et seq., 24-2-801 et seq., 25-1-1001 et seq., and 25-1-1201 et seq.

H. Goals

1. Recognizing the purpose of the System is to remain actuarially sound and pay member benefits, the overall investment goal is to achieve, over a period of years, the greatest rate of return for the System with due consideration given to preserving capital and its purchasing power, and to maintain an appropriate level of risk consistent with the obligations of a prudent investor. The return of the System should exceed, net of fees, a policy benchmark comprised of the respective asset class benchmarks weighted by the asset class policy targets over a full market cycle (approximately five years). During periods of transition to and from nonmarketable and illiquid asset classes such as private equity and real assets, actual allocations may be used over extended periods to reflect these changes in the policy targets. Periodic performance reports will provide a detailed description of the policy benchmark composition over time.
2. The System's actuary sets an expected return based on the Board's policy decisions. Market cycles may result in the System earning a return materially above or below the actuarial rate of return for extended periods of time. Therefore, the actuarial rate of return will not be used for performance comparison purposes.

I. Total Equity

1. The total equity exposure of the portfolio shall be well diversified with broad exposures to small, mid, and large capitalization companies and growth and value style sectors across U.S. and non-U.S. markets.
2. The goal for total equity shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the aggregate global equity market as measured by the Morgan Stanley Capital

International (MSCI) All Country World Index (ACWI) Investable Market Index (IMI) over a full market cycle (approximately five years). Because the total equity portfolio was previously segregated into domestic and global equity components, the total equity portfolio has a bias to domestic equity relative to the MSCI ACWI IMI. Therefore, to ensure appropriate performance measurement, the benchmark for total equity will be appropriately weighted between the Dow Jones U.S. Total Stock Market Index and the MSCI ACWI IMI Index to reflect the current domestic / global asset mix until the domestic allocation is in line with the global opportunity set as defined by the MSCI ACWI IMI. The manager structure of the total equity portfolio should resemble the weighted average of their respective benchmarks and avoid any material biases due to a concentration of managers or management styles. To achieve this goal, the Board may employ various actively managed and passive mandates. The structure of the equity component will be analyzed annually to ensure proper diversification is achieved.

J. Fixed Income

1. The manager structure of the aggregate fixed income portfolio's risk exposure should resemble the aggregate domestic fixed income market as measured by the Barclays U.S. Universal Bond Index. To help achieve this goal, the Board will employ investment managers that invest assets in a broad array of sectors (government, mortgage backed, credits, asset backed, and commercial mortgage backed bonds), maturities, and credit qualities so that the overall portfolio structure is not materially different from that of the domestic and global fixed income markets. To provide a broad base of low-cost diversification and readily available liquidity, the Board may allocate a portion of the fixed income assets to a passive investment portfolio that approximates the return of the broad fixed income market.
2. The goal for fixed income investments shall be to achieve a total rate of return that will exceed, net of all costs and fees, the return of the Barclays U.S. Universal Bond Index over a full market cycle (approximately five years).

K. Opportunistic/Alternative Investments

1. The Opportunistic/Alternatives asset class may include investments in direct hedge funds, hedge fund of funds, commodities, currency mandates, and other alternative strategies that are not closely correlated or related to the traditional asset classes (fixed income, equities, private equity, and real assets). Unique investments that do not fit within the other asset class categories may also be included in the Opportunistic/Alternative category at the Board's discretion.

Because this category may include illiquid investments made through closed end investment partnerships, it may take a period of time to reach and maintain the target allocation of 5%. Assets will be invested in the total equity asset class when the opportunity/alternative allocation is below its long-term target of 5%. The benchmark for the category will be a weighted average of the benchmarks of the underlying strategies.

2. The goal of the credit, global macro, and other liquid alternative investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the appropriate institutional quality hedge fund index over a full market cycle (approximately five years). Appropriate benchmarks will be determined as investments are added to the portfolio.

L. Real Assets

1. The Real Asset category may include real estate, timber, agriculture, and infrastructure. While no fixed targets are set, the following general parameters have been identified:

- 10% Real Estate
- 2% Timber
- 1% Agriculture
- 2% Infrastructure

The total target of the asset class will be 15%. Because this category may include illiquid investments made through closed end investment partnerships, it will take a period of time to reach these targets. Assets will be invested in the total equity asset class until the total target is attained.

The System may initiate investments in real estate as governed by the Real Asset Statement of Investment Policy. The System's goal for real estate is to not materially exceed the System's approved target asset allocation for total real estate investments as determined by the Board at the beginning of each fiscal year. Should the real estate target asset allocation be exceeded, the Executive Director, working with the Real Estate Consultant, shall develop a pacing and strategy plan to address the over allocation.

ATRS' Real Estate portfolio is benchmarked on a net of fee basis against the NCREIF Fund Index Open-end Diversified Core Equity Index ("NFIODCE"). Once ATRS' Real Estate portfolio reaches its full target allocation for a five-year period, it is expected to meet or exceed the NFIODCE over rolling five-year periods.

The System may initiate direct ownership in timberland or indirect investments in fund of funds, partnerships, corporations, or real estate investment trusts ("REITs") investing in investment grade properties of like kind.

2. The goal of the timberland investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Timberland Property Index ("NTPI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the timber portfolio's performance compared to the opportunity cost of investing in timber.

The goal of the agriculture investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Farmland Index ("NFI") over a five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the agriculture portfolio's performance compared to the opportunity cost of investing in agriculture.

The goal of the infrastructure investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the Consumer Price Index (CPI) plus 5 percentage points over a full market cycle (approximately ten years). The Consumer Price Index plus 5 percentage points will be used as the benchmark to reflect the opportunity cost of investing in infrastructure. Similar infrastructure programs of institutional investors will also be used as a secondary benchmark to the extent such data is made available.

The ATRS Total Real Asset Benchmark is weighted by the allocations based on Net Asset Values across the various sub-categories, and thus defined as Real Estate benchmark, Timber benchmark, Agriculture benchmark and Infrastructure benchmark. The net of fee return for ATRS' Total Real Asset Portfolio is expected to meet or exceed the Total Real Asset Benchmark over rolling five year periods.

K. Private Equity

1. The System may initiate investments in private equity as governed by the Private Equity Statement of Investment Policy. Private equity investments may include domestic and foreign private equity partnerships, venture capital, and mezzanine financing partnerships that are intended to diversify the assets and reduce the likelihood of material losses in any individual investment classification. The investment consultant responsible for private equity shall advise the Executive Director and Board on the Private Equity Statement of

Investment Policy and the structure of private equity investments best suited for the System.

2. The System's goal for private equity investments is to achieve a total rate of return that will exceed, net of all costs and fees, the return of the public equity markets, as measured by the Dow Jones U.S. Total Stock Market Index, plus a liquidity premium of 2 percentage points per year over a full market cycle for private equity (approximately ten years).

L. Cash Equivalents

1. The System may hold direct ownership in short-term investments or may permit or require managers to hold cash or cash equivalents to meet liquidity needs of the investment manager or of the System.
2. The System's cash management goal shall be to preserve capital and maintain liquidity.

M. Arkansas-Related Investments

1. The System may initiate Arkansas-related mortgage loans, promissory notes, direct real estate investments, or purchase insured certificates of deposit or short-term securities of Arkansas financial institutions to meet the goals of the mandated requirements. Arkansas-related investments are categorized according to the appropriate asset class for each investment. In addition, Arkansas related investments include, but are not limited to, investments managed by an Arkansas related manager, Arkansas related investments held by other fund managers, Arkansas timberland, partnerships based in Arkansas, and partnerships holding Arkansas properties.

N. Commingled or Mutual Funds

1. If a commingled fund or mutual fund is utilized, the portfolio will be governed by the prospectus or similar document for the fund. In those cases, the System will utilize the prudent investor rule and advice of the investment consultant in selecting and evaluating funds initially and in monitoring them on an on-going basis.

O. Derivatives

1. Derivatives may be used to reduce the risk in a portfolio and provide desired market and security level positions as an alternative to purchasing cash securities. Excessive leverage shall not be created through the use of derivatives in a manner that substantially increases the System's portfolio risk. Each investment manager's derivative usage shall be specified in the investment management agreement or specific guidelines.

2. The use of futures and options shall be matched by cash or cash equivalent securities, and all short futures positions shall be matched by equivalent long security positions, unless otherwise stated in the investment manager guidelines or authorizing fund documents.

P. Loaning of Securities

1. The lending agent will evaluate the credit-worthiness of potential borrowers of securities, and will loan securities only to financially sound borrowers. The lending agent will maintain a diversified list of such borrowers in order to mitigate the counterparty risk that is inherent in securities lending.
2. Collateral levels should be based on the nature of the loaned security and will generally be between 102% and 105% of the market value of the borrowed security. Marking to market will be performed every business day subject to de minimis rules of change in value, and borrowers will be required to deliver additional assets as necessary to maintain overcollateralization of securities loans.

Q. Securities Lending Reinvestment Guidelines

1. The cash collateral portfolio will be managed on an amortized cost basis (maintain a \$1 net asset value) and have investment guidelines that are 2a-7-like in nature (money market fund guidelines) to ensure that only a moderate amount of risk is taken on the reinvestment of the cash collateral. This will control the amount of credit and duration risk that can be taken by the short duration fixed income manager, which will help to mitigate losses due to insufficient collateral relative to the amount on loan. In addition, guidelines for the cash collateral portfolio will be created in conjunction with the lending strategy and with input from the securities lending agent.
2. The collateral pool should also maintain a reasonable level of overnight liquidity in order to allow for the smooth recall of securities over time.

R. Investment Manager Reporting

1. The System will require all investment managers, managing partners, and general partners to provide on at least a quarterly and an annual basis, reporting appropriate for the investment.

S. Roles

1. The Executive Director and investment consultant are jointly responsible for the initial selection of investment managers and any increase or decrease in an investment manager's funding. The Executive Director and investment consultant are jointly responsible for monitoring existing investment managers on performance, stability,

and compliance. The Executive Director and investment consultant may also recommend termination of an investment manager when circumstances justify termination. Reasons for termination include, but are not limited to, relative performance, relative stability, costs, strategic allocation of assets, or other relevant factors that a prudent investor would use.

T. Proxies

1. All shares held directly or indirectly by or on behalf of the System shall be voted on solely in the pecuniary interest of the System's plan beneficiaries, in compliance with Arkansas Code § 24-2-801 et seq.
2. Unless an economically practicable alternative is unavailable, the System shall not: (A) Follow the recommendations of a proxy advisory firm or other service provider unless the firm or service provider has a practice of and provides a written commitment to adhere to the practice of following proxy voting guidelines that are consistent with the System's obligation to act based only on pecuniary factors, or (B) Entrust the System's plan assets to a fiduciary unless the fiduciary has a practice of and provides a written commitment to adhere to the practice of following guideline when engaging with portfolio companies and voting shares or proxies that match the obligation of the System's obligation to act based only on pecuniary factors.
3. The System authorizes the investment manager to vote all proxies related to stocks in which it invests the System's assets. The System requires the investment manager to vote all proxies in a manner that complies with Arkansas Code § 24-2-801 et seq. The System requires the investment manager to cast votes solely in the best interest of plan beneficiaries.

U. Soft Dollars

1. Commissions paid by investment managers for the purchase of equity securities are System assets and must be used for the sole benefit of the System members. Whenever possible, investment managers should seek to execute trades at the lowest possible commission rate but not to the detriment of best execution, which can result in a higher cost to the System. So that the Board may fulfill its obligation to ensure that System assets are being used appropriately, relevant equity investment managers shall provide periodic reports to the general investment consultant on brokerage activity, commissions, services, and such other information as may be requested by the investment consultant or Board. The investment consultant shall provide a periodic

report to the Board summarizing such equity investment managers' reports and highlighting any questionable or problem areas.

HISTORY

Amended: October 4, 2010

Amended: February 7, 2011

Amended: June 3, 2013

Amended: October 7, 2013

Amended: February 17, 2014

Amended: June 1, 2015

Amended: April 21, 2016

Amended: November 13, 2017

Amended: April 1, 2019

Amended: February 3, 2020 as Board Policy 4

Amended: December 7, 2020

Amended: June 7, 2021

Amended: September 25, 2023

AMENDED AND RESTATED FARMLAND MANAGEMENT AGREEMENT

This Amended and Restated Farmland Management Agreement (along with all exhibits and schedules, the "Agreement") is made and entered into effective as of the ____ day of _____, 202~~31~~, (the "Effective Date") by and between **ARKANSAS TEACHER RETIREMENT SYSTEM** ("ATRS"); and **US AGRICULTURE, LLC**, a Delaware limited liability company ("USAG"), each, a "Party" and collectively, the "Parties".

RECITALS

A. The Arkansas Teacher Retirement System was created pursuant to the Arkansas Teach Retirement Act, Title 24, Chapter 7, Subchapter 2 of the Arkansas Code of 1987 (the "Code"), to provide a fund for the payment of retirement benefits to eligible retirees from funds contributed to the System for such purpose; and

B. The Board of Trustees of ATRS (the "Board") has the power to invest and reinvest the assets of ATRS; and

C. Pursuant to the terms of that certain Farmland Management Agreement dated June 7, 2018 (the "Original Agreement"), the Board appointed USAG to invest, reinvest, and manage certain assets of ATRS allocated to USAG in accordance with the Original Agreement; ~~and~~

D. ATRS and USAG amended and restated the Original Agreement on July 26, 2021 (the "Amended and Restated Agreement"); and

E. ATRS and USAG desire to further amend and restate the Original-Amended and Restated Agreement as provided below in this Agreement.

TERMS OF AGREEMENT

In consideration of the foregoing Recitals and of the promises and mutual agreements contained herein, ATRS and USAG hereby agree as follows:

ARTICLE 1 DEFINITIONS AND TERMS

Section 1.1 Definitions. In addition to those capitalized terms that are otherwise defined in this Agreement, the following capitalized terms, unless the context clearly indicates otherwise, shall have the following meanings:

- (a) "Affiliate" when used with respect to a specific Person means a Person that, directly or indirectly, or through one or more intermediaries, is Controlling or Controlled by or under common Control with such Person.
- (b) "Annual Business Plan" means that plan or plans prepared by USAG in accordance with the specifications set forth in **EXHIBIT A** hereto in and delivered to an Authorized ATRS Representative on or before March 31st of each calendar year that pertains to the operation,

management and development of all Farm Assets (including, but not limited to, budgets and expenditure authorizations with respect to each Farm Asset), and the investment and reinvestment of Farm Assets during the applicable calendar year.

- (c) “Applicable Law” means any statute, law, ordinance, rule, public administrative interpretation, published policy statement, regulation, order, writ, injunction, directive, judgment, decree or other requirement of any nation, state, county, city, or other unit or subdivision thereof or any entity, authority, agency, department, Board, commission, instrumentality, court or other judicial body authorized on behalf of any of the foregoing to exercise legislative, judicial, regulatory or administrative functions or pertaining to government, or any governmental or non-governmental self-regulatory organization, applicable to the Person or Persons referenced.
- (d) “Authorized ATRS Representative” means (i) the ATRS Executive Director, or (ii) any other Person designated by ATRS Board to act on behalf of and in the name of ATRS; provided, USAG shall be notified in writing by ATRS of any such Person so designated in clause (ii) above.
- (e) “Books and Records” means the books and records and original contracts, instruments and agreements in the possession of USAG relating to the Company or the acquisition, sale, lease, disposition, ownership, development, construction, management, servicing, operation or improvement of each and every Farm Asset or otherwise relating to the Farm Assets (including all balance sheets, financial pro-forma, operating statements, income and expense reports, capital expenditure budgets, other financial reports of every nature kept or maintained by USAG, promissory notes or other evidences of indebtedness, deeds, Leases, insurance (including title insurance) policies, mortgages, deeds of trust and other security documents, surveys, management agreements, ancillary trust agreements, and the by-laws, minutes of meetings, and all other corporate records of the Company.
- (f) “Cause” means any of the following: (i) fraud, dishonesty, malfeasance, gross negligence or breach of fiduciary duty by USAG or any of its Affiliates; (ii) the institution of any litigation, administrative proceedings or prosecution of criminal charges against or involving USAG or any of its Affiliates which, in the sole discretion of ATRS, is materially adverse to the reputation or business of ATRS or its Affiliates, or the ability of USAG to perform under this Agreement and with respect to which a meritorious defense has not been asserted within a reasonable time following the institution of such action and thereafter diligently prosecuted or pursued; (iii) engagement by USAG or any of its Affiliates in activities clearly injurious to the reputation or business of the Company or ATRS and failure to cease such activity within thirty (30) days after written notice from ATRS requesting such; (iv) a breach by USAG of any term or condition of this Agreement or any Direction and failure to cure such breach within thirty (30) days of receipt of written notice from ATRS of such breach; or (v) the initiation of any voluntary or involuntary bankruptcy proceeding by or against USAG or any of its Affiliates or the adjudication of USAG or any of its Affiliates as bankrupt or insolvent, or the appointment of a receiver or trustee for USAG or any of its Affiliates which is not dismissed within thirty (30) days, or any assignment by USAG or any of its Affiliates for the benefit of creditors.

- (g) “Committed Capital” means One Hundred Twenty-Five Million Dollars (\$125,000,000.00) of unleveraged capital to be made available by ATRS plus the \$9.9 million of earnings distributions recalled prior to year-end 2020, to be invested pursuant to the terms of this Agreement, it being understood that ATRS shall have the right, in its sole discretion, to increase or decrease this sum at any time and for any reason.
- (h) “Company” means any legal business entity or entities that ATRS might form to take ownership and control of any Farm Asset or collection of Farm Assets, it being agreed and understood that in all instances, each Company shall be solely and exclusively owned by ATRS and that USAG shall never be deemed or considered to own, either directly or indirectly, any stock or equity ownership interest, or options or other rights, in and to any Company.
- (i) “Control,” including “Controlling,” “Controlled,” and “Controlled by,” means with respect to any specified Person, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or non-management services, or otherwise; unless the power is the result of an official position with or corporate office held by the Person. Control shall be presumed to exist if any Person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing ten percent (10%) or more of the voting securities of any other Person.
- (j) “Direction” or “Directions” means written directions from ATRS or an Authorized ATRS Representative to USAG, directing USAG to take certain actions as specified therein. “Direct” or “Directed” means to specify or having specified an action by Direction.
- (k) “Farm Asset(s)” means any single asset or collection of assets that: (i) are owned or held by or on behalf of the ATRS, whether directly, indirectly, beneficially, through the Company or otherwise, including (but not limited to) farmland real estate, interests in farmland real estate, all personal, intangible or other property related to the foregoing, cash, accounts, Reserves, Short Term Investments, and other investment assets; and (ii) are managed by USAG pursuant to this Agreement.
- (l) “Gross Asset Value” or “GAV” is the total sum of the value of all Farm Assets owned or held by or on behalf of ATRS whether directly, or indirectly through any one of the Companies as such value shall be adjusted by the Quarterly Fair Market Value Adjustments.
- (m) “Investment Committee” shall mean that group of senior management personnel and employees of USAG that shall be personally responsible for assuring that Investment Proposals are consistent with the Investment Criteria and constitute responsible investment grade acquisitions that are consistent with prudent investor rules.
- (n) “Investment Criteria” means those facts, analyses and opinions that have been compiled by USAG and the Investment Committee in recommending a Proposed Target Property to ~~to~~ [ATRS](#) as a responsible, financially sound and investment grade acquisition and investment, which facts, analyses and opinions are outlined on **EXHIBIT B**, attached hereto.

- (o) "Investment Proposal" means that written report that has been prepared by USAG and approved by the Investment Committee pursuant to which a Proposed Target Property is being recommended for acquisition by ATRS, and which identifies, discusses and analyzes those matters that collectively constitute the Investment Criteria.
- (p) "Lease" means any Tenant Farmer Lease Agreement or other lease, license, occupancy agreement or use agreement in effect with respect to any Farm Asset.
- (q) "Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, charge, encumbrance, lien (statutory or otherwise), or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever.
- (r) "Mortgage Loan" means a loan secured by a mortgage, deed of trust or security deed on real property (as well as a Lien on and security interest in personal, intangible or mixed property connected therewith), whether held directly, beneficially or indirectly through a Company or otherwise.
- (s) "Person" means any individual, partnership, corporation, limited liability company, trust, association, joint venture, unincorporated organization or other entity.
- (t) "Proposed Target Property(ies)" means any farm property or related farm asset that meets the Investment Criteria and that USAG might identify for possible acquisition by ATRS.
- (u) "Quarterly Fair Market Value Adjustment" means the quarterly adjustment of the value of the Farm Assets to fair market value to be performed at the expense of ATRS and under the direction of USAG, where each Farm Asset is adjusted to fair market value through the use of a certified appraisal, restricted use appraisal, or USAG internal reevaluation. Such adjustment shall take place on the first day of each calendar quarter during the term of this Agreement.
- (v) "Reserves" means cash set aside in amounts deemed sufficient by USAG for administrative and operational expenses of the Company and deposited or invested by USAG in Short Term Investments.
- (w) "Short Term Investments" means (i) interest bearing and non-interest bearing direct deposit accounts, certificates of deposit, bankers' acceptances, commercial paper or other securities or obligations that have a maturity date of ninety (90) days or less, the repayment of which are all guaranteed by the United States government or fully insured by the Federal Deposit Insurance Corporation, (ii) other investments and securities issued or fully guaranteed by the United States or its agencies, or (iii) shares in money-market funds rated Am or better by Standard & Poors.
- (x) "Tenant Farmer" shall mean those Persons that are identified and retained by USAG to farm and oversee the operating of any Farm Asset pursuant to a Tenant Farmer Lease Agreement, and who meet the Tenant Farmer Underwriting Criteria.
- (y) "Tenant Farmer Lease Agreement" shall be that agreement that shall be negotiated by USAG and entered into by and between the Tenant Farmer and ATRS pursuant to which

the Tenant Farmer shall farm and oversee the operation of any Farm Asset, it being agreed and understood that Tenant Farmer Lease Agreements shall be drafted in general conformity to that form that is attached hereto as **EXHIBIT C**.

- (z) "Tenant Farmer Underwriting Criteria" shall mean that criteria and those standards that are generally identified on **EXHIBIT D**, attached hereto.
- (aa) "UBTI" means unrelated business taxable income" as defined in Section 512 of the Code.
- (bb) "Unfunded Capital Commitment" means the ~~sum of: (i) Committed Capital plus (ii) \$9.9 million of earnings distributions recalled prior to year end 2020~~ minus (iii) Collective Capital Investment. USAG may call from time to time any amount up to the Unfunded Capital Commitment for the purpose of investing in Farm Assets pursuant to the procedure provided in Article 4. For purposes of this subsection (bb), "Collective Capital Investment" shall mean capital contributed net of any return of capital or distribution of capital gains.

Section 1.2 Interpretation. This Agreement shall collectively be comprised of all provisions herein, all Schedules and Exhibits attached hereto and all written amendments and modifications that are dually executed by all parties hereto. When a reference is made in this Agreement to a Section, Schedule or Exhibit, such reference shall be to a Section of or Schedule or Exhibit to this Agreement unless otherwise indicated. The index and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes," or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms and the singular form of nouns and pronouns shall include the plural and vice versa.

ARTICLE 2
RETENTION OF USAG SERVICES;
AGREEMENT TO PROVIDE SERVICES PURSUANT TO AGREEMENT;
GENERAL BUSINESS PLAN

Section 2.1 Retention of USAG. Beginning as of the Effective Date and until the Termination Date, and in consideration for that compensation payable by ATRS to USAG hereunder, ATRS does hereby hire and retain USAG to oversee and advise ATRS in connection with its plan to purchase, manage, administer, oversee and liquidate Farm Assets along with those other assets that ATRS might own from time to time and that might be recommended for acquisition by USAG.

Section 2.2 Acceptance of Duties and Commitment to be Bound by Agreement. As evidenced by its signature below, USAG agrees to accept and discharge the duties and obligations assigned to it hereunder and agrees to be bound by the terms and conditions of this Agreement.

Section 2.3 General Business Plan. It is acknowledged, agreed and understood that USAG will identify and underwrite investment grade farmland properties located across the United States and recommend investment grade acquisitions to ATRS. ATRS proposes to acquire any and all such properties either in its name or in the name of a Company. USAG will then be responsible for managing and overseeing

such properties with the goal and intention of promoting and producing period cash flow returns to ATRS, and producing capital gain profits upon the subsequent liquidation of such properties.

ARTICLE 3 USAG'S POWERS AND DUTIES

Section 3.1 Fiduciary Duty of USAG. Notwithstanding anything in this Agreement to the contrary, USAG acknowledges and agrees that throughout the term of this Agreement it will be serving as a fiduciary of ATRS and its Affiliates and that it will owe ATRS and its Affiliates a fiduciary duty and the highest duty of loyalty and good faith in connection with the performance of its duties and obligations under this Agreement, which duties and obligations include, without limitation, the obligation:

- (a) to provide objective, competent and timely due diligence analyses of Proposed Target Properties that USAG believes might fit the ATRS Investment Criteria;
- (b) to perform those operational, administrative and managerial duties as set forth herein with respect to each Farm Asset;
- (c) to retain and oversee Tenant Farmers in connection with the manner in which they farm each Farm Asset;
- (d) to oversee and administer the sale of those commodities and crops that are derived from the operation of each Farm Asset;
- (e) to provide objective, competent and timely suggestions and supporting information regarding the proposed sale of any Farm Asset; and
- (f) to otherwise avoid self-dealing, insider transactions, secret transactions and all other business activities that are inconsistent with providing ATRS with the utmost and highest duty of good faith and loyalty in connection with the discharging of those obligations, duties and services that are assigned to USAG under this Agreement.

USAG represents and covenants that in the performance of its duties and obligations hereunder USAG and all of its employees and Affiliates shall possess the requisite expertise and experience necessary in order to discharge the duties and obligations assigned to USAG hereunder, and will utilize the skill, care, prudence and diligence in discharging said duties and obligations that a prudent person owing a fiduciary duty to ATRS would otherwise utilize and observe.

Section 3.2 Powers and Duties of USAG. Without limiting the generality of the foregoing, and upon and subject to the other terms and conditions set forth in this Agreement, USAG shall:

- (a) regularly examine the current inventory of farmland that might be for sale across the United States in an effort to determine whether any particular farmland opportunity might fit within the Investment Criteria;
- (b) regularly contact sources in an effort to identify farmland opportunities that have yet to be listed for sale in an effort to determine whether any particular farmland opportunity might fit within the Investment Criteria;

- (c) regularly monitor the sales prices of farmland properties that have sold to third parties and maintain records regarding the characteristics of the subject farmlands, the price per acre of each such sale, and those other characteristics and statistics that are routinely maintained by professional real estate appraisers or that otherwise might be Directed by ATRS;
- (d) oversee and administer all aspects associated with the retention of Tenant Farmers to farm the Farm Assets and managing and overseeing their business operations;
- (e) manage, operate, maintain and develop the Farm Assets, or cause the Farm Assets to be managed, operated, maintained and developed, (i) in accordance with this Agreement, (ii) in compliance with each Annual Business Plan, and (iii) otherwise, in accordance with general real estate industry standards for the type and location of such Farm Asset or Farm Assets consistent with each applicable Annual Business Plan;
- (f) ensure that each Farm Asset is always owned and operated in compliance with Applicable Law, and promptly remedy any violation of such Applicable Law which comes to its attention;
- (g) cause each Farm Asset to be maintained in proper condition, and cause repairs and alterations thereof, in an effort to maximize the income that will be derived from the operation of each Farm Asset and maximize that capital gain that it anticipated to be realized in connection with the sale of each Farm Asset;
- (h) cause or provide for Tenant Farmers to be timely billed for basic rent, additional rent, utilities and other charges authorized by Leases, and use all reasonable efforts to timely collect such rent and other charges from such Tenant Farmers;
- (i) supervise the performance by Tenant Farmers of their obligations under their Leases and cause to be timely performed the obligations of the Company as landlord under any of the Leases;
- (j) take such action as may be required in connection with the timely performance by any Company of its obligations under any Mortgage Loan, Lease or other agreement related to any of the Farm Assets;
- (k) cause to be timely obtained, verified and paid bills for real estate and personal property taxes, assessments and other governmental charges relating to the Farm Assets;
- (l) timely collect and receive (by deposit immediately following collection into one or more interest-bearing accounts established for and in the name of USAG as agent for the Company in accordance with this Agreement), and remit to ATRS or to the Company, as applicable, all rents, interest, issues, dividends, income and profits of the Farm Assets, proceeds of the sale, financing or disposition of Farm Assets, and other sums due to either the Company or ATRS; provided, however, that such remittances shall be promptly made after such amounts have been reduced for the Company's expenses, disbursements, Reserves and working capital;
- (m) duly invest any cash contributions, Reserves and cash derived from any other source, whether from operations of any and all Farm Assets or otherwise, in the Short Term

Investments with all such deposits and investments to be withdrawable or redeemable at the option of USAG without penalty or commission;

- (n) when necessary in the opinion of an Authorized ATRS Representative, obtain confirmation of the due organization and formation of the Company under the corporate or limited liability company law of the jurisdiction in which it is incorporated or formed and its authorization and qualification to do business in the state(s) in which it conducts business, by means of certifications of corporate existence from the state agencies having jurisdiction, or opinions of legal counsel to such effect;
- (o) identify, analyze and, if applicable and in accordance with the Investment Criteria propose the consideration of a Proposed Target Property for acquisition as a Farm Asset;
- (p) duly complete capital improvements and development projects in accordance with the respective Investment Proposal;
- (q) enter into or modify, amend, extend, renew or terminate Leases, contracts, agreements and other undertakings in the ordinary course of business of operating, managing and maintaining the Farm Assets and in accordance with the applicable Annual Business Plan [or Directions](#);
- (r) make expenditures in the ordinary course of business of operating, managing and maintaining the Farm Assets and in accordance with the applicable Annual Business Plan [or Directions](#);
- (s) make expenditures for emergency repairs involving danger to life or property or immediately necessary for the preservation and safety of the Farm Assets or for the safety of the Tenant Farmers or required to avoid the suspension of essential services to the Farm Assets;
- (t) except as otherwise set forth in this Agreement, pay out of the Farm Assets the expenses, fees and taxes, if any, incurred in connection with making investments in Farm Assets, or in connection with the sale or development, ownership and operation of the Farm Assets;
- (u) engage at USAG's sole cost and oversight such employees as USAG shall deem necessary to perform the obligations of USAG under this Agreement, and engage at USAG's sole cost such other third parties as USAG shall deem necessary to perform its obligations under this Agreement, provided, however, USAG hereby acknowledges and agrees that it is liable for any acts or omissions of such third parties;
- (v) so long as such cost and expenses are within annual operating budgets provided in the current Annual Business Plan submitted to the Company, USAG may employ all real estate managing agents, brokers, accountants, engineers, environmental consultants, surveyors, title insurance companies, and other agents and experts, including attorneys, that USAG might deem necessary or appropriate in discharging its duties hereunder in the daily administration of the Farm Assets managed hereunder at the sole cost and expense of the Company; provided, however, any such cost associated with the due diligence or closing of the purchase of a Farm Asset shall always be considered the sole cost and expense of the Company and not USAG;

- (w) in the event of default by any Person who is a party to a Lease, contract, agreement or undertaking with the Company or affecting a Farm Asset (including a Tenant Farmer breaching its obligations under a Lease), to pursue any remedy or commence any action in the ordinary course of operating, managing or maintaining the Farm Assets in a manner materially consistent with real estate industry practices, including but not limited to, referring any amounts due to a collection agency, authorizing an attorney to institute action to collect amounts due or enforcing the obligations of a Person to foreclose on a Farm Asset; provided, in the event USAG reasonably believes the default may have a material adverse effect on the Farm Asset, USAG shall provide notice of such default to ATRS ~~and follow any Direction thereafter given with respect to such default;~~
- (x) cause all Farm Assets acquired after the date of this Agreement to be titled and held solely in the name of the Company ~~unless otherwise Directed;~~
- (y) at USAG's expense, maintain or cause to be maintained in full force and effect with respect to USAG the following insurance policies:
 - (i) general liability policy with coverage limits of at least Ten Million (\$10,000,000);
 - (ii) an errors and omissions/professional liability insurance policy with coverage limits of at least Five Million Dollars (\$5,000,000); and
 - (iii) a crime coverage policy, including coverage for employee fraud or dishonesty, with coverage limits of at least Two Million Dollars (\$2,000,000);provided, each such insurance policy shall be issued by an insurance company that has been approved by ATRS and that has been rated A- or better by A.M. Best at the time of issuance and shall name ATRS and its member as joint loss payees with respect to crime coverage policy. USAG shall furnish ATRS with certificates of coverage with respect to such policies within thirty (30) days of the execution of this Agreement and from time to time upon request by the Company which certificates shall provide that the insurer will endeavor to give ATRS at least thirty (30) days' prior written notice of cancellation of such policies;
- (z) at ATRS' expense, obtain and maintain property and liability insurance providing coverage for the Farm Assets and USAG in the performance of its duties under this Agreement, under policies covering all properties owned by or for the benefit of ATRS. Such policies may be blanket policies which also cover the properties of USAG's other clients as long as such policies are in the best interest of ATRS and ATRS does not bear more than its actual share of the premiums for such policies;
- (aa) identify opportunities for additional investments of the Company's assets in Farm Assets and cause such additional Farm Assets to be acquired by the Company in accordance with the applicable Investment Proposals;
- (bb) conduct itself at all times in compliance with all ATRS policies and procedures applicable to the investment and management of the Farm Assets that might be promulgated, modified or amended from time to time;

- (cc) obtain and at all times maintain in good status all permits and licenses that might be required in order to discharge USAG's duties and obligations hereunder including, to the extent necessary, all real estate brokerage licenses, all securities and commodities trading licenses, and all related and unrelated business permits of every nature that might be required as a result of the performance of USAG's duties and obligations hereunder;
- (dd) provide advice regarding the purchase of commodity futures contracts, forward crop purchase agreements and related and unrelated commodity hedging programs in an effort to reduce risks and increase profits associated with ownership of any Farm Asset, and provide for the placement of such contracts and agreements, it being agreed and understood that all such commodity sale and hedging programs shall be consistent with the Commodity Hedging Criteria Summary that is attached hereto as **EXHIBIT E**. USAG may revise the Commodity Hedging Criteria Summary from time to time at its discretion; provided, however, USAG shall provide written notice to ATRS of any such modification. If within seven (7) business days of submittal to ATRS of any modification to the Commodity Hedging Criteria Summary ATRS has not provided written notice to USAG that it disapproves of such modification, then ATRS shall be presumed to have approved such modification and USAG can proceed to operate under such modification.
- (ee) coordinate the Quarterly Fair Market Value Adjustment; and.
- (ff) monitor all acquisitions and any direct farm expenditures to ensure ATRS compliance with the requirements of Arkansas Act 710 of 2017.

Section 3.3 Restrictions on USAG's Power and Authority. USAG shall not do or cause any other Person to do any of the following in the absence of Directions to the contrary:

- (a) settle, compromise and adjust any claim in favor of, against or relating to the Company or Farm Assets, except non-material claims settled, compromised or adjusted in the ordinary course of business of operating, managing and maintaining the Farm Assets;
- (b) arrange to prosecute, defend, settle, or compromise any action at law or in equity or any administrative proceeding in favor of, against or relating to the Company or the Farm Assets if such action or proceeding reasonably could be expected to have a material effect (adverse or otherwise) on the Farm Asset(s) affected thereby (taking into consideration any insurance coverage applicable thereto), or satisfy, settle, compromise or adjust any judgment, decree, decision, order or settlement in connection therewith; or
- (c) create, incur, assume or suffer to exist any Lien upon any of the Farm Assets except for (A) Liens for taxes and special assessments not yet due or which are being contested in good faith and by appropriate proceedings if adequate Reserves with respect thereto are maintained on the books of the Company, (B) carriers', warehousemen's, mechanics', materialmen's', or other like Liens arising in the ordinary course of business which are not overdue for a period of thirty (30) days or which are being contested in good faith and by appropriate proceedings, (C) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and other Liens incurred in the ordinary course of business which, in the aggregate, are not substantial in amount, and

which do not in any case materially detract from the value of the Farm Asset subject thereto or interfere with the ordinary conduct of the business of the Farm Assets or the Company, or (D) mortgages and deeds of trust entered into in accordance with an Investment Proposal or an Annual Business Plan.

Section 3.4 Prohibitions on USAG's Power and Authority. USAG shall not do or cause any other Person to do any of the following:

- (a) enter into any transaction or engage in any other activity which is outside the scope of this Agreement, including entering into any transaction or engaging in other activity that is contrary to Applicable Law with respect to ATRS or any of its Affiliates, including Arkansas Code Annotated Sections 24-2-601 et seq.; provided, however, USAG shall not be required to comply with the following provisions:
 - (i) Arkansas Code Annotated Section 24-2-608 with respect to the percent of ATRS assets invested in Arkansas investments, although USAG may invest some of the Committed Capital in Arkansas agricultural farm land, USAG shall have no affirmative obligation to invest any of the Committed Capital in Arkansas farm land pursuant to this Section;
 - (ii) Arkansas Code Annotated Section 24-2-612 which requires diversification of its total funds under management - USAG is directed by ATRS to invest the Committed Capital in agricultural farm land and shall have no affirmative obligation to seek to diversify the Committed Capital to be invested by USAG pursuant to this Agreement in anything other than agricultural farm land that meets the Investment Criteria spelled out in Exhibit B;
 - (iii) Arkansas Code Annotated Section 24-2-616 which requires all cost incurred in investing its assets to be approved by the ATRS board and to be reasonable - once USAG has received notice from ATRS of its approval of all cost proposed in the Annual Business Plans, and Investment Proposals submitted by USAG, USAG can rely on such approvals as evidence that such cost are in compliance with Section 24-2-616;
 - (iv) Arkansas Code Annotated Section 24-2-618(f)(2) dealing with notice and approval requirements – USAG has no duty to comply with the notice and approval requirements of Section 24-2-618(f)(2).
- (b) enter into any transaction or engage in any other activity which violates any policy or procedure set forth in a Schedule hereto or any Direction;
- (c) engage in any activity which results in the loss of the tax-exempt status of the Company (unless USAG was Directed to establish the Company as a taxable entity); or
- (d) enter into any transaction of any kind with any Person where the liability of ATRS or any of its Affiliates relating to such transaction is not limited to the Farm Assets ~~;-OF~~

~~(e) enter into any transaction or engage in any other activity which violates Act 758-Ark. Code Ann. § 25-1-1201 et seq. scrutinized company language under Article 11: USAG and its Affiliates acknowledge that ATRS is subject to the requirements of Acts 2023, No. 758, which prohibits ATRS from entering into a contract with a scrutinized company. As used herein, the term “scrutinized company” means a company owned in whole or with a majority ownership by the government of the People’s Republic of China. In light of ATRS’ status as a state agency of the State of Arkansas and specifically pursuant to the requirement applicable to ATRS under Acts 2023, No. 758, USAG and its Affiliates agree and certify that they are not a scrutinized company; or~~

~~(d)(f) enter into any transaction or engage in any other activity which violates Act 611-Ark. Code Ann. § 25-1-1101 et seq. boycott ESG language under Article 11: USAG and its Affiliates acknowledge that ATRS is subject to the requirements of Acts 2023, No. 611, which prohibits ATRS from entering into a contract with a company to acquire or dispose of services unless the contract includes a written certification that the person or company is not currently engaged in, and agrees for the duration of the contract not to engage in, a boycott of energy, fossil fuel, firearms, and ammunition industries. USAG and its affiliates certify that they are not currently engaged in, and for the duration of the Amended and Restated Farmland Management Agreement will not engage in, a boycott of energy, fossil fuel, firearms, and ammunition industries.~~

~~(e) enter into any transaction as a result of which the Company or ATRS realizes UBTI unless the risk of realizing such UBTI was (i) disclosed in writing to an Authorized ATRS Representative prior to Direction to enter into such transaction and (ii) USAG was specifically Directed to cause the entering into of the transaction; provided, however, that if any tax on “UBTI” is payable by the Company by reason of any transactions, USAG shall cause to be prepared and timely filed, in the name of the Company (to the extent permitted by Applicable Law) any tax returns required by reason thereof.~~

~~to the extent any capital call, funding request, or expenditure includes any recallable distributions, USAG may not make any expenditure until USAG has received notice (written or email) from ATRS that ATRS has completed the ATRS-required process for recallable distributions.~~

Reservation of Rights by ATRS. ATRS reserves the right, at any time, to modify, restrict or eliminate the duties and powers of USAG as set forth in this Agreement pursuant to a Direction to USAG.

ARTICLE 4
IDENTIFICATION OF PROPOSED TARGET PROPERTIES;
INVESTMENT COMMITTEE ANALYSIS AND RECOMMENDATION;
ASSET ACQUISITION PROCEDURE

Section 4.1 Maintenance of Sales Activity Reports. USAG shall on a regular and routine basis maintain records and inventory reports regarding farmlands across the United States that are for sale and

farmlands that have been the subject of sales to third party purchasers. USAG shall also endeavor to identify farmland sales opportunities that have yet to be formally listed for sale to the public. In all instances, USAG shall maintain records regarding the acreage and characteristics of each property, the price per acre for which properties have sold or are listed for sale, and those other characteristics and statistics that are routinely maintained by professional real estate appraisers or that otherwise might be Directed by ATRS. ~~All such reports and records shall be submitted on a monthly basis to ATRS for review, or as requested by an ATRS Representative.~~ ATRS may, on occasion, request to review reports and records upon request, which review will not be unreasonably withheld.

Section 4.2 Identification of Proposed Target Property. USAG shall be responsible for identifying Proposed Target Properties that either meet or exceed the Investment Criteria. When so identified, USAG shall present the Proposed Target Property to the Investment Committee for analysis and recommendation. ~~To the extent that the Investment Committee believes that the Proposed Target Property meets the Investment Criteria, then the Investment Committee shall cause an Investment Proposal to be prepared and submitted to ATRS. Each Investment Proposal submitted to ATRS for consideration shall be executed and acknowledged by every member of the Investment Committee and shall serve as their representation that the Proposed Target Property meets the Investment Criteria and constitutes a responsible investment. It is agreed and understood that ATRS will perform no due diligence investigations in connection with its acceptance and approval of any Investment Proposal and that ATRS will be exclusively relying upon USAG in connection with all investment decisions hereunder.~~

Section 4.3 Investment Proposal Approval. ~~Reserved Investment Proposal Approval. To the extent that the Investment Committee determines that the Proposed Target Property meets the Investment Criteria, each Investment Proposal for consideration shall be executed by the Investment Committee in accordance with its policy and procedures. Investment Committee approval shall serve as confirmation that the Proposed Target Property meets the Investment Criteria. It is agreed and understood that ATRS will perform no due diligence investigations in connection with any Investment Proposal and that ATRS will be exclusively relying upon USAG in connection with all investment decisions hereunder. Upon submittal to ATRS, ATRS shall review the Investment Proposal. If within seven (7) business days of submittal to ATRS of each Investment Proposal ATRS has not provided written notice to USAG that they disapprove of such Investment Proposal, then ATRS shall be presumed to have approved such Investment Proposal and shall be deemed to have issued a Direction to USAG directing USAG to take all responsible and prompt steps necessary in order to acquire ownership of the Proposed Target Property.~~

Section 4.4 Asset Acquisition Procedure. USAG shall promptly cause an agreement for the purchase of the Proposed Target Property to be prepared. The agreement along with all due diligence reviewed by USAG that pertains to the Proposed Target Property shall be reviewed by USAG in-house or outside legal counsel prior to the submittal of the purchase and sale agreement to the proposed seller. Among other things, the agreement shall, at a minimum, address the following:

- (a) shall establish the price of the Proposed Target Property;
- (b) establish the earnest money deposit, which shall not exceed \$250,000 absent ATRS Direction approval, which shall be refundable at any time during the due diligence investigation period and which, thereafter, shall be non-refundable;

- (c) shall establish a due diligence investigation period from the date upon which the final information submittal is delivered to USAG during which ~~ATRS-USAG~~ and its third party experts may examine the Proposed Target Property;
- ~~(d)~~ shall require the seller to deliver a commitment of title insurance from a title company chosen by USAG that shall provide that the Proposed Target Property is, or at closing will be, free and clear of all financial liens and encumbrances but subject to nonmaterial easements and encumbrances that do not affect the value or marketability of the Proposed Target Property; ~~notwithstanding the foregoing, ATRS reserves the right to subsequently require that the title company providing commitments for title insurance be approved by ATRS;~~
- ~~(d)~~(e) shall complete a Phase I Environmental Site Assessment to identify the current and historical uses of a property;
- ~~(e)~~(f) shall require a survey of the Proposed Target Property that meets ALTA minimum standards necessary in order to remove the survey exception from the contemplated title insurance policy to be delivered to ~~ATRS-USAG~~ and the title company prior to the end of the due diligence period; and
- ~~(f)~~(g) shall identify those other matters that ATRS might require from time to time.

Section 4.5 Closing Procedures and Funding. Upon the determination that a Proposed Target Property meets the Investment Criteria, USAG shall establish a date at which a closing of said purchase will occur. The closing will be coordinated through a nationally recognized title insurance company. The title insurance company shall prepare a closing and settlement statement that shall reflect the applicable purchase price, all prorations of general and special property taxes, all rental prorations, all expenses chargeable to seller and ATRS, and those other matters that routinely appear on a closing and settlement statement. The title insurance company shall also issue an insured closing letter from its underwriter. USAG in-house or outside legal counsel shall review and oversee all aspects of the pre-closing and closing process. Thereafter, ~~ATRS-USAG~~ will wire transfer the purchase price, as adjusted by prorations and costs, plus any other capital expenditure funds that are identified on the closing and settlement statement, to the title insurance company for disbursement in accordance with the closing and settlement statement and those escrow instructions that USAG in-house or outside legal counsel shall provide.

Section 4.6 Equitable Rotation. USAG shall ~~pursue provide ATRS with~~ Proposed Target Properties on behalf of ATRS in a manner that equitably rotates opportunities among ATRS and USAG's other investment clients; provided, however, if ATRS notifies USAG in writing that it ~~no longer desires to acquire Proposed Target Properties~~, USAG will ~~not present not pursue~~ Proposed Target Properties on behalf of ATRS other than Proposed Target Properties that are located adjacent to existing Farm Assets.

Section 4.7 Disclosure of Other Management Agreement Terms. Should USAG enter into an agreement with another entity to acquire and manage agricultural real estate on a non-comingled, separate account basis ("Third Party Agreement"), and should said Third Party Agreement provide for the commitment of capital by said entity that is equal to or less than the Committed Capital, then USAG shall provide written notice to ATRS, within thirty (30) days from the date of the Third Party Agreement, the following information:

- (a) The entity's name;

- (b) The amount of capital that has been committed by said entity for investment;
- (c) The amount of and manner in which Recurring Compensation, management or advisory fees and other consideration is paid to USAG; and
- (d) The amount of and manner in which Incentive Compensation or other deferred compensation or profit distributions is paid to USAG.

ARTICLE 5 TENANT FARMER RELATIONSHIPS AND OVERSIGHT

Section 5.1 Identification of Tenant Farmer; Underwriting Criteria. USAG shall be solely responsible for locating and identifying all parties who are proposed to serve as Tenant Farmers with regard to each Farm Asset.

Section 5.2 Tenant Farmer Lease Agreement; Rental Payments. The Tenant Farmer Lease Agreement shall be drafted in accordance with local tenancy laws and customs for the region in which the Farm Assets are located. In addition, the Tenant Farmer Lease Agreement shall be drafted in general conformity with that template that is attached hereto as **EXHIBIT C**.

Section 5.3 Oversight of Tenant Farmer Activities. USAG shall be responsible for ensuring that Tenant Farmer timely complies with all provisions of the Tenant Farmer Lease Agreement, and responsible for taking all actions necessary and appropriate in order to enforce ATRS's rights and entitlements thereunder.

Section 5.4 Collection of Rents. USAG shall be responsible for ensuring the prompt and timely collection of all rents due and payable under the Tenant Farmer Lease Agreement. To the extent that the rents payable thereunder are to be paid, either in part or in whole, by the delivery of crops, USAG shall take all steps necessary in order to ensure the proper accounting of all harvest activities and the proper delivery of all crop rental entitlements.

ARTICLE 6 BANK ACCOUNTS; CONTRIBUTIONS, DISTRIBUTIONS AND WITHDRAWALS

Section 6.1 Operating and Depository Accounts. USAG will establish and maintain such operating accounts, depository accounts and other bank accounts in the name of USAG as agent for the Company, and with such signature authority as may be deemed necessary or appropriate, in the reasonable discretion of USAG, to perform its duties and obligations under this Agreement. USAG shall provide in writing to ATRS information with respect to the identification of such accounts and the terms and conditions under which they are maintained promptly following their establishment or any changes thereto. USAG shall ensure that said accounts shall contain only the minimal funding necessary in order to pay routine operational expenses. In no event shall any such account contain funds in excess of \$250,000 unless approved by the Authorized ATRS Representative. Upon written request from ATRS, USAG shall ensure that all financial institutions holding said accounts provide a courtesy copy of all monthly bank statements to ATRS. USAG shall always ensure that deposits with the banking institutions do not exceed those amounts that are guaranteed by the Federal Deposit Insurance Corporation.

Section 6.2 Dividends and Other Distributions. USAG shall timely collect, receive and, immediately upon receipt, deposit into an interest bearing account in the name of the Company, all income, proceeds and receipts from the Farm Assets, net of the Company's expenses, disbursements, Reserves and working capital. USAG shall cause distributions of such receipts and all accrued interest thereon to be distributed to ATRS at least semi-annually on or before June 1 and December 1 of each calendar year. In addition, USAG shall cause distributions to be paid out pursuant to this Agreement at any time the balance of any account maintained by USAG for the benefit of ATRS hereunder exceeds the amount that is insured by FDIC deposit insurance. ATRS may Direct USAG to declare or cause the Company to declare dividends or make other distributions from the Farm Assets from time to time and at any time, of all or any portion of the cash assets (including, without limitation, dividends and accrued interest thereon, all of which constitute Farm Assets) and liquidation proceeds and proceeds from the sale, exchange or disposition of any and all Farm Assets acquired by the Company, as the case may be.

Section 6.3 Operational Funding Shortfalls. If at any time the cash in the Company's accounts shall not be sufficient to pay the bills and charges which may be incurred with respect to the Farm Assets, USAG shall not be obligated to pay said expenses and charges from its own account. USAG shall notify ATRS immediately in writing upon knowledge of a cash shortage or pending cash shortage with respect to a Company's account in connection with the operation of the Farm Assets and ATRS shall determine and Direct payment priority. After USAG has paid or caused to be paid, to the extent of available cash, all bills and charges in connection with the operation of the Farm Assets based upon the priorities established and Directed by ATRS, USAG shall submit to ATRS a statement of all remaining unpaid bills. ATRS shall thereafter and without undue delay provide sufficient moneys (either directly or through the Company) to pay any unpaid expenses properly payable by ATRS or the Company with respect to the operation of the Farm Assets.

ARTICLE 7 COMPENSATION AND REIMBURSEMENTS

Section 7.1 Recurring Quarterly Compensation. In consideration for its services rendered hereunder, it is agreed and understood that ATRS shall pay to USAG in quarterly installments a sum that is equal to one-quarter (1/4) of one percent (1.00%) of the Gross Asset Value of the Company ("Recurring Compensation"). The following procedure shall address the manner in which Recurring Compensation invoices are submitted and approved for payment:

- (a) On the last day of each calendar quarter USAG shall submit to the Pinnacle Mountain Holding Company, LLC ("Pinnacle"), the affiliate of ATRS that is the direct or indirect holding company with regard to all assets that are the subject of this Agreement, invoices for .25% (.0025) of the Gross Asset Value outstanding as of the last day of the prior quarter. (Example: USAG submits an invoice on June 30 based upon such Gross Asset Value on March 31 to cover compensation to USAG for the period 4/1 through 6/30)
- (b) All invoices shall (i) show the manner in which the Recurring Compensation has been calculated, (ii) request reimbursement of all unreimbursed or outstanding unpaid expenses properly payable by ATRS or the Company with respect to the Farm Assets (iii) include any relevant supporting documentation for either the Recurring Compensation or reimbursement of expenses, (iv) provide a balance for each of the respective Company accounts from which

payment will be made and request additional capital to cover any accounts that do not have sufficient capital to cover such payments requested by such invoices.

- (c) Within 5 days of receipt of the above invoices, the ATRS designated representative shall:
- (i) If ATRS does not question the accuracy of said invoice, either pay or cause to be paid the amounts due thereunder or send written approval to USAG personnel authorizing them to fund the payments that are the subject of the invoices to USAG or such third party vendors from the appropriate Company accounts;
 - (ii) If ATRS questions any item on the invoice, then ATRS shall submit to USAG a request for additional information to document the accuracy of the related invoices and shall pay such invoice within five (5) days of receiving such information and resolution of any such questions; and
 - (iii) Approve and wire to the appropriate Company accounts any additional capital needed to cover amounts approved for payment by USAG from the such accounts.

Section 7.2 Reimbursement USAG Expenses. USAG shall be entitled to reimbursement for all reasonable and necessary costs and expenses incurred in connection with the fulfillment of its duties and obligations hereunder, PROVIDED, HOWEVER, that as a condition to such reimbursement, the identified cost or expense (a) must have been clearly identified and included in the Annual Business Plan, (b) must have been approved in writing by the Authorized ATRS Representative prior to said expense being incurred by USAG, (c) must be an emergency expense that was incurred by USAG due to the occurrence of extraordinary circumstance that required the incurring of the emergency expense in order to avoid additional substantive damage to a specified Farm Asset or otherwise to protect the health, safety and welfare of parties directly involved with any Farm Asset and (d) ATRS will not be billed for lodging, meal, travel or entertainment expenses. As a condition to the reimbursement of an emergency expense, USAG shall deliver, along with the reimbursement request, a written report regarding the reasons why the emergency expense was incurred. In no event shall an emergency expense in excess of \$25,000 be incurred by USAG absent the written consent of the Authorized ATRS Representative.

ARTICLE 8 REPORTS; RETURNS; BOOKS AND RECORDS

Section 8.1 Annual Report. USAG shall cause to be prepared and delivered to ATRS an annual financial report of the Farm Assets for the prior calendar year, audited at the expense of the Company by an independent certified public accountant acceptable to an Authorized ATRS Representative. The annual financial report shall be prepared and submitted to ATRS on or before March 31st of each calendar year.

Section 8.2 Quarterly Reports. USAG shall cause to be prepared and delivered to ATRS an unaudited quarterly financial report of the Farm Assets. The quarterly unaudited financial reports shall be prepared and submitted to ATRS on or before the 45th day after the end of each calendar year quarter.

Section 8.3 Proposed Annual Operating Budgets. USAG shall cause to be prepared and delivered to ATRS an annual budget that proposed and anticipates the income and expenses to be realized in connection with the operation of each Farm Asset. ~~The annual budget report shall be prepared and~~

~~submitted to ATRS by December 31 of each calendar year. ATRS shall have the right to require modifications and amendments thereto upon the presentation to USAG of applicable Directions.~~

Section 8.4 Proposed Annual Capital Expenditures Budgets. USAG shall cause to be prepared and delivered to ATRS an annual capital expenditure budget that proposed and anticipates those capital expenditures and improvements related to each Farm Asset. ~~The annual capital expenditure report shall be prepared and submitted to ATRS by December 31 of each calendar year. ATRS shall have the right to require modifications and amendments thereto upon the presentation to USAG of applicable Directions.~~

Section 8.5 Transaction Status Reports; Additional Reports. In addition to all other reports required hereunder, USAG shall:

~~(a) — prepare and provide to ATRS on a monthly basis an acquisition pipeline report that shall, among other things, identify all Proposed Target Properties outstanding and, with respect to each such Proposed Target Property, the then-current diligence status, the status of all letters of intent, the amount of earnest money on deposit, the target date for definitive purchase contract execution, funds anticipated in order to close, confirmation of compliance with the Investment Criteria, and that other basic information that USAG might identify, or that ATRS might require; provided, however, if ATRS has provided notice that it no longer desires to acquire Proposed Target Properties, as set forth in Section 4.6 above, then USAG shall not be required to submit a monthly pipeline report to ATRS.~~

~~(b)(a)~~ If Directed, USAG shall prepare and distribute such other reports, budgets or accountings as ATRS may reasonably deem to be necessary.

~~If Directed, USAG shall, at the expense of USAG, deliver to ATRS copies of USAG's annual reviewed balance sheet and financial statement for each fiscal year within ninety (90) days after the end of such fiscal year.~~

~~(c)(b)~~ USAG shall, at the expense of the Company, deliver to ATRS copies of the Company's audited balance sheet and financial statements for each fiscal year by March 31 of each calendar year.

Section 8.6 Returns. USAG shall cause to be duly prepared and timely filed at the expense of the Company all tax or information returns on behalf of the Company, and ATRS shall cooperate with USAG with respect thereto. All annual tax returns shall be timely prepared so as to avoid the need to file any extension requests with applicable taxing authorities.

Section 8.7 Accounts. USAG shall keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions and proceedings under this Agreement, and all such accounts and other records relating thereto shall be open to inspection and audit at all reasonable times during the term of this Agreement and the Survival Period, at the expense of ATRS or by any Person designated by ATRS.

Section 8.8 Books and Records. USAG shall act as custodian for the Books and Records of the Company and all such records shall be open to inspection and audit at all reasonable times during the term of this Agreement and the Survival Period, by any Person designated by ATRS. USAG shall comply with any reasonable request of ATRS from time to time with respect to providing copies of any of the Books and

Records. USAG shall take appropriate steps in order to provide Authorized ATRS Representatives will with remote computer access to all Books and Records.

ARTICLE 9 GENERAL SURVIVAL; INDEMNIFICATION; DISPUTE RESOLUTION

Section 9.1 Survival of Representations and Covenants. The representations and covenants made USAG in this Agreement shall survive for eighteen (18) months after the Termination Date (the "Survival Period"); provided, however, that any covenant by its terms which survives the Termination Date for a longer period of time shall survive for such longer period of time.

Section 9.2 Indemnification by USAG.

- (a) USAG shall indemnify and save harmless ATRS and its Affiliates, and their respective officers, managers, directors, agents and employees (collectively, the "ATRS Parties") from and against any Losses, including UBTI, resulting or arising from or otherwise relating to (i) the failure of USAG to promptly and responsibly perform any of the duties or obligations assigned to USAG hereunder, (ii) any breach of USAG's representations and warranties set forth in this Agreement, (iii) any nonfulfillment of or failure to comply with any covenant of USAG set forth in this Agreement, (iv) the failure by USAG to comply with any Direction, or (v) the failure by USAG or any of its Affiliates to discharge that fiduciary duty that said entities owe ATRS hereunder.
- (b) Notwithstanding (a) above, ATRS acknowledges and agrees that USAG is not a guarantor of the performance of any Farm Asset and that USAG shall not be liable, responsible or accountable for the Losses of any of ATRS Parties for (i) the failure of any Farm Asset to perform as projected in or contemplated by any Annual Business Plan due to market conditions or other similar factors beyond the reasonable control of USAG, (ii) the failure of USAG to act upon or perform any action or matter for which Direction has been requested in writing in a reasonably timely manner during the period between the date of its written request for Direction and the date a Direction in response thereto has been received by USAG, or (iii) any act or omission performed or omitted by USAG at the Direction of an Authorized ATRS Representative, so long as USAG was not guilty of fraud, bad faith, negligence or willful misconduct and complied in all material respects with the covenants, conditions or other agreements contained in this Agreement relating to such act or omission.
- (c) The provisions of this Section shall survive the Termination Date.

Section 9.3 Method of Asserting Claims, Etc.

- (a) Promptly after receipt by any ATRS Parties (an "Indemnified Party") of notice or knowledge of any demand or claim or the commencement of any action, proceeding or investigation (an "Asserted Liability") that could reasonably be expected to result in Losses, the Indemnified Party shall give notice thereof (a "Claims Notice") to USAG (the "Indemnifying Party"). Each Claims Notice shall describe the nature and basis of the Asserted Liability in reasonable detail, and shall indicate the amount (estimated, if necessary) of the Losses that have been or may be suffered by the Indemnified Party. The rights of any Indemnified Party to be indemnified hereunder shall not be adversely affected by its failure to give, or its failure to timely give, a Claims Notice with respect thereto unless, and if so, only to the extent that, the Indemnifying Party is prejudiced thereby.
- (b) The Indemnifying Party shall have the right, exercisable by written notice to the Indemnified Party within sixty (60) days of receipt of a Claims Notice from the Indemnified Party, to assume the exclusive defense, settlement, adjustment and compromise of such Asserted Liability, using counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnified Party. Should the Indemnifying Party elect to assume the exclusive defense of the Asserted Liability, the Indemnifying Party shall not be liable to the Indemnified Party for legal expenses incurred by the Indemnified Party in connection with the defense thereof. Subject to the foregoing, if the Indemnifying Party elects to compromise or defend such Asserted Liability, the Indemnified Party shall cooperate, at the expense of the Indemnifying Party, in the compromise of, or defense against, such Asserted Liability. If the Indemnifying Party elects not to compromise or defend the Asserted Liability or fails to notify the Indemnified Party of its election as herein provided, the Indemnified Party may pay, compromise or defend such Asserted Liability. The Indemnified Party and the Indemnifying Party may participate, and to be represented by counsel, at their own expense, in the defense of such Asserted Liability. If the Indemnifying Party chooses to defend any claim, the Indemnified Party shall make available to the Indemnifying Party any books, records or other documents within its control, and the reasonable assistance of its employees, for which the Indemnifying Party shall be obliged to reimburse the Indemnified Party the reasonable out-of-pocket expenses of making them available.
- (c) If any Indemnifying Party has assumed the exclusive defense of an Asserted Liability in accordance with the terms hereof, the Indemnifying Party shall have the right to consent to the entry of judgment with respect to, or otherwise settle such Asserted Liability without the consent of the Indemnified Party if (i) the settlement involves solely monetary damages and (ii) the Indemnifying Party expressly agrees in writing to the Indemnified Party that, as between the two, the Indemnifying Party is solely obligated to satisfy and discharge the claim. If the foregoing conditions are not satisfied, the Indemnifying Party shall have the right to consent to the entry of judgment with respect to, or otherwise settle such Asserted Liability only upon receipt of the written consent of the Indemnified Party, which consent shall not be unreasonably withheld. If the Indemnified Party does not give such consent, the Indemnifying Party shall resume the diligent defense of the Asserted Liability. If the Indemnifying Party elects to assume the exclusive defense of the Asserted Liability in accordance with the terms hereof, the Indemnified Party shall not admit any liability with respect to, consent to the entry of judgment with respect to, or otherwise settle such Asserted

Liability without the prior written consent of the Indemnifying Party; and, if the Indemnifying Party does not elect to assume the exclusive defense of the Asserted Liability in accordance with the terms hereof, the Indemnified Party may, acting reasonably, settle such Asserted Liability without the prior written consent of the Indemnifying Party.

- (d) The provisions of this Section shall survive the Termination Date.

Section 9.4 Informal Dispute Resolution. ATRS and USAG agree and covenant that they shall endeavor to resolve any claim, dispute, controversy or other matter based upon, arising out of or relating to this Agreement through the scheduling of informal dispute resolution meetings between representatives of ATRS and USAG. Such informal dispute resolution meeting shall be held in Little Rock, Arkansas.

Section 9.5 Mediation. In the event ATRS and USAG are unable to resolve any claim, dispute, controversy or other matter based upon, arising out of or relating to this Agreement through informal dispute resolution, ATRS and USAG shall endeavor to resolve any such claim, dispute, controversy or other matter based upon, arising out of or relating to this Agreement by non-binding mediation under the then current CPR Model Mediation Procedure for Business Disputes (“Mediation”) in Little Rock, Arkansas. Such Mediation shall be initiated within ten (10) days after the parties are unable to resolve the claim, dispute, controversy or other matter through informal dispute resolution.

Section 9.6 Litigation. If the claim, dispute, controversy or other matter has not been resolved by Mediation within sixty (60) days of the initiation of such procedure, either party may initiate litigation; provided, however, if one party has requested the other to participate in Mediation and the other has failed to participate, the requesting party may initiate litigation before the expiration of the above period. It is agreed and understood that all litigation shall exclusively occur in a court of competent jurisdiction in Pulaski County, Arkansas and that Arkansas law shall apply to all litigation issues.

ARTICLE 10 TERMINATION, REMOVAL AND RESIGNATION

Section 10.1 Termination. This Agreement shall begin as of the date hereof and shall continue for a period of one (1) year (the “Initial Term”), as the same may be extended (the “Term”). Upon expiration of the Initial Term, this Agreement shall automatically renew for additional successive terms of one (1) year each, unless and until sooner terminated as provided herein. Notwithstanding the foregoing, either Party hereto may terminate this Agreement as provided below (each of the following, along with termination date of the original term and any renewal or extension term hereof, the “Termination Date”):

- (a) If there is a failure by either party to perform any obligations or conditions under this Agreement, and, with regard to any monetary default hereunder such failure is not cured within ten (10) days after written notice of such breach, and, with regard to any non-monetary default hereunder such failure is not cured within thirty (30) days after written notice of such breach, then the non-breaching party may terminate this Agreement.
- (b) ATRS may terminate this Agreement with or without Cause by providing thirty (30) days written notice to USAG of its intent to terminate this Agreement.

- (c) ~~ATRS may terminate this Agreement if USAG enters into a sale, merger, consolidation or similar transaction in which following such transaction at least one of the following persons or groups of persons are not in a position of day-to-day senior management with such successor entity throughout the remaining term of this Agreement (i) Howard Halderman or (ii) at least two of the following: David Martin, Adam Gore, or Anatole Pevnev. Reserved.~~
- (d) USAG may terminate this Agreement by providing at least one hundred eighty (180) days' written notice to ATRS that it is resigning its position as farm manager.

Section 10.2 Effect of Termination of Agreement. Upon the Termination Date, ATRS shall pay to USAG, within five (5) days after the submittal by USAG to ATRS of a final invoice for Recurring Compensation, the sum then due to the extent that said invoice is accurate. Should the Termination Date occur within the term of any calendar quarter, then the Recurring Compensation shall be prorated to the Termination Date.

Section 10.3 Delivery of Assets, Books and Records: Further Assurances.

- (a) No later than the Termination Date, USAG shall deliver to ATRS or to such Person as Directed by an Authorized ATRS Representative all Farm Assets (including cash) held by USAG and all Books and Records. After the Effective Date, USAG shall cooperate with ATRS in making available all information and timely executing and delivering documents reasonably necessary to prepare and timely file any and all tax returns, amended returns, or other filings with governmental or regulatory entities and annual financial statements and reports with respect to the Company or the Farm Assets which relate to the term of this Agreement. USAG covenants and agrees that it shall cooperate with ATRS to facilitate the orderly transfer of the servicing of the Farm Assets to USAG's successor as of the Termination Date.
- (b) In the event USAG is requested to perform substantial services beyond those described in (a) above following the Termination Date, USAG shall be entitled to the payment of reasonable compensation for such services, in such amounts as may be agreed upon by ATRS and USAG.
- (c) This Section shall survive the Termination Date.

ARTICLE 11
CONFIDENTIALITY;
RELATED PARTY TRANSACTIONS PROHIBITION;
RELATED FEE INCOME; OTHER PROHIBITIONS

Section 11.1 Confidentiality. USAG agrees to keep and maintain as confidential all information that it might possess in connection with any and all Farm Assets, all Books and Records, all Annual Business Plans, and all other information regarding business and plans of ATRS, and agrees that it will not disclose such information to any third party. NOTWITHSTANDING THE FOREGOING, it is acknowledged that USAG may disclose confidential information as required by the Arkansas Freedom of Information Act, other applicable law or court order or to third parties who are involved in providing consulting services related to Farm Assets.

Section 11.2 Related Party Transactions Prohibition. Except as provided in Section 11.4 below, USAG agrees that, in connection with the performance of its duties hereunder, it will never enter into any contract or agreement with an Affiliate or other party that is related, either directly or indirectly to USAG of any officer, director, agent or employee of USAG. Any and all such contracts or agreement shall be deemed null and void ab initio and are outside of the scope of USAG's authority hereunder.

Section 11.3 Prohibition Against Other Fee Income. Except as provided in Section 11.4 below, USAG agrees that, in connection with the performance of its duties hereunder, it will never receive or accept from any third party involved in the acquisition, management, administration or sale of any Farm Asset or Proposed Target Property any additional fee, consideration, payment of matters of value other than that compensation payable hereunder including, without limitation, any real estate brokerage fee or commission, real estate referral fee, title insurance or surveyor referral fee, Tenant Farmer broker or referral fee or other fee, payment of matter of value of any nature.

Section 11.4 Approved Exceptions. Notwithstanding the foregoing, ~~upon receipt of Direction from the Authorized ATRS Representative,~~ USAG may enter into affiliated party transactions and may allow for the payment of fees to USAG to the extent that said transactions are fully disclosed to ATRS, involve the payment of consideration that is arm's length and fair, and an Affiliated Party Disclosure Statement, substantially in that form that is attached hereto as **EXHIBIT F**, has been executed by USAG and delivered to ATRS for review and consideration. ~~ATRS reserves the right to refuse any proposed affiliated party transaction within its sole discretion.~~

Section 11.5 Non-Discriminatory Actions. USAG and its Affiliates agrees that they shall comply and adhere to all applicable state and federal laws pertaining to non-discrimination in connection with the employment of Tenant Farmers, service providers and others involved in implementing the goals and purposes of this Agreement, including, without limitation, Arkansas Code annotated Section 25-17-101, which prohibits discrimination due to race, color, creed, national origin, ancestry, sex, religion and other protected criteria in employment matters.

Section 11.6 No Gift Policy. USAG and its Affiliates acknowledge that ATRS maintains a "no gift policy" and USAG and its Affiliates agree that neither they nor any of their employees or agents shall ever offer to ATRS or its employees or agents any gift or other item or service of any tangible value.

Section 11.7 Scrutinized Company. USAG and its Affiliates acknowledge that ATRS is subject to the requirements of Ark. Code Ann. § 25-1-1201 et seq., which prohibits ATRS from entering into a contract with a scrutinized company. As used herein, the term “scrutinized company” means a company owned in whole or with a majority ownership by the government of the People’s Republic of China. In light of ATRS' status as a state agency of the State of Arkansas and specifically pursuant to the requirement applicable to ATRS under Ark. Code Ann. § 24-2-801 et seq., USAG and its Affiliates agree and certify that they are not a scrutinized company.

Section 11.8 ESG Metrics. USAG and its Affiliates acknowledge that ATRS is subject to the requirements of Ark. Code Ann. § 25-1-1101 et seq., which prohibits ATRS from entering into a contract with a company to acquire or dispose of services unless the contract includes a written certification that the person or company is not currently engaged in, and agrees for the duration of the contract not to engage in, a boycott of energy, fossil fuel, firearms, and ammunition industries. USAG and its affiliates certify that they are not currently engaged in, and for the duration of the Amended and Restated Farmland Management Agreement will not engage in, a boycott of energy, fossil fuel, firearms, and ammunition industries.

ARTICLE 12 MISCELLANEOUS PROVISIONS

Section 12.1 Entire Agreement. This Agreement (and all Schedules and Exhibits related hereto) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements or representations by or among the Parties, written or oral, with respect to the subject matter hereof, including without limitation that certain Sixth Amended and Restated Farmland Management Agreement dated September 30, 2017, as amended and extended (the “Prior Agreement”), which Prior Agreement shall terminate as of the Effective Date.

Section 12.2 Succession and Assignment. No Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other party. Any purported assignment in violation of this Section shall be void. Subject to the preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns.

Section 12.3 Counterparts and Facsimile Signature. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

Section 12.4 Notices. All notices, requests, demands, claims, Directions and other communications hereunder shall be in writing. Any notice, request, demand, claim, Direction or other communication hereunder shall be deemed duly delivered (i) on the date delivered in person, (ii) five (5) business days after the date of the postmark applied by the United States Postal Service if it is sent by first class mail, postage prepaid, (iii) one business day after it is sent for next business day delivery via a reputable nationwide overnight courier service or (iv) on the date sent after electronically delivered with written confirmation, in each case to the intended recipient as set forth below:

If to ATRS:

Arkansas Teacher Retirement System
1400 West 3rd Street
Little Rock, AR 72201
Attn: Director of Real Estate
jerrym@artrs.gov Email: Deputy Director
rodg@artrs.gov

Arkansas Teacher Retirement System
1400 West 3rd Street
Little Rock, AR 72201
Attn: Executive Director
elintr@artrs.gov markw@artrs.gov

If to USAG:

US Agriculture, LLC
12821 E. New Market St., Suite 300
Carmel, IN 46032
Attn: David Martin
david.martin@us-agriculture.com
317-~~708-8970~~678-0700

Copies to:

US Agriculture, LLC
12821 E. New Market St., Suite 300
Carmel, IN 46032
Attn: Meredith Devlin Jay Weddle
meredith.devlinjay.weddle@us-agriculture.com
317-~~790-4961~~678-0700

Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

Section 12.5 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Arkansas without giving effect to any choice or conflict of law provision or rule (whether of the State of Arkansas or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the State of Arkansas.

Section 12.6 Exclusive Jurisdiction. With respect to any matter based upon or arising out of this Agreement, each of the Parties (i) irrevocably consents to the exclusive jurisdiction and venue of the state courts of the State of Arkansas located in Pulaski County, (ii) agrees that process may be served upon them in any manner authorized by the laws of the State of Arkansas for such Persons, (iii) waives the defense of an inconvenient forum and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction, venue and such process, and (iv) agrees that a final judgment in such legal proceeding shall be final, binding and enforceable in any court of competent jurisdiction. Each Party agrees not to commence any legal proceedings except in such courts.

Section 12.7 Amendments to this Agreement. Except as otherwise set forth in this Agreement, this Agreement cannot be changed, modified, discharged or terminated by any oral agreement or any other agreement and there cannot be any waiver of the warranties, representations and covenants contained in this Agreement unless the same is in writing and signed by the Party against whom enforcement of the change, modification, discharge, termination or waiver is sought.

Section 12.8 Schedules and Exhibits. All Schedules and Exhibits which are annexed to this Agreement are part of this Agreement and are incorporated herein by reference.

Section 12.9 No Third-Party Beneficiaries. The provisions of this Agreement are for the sole benefit of the Parties and their respective successors and assigns and, except as specifically set forth in this Agreement, shall not give rise to any rights by or on behalf of anyone other than such Parties.

Section 12.10 Presumptions. This Agreement shall be construed without regard to any presumption or other rule requiring construction against the Party causing this Agreement to be drafted.

Section 12.11 Severability. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be held contrary to any express provision of law or contrary to policy of express law, though not expressly prohibited, or against public policy, or shall, for any reason whatsoever, be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

(Signature Page to Follow)

(Signature Page to Farm Management Agreement)

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Farmland Management Agreement as of the date first above written.

USAG:

US Agriculture, LLC

By: _____
David Martin, Managing Director

ATRS:

ARKANSAS TEACHER RETIREMENT SYSTEM

By: _____

Printed: _____

Title: _____

3402045_1

EXHIBITS

EXHIBIT A – ANNUAL BUSINESS PLAN
EXHIBIT B – INVESTMENT CRITERIA
EXHIBIT C – PRO-FORMA TENANT FARMER LEASE AGREEMENT
EXHIBIT D – TENANT FARMER UNDERWRITING CRITERIA
EXHIBIT E – COMMODITY HEDGING CRITERIA SUMMARY
EXHIBIT F – RELATED PARTY TRANSACTION DISCLOSURE FORM

EXHIBIT A FORM OF ANNUAL BUSINESS PLAN

The Annual Business Plan describes how USAG plans to operate and manage Farm Assets for the upcoming calendar year. Each Annual Business Plan is due by March 31st and shall contain the following.

- Executive Summary
 - Listing of all underlying portfolio investments (should include relevant metrics such as acquisition date, region, gross acres, tillable acres, fair market values/net asset values, original cost, leverage, current IRR, pro-forma IRR, cash on cash yields, percent of total portfolio, etc.)
 - List of major completed and expected capex projects for each underlying investment
 - List of acquisitions/dispositions completed for the prior year
- Finance
 - Operating budgets
 - Capital improvement budgets
 - Types of improvements and cost
 - Source of funding (i.e. operational reserves, ATRS capital, financing, etc.)
 - ~~Capital projects (i.e. projects to be funded from sources other than operational reserves and/or investment cash flows)~~
 - ~~Summary of capital project~~
 - ~~Rationale for project~~
 - ~~Exit strategy~~
 - ~~Expected hold period~~
 - ~~Financial sensitivity analysis, including~~
 - ~~Internal rate of return, net of all fees and since inception (“IRR”) and assumptions for base case, downside, and upside scenarios~~
 - ~~Discounted cash flow pro forma~~
 - ~~Timeline for the completion of the project~~
 - Monthly Annual cash distribution/contribution projections by asset on a cash basis
 - Leverage [subject to approval in the Investment Criteria constraints]
 - Assets levered
 - Loan-to-value ratio for ~~each levered asset and the aggregated the~~ portfolio Debt service coverage Ratios
 - ~~Asset information pertinent to financing, including life cycle and holding period~~ Non-recourse status
 - ~~Structure~~
 - SpreadsRate
 - Term
 - Amortization
 - ~~Returns levered vs. all cash~~
 - Any other materially important information

EXHIBIT B INVESTMENT CRITERIA

The following are the Investment Criteria for ATRS farmland portfolio as managed by USAG. Any investments which are not in compliance with the following criteria are prohibited except with the prior written approval of ATRS.

- A. Objective. The objective of the portfolio is to protect principal and generate income while managing risk to maximize the portfolio's risk-adjusted rate of return. The risk profile of this separate account is low to moderate.
- B. Permitted Investments. Farmland investments are permitted in investment grade farmland properties located across the United States. These investments will include the following components at the time of purchase.
- Attractive locations with good market access,
 - Abundant long term water resources at a reasonable cost,
 - Opportunity for end-user contracts,
 - Potential scale benefits (demand from tenants),
 - Tillable Acres of 85% of total land if dry farmland, or 60% of total land if irrigated farmland,
 - Proven Historic yield history
 - Soil fertility meeting industry norms,
 - An abundance of Tenant Farmer Prospects, and
 - Excellent crop production area.

Additionally, buildings and grain/crop storage attached to farmland may be acquired if they are on or adjacent to productive farmland assets.

- C. Rate of Return. The goal of the ATRS separate account is to produce returns that exceed the NCREIF farmland index over 5 year rolling periods. In addition, the annualized change in the Consumer Price Index plus 300 basis points will be used to compare the portfolio's performance to the opportunity cost of investing in agriculture.
- D. Program Size. The program size is \$125 million on an unlevered basis plus the \$9.9 million of earnings distributions recalled prior to year-end 2020 and, funded solely by ATRS, provided that ATRS may adjust this size in its discretion
- E. Permitted Leasing Agreement Structure. Three leasing agreement structures are preferred and, except with the prior written approval of ATRS, should comprise the majority of ATRS portfolio's lease structures, as measured by Fair Market Value of the Farm Assets of the Company: Fixed Cash Rent Leases, Cash Flex Leases, and Triple Net.

Fixed Cash Rent Leases are the most conservative farmland lease structure. A fixed-cash lease is a rental agreement in which the landowner receives a predetermined cash lease payment from the tenant irrespective

of crop yields or product prices. The tenant produces crops on the land and makes general management decisions as if the land were owned by the tenant. Lease payments are made in the spring and fall.

Cash Flex Leases will be constructed as a base cash rent with potential for a bonus, which is calculated as a percentage of the tenant's profits above a previously agreed gross revenue threshold. Lease payments are made in the spring and fall such as those for a Fixed Cash Rent Lease. However, with the Cash Flex Lease, a cash incentive payment or "bonus", when earned, is payable to the Company in the year it is earned, typically in December. Because of the higher return potential under this structure, the base cash rent is typically lower than under a Fixed Cash Rent Lease.

Triple Net Leases are similar to Cash Rent Leases with the exception that certain expenses, such as taxes and insurance are passed onto the tenant.

Custom hire lease agreements ("Custom Hire") are the most variable of all farmland leases. Structures differ considerably, but may include joint venture operations between the Company and a third party or the Company may decide to operate the land directly. Typically, the Company would pay for 100% of the expenses related to operations and own 100% of the crops produced. However, a 75%/25% split of expenses and ownership with a joint venture partner is not uncommon. ~~This type of leasing is prohibited except with the prior written approval of ATRS. If ATRS does approve~~ If a Custom Hire arrangement is utilized on a grain-producing property, it will also be governed by **Exhibit E** – Commodity Hedging Criteria Summary.

F. Risk Management. Risk will be prudently managed including through the following diversification parameters.

1. Crop Diversification. ~~The portfolio will be comprised of existing crops properties. No development crop investments will be made except with the prior written approval of ATRS.~~ Investments made in permanent crops will be limited to 10% of the Fair Market Value of the Farm Assets owned by the Company; any deviation from this limitation due to the disposition of annual cropland should be mitigated over a reasonable period of time and must be approved by ATRS. No underlying crop will comprise more than 50% of the Fair Market Value of the Farm Assets owned by the Company portfolio, with the exception of corn which will be limited to 75% to take into account the pervasive nature of corn crops in U.S. agriculture investments. Once the portfolio is fully invested and except with the prior written approval of ATRS, the portfolio will not exceed the targeted crop diversification ranges identified above.
2. Geographic Area. Investments will be located within the continental United States. Properties located within the state of Arkansas are preferred within a prudent range of exposure for the total portfolio. It is desired that the investments will have attractive locations with good market access.
3. Geographic Diversification. The portfolio will be diversified among the primary agricultural regions of the U.S.

Region	Target Percentage ⁽¹⁾	Range ⁽¹⁾ (revised 9/12/2008)	
Pacific Coast	10%	0%	to 30%
Corn Belt	25%	15%	to 40%
Southeast	10%	0%	to 15%
Delta	25%	20%	to 35% to 40%
High Plains	30%	20%	to 40%

1) Percentage of ~~portfolio-Fair Market Value of the Farm Assets owned by the Company~~~~gross asset value~~ will only be constrained as noted above once the portfolio is fully invested. Once the portfolio is fully invested and except with the prior written approval of ATRS, the portfolio will not exceed the targeted regional diversification ranges identified above.

4. Leverage. ~~Debt may be utilized for working capital. Upon prior written approval by ATRS, debt may be utilized for~~ acquisitions ~~and~~ improvements ~~and working capital~~; provided, however, at the time any funds are borrowed by the Company, the total outstanding debt of the Company shall not exceed 20% of the Fair Market Value of the Farm Assets owned by the Company at such time, excluding any cash, working capital, or intangible assets owned by the Company at such time; ~~provided further that no more than 10% of the total outstanding debt of the Company may be utilized for working capital without prior written approval by ATRS.~~
5. Participation Limitation. No co-investments will be made with any type of financial partner except with the prior written approval of ATRS.
6. Minimum Investment Size. The minimum individual property investment (purchase price) will be \$500,000, except that smaller investments may be made in properties which adjoin or are in the reasonable vicinity of existing ATRS properties.
7. Maximum Investment Size. Except with the prior written approval of ATRS, the maximum fully developed gross cost of an agricultural property will not exceed 20% of the Fair Market Value of the Farm Assets owned by the Company once the portfolio is fully invested, but specifically excluding any cash, working capital, or intangible assets owned by the Company. USAG will notify, and recommend a course of action to ATRS, and its consultant, if a property exceeds 20% of the Fair Market Value of the Farm Assets, excluding cash, working capital, or intangible assets.

EXHIBIT C
TENANT FARMER LEASE AGREEMENT—PRO-FORMA

AGRICULTURE LEASE

Pinnacle [Pinnacle Entity Name] Operating Company, LLC/ [TENANT NAME].

This agriculture lease (“Lease”) is by and between **Pinnacle [Pinnacle Entity Name] Operating Company, LLC**, an Arkansas limited liability company, (“Lessor”), and **[TENANT NAME]**, a/an _____ (hereinafter called “Lessee”).

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein, and each act to be preformed hereunder by the parties, Lessor and Lessee hereby agree to amend and restate the Lease as follows:

1. Leased Premises. In consideration of the mutual covenants and obligations hereinafter set forth, Lessor hereby leases and lets to Lessee, and Lessee leases from Lessor, farm ground located in _____ County, _____, consisting of approximately _____ gross acres of which _____ irrigated/tillable acres, and more particularly described in Exhibit “A” attached hereto (the “Leased Premises”), under the terms and provisions as hereinafter agreed. The Leased Premises shall include all improvements located on the Leased Premises, including, but not limited to, the center pivot irrigation system including above ground pipes, electrical panels and motors (the “Irrigation Equipment”), all wells and other below ground fixtures and equipment necessary for agricultural production including pumps, casing and pipes (“Well Equipment”), house, quonset building, machine shed, storage shed, scale and scale house, grain bins and elevator legs (collectively the “Improvements”).

2. Designation of US Agriculture, LLC as Lessor’s Agent. Lessor designates US Agriculture, LLC, of ~~10333 North Meridian Street, Suite 425 Indianapolis IN 46290~~ 12821 E. New Market Street, Suite 300, Carmel, IN 46032. Business Phone: (317) ~~708-8990678-0700~~ (“USAG”) as its agent with respect to any and all matters arising under or out of this Lease, including, without limitation, implementation, interpretation and performance of the Lessor’s obligations under this Lease and receipt of Rent and other payments by Lessee to Lessor. USAG is acting solely as agent of the Lessor and is not Lessee’s agent or representative. Lessor hereby ratifies, confirms and approves all actions taken by USAG as its agent under this Lease.

3. Lease Term. The lease term started with the original Lease Date of _____, 20__ (“Commencement Date”) and shall continue through December 31, 20__ (the “Lease Term”). Each calendar year during the Lease Term shall be referred to as a “Lease Year” hereunder, except the first Lease Year ran from the Commencement Date through December 31, 20__.

4. Rent.

(a) Base Rent. “Base Rent” shall be calculated as \$_____ per irrigated/tillable acre for a total of _____ Dollars and _____ Cents (\$_____) per year. The Base Rent shall be paid in two installments, with one-half of the Base Rent (\$_____) being due and payable on or before February 15th of each

Lease Year, and the other one-half of the Base Rent (\$ _____) being due and payable on or before December 15th of each Lease Year.

(b) Capital Maintenance. *[only needed in leases with irrigation equipment or substantial personal property]* The Lessee shall be responsible for all of the labor costs in regards to repairs and maintenance on the Improvements, while Lessor will pay for the parts. Any single repair and maintenance item in excess of \$1,000 in parts must be approved by lessor prior to installing. A summary of all repairs and maintenance projects that have been completed on the property shall be provided by May 15th and August 15th of each Lease Year. By December 15th of each Lease Year, a copy of all invoices for repair and maintenance projects in association with the property, shall be attached to a reimbursement invoice from the Lessee outlining the costs and total due for reimbursement. Lessor shall have until December 31st of each lease year to reimburse the Lessee.

(c) Late Fee. Any payment of any installment of Base Rent or any other sum due under this Lease, all of which shall be deemed "Rent", that is not received by Lessor within ten (10) business days of the due date thereof shall bear a one (1) time late charge of two percent (2.0%) of the payment due and, if more than thirty (30) days past due, shall thereafter bear interest until paid at the lower of (i) the highest rate of interest allowed by law; or (ii) twelve percent (12%) per annum.

5. Insurance. The obligations of the parties with respect to Insurance shall include the following:

(a) Lessor Property. Lessor, at its sole cost and expense, shall procure and maintain throughout the Lease Term insurance covering loss or damage to the Leased Premises, including the Improvements, Irrigation Equipment and Well Equipment, from fire and such other risks as are from time to time included in standard extended coverage endorsements with special broad form coverages, in an amount of not less than one hundred percent (100%) of the full replacement cost of the Leased Premises and such improvements;

(b) Lessee Property. Lessee at its sole cost and expense, shall procure and maintain throughout the Lease Term insurance covering loss or damage to Lessee's own property, inventory, trade fixtures and furniture, and personal property of others, providing protection against all perils included in a Causes of Loss - Special Form policy (or its successor form) in the amount of their full replacement cost (i.e., the cost to replace without deduction for depreciation). Landlord is not responsible for Tenant's property, inventory, trade fixtures and furniture, and personal property of others within the Tenant's care, custody or control.

(c) Comprehensive General Liability and Excess Liability Coverage Lessee, at its sole cost and expense, shall procure and maintain throughout the Lease Term (with an insurance company with an AM Best rating of A- or better and a deductible feature that is reasonably acceptable to Lessor) for the mutual benefit of Lessor and Lessee, a commercial general public liability insurance policy with limits of not less than \$2,000,000 in the aggregate combined single limit coverage for bodily injury or property damage, and \$1,000,000 per occurrence. The insurance coverages obtained by Lessee under this Section 5(c) shall be primary and non-contributing. The amount and coverage of such insurance shall not limit Lessee's liability nor relieve Lessee of any other obligation under this Lease.

(d) Insurance Certificates. Prior to the Commencement Date Lessee and Lessor shall deliver certificates confirming that the coverage required under this Lease is in place and in effect. All policies required hereunder shall contain agreements by the insurers that should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. Each party to this Lease shall, upon request from the other party, promptly furnish such party at any time during the Lease Term, an updated certificate of its insurer, evidencing said coverage, and all renewals thereof, and confirming that should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. Lessor, USAG and its mortgagee will be identified as additional insured parties and certificate holders for the coverage required under Section 5(c).

(e) Notwithstanding any other provision of this Lease to the contrary, neither party to this lease or its officers, directors, partners, members, managers, employees, agents, concessionaires, licensees and invitees shall be liable to the other for loss or damage caused by any risk covered by insurance required to be carried under this Lease, and each party to this Lease hereby waives any rights of recovery against the other and its officers, directors, partners, members, managers, employees, agents, concessionaires, licensees and invitees for injury or loss on account of such covered risks, notwithstanding that such loss, injury, or damage may result from the negligence or fault of the other party, its partners, mortgagees, servants, agents or employees.

(f) Mutual Waiver of Recovery and Waiver of Subrogation Rights. All policies of property insurance required to be carried by either party under this Section 5 shall include a clause or endorsement whereby such party's insurer waives all right of subrogation, and all rights based upon an assignment from its insured, against the other party, its officers, directors, partners, members, managers, employees, agents, concessionaires, licensees and invitees, and in the case of Lessee, its subtenants and their officers, directors, partners, members, managers, employees, agents, concessionaires, licensees and invitees, in connection with any loss or damage thereby insured against; provided that the foregoing reference shall not be deemed a consent by Lessor to any sublease of the premises. If any policy of insurance requires the agreement of a party's insurer as a condition to the effectiveness of this mutual waiver of subrogation, such party agrees to make a commercially reasonable effort to obtain such agreement.

6. Environmental. Lessee shall have the following obligations with respect to compliance with laws and environmental matters:

(a) Lessee, at its own expense, will comply, and will cause its members, officers, employees, agents, and invitees to comply, with all applicable laws, ordinances, and governmental rules and regulations concerning the use of the Leased Premises, including Environmental Laws (as defined in Section 6(c) below) and further including, but not limited to, all applicable federal, state and local laws, rules, regulations ordinances or any other provisions relating to crop production or the disposal of animal wastes, the violation of which would reasonably be likely to have a materially adverse effect on Lease or the Leased Premises.

(b) Lessee shall not cause or permit any Hazardous Material (as defined in Section 6(c) below) to be brought upon, kept or used in or about the Leased Premises by Lessee, its agents, employees, contractors or invitees without the prior written consent of Lessor, which Lessor shall not unreasonably withhold provided Lessee demonstrates to Lessor's satisfaction that such

Hazardous Material constitute materials or chemicals used in the ordinary or regular course of business in farming operations and will be used, kept and stored in a manner that complies with all applicable Environmental Laws. If Lessor does consent to Lessee's proposed use of any Hazardous Material on the Leased Premises, Lessee shall remove, to the extent such removal is usual and customary in the area or is required by local, state or federal law, all such Hazardous Material upon the expiration or termination of this Lease and restore the Leased Premises to a condition satisfactory to Lessor. Lessor agrees and understands that Lessee will use the Leased Premises for the purpose of production of crops and such use may include the disposal of animal wastes which may generate nitrates and other substances which could be Hazardous Materials. Lessor consents to this use so long as such use is in compliance with all applicable federal, state and local laws, rules regulations, ordinances or any other provisions relating the generation, storage and disposal of animal wastes. Lessee's obligation hereunder to remove any Hazardous Material on the Leased Premises, shall be limited to any such Hazardous Material produced by or attributable to the actions of Lessee or Lessee's agents, employees, contractors or invitees and Lessee shall not be responsible for removing any Hazardous Materials produced by or attributable to the actions of Lessor or other non-related third parties. The provisions of this Section shall survive the expiration or termination of the Lease.

(c) As used herein, the term "Hazardous Material" means any pollutant, toxic substance, regulated substance, hazardous waste, hazardous material, hazardous substance, oil, hydrocarbon, asbestos or similar item as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, as amended, the Safe Drinking Water Act, as amended, the Federal Water Pollution Control Act, as amended, or any other federal, state or local environmental or health and safety related, constitutional provisions, law, regulation, ordinance, rule, or bylaw, whether existing as of the date hereof, previously enforced or subsequently enacted (collectively the "Environmental Laws").

(d) Lessee shall immediately advise Lessor in writing of (i) any governmental or regulatory actions instituted or threatened under any Environmental Law affecting Lessee or the Leased Premises, including advance notice of any scheduled meeting with any agency regarding any such actions or threatened actions, (ii) all claims made or threatened by any third party against Lessee or the Leased Premises relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials, (iii) the discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Leased Premises that could cause the Leased Premises to be classified in a manner which may support a claim under any Environmental Law, and (iv) the discovery of any occurrence or condition on the Leased Premises or any real property adjoining or in the vicinity of the Leased Premises which could subject Lessor, Lessee or the Leased Premises to any restrictions in ownership, occupancy, transferability or use of the Leased Premises under any Environmental Law. Lessor may elect to join and participate in any settlements, remedial actions, legal proceedings or other actions initiated in connection with any claims under any Environmental Law and, if Lessor elects to do so and to the extent the violation of Environmental Laws resulted from the actions of Lessee, Lessor's reasonable attorney's fees shall be paid by Lessee. At its sole cost and expense, Lessee agrees when applicable or upon request of Lessor to promptly and completely cure and remedy each and any violation of any applicable Environmental Law caused by Lessee, its agents, employees, contractors or invitees.

(e) Lessee must promptly notify Lessor as to any liens threatened or attached against the Leased Premises pursuant to any Environmental Law. If an environmental lien is filed against the Leased Premises and to the extent the violation of Environmental Laws resulted from the actions of Lessee, Lessee must, within thirty (30) days from the date on which the lien is placed against the Leased Premises, and at any rate before the date on which any governmental authority begins any proceeding to sell the Leased Premises pursuant to a lien, either: (1) pay the claim and remove the lien from the Leased Premises; or (2) furnish either (a) a bond satisfactory to Lessor in the amount of the claim on which the lien is based, or (b) other security satisfactory to Lessor in an amount sufficient to discharge the claim on which the lien is based.

7. Lessee's Additional Obligations. As a material inducement to Lessor to enter into this Lease, Lessee covenants and agrees with Lessor as follows:

(a) Lessee shall pay timely all of the Rent due under this Lease, together with penalties and interest thereon as provided in this Lease, if any.

(b) Lessee shall maintain or improve current soil fertility levels as evidenced by applied fertilizer at crop removal levels.

(c) Lessee shall pay all the expenses for seeds, fertilizer and chemical used on the Leased Premises and the expenses for all harvesting, except as otherwise provided herein. This is a cash rent lease and Lessee shall exclusively own all crops to be raised on the Leased Premises, the proceeds thereof and any FSA Payments related to the Leased Premises; Lessor shall have no ownership rights or other interest in such crops or the proceeds thereof. Lessee shall retain all CRP contract payments related to the Leased Premises.

(d) To keep the buildings, fences, roads, and other Improvements (collectively referred to as the "Improvements") on the Leased Premises in as good repair and condition as they are at the commencement of this Lease, or in as good repair and condition as they may be put by Lessor during the term of the lease, ordinary wear and tear, loss by fire, floods, or unavoidable destruction excepted.

(e) To keep and maintain in good repair, and make necessary repairs that are the result of normal wear and tear to the Irrigation Equipment including, but not limited to, maintenance, repairs and servicing of such equipment, and to return such equipment in as good a condition as when received, normal wear and tear, loss by fire, floods or unavoidable destruction excepted.

(f) To cultivate the Leased Premises in an efficient manner, using all modern methods of farming that are generally consistent with practices in the area.

(g) To do the tillage, seeding, and cultivating in a manner that will conserve the Leased Premises, and to control soil erosion and keep ditches, drains, and watercourses in good order.

(h) To complete all required reporting to the appropriate government offices of all crop acreage on a timely basis and to make the necessary reports to the government agencies to maintain all crop bases, program acres and yields.

(i) To complete all required reporting to the Colorado Division of Water Resources or any other agency that requires reporting in regards water use on the property. Lessee will provide

Lessor with copies of all reports regarding water usage which have been generated by Lessee for internal use or reported to any third party agency.

(j) To participate in and fully comply with any program offered by the United States Department of Agriculture (USDA) or any other government agency if such participation is elected by Lessee and approved by Lessor. Lessee agrees to comply with all requirements for “highly erodible and wet lands” and to farm according to the approved Soil Conservation Plan, as applicable, on file with the Natural Resources Conservation Service. Upon termination of this Lease, Lessee shall give up and release all rights and interests in all programs offered by the USDA, or any other government agency, and will not claim any future rights or interest in the agricultural programs available on the Leased Premises. This provision shall not deny Lessee any payments earned by him, but not received, during the term of the Lease.

(k) Lessee shall do all things reasonably necessary to prevent the introduction of any undesirable and noxious weed species.

(l) Lessee shall keep the Leased Premises in a neat and tidy condition.

(m) If Lessee plants a multi-year perennial crop, Lessee assumes all cost of establishing such multi-year perennial crop unless Lessor has consented in writing to the establishment of such crop and agreed to reimburse Lessee the pro-rata share of such cost applicable to any period after the end of the Lease Term.

(n) Lessee will provide Lessor with a summary of crop yields on an annual basis.

(o) Lessee will share annual crop rotation information and any soil and water samples that are available to Lessor on an annual basis. Lessee agrees to take soil samples from the Leased Premises and to provide these soil sample reports to the Lessor no less frequently than every 3 Lease Years, starting from the Commencement Date.

8. Lessor Obligations. Lessor covenants and agrees at Lessor’s sole expense:

(a) To assume the risk of loss to the Leased Premises, including the Improvements and Irrigation Equipment and Well Equipment, resulting from fire, wind, lightning, flooding or other perils generally covered under a fire and casualty insurance policy with an extended coverage endorsement as provided in Section 5(a) above; provided, however, Lessor shall not assume any risk of loss to any property owned by Lessee, Lessee's employees, licensees, agents, or invitees; and

(b) To pay all property taxes and assessments for the Leased Premises; and

(c) To execute any USDA forms necessary to accomplish the agreements set forth in this Lease; and

(d) To promptly pay directly or reimburse Lessee for 100% of the approved cost of the parts associated with maintenance, repairs and servicing of the Improvements.

9. Indemnity.

(a) Lessee will indemnify and hold Lessor harmless against any claims, demands, damages, costs, and expenses, including reasonable attorneys' fees for defending claims and demands, arising from any breach by Lessee of any of the terms or conditions of this Lease; or from any act of negligence of Lessee, its agents, contractors, employees, subtenants, concessionaires, or licensees in, on or about the Leased Premises. If any action or proceeding is brought against Lessor by reason of any such claim, Lessee, on notice from Lessor, will defend the action or proceeding by counsel reasonably acceptable to Lessor.

(b) Lessor will indemnify and hold Lessee harmless against any claims, demands, damages, costs, and expenses, including reasonable attorneys' fees for defending claims and demands, arising from any breach by Lessor of any of the terms or conditions of this Lease, or from any act of negligence of Lessor, its agents, contractors, employees, subtenants (other than Tenant and any of Tenant's subtenants) concessionaires, or licensees in, on or about the Leased Premises. If any action or proceeding is brought against Lessee by reason of any such claim, Lessor, on notice from Lessee, will defend the action or proceeding by counsel reasonably acceptable to Lessee.

(c) *[only needed if rental house included]* Although there is a house on the Leased Premises (the "House"), Lessee acknowledges this Lease is entered into by the parties for commercial purposes and Lessor has not repaired, maintained or in any way improved the House to lease the House for residential purposes. Accordingly, Lessor makes no representations or warranties whatsoever regarding the suitability or fitness of the House for residential tenancy and takes no responsibility for whether the House does or would comply with any laws, ordinances, rules or codes, including but not limited to *[appropriate state law cite]* (collectively, the "Residential Tenancy Laws"). Notwithstanding anything to the contrary contained in this Lease, in the event Lessee allows occupation of the House for any residential purpose whatsoever, Lessee shall indemnify Lessor for and hold Lessor harmless against any claims, demands, damages, costs, and expenses, including reasonable attorneys' fees for defending claims and demands (and any attorney's fees which might be due under the Residential Tenancy Laws as part of damages), arising from the use, occupation, or sublease of the House for residential purposes by Lessee, its agents, contractors, employees, subtenants, concessionaires, invitees or licensees. If any action or proceeding is brought against Lessor by reason of any such claim, Lessee, on notice from Lessor, will defend the action or proceeding by counsel reasonably acceptable to Lessor. Lessee agrees that no approval by Lessor for a sublease under this Lease or approval of Alterations to the House shall alter the character of this Lease from commercial to residential, or diminish Lessee's indemnity hereunder.

10. Lessee's Default. The occurrence of any of the following shall be a "Default" under this Lease:

(a) Lessee fails to pay any installment of Rent within five (5) days after receipt of written notice from Lessor that the same is past due, or Lessee fails to pay any other amounts due Lessor from Lessee within twenty (20) days after written notice that the same is past due.

(b) Lessee fails to perform or observe any other term, condition, covenant or obligation required under this Lease for a period of thirty (30) days after written notice thereof from Lessor; provided, however, that if the nature of Lessee's default is such that more than thirty (30) days are

reasonably required to cure, then such default shall be deemed to have been cured if Lessee commences such performance within said thirty (30) day period and thereafter diligently completes the required action within a reasonable time.

(c) All or substantially all of Lessee's assets upon the Leased Premises or Lessee's interest in this Lease are attached or levied under execution (and Lessee does not discharge the same within sixty (60) days thereafter); a petition in bankruptcy, insolvency or for reorganization or arrangement is filed by or against Lessee (and Lessee fails to secure a stay or discharge thereof within sixty (60) days thereafter); Lessee is insolvent and unable to pay its debts as they become due; Lessee makes a general assignment for the benefit of creditors; Lessee takes the benefit of any insolvency action or law; the appointment of a receiver or trustee in bankruptcy for Lessee or its assets if such receivership has not been vacated or set aside within sixty (60) days thereafter; or, dissolution or other termination of Lessee's existence as a legally formed and validly existing entity.

(d) Lessee vacates, abandons or otherwise discontinues occupancy and/or operations in and from the Leased Premises.

(e) Lessee assigns or sublets all or a portion of the Leased Premises without the consent of Lessor.

11. Remedies. Upon the occurrence of any Default, Lessor shall have the following rights and remedies, in addition to those allowed by law or in equity, any one or more of which may be exercised without further notice to Lessee:

(a) Lessor may re-enter the Leased Premises and cure any Default of Lessee, and Lessee shall reimburse Lessor, as Additional Rent for any costs and expenses which Lessor thereby incurs; and Lessor shall not be liable to Lessee for any loss or damage which Lessee may sustain by reason of Lessor's action except loss or damage caused by the gross negligence or willful misconduct of Lessor or its employees, independent contractors or agents.

(b) Lessor may terminate this Lease or, without terminating this Lease, terminate Lessee's right to possession of the Leased Premises as of the date of such Default, and thereafter (i) neither Lessee nor any person claiming under or through Lessee shall be entitled to possession of the Leased Premises, and Lessee shall immediately surrender the Leased Premises to Lessor; and (ii) Lessor may re-enter the Leased Premises and dispossess Lessee and any other occupants of the Leased Premises by any lawful means and may remove their effects, without prejudice to any other remedy which Lessor may have hereunder, at law or in equity. If Lessor elects to terminate this Lease, Lessor may declare the present value (discounted at the then current prime rate) of all Rent which would have been due under this Lease for the balance of the Lease Term ("Default Rent") to be immediately due and payable, whereupon Lessee shall be obligated to pay the same to Lessor, together with all loss or damage which Lessor may sustain by reason of Lessee's Default ("Default Damages"), which shall include without limitation expenses of preparing the Leased Premises for re-letting, demolition, repairs, improvements, brokers' commissions and attorneys' fees, it being expressly understood and agreed that the liabilities and remedies specified in this subsection (b) shall survive the termination of this Lease. Notwithstanding the foregoing, if Lessor elects to terminate this Lease due to a Default by Lessee, then Lessor shall use reasonable efforts to relet the Leased Premises for rent and upon other terms then prevailing in the area, and shall reimburse Lessee for Default Rent to the extent of rent

received by Lessor during what would have been the remainder of the Lease Term but for such termination

(c) Lessor may, without terminating this Lease, re-enter the Leased Premises and then re-let all or any part thereof for a term different from that which would otherwise have constituted the balance of the Lease Term and for rent and on terms and conditions different from those contained herein, whereupon Lessee shall be immediately obligated to pay to Lessor, as liquidated damages, the present value (discounted at the then current prime rate) of the difference between the Rent provided for herein and that provided for in any lease covering a subsequent re-letting of the Leased Premises, for the period which would otherwise have constituted the balance of the Lease Term, together with all of Lessor's Default Damages.

(d) Lessor or its agents may seize crops grown or growing upon the Leased Premises or part thereof. If such crops or any part thereof are not fully grown or matured, Lessor or its agents may cause the same to be properly cultivated and harvested or gathered, and may sell and dispose of the crops, and apply the proceeds, so far as may be necessary, to compensate for their labor and expenses, and to pay the Lessee's obligations to Lessor. Notwithstanding anything to the contrary expressed or implied in this Section 11(d), in the event of the failure by Lessee to meet its duties and obligations set forth herein, the Lessor or its agents shall have the right to immediately enter upon the Leased Premises and to properly care for or harvest said crops and charge the cost thereof to the Lessee.

(e) Lessor may sue (i) for injunctive relief and/or (ii) to recover damages for any loss resulting from the Default.

12. Lessor's Default and Lessee's Remedies. Lessor shall be in default if it fails to perform any term, condition, covenant or obligation required under this Lease for a period of thirty (30) days after written notice thereof from Lessee to Lessor; provided, however, that if the term, condition, covenant or obligation to be performed by Lessor is such that it cannot reasonably be performed within thirty (30) days, such default shall be deemed to have been cured if Lessor commences such performance within said thirty (30) day period and thereafter diligently undertakes to complete the same within a reasonable time. Upon the occurrence of any such default by Lessor, Lessee may sue for injunctive relief or to recover damages for any loss directly resulting from the breach, but Lessee shall not be entitled to terminate this Lease or withhold, offset or abate any Rent or any other sums due hereunder. Notwithstanding the foregoing, if the default by Lessor consists of anything that would threaten the quantity or quality of crops planted by Lessee on the Leased Premises, then Lessor shall have ten (10) days after the giving of notice of such default by Lessee to Lessor in which to cure such default and, absent timely cure, Lessee may cure the default. If Lessee elects to cure the default, Lessor shall reimburse Lessee for all of its related costs and expenses within ten (10) days after notice thereof is given to Lessor by Lessee and in the event such reimbursement is not timely received, Lessee may offset the amount of such costs and expenses, with interest at the prime rate, against future installments of Rent.

13. Limitation of Lessor's Liability. If Lessor shall fail to perform any term, condition, covenant or obligation required to be performed by it under this Lease and if Lessee shall, as a consequence thereof, recover a money judgment against Lessor, Lessee agrees that it shall look solely to Lessor's right, title and interest in and to the Leased Premises for the collection of such judgment; and Lessee further agrees that no other assets of Lessor shall be subject to levy, execution or other process for the satisfaction of Lessee's judgment.

14. No Partnership, Agency or Employment. This agreement is one of lease and not of partnership, agency or employment. Lessee is an independent contractor. Neither Lessor nor USAG shall become responsible for any debts contracted by Lessee.

15. Destruction; Casualty. In the event of total or partial destruction of the Improvements by fire or other casualty, Lessor agrees (subject to the rights of any mortgagee) to make the insurance proceeds (payable on account of that fire or other casualty) available to Lessee, following confirmation that Lessee has funded restoration and/or repair costs equal to the amount of the deductible feature under the applicable insurance policy as required herein if Lessee was responsible hereunder to provide such policy, and Lessee shall utilize those insurance proceeds to promptly restore and repair the Improvements. Notwithstanding the foregoing, if the Improvements are:

(a) so destroyed that they cannot be repaired or rebuilt within one hundred eighty (180) days from the date of the casualty; or

(b) destroyed by a casualty which is not covered by the insurance required hereunder or, if covered, such insurance proceeds are not released by any mortgagee entitled thereto or are insufficient to rebuild or replace the Improvements;

and with the loss of such Improvements the Property shall become unusable and/or commercially impractical for Lessee to continue the production of Lessee's crops; then, in case of a clause (a) casualty, either Lessor or Lessee may, or, in the case of a clause (b) casualty, then Lessor may, upon thirty (30) days written notice to the other party, terminate this Lease with respect to matters thereafter accruing.

16. Eminent Domain. If all or any substantial part of the Leased Premises shall be acquired by the exercise of eminent domain, so that the Leased Premises shall become unusable and/or commercially impractical by Lessee for Lessee's crop production, Lessor or Lessee may terminate this Lease by giving written notice to the other on or before the date that actual possession thereof is so taken. In such event, the termination date of this Lease shall be as of the date that actual possession thereof. If a part of the Leased Premises shall be acquired by the exercise of eminent domain so that the remainder of the Leased Premises shall remain usable and commercially practical by Lessee for Lessee's crop production, this Lease will remain in full force except that the number of irrigated acres shall be recalculated and Rent shall be reduced accordingly. All damages to the property awarded shall belong to Lessor; provided, however, that Lessee may make a claim to the condemning authority, but not against Lessor, for dislocation damages so long as the amount of any such award is not subtracted from any award otherwise payable to Lessor. All damages awarded for the current or future growing crops or input costs for these crops shall be reimbursed to the Lessee.

17. Alterations; Personal Property; Surrender of Leased Premises; and Mechanic's Liens.

(a) Alterations. Lessee shall make no leasehold improvements, alterations or additions (collectively, "Alterations") on or about the Leased Premises or any part thereof without Lessor's prior written consent, which consent may be granted or withheld in Lessor's sole and absolute discretion. All Alterations shall remain for the benefit of the Lessor. If Lessee desires that Lessor provide an allowance for any Alterations, Lessee shall make a written investment request for the same in which Lessor will have thirty (30) days to approve or deny the requested Alterations.

Lessor may approve or deny any such request in its sole and absolute discretion. Once approved by Lessor, all Alterations made by Lessee shall be done in accordance with each of the following requirements unless specifically waived by Lessor in writing:

- (i) Such work shall be constructed and timely completed in a good and workmanlike manner at Lessee's sole expense and at Lessee's risk, and shall be done in such a manner as not to cause or create a dangerous or hazardous condition.
 - (ii) Such work shall not adversely affect the structure or strength of any Improvements or the mechanical, electrical, plumbing or safety facilities or other mechanical systems of any Improvements.
 - (iii) Such work will be performed substantially in accordance with the plans and specifications, budget and schedule (including contractors and major subcontractors) submitted to Lessor by Lessee and approved by Lessor.
 - (iv) Lessee shall ensure that all Alterations shall be made and performed in accordance with all applicable laws, ordinances, codes, covenants, rules, regulations and orders and Lessor's insurance requirements, and prior to commencement of such work, shall deliver to Lessor copies of all governmental permits, authorizations and approvals required in connection therewith, including, but not limited to, all required building permits. Without limiting the foregoing, Lessee shall comply with all provisions of applicable law respecting worker's compensation and will carry and maintain, or cause to be carried and maintained by its contractors, builder's risk insurance, appropriate worker's compensation insurance and public liability and property damage insurance in form and amounts, issued by companies and with deductibles approved by Lessor. Certified copies of all such policies (or certificates thereof) and other evidence of financial responsibility shall be delivered to Lessor at least five (5) business days prior to commencement of such work. Such policies shall name Lessor as an additional insured and provide that each such policy shall not be canceled or materially modified without thirty (30) days' prior written notice to Lessor.
 - (v) Lessee shall defend, indemnify and hold Lessor harmless from and against any and all liability, loss, damage and expense (including reasonable attorneys' fees) arising out of, as a result of or incurred by Lessor in connection with such work.
- (b) Trade Fixtures, Equipment and Personal Property. Lessee may, at its sole cost and expense, install any trade fixtures, equipment, and other personal property of a temporary or permanent nature used in connection with its business on the Leased Premises, and Lessee shall have the right at any time during the Lease Term or upon expiration of earlier termination of the Lease, provided Lessee is not in default of any of the terms of this Lease, to remove any and all such trade fixtures, equipment, and other personal property that it may have stored or installed upon the Leased Premises; provided, however, that in the event of such removal, Lessee shall repair any damage caused by the removal of such trade fixtures, equipment, and other personal property and restore the Leased Premises substantially to the same condition, ordinary wear and tear excepted, in which it was at the time Lessee took possession.

(c) Surrender of Leased Premises. Upon expiration of the Lease Term or earlier termination of this Lease, Lessee shall surrender possession of the Leased Premises to Lessor in good order and condition, ordinary wear and tear and approved Alterations excepted. If Lessee desires not to remove any part of its trade fixtures, equipment, or other personal property upon expiration or earlier termination of this Lease, Lessee may notify Lessor in writing not fewer than thirty (30) days prior to the expiration of the Lease Term or earlier termination of this Lease, specifying those items that Lessee has decided not to remove. If, within twenty (20) days after the date of such notice, Lessor shall request Lessee to remove any of said trade fixtures, equipment, or other personal property, Lessee shall, at its own expense, at or before the expiration of the Lease Term or earlier termination of this Lease, remove said trade fixtures, equipment, and other personal property and, in case of damage by reason of such removal, restore the Leased Premises to good order and condition. Lessee will pay all costs and expenses incurred by Lessor in removing, storing, or disposing of Lessee's trade fixtures, equipment, and other personal property and repairing all damage to the Leased Premises caused by removal of Lessee's trade fixtures, equipment, or other personal property which Lessee has failed to remove despite Lessor's request therefor. Any of Lessee's trade fixtures, equipment, and other personal property not removed by Lessee upon the expiration or earlier termination of this Lease shall be considered abandoned by Lessee and may be appropriated, sold, destroyed, or otherwise disposed of by Lessor without liability or obligation on Lessor's part to pay or account for same.

(d) Mechanic's Liens. Lessee shall pay when due all claims for labor and material furnished on or about the Leased Premises. Lessee shall have no power to do any act or to make any contract that may create or be the foundation for any lien, mortgage, or other encumbrance on the reversion or other estate of Lessor or that would be prior to any interest of Lessor in the Leased Premises. Lessee shall not suffer or permit any liens to attach to the interest of Lessee in all or any part of the Leased Premises by reason of any work, labor, services, or materials done for, or supplied to, or claimed to have been done for or supplied to Lessee or anyone occupying or holding an interest in all or any part of the Leased Premises through or under Lessee. If any mechanic's construction or other liens or orders for the payment of money shall be filed against the Leased Premises or any Improvements thereon by reason of, or arising out of any labor or material furnished to, or for Lessee at the Leased Premises or for or by reason of any change, alteration or addition, by Lessee, or the cost or expense thereof, or any contract relating thereto, or against Lessor as fee owner thereof by reason of Lessee's work or contract relating thereto, then within sixty (60) days, Lessee shall cause the same to be canceled and discharged of record, by bond or otherwise, at the election and expense of Lessee, and shall also defend on behalf of Lessor, at Lessee's sole cost and expense, any action, suit or proceeding which may be brought thereon or for the enforcement of such lien, liens or orders, and Lessee will pay any damages and discharge any judgment entered therein and hold Lessor harmless from any loss, claim or damage resulting therefrom, including reasonable attorneys' fees.

18. Right to Remove Property. Any temporary structures, such as above-ground fuel storage tanks, fertilizer storage tanks, and small sheds placed on said Leased Premises by Lessee shall remain the property of Lessee and such property may be removed by Lessee at the termination of this Lease; provided, however, Lessee must have paid all rent due as agreed before Lessee removes its personal property from the Leased Premises at the termination of this Lease. Lessee shall repair any damage caused by such removal at its expense.

19. Lessor's Right to Enter. Lessor, Lessor's agents or mortgagees, shall be permitted to inspect and examine the Leased Premises at any reasonable time for purposes of consultation with Lessee and making inspection, making repairs or improvements. Further, Lessor may permit prospective purchasers upon the Leased Premises and Lessor may permit prospective tenant's upon the Leased Premises.

20. Financing. Lessor may mortgage or otherwise encumber its interest in the Leased Premises at any time, and Lessee shall cooperate with Lessor with respect thereto. In particular, Lessee agrees to deliver any estoppel certificate reasonably requested by Lessor within ten (10) days of a request. Any failure by Lessee to deliver an estoppel certificate within the ten (10) day period shall constitute a Default on the part of Lessee, and automatically authorize Lessor to do so on Lessee's behalf. Lessor and Lessee agree that Lessee will not be authorized or entitled to mortgage or otherwise encumber the Leased Premises or its leasehold interest in and to the Leased Premises without Lessor's prior written consent.

21. Assignment or Subletting. Lessee shall not sublease the Leased Premises without obtaining the consent of Lessor. In the event of any inconsistency between the terms of a sublease and this Lease, the terms and conditions of this Lease shall govern and control such dispute. Upon such sublease, the sub-lessee shall have and be subject to all the rights, benefits, duties and obligations of Lessee hereunder but the Lessee shall not be released from any of its obligations under this Lease.

22. Notices. All notices required or permitted to be given hereunder shall be in writing and delivered either in person or by certified or registered first-class prepaid mail, return receipt requested, or by a nationally recognized overnight courier, to Seller or Buyer at their respective addresses set forth below, or at such other address, notice of which may have been given to the other party in accordance with this Section.

To Lessee

[TENANT NAME]

Phone: _____

Email: _____

To Lessor

Pinnacle *[Pinnacle Entity Name]* Operating Company, LLC

c/o **US Agriculture, LLC**

Attention: *[US Ag Manager]*

12821 E. New Market St., Suite 300

Carmel, Indiana 46032

Phone: _____

Email: _____

Copy to: US Agriculture, LLC
12821 E. New Market St., Suite 300
Carmel, Indiana 46042
Attn: ~~Meredith Devlin~~, General Counsel
Telephone: (317) ~~790-4961~~678-0700
Facsimile: ~~(317) 790-4961~~
Email: ~~meredith.devlin~~meredith.devlinjay.weddle@us-agriculture.com

Any notice given in accordance with this Section shall be deemed to have been duly given or delivered on the date the same is personally delivered to the recipient or received by the recipient as evidenced by the return receipt.

23. Governing Law. The laws of the State of [State Leased Premises is located] shall govern the construction, interpretation and enforcement of this Lease.

24. Entire Agreement. This Lease contains the entire agreement of Lessor and Lessee with respect to the Leased Premises and supersedes all prior agreements. Any modification must be in writing and executed by Lessor and Lessee.

25. Quiet Enjoyment. Lessor warrants that Lessor has good title to the Leased Premises. Lessor further represents and warrants that so long as Lessee is not in default of this Lease beyond any applicable cure period, Lessee may peaceably and quietly have, hold, and enjoy the Leased Premises with all rights and privileges herein provided. Lessor warrants and covenants that any oil, gas, mineral or wind exploration or production on the Leased Premises will not unreasonably interfere with Lessee's farming operations. Lessor will not agree to drilling and exploration options under the irrigation pivot during the Lease Term without written approval from the Lessee.

26. Further Assurance. Lessor and Lessee agree to execute and deliver to the other such additional documents or instruments reasonably necessary or convenient to effectuate the transaction contemplated hereby, including without limitation, a recordable memorandum of this lease.

27. Survival. The representations, warranties, covenants and agreements set forth herein shall survive the expiration or earlier termination of this Lease.

28. Waiver. No waiver of any breach of any of the covenants, provisions or conditions herein contained to be kept or performed by Lessee or Lessor shall be construed as a waiver of any subsequent breach by Lessee or Lessor, as the case may be.

29. Holding Over. If Lessee should hold-over and retain possession of the Leased Premises beyond the Lease Term herein specified, with the consent, express or implied of Lessor, such holding over shall be construed to be a tenancy only from month to month, subject to all of the conditions and restrictions of this Lease, and Lessee agrees to pay Base Rent during such hold-over period in an amount equal to one hundred twenty-five percent (125%) of the Base Rent that was due hereunder immediately prior to that hold over period, together with all Additional Rent that would otherwise be due for that hold over period.

30. Attorney's Fees. In case action is brought by either of the parties hereto for default of performance of the conditions of this Lease, the prevailing party shall be entitled to the recovery of reasonable attorneys' fees as fixed by the court as part of their costs.

31. Severability. If any term or provision of this Lease shall be invalid or unenforceable, then such term or provision shall be automatically reformed to the extent necessary to render such term or provision enforceable, without the necessity of execution of any amendment or new document. The remainder of this Lease shall not be affected, and each remaining and reformed provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

32. Binding Effect. Subject to the limitations on Lessee's rights to assign this Lease or sublet all or any part of the Leased Premises as set forth in Section 21 above, above, each and all of the covenants, conditions and agreements herein contained shall inure to the benefit of and bind the heirs, administrators, executors, successors and assigns of the respective parties hereto.

33. Headings. The paragraph headings in this Lease are for convenience only and shall not be construed in any way to affect the meaning of the clause they identify.

34. Gender; Number. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context otherwise requires.

35. Agricultural Stabilization and Conservation Service Regulations. Lessee agrees to comply with all federal and state rules and regulations of USDA. The parties agree that (a) this Lease is to be construed as a Cash Lease, (b) Lessor is not to be construed as an Operator or Producer, and (c) Lessee is not to be construed as a Custom Farmer, Joint Venture, or Partner as those terms are defined or described in any USDA Handbook. In the event the USDA office makes a determination that Lessor will be considered or construed to be an Operator or Producer under the terms of this Lease, or that Lessor is otherwise eligible to receive program payments in Lessor's name as Operator or Producer as such payments relate to the Leased Premises and is subject to any payment limitation, Lessor does hereby waive, release, and relinquish any and all rights it may have to such payments. Lessor agrees to execute any USDA forms or documents necessary to release its rights to any amount payable to it as Operator or Producer, it being Lessor's intent that it shall not receive any subsidy payments including direct, counter-cyclical, LDP, CRP, diversion or deficiency payments ("FSA Payments"), except to the extent that such payments are lawfully payable to Lessee and assigned to Lessor for payment of Lessee rent.

36. Termination. The Lease shall terminate on December 31, 20~~20~~, unless terminated earlier pursuant to this agreement, and the Lessee shall relinquish possession of fallow land and land in growing perennial crops on such date. If Lessee has planted a perennial crop on the Leased Premises and Lessee and Lessor have not agreed to extend the Lease beyond the current Lease Term, then upon termination of the Lease, Lessor shall reimburse the Lessee for the expenses incurred by Lessee to establish the crop as provided in Section 7(m) above.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the undersigned have set their hands effective as of _____, 20__.

LESSOR:
Pinnacle [Pinnacle Entity Name] Operating Company, LLC
By: US Agriculture, LLC
Its: Sole Manager

By: _____

Printed: _____

Title: _____

LESSEE:

[TENANT NAME]

a/an _____

By: _____

Printed: _____

Title: _____

EXHIBIT A
LEGAL DESCRIPTION TO AGRICULTURE LEASE

EXHIBIT D
TENANT FARMER UNDERWRITING CRITERIA

MANDATE
USAG TENANT SELECTION CRITERIA
April 2018

Properties acquired for ATRS will be leased in some fashion to farm operators in the general location near the asset. The lease types may vary greatly from asset to asset, but the general selection criteria USAG will use for ATRS tenant selection is as follows:

- 1) Tenant Farmer must have combined education and experience of 7 years or acceptable mentor (father or partner) approved by USAG.
- 2) Tenant Farmer must present a financial statement and balance sheet that reflects an absence of excess financial leverage and the ability to avoid financial failure during the term of Tenant Farmer's lease.
- 3) Tenant Farmer must be a focused, full-time farmer, with a majority of his time spent in production agriculture.
- 4) Tenant Farmer, if not known to USAG, will provide at least 3 references, including their banker and a current landlord.
- 5) Tenant Farmer, if not known to USAG, will provide:
 - a. the last three years of production history on similar farms
 - b. their soil fertility plan and monitoring program
 - c. their stewardship practices on farms they operate (owned or leased)
 - d. their ability to help improve the asset over time (ditching, land leveling, irrigation, clearing fence rows, woods, etc.)
- 6) Each individual Tenant Farmer intended planted acreage for the upcoming year should be more than 2,000 acres row crop not including the land farmed for ATRS.
- 7) Tenant Farmer must have in place the capital, an adequate line of farm equipment and labor to farm intended acreage in a timely fashion.
- 8) Generally the Tenant Farmer must farm within the same market region as the ATRS asset.
- 9) Tenant Farmer must have intent to farm minimum 5 years forward.
- 10) At USAG's Discretion, Tenant Farmer shall be required to give ATRS a UCC lien on the crop for the amount of base cash rent owed.

EXHIBIT E
COMMODITY HEDGING CRITERIA SUMMARY

Purpose: This document is intended to outline USAG’s operating policies and procedures for grain marketing on bushel and crop share leases. Any deviation from the policies and procedures outlined in this document must be approved by the Risk Management Committee (as defined below).

Objective: To maximize return, manage risk, and ensure that the objectives of the investment mandate are being met.

Definition of Parties

Risk Management Committee: The collective group of individuals as outlined in more detail below.

Committee Member: Any member of the Risk Management Committee as outlined below.

USAG Representative: Any USAG employee who is responsible at the portfolio level for overseeing the day to day operations of a specific ATRS assets.

Farm Manager: Any third party individual for which a contractual relationship has been entered into for the purposes of said individual providing on-site farm management services to a specific ATRS asset.

Risk Management Committee

Purpose: The Risk Management Committee (“the committee”) will be responsible for governing the policies and procedures outlined in this document and for approving any marketing decisions that deviate from the guidelines provided herein.

Composition: The Risk Management Committee will be comprised of members of the USAG asset management team. ~~three members:~~

- ~~1) Howard Halderman – USAG Chairman~~
- ~~2) David Martin – USAG Managing Director~~
- ~~3) Clint Leman – USAG Director Portfolio Management~~

Meeting Schedule: The committee will have four regularly scheduled marketing meetings throughout the calendar year. Any member of the committee may call additional meetings as necessary. A minimum of 3 committee members must participate in each scheduled meeting:

- March – Prior to the Prospective Planting Report
- July – Prior to the Supply and Demand Report
- October – Prior the Supply and Demand Report

December – Prior to the Supply and Demand Report and Final Crop Production Estimates.

Risk Management Policy - General

Purpose: The following section will outline the general risk management policies that will govern all assets within the ATRS portfolio which may at any time require marketing positions to be entered into in order to generate rental income. Any changes to this policy must be approved by the Risk Management Committee and ATRS in accordance with the approval procedures laid out in the Farmland Management Agreement.

Objective: To hedge the annual current return of assets leased to third parties with the goal of meeting or exceeding target prices and providing a minimum return which is consistent with ATRS risk tolerance.

Target Prices: Target Prices for each lease type will at a minimum be equivalent to the price that will generate the appropriate (as defined below) **gross return** on the then current **equity value** of the asset. The current equity value will be determined based on the most recent appraisal or internal USAG valuation.

Bushel Lease: **5.00% gross return**

Crop Share Lease: **5.25% gross return**

In the event more than one commodity will be marketed, as is the case with a crop share, the target prices for each crop shall be determined so that the combined rental rate for the asset equates to the above referenced return hurdle.

Any adjustment to the required return threshold requires approval by the Risk Management Committee.

Break Even Prices: Break Even Prices will at a minimum be equivalent to the price that will generate the appropriate (as defined below) **gross return** on the original **contributed capital** of the asset.

Bushel Lease: **5.00% gross return**

Crop Share Lease: **5.25% gross return**

In the event more than one commodity will be marketed, as is the case with a crop share, the target prices for each crop shall be determined so that the combined rental rate for the asset equates to the above referenced return hurdle.

Any adjustment to the required return threshold requires approval by the Risk Management Committee.

Multi Year Marketing: Any marketing position entered into for the purpose of hedging rental income to be received in excess of 12 months into the future shall require prior approval of the Risk Management Committee and ATRS. In addition, a premium shall be added to the minimum return thresholds in order to dictate the required price targets to be achieved. The appropriate premiums are as follows:

Months in Advance of Rent/Crop Settlement Date	Premium to Target Price Hurdle	Premium to Break Even Price Hurdle
0-12 Months	0 bps	0 bps
12-18 Months	+ 50 bps	+ 50 bps
18-24 Months	+ 100 bps	+ 100 bps

In no event will positions be taken to hedge rental income or crop sales that are expected to be received/made in excess of 24 months into the future.

Position Report: A position report will be delivered to the committee on a monthly basis. At a minimum, this report will include the following.

- 1) Marketing details by property and consolidated
- 2) Type of position – Forward cash sale, futures sale, basis sale, etc.
- 3) Counterparty to transaction
- 4) Price of each transaction
- 5) Quantity of each transaction
- 6) Percentage of budget/actual production hedged
- 7) Average hedged price vs. budget vs. target price vs. breakeven price
- 8) Closing Price as of the most recent trading day

- A. The strategies included in this document are intended to be used for hedging purposes only and will not be used for speculation.
- B. USAG shall maintain the appropriate staff in order to fulfill the necessary reporting requirements to the Commodity Futures Trading Commission and other regulatory bodies.
- C. Inter exchange hedging strategies shall not be utilized for any reason.
- D. The Risk Management Committee reserves the right to modify the policies and procedures included in this document per changing market conditions, subject to approval by ATRS.
- E. All hedging transactions will be designated as one of the 3 types listed below at the inception of the hedge transaction, in accordance with FAS 133 et al, and IAS 39:
 - a. Cash Flow Hedge (hedges to offset a corresponding cash flow)
 - b. Fair Value Hedge (hedges to offset the changing value of an asset or liability)
 - c. Normal Purchase Normal Sale (purchase and sales contracts or firm commitments where delivery of the commodity is expected to take place instead of via net offset)

Risk Management Policy – Bushel Lease

Purpose: The following section will provide more specific details on the policies and procedures which will govern assets leased under a bushel lease structure.

Objective: To maximize the return to portfolio assets leased under a bushel lease structure by using the volatility in the commodity futures markets to ATRS advantage.

Target Return: The greater of Target Price plus any required premium as outlined above via “Multi Year Marketing” and Break Even Price plus any required premium as outlined above via “Multi Year Marketing”

Minimum Return: The lesser of Break Even Price plus any required premiums as outlined above via “Multi Year Marketing” and Target Price plus any required premium as outlined above via “Multi Year Marketing”

Marketing Authority: Hedge positions for rent to be received within the next 12 months can be entered into by the following parties, so long as the Minimum Return (as defined above) is achieved:

- 1) Committee Member
- 2) USAG Representative
- 3) Farm Manager – with prior approval from USAG representative

Hedge positions for rent to be received in excess of 12 months into the future can be entered into by the following parties, so long as the Minimum Return (as defined above) plus the necessary premium is achieved and with prior ATRS approval:

- 1) Committee Member – with prior Risk Management Committee approval
- 2) USAG Representative – with prior Risk Management Committee approval
- 3) Farm Manager – with prior Risk Management Committee approval and USAG representative acknowledgment

No positions will be entered into that do not meet the Minimum Return (as defined above), without prior approval of the Risk Management Committee.

- A. Selling futures contracts through the Chicago Mercantile Exchange to achieve required returns is an approved strategy for hedging the rental income associated with the bushel lease. The sale of futures contracts will be completed so that the total aggregate bushels sold equates, as closely as reasonably possible, to the total bushels outlined in the bushel lease document. (Example – 47,000 bushels in lease document = Sell 9 5,000 bushel contracts and 2 1,000 bushel mini contracts)
- B. Bushel leases will be written using either corn and or soybeans as the settlement commodity due to the fact that these commodities are the predominant US row crops and have historically had the most liquidity within the grain commodity futures market. All future bushel leases will have either corn and or soybeans as the settlement commodity, independent of what crops are actually grown.
- C. The trading account will be owned by ATRS or the appropriate subsidiary. ADM Investor Services will be the clearing company with all funds being held in a segregated funds trading account with ADM Investor Services.
- D. To mitigate the risk associated with bank default on our hedged accounts and to manage the best use of capital, the Merchandising/Risk Manager will use Government-backed securities (T-Bills) to back ATRS’ traded contracts’ initial margin requirements in excess of \$250,000. Manager can call

capital from ATRS or utilize lines of credit approved by ATRS, secured by ATRS owned properties to fund initial margin requirements. Furthermore, the Merchandising/Risk Manager will monitor and/or establish a system to make wire transfers such that ATRS' margin excess will not exceed a balance of \$250,000

- E. USAG will ensure that at all times; the appropriate entity has access to, via a line of credit, cash reserves, or ATRS equity, sufficient capital to meet margin calls that would be required in the event the market moves against ATRS in the amount of \$3 per bushel. This level of reserves is consistent with standard lending practices within the grain marketing industry.
- F. To initiate a futures position, a sell order will be initiated through an approved broker via electronic mail or electronic trading platform. Market orders, Limit orders, and Good till Canceled orders will all be utilized when necessary. In order to exit a futures position, a buy order will be placed on the same day as the cash rent settlement date using a market order to ensure the successful execution of the order. The orders will be initiated via an approved party as defined in the above section titled "Marketing Authority."
- G. Hedge designation – For accounting and tax compliance, all hedges for bushel lease commitments will be designated as cash flow hedges at the inception of each hedge transaction, as referenced in General-F above.
- H. Once a position is established, it will be maintained until the lease price is determined, as outlined in the executed lease document.
- I. Trading statements will be reconciled by USAG on a monthly basis with all fees being accounted for using GAAP standards. The trading account will be a part of the yearly audit. Daily settlement statements will be provided by the clearing company to multiple staff. USAG will provide a monthly position report detailing outstanding margin and open positions.
- J. If USAG is removed as manager, the hedge account management will be transferred to a ATRS representative or other manager in a timely and professional manner.
- K. On a quarterly basis (January 1, April 1, July1, October 1) the Merchandising/Risk Manager will produce a Financial Risk Report that identifies all third party entities to whom ATRS has current contractual or receivable risk. All third party entities with cumulative contract/receivable risk in excess of \$200,000 will undergo an extensive credit monitoring process performed by USAG. Prior to initiating a new contractual relationship with a credit exposure over \$200,000, the Merchandising/Risk Manager will seek approval from USAG. USAG will utilize one of more of the following when executing their credit monitoring process, depending on the counterparty exposure.
 - 1. Results of a DnB report,
 - 2. Verification of licensing as a federal grain warehouse in accordance with the United States Warehouse Act.
 - 3. Results of investigation into other financial information,
 - 4. Reputation within the marketplace,
 - 5. Results of credit references, if required,
 - 6. The maximum credit exposure the Risk Management Committee is willing to accept from a single counterparty, and

7. Experience from previous business transactions with the third party
8. Use of credit default swaps

This information is available to representatives of ATRS upon request.

Risk Management Policy – Crop Share

Purpose: The following section will provide more specific details on the policies and procedures which will govern assets leased under a crop share structure.

Objective: To maximize the return to portfolio assets leased under a crop share structure by managing the inherent price and yield risk.

Target Return: The greater of Target Price plus any required premium as outlined above via “Multi Year Marketing” and Break Even Price plus any required premium as outlined above via “Multi Year Marketing”

Minimum Return: The lesser of Break Even Price plus any required premiums as outlined above via “Multi Year Marketing” and Target Price plus any required premium as outlined above via “Multi Year Marketing”

Marketing Authority: Hedge positions for crops to be sold within the next 12 months can be entered into by the following parties, so long as the Minimum Return (as defined above) is achieved and the hedge limits (as defined below) are not exceeded and with prior ATRS approval:

- 1) Committee Member
- 2) USAG Representative
- 3) Farm Manager – with prior approval from USAG representative

Hedge positions for crops to be sold in excess of 12 months into the future can be entered into by the following parties, so long as the Minimum Return (as defined above) plus the necessary premium is achieved and the hedge limits (as defined below) are not exceeded:

- 1) Committee Member – with prior Risk Management Committee approval
- 2) USAG Representative – with prior Risk Management Committee approval
- 3) Farm Manager – with prior Risk Management Committee approval and USAG representative acknowledgment

No positions will be entered into that do not meet the Minimum Return (as defined above), without prior approval of the Risk Management Committee.

Hedge Limits: In order to avoid a situation where the volume of crops sold exceeds the volume of crops owned by the landowner, the hedging/sale of anticipated crop production will be governed by the following guidelines.

The below percentages will apply to the anticipated production based on the most recent information available to management. This includes budgeted acres, actual

planted acres, budgeted yields, forecasted yields, anticipated weather patterns, etc.

	Time Until Final Production Reconciliation		
	0-12 Months		12+ Months
Crop	Max Pre-Plant	Max Pre-Harvest	Maximum Position
Irrigated			
<i>Corn</i>	50%	70%	25%
<i>Soybeans</i>	50%	70%	25%
<i>Wheat</i>	50%	70%	25%
<i>Rice</i>	50%	70%	25%
<i>Cotton</i>	50%	70%	25%
<i>Other</i>	50%	70%	25%
Dry Land			
<i>Corn</i>	50%	50%	25%
<i>Soybeans</i>	50%	50%	25%
<i>Wheat</i>	50%	50%	25%
<i>Rice</i>	50%	50%	25%
<i>Cotton</i>	50%	50%	25%
<i>Other</i>	50%	50%	25%

No position will be entered into that exceeds the above limits without prior written consent of the Risk Management Committee and ATRS.

- A. All crop share leases will include a minimum base rental amount. This amount is to be negotiated on a property by property basis and is intended to set a minimum rental rate which will be required from the tenant. This floor rate will limit ATRS downside risk associated with the crop share.
- B. Risk management levels must be carefully tracked and monitored by management and positions must be executed based on realistic crop yields and accurate tracking of planted acres to each particular crop. Management for each portfolio asset must report expected yields and acres starting with the budget process and update these estimates each month until the crop is harvested and the final production amounts are reconciled.
- C. All product sales shall be executed and documented with written contracts with either an outside grain marketing entity, or direct with actual product end users. Contracts should include specific amounts, delivery dates, conditions, and price.
- D. The trading account will be owned by ATRS or the appropriate subsidiary. ADM Investor Services will be the clearing company with all funds being held in a segregated funds trading account with ADM Investor Services.
- E. To mitigate the risk associated with bank default on our hedged accounts and to manage the best use of capital, the Merchandising/Risk Manager will use Government-backed securities (T-Bills) to back ATRS' traded contracts' initial margin requirements in excess of \$250,000. Manager can call

capital from ATRS or utilize lines of credit approved by ATRS, secured by ATRS owned properties to fund initial margin requirements. Furthermore, the Merchandising/Risk Manager will monitor and/or establish a system to make wire transfers such that ATRS' margin excess will not exceed a balance of \$250,000.

- F. Options strategies will be used in certain situations. The following option strategies are approved and authorized under this policy:

Option strategies to offset:

- i. Price risk on future and current grain inventories that will be delivered at a future date (i.e., the simultaneous purchase and sale of different strike prices in identical quantities), and
- ii. Production risk on future grain inventories in situations where market prices are high enough to economically justify 100% bookings prior to planting or harvest.

- G. Spread trading (i.e. the simultaneous purchase and sale of different futures months in identical quantities) will be used in certain circumstance and is approved and authorized under this policy for the following strategies:

- i. To protect additional carrying charges against ownership of grain, or
- ii. To protect inverses in futures against the anticipated short sale of the Company's delayed-priced inventory.

- H. USAG may enter into futures and/or options positions in order to manage aggregate economic risk. Aggregate economic risk is defined as ATRS overall exposure to futures market risk, counterparty cash contract risk, and cash flow funding ability (margin call) risk. These positions must be approved by the Risk Management Committee.

- I. The following are deemed to be acceptable methods of hedging the sale of crops produced in association with a crop share:

- 1) Forward Cash contracts with a local grain elevator or direct end user.
- 2) Production contracts with a local grain elevator or direct end user.
- 3) Sale of futures contracts to offset the price risk associated with the sale of current or future production in the spot market at a future date.
- 4) Basis contracts with a local grain elevator or direct end user.

- J. In the event futures positions on the Chicago Mercantile Exchange are entered into for the purpose of hedging crop sales associated with current or future production, the policies and procedures outlined in the "Risk Management Policy – Bushel Lease" for governing hedge accounts, margin requirements, account reconciliation, reporting, etc. will also apply to crop share leases as well.

- K. Hedge Designation – For accounting and tax compliance, all hedges as referred to in G above will be designated as one of the hedge types referred to in General-E above at the inception of each hedge. Due to the varying nature of the types of hedge instruments available, each hedge will be so

designated based on its own merits at the time of inception.

- L. On a quarterly basis (January 1, April 1, July1, October 1) the Merchandising/Risk Manager will produce a Financial Risk Report that identifies all third party entities to whom ATRS has current contractual or receivable risk. All third party entities with cumulative contract/receivable risk in excess of \$200,000 will undergo an extensive credit monitoring process performed by USAG. Prior to initiating a new contractual relationship with a credit exposure over \$200,000, the Merchandising/Risk Manager will seek approval from USAG. USAG will utilize one of more of the following when executing their credit monitoring process, depending on the counterparty exposure.
- 1) Results of a DnB report,
 - 2) Verification of licensing as a federal grain warehouse in accordance with the United States Warehouse Act.
 - 3) Results of investigation into other financial information,
 - 4) Reputation within the marketplace,
 - 5) Results of credit references, if required,
 - 6) The maximum credit exposure the Risk Management Committee is willing to accept from a single counterparty, and
 - 7) Experience from previous business transactions with the third party
 - 8) Use of credit default swaps

This information is available to representatives of the ATRS upon request.

**EXHIBIT F
RELATED PARTY TRANSACTION DISCLOSURE FORM**

- 1. Related party information:**
Company name:
Contact name
Address:
Phone:
E-mail address:
Nature of relationship to: USAG
- 2. Service(s) to be provided:**
- 3. Date of service(s):**
- 4. Proof of qualification:**
- 5. Expected cost of Related Party service(s):**
A. Projected cost:
B. Basis/cost structure:
C. Frequency of charge:
- 6. Market charges for comparable service(s):**
A. Name(s) of unrelated service providers:
B. Projected cost(s) and source(s) of information:
C. Frequency of charge:
- 7. Selection rationale:**
- 8. Recommendation for course of action:**
- 9. Potential consequences if Related Party does not provide service:**
- 10. Certification**

The signature below certifies that all terms and conditions for the transaction detailed above are comparable to the terms and conditions which might reasonably be expected in a similar transaction between similar parties who are not related parties, the transaction is consistent with the fiduciary duties of USAG, and the costs are reasonable and either at or below market in terms of rate.

US Agriculture, LLC

By: _____

Printed Name: _____

Title: _____

Date: _____

AMENDED AND RESTATED FARMLAND MANAGEMENT AGREEMENT

This Amended and Restated Farmland Management Agreement (along with all exhibits and schedules, the "Agreement") is made and entered into effective as of the ____ day of _____, 2023, (the "Effective Date") by and between **ARKANSAS TEACHER RETIREMENT SYSTEM** ("ATRS"); and **US AGRICULTURE, LLC**, a Delaware limited liability company ("USAG"), each, a "Party" and collectively, the "Parties".

RECITALS

A. The Arkansas Teacher Retirement System was created pursuant to the Arkansas Teach Retirement Act, Title 24, Chapter 7, Subchapter 2 of the Arkansas Code of 1987 (the "Code"), to provide a fund for the payment of retirement benefits to eligible retirees from funds contributed to the System for such purpose; and

B. The Board of Trustees of ATRS (the "Board") has the power to invest and reinvest the assets of ATRS; and

C. Pursuant to the terms of that certain Farmland Management Agreement dated June 7, 2018 (the "Original Agreement"), the Board appointed USAG to invest, reinvest, and manage certain assets of ATRS allocated to USAG in accordance with the Original Agreement;

D. ATRS and USAG amended and restated the Original Agreement on July 26, 2021 (the "Amended and Restated Agreement"); and

E. ATRS and USAG desire to further amend and restate the Amended and Restated Agreement as provided below in this Agreement.

TERMS OF AGREEMENT

In consideration of the foregoing Recitals and of the promises and mutual agreements contained herein, ATRS and USAG hereby agree as follows:

ARTICLE 1 DEFINITIONS AND TERMS

Section 1.1 Definitions. In addition to those capitalized terms that are otherwise defined in this Agreement, the following capitalized terms, unless the context clearly indicates otherwise, shall have the following meanings:

- (a) "Affiliate" when used with respect to a specific Person means a Person that, directly or indirectly, or through one or more intermediaries, is Controlling or Controlled by or under common Control with such Person.
- (b) "Annual Business Plan" means that plan or plans prepared by USAG in accordance with the specifications set forth in **EXHIBIT A** hereto in and delivered to an Authorized ATRS Representative on or before March 31st of each calendar year that pertains to the operation,

management and development of all Farm Assets (including, but not limited to, budgets and expenditure authorizations with respect to each Farm Asset), and the investment and reinvestment of Farm Assets during the applicable calendar year.

- (c) “Applicable Law” means any statute, law, ordinance, rule, public administrative interpretation, published policy statement, regulation, order, writ, injunction, directive, judgment, decree or other requirement of any nation, state, county, city, or other unit or subdivision thereof or any entity, authority, agency, department, Board, commission, instrumentality, court or other judicial body authorized on behalf of any of the foregoing to exercise legislative, judicial, regulatory or administrative functions or pertaining to government, or any governmental or non-governmental self-regulatory organization, applicable to the Person or Persons referenced.
- (d) “Authorized ATRS Representative” means (i) the ATRS Executive Director, or (ii) any other Person designated by ATRS Board to act on behalf of and in the name of ATRS; provided, USAG shall be notified in writing by ATRS of any such Person so designated in clause (ii) above.
- (e) “Books and Records” means the books and records and original contracts, instruments and agreements in the possession of USAG relating to the Company or the acquisition, sale, lease, disposition, ownership, development, construction, management, servicing, operation or improvement of each and every Farm Asset or otherwise relating to the Farm Assets (including all balance sheets, financial pro-forma, operating statements, income and expense reports, capital expenditure budgets, other financial reports of every nature kept or maintained by USAG, promissory notes or other evidences of indebtedness, deeds, Leases, insurance (including title insurance) policies, mortgages, deeds of trust and other security documents, surveys, management agreements, ancillary trust agreements, and the by-laws, minutes of meetings, and all other corporate records of the Company.
- (f) “Cause” means any of the following: (i) fraud, dishonesty, malfeasance, gross negligence or breach of fiduciary duty by USAG or any of its Affiliates; (ii) the institution of any litigation, administrative proceedings or prosecution of criminal charges against or involving USAG or any of its Affiliates which, in the sole discretion of ATRS, is materially adverse to the reputation or business of ATRS or its Affiliates, or the ability of USAG to perform under this Agreement and with respect to which a meritorious defense has not been asserted within a reasonable time following the institution of such action and thereafter diligently prosecuted or pursued; (iii) engagement by USAG or any of its Affiliates in activities clearly injurious to the reputation or business of the Company or ATRS and failure to cease such activity within thirty (30) days after written notice from ATRS requesting such; (iv) a breach by USAG of any term or condition of this Agreement or any Direction and failure to cure such breach within thirty (30) days of receipt of written notice from ATRS of such breach; or (v) the initiation of any voluntary or involuntary bankruptcy proceeding by or against USAG or any of its Affiliates or the adjudication of USAG or any of its Affiliates as bankrupt or insolvent, or the appointment of a receiver or trustee for USAG or any of its Affiliates which is not dismissed within thirty (30) days, or any assignment by USAG or any of its Affiliates for the benefit of creditors.

- (g) “Committed Capital” means One Hundred Twenty-Five Million Dollars (\$125,000,000.00) of unleveraged capital to be made available by ATRS plus the \$9.9 million of earnings distributions recalled prior to year-end 2020, to be invested pursuant to the terms of this Agreement, it being understood that ATRS shall have the right, in its sole discretion, to increase or decrease this sum at any time and for any reason.
- (h) “Company” means any legal business entity or entities that ATRS might form to take ownership and control of any Farm Asset or collection of Farm Assets, it being agreed and understood that in all instances, each Company shall be solely and exclusively owned by ATRS and that USAG shall never be deemed or considered to own, either directly or indirectly, any stock or equity ownership interest, or options or other rights, in and to any Company.
- (i) “Control,” including “Controlling,” “Controlled,” and “Controlled by,” means with respect to any specified Person, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or non-management services, or otherwise; unless the power is the result of an official position with or corporate office held by the Person. Control shall be presumed to exist if any Person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing ten percent (10%) or more of the voting securities of any other Person.
- (j) “Direction” or “Directions” means written directions from ATRS or an Authorized ATRS Representative to USAG, directing USAG to take certain actions as specified therein. “Direct” or “Directed” means to specify or having specified an action by Direction.
- (k) “Farm Asset(s)” means any single asset or collection of assets that: (i) are owned or held by or on behalf of the ATRS, whether directly, indirectly, beneficially, through the Company or otherwise, including (but not limited to) farmland real estate, interests in farmland real estate, all personal, intangible or other property related to the foregoing, cash, accounts, Reserves, Short Term Investments, and other investment assets; and (ii) are managed by USAG pursuant to this Agreement.
- (l) “Gross Asset Value” or “GAV” is the total sum of the value of all Farm Assets owned or held by or on behalf of ATRS whether directly, or indirectly through any one of the Companies as such value shall be adjusted by the Quarterly Fair Market Value Adjustments.
- (m) “Investment Committee” shall mean that group of senior management personnel and employees of USAG that shall be personally responsible for assuring that Investment Proposals are consistent with the Investment Criteria and constitute responsible investment grade acquisitions that are consistent with prudent investor rules.
- (n) “Investment Criteria” means those facts, analyses and opinions that have been compiled by USAG and the Investment Committee in recommending a Proposed Target Property as a responsible, financially sound and investment grade acquisition and investment, which facts, analyses and opinions are outlined on **EXHIBIT B**, attached hereto.

- (o) "Investment Proposal" means that written report that has been prepared by USAG and approved by the Investment Committee pursuant to which a Proposed Target Property is being recommended for acquisition by ATRS, and which identifies, discusses and analyzes those matters that collectively constitute the Investment Criteria.
- (p) "Lease" means any Tenant Farmer Lease Agreement or other lease, license, occupancy agreement or use agreement in effect with respect to any Farm Asset.
- (q) "Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, charge, encumbrance, lien (statutory or otherwise), or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever.
- (r) "Mortgage Loan" means a loan secured by a mortgage, deed of trust or security deed on real property (as well as a Lien on and security interest in personal, intangible or mixed property connected therewith), whether held directly, beneficially or indirectly through a Company or otherwise.
- (s) "Person" means any individual, partnership, corporation, limited liability company, trust, association, joint venture, unincorporated organization or other entity.
- (t) "Proposed Target Property(ies)" means any farm property or related farm asset that meets the Investment Criteria and that USAG might identify for possible acquisition by ATRS.
- (u) "Quarterly Fair Market Value Adjustment" means the quarterly adjustment of the value of the Farm Assets to fair market value to be performed at the expense of ATRS and under the direction of USAG, where each Farm Asset is adjusted to fair market value through the use of a certified appraisal, restricted use appraisal, or USAG internal reevaluation. Such adjustment shall take place on the first day of each calendar quarter during the term of this Agreement.
- (v) "Reserves" means cash set aside in amounts deemed sufficient by USAG for administrative and operational expenses of the Company and deposited or invested by USAG in Short Term Investments.
- (w) "Short Term Investments" means (i) interest bearing and non-interest bearing direct deposit accounts, certificates of deposit, bankers' acceptances, commercial paper or other securities or obligations that have a maturity date of ninety (90) days or less, the repayment of which are all guaranteed by the United States government or fully insured by the Federal Deposit Insurance Corporation, (ii) other investments and securities issued or fully guaranteed by the United States or its agencies, or (iii) shares in money-market funds rated Am or better by Standard & Poors.
- (x) "Tenant Farmer" shall mean those Persons that are identified and retained by USAG to farm and oversee the operating of any Farm Asset pursuant to a Tenant Farmer Lease Agreement, and who meet the Tenant Farmer Underwriting Criteria.
- (y) "Tenant Farmer Lease Agreement" shall be that agreement that shall be negotiated by USAG and entered into by and between the Tenant Farmer and ATRS pursuant to which

the Tenant Farmer shall farm and oversee the operation of any Farm Asset, it being agreed and understood that Tenant Farmer Lease Agreements shall be drafted in general conformity to that form that is attached hereto as **EXHIBIT C**.

- (z) "Tenant Farmer Underwriting Criteria" shall mean that criteria and those standards that are generally identified on **EXHIBIT D**, attached hereto.
- (aa) "UBTI" means unrelated business taxable income" as defined in Section 512 of the Code.
- (bb) "Unfunded Capital Commitment" means the Committed Capital minus Collective Capital Investment. USAG may call from time to time any amount up to the Unfunded Capital Commitment for the purpose of investing in Farm Assets pursuant to the procedure provided in Article 4. For purposes of this subsection (bb), "Collective Capital Investment" shall mean capital contributed net of any return of capital or distribution of capital gains.

Section 1.2 Interpretation. This Agreement shall collectively be comprised of all provisions herein, all Schedules and Exhibits attached hereto and all written amendments and modifications that are dually executed by all parties hereto. When a reference is made in this Agreement to a Section, Schedule or Exhibit, such reference shall be to a Section of or Schedule or Exhibit to this Agreement unless otherwise indicated. The index and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes," or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms and the singular form of nouns and pronouns shall include the plural and vice versa.

ARTICLE 2
RETENTION OF USAG SERVICES;
AGREEMENT TO PROVIDE SERVICES PURSUANT TO AGREEMENT;
GENERAL BUSINESS PLAN

Section 2.1 Retention of USAG. Beginning as of the Effective Date and until the Termination Date, and in consideration for that compensation payable by ATRS to USAG hereunder, ATRS does hereby hire and retain USAG to oversee and advise ATRS in connection with its plan to purchase, manage, administer, oversee and liquidate Farm Assets along with those other assets that ATRS might own from time to time and that might be recommended for acquisition by USAG.

Section 2.2 Acceptance of Duties and Commitment to be Bound by Agreement. As evidenced by its signature below, USAG agrees to accept and discharge the duties and obligations assigned to it hereunder and agrees to be bound by the terms and conditions of this Agreement.

Section 2.3 General Business Plan. It is acknowledged, agreed and understood that USAG will identify and underwrite investment grade farmland properties located across the United States and recommend investment grade acquisitions to ATRS. ATRS proposes to acquire any and all such properties either in its name or in the name of a Company. USAG will then be responsible for managing and overseeing

such properties with the goal and intention of promoting and producing period cash flow returns to ATRS, and producing capital gain profits upon the subsequent liquidation of such properties.

ARTICLE 3 USAG'S POWERS AND DUTIES

Section 3.1 Fiduciary Duty of USAG. Notwithstanding anything in this Agreement to the contrary, USAG acknowledges and agrees that throughout the term of this Agreement it will be serving as a fiduciary of ATRS and its Affiliates and that it will owe ATRS and its Affiliates a fiduciary duty and the highest duty of loyalty and good faith in connection with the performance of its duties and obligations under this Agreement, which duties and obligations include, without limitation, the obligation:

- (a) to provide objective, competent and timely due diligence analyses of Proposed Target Properties that USAG believes might fit the ATRS Investment Criteria;
- (b) to perform those operational, administrative and managerial duties as set forth herein with respect to each Farm Asset;
- (c) to retain and oversee Tenant Farmers in connection with the manner in which they farm each Farm Asset;
- (d) to oversee and administer the sale of those commodities and crops that are derived from the operation of each Farm Asset;
- (e) to provide objective, competent and timely suggestions and supporting information regarding the proposed sale of any Farm Asset; and
- (f) to otherwise avoid self-dealing, insider transactions, secret transactions and all other business activities that are inconsistent with providing ATRS with the utmost and highest duty of good faith and loyalty in connection with the discharging of those obligations, duties and services that are assigned to USAG under this Agreement.

USAG represents and covenants that in the performance of its duties and obligations hereunder USAG and all of its employees and Affiliates shall possess the requisite expertise and experience necessary in order to discharge the duties and obligations assigned to USAG hereunder, and will utilize the skill, care, prudence and diligence in discharging said duties and obligations that a prudent person owing a fiduciary duty to ATRS would otherwise utilize and observe.

Section 3.2 Powers and Duties of USAG. Without limiting the generality of the foregoing, and upon and subject to the other terms and conditions set forth in this Agreement, USAG shall:

- (a) regularly examine the current inventory of farmland that might be for sale across the United States in an effort to determine whether any particular farmland opportunity might fit within the Investment Criteria;
- (b) regularly contact sources in an effort to identify farmland opportunities that have yet to be listed for sale in an effort to determine whether any particular farmland opportunity might fit within the Investment Criteria;

- (c) regularly monitor the sales prices of farmland properties that have sold to third parties and maintain records regarding the characteristics of the subject farmlands, the price per acre of each such sale, and those other characteristics and statistics that are routinely maintained by professional real estate appraisers or that otherwise might be Directed by ATRS;
- (d) oversee and administer all aspects associated with the retention of Tenant Farmers to farm the Farm Assets and managing and overseeing their business operations;
- (e) manage, operate, maintain and develop the Farm Assets, or cause the Farm Assets to be managed, operated, maintained and developed, (i) in accordance with this Agreement, (ii) in compliance with each Annual Business Plan, and (iii) otherwise, in accordance with general real estate industry standards for the type and location of such Farm Asset or Farm Assets consistent with each applicable Annual Business Plan;
- (f) ensure that each Farm Asset is always owned and operated in compliance with Applicable Law, and promptly remedy any violation of such Applicable Law which comes to its attention;
- (g) cause each Farm Asset to be maintained in proper condition, and cause repairs and alterations thereof, in an effort to maximize the income that will be derived from the operation of each Farm Asset and maximize that capital gain that it anticipated to be realized in connection with the sale of each Farm Asset;
- (h) cause or provide for Tenant Farmers to be timely billed for basic rent, additional rent, utilities and other charges authorized by Leases, and use all reasonable efforts to timely collect such rent and other charges from such Tenant Farmers;
- (i) supervise the performance by Tenant Farmers of their obligations under their Leases and cause to be timely performed the obligations of the Company as landlord under any of the Leases;
- (j) take such action as may be required in connection with the timely performance by any Company of its obligations under any Mortgage Loan, Lease or other agreement related to any of the Farm Assets;
- (k) cause to be timely obtained, verified and paid bills for real estate and personal property taxes, assessments and other governmental charges relating to the Farm Assets;
- (l) timely collect and receive (by deposit immediately following collection into one or more interest-bearing accounts established for and in the name of USAG as agent for the Company in accordance with this Agreement), and remit to ATRS or to the Company, as applicable, all rents, interest, issues, dividends, income and profits of the Farm Assets, proceeds of the sale, financing or disposition of Farm Assets, and other sums due to either the Company or ATRS; provided, however, that such remittances shall be promptly made after such amounts have been reduced for the Company's expenses, disbursements, Reserves and working capital;
- (m) duly invest any cash contributions, Reserves and cash derived from any other source, whether from operations of any and all Farm Assets or otherwise, in the Short Term

Investments with all such deposits and investments to be withdrawable or redeemable at the option of USAG without penalty or commission;

- (n) when necessary in the opinion of an Authorized ATRS Representative, obtain confirmation of the due organization and formation of the Company under the corporate or limited liability company law of the jurisdiction in which it is incorporated or formed and its authorization and qualification to do business in the state(s) in which it conducts business, by means of certifications of corporate existence from the state agencies having jurisdiction, or opinions of legal counsel to such effect;
- (o) identify, analyze and, if applicable and in accordance with the Investment Criteria propose the consideration of a Proposed Target Property for acquisition as a Farm Asset;
- (p) duly complete capital improvements and development projects in accordance with the respective Investment Proposal;
- (q) enter into or modify, amend, extend, renew or terminate Leases, contracts, agreements and other undertakings in the ordinary course of business of operating, managing and maintaining the Farm Assets and in accordance with the applicable Annual Business Plan;
- (r) make expenditures in the ordinary course of business of operating, managing and maintaining the Farm Assets and in accordance with the applicable Annual Business Plan;
- (s) make expenditures for emergency repairs involving danger to life or property or immediately necessary for the preservation and safety of the Farm Assets or for the safety of the Tenant Farmers or required to avoid the suspension of essential services to the Farm Assets;
- (t) except as otherwise set forth in this Agreement, pay out of the Farm Assets the expenses, fees and taxes, if any, incurred in connection with making investments in Farm Assets, or in connection with the sale or development, ownership and operation of the Farm Assets;
- (u) engage at USAG's sole cost and oversight such employees as USAG shall deem necessary to perform the obligations of USAG under this Agreement, and engage at USAG's sole cost such other third parties as USAG shall deem necessary to perform its obligations under this Agreement, provided, however, USAG hereby acknowledges and agrees that it is liable for any acts or omissions of such third parties;
- (v) so long as such cost and expenses are within annual operating budgets provided in the current Annual Business Plan submitted to the Company, USAG may employ all real estate managing agents, brokers, accountants, engineers, environmental consultants, surveyors, title insurance companies, and other agents and experts, including attorneys, that USAG might deem necessary or appropriate in discharging its duties hereunder in the daily administration of the Farm Assets managed hereunder at the sole cost and expense of the Company; provided, however, any such cost associated with the due diligence or closing of the purchase of a Farm Asset shall always be considered the sole cost and expense of the Company and not USAG;

- (w) in the event of default by any Person who is a party to a Lease, contract, agreement or undertaking with the Company or affecting a Farm Asset (including a Tenant Farmer breaching its obligations under a Lease), to pursue any remedy or commence any action in the ordinary course of operating, managing or maintaining the Farm Assets in a manner materially consistent with real estate industry practices, including but not limited to, referring any amounts due to a collection agency, authorizing an attorney to institute action to collect amounts due or enforcing the obligations of a Person to foreclose on a Farm Asset; provided, in the event USAG reasonably believes the default may have a material adverse effect on the Farm Asset, USAG shall provide notice of such default to ATRS;
- (x) cause all Farm Assets acquired after the date of this Agreement to be titled and held solely in the name of the Company;
- (y) at USAG's expense, maintain or cause to be maintained in full force and effect with respect to USAG the following insurance policies:
 - (i) general liability policy with coverage limits of at least Ten Million (\$10,000,000);
 - (ii) an errors and omissions/professional liability insurance policy with coverage limits of at least Five Million Dollars (\$5,000,000); and
 - (iii) a crime coverage policy, including coverage for employee fraud or dishonesty, with coverage limits of at least Two Million Dollars (\$2,000,000);provided, each such insurance policy shall be issued by an insurance company that has been approved by ATRS and that has been rated A- or better by A.M. Best at the time of issuance and shall name ATRS and its member as joint loss payees with respect to crime coverage policy. USAG shall furnish ATRS with certificates of coverage with respect to such policies within thirty (30) days of the execution of this Agreement and from time to time upon request by the Company which certificates shall provide that the insurer will endeavor to give ATRS at least thirty (30) days' prior written notice of cancellation of such policies;
- (z) at ATRS' expense, obtain and maintain property and liability insurance providing coverage for the Farm Assets and USAG in the performance of its duties under this Agreement, under policies covering all properties owned by or for the benefit of ATRS. Such policies may be blanket policies which also cover the properties of USAG's other clients as long as such policies are in the best interest of ATRS and ATRS does not bear more than its actual share of the premiums for such policies;
- (aa) identify opportunities for additional investments of the Company's assets in Farm Assets and cause such additional Farm Assets to be acquired by the Company in accordance with the applicable Investment Proposals;
- (bb) conduct itself at all times in compliance with all ATRS policies and procedures applicable to the investment and management of the Farm Assets that might be promulgated, modified or amended from time to time;

- (cc) obtain and at all times maintain in good status all permits and licenses that might be required in order to discharge USAG's duties and obligations hereunder including, to the extent necessary, all real estate brokerage licenses, all securities and commodities trading licenses, and all related and unrelated business permits of every nature that might be required as a result of the performance of USAG's duties and obligations hereunder;
- (dd) provide advice regarding the purchase of commodity futures contracts, forward crop purchase agreements and related and unrelated commodity hedging programs in an effort to reduce risks and increase profits associated with ownership of any Farm Asset, and provide for the placement of such contracts and agreements, it being agreed and understood that all such commodity sale and hedging programs shall be consistent with the Commodity Hedging Criteria Summary that is attached hereto as **EXHIBIT E**. USAG may revise the Commodity Hedging Criteria Summary from time to time at its discretion; provided, however, USAG shall provide written notice to ATRS of any such modification. If within seven (7) business days of submittal to ATRS of any modification to the Commodity Hedging Criteria Summary ATRS has not provided written notice to USAG that it disapproves of such modification, then ATRS shall be presumed to have approved such modification and USAG can proceed to operate under such modification.
- (ee) coordinate the Quarterly Fair Market Value Adjustment; and.
- (ff) monitor all acquisitions and any direct farm expenditures to ensure ATRS compliance with the requirements of Arkansas Act 710 of 2017.

Section 3.3 Restrictions on USAG's Power and Authority. USAG shall not do or cause any other Person to do any of the following in the absence of Directions to the contrary:

- (a) settle, compromise and adjust any claim in favor of, against or relating to the Company or Farm Assets, except non-material claims settled, compromised or adjusted in the ordinary course of business of operating, managing and maintaining the Farm Assets;
- (b) arrange to prosecute, defend, settle, or compromise any action at law or in equity or any administrative proceeding in favor of, against or relating to the Company or the Farm Assets if such action or proceeding reasonably could be expected to have a material effect (adverse or otherwise) on the Farm Asset(s) affected thereby (taking into consideration any insurance coverage applicable thereto), or satisfy, settle, compromise or adjust any judgment, decree, decision, order or settlement in connection therewith; or
- (c) create, incur, assume or suffer to exist any Lien upon any of the Farm Assets except for (A) Liens for taxes and special assessments not yet due or which are being contested in good faith and by appropriate proceedings if adequate Reserves with respect thereto are maintained on the books of the Company, (B) carriers', warehousemen's, mechanics', materialmen's', or other like Liens arising in the ordinary course of business which are not overdue for a period of thirty (30) days or which are being contested in good faith and by appropriate proceedings, (C) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and other Liens incurred in the ordinary course of business which, in the aggregate, are not substantial in amount, and

which do not in any case materially detract from the value of the Farm Asset subject thereto or interfere with the ordinary conduct of the business of the Farm Assets or the Company, or (D) mortgages and deeds of trust entered into in accordance with an Investment Proposal or an Annual Business Plan.

Section 3.4 Prohibitions on USAG's Power and Authority. USAG shall not do or cause any other Person to do any of the following:

- (a) enter into any transaction or engage in any other activity which is outside the scope of this Agreement, including entering into any transaction or engaging in other activity that is contrary to Applicable Law with respect to ATRS or any of its Affiliates, including Arkansas Code Annotated Sections 24-2-601 et seq.; provided, however, USAG shall not be required to comply with the following provisions:
 - (i) Arkansas Code Annotated Section 24-2-608 with respect to the percent of ATRS assets invested in Arkansas investments, although USAG may invest some of the Committed Capital in Arkansas agricultural farm land, USAG shall have no affirmative obligation to invest any of the Committed Capital in Arkansas farm land pursuant to this Section;
 - (ii) Arkansas Code Annotated Section 24-2-612 which requires diversification of its total funds under management - USAG is directed by ATRS to invest the Committed Capital in agricultural farm land and shall have no affirmative obligation to seek to diversify the Committed Capital to be invested by USAG pursuant to this Agreement in anything other than agricultural farm land that meets the Investment Criteria spelled out in Exhibit B;
 - (iii) Arkansas Code Annotated Section 24-2-616 which requires all cost incurred in investing its assets to be approved by the ATRS board and to be reasonable - once USAG has received notice from ATRS of its approval of all cost proposed in the Annual Business Plans, and Investment Proposals submitted by USAG, USAG can rely on such approvals as evidence that such cost are in compliance with Section 24-2-616;
 - (iv) Arkansas Code Annotated Section 24-2-618(f)(2) dealing with notice and approval requirements – USAG has no duty to comply with the notice and approval requirements of Section 24-2-618(f)(2).
- (b) enter into any transaction or engage in any other activity which violates any policy or procedure set forth in a Schedule hereto or any Direction;
- (c) engage in any activity which results in the loss of the tax-exempt status of the Company (unless USAG was Directed to establish the Company as a taxable entity); or
- (d) enter into any transaction of any kind with any Person where the liability of ATRS or any of its Affiliates relating to such transaction is not limited to the Farm Assets.

- (e) enter into any transaction or engage in any other activity which violates Ark. Code Ann. § 25-1-1201 et seq. scrutinized company language under Article 11; or
- (f) enter into any transaction or engage in any other activity which violates Ark. Code Ann. § 25-1-1101 et seq. boycott ESG language under Article 11.

Reservation of Rights by ATRS. ATRS reserves the right, at any time, to modify, restrict or eliminate the duties and powers of USAG as set forth in this Agreement pursuant to a Direction to USAG.

ARTICLE 4
IDENTIFICATION OF PROPOSED TARGET PROPERTIES;
INVESTMENT COMMITTEE ANALYSIS AND RECOMMENDATION;
ASSET ACQUISITION PROCEDURE

Section 4.1 Maintenance of Sales Activity Reports. USAG shall on a regular and routine basis maintain records and inventory reports regarding farmlands across the United States that are for sale and farmlands that have been the subject of sales to third party purchasers. USAG shall also endeavor to identify farmland sales opportunities that have yet to be formally listed for sale to the public. In all instances, USAG shall maintain records regarding the acreage and characteristics of each property, the price per acre for which properties have sold or are listed for sale, and those other characteristics and statistics that are routinely maintained by professional real estate appraisers or that otherwise might be Directed by ATRS. ATRS may, on occasion, request to review reports and records upon request, which review will not be unreasonably withheld.

Section 4.2 Identification of Proposed Target Property. USAG shall be responsible for identifying Proposed Target Properties that either meet or exceed the Investment Criteria. When so identified, USAG shall present the Proposed Target Property to the Investment Committee for analysis and recommendation.

Section 4.3 Investment Proposal Approval. To the extent that the Investment Committee determines that the Proposed Target Property meets the Investment Criteria, each Investment Proposal for consideration shall be executed by the Investment Committee in accordance with its policy and procedures. Investment Committee approval shall serve as confirmation that the Proposed Target Property meets the Investment Criteria. It is agreed and understood that ATRS will perform no due diligence investigations in connection with any Investment Proposal and that ATRS will be exclusively relying upon USAG in connection with all investment decisions hereunder.

Section 4.4 Asset Acquisition Procedure. USAG shall promptly cause an agreement for the purchase of the Proposed Target Property to be prepared. The agreement along with all due diligence reviewed by USAG that pertains to the Proposed Target Property shall be reviewed by USAG in-house or outside legal counsel prior to the submittal of the purchase and sale agreement to the proposed seller. Among other things, the agreement shall, at a minimum, address the following:

- (a) shall establish the price of the Proposed Target Property;

- (b) establish the earnest money deposit, which shall not exceed \$250,000 absent ATRS approval, which shall be refundable at any time during the due diligence investigation period and which, thereafter, shall be non-refundable;
- (c) shall establish a due diligence investigation period from the date upon which the final information submittal is delivered to USAG during which USAG and its third party experts may examine the Proposed Target Property;
- (d) shall require the seller to deliver a commitment of title insurance from a title company chosen by USAG that shall provide that the Proposed Target Property is, or at closing will be, free and clear of all financial liens and encumbrances but subject to nonmaterial easements and encumbrances that do not affect the value or marketability of the Proposed Target Property;
- (e) shall complete a Phase I Environmental Site Assessment to identify the current and historical uses of a property;
- (f) shall require a survey of the Proposed Target Property that meets ALTA minimum standards necessary in order to remove the survey exception from the contemplated title insurance policy to be delivered to USAG and the title company prior to the end of the due diligence period; and
- (g) shall identify those other matters that ATRS might require from time to time.

Section 4.5 Closing Procedures and Funding. Upon the determination that a Proposed Target Property meets the Investment Criteria, USAG shall establish a date at which a closing of said purchase will occur. The closing will be coordinated through a nationally recognized title insurance company. The title insurance company shall prepare a closing and settlement statement that shall reflect the applicable purchase price, all prorations of general and special property taxes, all rental prorations, all expenses chargeable to seller and ATRS, and those other matters that routinely appear on a closing and settlement statement. The title insurance company shall also issue an insured closing letter from its underwriter. USAG in-house or outside legal counsel shall review and oversee all aspects of the pre-closing and closing process. Thereafter, USAG will wire transfer the purchase price, as adjusted by prorations and costs, plus any other capital expenditure funds that are identified on the closing and settlement statement, to the title insurance company for disbursement in accordance with the closing and settlement statement and those escrow instructions that USAG in-house or outside legal counsel shall provide.

Section 4.6 Equitable Rotation. USAG shall pursue Proposed Target Properties on behalf of ATRS in a manner that equitably rotates opportunities among ATRS and USAG's other investment clients; provided, however, if ATRS notifies USAG in writing that it no longer desires to acquire Proposed Target Properties, USAG will not pursue Proposed Target Properties on behalf of ATRS other than Proposed Target Properties that are located adjacent to existing Farm Assets.

Section 4.7 Disclosure of Other Management Agreement Terms. Should USAG enter into an agreement with another entity to acquire and manage agricultural real estate on a non-comingled, separate account basis ("Third Party Agreement"), and should said Third Party Agreement provide for the commitment of capital by said entity that is equal to or less than the Committed Capital, then USAG shall provide written notice to ATRS, within thirty (30) days from the date of the Third Party Agreement, the following information:

- (a) The entity's name;
- (b) The amount of capital that has been committed by said entity for investment;
- (c) The amount of and manner in which Recurring Compensation, management or advisory fees and other consideration is paid to USAG; and
- (d) The amount of and manner in which Incentive Compensation or other deferred compensation or profit distributions is paid to USAG.

ARTICLE 5 TENANT FARMER RELATIONSHIPS AND OVERSIGHT

Section 5.1 Identification of Tenant Farmer; Underwriting Criteria. USAG shall be solely responsible for locating and identifying all parties who are proposed to serve as Tenant Farmers with regard to each Farm Asset.

Section 5.2 Tenant Farmer Lease Agreement; Rental Payments. The Tenant Farmer Lease Agreement shall be drafted in accordance with local tenancy laws and customs for the region in which the Farm Assets are located. In addition, the Tenant Farmer Lease Agreement shall be drafted in general conformity with that template that is attached hereto as **EXHIBIT C**.

Section 5.3 Oversight of Tenant Farmer Activities. USAG shall be responsible for ensuring that Tenant Farmer timely complies with all provisions of the Tenant Farmer Lease Agreement, and responsible for taking all actions necessary and appropriate in order to enforce ATRS's rights and entitlements thereunder.

Section 5.4 Collection of Rents. USAG shall be responsible for ensuring the prompt and timely collection of all rents due and payable under the Tenant Farmer Lease Agreement. To the extent that the rents payable thereunder are to be paid, either in part or in whole, by the delivery of crops, USAG shall take all steps necessary in order to ensure the proper accounting of all harvest activities and the proper delivery of all crop rental entitlements.

ARTICLE 6 BANK ACCOUNTS; CONTRIBUTIONS, DISTRIBUTIONS AND WITHDRAWALS

Section 6.1 Operating and Depository Accounts. USAG will establish and maintain such operating accounts, depository accounts and other bank accounts in the name of USAG as agent for the Company, and with such signature authority as may be deemed necessary or appropriate, in the reasonable discretion of USAG, to perform its duties and obligations under this Agreement. USAG shall provide in writing to ATRS information with respect to the identification of such accounts and the terms and conditions under which they are maintained promptly following their establishment or any changes thereto. USAG shall ensure that said accounts shall contain only the minimal funding necessary in order to pay routine operational expenses. In no event shall any such account contain funds in excess of \$250,000 unless approved by the Authorized ATRS Representative. Upon written request from ATRS, USAG shall ensure that all financial institutions holding said accounts provide a courtesy copy of all monthly bank statements to ATRS. USAG

shall always ensure that deposits with the banking institutions do not exceed those amounts that are guaranteed by the Federal Deposit Insurance Corporation.

Section 6.2 Dividends and Other Distributions. USAG shall timely collect, receive and, immediately upon receipt, deposit into an interest bearing account in the name of the Company, all income, proceeds and receipts from the Farm Assets, net of the Company's expenses, disbursements, Reserves and working capital. USAG shall cause distributions of such receipts and all accrued interest thereon to be distributed to ATRS at least semi-annually on or before June 1 and December 1 of each calendar year. In addition, USAG shall cause distributions to be paid out pursuant to this Agreement at any time the balance of any account maintained by USAG for the benefit of ATRS hereunder exceeds the amount that is insured by FDIC deposit insurance. ATRS may Direct USAG to declare or cause the Company to declare dividends or make other distributions from the Farm Assets from time to time and at any time, of all or any portion of the cash assets (including, without limitation, dividends and accrued interest thereon, all of which constitute Farm Assets) and liquidation proceeds and proceeds from the sale, exchange or disposition of any and all Farm Assets acquired by the Company, as the case may be.

Section 6.3 Operational Funding Shortfalls. If at any time the cash in the Company's accounts shall not be sufficient to pay the bills and charges which may be incurred with respect to the Farm Assets, USAG shall not be obligated to pay said expenses and charges from its own account. USAG shall notify ATRS immediately in writing upon knowledge of a cash shortage or pending cash shortage with respect to a Company's account in connection with the operation of the Farm Assets and ATRS shall determine and Direct payment priority. After USAG has paid or caused to be paid, to the extent of available cash, all bills and charges in connection with the operation of the Farm Assets based upon the priorities established and Directed by ATRS, USAG shall submit to ATRS a statement of all remaining unpaid bills. ATRS shall thereafter and without undue delay provide sufficient moneys (either directly or through the Company) to pay any unpaid expenses properly payable by ATRS or the Company with respect to the operation of the Farm Assets.

ARTICLE 7 COMPENSATION AND REIMBURSEMENTS

Section 7.1 Recurring Quarterly Compensation. In consideration for its services rendered hereunder, it is agreed and understood that ATRS shall pay to USAG in quarterly installments a sum that is equal to one-quarter (1/4) of one percent (1.00%) of the Gross Asset Value of the Company ("Recurring Compensation"). The following procedure shall address the manner in which Recurring Compensation invoices are submitted and approved for payment:

- (a) On the last day of each calendar quarter USAG shall submit to the Pinnacle Mountain Holding Company, LLC ("Pinnacle"), the affiliate of ATRS that is the direct or indirect holding company with regard to all assets that are the subject of this Agreement, invoices for .25% (.0025) of the Gross Asset Value outstanding as of the last day of the prior quarter. (Example: USAG submits an invoice on June 30 based upon such Gross Asset Value on March 31 to cover compensation to USAG for the period 4/1 through 6/30)
- (b) All invoices shall (i) show the manner in which the Recurring Compensation has been calculated, (ii) request reimbursement of all unreimbursed or outstanding unpaid expenses properly payable by ATRS or the Company with respect to the Farm Assets (iii) include any

relevant supporting documentation for either the Recurring Compensation or reimbursement of expenses, (iv) provide a balance for each of the respective Company accounts from which payment will be made and request additional capital to cover any accounts that do not have sufficient capital to cover such payments requested by such invoices.

- (c) Within 5 days of receipt of the above invoices, the ATRS designated representative shall:
 - (i) If ATRS does not question the accuracy of said invoice, either pay or cause to be paid the amounts due thereunder or send written approval to USAG personnel authorizing them to fund the payments that are the subject of the invoices to USAG or such third party vendors from the appropriate Company accounts;
 - (ii) If ATRS questions any item on the invoice, then ATRS shall submit to USAG a request for additional information to document the accuracy of the related invoices and shall pay such invoice within five (5) days of receiving such information and resolution of any such questions; and
 - (iii) Approve and wire to the appropriate Company accounts any additional capital needed to cover amounts approved for payment by USAG from the such accounts.

Section 7.2 Reimbursement USAG Expenses. USAG shall be entitled to reimbursement for all reasonable and necessary costs and expenses incurred in connection with the fulfillment of its duties and obligations hereunder, PROVIDED, HOWEVER, that as a condition to such reimbursement, the identified cost or expense (a) must have been clearly identified and included in the Annual Business Plan, (b) must have been approved in writing by the Authorized ATRS Representative prior to said expense being incurred by USAG, (c) must be an emergency expense that was incurred by USAG due to the occurrence of extraordinary circumstance that required the incurring of the emergency expense in order to avoid additional substantive damage to a specified Farm Asset or otherwise to protect the health, safety and welfare of parties directly involved with any Farm Asset and (d) ATRS will not be billed for lodging, meal, travel or entertainment expenses. As a condition to the reimbursement of an emergency expense, USAG shall deliver, along with the reimbursement request, a written report regarding the reasons why the emergency expense was incurred. In no event shall an emergency expense in excess of \$25,000 be incurred by USAG absent the written consent of the Authorized ATRS Representative.

ARTICLE 8 REPORTS; RETURNS; BOOKS AND RECORDS

Section 8.1 Annual Report. USAG shall cause to be prepared and delivered to ATRS an annual financial report of the Farm Assets for the prior calendar year, audited at the expense of the Company by an independent certified public accountant acceptable to an Authorized ATRS Representative. The annual financial report shall be prepared and submitted to ATRS on or before March 31st of each calendar year.

Section 8.2 Quarterly Reports. USAG shall cause to be prepared and delivered to ATRS an unaudited quarterly financial report of the Farm Assets. The quarterly unaudited financial reports shall be prepared and submitted to ATRS on or before the 45th day after the end of each calendar year quarter.

Section 8.3 Proposed Annual Operating Budgets. USAG shall cause to be prepared and delivered to ATRS an annual budget that proposed and anticipates the income and expenses to be realized in connection with the operation of each Farm Asset.

Section 8.4 Proposed Annual Capital Expenditures Budgets. USAG shall cause to be prepared and delivered to ATRS an annual capital expenditure budget that proposed and anticipates those capital expenditures and improvements related to each Farm Asset.

Section 8.5 Transaction Status Reports; Additional Reports. In addition to all other reports required hereunder, USAG shall:

- (a) If Directed, USAG shall prepare and distribute such other reports, budgets or accountings as ATRS may reasonably deem to be necessary.
- (b) USAG shall, at the expense of the Company, deliver to ATRS copies of the Company's audited balance sheet and financial statements for each fiscal year by March 31 of each calendar year.

Section 8.6 Returns. USAG shall cause to be duly prepared and timely filed at the expense of the Company all tax or information returns on behalf of the Company, and ATRS shall cooperate with USAG with respect thereto. All annual tax returns shall be timely prepared so as to avoid the need to file any extension requests with applicable taxing authorities.

Section 8.7 Accounts. USAG shall keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions and proceedings under this Agreement, and all such accounts and other records relating thereto shall be open to inspection and audit at all reasonable times during the term of this Agreement and the Survival Period, at the expense of ATRS or by any Person designated by ATRS.

Section 8.8 Books and Records. USAG shall act as custodian for the Books and Records of the Company and all such records shall be open to inspection and audit at all reasonable times during the term of this Agreement and the Survival Period, by any Person designated by ATRS. USAG shall comply with any reasonable request of ATRS from time to time with respect to providing copies of any of the Books and Records. USAG shall take appropriate steps in order to provide Authorized ATRS Representatives with remote computer access to all Books and Records.

ARTICLE 9

GENERAL SURVIVAL; INDEMNIFICATION; DISPUTE RESOLUTION

Section 9.1 Survival of Representations and Covenants. The representations and covenants made USAG in this Agreement shall survive for eighteen (18) months after the Termination Date (the "Survival Period"); provided, however, that any covenant by its terms which survives the Termination Date for a longer period of time shall survive for such longer period of time.

Section 9.2 Indemnification by USAG.

- (a) USAG shall indemnify and save harmless ATRS and its Affiliates, and their respective officers, managers, directors, agents and employees (collectively, the "ATRS Parties") from and against any Losses, including UBTI, resulting or arising from or otherwise relating to (i) the failure of USAG to promptly and responsibly perform any of the duties or obligations assigned to USAG hereunder, (ii) any breach of USAG's representations and warranties set forth in this Agreement, (iii) any nonfulfillment of or failure to comply with any covenant of USAG set forth in this Agreement, (iv) the failure by USAG to comply with any Direction, or (v) the failure by USAG or any of its Affiliates to discharge that fiduciary duty that said entities owe ATRS hereunder.
- (b) Notwithstanding (a) above, ATRS acknowledges and agrees that USAG is not a guarantor of the performance of any Farm Asset and that USAG shall not be liable, responsible or accountable for the Losses of any of ATRS Parties for (i) the failure of any Farm Asset to perform as projected in or contemplated by any Annual Business Plan due to market conditions or other similar factors beyond the reasonable control of USAG, (ii) the failure of USAG to act upon or perform any action or matter for which Direction has been requested in writing in a reasonably timely manner during the period between the date of its written request for Direction and the date a Direction in response thereto has been received by USAG, or (iii) any act or omission performed or omitted by USAG at the Direction of an Authorized ATRS Representative, so long as USAG was not guilty of fraud, bad faith, negligence or willful misconduct and complied in all material respects with the covenants, conditions or other agreements contained in this Agreement relating to such act or omission.
- (c) The provisions of this Section shall survive the Termination Date.

Section 9.3 Method of Asserting Claims, Etc.

- (a) Promptly after receipt by any ATRS Parties (an "Indemnified Party") of notice or knowledge of any demand or claim or the commencement of any action, proceeding or investigation (an "Asserted Liability") that could reasonably be expected to result in Losses, the Indemnified Party shall give notice thereof (a "Claims Notice") to USAG (the "Indemnifying Party"). Each Claims Notice shall describe the nature and basis of the Asserted Liability in reasonable detail, and shall indicate the amount (estimated, if necessary) of the Losses that have been or may be suffered by the Indemnified Party. The rights of any Indemnified Party to be indemnified hereunder shall not be adversely affected by its failure to give, or its failure to timely give, a Claims Notice with respect thereto unless, and if so, only to the extent that, the Indemnifying Party is prejudiced thereby.
- (b) The Indemnifying Party shall have the right, exercisable by written notice to the Indemnified Party within sixty (60) days of receipt of a Claims Notice from the Indemnified Party, to

assume the exclusive defense, settlement, adjustment and compromise of such Asserted Liability, using counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnified Party. Should the Indemnifying Party elect to assume the exclusive defense of the Asserted Liability, the Indemnifying Party shall not be liable to the Indemnified Party for legal expenses incurred by the Indemnified Party in connection with the defense thereof. Subject to the foregoing, if the Indemnifying Party elects to compromise or defend such Asserted Liability, the Indemnified Party shall cooperate, at the expense of the Indemnifying Party, in the compromise of, or defense against, such Asserted Liability. If the Indemnifying Party elects not to compromise or defend the Asserted Liability or fails to notify the Indemnified Party of its election as herein provided, the Indemnified Party may pay, compromise or defend such Asserted Liability. The Indemnified Party and the Indemnifying Party may participate, and to be represented by counsel, at their own expense, in the defense of such Asserted Liability. If the Indemnifying Party chooses to defend any claim, the Indemnified Party shall make available to the Indemnifying Party any books, records or other documents within its control, and the reasonable assistance of its employees, for which the Indemnifying Party shall be obliged to reimburse the Indemnified Party the reasonable out-of-pocket expenses of making them available.

- (c) If any Indemnifying Party has assumed the exclusive defense of an Asserted Liability in accordance with the terms hereof, the Indemnifying Party shall have the right to consent to the entry of judgment with respect to, or otherwise settle such Asserted Liability without the consent of the Indemnified Party if (i) the settlement involves solely monetary damages and (ii) the Indemnifying Party expressly agrees in writing to the Indemnified Party that, as between the two, the Indemnifying Party is solely obligated to satisfy and discharge the claim. If the foregoing conditions are not satisfied, the Indemnifying Party shall have the right to consent to the entry of judgment with respect to, or otherwise settle such Asserted Liability only upon receipt of the written consent of the Indemnified Party, which consent shall not be unreasonably withheld. If the Indemnified Party does not give such consent, the Indemnifying Party shall resume the diligent defense of the Asserted Liability. If the Indemnifying Party elects to assume the exclusive defense of the Asserted Liability in accordance with the terms hereof, the Indemnified Party shall not admit any liability with respect to, consent to the entry of judgment with respect to, or otherwise settle such Asserted Liability without the prior written consent of the Indemnifying Party; and, if the Indemnifying Party does not elect to assume the exclusive defense of the Asserted Liability in accordance with the terms hereof, the Indemnified Party may, acting reasonably, settle such Asserted Liability without the prior written consent of the Indemnifying Party.
- (d) The provisions of this Section shall survive the Termination Date.

Section 9.4 Informal Dispute Resolution. ATRS and USAG agree and covenant that they shall endeavor to resolve any claim, dispute, controversy or other matter based upon, arising out of or relating to this Agreement through the scheduling of informal dispute resolution meetings between representatives of ATRS and USAG. Such informal dispute resolution meeting shall be held in Little Rock, Arkansas.

Section 9.5 Mediation. In the event ATRS and USAG are unable to resolve any claim, dispute, controversy or other matter based upon, arising out of or relating to this Agreement through informal dispute resolution, ATRS and USAG shall endeavor to resolve any such claim, dispute, controversy or other

matter based upon, arising out of or relating to this Agreement by non-binding mediation under the then current CPR Model Mediation Procedure for Business Disputes ("Mediation") in Little Rock, Arkansas. Such Mediation shall be initiated within ten (10) days after the parties are unable to resolve the claim, dispute, controversy or other matter through informal dispute resolution.

Section 9.6 Litigation. If the claim, dispute, controversy or other matter has not been resolved by Mediation within sixty (60) days of the initiation of such procedure, either party may initiate litigation; provided, however, if one party has requested the other to participate in Mediation and the other has failed to participate, the requesting party may initiate litigation before the expiration of the above period. It is agreed and understood that all litigation shall exclusively occur in a court of competent jurisdiction in Pulaski County, Arkansas and that Arkansas law shall apply to all litigation issues.

ARTICLE 10 TERMINATION, REMOVAL AND RESIGNATION

Section 10.1 Termination. This Agreement shall begin as of the date hereof and shall continue for a period of one (1) year (the "Initial Term"), as the same may be extended (the "Term"). Upon expiration of the Initial Term, this Agreement shall automatically renew for additional successive terms of one (1) year each, unless and until sooner terminated as provided herein. Notwithstanding the foregoing, either Party hereto may terminate this Agreement as provided below (each of the following, along with termination date of the original term and any renewal or extension term hereof, the "Termination Date"):

- (a) If there is a failure by either party to perform any obligations or conditions under this Agreement, and, with regard to any monetary default hereunder such failure is not cured within ten (10) days after written notice of such breach, and, with regard to any non-monetary default hereunder such failure is not cured within thirty (30) days after written notice of such breach, then the non-breaching party may terminate this Agreement.
- (b) ATRS may terminate this Agreement with or without Cause by providing thirty (30) days written notice to USAG of its intent to terminate this Agreement.
- (c) Reserved.
- (d) USAG may terminate this Agreement by providing at least one hundred eighty (180) days' written notice to ATRS that it is resigning its position as farm manager.

Section 10.2 Effect of Termination of Agreement. Upon the Termination Date, ATRS shall pay to USAG, within five (5) days after the submittal by USAG to ATRS of a final invoice for Recurring Compensation, the sum then due to the extent that said invoice is accurate. Should the Termination Date occur within the term of any calendar quarter, then the Recurring Compensation shall be prorated to the Termination Date.

Section 10.3 Delivery of Assets, Books and Records: Further Assurances.

- (a) No later than the Termination Date, USAG shall deliver to ATRS or to such Person as Directed by an Authorized ATRS Representative all Farm Assets (including cash) held by

USAG and all Books and Records. After the Effective Date, USAG shall cooperate with ATRS in making available all information and timely executing and delivering documents reasonably necessary to prepare and timely file any and all tax returns, amended returns, or other filings with governmental or regulatory entities and annual financial statements and reports with respect to the Company or the Farm Assets which relate to the term of this Agreement. USAG covenants and agrees that it shall cooperate with ATRS to facilitate the orderly transfer of the servicing of the Farm Assets to USAG's successor as of the Termination Date.

- (b) In the event USAG is requested to perform substantial services beyond those described in (a) above following the Termination Date, USAG shall be entitled to the payment of reasonable compensation for such services, in such amounts as may be agreed upon by ATRS and USAG.
- (c) This Section shall survive the Termination Date.

ARTICLE 11
CONFIDENTIALITY;
RELATED PARTY TRANSACTIONS PROHIBITION;
RELATED FEE INCOME; OTHER PROHIBITIONS

Section 11.1 Confidentiality. USAG agrees to keep and maintain as confidential all information that it might possess in connection with any and all Farm Assets, all Books and Records, all Annual Business Plans, and all other information regarding business and plans of ATRS, and agrees that it will not disclose such information to any third party. NOTWITHSTANDING THE FOREGOING, it is acknowledged that USAG may disclose confidential information as required by the Arkansas Freedom of Information Act, other applicable law or court order or to third parties who are involved in providing consulting services related to Farm Assets.

Section 11.2 Related Party Transactions Prohibition. Except as provided in Section 11.4 below, USAG agrees that, in connection with the performance of its duties hereunder, it will never enter into any contract or agreement with an Affiliate or other party that is related, either directly or indirectly to USAG of any officer, director, agent or employee of USAG. Any and all such contracts or agreement shall be deemed null and void ab initio and are outside of the scope of USAG's authority hereunder.

Section 11.3 Prohibition Against Other Fee Income. Except as provided in Section 11.4 below, USAG agrees that, in connection with the performance of its duties hereunder, it will never receive or accept from any third party involved in the acquisition, management, administration or sale of any Farm Asset or Proposed Target Property any additional fee, consideration, payment of matters of value other than that compensation payable hereunder including, without limitation, any real estate brokerage fee or commission, real estate referral fee, title insurance or surveyor referral fee, Tenant Farmer broker or referral fee or other fee, payment of matter of value of any nature.

Section 11.4 Approved Exceptions. Notwithstanding the foregoing, USAG may enter into affiliated party transactions and may allow for the payment of fees to USAG to the extent that said transactions are fully disclosed to ATRS, involve the payment of consideration that is arm's length and fair,

and an Affiliated Party Disclosure Statement, substantially in that form that is attached hereto as **EXHIBIT F**, has been executed by USAG and delivered to ATRS for review and consideration.

Section 11.5 Non-Discriminatory Actions. USAG and its Affiliates agrees that they shall comply and adhere to all applicable state and federal laws pertaining to non-discrimination in connection with the employment of Tenant Farmers, service providers and others involved in implementing the goals and purposes of this Agreement, including, without limitation, Arkansas Code annotated Section 25-17-101, which prohibits discrimination due to race, color, creed, national origin, ancestry, sex, religion and other protected criteria in employment matters.

Section 11.6 No Gift Policy. USAG and its Affiliates acknowledge that ATRS maintains a “no gift policy” and USAG and its Affiliates agree that neither they nor any of their employees or agents shall ever offer to ATRS or its employees or agents any gift or other item or service of any tangible value.

Section 11.7 Scrutinized Company. USAG and its Affiliates acknowledge that ATRS is subject to the requirements of Ark. Code Ann. § 25-1-1201 et seq., which prohibits ATRS from entering into a contract with a scrutinized company. As used herein, the term “scrutinized company” means a company owned in whole or with a majority ownership by the government of the People’s Republic of China. In light of ATRS’ status as a state agency of the State of Arkansas and specifically pursuant to the requirement applicable to ATRS under Ark. Code Ann. § 24-2-801 et seq., USAG and its Affiliates agree and certify that they are not a scrutinized company.

Section 11.8 ESG Metrics. USAG and its Affiliates acknowledge that ATRS is subject to the requirements of Ark. Code Ann. § 25-1-1101 et seq., which prohibits ATRS from entering into a contract with a company to acquire or dispose of services unless the contract includes a written certification that the person or company is not currently engaged in, and agrees for the duration of the contract not to engage in, a boycott of energy, fossil fuel, firearms, and ammunition industries. USAG and its affiliates certify that they are not currently engaged in, and for the duration of the Amended and Restated Farmland Management Agreement will not engage in, a boycott of energy, fossil fuel, firearms, and ammunition industries.

ARTICLE 12 MISCELLANEOUS PROVISIONS

Section 12.1 Entire Agreement. This Agreement (and all Schedules and Exhibits related hereto) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements or representations by or among the Parties, written or oral, with respect to the subject matter hereof, including without limitation that certain Sixth Amended and Restated Farmland Management Agreement dated September 30, 2017, as amended and extended (the “Prior Agreement”), which Prior Agreement shall terminate as of the Effective Date.

Section 12.2 Succession and Assignment. No Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other party. Any purported assignment in violation of this Section shall be void. Subject to the preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns.

Section 12.3 Counterparts and Facsimile Signature. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

Section 12.4 Notices. All notices, requests, demands, claims, Directions and other communications hereunder shall be in writing. Any notice, request, demand, claim, Direction or other communication hereunder shall be deemed duly delivered (i) on the date delivered in person, (ii) five (5) business days after the date of the postmark applied by the United States Postal Service if it is sent by first class mail, postage prepaid, (iii) one business day after it is sent for next business day delivery via a reputable nationwide overnight courier service or (iv) on the date sent after electronically delivered with written confirmation, in each case to the intended recipient as set forth below:

If to ATRS:

Arkansas Teacher Retirement System
1400 West 3rd Street
Little Rock, AR 72201
Attn: Deputy Director
rodg@artrs.gov

Arkansas Teacher Retirement System
1400 West 3rd Street
Little Rock, AR 72201
Attn: Executive Director
markw@artrs.gov

If to USAG:

US Agriculture, LLC
12821 E. New Market St., Suite 300
Carmel, IN 46032
Attn: David Martin
david.martin@us-agriculture.com
317-678-0700

Copies to:

US Agriculture, LLC
12821 E. New Market St., Suite 300
Carmel, IN 46032
Attn:
317-678-0700

Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

Section 12.5 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Arkansas without giving effect to any choice or conflict of law provision or rule (whether of the State of Arkansas or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the State of Arkansas.

Section 12.6 Exclusive Jurisdiction. With respect to any matter based upon or arising out of this Agreement, each of the Parties (i) irrevocably consents to the exclusive jurisdiction and venue of the state courts of the State of Arkansas located in Pulaski County, (ii) agrees that process may be served upon them in any manner authorized by the laws of the State of Arkansas for such Persons, (iii) waives the defense of an inconvenient forum and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction, venue and such process, and (iv) agrees that a final judgment in such legal proceeding shall be final, binding and enforceable in any court of competent jurisdiction. Each Party agrees not to commence any legal proceedings except in such courts.

Section 12.7 Amendments to this Agreement. Except as otherwise set forth in this Agreement, this Agreement cannot be changed, modified, discharged or terminated by any oral agreement or any other agreement and there cannot be any waiver of the warranties, representations and covenants contained in this Agreement unless the same is in writing and signed by the Party against whom enforcement of the change, modification, discharge, termination or waiver is sought.

Section 12.8 Schedules and Exhibits. All Schedules and Exhibits which are annexed to this Agreement are part of this Agreement and are incorporated herein by reference.

Section 12.9 No Third-Party Beneficiaries. The provisions of this Agreement are for the sole benefit of the Parties and their respective successors and assigns and, except as specifically set forth in this Agreement, shall not give rise to any rights by or on behalf of anyone other than such Parties.

Section 12.10 Presumptions. This Agreement shall be construed without regard to any presumption or other rule requiring construction against the Party causing this Agreement to be drafted.

Section 12.11 Severability. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall be held contrary to any express provision of law or contrary to policy of express law, though not expressly prohibited, or against public policy, or shall, for any reason whatsoever, be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

(Signature Page to Follow)

(Signature Page to Farm Management Agreement)

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Farmland Management Agreement as of the date first above written.

USAG:

US Agriculture, LLC

By: _____
David Martin, Managing Director

ATRS:

ARKANSAS TEACHER RETIREMENT SYSTEM

By: _____

Printed: _____

Title: _____

3402045_1

EXHIBITS

EXHIBIT A – ANNUAL BUSINESS PLAN
EXHIBIT B – INVESTMENT CRITERIA
EXHIBIT C – PRO-FORMA TENANT FARMER LEASE AGREEMENT
EXHIBIT D – TENANT FARMER UNDERWRITING CRITERIA
EXHIBIT E – COMMODITY HEDGING CRITERIA SUMMARY
EXHIBIT F – RELATED PARTY TRANSACTION DISCLOSURE FORM

EXHIBIT A
FORM OF ANNUAL BUSINESS PLAN

The Annual Business Plan describes how USAG plans to operate and manage Farm Assets for the upcoming calendar year. Each Annual Business Plan is due by March 31st and shall contain the following.

- Executive Summary
 - Listing of all underlying portfolio investments (should include relevant metrics such as acquisition date, region, gross acres, tillable acres, fair market values/net asset values, original cost, leverage, current IRR, pro-forma IRR, cash on cash yields, percent of total portfolio, etc.)
 - List of major completed and expected capex projects for each underlying investment
 - List of acquisitions/dispositions completed for the prior year
- Finance
 - Operating budgets
 - Capital improvement budgets
 - Types of improvements and cost
 - Source of funding (i.e. operational reserves, ATRS capital, financing, etc.)
 - Annual cash distribution/contribution projections on a cash basis
 - Leverage [subject to approval in the Investment Criteria constraints]
 - Assets levered
 - Loan-to-value ratio for the portfolio
 - Rate
 - Term
 - Amortization
 - Any other materially important information

EXHIBIT B INVESTMENT CRITERIA

The following are the Investment Criteria for ATRS farmland portfolio as managed by USAG. Any investments which are not in compliance with the following criteria are prohibited except with the prior written approval of ATRS.

- A. Objective. The objective of the portfolio is to protect principal and generate income while managing risk to maximize the portfolio's risk-adjusted rate of return. The risk profile of this separate account is low to moderate.
- B. Permitted Investments. Farmland investments are permitted in investment grade farmland properties located across the United States. These investments will include the following components at the time of purchase.
- Attractive locations with good market access,
 - Abundant long term water resources at a reasonable cost,
 - Opportunity for end-user contracts,
 - Potential scale benefits (demand from tenants),
 - Tillable Acres of 85% of total land if dry farmland, or 60% of total land if irrigated farmland,
 - Proven Historic yield history
 - Soil fertility meeting industry norms,
 - An abundance of Tenant Farmer Prospects, and
 - Excellent crop production area.

Additionally, buildings and grain/crop storage attached to farmland may be acquired if they are on or adjacent to productive farmland assets.

- C. Rate of Return. The goal of the ATRS separate account is to produce returns that exceed the NCREIF farmland index over 5 year rolling periods. In addition, the annualized change in the Consumer Price Index plus 300 basis points will be used to compare the portfolio's performance to the opportunity cost of investing in agriculture.
- D. Program Size. The program size is \$125 million on an unlevered basis plus the \$9.9 million of earnings distributions recalled prior to year-end 2020, funded solely by ATRS, provided that ATRS may adjust this size in its discretion
- E. Permitted Leasing Agreement Structure. Three leasing agreement structures are preferred and, except with the prior written approval of ATRS, should comprise the majority of ATRS portfolio's lease structures, as measured by Fair Market Value of the Farm Assets of the Company: Fixed Cash Rent Leases, Cash Flex Leases, and Triple Net.

Fixed Cash Rent Leases are the most conservative farmland lease structure. A fixed-cash lease is a rental agreement in which the landowner receives a predetermined cash lease payment from the tenant irrespective

of crop yields or product prices. The tenant produces crops on the land and makes general management decisions as if the land were owned by the tenant. Lease payments are made in the spring and fall.

Cash Flex Leases will be constructed as a base cash rent with potential for a bonus, which is calculated as a percentage of the tenant's profits above a previously agreed gross revenue threshold. Lease payments are made in the spring and fall such as those for a Fixed Cash Rent Lease. However, with the Cash Flex Lease, a cash incentive payment or "bonus", when earned, is payable to the Company in the year it is earned, typically in December. Because of the higher return potential under this structure, the base cash rent is typically lower than under a Fixed Cash Rent Lease.

Triple Net Leases are similar to Cash Rent Leases with the exception that certain expenses, such as taxes and insurance are passed onto the tenant.

Custom hire lease agreements ("Custom Hire") are the most variable of all farmland leases. Structures differ considerably, but may include joint venture operations between the Company and a third party or the Company may decide to operate the land directly. Typically, the Company would pay for 100% of the expenses related to operations and own 100% of the crops produced. However, a 75%/25% split of expenses and ownership with a joint venture partner is not uncommon. If a Custom Hire arrangement is utilized on a grain-producing property, it will also be governed by **Exhibit E** – Commodity Hedging Criteria Summary.

- F. Risk Management. Risk will be prudently managed including through the following diversification parameters.
1. Crop Diversification. Investments made in permanent crops will be limited to 10% of the Fair Market Value of the Farm Assets owned by the Company; any deviation from this limitation due to the disposition of annual cropland should be mitigated over a reasonable period of time and must be approved by ATRS. No underlying crop will comprise more than 50% of the Fair Market Value of the Farm Assets owned by the Company, with the exception of corn which will be limited to 75% to take into account the pervasive nature of corn crops in U.S. agriculture investments. Once the portfolio is fully invested and except with the prior written approval of ATRS, the portfolio will not exceed the targeted crop diversification ranges identified above.
 2. Geographic Area. Investments will be located within the continental United States. Properties located within the state of Arkansas are preferred within a prudent range of exposure for the total portfolio. It is desired that the investments will have attractive locations with good market access.
 3. Geographic Diversification. The portfolio will be diversified among the primary agricultural regions of the U.S.

Region	Target Percentage ⁽¹⁾	Range ⁽¹⁾ (revised 9/12/2008)
Pacific Coast	10%	0% to 30%
Corn Belt	25%	15% to 40%
Southeast	10%	0% to 15%
Delta	25%	20% to 40%
High Plains	30%	20% to 40%

1) Percentage of Fair Market Value of the Farm Assets owned by the Company will only be constrained as noted above once the portfolio is fully invested. Once the portfolio is fully invested and except with the prior written approval of ATRS, the portfolio will not exceed the targeted regional diversification ranges identified above.

4. Leverage. Debt may be utilized for working capital, acquisitions, and improvements; provided, however, at the time any funds are borrowed by the Company, the total outstanding debt of the Company shall not exceed 20% of the Fair Market Value of the Farm Assets owned by the Company at such time, excluding any cash, working capital, or intangible assets owned by the Company at such time.
5. Participation Limitation. No co-investments will be made with any type of financial partner except with the prior written approval of ATRS.
6. Minimum Investment Size. The minimum individual property investment (purchase price) will be \$500,000, except that smaller investments may be made in properties which adjoin or are in the reasonable vicinity of existing ATRS properties.
7. Maximum Investment Size. Except with the prior written approval of ATRS, the maximum fully developed gross cost of an agricultural property will not exceed 20% of the Fair Market Value of the Farm Assets owned by the Company once the portfolio is fully invested, but specifically excluding any cash, working capital, or intangible assets owned by the Company. USAG will notify, and recommend a course of action to ATRS, and its consultant, if a property exceeds 20% of the Fair Market Value of the Farm Assets, excluding cash, working capital, or intangible assets.

EXHIBIT C
TENANT FARMER LEASE AGREEMENT—PRO-FORMA

AGRICULTURE LEASE

Pinnacle [Pinnacle Entity Name] Operating Company, LLC/ [TENANT NAME].

This agriculture lease (“Lease”) is by and between **Pinnacle [Pinnacle Entity Name] Operating Company, LLC**, an Arkansas limited liability company, (“Lessor”), and **[TENANT NAME]**, a/an _____ (hereinafter called “Lessee”).

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants contained herein, and each act to be preformed hereunder by the parties, Lessor and Lessee hereby agree to amend and restate the Lease as follows:

1. Leased Premises. In consideration of the mutual covenants and obligations hereinafter set forth, Lessor hereby leases and lets to Lessee, and Lessee leases from Lessor, farm ground located in _____ County, _____, consisting of approximately _____ gross acres of which _____ irrigated/tillable acres, and more particularly described in Exhibit “A” attached hereto (the “Leased Premises”), under the terms and provisions as hereinafter agreed. The Leased Premises shall include all improvements located on the Leased Premises, including, but not limited to, the center pivot irrigation system including above ground pipes, electrical panels and motors (the “Irrigation Equipment”), all wells and other below ground fixtures and equipment necessary for agricultural production including pumps, casing and pipes (“Well Equipment”), house, quonset building, machine shed, storage shed, scale and scale house, grain bins and elevator legs (collectively the “Improvements”).

2. Designation of US Agriculture, LLC as Lessor’s Agent. Lessor designates US Agriculture, LLC, of 12821 E. New Market Street, Suite 300, Carmel, IN 46032. Business Phone: (317) 678-0700 (“USAG”) as its agent with respect to any and all matters arising under or out of this Lease, including, without limitation, implementation, interpretation and performance of the Lessor’s obligations under this Lease and receipt of Rent and other payments by Lessee to Lessor. USAG is acting solely as agent of the Lessor and is not Lessee’s agent or representative. Lessor hereby ratifies, confirms and approves all actions taken by USAG as its agent under this Lease.

3. Lease Term. The lease term started with the original Lease Date of _____, 20__ (“Commencement Date”) and shall continue through December 31, 20__ (the “Lease Term”). Each calendar year during the Lease Term shall be referred to as a “Lease Year” hereunder, except the first Lease Year ran from the Commencement Date through December 31, 20__.

4. Rent.

(a) Base Rent. “Base Rent” shall be calculated as \$_____ per irrigated/tillable acre for a total of _____ Dollars and _____ Cents (\$_____) per year. The Base Rent shall be paid in two installments, with one-half of the Base Rent (\$_____) being due and payable on or before February 15th of each Lease Year, and the other one-half of the Base Rent (\$_____) being due and payable on or before December 15th of each Lease Year.

(b) Capital Maintenance. *[only needed in leases with irrigation equipment or substantial personal property]* The Lessee shall be responsible for all of the labor costs in regards to repairs and maintenance on the Improvements, while Lessor will pay for the parts. Any single repair and maintenance item in excess of \$1,000 in parts must be approved by lessor prior to installing. A summary of all repairs and maintenance projects that have been completed on the property shall be provided by May 15th and August 15th of each Lease Year. By December 15th of each Lease Year, a copy of all invoices for repair and maintenance projects in association with the property, shall be attached to a reimbursement invoice from the Lessee outlining the costs and total due for reimbursement. Lessor shall have until December 31st of each lease year to reimburse the Lessee.

(c) Late Fee. Any payment of any installment of Base Rent or any other sum due under this Lease, all of which shall be deemed "Rent", that is not received by Lessor within ten (10) business days of the due date thereof shall bear a one (1) time late charge of two percent (2.0%) of the payment due and, if more than thirty (30) days past due, shall thereafter bear interest until paid at the lower of (i) the highest rate of interest allowed by law; or (ii) twelve percent (12%) per annum.

5. Insurance. The obligations of the parties with respect to Insurance shall include the following:

(a) Lessor Property. Lessor, at its sole cost and expense, shall procure and maintain throughout the Lease Term insurance covering loss or damage to the Leased Premises, including the Improvements, Irrigation Equipment and Well Equipment, from fire and such other risks as are from time to time included in standard extended coverage endorsements with special broad form coverages, in an amount of not less than one hundred percent (100%) of the full replacement cost of the Leased Premises and such improvements;

(b) Lessee Property. Lessee at its sole cost and expense, shall procure and maintain throughout the Lease Term insurance covering loss or damage to Lessee's own property, inventory, trade fixtures and furniture, and personal property of others, providing protection against all perils included in a Causes of Loss - Special Form policy (or its successor form) in the amount of their full replacement cost (i.e., the cost to replace without deduction for depreciation). Landlord is not responsible for Tenant's property, inventory, trade fixtures and furniture, and personal property of others within the Tenant's care, custody or control.

(c) Comprehensive General Liability and Excess Liability Coverage Lessee, at its sole cost and expense, shall procure and maintain throughout the Lease Term (with an insurance company with an AM Best rating of A- or better and a deductible feature that is reasonably acceptable to Lessor) for the mutual benefit of Lessor and Lessee, a commercial general public liability insurance policy with limits of not less than \$2,000,000 in the aggregate combined single limit coverage for bodily injury or property damage, and \$1,000,000 per occurrence. The insurance coverages obtained by Lessee under this Section 5(c) shall be primary and non-contributing. The amount and coverage of such insurance shall not limit Lessee's liability nor relieve Lessee of any other obligation under this Lease.

(d) Insurance Certificates. Prior to the Commencement Date Lessee and Lessor shall deliver certificates confirming that the coverage required under this Lease is in place and in effect. All policies required hereunder shall contain agreements by the insurers that should any of the

above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. Each party to this Lease shall, upon request from the other party, promptly furnish such party at any time during the Lease Term, an updated certificate of its insurer, evidencing said coverage, and all renewals thereof, and confirming that should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. Lessor, USAG and its mortgagee will be identified as additional insured parties and certificate holders for the coverage required under Section 5(c).

(e) Notwithstanding any other provision of this Lease to the contrary, neither party to this lease or its officers, directors, partners, members, managers, employees, agents, concessionaires, licensees and invitees shall be liable to the other for loss or damage caused by any risk covered by insurance required to be carried under this Lease, and each party to this Lease hereby waives any rights of recovery against the other and its officers, directors, partners, members, managers, employees, agents, concessionaires, licensees and invitees for injury or loss on account of such covered risks, notwithstanding that such loss, injury, or damage may result from the negligence or fault of the other party, its partners, mortgagees, servants, agents or employees.

(f) Mutual Waiver of Recovery and Waiver of Subrogation Rights. All policies of property insurance required to be carried by either party under this Section 5 shall include a clause or endorsement whereby such party's insurer waives all right of subrogation, and all rights based upon an assignment from its insured, against the other party, its officers, directors, partners, members, managers, employees, agents, concessionaires, licensees and invitees, and in the case of Lessee, its subtenants and their officers, directors, partners, members, managers, employees, agents, concessionaires, licensees and invitees, in connection with any loss or damage thereby insured against; provided that the foregoing reference shall not be deemed a consent by Lessor to any sublease of the premises. If any policy of insurance requires the agreement of a party's insurer as a condition to the effectiveness of this mutual waiver of subrogation, such party agrees to make a commercially reasonable effort to obtain such agreement.

6. Environmental. Lessee shall have the following obligations with respect to compliance with laws and environmental matters:

(a) Lessee, at its own expense, will comply, and will cause its members, officers, employees, agents, and invitees to comply, with all applicable laws, ordinances, and governmental rules and regulations concerning the use of the Leased Premises, including Environmental Laws (as defined in Section 6(c) below) and further including, but not limited to, all applicable federal, state and local laws, rules, regulations ordinances or any other provisions relating to crop production or the disposal of animal wastes, the violation of which would reasonably be likely to have a materially adverse effect on Lease or the Leased Premises.

(b) Lessee shall not cause or permit any Hazardous Material (as defined in Section 6(c) below) to be brought upon, kept or used in or about the Leased Premises by Lessee, its agents, employees, contractors or invitees without the prior written consent of Lessor, which Lessor shall not unreasonably withhold provided Lessee demonstrates to Lessor's satisfaction that such Hazardous Material constitute materials or chemicals used in the ordinary or regular course of business in farming operations and will be used, kept and stored in a manner that complies with all applicable Environmental Laws. If Lessor does consent to Lessee's proposed use of any

Hazardous Material on the Leased Premises, Lessee shall remove, to the extent such removal is usual and customary in the area or is required by local, state or federal law, all such Hazardous Material upon the expiration or termination of this Lease and restore the Leased Premises to a condition satisfactory to Lessor. Lessor agrees and understands that Lessee will use the Leased Premises for the purpose of production of crops and such use may include the disposal of animal wastes which may generate nitrates and other substances which could be Hazardous Materials. Lessor consents to this use so long as such use is in compliance with all applicable federal, state and local laws, rules regulations, ordinances or any other provisions relating the generation, storage and disposal of animal wastes. Lessee's obligation hereunder to remove any Hazardous Material on the Leased Premises, shall be limited to any such Hazardous Material produced by or attributable to the actions of Lessee or Lessee's agents, employees, contractors or invitees and Lessee shall not be responsible for removing any Hazardous Materials produced by or attributable to the actions of Lessor or other non-related third parties. The provisions of this Section shall survive the expiration or termination of the Lease.

(c) As used herein, the term "Hazardous Material" means any pollutant, toxic substance, regulated substance, hazardous waste, hazardous material, hazardous substance, oil, hydrocarbon, asbestos or similar item as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, as amended, the Safe Drinking Water Act, as amended, the Federal Water Pollution Control Act, as amended, or any other federal, state or local environmental or health and safety related, constitutional provisions, law, regulation, ordinance, rule, or bylaw, whether existing as of the date hereof, previously enforced or subsequently enacted (collectively the "Environmental Laws").

(d) Lessee shall immediately advise Lessor in writing of (i) any governmental or regulatory actions instituted or threatened under any Environmental Law affecting Lessee or the Leased Premises, including advance notice of any scheduled meeting with any agency regarding any such actions or threatened actions, (ii) all claims made or threatened by any third party against Lessee or the Leased Premises relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials, (iii) the discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Leased Premises that could cause the Leased Premises to be classified in a manner which may support a claim under any Environmental Law, and (iv) the discovery of any occurrence or condition on the Leased Premises or any real property adjoining or in the vicinity of the Leased Premises which could subject Lessor, Lessee or the Leased Premises to any restrictions in ownership, occupancy, transferability or use of the Leased Premises under any Environmental Law. Lessor may elect to join and participate in any settlements, remedial actions, legal proceedings or other actions initiated in connection with any claims under any Environmental Law and, if Lessor elects to do so and to the extent the violation of Environmental Laws resulted from the actions of Lessee, Lessor's reasonable attorney's fees shall be paid by Lessee. At its sole cost and expense, Lessee agrees when applicable or upon request of Lessor to promptly and completely cure and remedy each and any violation of any applicable Environmental Law caused by Lessee, its agents, employees, contractors or invitees.

(e) Lessee must promptly notify Lessor as to any liens threatened or attached against the Leased Premises pursuant to any Environmental Law. If an environmental lien is filed against the Leased Premises and to the extent the violation of Environmental Laws resulted from the actions of Lessee, Lessee must, within thirty (30) days from the date on which the lien is placed

against the Leased Premises, and at any rate before the date on which any governmental authority begins any proceeding to sell the Leased Premises pursuant to a lien, either: (1) pay the claim and remove the lien from the Leased Premises; or (2) furnish either (a) a bond satisfactory to Lessor in the amount of the claim on which the lien is based, or (b) other security satisfactory to Lessor in an amount sufficient to discharge the claim on which the lien is based.

7. Lessee's Additional Obligations. As a material inducement to Lessor to enter into this Lease, Lessee covenants and agrees with Lessor as follows:

(a) Lessee shall pay timely all of the Rent due under this Lease, together with penalties and interest thereon as provided in this Lease, if any.

(b) Lessee shall maintain or improve current soil fertility levels as evidenced by applied fertilizer at crop removal levels.

(c) Lessee shall pay all the expenses for seeds, fertilizer and chemical used on the Leased Premises and the expenses for all harvesting, except as otherwise provided herein. This is a cash rent lease and Lessee shall exclusively own all crops to be raised on the Leased Premises, the proceeds thereof and any FSA Payments related to the Leased Premises; Lessor shall have no ownership rights or other interest in such crops or the proceeds thereof. Lessee shall retain all CRP contract payments related to the Leased Premises.

(d) To keep the buildings, fences, roads, and other Improvements (collectively referred to as the "Improvements") on the Leased Premises in as good repair and condition as they are at the commencement of this Lease, or in as good repair and condition as they may be put by Lessor during the term of the lease, ordinary wear and tear, loss by fire, floods, or unavoidable destruction excepted.

(e) To keep and maintain in good repair, and make necessary repairs that are the result of normal wear and tear to the Irrigation Equipment including, but not limited to, maintenance, repairs and servicing of such equipment, and to return such equipment in as good a condition as when received, normal wear and tear, loss by fire, floods or unavoidable destruction excepted.

(f) To cultivate the Leased Premises in an efficient manner, using all modern methods of farming that are generally consistent with practices in the area.

(g) To do the tillage, seeding, and cultivating in a manner that will conserve the Leased Premises, and to control soil erosion and keep ditches, drains, and watercourses in good order.

(h) To complete all required reporting to the appropriate government offices of all crop acreage on a timely basis and to make the necessary reports to the government agencies to maintain all crop bases, program acres and yields.

(i) To complete all required reporting to the Colorado Division of Water Resources or any other agency that requires reporting in regards water use on the property. Lessee will provide Lessor with copies of all reports regarding water usage which have been generated by Lessee for internal use or reported to any third party agency.

(j) To participate in and fully comply with any program offered by the United States Department of Agriculture (USDA) or any other government agency if such participation is elected

by Lessee and approved by Lessor. Lessee agrees to comply with all requirements for “highly erodible and wet lands” and to farm according to the approved Soil Conservation Plan, as applicable, on file with the Natural Resources Conservation Service. Upon termination of this Lease, Lessee shall give up and release all rights and interests in all programs offered by the USDA, or any other government agency, and will not claim any future rights or interest in the agricultural programs available on the Leased Premises. This provision shall not deny Lessee any payments earned by him, but not received, during the term of the Lease.

(k) Lessee shall do all things reasonably necessary to prevent the introduction of any undesirable and noxious weed species.

(l) Lessee shall keep the Leased Premises in a neat and tidy condition.

(m) If Lessee plants a multi-year perennial crop, Lessee assumes all cost of establishing such multi-year perennial crop unless Lessor has consented in writing to the establishment of such crop and agreed to reimburse Lessee the pro-rata share of such cost applicable to any period after the end of the Lease Term.

(n) Lessee will provide Lessor with a summary of crop yields on an annual basis.

(o) Lessee will share annual crop rotation information and any soil and water samples that are available to Lessor on an annual basis. Lessee agrees to take soil samples from the Leased Premises and to provide these soil sample reports to the Lessor no less frequently than every 3 Lease Years, starting from the Commencement Date.

8. Lessor Obligations. Lessor covenants and agrees at Lessor’s sole expense:

(a) To assume the risk of loss to the Leased Premises, including the Improvements and Irrigation Equipment and Well Equipment, resulting from fire, wind, lightning, flooding or other perils generally covered under a fire and casualty insurance policy with an extended coverage endorsement as provided in Section 5(a) above; provided, however, Lessor shall not assume any risk of loss to any property owned by Lessee, Lessee's employees, licensees, agents, or invitees; and

(b) To pay all property taxes and assessments for the Leased Premises; and

(c) To execute any USDA forms necessary to accomplish the agreements set forth in this Lease; and

(d) To promptly pay directly or reimburse Lessee for 100% of the approved cost of the parts associated with maintenance, repairs and servicing of the Improvements.

9. Indemnity.

(a) Lessee will indemnify and hold Lessor harmless against any claims, demands, damages, costs, and expenses, including reasonable attorneys' fees for defending claims and demands, arising from any breach by Lessee of any of the terms or conditions of this Lease; or from any act of negligence of Lessee, its agents, contractors, employees, subtenants, concessionaires, or licensees in, on or about the Leased Premises. If any action or proceeding is brought against Lessor by reason of any such claim, Lessee, on notice from Lessor, will defend the action or proceeding by counsel reasonably acceptable to Lessor.

(b) Lessor will indemnify and hold Lessee harmless against any claims, demands, damages, costs, and expenses, including reasonable attorneys' fees for defending claims and demands, arising from any breach by Lessor of any of the terms or conditions of this Lease, or from any act of negligence of Lessor, its agents, contractors, employees, subtenants (other than Tenant and any of Tenant's subtenants) concessionaires, or licensees in, on or about the Leased Premises. If any action or proceeding is brought against Lessee by reason of any such claim, Lessor, on notice from Lessee, will defend the action or proceeding by counsel reasonably acceptable to Lessee.

(c) *[only needed if rental house included]* Although there is a house on the Leased Premises (the "House"), Lessee acknowledges this Lease is entered into by the parties for commercial purposes and Lessor has not repaired, maintained or in any way improved the House to lease the House for residential purposes. Accordingly, Lessor makes no representations or warranties whatsoever regarding the suitability or fitness of the House for residential tenancy and takes no responsibility for whether the House does or would comply with any laws, ordinances, rules or codes, including but not limited to *[appropriate state law cite]* (collectively, the "Residential Tenancy Laws"). Notwithstanding anything to the contrary contained in this Lease, in the event Lessee allows occupation of the House for any residential purpose whatsoever, Lessee shall indemnify Lessor for and hold Lessor harmless against any claims, demands, damages, costs, and expenses, including reasonable attorneys' fees for defending claims and demands (and any attorney's fees which might be due under the Residential Tenancy Laws as part of damages), arising from the use, occupation, or sublease of the House for residential purposes by Lessee, its agents, contractors, employees, subtenants, concessionaires, invitees or licensees. If any action or proceeding is brought against Lessor by reason of any such claim, Lessee, on notice from Lessor, will defend the action or proceeding by counsel reasonably acceptable to Lessor. Lessee agrees that no approval by Lessor for a sublease under this Lease or approval of Alterations to the House shall alter the character of this Lease from commercial to residential, or diminish Lessee's indemnity hereunder.

10. Lessee's Default. The occurrence of any of the following shall be a "Default" under this Lease:

(a) Lessee fails to pay any installment of Rent within five (5) days after receipt of written notice from Lessor that the same is past due, or Lessee fails to pay any other amounts due Lessor from Lessee within twenty (20) days after written notice that the same is past due.

(b) Lessee fails to perform or observe any other term, condition, covenant or obligation required under this Lease for a period of thirty (30) days after written notice thereof from Lessor; provided, however, that if the nature of Lessee's default is such that more than thirty (30) days are

reasonably required to cure, then such default shall be deemed to have been cured if Lessee commences such performance within said thirty (30) day period and thereafter diligently completes the required action within a reasonable time.

(c) All or substantially all of Lessee's assets upon the Leased Premises or Lessee's interest in this Lease are attached or levied under execution (and Lessee does not discharge the same within sixty (60) days thereafter); a petition in bankruptcy, insolvency or for reorganization or arrangement is filed by or against Lessee (and Lessee fails to secure a stay or discharge thereof within sixty (60) days thereafter); Lessee is insolvent and unable to pay its debts as they become due; Lessee makes a general assignment for the benefit of creditors; Lessee takes the benefit of any insolvency action or law; the appointment of a receiver or trustee in bankruptcy for Lessee or its assets if such receivership has not been vacated or set aside within sixty (60) days thereafter; or, dissolution or other termination of Lessee's existence as a legally formed and validly existing entity.

(d) Lessee vacates, abandons or otherwise discontinues occupancy and/or operations in and from the Leased Premises.

(e) Lessee assigns or sublets all or a portion of the Leased Premises without the consent of Lessor.

11. Remedies. Upon the occurrence of any Default, Lessor shall have the following rights and remedies, in addition to those allowed by law or in equity, any one or more of which may be exercised without further notice to Lessee:

(a) Lessor may re-enter the Leased Premises and cure any Default of Lessee, and Lessee shall reimburse Lessor, as Additional Rent for any costs and expenses which Lessor thereby incurs; and Lessor shall not be liable to Lessee for any loss or damage which Lessee may sustain by reason of Lessor's action except loss or damage caused by the gross negligence or willful misconduct of Lessor or its employees, independent contractors or agents.

(b) Lessor may terminate this Lease or, without terminating this Lease, terminate Lessee's right to possession of the Leased Premises as of the date of such Default, and thereafter (i) neither Lessee nor any person claiming under or through Lessee shall be entitled to possession of the Leased Premises, and Lessee shall immediately surrender the Leased Premises to Lessor; and (ii) Lessor may re-enter the Leased Premises and dispossess Lessee and any other occupants of the Leased Premises by any lawful means and may remove their effects, without prejudice to any other remedy which Lessor may have hereunder, at law or in equity. If Lessor elects to terminate this Lease, Lessor may declare the present value (discounted at the then current prime rate) of all Rent which would have been due under this Lease for the balance of the Lease Term ("Default Rent") to be immediately due and payable, whereupon Lessee shall be obligated to pay the same to Lessor, together with all loss or damage which Lessor may sustain by reason of Lessee's Default ("Default Damages"), which shall include without limitation expenses of preparing the Leased Premises for re-letting, demolition, repairs, improvements, brokers' commissions and attorneys' fees, it being expressly understood and agreed that the liabilities and remedies specified in this subsection (b) shall survive the termination of this Lease. Notwithstanding the foregoing, if Lessor elects to terminate this Lease due to a Default by Lessee, then Lessor shall use reasonable efforts to relet the Leased Premises for rent and upon other terms then prevailing in the area, and shall reimburse Lessee for Default Rent to the extent of rent

received by Lessor during what would have been the remainder of the Lease Term but for such termination

(c) Lessor may, without terminating this Lease, re-enter the Leased Premises and then re-let all or any part thereof for a term different from that which would otherwise have constituted the balance of the Lease Term and for rent and on terms and conditions different from those contained herein, whereupon Lessee shall be immediately obligated to pay to Lessor, as liquidated damages, the present value (discounted at the then current prime rate) of the difference between the Rent provided for herein and that provided for in any lease covering a subsequent re-letting of the Leased Premises, for the period which would otherwise have constituted the balance of the Lease Term, together with all of Lessor's Default Damages.

(d) Lessor or its agents may seize crops grown or growing upon the Leased Premises or part thereof. If such crops or any part thereof are not fully grown or matured, Lessor or its agents may cause the same to be properly cultivated and harvested or gathered, and may sell and dispose of the crops, and apply the proceeds, so far as may be necessary, to compensate for their labor and expenses, and to pay the Lessee's obligations to Lessor. Notwithstanding anything to the contrary expressed or implied in this Section 11(d), in the event of the failure by Lessee to meet its duties and obligations set forth herein, the Lessor or its agents shall have the right to immediately enter upon the Leased Premises and to properly care for or harvest said crops and charge the cost thereof to the Lessee.

(e) Lessor may sue (i) for injunctive relief and/or (ii) to recover damages for any loss resulting from the Default.

12. Lessor's Default and Lessee's Remedies. Lessor shall be in default if it fails to perform any term, condition, covenant or obligation required under this Lease for a period of thirty (30) days after written notice thereof from Lessee to Lessor; provided, however, that if the term, condition, covenant or obligation to be performed by Lessor is such that it cannot reasonably be performed within thirty (30) days, such default shall be deemed to have been cured if Lessor commences such performance within said thirty (30) day period and thereafter diligently undertakes to complete the same within a reasonable time. Upon the occurrence of any such default by Lessor, Lessee may sue for injunctive relief or to recover damages for any loss directly resulting from the breach, but Lessee shall not be entitled to terminate this Lease or withhold, offset or abate any Rent or any other sums due hereunder. Notwithstanding the foregoing, if the default by Lessor consists of anything that would threaten the quantity or quality of crops planted by Lessee on the Leased Premises, then Lessor shall have ten (10) days after the giving of notice of such default by Lessee to Lessor in which to cure such default and, absent timely cure, Lessee may cure the default. If Lessee elects to cure the default, Lessor shall reimburse Lessee for all of its related costs and expenses within ten (10) days after notice thereof is given to Lessor by Lessee and in the event such reimbursement is not timely received, Lessee may offset the amount of such costs and expenses, with interest at the prime rate, against future installments of Rent.

13. Limitation of Lessor's Liability. If Lessor shall fail to perform any term, condition, covenant or obligation required to be performed by it under this Lease and if Lessee shall, as a consequence thereof, recover a money judgment against Lessor, Lessee agrees that it shall look solely to Lessor's right, title and interest in and to the Leased Premises for the collection of such judgment; and Lessee further agrees that no other assets of Lessor shall be subject to levy, execution or other process for the satisfaction of Lessee's judgment.

14. No Partnership, Agency or Employment. This agreement is one of lease and not of partnership, agency or employment. Lessee is an independent contractor. Neither Lessor nor USAG shall become responsible for any debts contracted by Lessee.

15. Destruction; Casualty. In the event of total or partial destruction of the Improvements by fire or other casualty, Lessor agrees (subject to the rights of any mortgagee) to make the insurance proceeds (payable on account of that fire or other casualty) available to Lessee, following confirmation that Lessee has funded restoration and/or repair costs equal to the amount of the deductible feature under the applicable insurance policy as required herein if Lessee was responsible hereunder to provide such policy, and Lessee shall utilize those insurance proceeds to promptly restore and repair the Improvements. Notwithstanding the foregoing, if the Improvements are:

(a) so destroyed that they cannot be repaired or rebuilt within one hundred eighty (180) days from the date of the casualty; or

(b) destroyed by a casualty which is not covered by the insurance required hereunder or, if covered, such insurance proceeds are not released by any mortgagee entitled thereto or are insufficient to rebuild or replace the Improvements;

and with the loss of such Improvements the Property shall become unusable and/or commercially impractical for Lessee to continue the production of Lessee's crops; then, in case of a clause (a) casualty, either Lessor or Lessee may, or, in the case of a clause (b) casualty, then Lessor may, upon thirty (30) days written notice to the other party, terminate this Lease with respect to matters thereafter accruing.

16. Eminent Domain. If all or any substantial part of the Leased Premises shall be acquired by the exercise of eminent domain, so that the Leased Premises shall become unusable and/or commercially impractical by Lessee for Lessee's crop production, Lessor or Lessee may terminate this Lease by giving written notice to the other on or before the date that actual possession thereof is so taken. In such event, the termination date of this Lease shall be as of the date that actual possession thereof. If a part of the Leased Premises shall be acquired by the exercise of eminent domain so that the remainder of the Leased Premises shall remain usable and commercially practical by Lessee for Lessee's crop production, this Lease will remain in full force except that the number of irrigated acres shall be recalculated and Rent shall be reduced accordingly. All damages to the property awarded shall belong to Lessor; provided, however, that Lessee may make a claim to the condemning authority, but not against Lessor, for dislocation damages so long as the amount of any such award is not subtracted from any award otherwise payable to Lessor. All damages awarded for the current or future growing crops or input costs for these crops shall be reimbursed to the Lessee.

17. Alterations; Personal Property; Surrender of Leased Premises; and Mechanic's Liens.

(a) Alterations. Lessee shall make no leasehold improvements, alterations or additions (collectively, "Alterations") on or about the Leased Premises or any part thereof without Lessor's prior written consent, which consent may be granted or withheld in Lessor's sole and absolute discretion. All Alterations shall remain for the benefit of the Lessor. If Lessee desires that Lessor provide an allowance for any Alterations, Lessee shall make a written investment request for the same in which Lessor will have thirty (30) days to approve or deny the requested Alterations.

Lessor may approve or deny any such request in its sole and absolute discretion. Once approved by Lessor, all Alterations made by Lessee shall be done in accordance with each of the following requirements unless specifically waived by Lessor in writing:

- (i) Such work shall be constructed and timely completed in a good and workmanlike manner at Lessee's sole expense and at Lessee's risk, and shall be done in such a manner as not to cause or create a dangerous or hazardous condition.
 - (ii) Such work shall not adversely affect the structure or strength of any Improvements or the mechanical, electrical, plumbing or safety facilities or other mechanical systems of any Improvements.
 - (iii) Such work will be performed substantially in accordance with the plans and specifications, budget and schedule (including contractors and major subcontractors) submitted to Lessor by Lessee and approved by Lessor.
 - (iv) Lessee shall ensure that all Alterations shall be made and performed in accordance with all applicable laws, ordinances, codes, covenants, rules, regulations and orders and Lessor's insurance requirements, and prior to commencement of such work, shall deliver to Lessor copies of all governmental permits, authorizations and approvals required in connection therewith, including, but not limited to, all required building permits. Without limiting the foregoing, Lessee shall comply with all provisions of applicable law respecting worker's compensation and will carry and maintain, or cause to be carried and maintained by its contractors, builder's risk insurance, appropriate worker's compensation insurance and public liability and property damage insurance in form and amounts, issued by companies and with deductibles approved by Lessor. Certified copies of all such policies (or certificates thereof) and other evidence of financial responsibility shall be delivered to Lessor at least five (5) business days prior to commencement of such work. Such policies shall name Lessor as an additional insured and provide that each such policy shall not be canceled or materially modified without thirty (30) days' prior written notice to Lessor.
 - (v) Lessee shall defend, indemnify and hold Lessor harmless from and against any and all liability, loss, damage and expense (including reasonable attorneys' fees) arising out of, as a result of or incurred by Lessor in connection with such work.
- (b) Trade Fixtures, Equipment and Personal Property. Lessee may, at its sole cost and expense, install any trade fixtures, equipment, and other personal property of a temporary or permanent nature used in connection with its business on the Leased Premises, and Lessee shall have the right at any time during the Lease Term or upon expiration of earlier termination of the Lease, provided Lessee is not in default of any of the terms of this Lease, to remove any and all such trade fixtures, equipment, and other personal property that it may have stored or installed upon the Leased Premises; provided, however, that in the event of such removal, Lessee shall repair any damage caused by the removal of such trade fixtures, equipment, and other personal property and restore the Leased Premises substantially to the same condition, ordinary wear and tear excepted, in which it was at the time Lessee took possession.

(c) Surrender of Leased Premises. Upon expiration of the Lease Term or earlier termination of this Lease, Lessee shall surrender possession of the Leased Premises to Lessor in good order and condition, ordinary wear and tear and approved Alterations excepted. If Lessee desires not to remove any part of its trade fixtures, equipment, or other personal property upon expiration or earlier termination of this Lease, Lessee may notify Lessor in writing not fewer than thirty (30) days prior to the expiration of the Lease Term or earlier termination of this Lease, specifying those items that Lessee has decided not to remove. If, within twenty (20) days after the date of such notice, Lessor shall request Lessee to remove any of said trade fixtures, equipment, or other personal property, Lessee shall, at its own expense, at or before the expiration of the Lease Term or earlier termination of this Lease, remove said trade fixtures, equipment, and other personal property and, in case of damage by reason of such removal, restore the Leased Premises to good order and condition. Lessee will pay all costs and expenses incurred by Lessor in removing, storing, or disposing of Lessee's trade fixtures, equipment, and other personal property and repairing all damage to the Leased Premises caused by removal of Lessee's trade fixtures, equipment, or other personal property which Lessee has failed to remove despite Lessor's request therefor. Any of Lessee's trade fixtures, equipment, and other personal property not removed by Lessee upon the expiration or earlier termination of this Lease shall be considered abandoned by Lessee and may be appropriated, sold, destroyed, or otherwise disposed of by Lessor without liability or obligation on Lessor's part to pay or account for same.

(d) Mechanic's Liens. Lessee shall pay when due all claims for labor and material furnished on or about the Leased Premises. Lessee shall have no power to do any act or to make any contract that may create or be the foundation for any lien, mortgage, or other encumbrance on the reversion or other estate of Lessor or that would be prior to any interest of Lessor in the Leased Premises. Lessee shall not suffer or permit any liens to attach to the interest of Lessee in all or any part of the Leased Premises by reason of any work, labor, services, or materials done for, or supplied to, or claimed to have been done for or supplied to Lessee or anyone occupying or holding an interest in all or any part of the Leased Premises through or under Lessee. If any mechanic's construction or other liens or orders for the payment of money shall be filed against the Leased Premises or any Improvements thereon by reason of, or arising out of any labor or material furnished to, or for Lessee at the Leased Premises or for or by reason of any change, alteration or addition, by Lessee, or the cost or expense thereof, or any contract relating thereto, or against Lessor as fee owner thereof by reason of Lessee's work or contract relating thereto, then within sixty (60) days, Lessee shall cause the same to be canceled and discharged of record, by bond or otherwise, at the election and expense of Lessee, and shall also defend on behalf of Lessor, at Lessee's sole cost and expense, any action, suit or proceeding which may be brought thereon or for the enforcement of such lien, liens or orders, and Lessee will pay any damages and discharge any judgment entered therein and hold Lessor harmless from any loss, claim or damage resulting therefrom, including reasonable attorneys' fees.

18. Right to Remove Property. Any temporary structures, such as above-ground fuel storage tanks, fertilizer storage tanks, and small sheds placed on said Leased Premises by Lessee shall remain the property of Lessee and such property may be removed by Lessee at the termination of this Lease; provided, however, Lessee must have paid all rent due as agreed before Lessee removes its personal property from the Leased Premises at the termination of this Lease. Lessee shall repair any damage caused by such removal at its expense.

19. Lessor's Right to Enter. Lessor, Lessor's agents or mortgagees, shall be permitted to inspect and examine the Leased Premises at any reasonable time for purposes of consultation with Lessee and making inspection, making repairs or improvements. Further, Lessor may permit prospective purchasers upon the Leased Premises and Lessor may permit prospective tenant's upon the Leased Premises.

20. Financing. Lessor may mortgage or otherwise encumber its interest in the Leased Premises at any time, and Lessee shall cooperate with Lessor with respect thereto. In particular, Lessee agrees to deliver any estoppel certificate reasonably requested by Lessor within ten (10) days of a request. Any failure by Lessee to deliver an estoppel certificate within the ten (10) day period shall constitute a Default on the part of Lessee, and automatically authorize Lessor to do so on Lessee's behalf. Lessor and Lessee agree that Lessee will not be authorized or entitled to mortgage or otherwise encumber the Leased Premises or its leasehold interest in and to the Leased Premises without Lessor's prior written consent.

21. Assignment or Subletting. Lessee shall not sublease the Leased Premises without obtaining the consent of Lessor. In the event of any inconsistency between the terms of a sublease and this Lease, the terms and conditions of this Lease shall govern and control such dispute. Upon such sublease, the sub-lessee shall have and be subject to all the rights, benefits, duties and obligations of Lessee hereunder but the Lessee shall not be released from any of its obligations under this Lease.

22. Notices. All notices required or permitted to be given hereunder shall be in writing and delivered either in person or by certified or registered first-class prepaid mail, return receipt requested, or by a nationally recognized overnight courier, to Seller or Buyer at their respective addresses set forth below, or at such other address, notice of which may have been given to the other party in accordance with this Section.

To Lessee

[TENANT NAME]

Phone: _____

Email: _____

To Lessor

Pinnacle *[Pinnacle Entity Name]* Operating Company, LLC

c/o **US Agriculture, LLC**

Attention: *[US Ag Manager]*

12821 E. New Market St., Suite 300

Carmel, Indiana 46032

Phone: _____

Email: _____

Copy to:

US Agriculture, LLC

12821 E. New Market St., Suite 300

Carmel, Indiana 46042

Attn: General Counsel

Telephone: (317) 678-0700

Email: jay.weddle@us-agriculture.com

Any notice given in accordance with this Section shall be deemed to have been duly given or delivered on the date the same is personally delivered to the recipient or received by the recipient as evidenced by the return receipt.

23. Governing Law. The laws of the State of [State Leased Premises is located] shall govern the construction, interpretation and enforcement of this Lease.

24. Entire Agreement. This Lease contains the entire agreement of Lessor and Lessee with respect to the Leased Premises and supersedes all prior agreements. Any modification must be in writing and executed by Lessor and Lessee.

25. Quiet Enjoyment. Lessor warrants that Lessor has good title to the Leased Premises. Lessor further represents and warrants that so long as Lessee is not in default of this Lease beyond any applicable cure period, Lessee may peaceably and quietly have, hold, and enjoy the Leased Premises with all rights and privileges herein provided. Lessor warrants and covenants that any oil, gas, mineral or wind exploration or production on the Leased Premises will not unreasonably interfere with Lessee's farming operations. Lessor will not agree to drilling and exploration options under the irrigation pivot during the Lease Term without written approval from the Lessee.

26. Further Assurance. Lessor and Lessee agree to execute and deliver to the other such additional documents or instruments reasonably necessary or convenient to effectuate the transaction contemplated hereby, including without limitation, a recordable memorandum of this lease.

27. Survival. The representations, warranties, covenants and agreements set forth herein shall survive the expiration or earlier termination of this Lease.

28. Waiver. No waiver of any breach of any of the covenants, provisions or conditions herein contained to be kept or performed by Lessee or Lessor shall be construed as a waiver of any subsequent breach by Lessee or Lessor, as the case may be.

29. Holding Over. If Lessee should hold-over and retain possession of the Leased Premises beyond the Lease Term herein specified, with the consent, express or implied of Lessor, such holding over shall be construed to be a tenancy only from month to month, subject to all of the conditions and restrictions of this Lease, and Lessee agrees to pay Base Rent during such hold-over period in an amount equal to one hundred twenty-five percent (125%) of the Base Rent that was due hereunder immediately prior to that hold over period, together with all Additional Rent that would otherwise be due for that hold over period.

30. Attorney's Fees. In case action is brought by either of the parties hereto for default of performance of the conditions of this Lease, the prevailing party shall be entitled to the recovery of reasonable attorneys' fees as fixed by the court as part of their costs.

31. Severability. If any term or provision of this Lease shall be invalid or unenforceable, then such term or provision shall be automatically reformed to the extent necessary to render such term or provision enforceable, without the necessity of execution of any amendment or new document. The remainder of this Lease shall not be affected, and each remaining and reformed provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

32. Binding Effect. Subject to the limitations on Lessee's rights to assign this Lease or sublet all or any part of the Leased Premises as set forth in Section 21 above, above, each and all of the covenants, conditions and agreements herein contained shall inure to the benefit of and bind the heirs, administrators, executors, successors and assigns of the respective parties hereto.

33. Headings. The paragraph headings in this Lease are for convenience only and shall not be construed in any way to affect the meaning of the clause they identify.

34. Gender; Number. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context otherwise requires.

35. Agricultural Stabilization and Conservation Service Regulations. Lessee agrees to comply with all federal and state rules and regulations of USDA. The parties agree that (a) this Lease is to be construed as a Cash Lease, (b) Lessor is not to be construed as an Operator or Producer, and (c) Lessee is not to be construed as a Custom Farmer, Joint Venture, or Partner as those terms are defined or described in any USDA Handbook. In the event the USDA office makes a determination that Lessor will be considered or construed to be an Operator or Producer under the terms of this Lease, or that Lessor is otherwise eligible to receive program payments in Lessor's name as Operator or Producer as such payments relate to the Leased Premises and is subject to any payment limitation, Lessor does hereby waive, release, and relinquish any and all rights it may have to such payments. Lessor agrees to execute any USDA forms or documents necessary to release its rights to any amount payable to it as Operator or Producer, it being Lessor's intent that it shall not receive any subsidy payments including direct, counter-cyclical, LDP, CRP, diversion or deficiency payments ("FSA Payments"), except to the extent that such payments are lawfully payable to Lessee and assigned to Lessor for payment of Lessee rent.

36. Termination. The Lease shall terminate on December 31, 20__, unless terminated earlier pursuant to this agreement, and the Lessee shall relinquish possession of fallow land and land in growing perennial crops on such date. If Lessee has planted a perennial crop on the Leased Premises and Lessee and Lessor have not agreed to extend the Lease beyond the current Lease Term, then upon termination of the Lease, Lessor shall reimburse the Lessee for the expenses incurred by Lessee to establish the crop as provided in Section 7(m) above.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the undersigned have set their hands effective as of _____, 20__.

LESSOR:
Pinnacle [Pinnacle Entity Name] Operating Company, LLC
By: US Agriculture, LLC
Its: Sole Manager

By: _____

Printed: _____

Title: _____

LESSEE:

[TENANT NAME]

a/an _____

By: _____

Printed: _____

Title: _____

EXHIBIT A
LEGAL DESCRIPTION TO AGRICULTURE LEASE

**EXHIBIT D
TENANT FARMER UNDERWRITING CRITERIA**

**MANDATE
USAG TENANT SELECTION CRITERIA
April 2018**

Properties acquired for ATRS will be leased in some fashion to farm operators in the general location near the asset. The lease types may vary greatly from asset to asset, but the general selection criteria USAG will use for ATRS tenant selection is as follows:

- 1) Tenant Farmer must have combined education and experience of 7 years or acceptable mentor (father or partner) approved by USAG.
- 2) Tenant Farmer must present a financial statement and balance sheet that reflects an absence of excess financial leverage and the ability to avoid financial failure during the term of Tenant Farmer's lease.
- 3) Tenant Farmer must be a focused, full-time farmer, with a majority of his time spent in production agriculture.
- 4) Tenant Farmer, if not known to USAG, will provide at least 3 references, including their banker and a current landlord.
- 5) Tenant Farmer, if not known to USAG, will provide:
 - a. the last three years of production history on similar farms
 - b. their soil fertility plan and monitoring program
 - c. their stewardship practices on farms they operate (owned or leased)
 - d. their ability to help improve the asset over time (ditching, land leveling, irrigation, clearing fence rows, woods, etc.)
- 6) Each individual Tenant Farmer intended planted acreage for the upcoming year should be more than 2,000 acres row crop not including the land farmed for ATRS.
- 7) Tenant Farmer must have in place the capital, an adequate line of farm equipment and labor to farm intended acreage in a timely fashion.
- 8) Generally the Tenant Farmer must farm within the same market region as the ATRS asset.
- 9) Tenant Farmer must have intent to farm minimum 5 years forward.
- 10) At USAG's Discretion, Tenant Farmer shall be required to give ATRS a UCC lien on the crop for the amount of base cash rent owed.

EXHIBIT E
COMMODITY HEDGING CRITERIA SUMMARY

Purpose: This document is intended to outline USAG's operating policies and procedures for grain marketing on bushel and crop share leases. Any deviation from the policies and procedures outlined in this document must be approved by the Risk Management Committee (as defined below).

Objective: To maximize return, manage risk, and ensure that the objectives of the investment mandate are being met.

Definition of Parties

Risk Management Committee: The collective group of individuals as outlined in more detail below.

Committee Member: Any member of the Risk Management Committee as outlined below.

USAG Representative: Any USAG employee who is responsible at the portfolio level for overseeing the day to day operations of a specific ATRS assets.

Farm Manager: Any third party individual for which a contractual relationship has been entered into for the purposes of said individual providing on-site farm management services to a specific ATRS asset.

Risk Management Committee

Purpose: The Risk Management Committee ("the committee") will be responsible for governing the policies and procedures outlined in this document and for approving any marketing decisions that deviate from the guidelines provided herein.

Composition: The Risk Management Committee will be comprised of members of the USAG asset management team.

Meeting Schedule: The committee will have four regularly scheduled marketing meetings throughout the calendar year. Any member of the committee may call additional meetings as necessary. A minimum of 3 committee members must participate in each scheduled meeting:

March – Prior to the Prospective Planting Report

July – Prior to the Supply and Demand Report

October – Prior the Supply and Demand Report

December – Prior to the Supply and Demand Report and Final Crop Production Estimates.

Risk Management Policy - General

Purpose: The following section will outline the general risk management policies that will govern all assets within the ATRS portfolio which may at any time require marketing positions to be entered into in order to generate rental income. Any changes to this policy must be approved by the Risk Management Committee and ATRS in accordance with the approval procedures laid out in the Farmland Management Agreement.

Objective: To hedge the annual current return of assets leased to third parties with the goal of meeting or exceeding target prices and providing a minimum return which is consistent with ATRS risk tolerance.

Target Prices: Target Prices for each lease type will at a minimum be equivalent to the price that will generate the appropriate (as defined below) **gross return** on the then current **equity value** of the asset. The current equity value will be determined based on the most recent appraisal or internal USAG valuation.

Bushel Lease: **5.00% gross return**

Crop Share Lease: **5.25% gross return**

In the event more than one commodity will be marketed, as is the case with a crop share, the target prices for each crop shall be determined so that the combined rental rate for the asset equates to the above referenced return hurdle.

Any adjustment to the required return threshold requires approval by the Risk Management Committee.

Break Even Prices: Break Even Prices will at a minimum be equivalent to the price that will generate the appropriate (as defined below) **gross return** on the original **contributed capital** of the asset.

Bushel Lease: **5.00% gross return**

Crop Share Lease: **5.25% gross return**

In the event more than one commodity will be marketed, as is the case with a crop share, the target prices for each crop shall be determined so that the combined rental rate for the asset equates to the above referenced return hurdle.

Any adjustment to the required return threshold requires approval by the Risk Management Committee.

Multi Year Marketing: Any marketing position entered into for the purpose of hedging rental income to be received in excess of 12 months into the future shall require prior approval of the Risk Management Committee and ATRS. In addition, a premium shall be added to the minimum return thresholds in order to dictate the required price targets to be achieved. The appropriate premiums are as follows:

Months in Advance of Rent/Crop Settlement Date	Premium to Target Price Hurdle	Premium to Break Even Price Hurdle
0-12 Months	0 bps	0 bps
12-18 Months	+ 50 bps	+ 50 bps
18-24 Months	+ 100 bps	+ 100 bps

In no event will positions be taken to hedge rental income or crop sales that are expected to be received/made in excess of 24 months into the future.

Position Report: A position report will be delivered to the committee on a monthly basis. At a minimum, this report will include the following.

- 1) Marketing details by property and consolidated
- 2) Type of position – Forward cash sale, futures sale, basis sale, etc.
- 3) Counterparty to transaction
- 4) Price of each transaction
- 5) Quantity of each transaction
- 6) Percentage of budget/actual production hedged
- 7) Average hedged price vs. budget vs. target price vs. breakeven price
- 8) Closing Price as of the most recent trading day

- A. The strategies included in this document are intended to be used for hedging purposes only and will not be used for speculation.
- B. USAG shall maintain the appropriate staff in order to fulfill the necessary reporting requirements to the Commodity Futures Trading Commission and other regulatory bodies.
- C. Inter exchange hedging strategies shall not be utilized for any reason.
- D. The Risk Management Committee reserves the right to modify the policies and procedures included in this document per changing market conditions, subject to approval by ATRS.
- E. All hedging transactions will be designated as one of the 3 types listed below at the inception of the hedge transaction, in accordance with FAS 133 et all, and IAS 39:
 - a. Cash Flow Hedge (hedges to offset a corresponding cash flow)
 - b. Fair Value Hedge (hedges to offset the changing value of an asset or liability)
 - c. Normal Purchase Normal Sale (purchase and sales contracts or firm commitments where delivery of the commodity is expected to take place instead of via net offset)

Risk Management Policy – Bushel Lease

Purpose: The following section will provide more specific details on the policies and procedures which will govern assets leased under a bushel lease structure.

Objective: To maximize the return to portfolio assets leased under a bushel lease structure by using the volatility in the commodity futures markets to ATRS advantage.

Target Return: The greater of Target Price plus any required premium as outlined above via “Multi Year Marketing” and Break Even Price plus any required premium as outlined above via “Multi Year Marketing”

Minimum Return: The lesser of Break Even Price plus any required premiums as outlined above via “Multi Year Marketing” and Target Price plus any required premium as outlined above via “Multi Year Marketing”

Marketing Authority: Hedge positions for rent to be received within the next 12 months can be entered into by the following parties, so long as the Minimum Return (as defined above) is achieved:

- 1) Committee Member
- 2) USAG Representative
- 3) Farm Manager – with prior approval from USAG representative

Hedge positions for rent to be received in excess of 12 months into the future can be entered into by the following parties, so long as the Minimum Return (as defined above) plus the necessary premium is achieved and with prior ATRS approval:

- 1) Committee Member – with prior Risk Management Committee approval
- 2) USAG Representative – with prior Risk Management Committee approval
- 3) Farm Manager – with prior Risk Management Committee approval and USAG representative acknowledgment

No positions will be entered into that do not meet the Minimum Return (as defined above), without prior approval of the Risk Management Committee.

- A. Selling futures contracts through the Chicago Mercantile Exchange to achieve required returns is an approved strategy for hedging the rental income associated with the bushel lease. The sale of futures contracts will be completed so that the total aggregate bushels sold equates, as closely as reasonably possible, to the total bushels outlined in the bushel lease document. (Example – 47,000 bushels in lease document = Sell 9 5,000 bushel contracts and 2 1,000 bushel mini contracts)
- B. Bushel leases will be written using either corn and or soybeans as the settlement commodity due to the fact that these commodities are the predominant US row crops and have historically had the most liquidity within the grain commodity futures market. All future bushel leases will have either corn and or soybeans as the settlement commodity, independent of what crops are actually grown.
- C. The trading account will be owned by ATRS or the appropriate subsidiary. ADM Investor Services will be the clearing company with all funds being held in a segregated funds trading account with ADM Investor Services.
- D. To mitigate the risk associated with bank default on our hedged accounts and to manage the best use of capital, the Merchandising/Risk Manager will use Government-backed securities (T-Bills) to back ATRS’ traded contracts’ initial margin requirements in excess of \$250,000. Manager can call capital from ATRS or utilize lines of credit approved by ATRS, secured by ATRS owned properties to fund initial margin requirements. Furthermore, the Merchandising/Risk Manager will monitor and/or

establish a system to make wire transfers such that ATRS' margin excess will not exceed a balance of \$250,000

- E. USAG will ensure that at all times; the appropriate entity has access to, via a line of credit, cash reserves, or ATRS equity, sufficient capital to meet margin calls that would be required in the event the market moves against ATRS in the amount of \$3 per bushel. This level of reserves is consistent with standard lending practices within the grain marketing industry.
- F. To initiate a futures position, a sell order will be initiated through an approved broker via electronic mail or electronic trading platform. Market orders, Limit orders, and Good till Canceled orders will all be utilized when necessary. In order to exit a futures position, a buy order will be placed on the same day as the cash rent settlement date using a market order to ensure the successful execution of the order. The orders will be initiated via an approved party as defined in the above section titled "Marketing Authority."
- G. Hedge designation – For accounting and tax compliance, all hedges for bushel lease commitments will be designated as cash flow hedges at the inception of each hedge transaction, as referenced in General-F above.
- H. Once a position is established, it will be maintained until the lease price is determined, as outlined in the executed lease document.
- I. Trading statements will be reconciled by USAG on a monthly basis with all fees being accounted for using GAAP standards. The trading account will be a part of the yearly audit. Daily settlement statements will be provided by the clearing company to multiple staff. USAG will provide a monthly position report detailing outstanding margin and open positions.
- J. If USAG is removed as manager, the hedge account management will be transferred to a ATRS representative or other manager in a timely and professional manner.
- K. On a quarterly basis (January 1, April 1, July1, October 1) the Merchandising/Risk Manager will produce a Financial Risk Report that identifies all third party entities to whom ATRS has current contractual or receivable risk. All third party entities with cumulative contract/receivable risk in excess of \$200,000 will undergo an extensive credit monitoring process performed by USAG. Prior to initiating a new contractual relationship with a credit exposure over \$200,000, the Merchandising/Risk Manager will seek approval from USAG. USAG will utilize one of more of the following when executing their credit monitoring process, depending on the counterparty exposure.
 - 1. Results of a DnB report,
 - 2. Verification of licensing as a federal grain warehouse in accordance with the United States Warehouse Act.
 - 3. Results of investigation into other financial information,
 - 4. Reputation within the marketplace,
 - 5. Results of credit references, if required,
 - 6. The maximum credit exposure the Risk Management Committee is willing to accept from a single counterparty, and
 - 7. Experience from previous business transactions with the third party
 - 8. Use of credit default swaps

This information is available to representatives of ATRS upon request.

Risk Management Policy – Crop Share

Purpose: The following section will provide more specific details on the policies and procedures which will govern assets leased under a crop share structure.

Objective: To maximize the return to portfolio assets leased under a crop share structure by managing the inherent price and yield risk.

Target Return: The greater of Target Price plus any required premium as outlined above via “Multi Year Marketing” and Break Even Price plus any required premium as outlined above via “Multi Year Marketing”

Minimum Return: The lesser of Break Even Price plus any required premiums as outlined above via “Multi Year Marketing” and Target Price plus any required premium as outlined above via “Multi Year Marketing”

Marketing Authority: Hedge positions for crops to be sold within the next 12 months can be entered into by the following parties, so long as the Minimum Return (as defined above) is achieved and the hedge limits (as defined below) are not exceeded and with prior ATRS approval:

- 1) Committee Member
- 2) USAG Representative
- 3) Farm Manager – with prior approval from USAG representative

Hedge positions for crops to be sold in excess of 12 months into the future can be entered into by the following parties, so long as the Minimum Return (as defined above) plus the necessary premium is achieved and the hedge limits (as defined below) are not exceeded:

- 1) Committee Member – with prior Risk Management Committee approval
- 2) USAG Representative – with prior Risk Management Committee approval
- 3) Farm Manager – with prior Risk Management Committee approval and USAG representative acknowledgment

No positions will be entered into that do not meet the Minimum Return (as defined above), without prior approval of the Risk Management Committee.

Hedge Limits: In order to avoid a situation where the volume of crops sold exceeds the volume of crops owned by the landowner, the hedging/sale of anticipated crop production will be governed by the following guidelines.

The below percentages will apply to the anticipated production based on the most recent information available to management. This includes budgeted acres, actual planted acres, budgeted yields, forecasted yields, anticipated weather patterns, etc.

	Time Until Final Production Reconciliation		
	0-12 Months		12+ Months
Crop	Max Pre-Plant	Max Pre-Harvest	Maximum Position
Irrigated			
<i>Corn</i>	50%	70%	25%
<i>Soybeans</i>	50%	70%	25%
<i>Wheat</i>	50%	70%	25%
<i>Rice</i>	50%	70%	25%
<i>Cotton</i>	50%	70%	25%
<i>Other</i>	50%	70%	25%
Dry Land			
<i>Corn</i>	50%	50%	25%
<i>Soybeans</i>	50%	50%	25%
<i>Wheat</i>	50%	50%	25%
<i>Rice</i>	50%	50%	25%
<i>Cotton</i>	50%	50%	25%
<i>Other</i>	50%	50%	25%

No position will be entered into that exceeds the above limits without prior written consent of the Risk Management Committee and ATRS.

- A. All crop share leases will include a minimum base rental amount. This amount is to be negotiated on a property by property basis and is intended to set a minimum rental rate which will be required from the tenant. This floor rate will limit ATRS downside risk associated with the crop share.
- B. Risk management levels must be carefully tracked and monitored by management and positions must be executed based on realistic crop yields and accurate tracking of planted acres to each particular crop. Management for each portfolio asset must report expected yields and acres starting with the budget process and update these estimates each month until the crop is harvested and the final production amounts are reconciled.
- C. All product sales shall be executed and documented with written contracts with either an outside grain marketing entity, or direct with actual product end users. Contracts should include specific amounts, delivery dates, conditions, and price.
- D. The trading account will be owned by ATRS or the appropriate subsidiary. ADM Investor Services will be the clearing company with all funds being held in a segregated funds trading account with ADM Investor Services.
- E. To mitigate the risk associated with bank default on our hedged accounts and to manage the best use of capital, the Merchandising/Risk Manager will use Government-backed securities (T-Bills) to back ATRS' traded contracts' initial margin requirements in excess of \$250,000. Manager can call capital from ATRS or utilize lines of credit approved by ATRS, secured by ATRS owned properties to fund initial margin requirements. Furthermore, the Merchandising/Risk Manager will monitor and/or

establish a system to make wire transfers such that ATRS' margin excess will not exceed a balance of \$250,000.

F. Options strategies will be used in certain situations. The following option strategies are approved and authorized under this policy:

Option strategies to offset:

- i. Price risk on future and current grain inventories that will be delivered at a future date (i.e., the simultaneous purchase and sale of different strike prices in identical quantities), and
- ii. Production risk on future grain inventories in situations where market prices are high enough to economically justify 100% bookings prior to planting or harvest.

G. Spread trading (i.e. the simultaneous purchase and sale of different futures months in identical quantities) will be used in certain circumstance and is approved and authorized under this policy for the following strategies:

- i. To protect additional carrying charges against ownership of grain, or
- ii. To protect inverses in futures against the anticipated short sale of the Company's delayed-priced inventory.

H. USAG may enter into futures and/or options positions in order to manage aggregate economic risk. Aggregate economic risk is defined as ATRS overall exposure to futures market risk, counterparty cash contract risk, and cash flow funding ability (margin call) risk. These positions must be approved by the Risk Management Committee.

I. The following are deemed to be acceptable methods of hedging the sale of crops produced in association with a crop share:

- 1) Forward Cash contracts with a local grain elevator or direct end user.
- 2) Production contracts with a local grain elevator or direct end user.
- 3) Sale of futures contracts to offset the price risk associated with the sale of current or future production in the spot market at a future date.
- 4) Basis contracts with a local grain elevator or direct end user.

J. In the event futures positions on the Chicago Mercantile Exchange are entered into for the purpose of hedging crop sales associated with current or future production, the policies and procedures outlined in the "Risk Management Policy – Bushel Lease" for governing hedge accounts, margin requirements, account reconciliation, reporting, etc. will also apply to crop share leases as well.

K. Hedge Designation – For accounting and tax compliance, all hedges as referred to in G above will be designated as one of the hedge types referred to in General-E above at the inception of each hedge. Due to the varying nature of the types of hedge instruments available, each hedge will be so designated based on its own merits at the time of inception.

L. On a quarterly basis (January 1, April 1, July1, October 1) the Merchandising/Risk Manager will produce a Financial Risk Report that identifies all third party entities to whom ATRS has current contractual or receivable risk. All third party entities with cumulative contract/receivable risk in excess of \$200,000 will undergo an extensive credit monitoring process performed by USAG. Prior to initiating a new contractual relationship with a credit exposure over \$200,000, the Merchandising/Risk Manager will seek approval from USAG. USAG will utilize one of more of the following when executing their credit monitoring process, depending on the counterparty exposure.

- 1) Results of a DnB report,
- 2) Verification of licensing as a federal grain warehouse in accordance with the United States Warehouse Act.
- 3) Results of investigation into other financial information,
- 4) Reputation within the marketplace,
- 5) Results of credit references, if required,
- 6) The maximum credit exposure the Risk Management Committee is willing to accept from a single counterparty, and
- 7) Experience from previous business transactions with the third party
- 8) Use of credit default swaps

This information is available to representatives of the ATRS upon request.

**EXHIBIT F
RELATED PARTY TRANSACTION DISCLOSURE FORM**

- 1. Related party information:**
Company name:
Contact name
Address:
Phone:
E-mail address:
Nature of relationship to: USAG
- 2. Service(s) to be provided:**
- 3. Date of service(s):**
- 4. Proof of qualification:**
- 5. Expected cost of Related Party service(s):**
A. Projected cost:
B. Basis/cost structure:
C. Frequency of charge:
- 6. Market charges for comparable service(s):**
A. Name(s) of unrelated service providers:
B. Projected cost(s) and source(s) of information:
C. Frequency of charge:
- 7. Selection rationale:**
- 8. Recommendation for course of action:**
- 9. Potential consequences if Related Party does not provide service:**
- 10. Certification**

The signature below certifies that all terms and conditions for the transaction detailed above are comparable to the terms and conditions which might reasonably be expected in a similar transaction between similar parties who are not related parties, the transaction is consistent with the fiduciary duties of USAG, and the costs are reasonable and either at or below market in terms of rate.

US Agriculture, LLC

By: _____

Printed Name: _____

Title: _____

Date: _____



EMPOWERING ENTREPRENEURS

September 15, 2023

Mr. Mark White
Executive Director
Arkansas Teacher Retirement System
1400 West Third Street
Little Rock, AR 72201

Re: Potential Investment in Highland LP

Dear Mr. White:

As a consultant to Arkansas Teacher Retirement System ("ATRS"), Arkansas Capital Corporation ("ACC") delivers this letter to ATRS, outlining ACC's recommendations related to a proposed investment by ATRS's wholly owned subsidiary, Pinnacle Mountain Holding Company V, LLC ("Pinnacle") into a two year debt instrument issued by Highland LP ("Highland").

Background

Highland LP is the investment vehicle through which ATRS has invested into the business operations of Highland Pellets, a supplier of sustainably sourced biomass, in the form of wood pellets, to industrial markets in Europe. Highland's production operations in Pine Bluff, Arkansas are capable of annually producing 675,000 metric tons of wood pellets for export to international markets such as the European market. The facility supports around 94 full-time jobs in Pine Bluff and around 338 direct jobs in the transport and forest industries supply chain.

ATRS has made prior debt and equity investments into Highland LP starting in 2016 which supported the startup activities of Highland Pellets. The Highland LP management team has requested a \$40 million 2-year Payment In Kind ("PIK") loan from ATRS. The loan would support a planned \$75 million investment allowing Highland Pellets to support long term growth initiatives including: acquiring the assets of another existing wood pellet production facility, making upgrades at the newly acquired facility, making upgrades at the existing Highland Pellets site, securing future development sites and providing working capital.

Highland Pellets has identified an existing creditor for the additional \$35 million needed to fully fund interim financing needs. It is anticipated that this financing

Mr. Mark White
Re: Potential Debt Investment in Highland LP
September 15, 2023
Page 2

would close within 60 days of the acquisition of the wood pellet facility enabled by the proposed ATRS financing. The party for the proposed \$35 million credit facility would need to go through its investment committee for formal approval.

Highland Pellets has entered into offtake agreements with an investment grade counter party for the future production associated with the newly acquired facility. The newly acquired facility would have production capacity of 195,000 MT annually and the off take agreement Highland Pellets has negotiated would generate sales for 150,000 MT of capacity annually.

The ACC team met, in our offices and on multiple phone calls, with a team from Highland Pellets including Tom Reilly Chairman of Highland Pellets and Vijaya R. Palaniswamy Partner/Chief Legal Officer South Harbor Management LLC. They discussed the current business operations, the Company's acquisition rationale and strategies and the Company's financial results and projections.

Important to ACC's analysis and recommendation is the fact that ATRS has an existing investment into Highland LP and this debt investment would position Highland Pellets to generate additional cash flows that should enhance the value of the existing ATRS equity position.

The ATRS transaction is structured to be a two-year loan to Highland LP with interest deferred until maturity. The PIK feature of the note calls for the deferred interest to be added to principal on a semi annual basis, with future interest then calculated on the higher principal balance. There would be a mandatory repayment clause upon any future equity raise and the interest rate escalates from 18% the first six months, 21% the second six months to 25% for the second year. This escalating interest rate structure encourages repayment of the note as soon as the company is able to repay the debt.

Post-transaction, Highland Pellets will engage in a debt refinancing of the existing debt as well as conduct an equity capital raise. The proceeds from the equity capital raise would be the primary repayment mechanism to pay off the ATRS bridge credit facility discussed in this memo. ACC has visited with the investment bankers managing the capital raise to confirm potential timing of an equity raise, valuations that might be used for the equity raise and sizing for the proposed equity raise.

Mr. Mark White
Re: Potential Debt Investment in Highland LP
September 15, 2023
Page 3

We have verbally discussed the status of current business operations and proposed repayment strategies with the management of ATRS. Such strategies are speculative in nature at this time, but suffice it to say that we believe repayment potential exists for the proposed debt, in the future, and the debt facility allows the company an opportunity to grow the existing ATRS equity value.

Recommendation

Based on our review of materials and other due diligence conducted and considering, among other things, the factors cited above, **we recommend that Pinnacle make the proposed \$40 million debt investment.**

ACC Statement

In performing its analysis and delivering this recommendation, ACC relied on drafts of documents for the Transactions along with research from the sources cited herein. ACC has not independently verified the accuracy of such information and disclaims all liability based on its reliance on such information in performing its analysis and making its recommendation hereunder.

In full transparency ACC wants to disclose it has loans outstanding to both Highland Pellets and Resource Management of AR, Inc. The ACC loan to Resource Management is contemplated to be paid off with ATRS loan proceeds, while the additional loan outstanding from ACC to Highland Pellets will continue to remain in effect. Both of these entities are involved in this transaction and ACC has disclosed this to ATRS management. ACC does not believe this relationships creates a conflict of interest. ATRS management acknowledge the existence of these pre-existing ACC lending transactions and is indicated that they do not create a material and unsurmountable conflict of interest.

Sincerely yours,
ON BEHALF OF ACC:



Leslie Lane III

Exhibit A

ATRS Investment	\$40,000,000
Target Date of Investment	9/27/2023

	Interest Rate	Daily Factor
First Six Months	18.00%	0.000493151
Second Six Months	21.00%	0.000575342
Second Year	25.00%	0.000684932

Date	Starting Balance	Interest	Payment Received	Ending Balance
9/27/2023			\$0.00	\$40,000,000
3/29/2024	\$40,000,000	\$3,629,589.04	\$0.00	\$43,629,589
9/29/2024	\$43,629,589	\$4,618,759.78	\$0.00	\$48,248,349
3/29/2025	\$48,248,349	\$5,981,473.38	\$0.00	\$54,229,822
9/29/2025	\$54,229,822	\$6,834,443.35	\$0.00	\$61,064,266

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

RESOLUTION
No. 2023-41

Approving a Promissory Note to Highland LP and Associated Entities

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

WHEREAS, the ATRS Board has reviewed the recommendation of Arkansas Capital Corporation, along with the recommendation of the Investment Committee and ATRS staff regarding a potential promissory note to Highland LP and associated entities (Highland).

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **\$40 million dollars (\$40,000,000.00)** in a promissory note to **Highland LP and associated entities**. The total investment amount is to be determined by Arkansas Capital Corporation 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 25th day of September 2023

Mr. Danny Knight, Chair
Arkansas Teacher Retirement System



Arkansas Teacher Retirement System
Private Equity Portfolio Review
First Quarter 2023

Disclaimer

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

Portfolio Overview

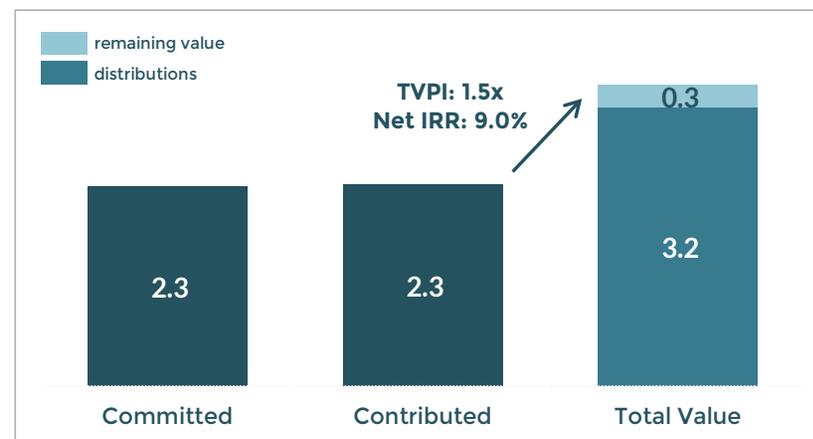
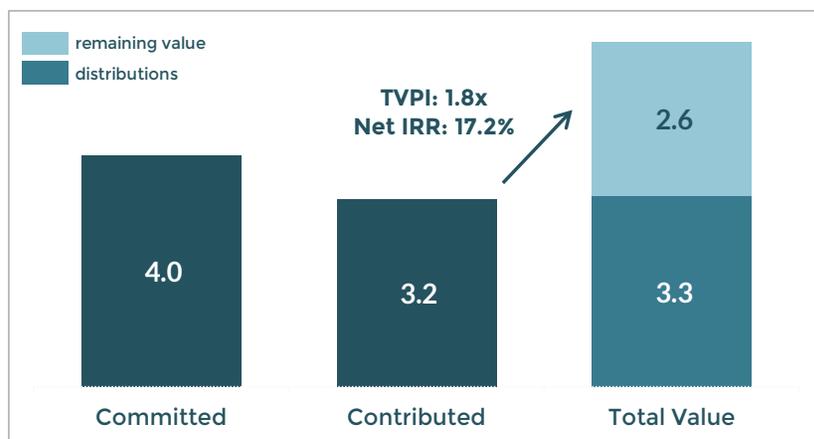
The Post 2006 Fund Portfolio has generated a net IRR of 17.2% as of March 31, 2023

Post 2006 Fund Portfolio

Inception	2007
Total Commitments	\$4.0 billion
Number of Funds	120
% Contributed/Committed	81%
% Distributed/Contributed	102%

Rest of Portfolio

Inception	1996
Total Commitments	\$2.3 billion
Number of Investments	27
% Contributed/Committed	101%
% Distributed/Contributed	139%



Notes:

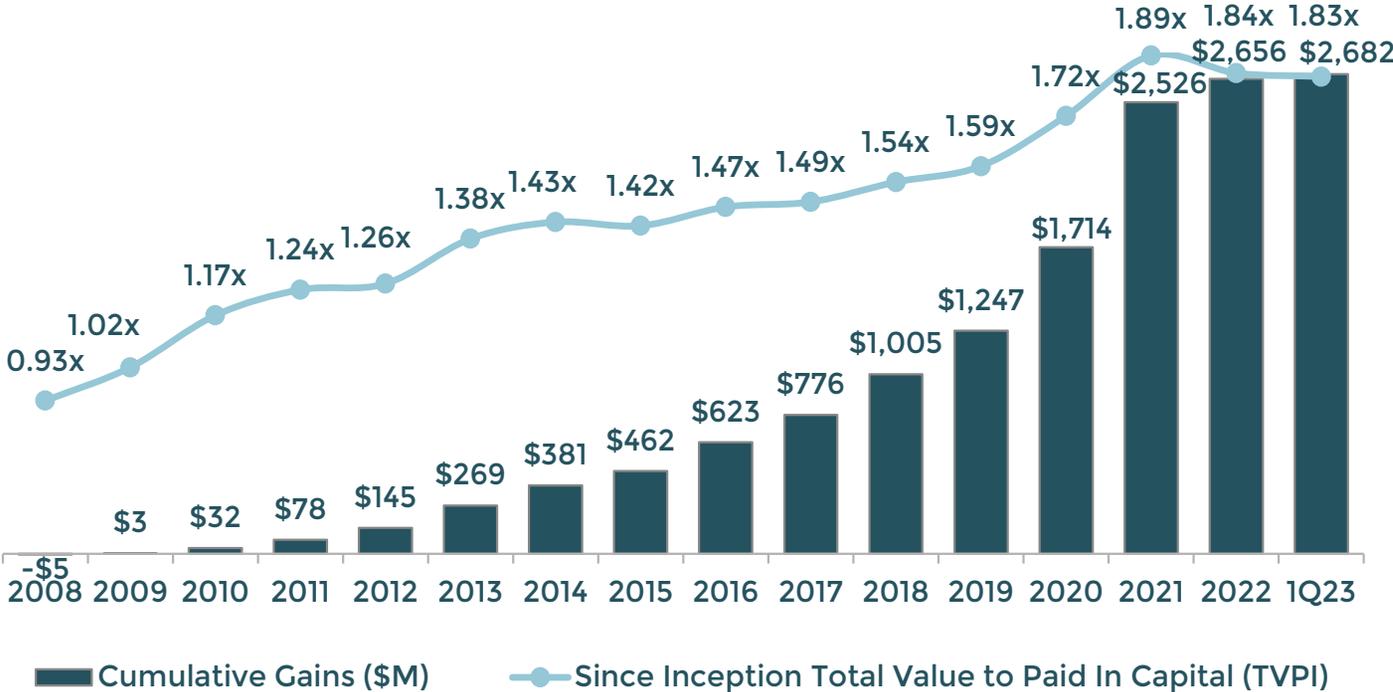
(1) Data as of March 31, 2023

(2) Performance information is net of portfolio funds' management fees, expenses and carried interest

(3) TVPI = total value to paid-in multiple, or remaining value plus distributions divided by contributed capital; TVPI multiple is net of all fees, expenses and carried interest

Post 2006 Fund Portfolio Performance Summary

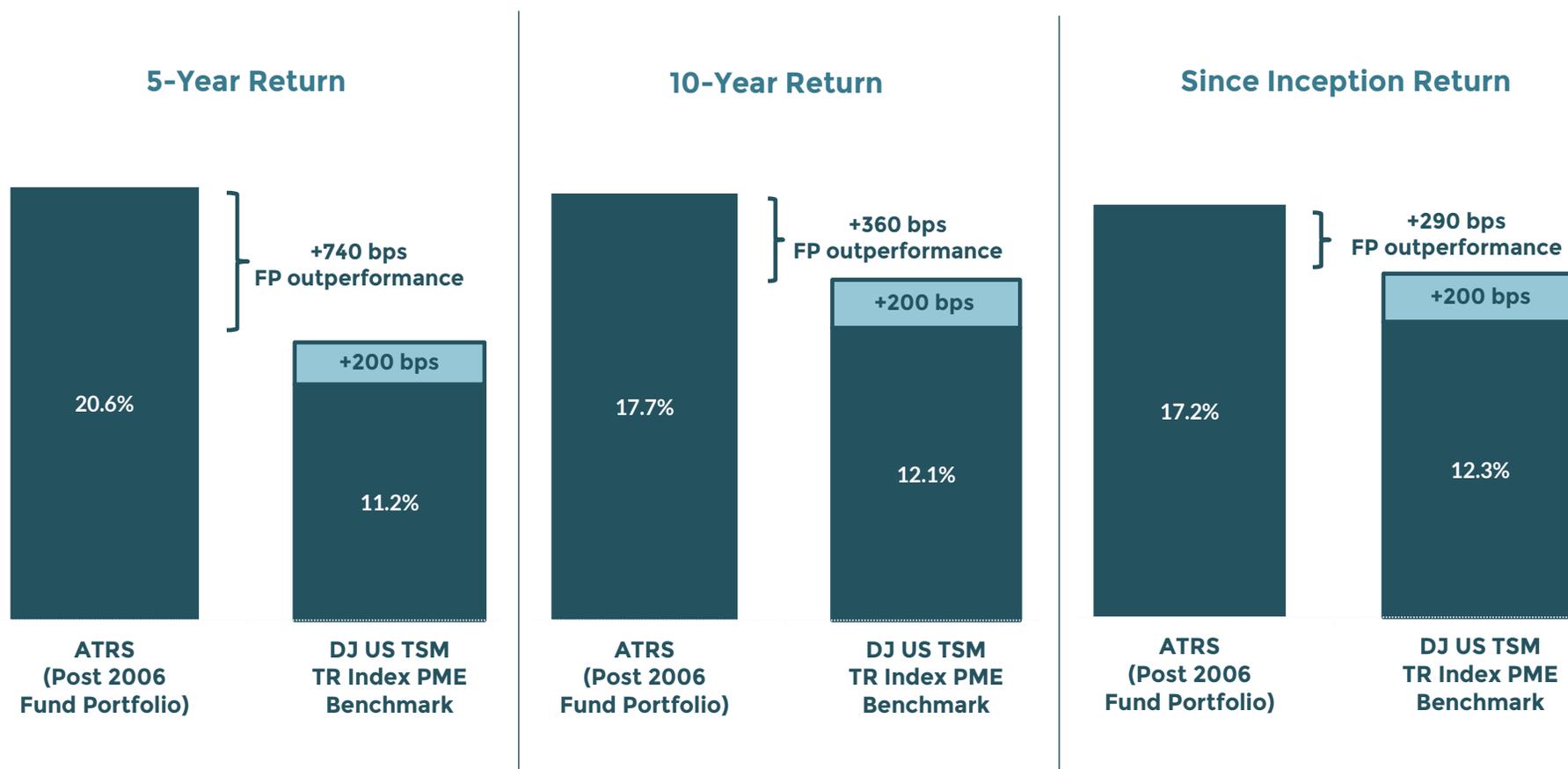
The portfolio since 2006 has generated cumulative gains of \$2.7 billion since inception



Notes:
 (1) Performance data is net of portfolio funds' management fees, expenses and carried interest
 (2) Cumulative gains represent total distributions plus remaining value less total contributions

Post 2006 Fund Portfolio Benchmarking

The portfolio since 2006 has exceeded the benchmark in the 5-Year, 10-Year and Since Inception periods



Notes:

(1) Data as of March 31, 2023

(2) Performance data is net of portfolio funds' management fees, expenses and carried interest; but gross of fees and expenses paid to Franklin Park.

(3) The public market equivalent (PME) represents the performance of a public market index expressed in terms of an IRR, using the same cash flows and timing as the investor's investment activity in private equity; the PME serves as a proxy for the return ATRS could have achieved by investing in the public market. The PME return assumes cash flows are invested at the end of each day

Post 2006 Fund Portfolio Breakdown

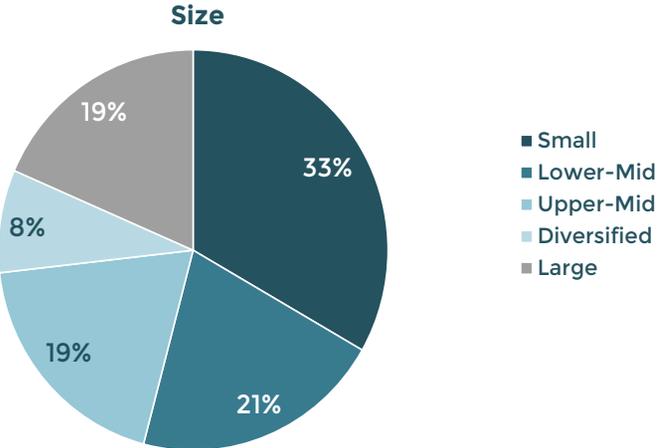
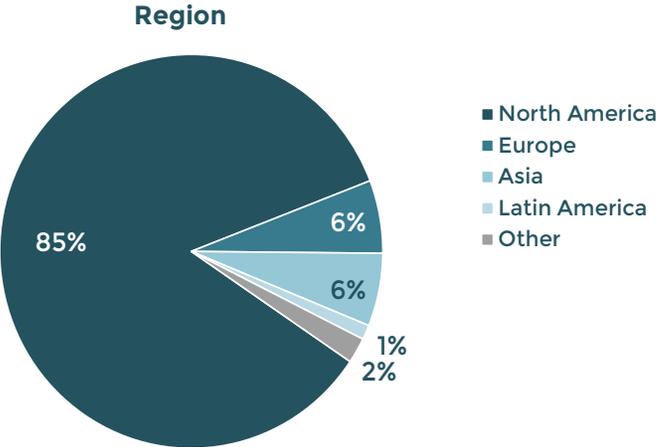
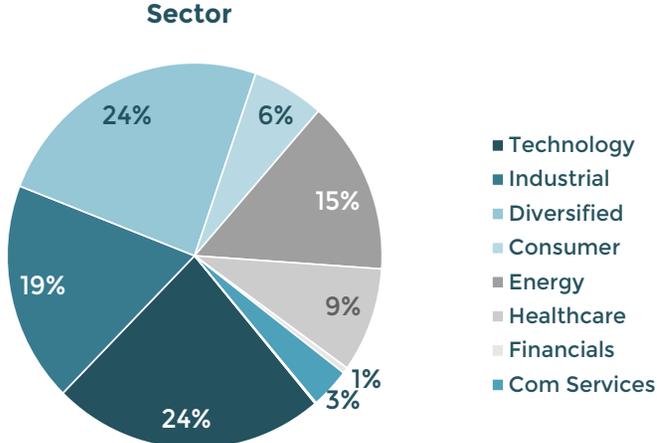
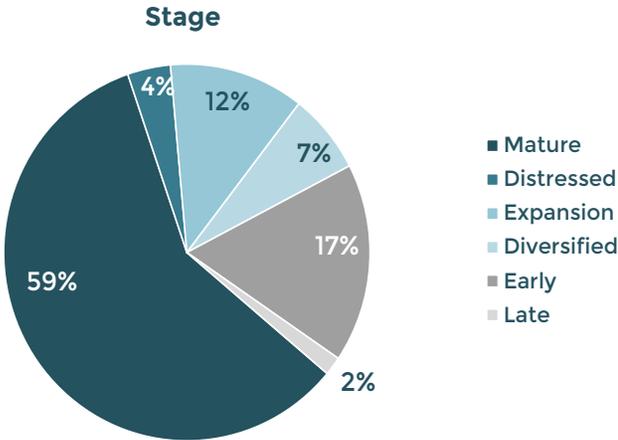
ATRS makes commitments directly to funds as well as through specialized vehicles managed by Franklin Park

Strategy	Method of Access	% of Post-2006 Portfolio Exposure	ATRS Net IRR 3/31/23
U.S. corporate finance (core funds)	Direct Commitments	54.9%	16.2%
U.S. corporate finance (smaller funds)	Franklin Park Corporate Finance Access Funds	4.9%	24.0%
Corporate finance (co-investments)	Franklin Park Co-Investment Funds & ATRS/FP	15.8%	19.9%
Non-U.S. corporate finance	Franklin Park International Funds	8.9%	11.7%
Global Venture Capital (early stage)	Franklin Park Venture Capital Funds	14.0%	21.7%
Global Venture Capital (mid/late stage)	Franklin Park Venture Capital Opportunity Funds	1.5%	NMF
Total		100.0%	17.2%



Portfolio Composition

The aggregate portfolio is diversified by stage, sector, region and size as expected



Note: Data is as of March 31, 2023 and based on unrealized value of holdings as reported by portfolio fund managers

2023 Commitment Plan

Progress of commitment plan to date

Investment	Strategy	Region	ATRS Commitment	Board Approval
LLR VII	Small/Lower Mid Buyout/Growth	U.S.	\$30m	Feb 2023
Greyrock VI	Sponsored Mezzanine	U.S.	\$30m	Feb 2023
KPS Mid-Market II	Small/Lower Mid Turnaround	U.S.	\$30m	June 2023
Post Road III	Structured Debt	U.S.	\$30m	Sept 2023*
Direct Fund	Buyout/Growth/Turnaround	U.S.	\$25m	TBD
Direct Fund	Buyout/Growth/Turnaround	U.S.	\$25m	TBD
Direct Fund	Buyout/Growth/Turnaround	U.S.	\$25m	TBD
FP International XI	Buyout/Growth/Turnaround	Non-U.S.	\$30m	Dec 2022
FP CF Access II	Buyout/Growth/Turnaround	U.S.	\$30m	Dec 2022
FP Venture Opps I	Late Stage VC	U.S./Non-U.S.	\$30m	Dec 2022
FP Co-Invest VI	Buyout/Growth/Turnaround	U.S./Non-U.S.	\$65m	Feb 2023
Total			\$350m	

Arkansas Teacher Retirement System Private Equity Portfolio Review

March 31, 2023

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Portfolio Overview

Portfolio Summary



Group	Num.	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	Remaining Value (%)	Exposure (\$)	DPI	TVPI	Net IRR
By Vehicle											
1996-2000: Legacy Portfolio	13	1,106,390,461	1,070,676,238	0	1,641,226,547	0	0.0%	0	1.5 x	1.5 x	9.2%
2005-2006: CSFB Portfolio	2	654,300,000	690,666,653	62,553,624	1,071,473,126	53,923,438	1.9%	116,477,062	1.6 x	1.6 x	9.0%
Post 2006 Fund Portfolio	120	3,963,323,718	3,212,325,060	1,411,181,362	3,272,186,885	2,639,660,416	91.2%	4,050,841,778	1.0 x	1.8 x	17.2%
Big River Steel	8	257,880,449	257,940,356	0	430,039,782	1,677,862	0.1%	1,677,862	1.7 x	1.7 x	14.4%
Blue Oak Arkansas	1	18,000,000	19,740,000	0	5,385,136	0	0.0%	0	0.3 x	0.3 x	-34.8%
Highland LLC	2	218,244,727	234,114,727	0	31,674,525	129,948,153	4.5%	129,948,153	0.1 x	0.7 x	-11.3%
GTLA Holdings	1	20,000,000	20,000,000	0	0	70,000,000	2.4%	70,000,000	0.0 x	3.5 x	31.4%
Total	147	6,238,139,355	5,505,463,034	1,473,734,986	6,451,986,001	2,895,209,868	100.0%	4,368,944,854	1.2 x	1.7 x	11.5%
By Fund Type											
Co-Investment Fund	2	328,823,718	407,678,582	276,128,665	377,359,812	387,719,106	13.4%	663,847,771	0.9 x	1.9 x	20.4%
Fund-of-Funds	30	1,664,300,000	1,260,972,362	499,959,541	1,564,362,598	794,062,361	27.4%	1,294,021,902	1.2 x	1.9 x	11.8%
Operating Company	12	514,125,176	531,795,084	0	467,099,442	201,626,015	7.0%	201,626,015	0.9 x	1.3 x	7.2%
Primary Fund	103	3,730,890,461	3,305,017,007	697,646,780	4,043,164,148	1,511,802,387	52.2%	2,209,449,167	1.2 x	1.7 x	11.3%
Total	147	6,238,139,355	5,505,463,034	1,473,734,986	6,451,986,001	2,895,209,868	100.0%	4,368,944,854	1.2 x	1.7 x	11.5%

Portfolio Summary



Group	Num.	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	Remaining Value (%)	Exposure (\$)	DPI	TVPI	Net IRR
By Strategy											
Buyout	77	2,977,390,461	2,455,730,146	720,206,802	2,966,816,792	1,316,938,306	45.5%	2,037,145,107	1.2 x	1.7 x	11.8%
Distressed Debt	3	100,000,000	93,881,464	37,207,326	109,768,792	23,381,167	0.8%	60,588,493	1.2 x	1.4 x	6.5%
Growth Equity	3	120,000,000	107,704,590	15,157,033	247,329,957	31,412,350	1.1%	46,569,383	2.3 x	2.6 x	20.7%
Hard Assets	12	545,744,727	567,374,274	17,536,550	288,284,079	374,488,131	12.9%	392,024,681	0.5 x	1.2 x	4.4%
Infrastructure	8	270,880,449	272,676,670	0	427,199,627	1,677,862	0.1%	1,677,862	1.6 x	1.6 x	12.3%
Mezzanine	8	315,000,000	215,345,100	46,428,521	235,874,990	48,451,301	1.7%	94,879,822	1.1 x	1.3 x	10.2%
Multi-Strategy	7	1,039,123,718	1,165,333,269	339,165,289	1,483,334,585	443,200,220	15.3%	782,365,509	1.3 x	1.7 x	9.2%
Special Assets	1	30,000,000	19,520,906	11,532,614	1,178,625	19,512,859	0.7%	31,045,473	0.1 x	1.1 x	3.1%
Structured Capital	4	115,000,000	98,544,107	42,465,441	92,407,430	45,905,558	1.6%	88,370,999	0.9 x	1.4 x	12.1%
Turnaround	9	240,000,000	194,570,000	78,534,350	200,453,578	133,075,438	4.6%	211,609,788	1.0 x	1.7 x	16.8%
Venture Capital	15	485,000,000	314,782,509	165,501,060	399,337,545	457,166,677	15.8%	622,667,737	1.3 x	2.7 x	21.7%
Total	147	6,238,139,355	5,505,463,034	1,473,734,986	6,451,986,001	2,895,209,868	100.0%	4,368,944,854	1.2 x	1.7 x	11.5%
By Sub-Asset Class											
Corporate Finance	120	5,239,014,179	4,658,885,442	1,308,233,926	5,585,549,013	2,236,417,177	77.2%	3,544,651,103	1.2 x	1.7 x	11.2%
Direct Investments	12	514,125,176	531,795,084	0	467,099,442	201,626,015	7.0%	201,626,015	0.9 x	1.3 x	7.2%
Venture Capital	15	485,000,000	314,782,509	165,501,060	399,337,545	457,166,677	15.8%	622,667,737	1.3 x	2.7 x	21.7%
Total	147	6,238,139,355	5,505,463,034	1,473,734,986	6,451,986,001	2,895,209,868	100.0%	4,368,944,854	1.2 x	1.7 x	11.5%

- Remaining Value is defined as the investor's value as reported by the fund's manager.
- Exposure is defined as the sum of the investor's Remaining Value plus Unfunded Commitment.
- DPI is the ratio of Distributed Capital to Contributed Capital.
- TVPI is the ratio of Distributed Capital plus Remaining Value to Contributed Capital.
- Net IRR is defined as the annualized, compound rate of return using daily draws, distributions and Remaining Value as of the Report Date, net of fees and expenses, including late closing interest.
- Results include fully liquidated investments (if applicable).
- Commitments made in a foreign currency have been converted into U.S. dollars using an exchange rate as of the Report Date.

Performance Analysis

Investment Performance by Vintage Year



Investment	Strategy	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
1996								
HMTF III *	Buyout	76,743,018	76,799,039	0	87,834,289	0	1.1 x	1.8%
Total 1996		76,743,018	76,799,039	0	87,834,289	0	1.1 x	1.8%
1997								
Doughty Hanson III *	Buyout	100,000,000	99,374,207	0	197,482,184	0	2.0 x	13.5%
Total 1997		100,000,000	99,374,207	0	197,482,184	0	2.0 x	13.5%
1998								
HMTF IV *	Buyout	100,000,000	98,010,015	0	67,130,479	0	0.7 x	-6.1%
Second Cinven *	Buyout	65,281,010	65,281,010	0	104,700,661	0	1.6 x	9.3%
Total 1998		165,281,010	163,291,025	0	171,831,140	0	1.1 x	0.9%
1999								
Blackstone Mezzanine I *	Mezzanine	100,000,000	73,353,517	0	96,729,026	0	1.3 x	10.2%
Cypress MBP II *	Buyout	50,000,000	52,304,562	0	50,840,220	0	1.0 x	-0.5%
Diamond State *	Multi-Strategy	2,000,000	2,000,000	0	3,097,200	0	1.5 x	5.5%
DLJ Investment II *	Mezzanine	80,000,000	43,611,022	0	60,468,989	0	1.4 x	10.4%
Oak Hill I *	Buyout	50,000,000	50,786,497	0	91,264,962	0	1.8 x	10.6%
Total 1999		282,000,000	222,055,598	0	302,400,397	0	1.4 x	7.7%
2000								
21st Century Group I *	Buyout	25,000,000	27,141,173	0	22,841,928	0	0.8 x	-3.8%
DH Tech I *	Multi-Strategy	50,000,000	61,471,034	0	21,987,447	0	0.4 x	N/A
DLJ MBP III *	Buyout	200,000,000	215,345,711	0	458,746,671	0	2.1 x	19.4%
HMTF V *	Buyout	207,366,433	205,198,451	0	378,102,491	0	1.8 x	17.6%
Total 2000		482,366,433	509,156,369	0	881,678,537	0	1.7 x	14.8%
2005								
CSFB-ATRS 2005-1 Series	Multi-Strategy	250,000,000	277,750,644	10,787,022	411,411,667	19,556,080	1.6 x	7.5%
Total 2005		250,000,000	277,750,644	10,787,022	411,411,667	19,556,080	1.6 x	7.5%

Investment Performance by Vintage Year



Investment	Strategy	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
2006								
Boston Ventures VII	Buyout	50,000,000	43,016,769	8,258,947	48,914,085	1,395,521	1.2 x	2.8%
CSFB-ATRS 2006-1 Series	Multi-Strategy	404,300,000	412,916,009	51,766,602	660,061,459	34,367,358	1.7 x	10.2%
Total 2006		454,300,000	455,932,778	60,025,549	708,975,544	35,762,879	1.6 x	9.5%
2007								
Diamond State II	Multi-Strategy	4,000,000	3,517,000	483,000	9,417,000	1,557,676	3.1 x	11.7%
NGP IX	Hard Assets	50,000,000	54,229,094	201,825	77,618,619	166,555	1.4 x	10.8%
Vista Equity III	Buyout	50,000,000	54,385,874	3,844,808	127,515,699	5,830,595	2.5 x	28.5%
Total 2007		104,000,000	112,131,968	4,529,633	214,551,318	7,554,826	2.0 x	20.4%
2008								
Advent GPE VI-A	Buyout	40,000,000	40,167,228	0	80,492,730	4,101,132	2.1 x	16.5%
FP Venture 2008	Venture Capital	30,000,000	30,000,000	248,989	75,775,298	21,383,655	3.2 x	18.2%
LLR III	Growth Equity	50,000,000	48,504,590	4,357,033	108,800,951	1,038,330	2.3 x	16.5%
Total 2008		120,000,000	118,671,818	4,606,022	265,068,979	26,523,117	2.5 x	17.0%
2009								
FP Venture 2009	Venture Capital	25,000,000	24,543,104	763,958	53,898,481	9,637,120	2.6 x	17.1%
Insight Equity II	Turnaround	30,000,000	31,028,312	884,343	42,854,623	9,311,521	1.7 x	9.1%
Insight Mezzanine I	Mezzanine	10,000,000	9,971,470	479,507	11,860,178	1,886,370	1.4 x	6.5%
KPS III Supplemental	Turnaround	40,000,000	37,780,982	16,117,982	80,415,672	127,029	2.1 x	22.8%
Riverside IV *	Buyout	40,000,000	31,433,665	0	74,818,231	0	2.4 x	21.3%
Total 2009		145,000,000	134,757,533	18,245,790	263,847,185	20,962,040	2.1 x	17.0%
2010								
Altus Capital II	Buyout	20,000,000	20,113,029	3,001,150	31,867,461	3,877,006	1.8 x	13.5%
EnCap VIII	Hard Assets	47,500,000	54,117,730	0	36,451,269	19,374,274	1.0 x	0.7%
FP Venture 2010	Venture Capital	25,000,000	16,062,500	1,643,362	23,908,148	29,051,753	3.3 x	16.9%
Mason Wells III	Buyout	30,000,000	28,553,580	1,446,420	85,999,422	26,771	3.0 x	20.6%
TA XI	Growth Equity	40,000,000	39,400,000	600,000	138,340,283	10,167,380	3.8 x	26.8%
Tennenbaum VI	Distressed Debt	40,000,000	38,075,687	32,716,981	53,999,291	58,378	1.4 x	7.2%
Total 2010		202,500,000	196,322,526	39,407,913	370,565,874	62,555,562	2.2 x	15.7%

Investment Performance by Vintage Year



Investment	Strategy	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
2011								
Audax Mezzanine III	Mezzanine	25,000,000	25,892,496	6,675,000	33,085,160	1,364,450	1.3 x	9.8%
Castlelake II	Distressed Debt	35,000,000	32,656,036	2,625,461	34,549,929	10,862,983	1.4 x	5.7%
FP Intl 2011	Buyout	25,000,000	23,027,778	2,427,520	28,443,636	11,258,857	1.7 x	9.8%
FP Venture 2011	Venture Capital	25,000,000	24,714,286	572,126	128,772,786	41,082,466	6.9 x	35.0%
JF Lehman III	Buyout	39,000,000	44,410,793	5,200,606	52,337,761	20,771,652	1.6 x	11.3%
Wellspring V	Buyout	40,000,000	46,276,462	13,988,691	65,674,196	12,781,399	1.7 x	16.1%
Wicks IV	Buyout	40,000,000	42,515,105	4,292,571	88,005,325	8,136,371	2.3 x	21.3%
Total 2011		229,000,000	239,492,956	35,781,975	430,868,793	106,258,178	2.2 x	17.3%
2012								
ATRS-FP PE	Multi-Strategy	263,823,718	407,678,582	211,128,665	377,359,812	387,719,106	1.9 x	20.4%
BV VIII	Buyout	30,000,000	27,423,873	2,857,313	42,916,261	22,337,446	2.4 x	46.7%
Court Square III	Buyout	40,000,000	44,647,221	1,575,173	64,678,350	30,731,387	2.1 x	20.2%
DW Healthcare III	Buyout	40,000,000	37,138,408	2,861,592	71,497,419	4,827,553	2.1 x	18.8%
FP Intl 2012	Buyout	25,000,000	17,607,143	7,672,859	16,936,508	8,477,138	1.4 x	8.3%
FP Venture 2012	Venture Capital	25,000,000	22,468,750	2,754,290	39,657,429	34,431,772	3.3 x	21.0%
NGP X	Hard Assets	35,000,000	36,516,934	176,796	32,047,221	4,021,393	1.0 x	-0.4%
Total 2012		458,823,718	593,480,911	229,026,688	645,093,000	492,545,795	1.9 x	19.1%
2013								
EnCap IX	Hard Assets	25,000,000	28,785,857	972,514	30,558,503	11,093,602	1.4 x	10.4%
FP Intl 2013	Buyout	20,000,000	14,020,619	6,165,398	6,061,849	15,991,468	1.6 x	8.0%
FP Venture 2013	Venture Capital	20,000,000	18,367,816	1,781,070	25,639,609	40,566,656	3.6 x	25.1%
Levine Leichtman V	Structured Capital	20,000,000	28,004,788	2,968,199	47,296,785	6,780,779	1.9 x	17.3%
Riverside V	Buyout	35,000,000	37,409,438	1,567,948	45,981,555	23,009,680	1.8 x	12.8%
Vista Foundation II	Buyout	15,000,000	16,096,663	7,037,973	25,852,828	6,935,891	2.0 x	15.2%
Total 2013		135,000,000	142,685,181	20,493,102	181,391,129	104,378,076	2.0 x	15.3%

Investment Performance by Vintage Year



Investment	Strategy	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
2014								
Atlas Capital II	Turnaround	15,000,000	21,366,379	5,063,928	21,184,191	16,348,117	1.8 x	19.7%
Big River - Equity	Infrastructure	151,090,000	151,090,000	0	296,427,836	1,677,862	2.0 x	15.0%
Big River - Mezzanine *	Mezzanine	5,000,000	5,003,686	0	8,225,290	0	1.6 x	17.3%
Blue Oak Arkansas *	Infrastructure	18,000,000	19,740,000	0	5,385,136	0	0.3 x	-34.8%
Castlelake III	Distressed Debt	25,000,000	23,149,741	1,864,884	21,219,572	12,459,806	1.5 x	6.6%
FP Intl 2014	Buyout	25,000,000	18,041,237	7,146,632	14,636,834	16,565,161	1.7 x	14.3%
FP Venture 2014	Venture Capital	25,000,000	23,951,613	1,216,880	25,547,123	51,372,708	3.2 x	21.5%
KPS IV	Turnaround	25,000,000	22,160,846	3,814,594	34,736,175	11,427,257	2.1 x	24.6%
Lime Rock Resources III	Hard Assets	25,000,000	25,751,293	145,327	9,542,076	24,844,244	1.3 x	4.1%
NGP XI	Hard Assets	30,000,000	30,597,387	1,258,097	25,769,104	22,867,073	1.6 x	10.9%
Sycamore Partners II	Turnaround	25,000,000	22,690,639	3,436,103	13,705,544	12,987,411	1.2 x	4.3%
Thoma Bravo XI	Buyout	20,000,000	20,785,558	2,135,646	46,105,807	24,231,197	3.4 x	26.8%
Total 2014		389,090,000	384,328,379	26,082,091	522,484,688	194,780,836	1.9 x	13.6%
2015								
Big River - Sr Secured Debt *	Infrastructure	26,910,000	26,966,221	0	35,699,565	0	1.3 x	14.7%
EnCap X	Hard Assets	30,000,000	30,828,657	1,279,899	27,802,372	28,943,333	1.8 x	15.4%
FP Intl 2015	Buyout	25,000,000	20,132,743	5,014,368	9,641,961	21,649,206	1.6 x	11.8%
FP Venture 2015	Venture Capital	25,000,000	23,893,805	1,260,539	9,917,895	36,827,682	2.0 x	14.4%
Siris III	Buyout	25,000,000	31,322,205	3,747,225	24,515,293	19,035,161	1.4 x	11.2%
Total 2015		131,910,000	133,143,631	11,302,031	107,577,086	106,455,382	1.6 x	13.7%
2016								
American Industrial VI	Buyout	20,000,000	25,014,560	3,099,340	30,439,862	33,942,618	2.6 x	26.0%
Arlington IV	Buyout	23,000,000	24,707,948	959,768	24,979,906	32,889,948	2.3 x	25.2%
DW Healthcare IV	Buyout	30,000,000	30,194,954	1,334,012	28,157,299	28,069,980	1.9 x	22.3%
FP Intl 2016	Buyout	25,000,000	20,025,773	5,149,559	4,573,700	23,909,204	1.4 x	9.7%
FP Venture 2016	Venture Capital	25,000,000	22,439,024	2,746,219	8,630,099	42,771,802	2.3 x	23.4%
Highland Equity	Hard Assets	66,000,000	81,870,000	0	16,674,525	-36,277,822	-0.2 x	N/A
JF Lehman IV	Buyout	30,000,000	29,416,999	583,001	68,072,378	8,817,499	2.6 x	35.1%
PineBridge Structured III	Structured Capital	30,000,000	28,020,159	9,489,048	16,251,862	8,717,163	0.9 x	-4.1%
Thoma Bravo Discover	Buyout	10,000,000	11,350,409	1,767,370	29,239,213	5,802,062	3.1 x	36.0%
Thoma Bravo XII	Buyout	30,000,000	32,733,395	7,380,854	33,981,416	31,436,478	2.0 x	16.4%
Vista Foundation III	Buyout	30,000,000	33,974,660	7,465,973	35,340,972	29,751,256	1.9 x	23.4%
Total 2016		319,000,000	339,747,882	39,975,144	296,341,232	209,830,188	1.5 x	12.0%

Investment Performance by Vintage Year



Investment	Strategy	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
2017								
Altaris Constellation	Buyout	20,000,000	16,282,179	5,543,214	22,724,187	21,790,238	2.7 x	25.0%
Big River - Funding *	Infrastructure	3,750,000	3,750,000	0	3,812,795	0	1.0 x	4.3%
Big River - Holdings Note *	Infrastructure	12,000,000	12,000,000	0	13,343,726	0	1.1 x	11.0%
Big River - Preferred Equity *	Infrastructure	41,980,449	41,980,449	0	51,702,368	0	1.2 x	12.5%
Bison V	Structured Capital	35,000,000	38,052,430	4,474,925	28,858,783	26,340,278	1.5 x	15.5%
BV IX	Buyout	30,000,000	29,256,024	6,678,476	27,049,889	35,818,458	2.1 x	32.4%
EnCap XI	Hard Assets	35,000,000	30,190,548	5,744,138	5,055,795	40,459,925	1.5 x	19.2%
FP Intl 2017	Buyout	25,000,000	22,959,184	2,222,594	8,335,526	29,826,530	1.7 x	19.7%
FP Venture 2017	Venture Capital	25,000,000	17,035,398	8,083,423	3,762,120	29,098,996	1.9 x	24.0%
Greyrock IV	Mezzanine	30,000,000	28,384,306	2,751,680	24,855,409	14,121,415	1.4 x	10.9%
NGP XII	Hard Assets	30,000,000	22,242,046	7,757,954	11,764,595	22,769,579	1.6 x	14.4%
One Rock II	Buyout	30,000,000	26,891,146	6,664,075	3,906,746	43,798,476	1.8 x	15.8%
Total 2017		317,730,449	289,023,710	49,920,479	205,171,940	264,023,895	1.6 x	18.4%
2018								
Altaris IV	Buyout	24,000,000	23,510,290	2,160,929	24,006,953	18,867,859	1.8 x	27.4%
Big River - Holdings Note 2023 *	Infrastructure	12,000,000	12,000,000	0	14,582,469	0	1.2 x	5.6%
Big River - Holdings Note 2023-2 *	Infrastructure	5,150,000	5,150,000	0	6,245,733	0	1.2 x	6.5%
Clearlake V	Buyout	30,000,000	42,390,482	6,420,072	53,543,287	37,557,361	2.1 x	42.8%
FP Intl 2018	Buyout	25,000,000	23,282,443	1,967,396	2,664,423	28,193,254	1.3 x	12.2%
FP Venture 2018	Venture Capital	25,000,000	22,360,248	2,818,484	2,968,238	37,858,216	1.8 x	25.5%
GTLA Holdings	Hard Assets	20,000,000	20,000,000	0	0	70,000,000	3.5 x	31.4%
Highland Contingent Note	Hard Assets	152,244,727	152,244,727	0	15,000,000	166,225,975	1.2 x	6.6%
SK Capital V	Buyout	30,000,000	31,855,694	1,896,728	3,992,629	37,514,320	1.3 x	13.4%
Sycamore Partners III	Turnaround	25,000,000	19,004,952	9,244,622	3,249,574	23,642,281	1.4 x	18.8%
Thoma Bravo Discover II	Buyout	17,000,000	17,689,209	4,929,543	8,731,672	22,492,705	1.8 x	24.0%
Total 2018		365,394,727	369,488,045	29,437,774	134,984,977	442,351,970	1.6 x	18.4%

Investment Performance by Vintage Year



Investment	Strategy	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
2019								
American Industrial VII	Buyout	30,000,000	28,180,684	7,843,601	6,017,392	34,409,115	1.4 x	26.7%
Arlington V	Buyout	25,000,000	21,032,032	3,967,962	891,984	34,626,516	1.7 x	36.7%
DW Healthcare V	Buyout	30,000,000	23,139,929	6,860,071	0	26,664,007	1.2 x	8.0%
FP Intrnl 2019	Buyout	30,000,000	18,936,170	11,342,498	1,171,418	30,717,798	1.7 x	33.8%
FP Venture 2019	Venture Capital	30,000,000	17,888,199	12,278,741	661,059	27,954,469	1.6 x	21.9%
KPS Mid-Market I	Turnaround	20,000,000	12,425,254	7,628,183	1,603,263	16,606,842	1.5 x	23.7%
Riverside VI	Buyout	30,000,000	20,696,906	9,303,094	184,674	28,207,329	1.4 x	14.3%
Siris IV	Buyout	30,000,000	25,227,006	6,965,322	3,570,185	35,085,591	1.5 x	17.9%
Thoma Bravo XIII	Buyout	30,000,000	36,599,355	2,495,077	18,056,239	45,132,024	1.7 x	29.6%
WNG II	Special Assets	30,000,000	19,520,906	11,532,614	1,178,625	19,512,859	1.1 x	3.1%
Total 2019		285,000,000	223,646,440	80,217,163	33,334,839	298,916,550	1.5 x	21.6%
2020								
BV X	Buyout	30,000,000	20,601,437	15,398,563	7,568,151	24,842,826	1.6 x	51.5%
Clearlake VI	Buyout	30,000,000	30,356,218	837,608	2,512,913	45,121,408	1.6 x	28.9%
FP CF Access	Buyout	90,000,000	49,899,786	40,207,809	1,015,434	66,892,839	1.4 x	24.8%
FP Venture XIII	Venture Capital	60,000,000	32,994,351	27,243,938	153,604	38,178,820	1.2 x	10.6%
Greyrock V	Mezzanine	35,000,000	29,128,604	6,522,334	650,938	31,079,066	1.1 x	8.4%
JF Lehman V	Buyout	30,000,000	23,705,038	6,294,962	0	30,737,432	1.3 x	15.7%
KPS V	Turnaround	30,000,000	16,915,112	12,840,891	2,704,535	23,260,387	1.5 x	28.4%
Thoma Bravo Explore I	Buyout	20,000,000	15,718,505	5,357,766	1,076,271	19,586,295	1.3 x	22.4%
Total 2020		325,000,000	219,319,051	114,703,871	15,681,845	279,699,073	1.3 x	22.7%
2021								
Alpine Investors VIII	Buyout	30,000,000	11,916,575	18,083,425	0	15,940,091	1.3 x	49.2%
FP Intrnl X	Buyout	60,000,000	20,071,942	40,066,034	0	21,281,406	1.1 x	5.8%
Greenbriar V	Buyout	30,000,000	19,528,804	11,595,235	1,126,683	23,872,823	1.3 x	24.3%
LLR VI	Growth Equity	30,000,000	19,800,000	10,200,000	188,723	20,206,640	1.0 x	2.5%
Revelstoke III	Buyout	30,000,000	13,615,061	18,284,750	1,972,403	13,279,651	1.1 x	15.9%
Riverside Value Fund I	Turnaround	30,000,000	11,197,524	19,503,704	0	19,364,593	1.7 x	N/A
Thoma Bravo Discover III	Buyout	20,000,000	18,488,934	1,511,066	0	20,189,547	1.1 x	6.2%
Thoma Bravo XIV	Buyout	20,000,000	19,701,244	298,756	5	19,614,970	1.0 x	-0.3%
Total 2021		250,000,000	134,320,084	119,542,970	3,287,814	153,749,721	1.2 x	15.4%

Investment Performance by Vintage Year

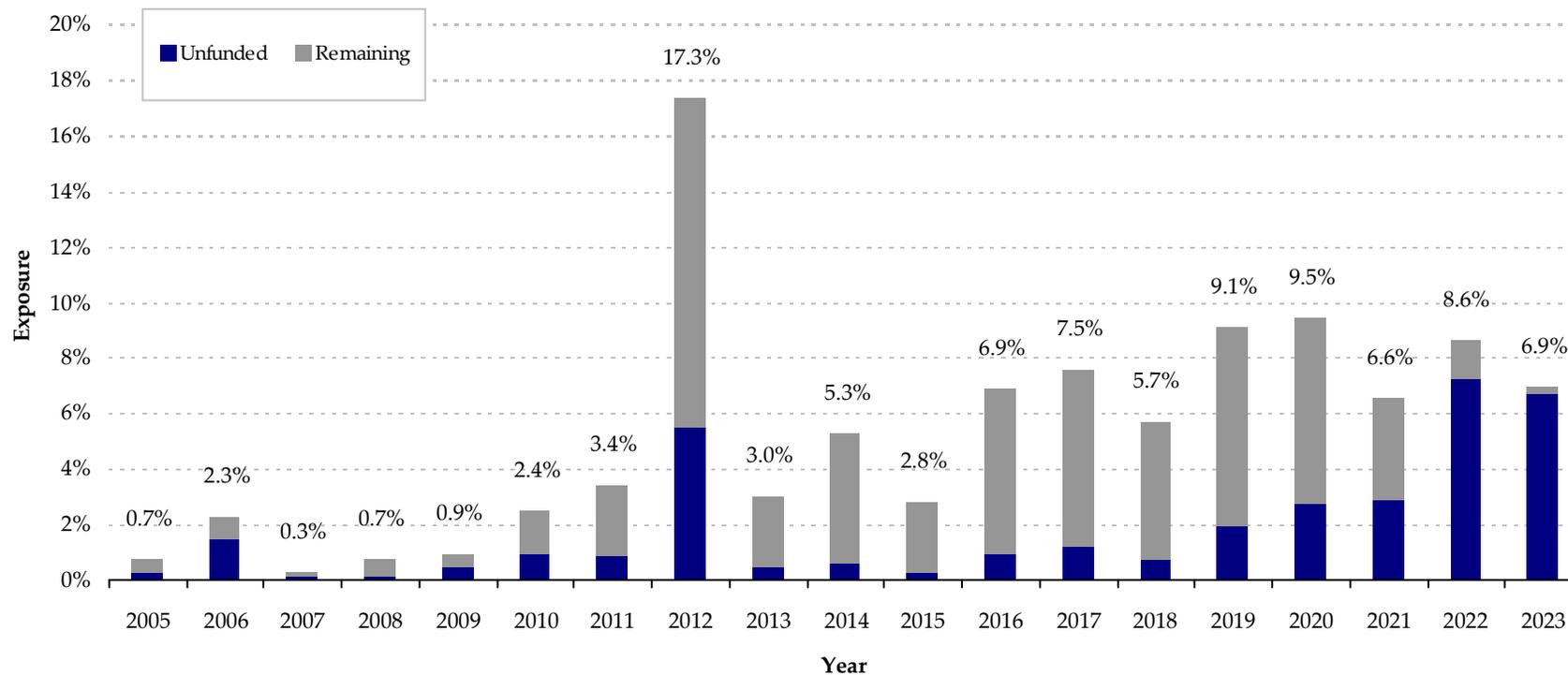


Investment	Strategy	Committed Capital (\$)	Contributed Capital (\$)	Unfunded Commitment (\$)	Distributed Capital (\$)	Remaining Value (\$)	TVPI	Net IRR
2022								
Bison VI	Structured Capital	30,000,000	4,466,731	25,533,269	0	4,067,338	0.9 x	NMF
Clearlake VII	Buyout	30,000,000	15,412,033	14,587,967	730	15,967,612	1.0 x	NMF
FP CF Access II	Buyout	90,000,000	6,554,527	83,445,473	69,462	7,369,678	1.1 x	NMF
FP Intl XI	Buyout	60,000,000	963,855	59,076,717	1,176	839,707	0.9 x	NMF
FP Venture Opp	Venture Capital	60,000,000	13,125,000	46,939,620	0	12,790,451	1.0 x	NMF
FP Venture XIV	Venture Capital	60,000,000	4,938,415	55,149,421	45,656	4,160,111	0.9 x	NMF
Thoma Bravo Discover IV	Buyout	15,000,000	4,987,763	10,012,237	0	5,148,258	1.0 x	NMF
Thoma Bravo XV	Buyout	15,000,000	8,050,445	6,949,555	3,250	8,004,268	1.0 x	NMF
Total 2022		360,000,000	58,498,769	301,694,259	120,274	58,347,424	1.0 x	NMF
2023								
Alpine Investors IX	Buyout	30,000,000	0	30,000,000	0	0	N/A	NMF
Arlington VI	Buyout	30,000,000	0	30,000,000	0	313,036	N/A	NMF
BV XI	Buyout	30,000,000	0	30,000,000	0	-376,450	N/A	NMF
FP Co-Invest VI	Multi-Strategy	65,000,000	0	65,000,000	0	0	N/A	NMF
Greenbriar VI	Buyout	30,000,000	0	30,000,000	0	-168,761	N/A	NMF
Greyrock VI	Mezzanine	30,000,000	0	30,000,000	0	0	N/A	NMF
JF Lehman VI	Buyout	30,000,000	0	30,000,000	0	-186,997	N/A	NMF
SK Capital VI	Buyout	30,000,000	12,044,490	17,955,510	1,269	11,377,449	0.9 x	NMF
Thoma Bravo Explore II	Buyout	15,000,000	0	15,000,000	0	0	N/A	NMF
Total 2023		290,000,000	12,044,490	277,955,510	1,269	10,958,277	0.9 x	NMF
Total Portfolio		6,238,139,355	5,505,463,034	1,473,734,986	6,451,986,001	2,895,209,868	1.7 x	11.5%

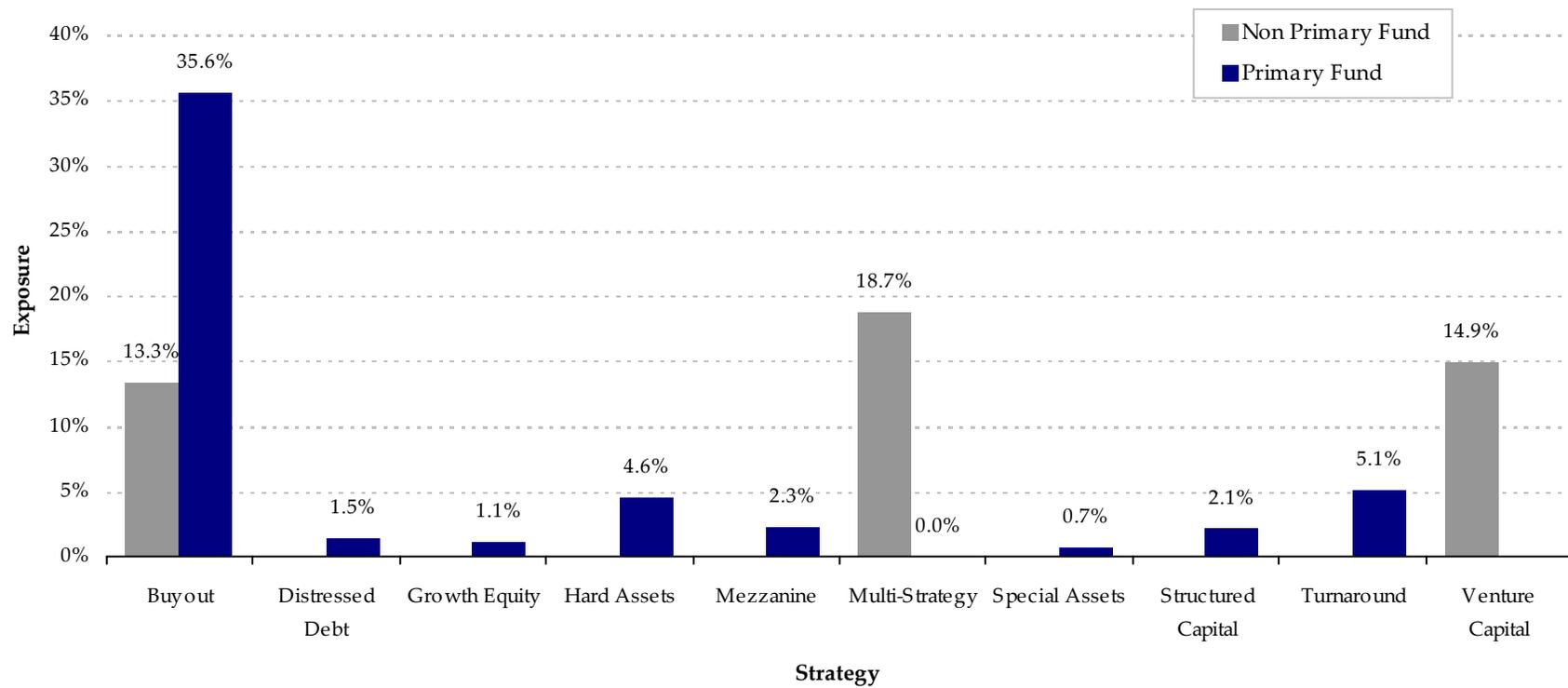
- Remaining Value is defined as the investor's value as reported by the fund's manager.
- TVPI is the ratio of Distributed Capital plus Remaining Value to Contributed Capital.
- Net IRR is defined as the annualized, compound rate of return using daily draws, distributions and Remaining Value as of the Report Date, net of fees and expenses, including late closing interest.
- An asterisk indicates an investment that is fully liquidated, if applicable.
- Commitments made in a foreign currency have been converted into U.S. dollars using an exchange rate as of the Report Date, if applicable.
- Returns calculated for funds in the early years of their lives are particularly not meaningful given the J-curve effect. During these early years, due to illiquidity, stagnant valuations, fees and expenses, fund performance tends to be negative (the bottom of the "J").

Diversification Analysis

Exposure By Vintage Year



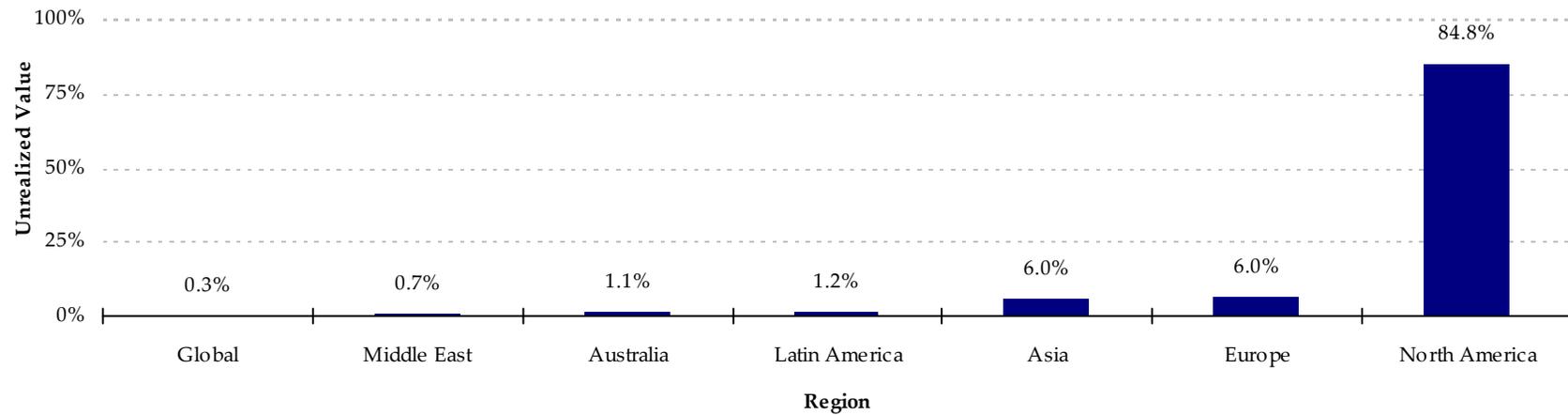
- Exposure is defined as the sum of the investor's Remaining Value plus Unfunded Commitment.
- Data includes commitments through the Report Date.



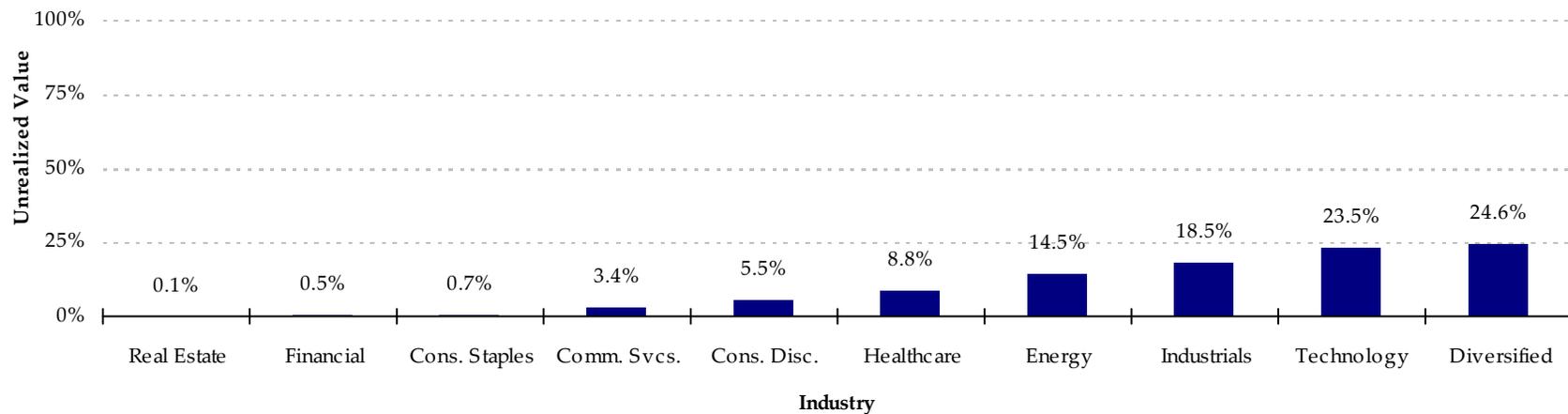
- Exposure is defined as the sum of the investor's Remaining Value plus Unfunded Commitment.
- Primary Fund represents interests in private equity funds acquired directly from the seller (i.e. fund manager). Non Primary Fund represents interests in private equity funds acquired through a commitment to a fund-of-funds or secondary fund-of-funds.

Holdings by Region and Industry

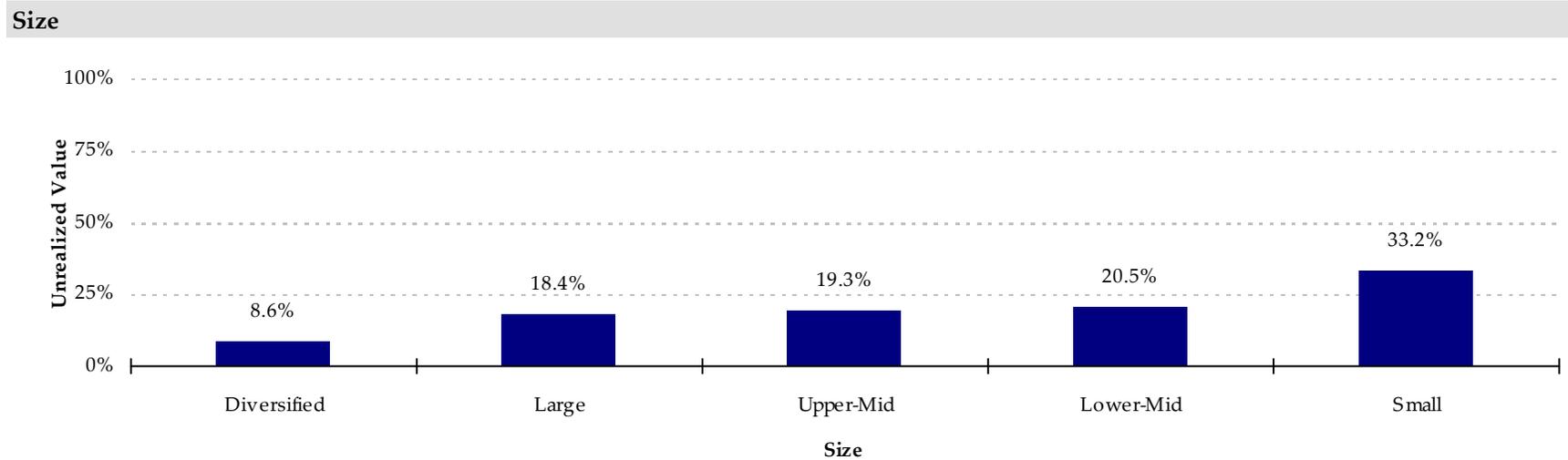
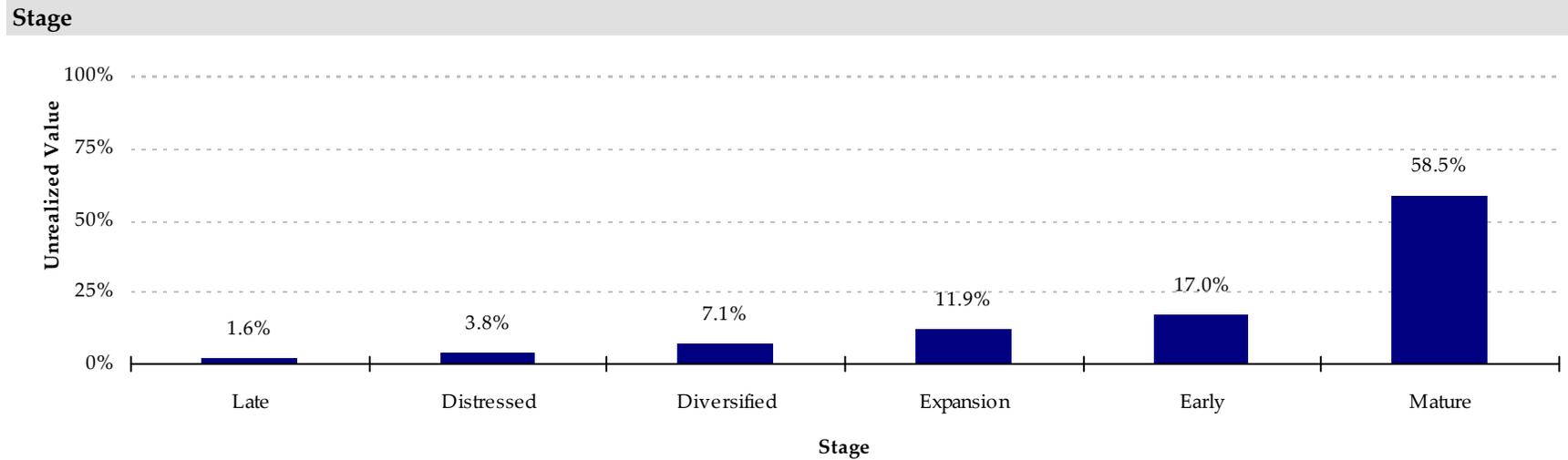
Region



Industry

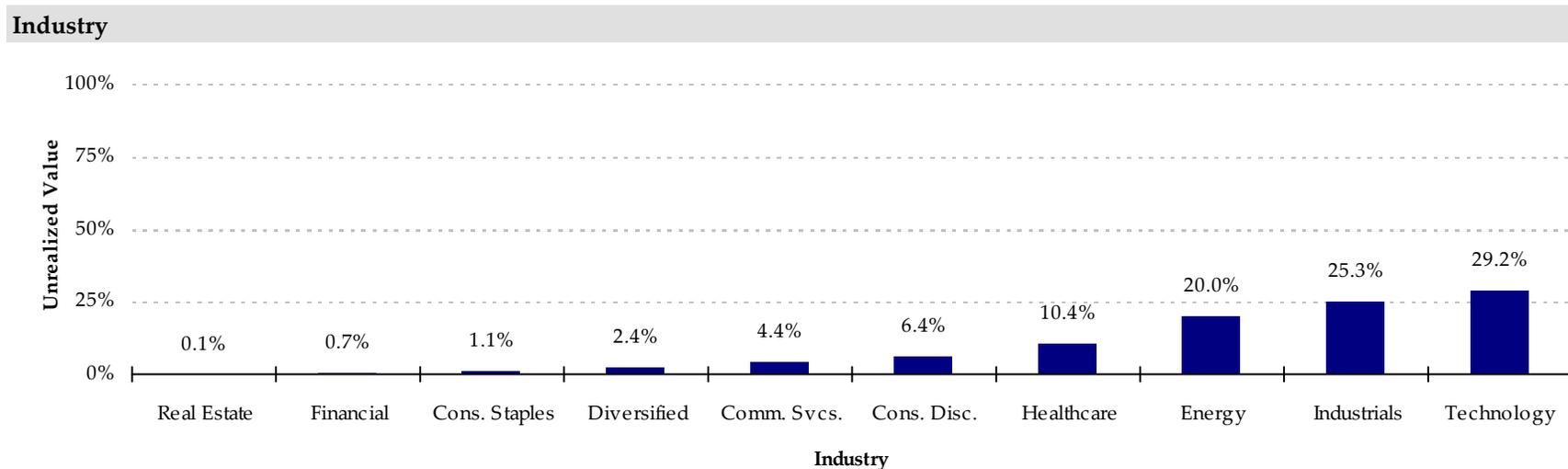
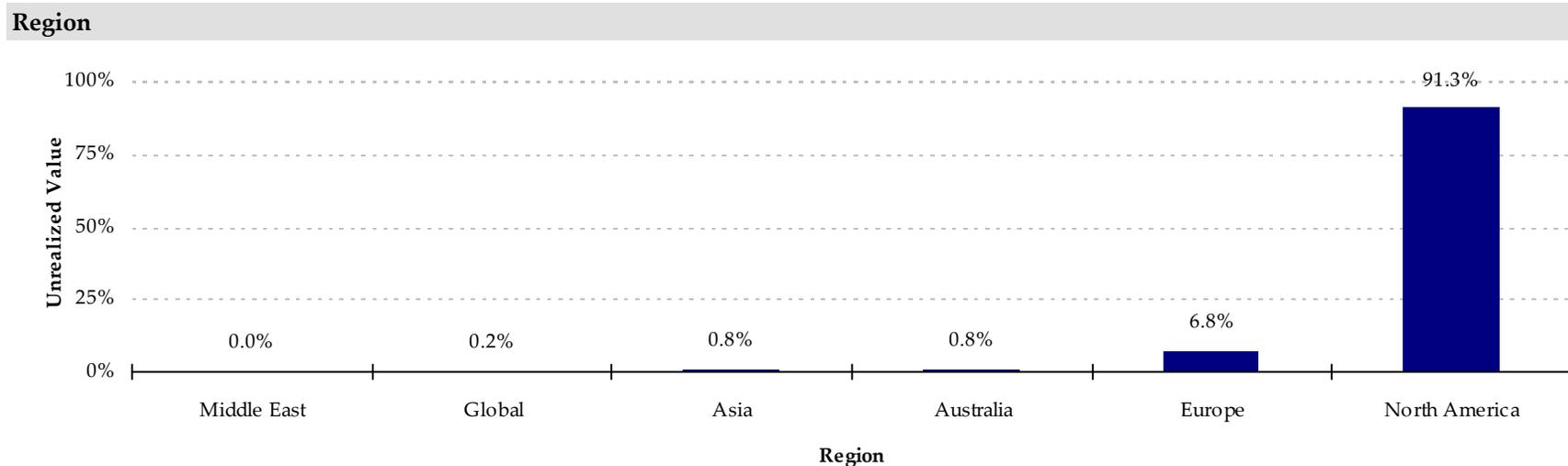


- Unrealized Value represents the value of portfolio holdings as reported by fund managers.
- Values are estimated based on the investor's percent interest in each fund's portfolio holdings.
- Values are converted to the investor's currency, when applicable, as of the Report Date.



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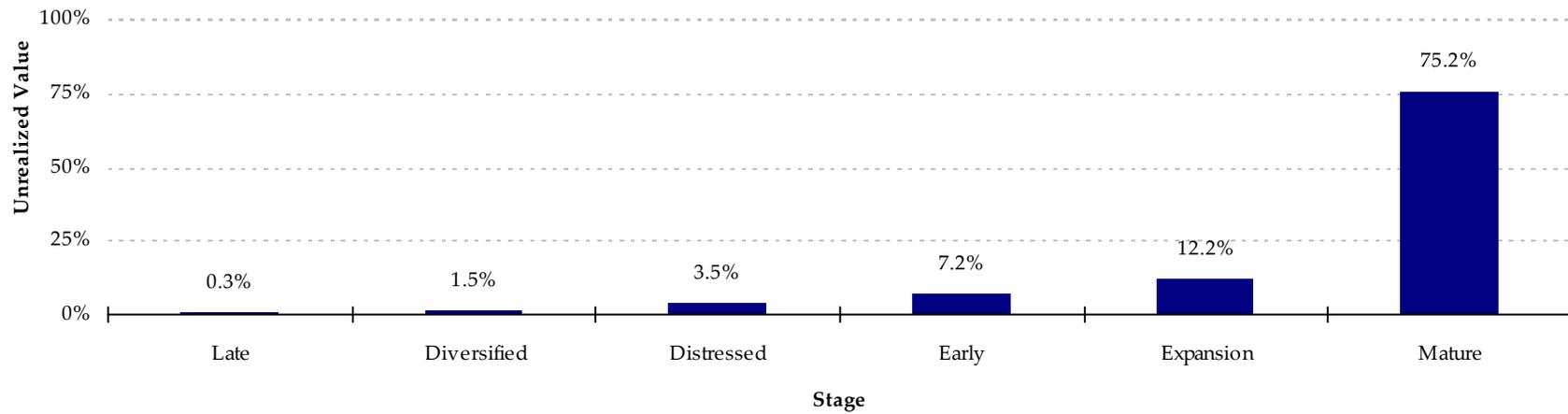
Holdings by Region and Industry (ex Fund Holdings)



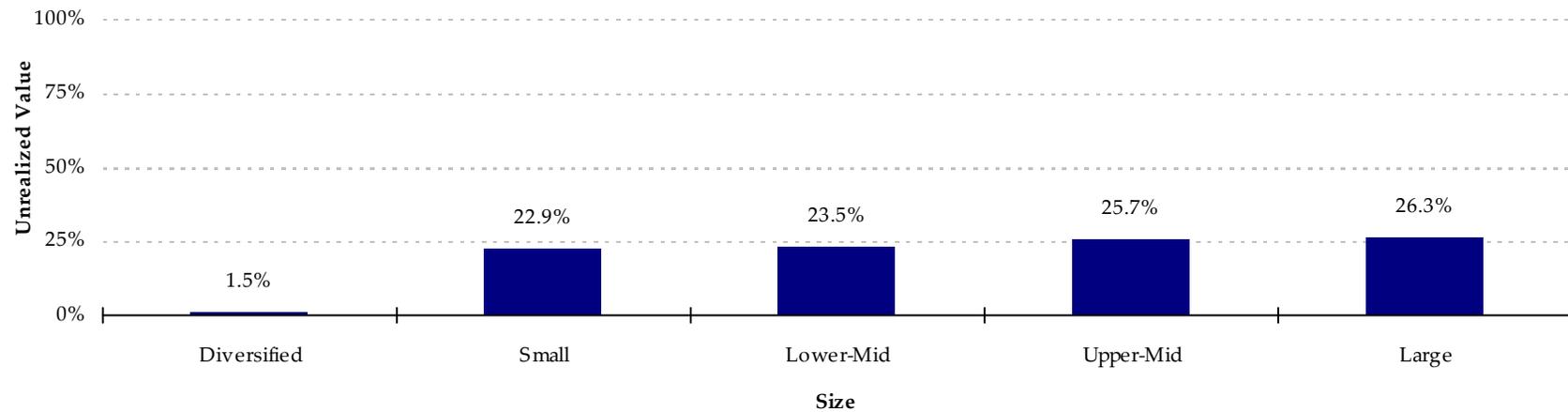
- Fund investments in other funds were excluded from this analysis.
- Unrealized Value represents the value of portfolio holdings as reported by fund managers.
- Values are estimated based on the investor's percent interest in each fund's portfolio holdings.
- Values are converted to the investor's currency, when applicable, as of the Report Date.

Holdings by Stage and Size (ex Fund Holdings)

Stage

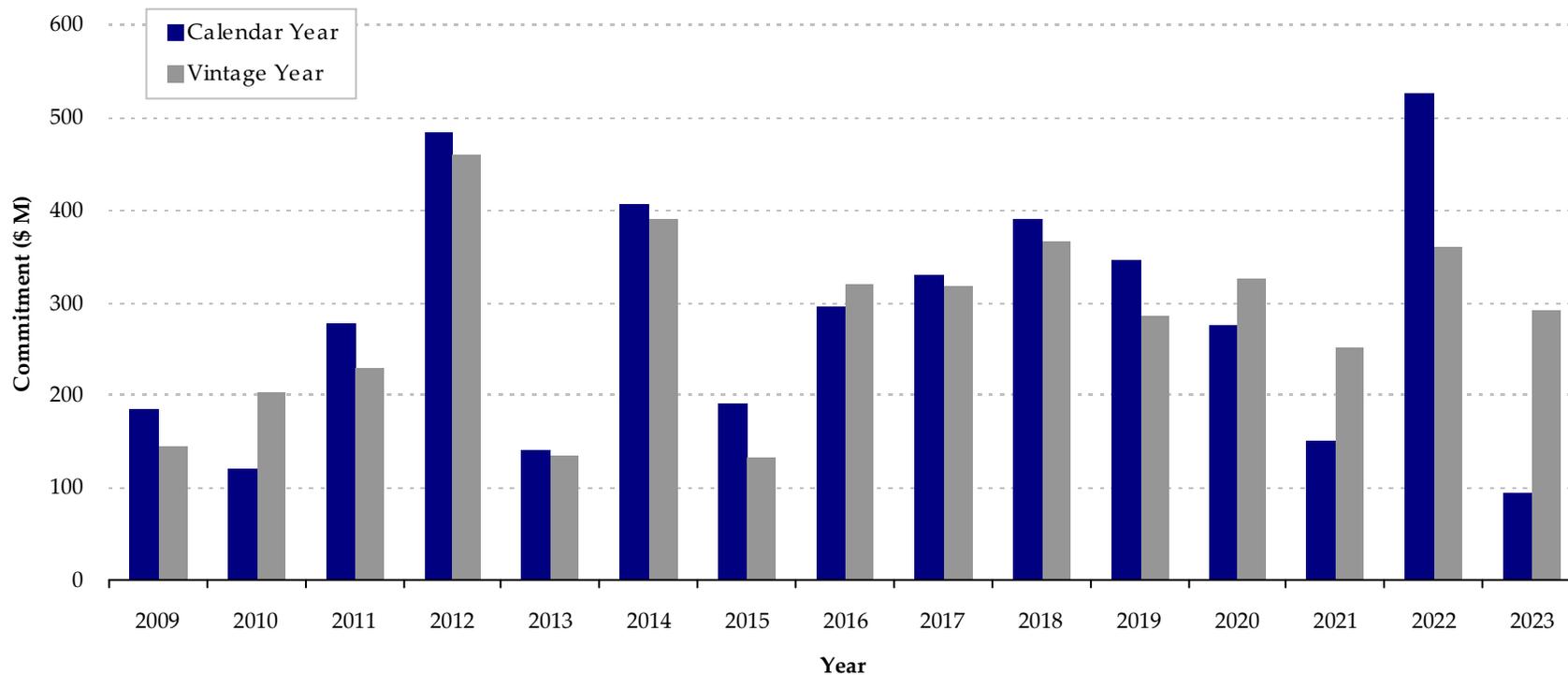


Size



- Fund investments in other funds were excluded from this analysis.
- Unrealized Value represents the value of portfolio holdings as reported by fund managers.
- Values are estimated based on the investor's percent interest in each fund's portfolio holdings.
- Values are converted to the investor's currency, when applicable, as of the Report Date.

Recent Activity



- Vintage Year represents the year in which investors first contribute capital to a fund.
- Calendar Year represents the year in which a commitment to a fund formally closed.
- Commitments made in a foreign currency have been converted into U.S. dollars using an exchange rate as of the Report Date, if applicable.
- Commitments were compiled through the Report Date.

Recent Commitments



Commitments for Year Ended December 31, 2022

Fund	Strategy	Date	Commitment (\$)
FP Venture Opp	Venture Capital	Jan 2022	30,000,000
FP Venture XIV	Venture Capital	Jan 2022	60,000,000
FP Intl XI	Buyout	Jan 2022	30,000,000
FP CF Access II	Buyout	Feb 2022	90,000,000
SK Capital VI	Buyout	Mar 2022	30,000,000
Riverside Value Fund I	Turnaround	Mar 2022	30,000,000
Thoma Bravo Discover IV	Buyout	Apr 2022	15,000,000
Thoma Bravo XV	Buyout	Apr 2022	15,000,000
Arlington VI	Buyout	Apr 2022	30,000,000
Thoma Bravo Explore II	Buyout	May 2022	15,000,000
BV XI	Buyout	Jul 2022	30,000,000
Greenbriar VI	Buyout	Oct 2022	30,000,000
JF Lehman VI	Buyout	Oct 2022	30,000,000
Alpine Investors IX	Buyout	Dec 2022	30,000,000
Total			465,000,000

Year to Date Commitments as of August 24, 2023

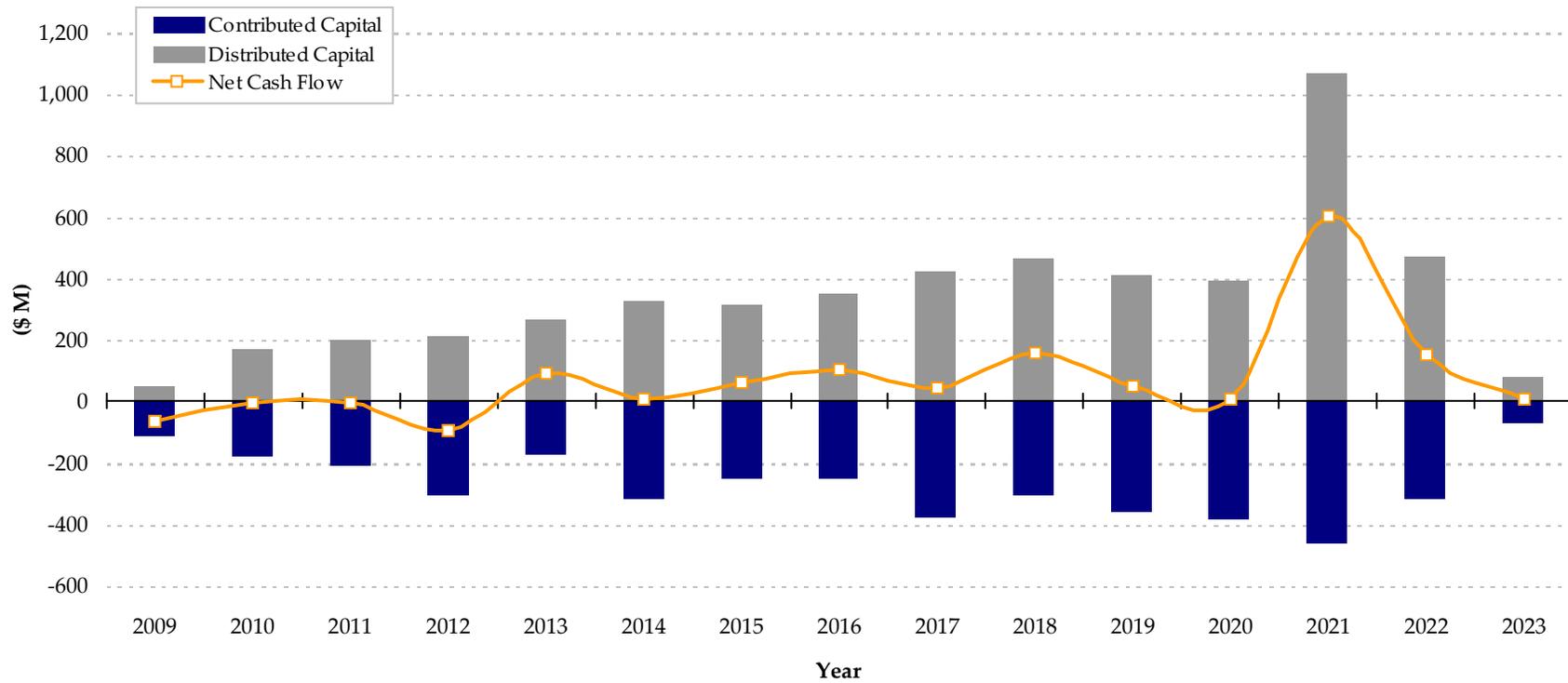
Fund	Strategy	Date	Commitment (\$)
FP Co-Invest VI	Multi-Strategy	Feb 2023	65,000,000
Greyrock VI	Mezzanine	Mar 2023	30,000,000
KPS Mid Cap II	Turnaround	Jun 2023	30,000,000
LLR VII	Growth Equity	Jul 2023	30,000,000
Total			155,000,000

Approved and Pending Commitments as of August 24, 2023

Not Applicable

- Commitments made in a foreign currency have been converted into U.S. dollars using an exchange rate as of the Report Date, if applicable.
- In February 2023, ATRS closed on additional \$30.0 million commitments to both FP International XI and FP VC Opps, bringing total commitments to each Fund to \$60.0 million.

Annual Cash Flow

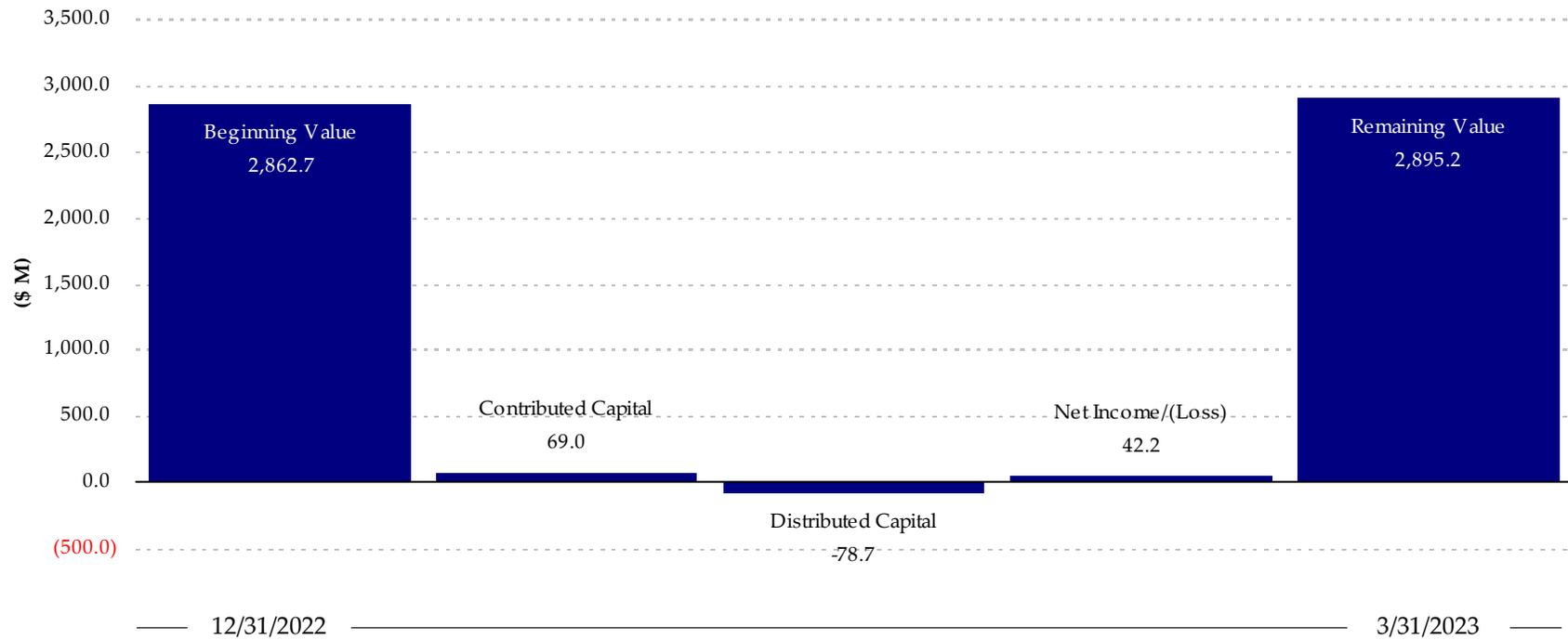


2023 (\$)		
Distributed	Contributed	Net Cash Flow
78,697,003	-68,981,278	9,715,725

▫ Cash flow data was compiled through the Report Date.

Capital Account Change Since Prior Quarter

Quarterly Portfolio Activity

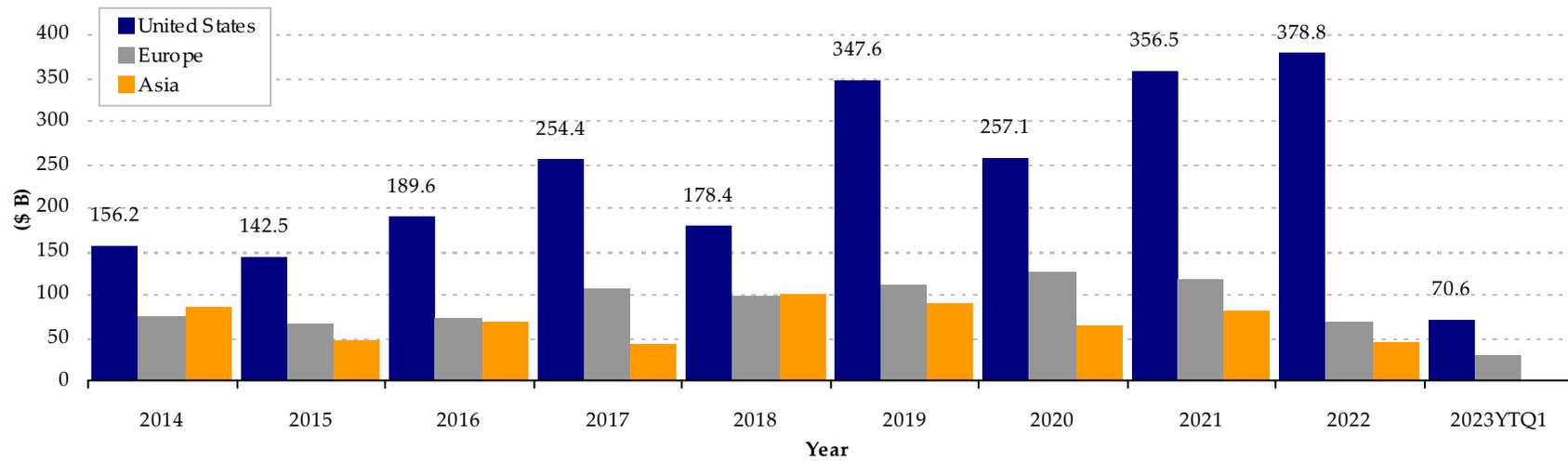


Percent Change in Value	1.5%
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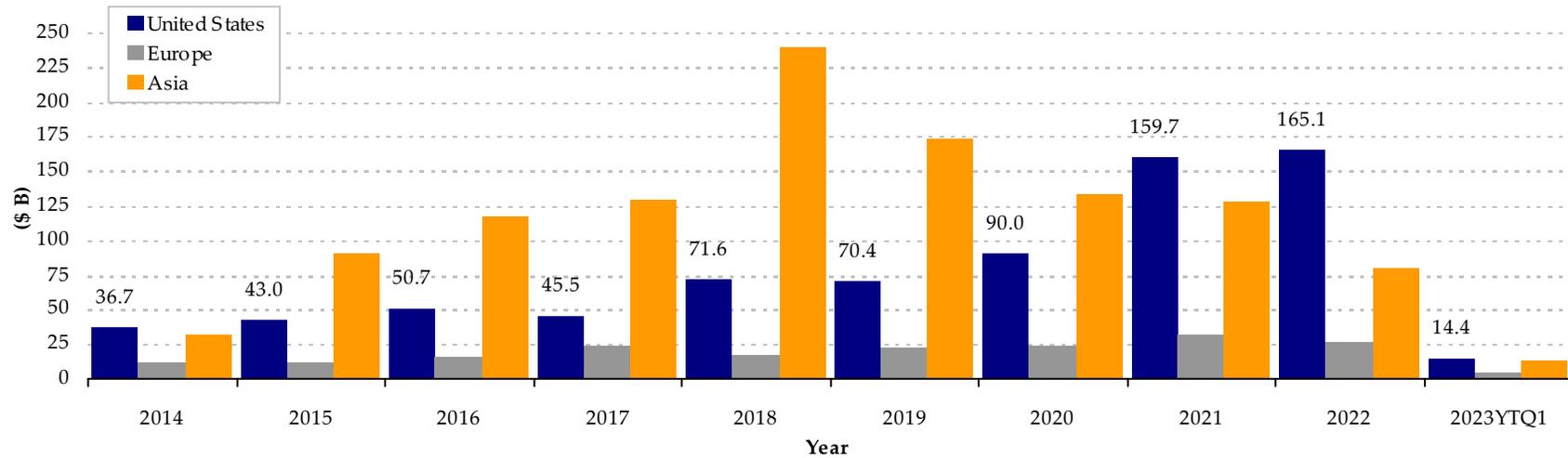
- Beginning Value represents the aggregate Remaining Value of the portfolio as of the prior quarter-end.
- Percent Change in Value is calculated by dividing Net Income / (Loss) by Beginning Value.

Market Update

Buyout Funds

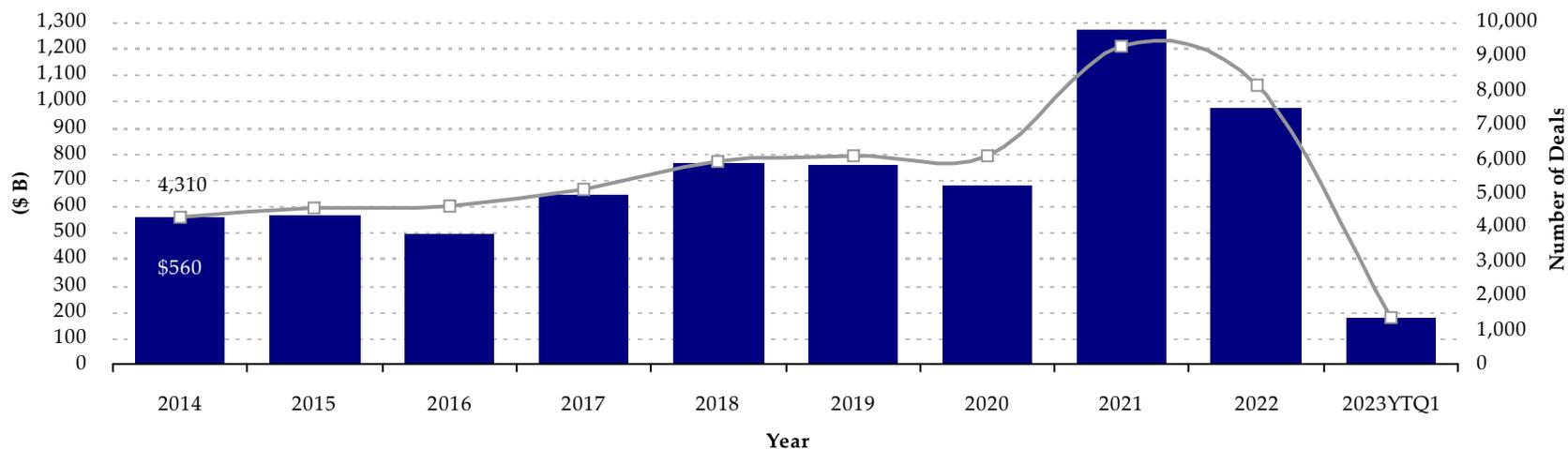


Venture Funds

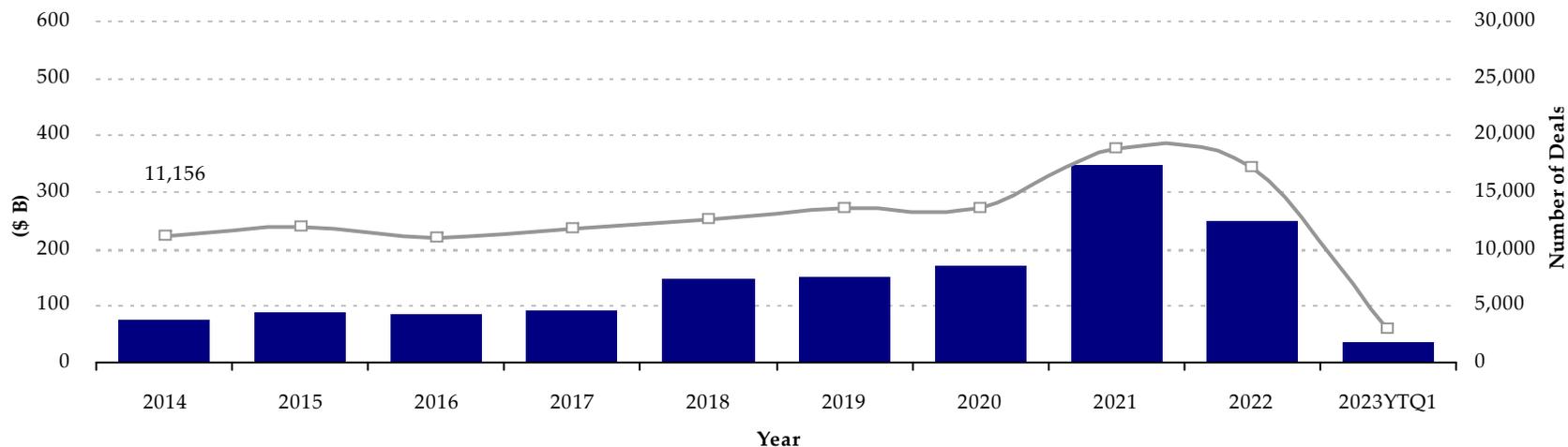


Source: Pitchbook.
Data compiled through Q1 2023.

U.S. Buyout

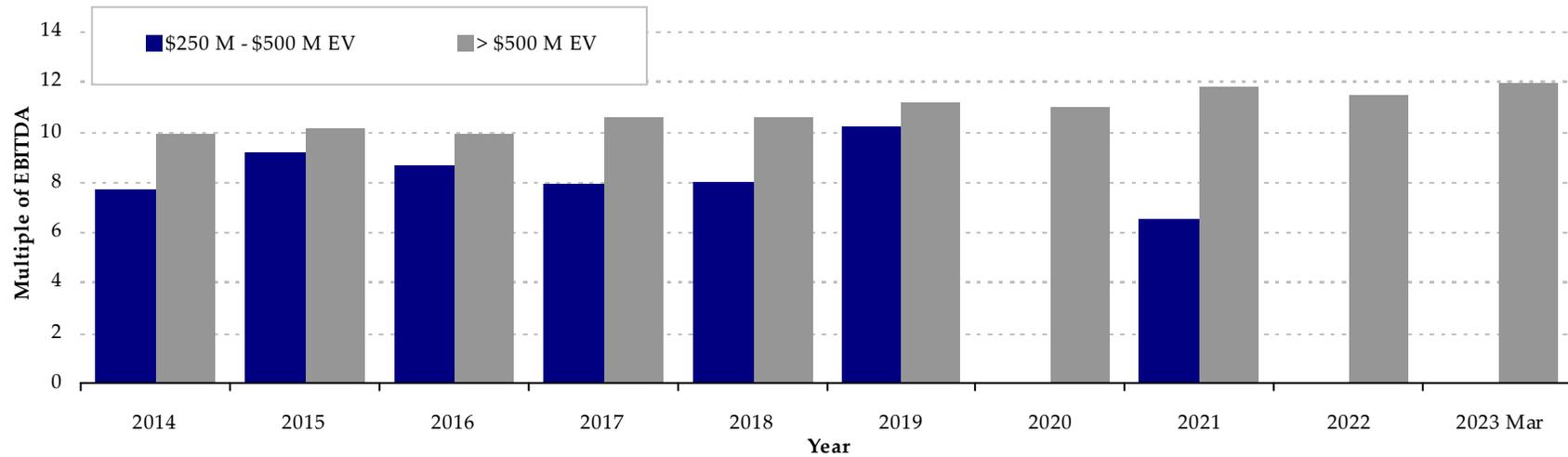


U.S. Venture

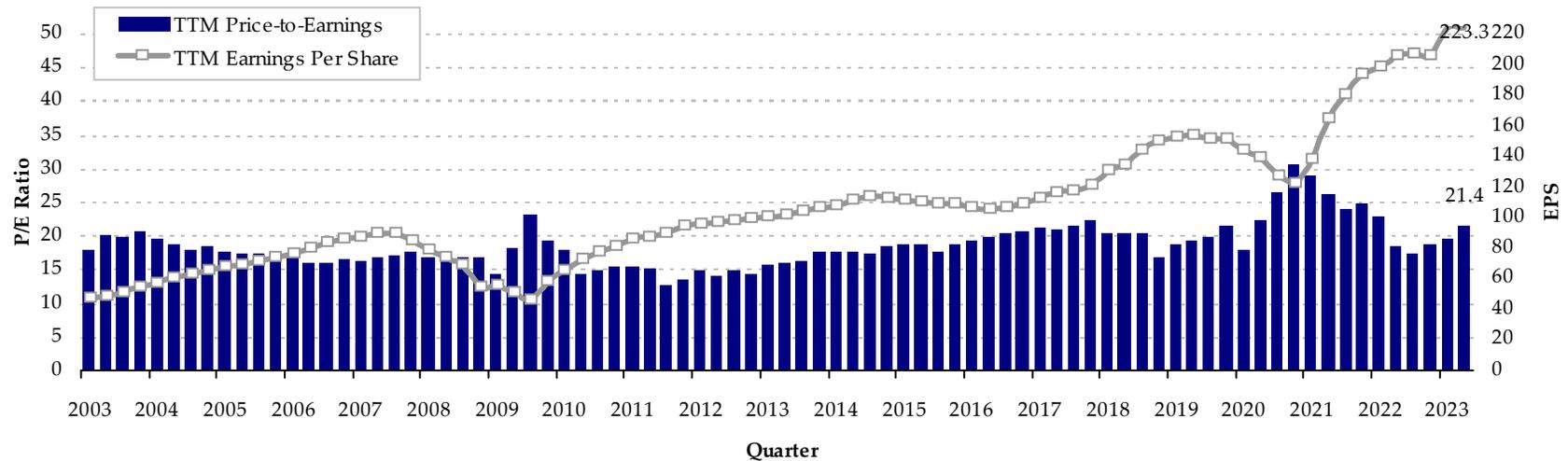


- Source: Pitchbook.
- Data compiled through Q1 2023.

U.S. LBO Pricing Multiples

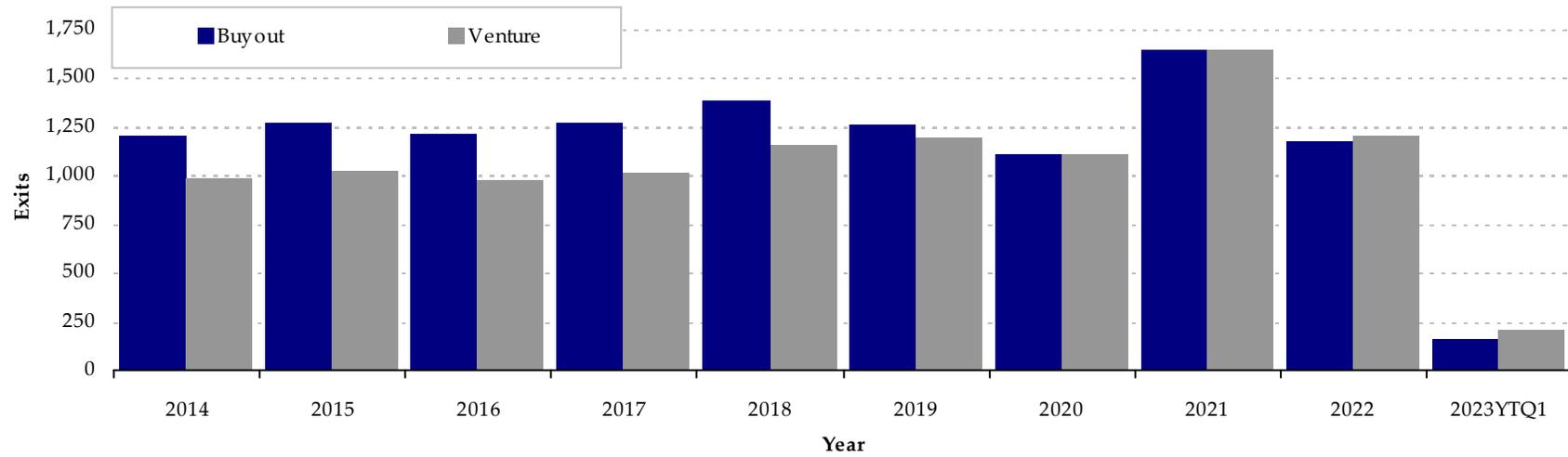


S&P 500 Valuation and Earnings

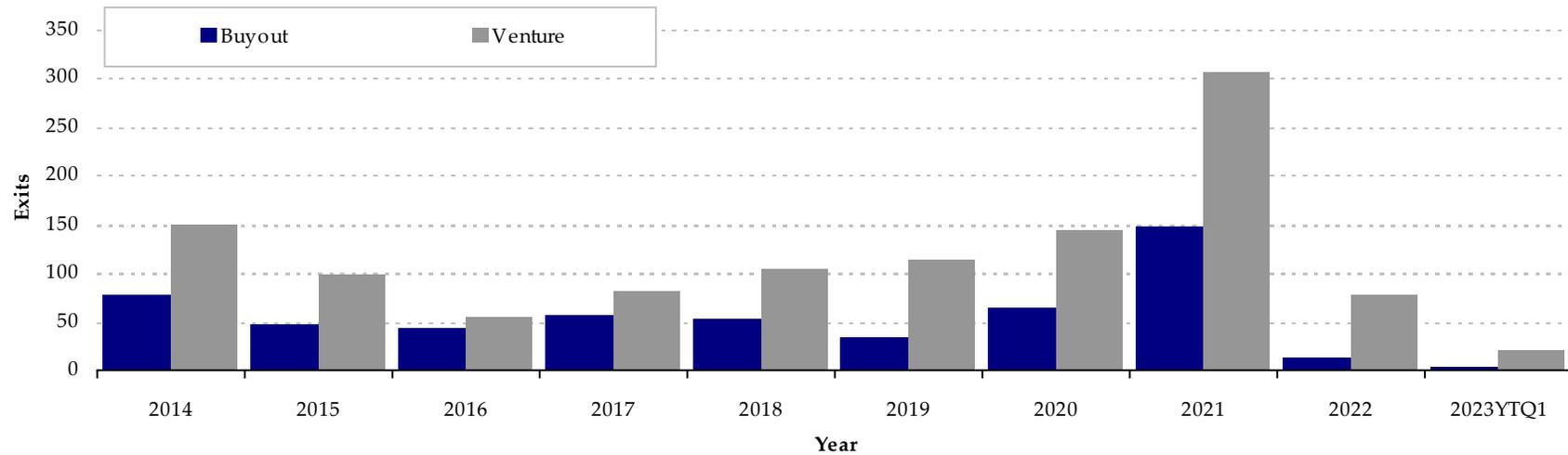


Source: Pitchbook's Leveraged Commentary.

U.S. Mergers and Acquisitions



U.S. Initial Public Offerings



- Source: Pitchbook.
- Data compiled through Q1 2023.

Vintage Returns

Group	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
U.S. All PE Median	15.4%	14.9%	18.5%	18.3%	19.9%	22.8%	22.8%	20.8%	15.3%	1.1%
U.S. All PE Top Quartile	20.1%	21.2%	24.2%	24.8%	26.5%	33.3%	31.4%	31.4%	26.5%	11.2%
U.S. Buyout Median	15.2%	15.7%	19.5%	18.7%	21.6%	26.3%	21.7%	21.6%	18.4%	3.2%
U.S. Buyout Top Quartile	23.3%	24.1%	23.6%	28.0%	27.2%	33.8%	30.4%	30.3%	25.1%	15.7%
U.S. Energy Median	-1.4%	5.8%	10.7%	9.7%	9.9%	13.8%	11.8%	17.6%	15.8%	
U.S. Energy Top Quartile	3.8%	13.3%	12.4%	15.7%	12.8%	19.5%	20.9%	27.6%	29.2%	
U.S. Real Assets Median	10.1%	9.5%	10.5%	10.4%	11.2%	13.8%	13.3%	16.6%	15.1%	8.3%
U.S. Real Assets Top Quartile	14.6%	15.8%	13.8%	14.3%	15.2%	19.4%	22.2%	23.4%	26.0%	18.9%
U.S. Real Estate Median	11.2%	10.7%	10.8%	11.5%	11.9%	13.8%	14.9%	13.8%	14.7%	7.4%
U.S. Real Estate Top Quartile	15.4%	17.5%	14.1%	14.5%	15.2%	20.0%	22.4%	22.6%	22.9%	18.8%
U.S. Venture Median	16.0%	17.2%	18.9%	18.1%	21.7%	26.9%	23.8%	22.0%	15.5%	-0.9%
U.S. Venture Top Quartile	22.2%	24.4%	27.2%	25.3%	29.0%	35.9%	33.6%	32.9%	26.1%	7.1%

Horizon Time Weighted Returns

Group	3/31/2023						
	Qtr. End	YTD	1-Year	3-Year	5-Year	10-Year	20-Year
U.S. Buyout TWR	2.7%	2.7%	-1.8%	24.0%	17.8%	16.1%	15.8%
U.S. Venture TWR	-0.8%	-0.8%	-18.3%	23.2%	19.6%	16.3%	11.5%
S&P 500 TWR	7.5%	7.5%	-7.7%	18.6%	11.2%	12.2%	10.4%
Russell 3000 TWR	7.2%	7.2%	-8.6%	41.0%	22.6%	17.7%	13.4%

- Source: Cambridge Associates.
- Data compiled through March 31, 2023.
- Benchmark data is not available for 2021 U.S. Energy

Glossary

Term	Definition	Term	Definition
Barclays US Corporate High Yield Index	The Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.	Dow Jones US Total Stock Market Total Return Index	The Dow Jones US Total Stock Market Total Return Index measures all U.S. equity securities with readily available prices. It is a free float-adjusted market capitalization weighted index and is calculated with dividend reinvestment.
Bridge Financing	Temporary funding that will eventually be replaced by permanent capital from equity investors or debt lenders	DPI	Ratio of Distributed Capital to Contributed Capital
Buyout	Fund whose strategy is to acquire controlling interests in companies	Early Stage	A company's first Stage of development. Company is generally generating modest or no revenues
Co/Direct Investment	Investment made directly into a company, rather than indirectly through a fund	Equity	Security type that signifies ownership of a company (e.g. common stock, preferred stock, warrants, etc.)
Committed Capital	Total dollar amount of capital pledged to a fund	Expansion Stage	A company's third Stage of development. Company is generally experiencing high growth and nearing profitability
Contributed Capital	Total capital contributed to a fund for investments, fees and expenses, including late closing interest paid, less returns of excess capital called	Exposure	Sum of Remaining Value plus Unfunded Commitment
Cost Basis	Remaining amount of invested capital	Fund-of-Funds	Fund whose strategy is to make investments in other funds
Debt	Security type that signifies a repayment obligation by a company (e.g. senior debt, subordinated debt, bridge loan etc.)	Geographic Region	Market location of a company: North America, Western Europe, Africa/Middle East, Latin America, Asia/Pacific Rim
Distressed	A company's final Stage of development. Company is generally experiencing operational or financial distress	Growth Equity	Fund whose strategy is to invest in companies to expand or restructure operations, enter new markets or finance an acquisition without a change of control of the business
Distressed Debt	<ul style="list-style-type: none"> • Distressed Trading – Fund whose strategy is to invest and trade debt of financially stressed companies • Distressed Restructuring – Fund whose strategy is to acquire and restructure debt of financially stressed companies • Opportunistic Credit – Fund whose strategy is to flexibly invest in debt securities and income-producing assets of any kind, where the issuer or holder is financially stressed • Structured Capital – Fund whose strategy is to issue hybrid debt and equity securities to mature companies 	Hard Assets	Fund whose strategy is to invest in natural resources or infrastructure
Distributed Capital	Capital distributed to the limited partners, including late closing interest earned	Infrastructure	Fund whose strategy is to acquire interests in physical structures and networks that provide the essential services for society's economic and social needs (e.g. roads, tunnels, communication networks, etc.)
		Internal Rate of Return (IRR)	The discount rate that results in a net present value of zero of a series of cash flows. The IRR considers both cash flow timing and amount and is the preferred performance measure for private market funds
		Invested Capital	Capital invested by a fund in portfolio holdings
		Investment Type	Classification of an investment vehicle: Primary Fund, Secondary Fund, Fund-of-Funds

Term	Definition	Term	Definition
J-Curve	Refers to the shape of the curve illustrating a fund's performance over time. During the initial years of a fund's life, as a result of illiquidity, stagnant valuations, fees and expenses, a fund's performance tends to be negative (the bottom of the "J"). Eventually, as portfolio companies are realized or increase in value and fees become a smaller percentage of overall contributions, performance improves and investors' returns move up the "J" shaped curve	Net IRR	Annualized effective compound rate of return using daily contributions, distributions and Remaining Value as of the Report Date, net of all fees and expenses, including late closing interest
Large	Company with a Size greater than \$1 billion	Percent Interest	Represents an investor's economic interest in a fund based upon the investor's commitment divided by total fund commitments
Late Stage	A company's second Stage of development. Company is generally generating high revenue growth and high losses	Primary Investment	An interest in a private equity fund acquired directly from the fund manager during the fundraising period
Lower-Mid	Company with a Size greater than \$100 million, but less than \$250 million	Public Market Equivalent (PME)	A private equity benchmark that represents the performance of a public market index expressed in terms of an IRR, using the same cash flows and timing as the investor's investment activity in private equity. The PME serves as a proxy for the return the investor could have achieved by investing in the public market. The PME benchmark return assumes cash flows are invested at the end of each day
Mature	A company's fourth Stage of development. Company is generally generating modest to no growth and operating profitably	Publication Date	Refers to the date this report was created as reflected in the Executive Summary
Mezzanine	<ul style="list-style-type: none"> • Sponsored Mezzanine – Fund whose strategy is to issue subordinated loans to companies owned by private equity fund sponsors • Non-Sponsored Mezzanine – Fund whose strategy is to issue subordinated loans to companies not owned by private equity fund sponsors 	Real Assets	Fund whose strategy is to invest in assets that are tangible or physical in nature such as land, machinery, and livestock
MSCI ACWI Index - Total Return	The MSCI ACWI Total Return is a reflection of the performance of the MSCI ACWI Index, including dividend reinvestment, as calculated by Bloomberg. The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 45 country indices comprising 24 developed and 21 emerging market country indices.	Real Estate	Fund whose strategy is to acquire interests in real estate property
Natural Resources	Fund whose strategy is to acquire interests in naturally-occurring, economically valuable raw materials and all physical facilities and capabilities required for the extraction, refinement, and delivery to end users (e.g. oil and gas properties, timberland, etc.)	Realized Capital	Capital distributed to a fund from portfolio holdings
NCREIF Property Index	The NCREIF Property Index is a quarterly, unleveraged composite total return for private commercial real estate properties held for investment purposes only.	Recallable / Recyclable Capital	Capital that has been previously distributed by a fund to investors but may be called again for investment purposes. It is generally associated with realizations that have occurred in the early years of a fund or refers to uninvested capital that has been temporarily returned (i.e. returns of excess capital)
		Recapitalization	The reorganization of a company's capital structure
		Remaining Value	Capital account balance as reported by the General Partner, generally on a fair value basis
		Report Date	Refers to the end date of the reporting period as reflected on the cover page
		Return on Investment (ROI)	Ratio of Realized Capital plus Unrealized Value to Invested Capital

Term	Definition	Term	Definition
Russell 1000® Total Return Index	The Russell 1000® Total Return Index measures the performance, including dividend reinvestment, of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.	Size	Capitalization size of a company: Large, Upper-Mid, Lower-Mid, Small
Russell 3000® Total Return Index	The Russell 3000® Total Return Index measures the performance, including dividend reinvestment, of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.	Small	Company with a Size of less than \$100 million
S&P 500 Price Index	The S&P 500 Price Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.	Small Business Investment Company (SBIC)	Lending and investment firms that are licensed and regulated by the Small Business Administration (SBA). The licensing enables them to borrow from the federal government to supplement the private funds of their investors
S&P 500 Total Return Index	The S&P 500 Total Return Index is a reflection of the performance of the S&P 500 Index, including dividend reinvestment. All regular cash dividends are assumed to be reinvested in the S&P 500 Index on the ex-date. Special cash dividends trigger a price adjustment in the price return index.	Small Buyout	Fund whose strategy is to acquire or recapitalize Small businesses
Secondary Investment	Investments that involve the purchase of private equity fund interests or portfolios of direct investments in privately held companies from existing institutional investors	Special Assets	<ul style="list-style-type: none"> • Healthcare Royalties – Fund whose strategy is to acquire royalty or revenue interests, or issue loans, backed by approved life science products • Music Royalties – Fund whose strategy is to acquire royalty or revenue interests, or issue loans, backed by music copyright assets • Aircraft Leasing – Fund whose strategy is to acquire and lease commercial aircraft • Life Settlement - Fund whose strategy is to acquire life insurance policies • Shipping – Fund whose strategy is to acquire and charter commercial shipping vessels • Asset Backed Securities – Fund whose strategy is to acquire or structure securities that are backed by income-producing assets
Sector	Industry in which the company operates: technology, telecommunications, healthcare, financial services, diversified, industrial, consumer, energy, etc.	Stage	The course of development through which a company passes from its inception to its termination: Early, Late, Expansion, Mature, Distressed
Senior Debt	<ul style="list-style-type: none"> • Direct Lending – Fund whose strategy is to issue senior loans to mature companies • Unitranche – Fund whose strategy is to issue hybrid senior and subordinated loans to mature companies • Venture Debt – Fund whose strategy is to issue loans to venture stage companies • Asset Based Lending – Fund whose strategy is to issue loans to companies where the amount of allowable borrowing outstanding is based on asset collateral value • Rescue Financing – Fund whose strategy is to issue loans to financially stressed companies 	Sub-Asset Class	Private equity investments are generally classified as Buyout, Venture Capital, Mezzanine, Distressed/Turnaround, and Fund-of-Funds
		TVPI	Ratio of Distributed Capital plus Remaining Value to Contributed Capital
		Unfunded Commitment	Amount of capital that remains to be contributed to a fund as defined in a fund's limited partnership agreement
		Unrealized Value	Holding value of a portfolio company assigned by the General Partner, which generally represents fair value
		Upper-Mid	Company with a Size greater than \$250 million but less than \$1 billion
		Venture Capital	Fund whose strategy is to make investments in Early Stage and/or Late Stage companies

Term	Definition
Vintage Year	The calendar year in which an investor first contributes capital to a fund

End Notes

The information contained in this report is confidential and may contain proprietary information and trade secret information. The information contained herein is prepared by Franklin Park and is not reviewed or approved by the general partners or affiliates of underlying portfolio fund investments and is strictly for the use of Arkansas Teacher Retirement System and, subject to applicable law, may not be reproduced, transmitted or used in whole or in part for any other purpose without the expressed written consent of Franklin Park. Franklin Park requests that investors maintain this information in confidence and that this report is not disclosed to any person other than affiliates, advisers, and accountants, who agree to maintain this information in similar confidence, without the prior written consent of Franklin Park.

Information regarding the Arkansas Teacher Retirement System portfolio, trends and performance returns are based on or derived from information and data provided by third-party sources, including Arkansas Teacher Retirement System's historical records. Franklin Park assumes that such information is accurate and that the sources from which it has been obtained are reliable. For example, the performance figures contained within this report are calculated by Franklin Park based on information provided by the managers of Arkansas Teacher Retirement System's private equity fund investments (General Partners). The General Partners have not verified the performance figures presented by Franklin Park and such figures may differ from those calculated by General Partners or other investors.

Franklin Park presents Net IRR performance as recommended by the CFA Institute. The IRR calculation is a dollar-weighted return measurement, which considers both cash flow timing and amount, and is net of fees, expenses and carried interest. The total portfolio Net IRR presented herein is net of fees, expenses and carried interest paid by underlying private equity fund investments, but is gross of fees and expenses paid to Franklin Park. The IRR is most commonly used for measuring the performance of private equity funds. Until a fund is liquidated, typically over 10 to 12 years, the IRR is only an interim estimated return. An IRR is particularly not meaningful in the first two years of a fund's life given the J-curve effect (see footnote). The actual IRR of any private equity fund investment is not known until final liquidation.

▫ The J-curve refers to the shape of the curve that illustrates a private equity fund's performance over time. During the initial years of a fund's life, due to fees and expenses, a fund's performance tends to be negative (the bottom of the "J"). Eventually, as portfolio company investments increase in value, fund performance improves and returns move up the "J" shaped curve.



Arkansas Teacher Retirement System Emerging Manager Update

July 2023

Franklin Park's Manager Coverage

Broad coverage of the private equity and private debt manager universe

Emerging Manager Coverage

- Franklin Park maintains dialogue with the universe of emerging private equity and private debt managers and has done so since inception
- Franklin Park actively pursues due diligence on top emerging managers

Emerging Manager Database

- Franklin Park's database includes information on 412 funds¹ raised by emerging private equity and private debt managers
-

Preliminary Reviews

Due diligence activity from July 1, 2022 to June 30, 2023

80 emerging manager funds were reviewed by Franklin Park during the period

- Offering documents were analyzed by our team
- Each opportunity was discussed during our weekly internal Investment Committee meeting
- Many of these firms have been tracked by our team for numerous years

The emerging managers reviewed during the period are listed below

- | | | |
|----------------------------------|---------------------------------|-------------------------------------|
| • 3 Boomerang Capital I | • FoundersX II | • Original II |
| • Albaron I | • Gaingels 10X Cap Diversity | • Overture |
| • Aperture I | • Gilgamesh Fintech Ventures II | • Percheron II |
| • Arago Capital | • Good Growth III | • Prachetas New India Growth |
| • Arc70 Fund IV | • Grain Comm Opps IV | • Proteus Capital Solutions II |
| • Arcis Technology Growth I | • GX Ventures I | • RHL Ventures II |
| • Artha Select Fund | • HSI Special Opportunities III | • Sanbox Studios.VC Fund 1 |
| • Authentic Ventures III | • ICV V | • Scrum Ventures IV |
| • Author Capital I | • Immensus III | • Serac Ventures |
| • BlackSoil India Credit Fund II | • Impel Impact Fund II | • SHCP I |
| • Bootstrap III | • Jiuding China Growth Fund III | • Sofinnova Crossover II |
| • Born Global Fund I | • Karukera DLT Venture Fund 1 | • Structural Capital IV |
| • Boyd Street Ventures Fund I | • Kinterra Capital I | • Third Sphere Credit Opps Fund |
| • Bracket Capital Fund III | • KLC Fund II | • Together II |
| • Bregal Sagemount Credit III | • Meaningful Partners II | • Tola Fund III |
| • Brightwood V | • Merak Ventures I | • Transform VC Fund II |
| • Canvas Ventures IV | • Monolith Venture Fund I | • Trio Net Lease I |
| • Capquare III | • Motive Partners III | • Ulu Ventures IV |
| • Clearlake VIII | • Multiples IV | • Vanterra Ventures II |
| • Create Equity Fund | • New Voices II | • VH Global Energy Growth Fund |
| • Crescent Cove Growth Equity | • Nirvana Healthcare Fund I | • Visionario VC I |
| • Digital Alpha III | • NOEMIS Ventures II | • Waterfall PA-Backed Credit I |
| • DSV Fund II | • Nuveen Climate Inclusion II | • Waterfall Residential Credit Opps |
| • Dux II | • o15 Emerging Credit Opps I | • Wellington Access Ventures Fund |
| • Estancia III | • OceanSound II | • WhiteHawk Fund IV |
| • Firmament Fund IV | • One Rock Emerald | • Xponance Diverse Opportunities |
| • Fortwest I | • One Rock IV | |

Manager Meetings

Due diligence activity from July 1, 2022 to June 30, 2023

Meetings/calls were held with 28 emerging managers during the period

- Meetings/calls were held with senior professionals of each manager
- Following the meeting/call, a memo was written and discussed during our weekly internal Investment Committee meeting

The emerging managers that Franklin Park met with during the period are listed below

- 3 Boomerang Capital I
- Albaron I
- Authentic Ventures III
- Author Capital I
- Boyd Street Ventures Fund I
- Brightwood V
- Digital Alpha III
- Dux II
- Estancia III
- Fearless Fund II
- Firmament Fund IV
- FoundersX II
- Gilgamesh Fintech Ventures II
- HarbourView Royalties I
- ICV V
- Karukera DLT Venture Fund 1
- KLC Fund II
- Motive Partners III
- New Voices II
- NOEMIS Ventures II
- o15 Emerging Credit Opps I
- OceanSound II
- Proteus Capital Solutions II
- SHCP I
- Tola Fund III
- Ulu Ventures IV
- Valor VI
- WhiteHawk Fund IV

Due Diligence Analysis

Due diligence activity from July 1, 2022 to June 30, 2023

Detailed analysis was conducted on 6 emerging manager funds during the period

- Due diligence included one or more of the following: track record analysis, reference calls, site visits, and operational and legal reviews
- Following this analysis, a memo was written and discussed during our weekly internal Investment Committee meeting

The emerging manager funds that Franklin Park analyzed during the period are listed below

- 3 Boomerang Capital I
- Clearlake VIII
- Digital Alpha III
- Estancia III
- Lincoln Road I
- OceanSound II

Commitments

Due diligence activity from July 1, 2022 to June 30, 2023

There were no new emerging manager funds directly added to ATRS' portfolio since July 1, 2022, but there was one commitment made to an emerging manager fund in Franklin Park Corporate Finance Access Fund II in which ATRS is an investor (Sunstone III, July 2022)

- Franklin Park continues to seek to review emerging managers for consideration for the ATRS portfolio

ATRS has directly committed \$330 million to 12 emerging manager funds since 2013

- BV IX (\$30m, 2017)
- BV X (\$30m, 2020)
- BV XI (\$30m, 2022)
- Clearlake Capital V (\$30m, 2018)
- Clearlake Capital VI (\$30m, 2019)
- Clearlake Capital VII (\$30m, 2021)
- Lime Rock Resources III (\$25m, 2014)
- One Rock Capital Partners II (\$30m, 2017)
- Sycamore Partners II (\$25m, 2014)
- Sycamore Partners III (\$25m, 2017)
- Vista Foundation II (\$15m, 2013)
- Vista Foundation III (\$30m, 2016)

ATRS also has indirect exposure to 6 other emerging manager funds through its commitments to Franklin Park Corporate Finance Access I and II listed below

- Ascend Partners I (2020)
- Banneker I (2020)
- Banneker II (2022)
- BV X (2020)
- Sunstone II (2021)
- Sunstone III (2023)

Franklin Park Associates, LLC

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





Executive Summary
Post Road Special Opportunity Fund III, L.P.



Executive Summary

Fund	Post Road Special Opportunity Fund III LP (the “Fund”)
General Partner	Post Road Group (the “General Partner” or “Post Road”)
Report Date	August 2023
Fundraising	The General Partner is targeting capital commitments of \$500 million with an estimated cap of \$600 million. The General Partner is targeting a first closing in late September 2023.
Source	The General Partner has retained Park Hill to assist with fundraising.
Investment Strategy	<p>The Fund is being formed to provide solutions-based capital to small and lower middle market businesses primarily in the telecommunications and digital infrastructure, communications, technology, media and other tech-enabled business services sectors. The Fund primarily targets non-sponsored companies that are typically founder-run. The Fund’s invested capital is typically used to support strategic acquisitions, organic growth, bridge financings, or other special situations.</p> <p>The General Partner generally targets investments with the following characteristics:</p> <ul style="list-style-type: none"> • Companies with positive EBITDA and/or strong asset coverage • Companies that are at an inflection point and need capital to reach the next level • Companies with growth-oriented owner/operators who have proven track records • Companies primarily in the telecom infrastructure, data centers, broadband services, media & communications and business services industries • Companies primarily located in North America, with up to 15% of the Fund invested in companies based in Western Europe • Transactions in which the General Partner is the lead investor with strong negative controls, covenants and a board seat • Success-based delayed draw structures with the ability to cut off additional investments at any time • Typically the most senior security in the capital structure with equity exposure typically through penny warrants • Holding periods of two to six years • Target returns of 15-20% gross IRRs, consisting of 12-15% contractual returns with a potential equity upside of 3-5%
Management Team	<p>Based in Stamford, CT, the General Partner was founded in 2015. The General Partner invests across four strategies: corporate credit investments, multi-family ownership, real estate finance, and specialty finance. The corporate credit strategy is led by three senior investment professionals (the “Principals”), who are supported by two mid-level and three junior investment professionals that are focused on the Fund’s strategy.</p>

The table below summarizes the Principals’ backgrounds.

Principals	Yrs. GP	Yrs. PE	Background
Michael Bogdan	8	24	Atalaya, Alta Communications, Comdisco Ventures, DLJ
Andrew Runk	6	21	Starboard Capital, Sasco, Lone Star, CIT, Zolfo Cooper
Gardner Horan	<1	19	TD Securities, GE Capital, BNP Paribas, Deloitte

Track Record

The General Partner raised two prior funds and made nine investments relevant to the Fund's strategy in managed accounts ("Pre-Fund"). The following chart summarizes the performance of the prior investments, as of February 28, 2023:

Fund (Vintage)	Fund Size	Realized Deals / # Deals	Invested	Realized	Unrealized	Gross ROI	Gross IRR
Pre-Fund (2016)	-	9 / 9	170,953	227,551	0	1.3x	24.5%
Fund I (2018)	100,000	5 / 7	122,376	144,418	28,632	1.4x	24.8%
Fund II (2020)	304,000	2 / 9	208,721	61,508	183,362	1.2x	18.5%
Total		16 / 25	502,051	433,476	211,995	1.3x	23.3%

Notes:

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

Investment Evaluation

- The Fund's strategy should generate attractive risk-adjusted returns.** The General Partner has been able to negotiate attractive terms in its investments including primarily first lien protection, double-digit coupons, covenants and free equity upside through warrants. Further, in the current environment of rising rates, the General Partner has identified opportunities that meet its return target while also carrying lower risk profiles. Examples of these lower risk opportunities include larger credit deals that large firms have withdrawn from or deals with a higher positioning in the capital structure.
- The General Partner is well-positioned competitively in its target market.** The General Partner possesses several advantages relative to generalist credit funds that may opportunistically participate in its target sectors. The team is highly knowledgeable about the forces shaping each of its target segments, industry cycles and valuations, collateral value and the value drivers that determine investment potential. In addition, the General Partner has a deep network of relationships with industry executives and deal sources that has been built over nearly two decades of experience in those sectors.
- The General Partner's track record is attractive.** The General Partner has made 25 investments across the Pre-Fund and Funds I & II, which in aggregate have produced a 1.3x ROI and 23.3% gross IRR. Further, 16 of the General Partner's 25 investments to date have been realized or partially realized, resulting in a 1.4x ROI and 25.8% gross IRR in aggregate. Moreover, the General Partner has not experienced any losses or impairments.
- The Principals have deep credit experience.** The Principals average over 21 years of investment experience spanning private equity, and performing and distressed credit. Further, Mr. Bogdan has spent the last 24 years focused on the technology, media and telecom sectors.
- There are ownership and incentive allocation concerns.** Approximately 40% of the Fund's carried interest will be allocated to the management company. This may make it challenging for the General Partner to adequately incentivize and retain key team members. In 2022, the General Partner sold a minority interest in the management company to Capital Constellation (owned by Wafra). However, the interest carries no governance rights and the General Partner notes that the relationship has been beneficial for co-investments, market intelligence, and sourcing.

6. **There is key person risk with Mr. Bogdan.** The team will rely heavily on Mr. Bogdan's sector expertise and network to source and evaluate deals. However, since the last Fund, the General Partner has made several additions to the team that may mitigate this risk, including Gardner Horan, who joined as Managing Director. The corporate credit team beyond the Principals consists of two mid-level and three junior level investment professionals.
7. **The Fund will be substantially larger than the prior fund.** At the fund size cap of \$600 million, the Fund will be near twice the size of Fund II. However, the General Partner will not significantly change its transaction focus with respect to size of transactions it has pursued in its prior fund. Further, the General Partner believes that it is sufficiently staffed to manager a larger fund size.

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

- The Fund's strategy should generate attractive risk-adjusted returns;
- The General Partner is well-positioned in its target sectors; and
- The team has deep experience and an attractive track record.

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

RESOLUTION
No. 2023-39

**Approving Investment in Post Road Special Opportunity
Fund III, LP with Imminent Need**

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 **Post Road Special Opportunity Fund III, LP**, a fund that will make structured credit investments with enhanced equity potential; and

WHEREAS, the ATRS Board approves an investment of up to **\$30 million dollars (\$30,000,000.00)** in **Post Road Special Opportunity Fund III, LP**, and the Board, after its review of the timing in which the closing of the investment in **Post Road Special Opportunity Fund III, LP** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants;

NOW, THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **\$30 million dollars (\$30,000,000.00)** in **Post Road Special Opportunity Fund III, LP** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Post Road Special Opportunity Fund III, LP**. 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 Board; and

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

Adopted this 25th day of September 2023

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

AON

Quarterly Investment Review

Arkansas Teacher Retirement System |
Second Quarter 2023

Investment advice and consulting services provided by Aon Investments USA Inc.

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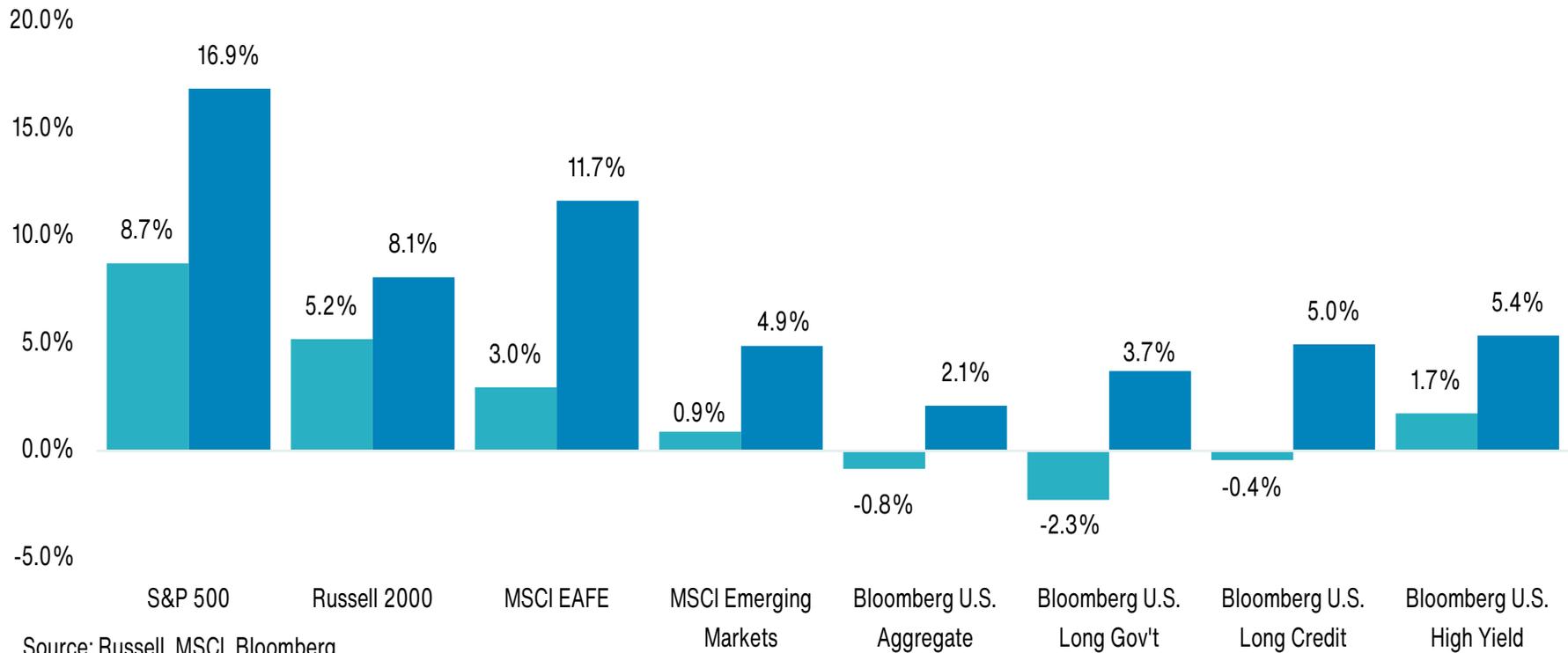
Executive Summary



Market Highlights

SHORT TERM RETURNS AS OF 06/30/2023

■ Second Quarter 2023 ■ YTD



Source: Russell, MSCI, Bloomberg

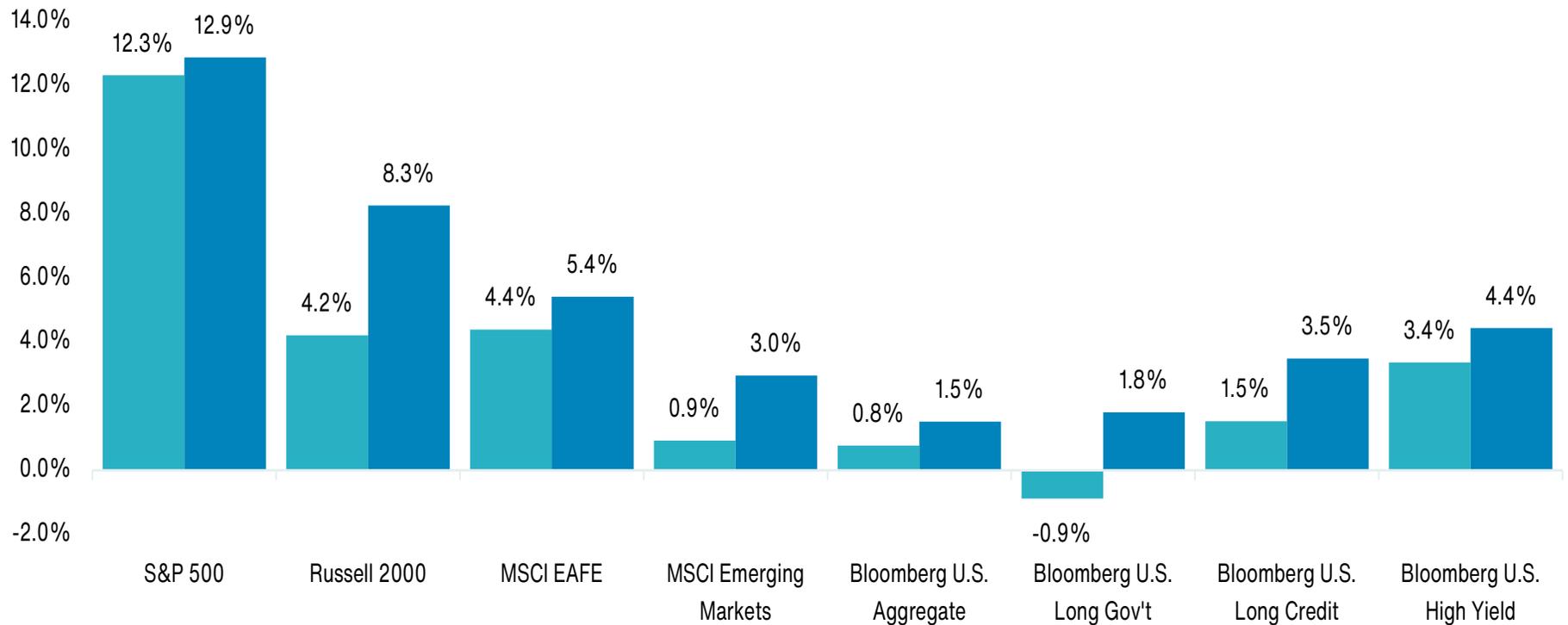
MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

Past performance is no guarantee of future results. Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees and expenses. Please see appendix for index definitions and other general disclosures.

Market Highlights

LONG TERM ANNUALIZED RETURNS AS OF 06/30/2023

■ Five-Year ■ Ten-Year



Source: Russell, MSCI, Bloomberg

Past performance is no guarantee of future results. Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees and expenses. Please see appendix for index definitions and other general disclosures.

Market Highlights

Returns of the Major Capital Markets						
	Period Ending 06/30/2023					
	Second Quarter	YTD	1-Year	3-Year ¹	5-Year ¹	10-Year ¹
Equity						
MSCI All Country World IMI	5.89%	13.25%	16.14%	10.97%	7.65%	8.62%
MSCI All Country World	6.18%	13.93%	16.53%	10.99%	8.10%	8.75%
Dow Jones U.S. Total Stock Market	8.39%	16.24%	18.90%	13.74%	11.26%	12.24%
Russell 3000	8.39%	16.17%	18.95%	13.89%	11.39%	12.34%
S&P 500	8.74%	16.89%	19.59%	14.60%	12.31%	12.86%
Russell 2000	5.21%	8.09%	12.31%	10.82%	4.21%	8.26%
MSCI All Country World ex-U.S. IMI	2.38%	9.10%	12.47%	7.33%	3.38%	4.88%
MSCI All Country World ex-U.S.	2.44%	9.47%	12.72%	7.22%	3.52%	4.75%
MSCI EAFE	2.95%	11.67%	18.77%	8.93%	4.39%	5.41%
MSCI EAFE (Local Currency)	4.28%	12.10%	17.50%	11.73%	6.42%	7.67%
MSCI Emerging Markets	0.90%	4.89%	1.75%	2.32%	0.93%	2.95%
Equity Factors						
MSCI World Minimum Volatility (USD)	1.79%	4.13%	7.44%	6.35%	6.48%	8.41%
MSCI World High Dividend Yield	2.37%	4.35%	9.03%	10.62%	7.13%	7.58%
MSCI World Quality	9.83%	21.58%	24.60%	13.11%	13.19%	12.99%
MSCI World Momentum	4.34%	3.13%	10.14%	6.44%	8.16%	10.96%
MSCI World Enhanced Value	5.21%	11.30%	16.04%	13.07%	4.76%	7.22%
MSCI World Index Growth	10.50%	27.27%	26.66%	11.31%	12.08%	12.29%
MSCI USA Minimum Volatility (USD)	2.65%	3.98%	7.99%	8.92%	9.06%	10.92%
MSCI USA High Dividend Yield	1.46%	0.73%	6.35%	10.70%	7.78%	10.00%
MSCI USA Quality	11.70%	23.40%	24.90%	13.73%	14.31%	14.62%
MSCI USA Momentum	4.35%	-0.06%	8.70%	4.72%	7.29%	12.58%
MSCI USA Enhanced Value	1.95%	4.52%	7.18%	12.27%	5.64%	9.28%
MSCI USA Equal Weighted	4.56%	8.76%	13.66%	13.09%	8.85%	10.70%
MSCI USA Growth	13.87%	33.68%	29.69%	13.56%	15.47%	15.87%

Returns of the Major Capital Markets						
	Period Ending 06/30/2023					
	Second Quarter	YTD	1-Year	3-Year ¹	5-Year ¹	10-Year ¹
Fixed Income						
Bloomberg Global Aggregate	-1.53%	1.43%	-1.32%	-4.96%	-1.09%	0.20%
Bloomberg U.S. Aggregate	-0.84%	2.09%	-0.94%	-3.96%	0.77%	1.52%
Bloomberg U.S. Long Gov't	-2.29%	3.73%	-6.79%	-12.02%	-0.88%	1.81%
Bloomberg U.S. Long Credit	-0.42%	4.97%	1.06%	-6.06%	1.53%	3.48%
Bloomberg U.S. Long Gov't/Credit	-1.29%	4.39%	-2.56%	-8.60%	0.66%	2.86%
Bloomberg U.S. TIPS	-1.42%	1.87%	-1.40%	-0.12%	2.49%	2.08%
Bloomberg U.S. High Yield	1.75%	5.38%	9.06%	3.13%	3.36%	4.43%
Bloomberg Global Treasury ex U.S.	-2.93%	0.09%	-2.77%	-7.04%	-3.23%	-1.13%
JP Morgan EMBI Global (Emerging Market)	1.53%	3.81%	6.85%	-2.68%	0.82%	2.60%
Commodities						
Bloomberg Commodity Index	-2.56%	-7.79%	-9.61%	17.82%	4.73%	-0.99%
Goldman Sachs Commodity Index	-2.73%	-7.54%	-14.22%	25.11%	2.76%	-3.52%
Hedge Funds						
HFRI Fund-Weighted Composite ²	2.24%	3.45%	5.09%	8.16%	4.98%	4.71%
HFRI Fund of Funds ²	1.52%	2.27%	3.67%	5.04%	3.32%	3.39%
Real Estate						
NAREIT U.S. Equity REITS	2.62%	5.37%	-0.13%	8.91%	4.55%	6.42%
FTSE Global Core Infrastructure Index	0.06%	-0.98%	-1.42%	6.89%	6.36%	7.45%
Private Equity						
Burgiss Private iQ Global Private Equity ³			-1.81%	19.78%	17.13%	15.20%

MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

¹ Periods are annualized.

² Latest 5 months of HFR data are estimated by HFR and may change in the future.

³ Burgiss Private iQ Global Private Equity data is as at September 30, 2022

Past performance is no guarantee of future results. Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect fees and expenses. Please see appendix for index definitions and other general disclosures.

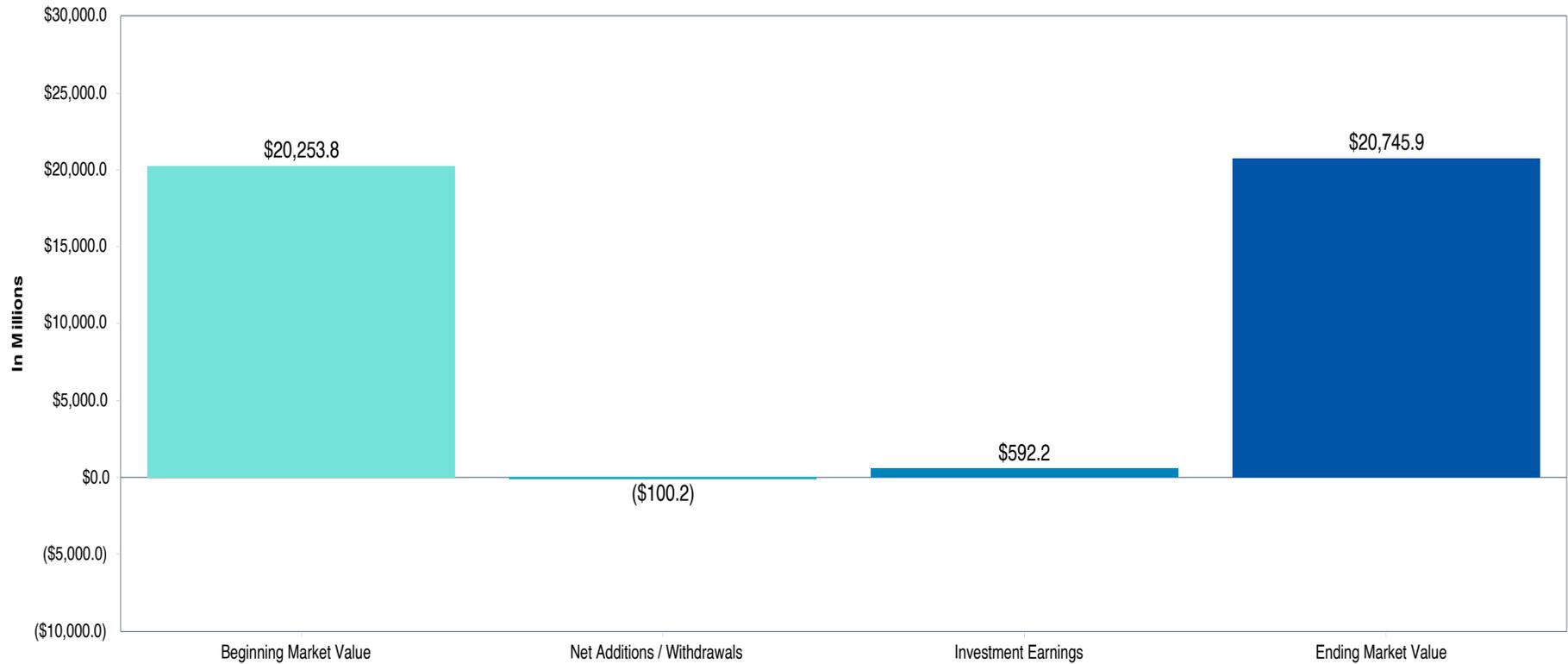
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Total Fund



Total Plan Asset Summary

As of June 30, 2023



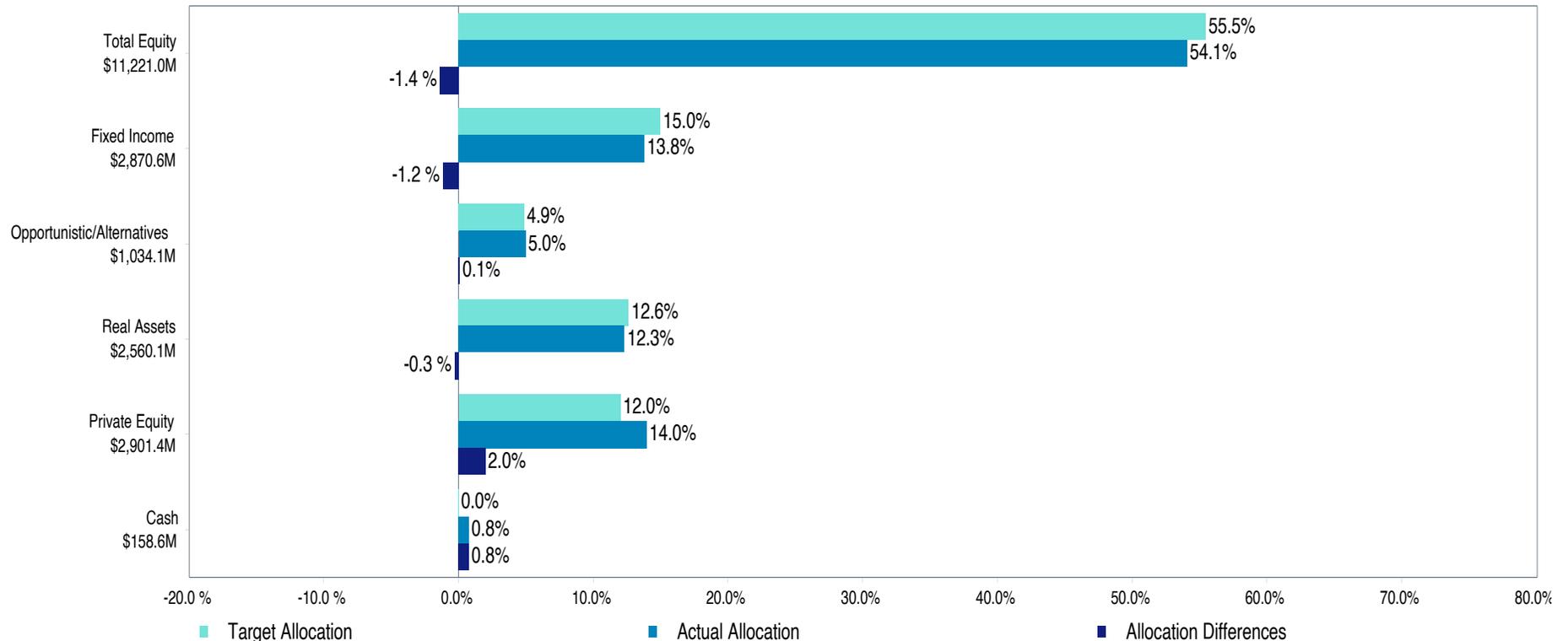
Summary of Cash Flows

	1 Quarter	Year to Date	1 Year
Total Fund			
Beginning Market Value	20,253,828,688	19,774,984,699	19,740,562,415
+ Additions / Withdrawals	-100,161,419	-384,345,969	-807,167,624
+ Investment Earnings	592,190,103	1,355,218,641	1,812,462,580
= Ending Market Value	20,745,857,372	20,745,857,372	20,745,857,372

Asset Allocation Compliance

As of June 30, 2023

	Market Value \$M	Current Allocation %	Target Allocation %	Minimum Allocation %	Maximum Allocation %
Total Fund	20,745.9	100.00	100.00	-	-
Total Equity	11,221.0	54.09	55.48	48.00	58.00
Fixed Income	2,870.6	13.84	15.00	13.00	17.00
Opportunistic/Alternatives	1,034.1	4.98	4.89	0.00	100.00
Real Assets	2,560.1	12.34	12.63	0.00	100.00
Private Equity	2,901.4	13.99	12.00	0.00	100.00
Cash	158.6	0.76	0.00	0.00	5.00

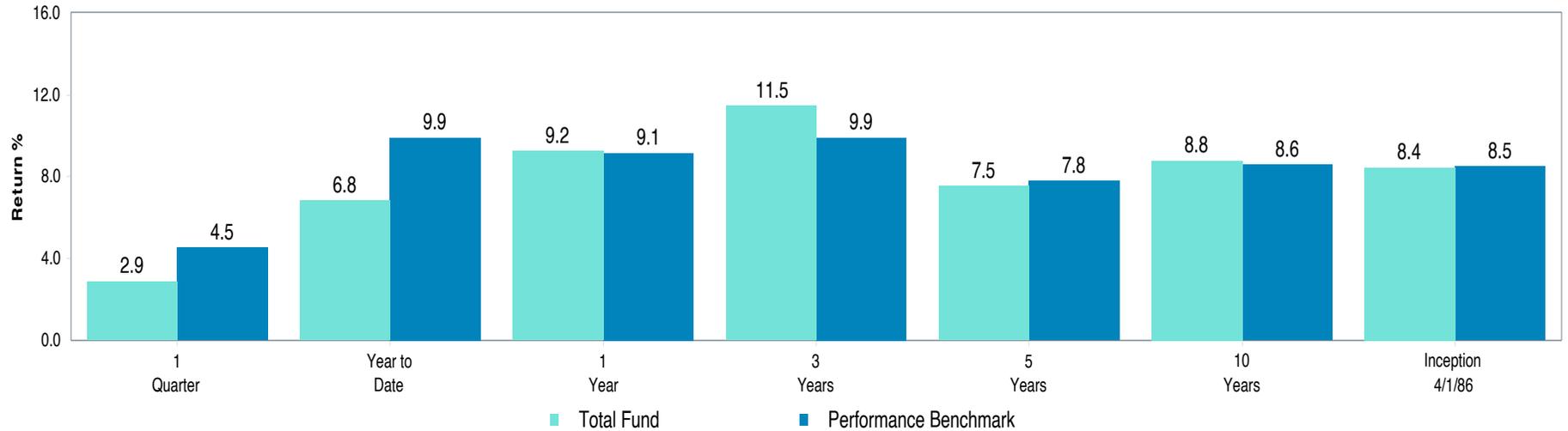


*Market values and allocation percentages may not add to the sum total due to rounding.

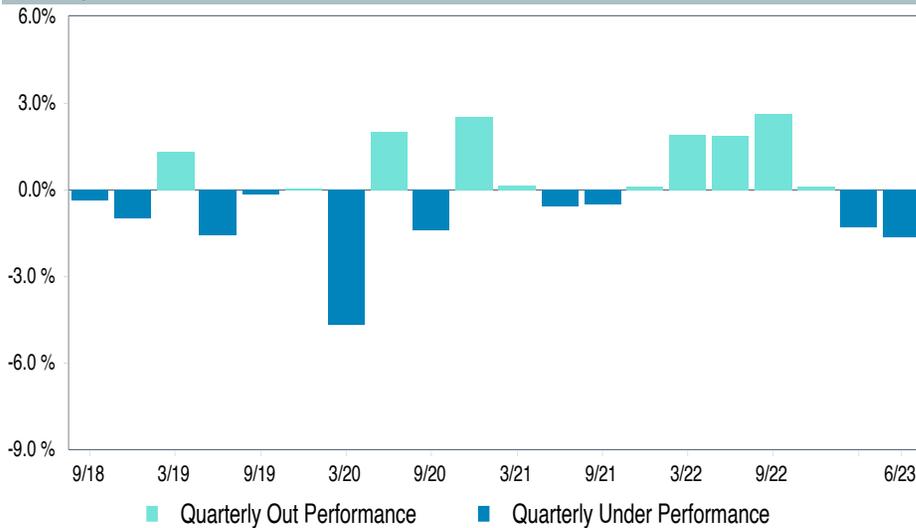
Total Plan Performance Summary

As of June 30, 2023

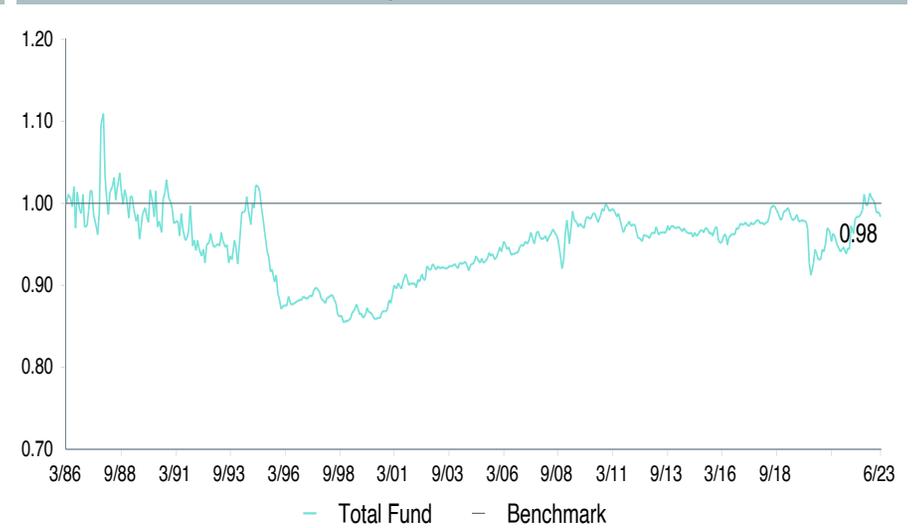
Return Summary



Quarterly Excess Performance

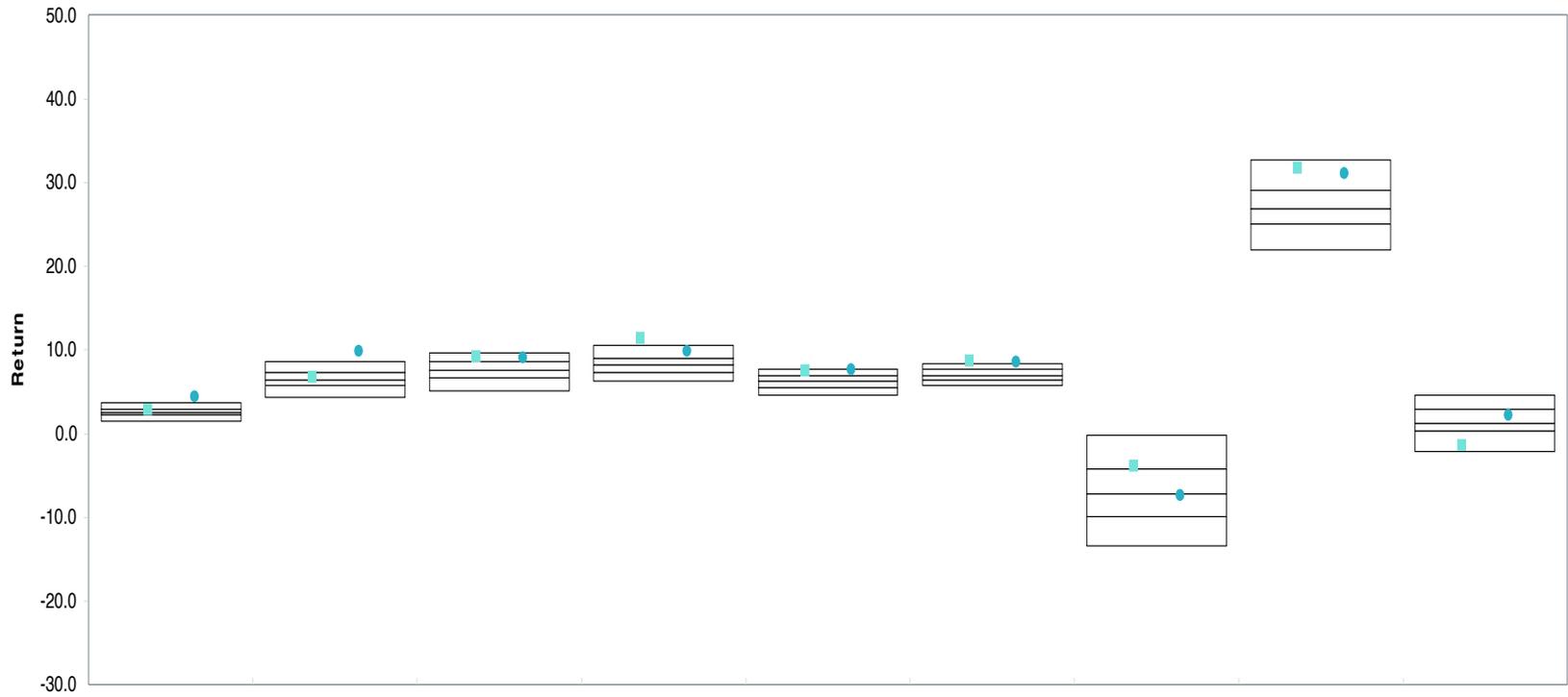


Ratio of Cumulative Wealth - Since Inception



Total Fund

As of June 30, 2023



	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020
Total Fund	2.9 (26)	6.8 (39)	9.2 (15)	11.5 (4)	7.5 (11)	8.8 (3)	-3.9 (23)	31.9 (10)	-1.4 (92)
● Performance Benchmark	4.5 (1)	9.9 (1)	9.1 (16)	9.9 (15)	7.8 (5)	8.6 (4)	-7.3 (51)	31.2 (14)	2.3 (34)
5th Percentile	3.7	8.6	9.7	10.5	7.8	8.4	-0.2	32.8	4.6
1st Quartile	2.9	7.3	8.6	9.0	6.9	7.7	-4.1	29.1	2.9
Median	2.6	6.5	7.6	8.3	6.2	6.9	-7.2	27.0	1.3
3rd Quartile	2.3	5.7	6.6	7.3	5.5	6.5	-10.0	25.1	0.3
95th Percentile	1.5	4.3	5.1	6.3	4.7	5.8	-13.4	22.0	-2.1
Population	92	89	86	74	73	68	107	151	137

Parentheses contain percentile rankings.

Asset Allocation & Performance

As of June 30, 2023

	Allocation			Performance %							
	Market Value \$ (\$)	%	Policy %	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Fund	20,745,857,372	100.0	100.0	2.9	6.8	9.2	11.5	7.5	8.8	8.4	04/01/1986
<i>Performance Benchmark</i>				4.5	9.9	9.1	9.9	7.8	8.6	8.5	
Total Equity	11,221,028,367	54.1	55.5	5.2	11.7	15.7	13.9	7.6		8.3	07/01/2015
<i>Total Equity Performance Benchmark</i>				6.7	14.2	17.0	11.8	8.8		9.1	
Fixed Income	2,870,580,902	13.8	15.0	-0.4	2.0	1.4	-1.1	1.8	2.6	4.8	07/01/1992
<i>Performance Benchmark</i>				-0.6	2.3	0.0	-3.4	1.0	1.8	4.8	
Opportunistic/Alternatives	1,034,139,668	5.0	4.8	3.0	5.0	7.9	6.1	2.4	3.3	3.5	05/01/2011
<i>Custom Alternatives Benchmark</i>				2.2	3.1	4.4	5.1	2.9	2.5	2.2	
Real Assets	2,560,059,487	12.3	12.6	-1.0	-1.4	1.5	7.2	6.2	7.8	7.8	07/01/2013
<i>Total Real Assets Benchmark</i>				-1.2	-3.1	1.3	7.8	6.6	7.9	7.9	
Real Estate	1,521,649,145	7.3		-2.8	-5.8	-3.5	5.8	5.0	8.0	8.3	12/01/1998
<i>NFI-ODCE (Net)</i>				-3.4	-8.4	-3.9	7.5	6.6	8.5	8.7	
Timber	345,248,077	1.7		-0.1	1.6	7.1	8.3	7.3	5.4	7.2	06/01/1998
<i>Timberland Property Benchmark</i>				1.8	6.7	11.3	8.1	5.5	5.4		
Agriculture	236,365,549	1.1		3.5	6.9	10.1	9.6	6.8	6.5	6.4	09/01/2011
<i>Agriculture Benchmark</i>				2.1	5.4	9.1	7.6	6.3	6.4		
Infrastructure	456,796,716	2.2		2.5	8.7	12.6	16.6	14.3		14.3	07/01/2018
<i>CPI + 5%</i>				2.3	5.3	8.1	11.0	9.1		9.1	
Private Equity	2,901,438,026	14.0	12.0	0.9	1.9	2.1	16.6	13.4	14.6	12.6	03/01/1997
<i>Private Equity Policy</i>				7.8	16.1	-6.9	20.7	12.5	13.9	10.8	
Cash	158,610,922	0.8	0.0								

*The Real Assets and Private Equity market values, returns and their benchmark returns are shown on a one-quarter lag. Market values have been adjusted for current quarter cash flows.

*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 151 of this report.

*The inception date above for infrastructure reflects the inception date for the calculation and reporting of time-weighted returns. The Infrastructure program began in

July 2014 and the full history of Infrastructure returns are included in Total Real Assets and Total Fund performance.

Total Equity and Total Fund Performance includes investment earnings from Allianz Security Litigation Income received on February 28, 2022

*Market values and allocation percentages may not add to the sum total due to rounding.

Asset Allocation & Performance

As of June 30, 2023

	Allocation		Performance %							
	Market Value \$	%	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Fund	20,745,857,372	100.0	2.9 (26)	6.8 (39)	9.2 (15)	11.5 (4)	7.5 (11)	8.8 (3)	8.4	04/01/1986
<i>Performance Benchmark</i>			4.5 (1)	9.9 (1)	9.1 (16)	9.9 (15)	7.8 (5)	8.6 (4)	8.5	
Total Equity	11,221,028,367	54.1	5.2 (44)	11.7 (51)	15.7 (52)	13.9 (16)	7.6 (48)		8.3 (40)	07/01/2015
<i>Total Equity Performance Benchmark</i>			6.7 (28)	14.2 (37)	17.0 (41)	11.8 (34)	8.8 (32)		9.1 (27)	
Jacobs Levy 130/30	1,234,178,399	5.9	5.6 (49)	12.0 (44)	18.0 (38)	25.7 (3)	16.0 (2)	17.1 (1)	12.3 (3)	01/01/2008
<i>Russell 3000 Index</i>			8.4 (25)	16.2 (26)	19.0 (32)	13.9 (47)	11.4 (23)	12.3 (24)	9.4 (36)	
Kennedy Capital Management	589,778,752	2.8	4.5 (39)	3.7 (73)	6.6 (87)	17.4 (45)	4.6 (67)	8.2 (56)	11.5 (22)	01/01/1994
<i>Russell 2000 Value Index</i>			3.2 (67)	2.5 (83)	6.0 (88)	15.4 (72)	3.5 (86)	7.3 (83)	9.1 (100)	
Stephens	563,084,182	2.7	5.1 (61)	11.6 (64)	13.6 (72)	5.7 (65)	6.7 (66)	9.3 (90)	9.3 (73)	08/01/2006
<i>Russell 2000 Growth Index</i>			7.1 (27)	13.6 (39)	18.5 (37)	6.1 (63)	4.2 (94)	8.8 (94)	8.4 (91)	
Voya Absolute Return	780,178,878	3.8	7.1 (21)	15.5 (25)	15.6 (53)	12.1 (30)	8.0 (42)	10.5 (16)	10.0 (20)	10/01/2008
<i>Performance Benchmark</i>			6.2 (33)	13.9 (39)	16.5 (44)	11.0 (43)	8.1 (41)	10.1 (21)	9.9 (20)	
Voya U.S. Convertibles	936,060,328	4.5	3.4 (78)	6.4 (72)	9.5 (84)	9.0 (82)	11.8 (19)	10.9 (42)	10.2 (27)	12/01/1998
<i>Performance Benchmark</i>			4.6 (62)	8.6 (60)	10.6 (79)	8.6 (84)	9.7 (39)	9.8 (60)	8.1 (73)	
Pershing Square Holdings	259,442,359	1.3	4.2 (67)	5.4 (77)	23.5 (14)	16.8 (22)	21.5 (1)	7.9 (88)	8.1 (94)	01/01/2013
<i>Dow Jones U.S. Total Stock Market Index</i>			8.4 (25)	16.2 (26)	18.9 (32)	13.7 (48)	11.3 (24)	12.2 (25)	13.0 (26)	
Trian Partners	83,685,776	0.4	1.9	7.0	18.5	8.6	7.2		6.9	11/01/2015
<i>S&P 500 Index</i>			8.7	16.9	19.6	14.6	12.3		12.5	
Trian Co-Investments	81,506,900	0.4	0.4	9.3	22.6	13.7	10.2		6.7	01/01/2017
<i>S&P 500 Index</i>			8.7	16.9	19.6	14.6	12.3		13.2	
SSgA Global Index	1,341,503,314	6.5	5.9 (37)	13.5 (42)	16.5 (44)	11.3 (40)	8.0 (42)	9.0 (41)	6.8 (48)	04/01/2008
<i>MSCI AC World IMI (Net)</i>			5.9 (38)	13.2 (43)	16.1 (47)	11.0 (44)	7.6 (47)	8.6 (51)	6.4 (56)	
BlackRock MSCI ACWI IMI Fund	1,310,986,042	6.3	6.0 (35)	13.6 (41)	16.6 (43)	11.4 (40)	7.9 (42)	8.9 (42)	8.2 (50)	07/01/2011
<i>MSCI AC World IMI (Net)</i>			5.9 (38)	13.2 (43)	16.1 (47)	11.0 (44)	7.6 (47)	8.6 (51)	7.9 (56)	
Wellington Global Perspectives	627,817,640	3.0	-0.2 (94)	6.4 (82)	13.4 (68)	14.6 (13)	5.0 (85)	8.8 (46)	11.9 (17)	07/01/2009
<i>Performance Benchmark</i>			3.6 (65)	8.0 (74)	13.0 (69)	10.8 (46)	4.5 (89)	7.6 (67)	9.8 (57)	

Asset Allocation & Performance

As of June 30, 2023

	Allocation		Performance %							
	Market Value \$	%	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
T. Rowe Price Global Equity	1,231,739,646	5.9	8.2 (11)	17.5 (15)	20.0 (20)	9.1 (63)	11.5 (6)	14.3 (3)	12.7 (5)	09/01/2009
MSCI AC World Index (Net)			6.2 (33)	13.9 (39)	16.5 (44)	11.0 (43)	8.1 (41)	8.8 (46)	8.9 (62)	
MSCI AC World Index Growth (net)			9.2 (7)	24.2 (3)	23.1 (10)	9.6 (59)	10.4 (11)	11.0 (13)	10.9 (20)	
Lazard	704,629,021	3.4	2.6 (76)	7.9 (74)	10.4 (78)	6.6 (83)	4.8 (88)	7.5 (69)	8.0 (81)	09/01/2009
MSCI AC World Index (Net)			6.2 (33)	13.9 (39)	16.5 (44)	11.0 (43)	8.1 (41)	8.8 (46)	8.9 (62)	
Harris Global Equity	645,339,460	3.1	4.1 (58)	15.5 (25)	18.4 (30)	15.4 (11)	7.1 (57)		6.7 (58)	06/01/2014
MSCI World Index (Net)			6.8 (26)	15.1 (30)	18.5 (28)	12.2 (30)	9.1 (26)		8.1 (32)	
MSCI World Value (Net)			3.0 (72)	4.0 (89)	10.7 (78)	12.5 (27)	5.7 (78)		5.1 (82)	
Arrowstreet Global Equity - Alpha Extension Fund	831,038,909	4.0	7.1 (20)						7.1 (20)	04/01/2023
MSCI AC World IMI (Net)			5.9 (33)						5.9 (33)	
Fixed Income	2,870,580,902	13.8	-0.4	2.0	1.4	-1.1	1.8	2.6	4.8	07/01/1992
Performance Benchmark			-0.6	2.3	0.0	-3.4	1.0	1.8	4.8	
BlackRock	250,429,410	1.2	-0.8 (78)	2.6 (46)	-0.4 (75)	-3.6 (83)	1.1 (76)	1.9 (56)	3.5 (41)	10/01/2003
Performance Benchmark			-0.6 (67)	2.3 (54)	0.0 (69)	-3.4 (80)	1.0 (79)	1.8 (59)	3.3 (48)	
Loomis Sayles	639,963,274	3.1	0.0 (39)	3.0 (37)	3.3 (25)	-0.4 (42)	2.7 (20)	3.8 (16)	6.4 (8)	09/01/2008
Performance Benchmark			0.0 (40)	3.3 (31)	2.7 (31)	-1.6 (56)	1.9 (37)	2.7 (36)	4.3 (31)	
SSgA Aggregate Bond Index	694,859,507	3.3	-0.8 (81)	2.3 (55)	-1.0 (85)	-4.0 (90)	0.8 (88)	1.5 (73)	2.1 (68)	06/01/2010
Barclays Aggregate Index			-0.8 (82)	2.1 (62)	-0.9 (85)	-4.0 (89)	0.8 (88)	1.5 (73)	2.1 (68)	
Wellington Global Total Return	387,606,668	1.9	-0.1 (84)	1.2 (77)	4.8 (50)	3.4 (47)	3.5 (42)		2.5 (40)	05/01/2014
BofA Merrill Lynch 3 Month US T-Bill			1.2 (66)	2.3 (65)	3.6 (62)	1.3 (74)	1.6 (75)		1.1 (75)	
Reams Core Plus Bond Fund	562,562,365	2.7	-0.8 (81)	3.5 (29)	2.6 (32)	-2.2 (61)	3.2 (12)		2.6 (30)	05/01/2014
Barclays Aggregate Index			-0.8 (82)	2.1 (62)	-0.9 (85)	-4.0 (89)	0.8 (88)		1.3 (77)	
BRS Recycling Tax Credit	176,000,000	0.8								
BRS Recycling Tax Credit Phase 2	77,031,608	0.4								
BRS Recycling Tax Credit Phase 3	82,119,766	0.4								

Asset Allocation & Performance

As of June 30, 2023

	Allocation		Performance %							
	Market Value \$	%	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Opportunistic/Alternatives	1,034,139,668	5.0	3.0	5.0	7.9	6.1	2.4	3.3	3.5	05/01/2011
<i>Custom Alternatives Benchmark</i>			2.2	3.1	4.4	5.1	2.9	2.5	2.2	
Anchorage	31,768,490	0.2	2.0	2.2	6.9	9.9	4.9	5.4	5.7	05/01/2011
<i>Credit Suisse Event Driven</i>			0.7	2.1	3.0	7.5	3.3	3.0	2.7	
York	12,251,867	0.1	44.9	35.8	35.5	9.1	-7.7	-1.6	-0.2	05/01/2011
<i>Credit Suisse Event Driven</i>			0.7	2.1	3.0	7.5	3.3	3.0	2.7	
Capula	95,719,384	0.5	2.5	4.7	11.8	6.9	7.4	7.1	6.5	05/01/2011
<i>HFRI Macro (Total) Index</i>			1.7	-0.8	-0.4	7.3	5.0	3.1	1.9	
Graham	93,307,163	0.4	0.8	-0.4	3.7	17.8	9.5	7.4	5.1	05/01/2011
<i>HFRI Macro (Total) Index</i>			1.7	-0.8	-0.4	7.3	5.0	3.1	1.9	
Circumference Group Core Value	39,818,815	0.2	2.1	12.0	16.4	10.2	7.6		9.0	08/01/2015
<i>Russell 2000 Index</i>			5.2	8.1	12.3	10.8	4.2		6.9	
Aeolus Keystone Fund	28,910,756	0.1	6.3	8.1	11.3	0.6	0.2		-0.6	12/01/2015
<i>FTSE 3 Month T-Bill</i>			1.3	2.4	3.7	1.3	1.6		1.3	
<i>Eurekahedge ILS Advisers Index</i>			3.7	6.9	4.2	2.7	1.1		0.7	
Nephila Rubik Holdings	8,642,253	0.0	0.0	2.8	2.2	-7.8	-5.5		-4.7	06/01/2016
<i>FTSE 3 Month T-Bill</i>			1.3	2.4	3.7	1.3	1.6		1.4	
<i>Eurekahedge ILS Advisers Index</i>			3.7	6.9	4.2	2.7	1.1		0.5	
Parametric Global Defensive Equity Fund	207,019,726	1.0	4.5	9.9	12.6	9.2	5.3		5.4	05/01/2017
<i>Performance Benchmark</i>			3.7	8.1	10.4	6.4	5.2		5.2	
<i>MSCI AC World Index</i>			6.3	14.3	17.1	11.5	8.6		9.3	
Man Alternative Risk Premia	113,858,474	0.5	2.8	1.8	8.5	7.7	3.2		2.7	06/01/2018
<i>SG Multi Alternative Risk Premia Index</i>			2.5	3.6	6.1	4.4	0.2		0.1	
CFM Systematic Global Macro Fund	97,903,066	0.5	-3.3	-5.7	-4.8				6.6	12/01/2021
<i>HFRI Macro: Systematic Diversified Index</i>			3.9	-0.6	-3.4				7.3	
Pillar Opportunity	94,392,854	0.5	3.6	7.3	-3.0				-0.4	12/01/2021
<i>FTSE 3 Month T-Bill</i>			1.3	2.4	3.7				2.5	
<i>Eurekahedge ILS Advisers Index</i>			3.7	6.9	4.2				3.0	
Chatham PDSC III	63,784,361	0.3	1.4	5.8	18.8				15.9	11/01/2021
<i>HFRI Event-Driven (Total) Index</i>			1.1	2.5	5.3				-1.7	
Silver Point Capital Fund	51,383,595	0.2	2.4	4.2	8.0				3.0	04/01/2022
<i>HFRI ED: Distressed/Restructuring Index</i>			1.4	2.3	1.6				-2.7	
Prophet Mtg. Servicing Opportunities	40,288,622	0.2							2.0	05/01/2023
<i>Credit Suisse Hedge Fund Index</i>									1.4	
Chatham PDSC IV	55,090,241	0.3							10.2	06/01/2023
<i>HFRI Event-Driven (Total) Index</i>									2.2	

Asset Allocation & Performance

As of June 30, 2023

	Allocation		Performance %							
	Market Value \$	%	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Real Assets	2,560,059,487	12.3	-1.0	-1.4	1.5	7.2	6.2	7.8	7.8	07/01/2013
<i>Total Real Assets Benchmark</i>			-1.2	-3.1	1.3	7.8	6.6	7.9	7.9	
Real Estate	1,521,649,145	7.3	-2.8	-5.8	-3.5	5.8	5.0	8.0	8.3	12/01/1998
<i>NFI-ODCE (Net)</i>			-3.4	-8.4	-3.9	7.5	6.6	8.5	8.7	
Timber	345,248,077	1.7	-0.1	1.6	7.1	8.3	7.3	5.4	7.2	06/01/1998
<i>Timberland Property Benchmark</i>			1.8	6.7	11.3	8.1	5.5	5.4		
BTG Timber Separate Account	106,249,595	0.5								
BTG U.S. Timberland Fund, L.P.	238,998,482	1.2								
Agriculture	236,365,549	1.1	3.5	6.9	10.1	9.6	6.8	6.5	6.4	09/01/2011
<i>Agriculture Benchmark</i>			2.1	5.4	9.1	7.6	6.3	6.4		
HFMS Farmland	162,313,515	0.8	3.9	2.7	5.8	8.9	6.2	6.2	6.2	09/01/2011
<i>HFMS custom NCREIF Farmland Index</i>			2.1	5.4	9.1	7.7	6.5	6.2		
UBS Agrivest Core Farmland Fund	74,052,034	0.4	2.5	22.8	26.4	12.7	9.0		7.5	07/01/2015
<i>UBS Agrivest custom NCREIF Farmland Index</i>			2.1	5.4	9.1	7.6	6.8		6.6	
Infrastructure	456,796,716	2.2	2.5	8.7	12.6	16.6	14.3		14.3	07/01/2018
<i>CPI + 5%</i>			2.3	5.3	8.1	11.0	9.1		9.1	
Private Equity	2,901,438,026	14.0	0.9	1.9	2.1	16.6	13.4	14.6	12.6	04/01/1997
<i>Private Equity Policy</i>			7.8	16.1	-6.9	20.7	12.5	13.9	10.9	
Cash	158,610,922	0.8								

*The Real Assets and Private Equity market values, returns and their benchmark returns are shown on a one-quarter lag. Market values have been adjusted for current quarter cash flows.

*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 151 of this report.

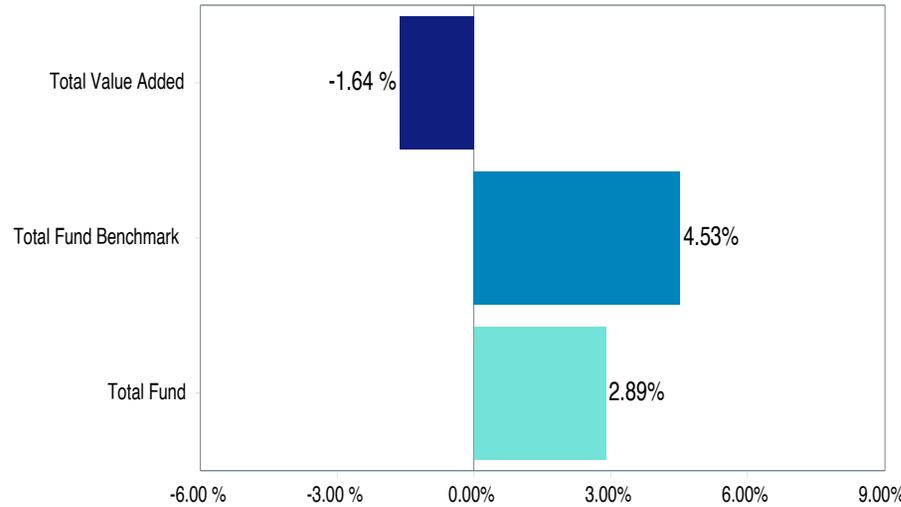
*The inception date above for infrastructure reflects the inception date for the calculation and reporting of time-weighted returns. The Infrastructure program began in July 2014 and the full history of Infrastructure returns are included in Total Real Assets and Total Fund performance.

*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. This represents an approximate 9.9% yield for the 2017 fiscal year. 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.

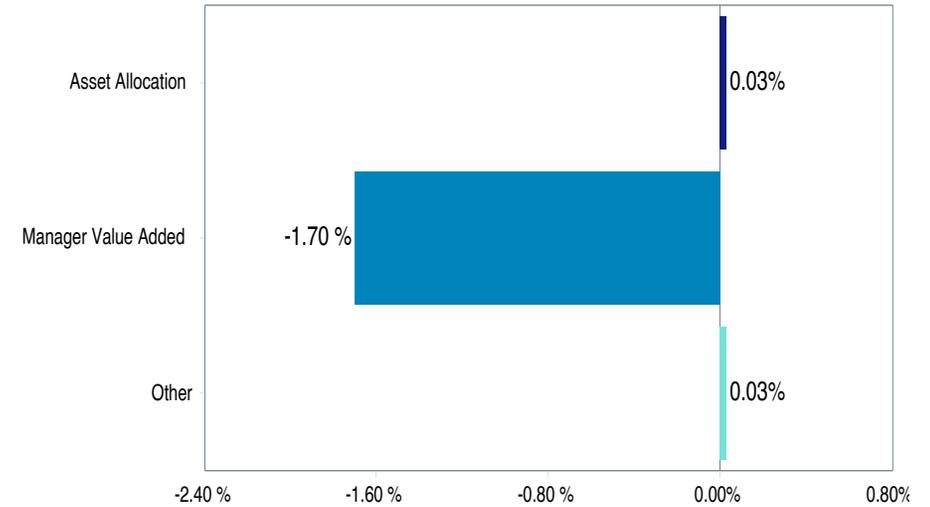
Total Fund Attribution

1 Quarter Ending June 30, 2023

Total Fund Performance

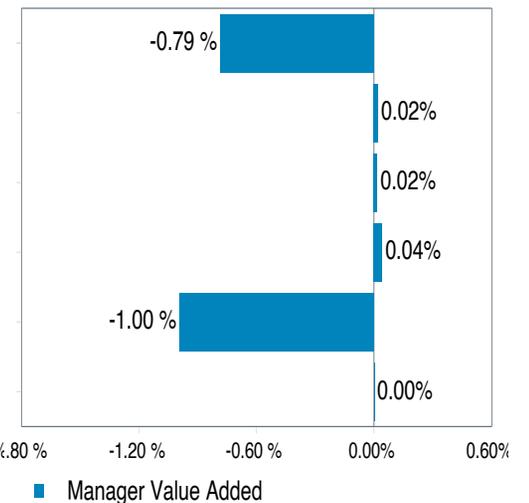
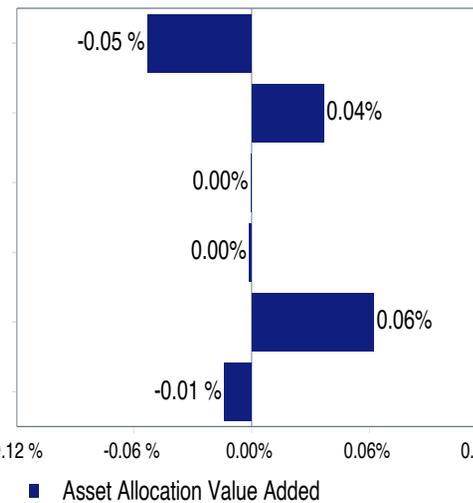
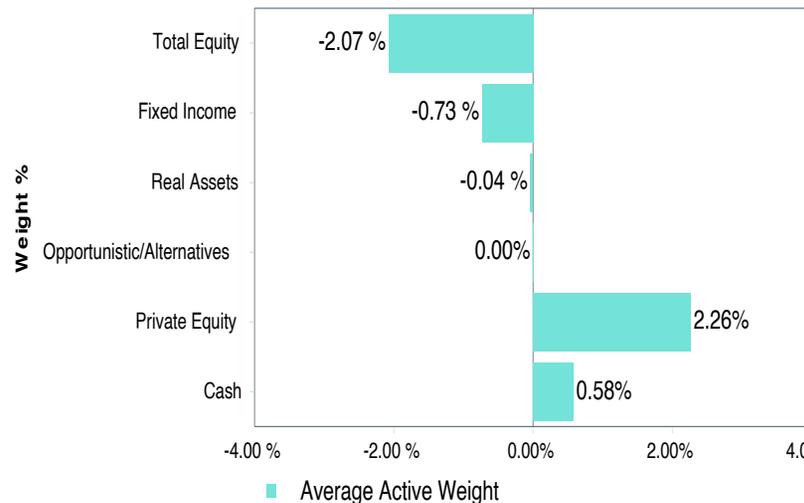


Total Value Added: -1.64 %



Total Asset Allocation: 0.03%

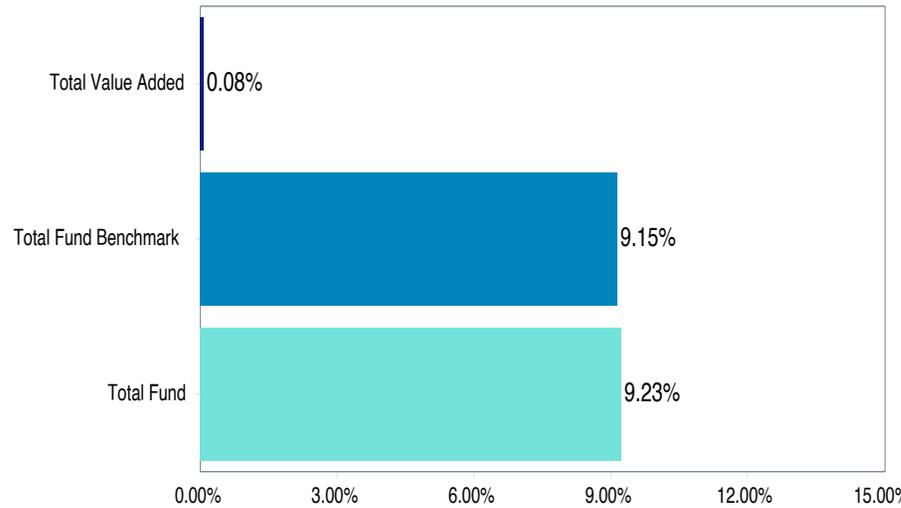
Total Manager Value Added: -1.70 %



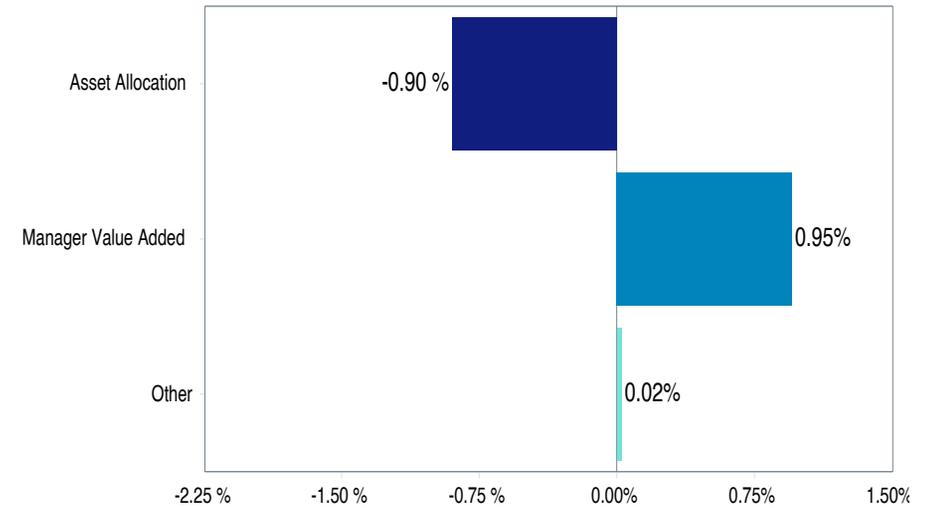
Total Fund Attribution

1 Year Ending June 30, 2023

Total Fund Performance

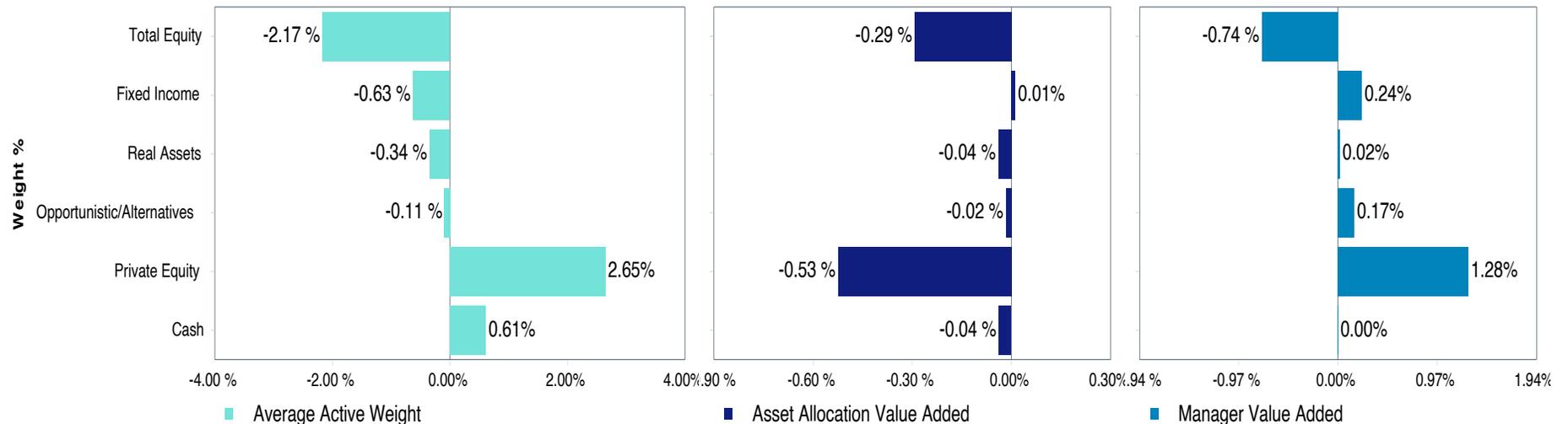


Total Value Added: 0.08%



Total Asset Allocation: -0.90 %

Total Manager Value Added: 0.95%



Asset Allocation & Performance

Calendar Year Performance

	Performance %										
	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
Total Fund	9.2 (15)	-3.9 (23)	31.9 (10)	-1.4 (92)	5.3 (63)	11.7 (1)	16.1 (1)	-0.5 (72)	5.2 (9)	19.0 (3)	14.3 (8)
<i>Performance Benchmark</i>	9.1 (16)	-7.3 (51)	31.2 (14)	2.3 (34)	7.1 (8)	9.2 (21)	13.2 (30)	1.8 (8)	5.2 (9)	18.3 (14)	13.5 (21)
Total Equity	15.7 (52)	-13.4 (38)	47.4 (23)	-6.4 (78)	4.1 (59)	13.4 (29)	22.1 (27)	-4.8 (57)			
<i>Total Equity Performance Benchmark</i>	17.0 (41)	-15.8 (50)	42.0 (40)	2.7 (43)	5.9 (48)	12.2 (35)	19.0 (46)	-1.5 (38)			
Jacobs Levy 130/30	18.0 (38)	12.1 (1)	50.3 (42)	0.2 (47)	5.5 (51)	19.9 (23)	24.6 (18)	8.3 (4)	14.2 (7)	24.3 (54)	22.4 (50)
<i>Russell 3000 Index</i>	19.0 (32)	-13.9 (52)	44.2 (57)	6.5 (32)	9.0 (32)	14.8 (45)	18.5 (56)	2.1 (23)	7.3 (44)	25.2 (44)	21.5 (56)
Kennedy Capital Management	6.6 (87)	-11.9 (55)	72.4 (30)	-16.2 (52)	-7.8 (68)	12.2 (49)	24.2 (36)	-4.9 (66)	2.7 (54)	29.4 (10)	34.4 (6)
<i>Russell 2000 Value Index</i>	6.0 (88)	-16.3 (82)	73.3 (28)	-17.5 (60)	-6.2 (59)	13.1 (40)	24.9 (31)	-2.6 (43)	0.8 (67)	22.5 (74)	24.8 (61)
Stephens	13.6 (72)	-25.8 (31)	40.2 (87)	7.8 (53)	8.4 (37)	29.5 (26)	18.3 (83)	-7.8 (43)	5.1 (89)	18.4 (79)	18.7 (86)
<i>Russell 2000 Growth Index</i>	18.5 (37)	-33.4 (64)	51.4 (58)	3.5 (63)	-0.5 (79)	21.9 (64)	24.4 (44)	-10.8 (60)	12.3 (40)	24.7 (38)	23.7 (56)
Voya Absolute Return	15.6 (53)	-14.1 (43)	41.9 (40)	0.1 (54)	4.0 (59)	9.9 (53)	20.3 (37)	1.9 (22)	7.8 (10)	26.9 (26)	19.7 (38)
<i>Performance Benchmark</i>	16.5 (44)	-15.8 (49)	39.3 (52)	2.1 (45)	5.7 (49)	10.7 (47)	18.8 (48)	1.1 (24)	7.4 (10)	24.6 (40)	20.6 (31)
Voya U.S. Convertibles	9.5 (84)	-19.8 (69)	47.3 (48)	20.1 (10)	12.5 (15)	16.4 (36)	15.9 (74)	-7.1 (79)	4.4 (68)	23.1 (66)	19.4 (71)
<i>Performance Benchmark</i>	10.6 (79)	-20.6 (71)	45.7 (52)	15.3 (16)	7.8 (39)	12.0 (64)	16.8 (69)	-4.7 (66)	3.5 (74)	24.4 (53)	18.6 (76)
Pershing Square Holdings	23.5 (14)	-17.9 (66)	57.0 (26)	36.5 (2)	21.7 (1)	-2.7 (100)	8.3 (96)	-49.1 (100)	15.2 (4)	30.4 (10)	
<i>Dow Jones U.S. Total Stock Market Index</i>	18.9 (32)	-14.2 (54)	44.3 (56)	6.4 (32)	8.9 (33)	14.8 (45)	18.5 (56)	2.0 (24)	7.2 (46)	25.0 (47)	
Triam Partners	18.5	-19.0	33.4	-2.3	13.1	2.8	9.5				
<i>S&P 500 Index</i>	19.6	-10.6	40.8	7.5	10.4	14.4	17.9				
Triam Co-Investments	22.6	-10.9	34.5	-3.4	14.4	-5.6					
<i>S&P 500 Index</i>	19.6	-10.6	40.8	7.5	10.4	14.4	17.9				
SSgA Global Index	16.5 (44)	-16.2 (53)	41.3 (43)	1.6 (47)	4.8 (53)	11.4 (42)	19.4 (42)	-3.4 (49)	1.2 (55)	23.8 (48)	17.5 (55)
<i>MSCI AC World IMI (Net)</i>	16.1 (47)	-16.5 (53)	40.9 (44)	1.2 (49)	4.6 (55)	11.1 (44)	19.0 (46)	-3.9 (51)	0.8 (57)	23.4 (52)	17.1 (59)
BlackRock MSCI ACWI IMI Fund	16.6 (43)	-16.2 (53)	41.4 (43)	1.5 (48)	4.5 (55)	11.4 (42)	19.1 (45)	-3.4 (49)	1.2 (55)	23.9 (48)	17.7 (53)
<i>MSCI AC World IMI (Net)</i>	16.1 (47)	-16.5 (53)	40.9 (44)	1.2 (49)	4.6 (55)	11.1 (44)	19.0 (46)	-3.9 (51)	0.8 (57)	23.4 (52)	17.1 (59)
Wellington Global Perspectives	13.4 (68)	-17.1 (57)	60.0 (8)	-11.7 (91)	-3.8 (90)	15.7 (19)	24.8 (15)	-4.2 (53)	-1.4 (70)	33.1 (5)	30.7 (4)
<i>Performance Benchmark</i>	13.0 (69)	-21.8 (79)	54.1 (13)	-5.5 (75)	-3.0 (88)	13.8 (27)	20.5 (36)	-4.7 (56)	1.5 (53)	26.0 (31)	20.6 (31)

Asset Allocation & Performance

Calendar Year Performance

	Performance %										
	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
T. Rowe Price Global Equity	20.0 (20)	-28.7 (91)	52.0 (14)	22.8 (5)	8.0 (34)	21.3 (7)	28.8 (8)	-0.6 (33)	7.5 (10)	32.0 (6)	18.2 (49)
MSCI AC World Index (Net)	16.5 (44)	-15.8 (49)	39.3 (52)	2.1 (45)	5.7 (49)	10.7 (47)	18.8 (48)	-3.7 (50)	0.7 (58)	22.9 (55)	16.6 (63)
MSCI AC World Index Growth (net)	23.1 (10)	-23.5 (82)	39.7 (50)	16.6 (9)	7.2 (40)	16.1 (19)	18.6 (50)	-2.7 (44)	4.9 (24)	23.1 (54)	15.4 (69)
Lazard	10.4 (78)	-25.6 (86)	47.5 (23)	1.6 (47)	2.7 (69)	9.8 (53)	26.2 (12)	-10.7 (88)	7.3 (10)	23.3 (52)	15.8 (67)
MSCI AC World Index (Net)	16.5 (44)	-15.8 (49)	39.3 (52)	2.1 (45)	5.7 (49)	10.7 (47)	18.8 (48)	-3.7 (50)	0.7 (58)	22.9 (55)	16.6 (63)
Harris Global Equity	18.4	-17.0	56.6	-6.6	-2.0	5.0	38.9	-12.8	0.7		
MSCI World Index (Net)	18.5	-14.3	39.0	2.8	6.3	11.1	18.2	-2.8	1.4		
MSCI World Value (Net)	10.7	-6.6	37.9	-11.3	4.2	5.6	18.7	-3.7	-2.9		
Arrowstreet Global Equity - Alpha Extension Fund											
MSCI AC World IMI (Net)											
Fixed Income	1.4	-7.5	3.1	6.4	6.4	1.3	5.2	3.5	1.0	6.1	3.8
Performance Benchmark	0.0	-10.9	1.1	7.9	8.1	-0.3	0.9	5.8	1.6	5.2	0.2
BlackRock	-0.4 (75)	-10.9 (69)	0.9 (72)	9.0 (18)	8.0 (26)	-0.3 (76)	0.3 (69)	6.0 (23)	2.4 (15)	5.2 (50)	0.3 (63)
Performance Benchmark	0.0 (69)	-10.9 (69)	1.1 (68)	7.9 (29)	8.1 (24)	-0.3 (74)	0.9 (55)	5.8 (25)	1.6 (37)	5.2 (49)	0.2 (66)
Loomis Sayles	3.3 (25)	-12.5 (82)	9.3 (21)	7.6 (31)	7.4 (38)	1.8 (26)	8.1 (16)	1.9 (69)	1.1 (56)	12.0 (9)	10.7 (7)
Performance Benchmark	2.7 (31)	-11.5 (75)	4.9 (34)	6.6 (40)	8.2 (21)	0.5 (48)	4.0 (26)	5.0 (36)	1.0 (60)	6.8 (35)	2.8 (30)
Putnam	2.4 (70)	-5.1 (41)	4.0 (84)	0.1 (63)	3.7 (42)	4.1 (54)	7.9 (30)	-3.6 (78)	-0.7 (60)	3.7 (85)	5.5 (54)
LIBOR	3.6 (62)	0.0 (18)	0.2 (90)	2.1 (43)	2.6 (54)	1.5 (77)	0.8 (86)	0.4 (46)	0.2 (40)	0.3 (94)	0.4 (100)
SSgA Aggregate Bond Index	-1.0 (85)	-10.4 (62)	-0.3 (92)	8.7 (21)	7.9 (28)	-0.4 (77)	-0.3 (83)	6.0 (23)	1.9 (27)	4.3 (61)	-0.6 (83)
Barclays Aggregate Index	-0.9 (85)	-10.3 (61)	-0.3 (93)	8.7 (21)	7.9 (28)	-0.4 (77)	-0.3 (84)	6.0 (23)	1.9 (28)	4.4 (60)	-0.7 (85)
Wellington Global Total Return	4.8 (50)	3.8 (6)	1.7 (88)	2.1 (43)	5.3 (28)	5.1 (46)	-0.7 (88)	1.3 (41)	0.5 (32)		
BofA Merrill Lynch 3 Month US T-Bill	3.6 (62)	0.2 (15)	0.1 (90)	1.6 (47)	2.3 (58)	1.4 (78)	0.5 (86)	0.2 (46)	0.0 (42)		
Reams Core Plus Bond Fund	2.6	-10.7	2.1	15.3	8.6	0.0	0.0	6.1	1.5		
Barclays Aggregate Index	-0.9	-10.3	-0.3	8.7	7.9	-0.4	-0.3	6.0	1.9		
BRS Recycling Tax Credit											
BRS Recycling Tax Credit Phase 2											
BRS Recycling Tax Credit Phase 3											

Asset Allocation & Performance

Calendar Year Performance

	Performance %										
	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
Opportunistic/Alternatives	7.9	0.2	10.4	-5.3	-0.2	0.6	6.8	-1.7	5.8	10.2	12.9
<i>Custom Alternatives Benchmark</i>	4.4	-0.2	11.5	-2.8	2.4	3.4	2.8	-3.7	1.7	6.3	7.1
Anchorage	6.9	0.1	23.9	-5.4	1.4	6.2	5.9	-3.9	3.8	18.9	19.4
<i>Credit Suisse Event Driven</i>	3.0	-5.4	27.5	-6.9	1.9	3.8	9.3	-10.4	-2.0	14.1	14.5
York	35.5	-9.1	5.3	-45.2	-5.9	12.2	14.3	-12.9	-7.2	22.4	19.4
<i>Credit Suisse Event Driven</i>	3.0	-5.4	27.5	-6.9	1.9	3.8	9.3	-10.4	-2.0	14.1	14.5
Capula	11.8	6.6	2.5	9.8	6.3	3.8	7.8	6.1	8.9	7.9	4.0
<i>HFRI Macro (Total) Index</i>	-0.4	7.9	15.0	0.8	2.4	1.1	-2.4	1.8	4.2	1.5	-0.1
Graham	3.7	23.6	27.4	-5.6	2.1	6.5	-3.2	-1.0	23.9	2.7	5.9
<i>HFRI Macro (Total) Index</i>	-0.4	7.9	15.0	0.8	2.4	1.1	-2.4	1.8	4.2	1.5	-0.1
Circumference Group Core Value	16.4	-10.1	27.9	5.0	2.7	15.9	14.0				
<i>Russell 2000 Index</i>	12.3	-25.2	62.0	-6.6	-3.3	17.6	24.6				
Aeolus Keystone Fund	11.3	-8.2	-0.2	5.1	-5.8	-17.9	11.2				
<i>FTSE 3 Month T-Bill</i>	3.7	0.2	0.1	1.6	2.3	1.3	0.5				
<i>Eurekahedge ILS Advisers Index</i>	4.2	0.4	3.6	2.9	-5.5	-6.6	5.0				
Nephila Rubik Holdings	2.2	-15.1	-9.6	3.1	-6.9	-7.7	2.2				
<i>FTSE 3 Month T-Bill</i>	3.7	0.2	0.1	1.6	2.3	1.3	0.5				
<i>Eurekahedge ILS Advisers Index</i>	4.2	0.4	3.6	2.9	-5.5	-6.6	5.0				
Parametric Global Defensive Equity Fund	12.6	-5.5	22.6	-4.2	3.9	5.8					
<i>Performance Benchmark</i>	10.4	-7.8	18.5	2.4	4.4	6.0					
<i>MSCI AC World Index</i>	17.1	-15.4	39.9	2.6	6.3	11.3					
Man Alternative Risk Premia	8.5	12.1	2.8	-7.9	1.8						
<i>SG Multi Alternative Risk Premia Index</i>	6.1	4.0	3.1	-11.6	0.4						
CFM Systematic Global Macro Fund	-4.8										
<i>HFRI Macro: Systematic Diversified Index</i>	-3.4										
Pillar Opportunity	-3.0										
<i>FTSE 3 Month T-Bill</i>	3.7										
<i>Eurekahedge ILS Advisers Index</i>	4.2										
Chatham PDSC III	18.8										
<i>HFRI Event-Driven (Total) Index</i>	5.3										
Silver Point Capital Fund	8.0										
<i>HFRI ED: Distressed/Restructuring Index</i>	1.6										
Prophet Mtg. Servicing Opportunities											
<i>Credit Suisse Hedge Fund Index</i>											
Chatham PDSC IV											
<i>HFRI Event-Driven (Total) Index</i>											

Asset Allocation & Performance

Calendar Year Performance

	Performance %										
	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
Real Assets	1.5	16.0	4.7	3.9	5.6	9.4	7.5	9.5	11.7	9.0	
<i>Total Real Assets Benchmark</i>	1.3	20.6	2.4	4.1	5.7	6.2	6.6	10.0	11.5	11.4	
Real Estate	-3.5	21.7	0.8	2.0	5.7	11.1	6.9	12.0	13.4	12.1	7.9
<i>NFI-ODCE (Net)</i>	-3.9	27.3	1.5	3.9	6.5	7.1	7.4	12.6	12.4	12.7	10.5
Timber	7.1	13.2	4.9	12.2	-0.3	1.2	8.0	0.4	9.4	-1.1	6.8
<i>Timberland Property Benchmark</i>	11.3	11.8	1.6	3.1	0.1	2.6	3.7	2.5	10.5	7.7	6.9
BTG Timber Separate Account											
BTG U.S. Timberland Fund, L.P.											
Agriculture	10.1	12.8	6.0	1.8	3.5	3.3	4.3	9.8	2.5	11.0	11.5
<i>Agriculture Benchmark</i>	9.1	9.7	4.1	3.3	5.4	3.5	4.5	5.6	6.5	12.8	20.9
HFMS Farmland	5.8	14.1	7.0	1.4	3.4	2.9	3.9	10.7	2.5	11.0	11.5
<i>HFMS custom NCREIF Farmland Index</i>	9.1	9.7	4.4	4.6	4.9	2.0	4.0	4.8	6.5	12.8	20.9
UBS Agrivest Core Farmland Fund	26.4	9.4	3.5	3.1	4.0	4.5	5.0	6.2			
<i>UBS Agrivest custom NCREIF Farmland Index</i>	9.1	9.7	4.2	4.7	6.2	5.0	5.5	8.4			
Infrastructure	12.6	16.3	21.2	7.2	14.6						
<i>CPI + 5%</i>	8.1	14.5	10.6	5.7	6.7						
Private Equity	2.1	16.6	33.3	4.9	12.8	22.3	16.7	7.7	11.9	20.6	12.5
<i>Private Equity Policy</i>	-6.9	13.9	65.9	-7.5	10.8	16.1	20.4	1.6	14.5	25.0	16.8
Cash	7.8	2.1	0.8	3.8	6.5	1.2	5.0	3.2			

*The Real Assets and Private Equity returns and their benchmark returns are shown on a one-quarter lag.

*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 151 of this report.

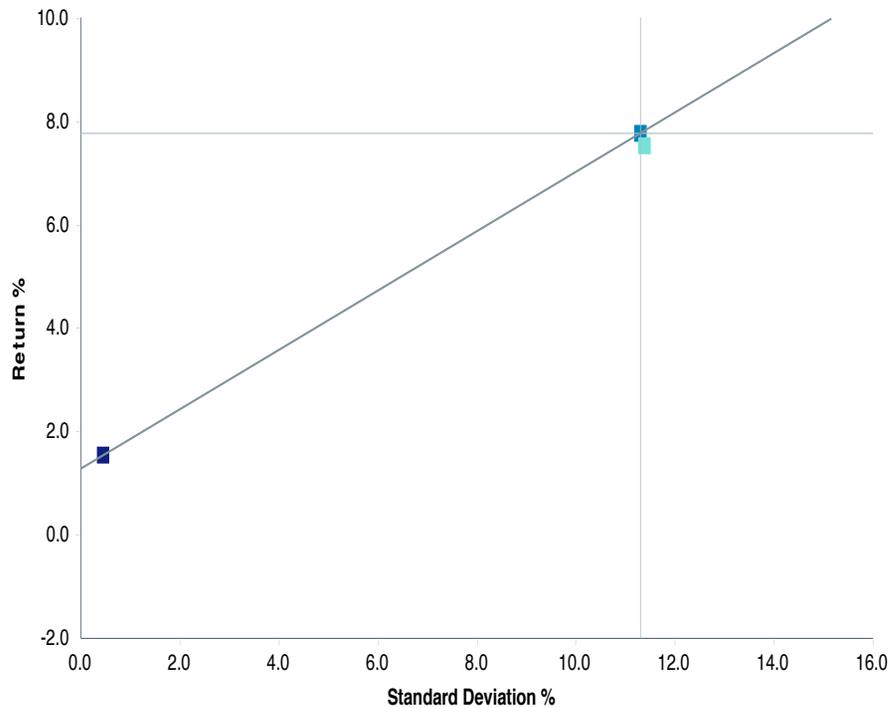
*The inception date above for infrastructure reflects the inception date for the calculation and reporting of time-weighted returns. The Infrastructure program began in July 2014 and the full history of Infrastructure returns are included in Total Real Assets and Total Fund performance.

*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. This represents an approximate 9.9% yield for the 2017 fiscal year. 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.

Risk Profile Total Fund

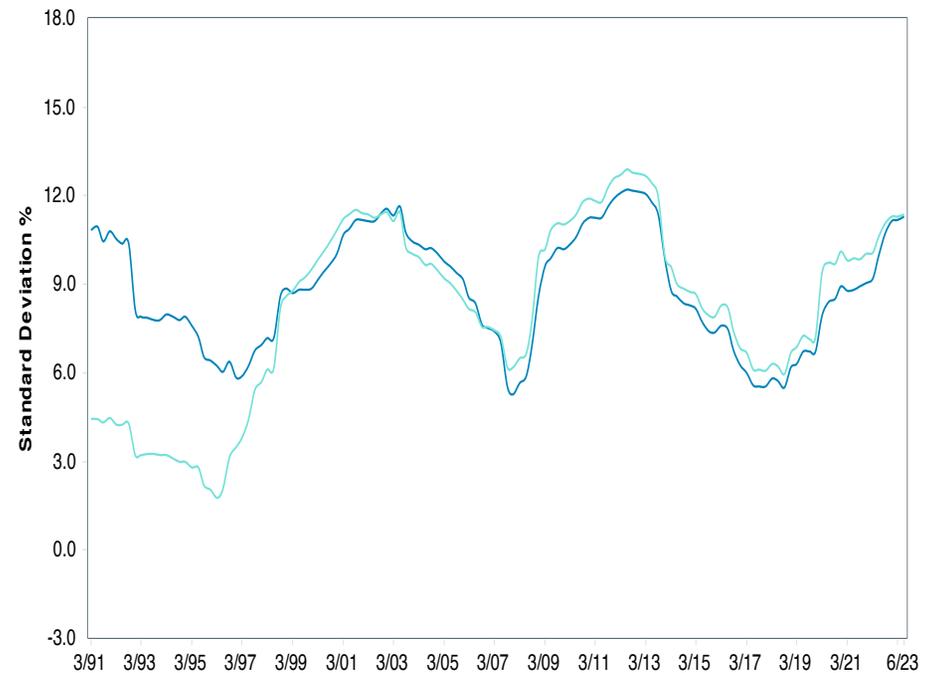
As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



■ Total Fund ■ Performance Benchmark ■ 90 Day U.S. Treasury Bill

Standard Deviation
Rolling 5 Years



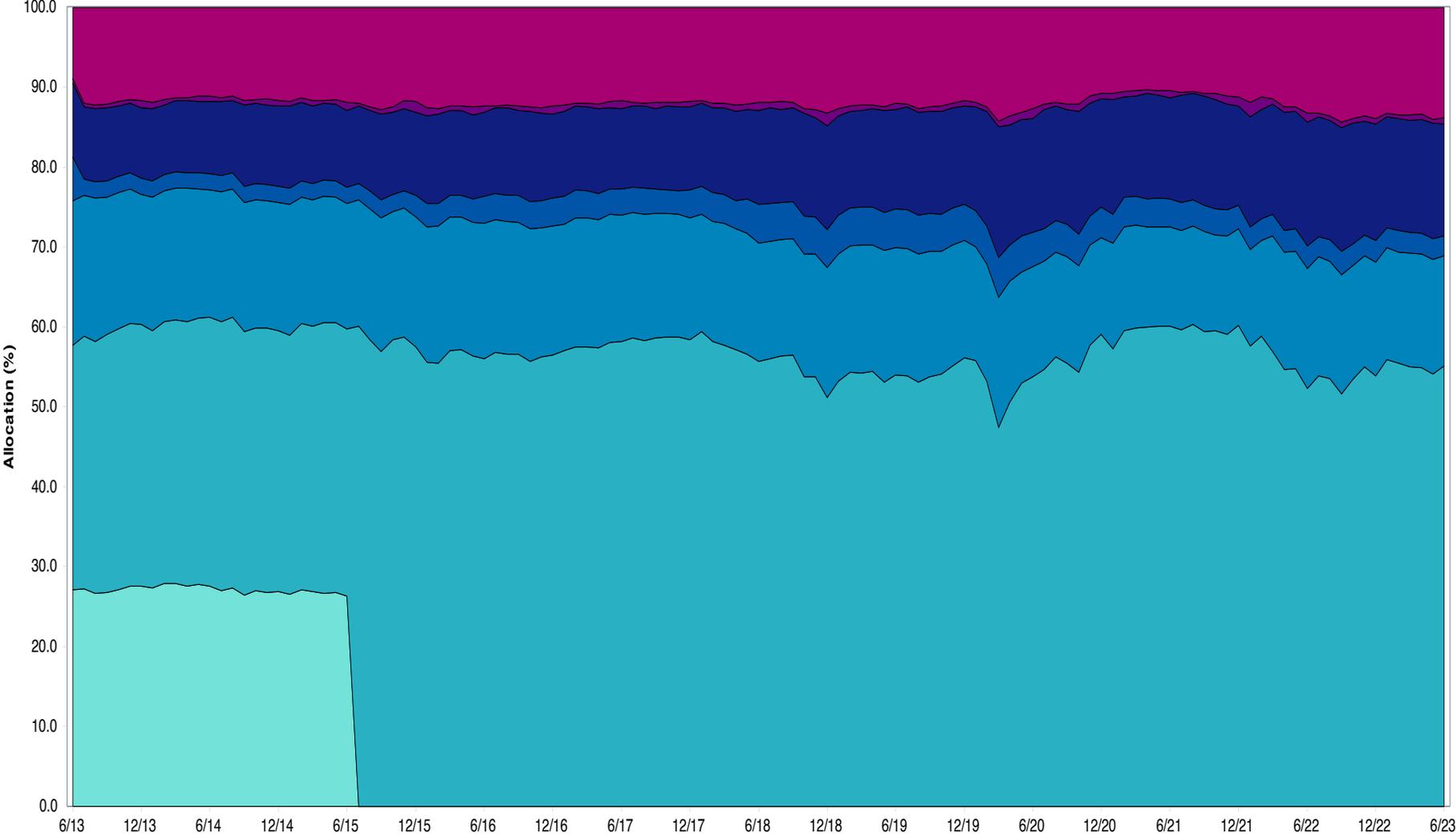
— Total Fund — Performance Benchmark

5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Total Fund	-0.21	3.63	-0.06	0.90	0.56	0.15	0.96	7.54	11.38	0.95
Performance Benchmark	0.00	0.00	-	1.00	0.58	0.00	1.00	7.78	11.29	1.00
90 Day U.S. Treasury Bill	-6.61	11.36	-0.58	0.02	-	1.59	-0.01	1.55	0.44	-0.13

Historical Asset Allocation by Segment

10 Years Ending June 30, 2023



- Domestic Equity
- Global Equity
- Fixed Income
- Opportunistic/Alternatives
- Private Equity
- Cash
- Real Assets



Total Fund Asset Allocation

Asset Allocation as of 6/30/2023								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	\$1,234,178.4					\$1,234,178.4	5.95%		
Kennedy Capital Management	\$589,778.8					\$589,778.8	2.84%		
Stephens	\$563,084.2					\$563,084.2	2.71%		
Voya Absolute Return	\$780,178.9					\$780,178.9	3.76%		
Voya U.S. Convertibles	\$936,060.3					\$936,060.3	4.51%		
Pershing Square Holdings	\$259,442.4					\$259,442.4	1.25%		
SSgA Global Index	\$1,341,503.3					\$1,341,503.3	6.47%		
BlackRock MSCI ACWI IMI Fund	\$1,310,986.0					\$1,310,986.0	6.32%		
Wellington Global Perspectives	\$627,817.6					\$627,817.6	3.03%		
T. Rowe Price Global Equity	\$1,231,739.6					\$1,231,739.6	5.94%		
Lazard	\$704,629.0					\$704,629.0	3.40%		
D.E. Shaw	\$0.0					\$0.0	0.00%		
Harris Global Equity	\$645,339.5					\$645,339.5	3.11%		
Triam Partners	\$83,685.8					\$83,685.8	0.40%		
Triam Partners Co-Investments	\$81,506.9					\$81,506.9	0.39%		
Capital Guardian & Knight Vinke	\$58.7					\$58.7	0.00%		
Global Equity Transition Account	\$0.1					\$0.1	0.00%		
Arrowstreet	\$831,038.9					\$831,038.9	4.01%		
Total Equity						\$11,221,028.4	54.09%	55.35%	53.00%
BlackRock		\$250,429.4				\$250,429.4	1.21%		
Loomis Sayles		\$639,963.3				\$639,963.3	3.08%		
Putnam		\$8.3				\$8.3	0.00%		
SSgA Aggregate Bond Index		\$694,859.5				\$694,859.5	3.35%		
Wellington Global Total Return		\$387,606.7				\$387,606.7	1.87%		
Reams Core Plus Bond Fund		\$562,562.4				\$562,562.4	2.71%		
BRS Recycling Tax Credit		\$176,000.0				\$176,000.0	0.85%		
BRS Recycling Tax Credit Phase 2		\$77,031.6				\$77,031.6	0.37%		
BRS Recycling Tax Credit Phase 3		\$82,119.8				\$82,119.8	0.40%		
Total Fixed Income						\$2,870,580.9	13.84%	15.00%	15.00%
Anchorage				\$31,768.5		\$31,768.5	0.15%		
Capula				\$95,719.4		\$95,719.4	0.46%		
Graham				\$93,307.2		\$93,307.2	0.45%		
York				\$12,251.9		\$12,251.9	0.06%		
Circumference Group Core Value				\$39,818.8		\$39,818.8	0.19%		
Aeolus Keystone Fund				\$28,910.8		\$28,910.8	0.14%		
Nephila Rubik Holdings				\$8,642.3		\$8,642.3	0.04%		
Parametric Global Defensive Equity				\$207,019.7		\$207,019.7	1.00%		
Man Alternative Risk Premia				\$113,858.5		\$113,858.5	0.55%		
CFM Systematic Global Macro				\$97,903.1		\$97,903.1	0.47%		
Juniperus				\$94,392.9		\$94,392.9	0.45%		
Chatham PDSC III				\$63,784.4		\$63,784.4	0.31%		
Silver Point Capital				\$51,383.6		\$51,383.6	0.25%		
Chatham PDSC IV				\$55,090.2		\$55,090.2	0.27%		
Prophet				\$40,288.6		\$40,288.6	0.19%		
Total Opportunistic/Alternatives						\$1,034,139.7	4.98%	4.72%	5.00%
Real Estate			\$1,521,649.1			\$1,521,649.1	7.33%		
Timber			\$345,248.1			\$345,248.1	1.66%		
Agriculture			\$236,365.5			\$236,365.5	1.14%		
Infrastructure			\$456,796.7			\$456,796.7	2.20%		
Total Real Assets						\$2,560,059.5	12.34%	12.93%	15.00%
Total Private Equity				\$2,901,438.0		\$2,901,438.0	13.99%	12.00%	12.00%
Total Cash					\$158,610.9	\$158,610.9	0.76%	0.00%	0.00%
Total Fund	\$11,221,028.4	\$2,870,580.9	\$2,560,059.5	\$3,935,577.7	\$158,610.9	\$20,745,857.4	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 total due to rounding.

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Real Estate Asset Allocation

Asset Allocation as of 6/30/2023				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	\$73.4	0.00%	0.00%	LaSalle Asia Opportunity Fund VI	-\$485.1	-0.03%	0.00%
Almanac Realty Securities Fund VI	\$4,053.3	0.27%	0.02%	LaSalle Income & Growth Fund VI	\$3,698.8	0.24%	0.02%
Almanac Realty Securities Fund VII	\$17,513.2	1.15%	0.08%	LaSalle Income & Growth Fund VII	\$11,295.1	0.74%	0.05%
Almanac Realty Securities Fund VIII	\$18,476.0	1.21%	0.09%	LaSalle Income & Growth Fund VIII	\$30,685.2	2.02%	0.15%
Almanac Realty Securities Fund IX	\$4,816.1	0.32%	0.02%	LBA Logistics Value Fund	\$19,238.6	1.26%	0.09%
American Center	\$24,626.8	1.62%	0.12%	Lone Star Real Estate Fund IV	\$6,445.5	0.42%	0.03%
AR Insurance	\$2,377.6	0.16%	0.01%	Long Wharf Real Estate Partners V	\$17,921.3	1.18%	0.09%
AR Teachers Retirement Building	\$4,803.5	0.32%	0.02%	Long Wharf Real Estate Partners VI	\$34,461.2	2.26%	0.17%
Blackstone Real Estate Partners VII	\$9,371.2	0.62%	0.05%	Mesa West Income Fund V	\$12,367.7	0.81%	0.06%
Blackstone RE Europe VI	\$32,364.0	2.13%	0.16%	Metropolitan RE Co-Investments	\$9,473.8	0.62%	0.05%
Blackston RE X	\$2,927.6	0.19%	0.01%	Met Life Commercial Mtg Inc Fund	\$46,483.1	3.05%	0.22%
Carlyle Realty Partners VII	\$7,238.4	0.48%	0.03%	Morgan Stanley Prime Property Fund	\$64,248.0	4.22%	0.31%
Carlyle Realty VIII	\$13,505.6	0.89%	0.07%	New Boston Fund VII	\$11,976.1	0.79%	0.06%
Carlyle Realty IX	\$3,923.2	0.26%	0.02%	O'Connor NAPP II	\$4,447.7	0.29%	0.02%
CBREI SP U.S. Opportunity V	\$299.9	0.02%	0.00%	PRISA	\$316,295.8	20.79%	1.52%
CBREI SP VIII	\$17,703.3	1.16%	0.09%	Recoveries Land	\$70.0	0.00%	0.00%
CBREI SP IX	\$28,100.3	1.85%	0.14%	Rockwood Capital RE Partners IX	\$5,100.0	0.34%	0.02%
Cerberus Institutional RE Partners III	\$9,232.3	0.61%	0.04%	Rockwood Capital RE XI	\$30,313.9	1.99%	0.15%
Calmwater	\$12,055.7	0.79%	0.06%	Rose Law Firm	\$4,193.7	0.28%	0.02%
Fletcher Properties	\$1,063.4	0.07%	0.01%	RREEF Core Plus Industrial Fund	\$45,513.5	2.99%	0.22%
FPA Core Plus IV	\$35,387.2	2.33%	0.17%	Texarkana DHS	\$0.0	0.00%	0.00%
GCP GLP IV	\$37,500.8	2.46%	0.18%	Torchlight Debt Opportunity Fund IV	\$2,846.0	0.19%	0.01%
Harbert European Real Estate	\$4,024.8	0.26%	0.02%	Torchlight Debt Opportunity Fund V	\$2,409.4	0.16%	0.01%
Heitman European Property IV	\$283.4	0.02%	0.00%	Torchlight Debt Opportunity Fund VI	\$18,446.1	1.21%	0.09%
JP Morgan Strategic Property Fund	\$181,020.1	11.90%	0.87%	Torchlight Debt Opportunity Fund VII	\$27,126.9	1.78%	0.13%
Kayne Anderson V	\$20,224.7	1.33%	0.10%	UBS Trumbull Property Fund	\$139,356.2	9.16%	0.67%
Kayne Anderson VI	\$18,354.6	1.21%	0.09%	UBS Trumbull Property Income Fund	\$56,091.6	3.69%	0.27%
Landmark Fund VI	\$118.2	0.01%	0.00%	Victory	\$32,769.2	2.15%	0.16%
Landmark Real Estate IX	-\$540.4	-0.04%	0.00%	Walton Street Real Estate Debt II	\$15,464.8	1.02%	0.07%
Landmark Real Estate VIII	\$13,339.9	0.88%	0.06%	West Mphs. DHS	\$0.0	0.00%	0.00%
LaSalle Asia Opportunity Fund IV	\$1,545.8	0.10%	0.01%	Westbrook IX	\$7,806.1	0.51%	0.04%
LaSalle Asia Opportunity Fund V	\$11,101.0	0.73%	0.05%	Westbrook Real Estate Fund X	\$8,703.8	0.57%	0.04%
Total Real Estate				\$1,521,649.1	100.00%	7.33%	

*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 total due to rounding.

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Private Equity Asset Allocation

Asset Allocation as of 6/30/2023				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	\$20,259.3	0.70%	0.10%	JF Lehman III	\$23,648.2	0.82%	0.11%
Arlington Capital IV	\$33,117.6	1.14%	0.16%	JF Lehman IV	\$8,860.0	0.31%	0.04%
Arlington Capital V	\$36,543.6	1.26%	0.18%	JF Lehman V	\$34,777.3	1.20%	0.17%
Arlington Capital VI	\$4,209.5	0.15%	0.02%	JF Lehman VI	-\$187.0	-0.01%	0.00%
Advent GPE VI	\$4,101.1	0.14%	0.02%	KPS III	\$6.4	0.00%	0.00%
Altus Capital II	\$3,877.0	0.13%	0.02%	KPS IV	\$11,865.5	0.41%	0.06%
American Industrial Partners VI	\$32,814.7	1.13%	0.16%	KPS V	\$23,260.4	0.80%	0.11%
American Industrial Partners VII	\$34,409.1	1.19%	0.17%	KPS Mid-Cap	\$16,405.2	0.57%	0.08%
Altaris Constellation Partners	\$25,015.2	0.86%	0.12%	Levine Leichtman V	\$3,950.5	0.14%	0.02%
Altaris Health Partners IV	\$18,867.9	0.65%	0.09%	Lime Rock III	\$24,202.2	0.83%	0.12%
Atlas Capital II	\$12,272.3	0.42%	0.06%	LLR III	\$1,038.3	0.04%	0.01%
Audax Mezzanine III	\$1,364.5	0.05%	0.01%	LLR VI	\$23,787.9	0.82%	0.11%
Big River - Equity	\$1,677.9	0.06%	0.01%	Mason Wells III	\$26.8	0.00%	0.00%
Big River - Holdings Note 2023	\$0.0	0.00%	0.00%	NGP IX	\$208.4	0.01%	0.00%
Big River - Holdings Note 3/16/23	\$0.0	0.00%	0.00%	NGP X	\$3,832.9	0.13%	0.02%
Bison V	\$22,995.0	0.79%	0.11%	NGP XI	\$22,847.6	0.79%	0.11%
Bison VI	\$3,781.6	0.13%	0.02%	NGP XII	\$22,769.6	0.78%	0.11%
Boston Ventures VII	\$1,395.5	0.05%	0.01%	One Rock Capital Partners II	\$42,095.4	1.45%	0.20%
Boston Ventures IX	\$35,818.5	1.23%	0.17%	PineBridge	\$9,128.1	0.31%	0.04%
Boston Ventures X	\$27,565.1	0.95%	0.13%	Revelstoke	\$16,785.7	0.58%	0.08%
Boston Ventures XI	-\$376.5	-0.01%	0.00%	Riverside Value Fund I	\$19,364.6	0.67%	0.09%
BV VIII	\$22,337.4	0.77%	0.11%	Riverside IV	\$0.0	0.00%	0.00%
Castlelake II	\$10,187.3	0.35%	0.05%	Riverside V	\$23,060.9	0.79%	0.11%
Castlelake III	\$11,879.2	0.41%	0.06%	Riverside VI	\$30,294.4	1.04%	0.15%
Clearlake V	\$37,289.9	1.29%	0.18%	Siris III	\$20,323.1	0.70%	0.10%
Clearlake VI	\$45,121.4	1.56%	0.22%	Siris IV	\$35,237.0	1.21%	0.17%
Clearlake VII	\$15,967.6	0.55%	0.08%	SK Capital V	\$37,514.3	1.29%	0.18%
Court Square III	\$29,257.0	1.01%	0.14%	Sk Capital VI	\$11,377.4	0.39%	0.05%
CSFB-ATRS 2005-1 Series	\$19,990.8	0.69%	0.10%	Sycamore Partners II	\$12,987.4	0.45%	0.06%
CSFB-ATRS 2006-1 Series	\$35,693.2	1.23%	0.17%	Sycamore Partners III	\$19,935.2	0.69%	0.10%
Diamond State Ventures II	\$1,557.7	0.05%	0.01%	TA XI	\$6,987.9	0.24%	0.03%
DW Healthcare III	\$4,827.6	0.17%	0.02%	Tennenbaum VI	\$58.4	0.00%	0.00%
DW Healthcare IV	\$28,503.3	0.98%	0.14%	Thoma Bravo Discover	\$5,802.1	0.20%	0.03%
DW Healthcare V	\$26,664.0	0.92%	0.13%	Thoma Bravo Discover II	\$22,492.7	0.78%	0.11%
EnCap IX	\$8,656.8	0.30%	0.04%	Thoma Bravo Discover III	\$21,380.2	0.74%	0.10%
EnCap VIII	\$18,843.0	0.65%	0.09%	Thomas Bravo Discover IV	\$5,148.3	0.18%	0.02%
EnCap X	\$21,342.2	0.74%	0.10%	Thoma Bravo Explore I	\$19,586.3	0.68%	0.09%
EnCap XI	\$35,917.4	1.24%	0.17%	Thoma Bravo XI	\$21,107.9	0.73%	0.10%
Franklin Park Series	\$1,121,126.4	38.64%	5.40%	Thoma Bravo XII	\$31,436.5	1.08%	0.15%
Greenbriar V	\$33,925.6	1.17%	0.16%	Thoma Bravo XIII	\$45,132.0	1.56%	0.22%
Greenbriar VI	-\$168.8	-0.01%	0.00%	Thoma Bravo XIV	\$19,615.0	0.68%	0.09%
GCG IV	\$13,784.0	0.48%	0.07%	Thoma Bravo XV	\$10,139.0	0.35%	0.05%
GCG V	\$30,539.4	1.05%	0.15%	Vista Equity III	\$5,830.6	0.20%	0.03%
GCG VI	\$1,659.9	0.06%	0.01%	Vista Foundation II	\$6,935.9	0.24%	0.03%
GTLA Holdings	\$70,700.0	2.44%	0.34%	Vista Foundation III	\$25,987.7	0.90%	0.13%
Highland	\$129,948.2	4.48%	0.63%	Wellspring V	\$12,781.4	0.44%	0.06%
Insight Equity II	\$9,311.5	0.32%	0.04%	Wicks IV	\$8,297.0	0.29%	0.04%
Insight Mezzanine I	\$1,886.4	0.07%	0.01%	WNG II	\$26,858.0	0.93%	0.13%
				Total Private Equity	\$2,901,438.0	100.00%	13.99%

*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 total due to rounding.

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Total Equity

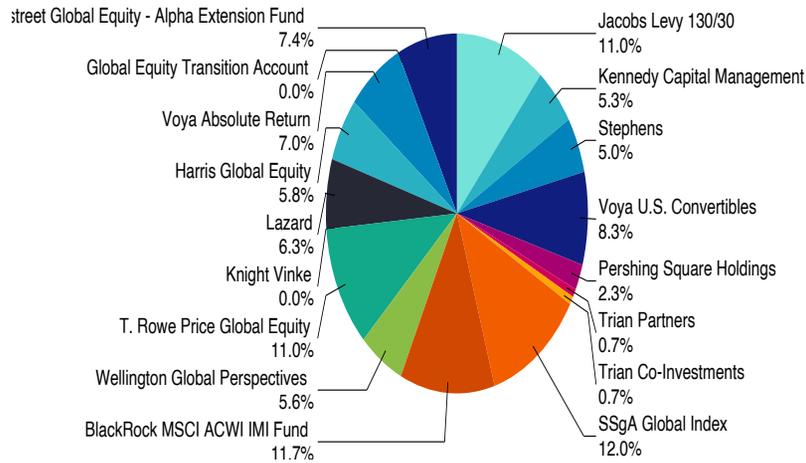


Composite Portfolio Overview Total Equity

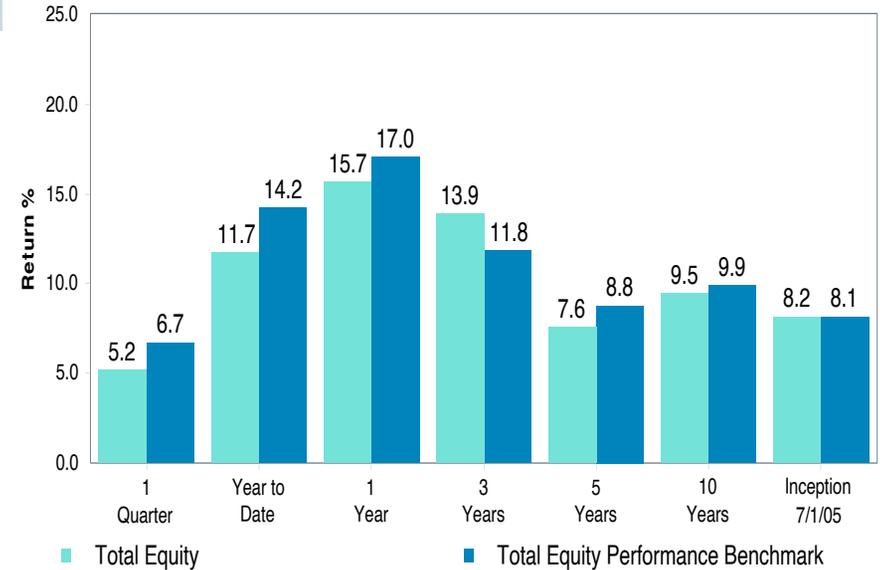
As of June 30, 2023

Current Allocation

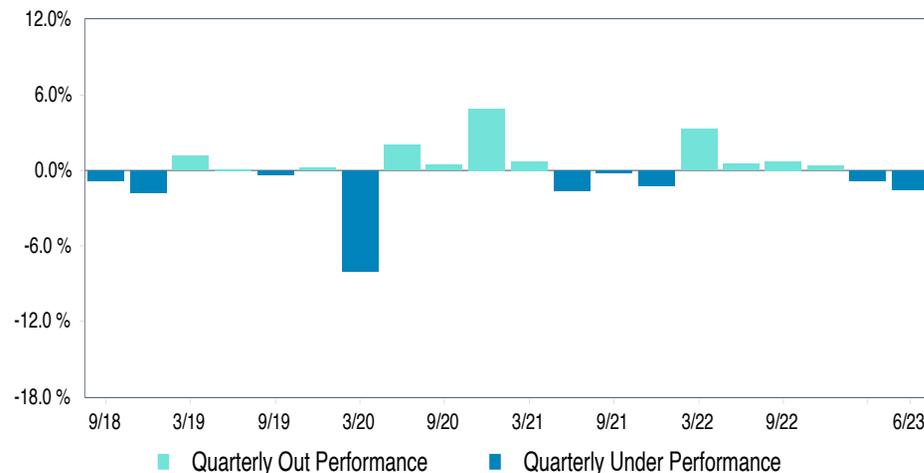
June 30, 2023 : \$11,221,028,367



Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years



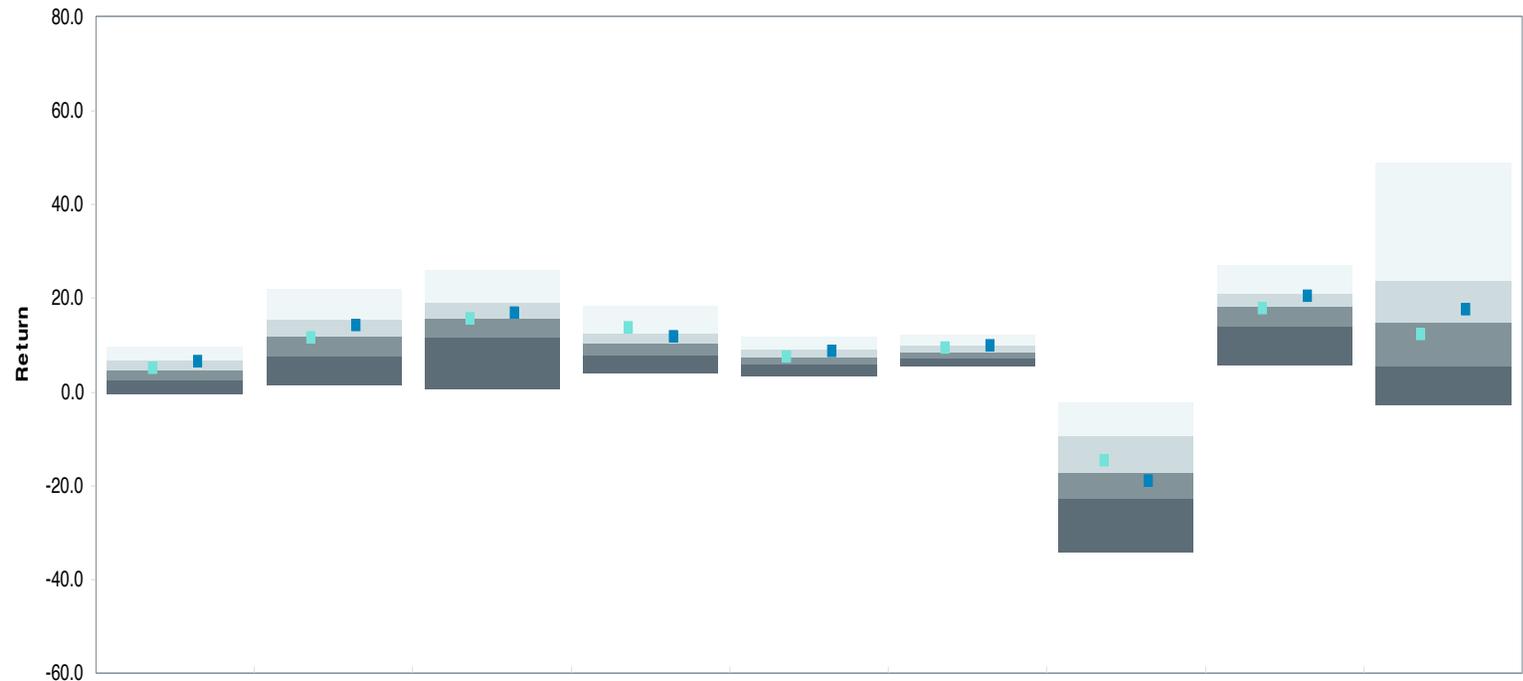
Note: April 1, 2004 represents the inception of the Global Equity Custom Benchmark as the primary performance objective for the Global Equity portfolio.



Peer Group Analysis

As of June 30, 2023

IM Global Equity (SA+CF)



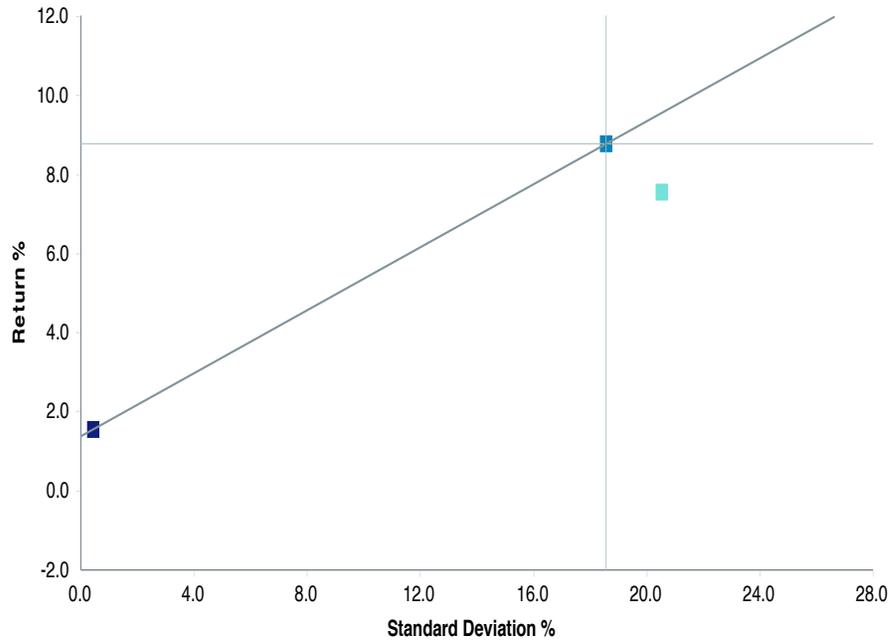
	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	2022	2021	2020
Total Equity	5.2 (44)	11.7 (51)	15.7 (52)	13.9 (16)	7.6 (48)	9.5 (32)	-14.4 (39)	17.9 (52)	12.4 (57)
Total Equity Performance Benchmark	6.7 (28)	14.2 (37)	17.0 (41)	11.8 (34)	8.8 (32)	9.9 (26)	-18.7 (57)	20.5 (29)	17.6 (40)
5th Percentile	9.8	22.0	26.0	18.3	11.6	12.3	-2.3	27.0	48.9
1st Quartile	6.9	15.5	19.0	12.7	9.1	9.9	-9.5	21.2	23.6
Median	4.7	12.0	15.8	10.4	7.4	8.6	-17.1	18.1	14.9
3rd Quartile	2.7	7.5	11.6	7.7	5.9	7.1	-22.7	14.2	5.7
95th Percentile	-0.4	1.6	0.7	3.9	3.5	5.4	-34.4	5.6	-2.8
Population	463	462	455	429	397	285	469	479	493

Parentheses contain percentile rankings.

Risk Profile Total Equity

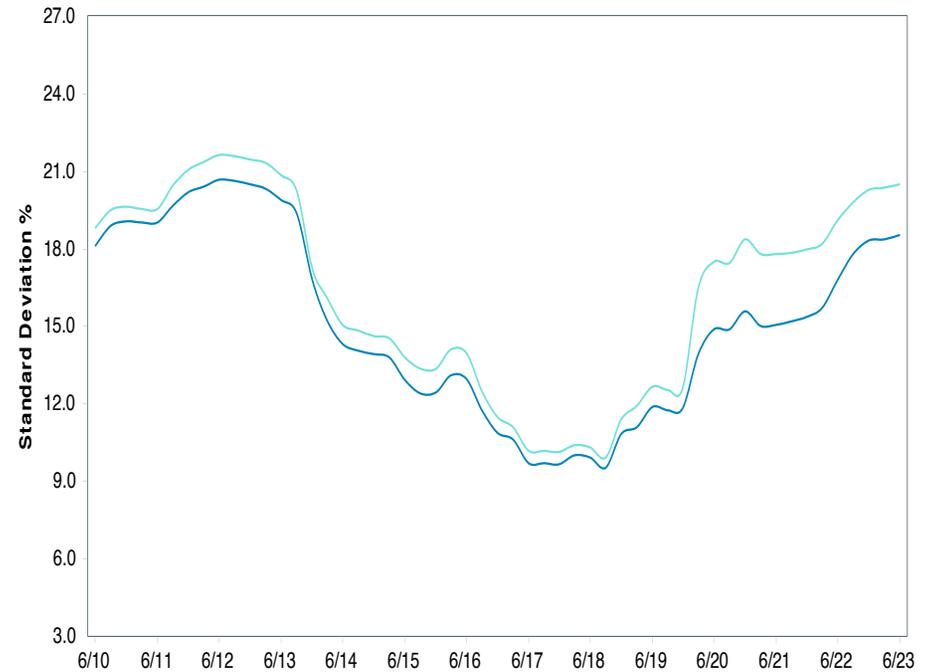
As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



- Total Equity
- Total Equity Performance Benchmark
- 90 Day U.S. Treasury Bill

Standard Deviation
Rolling 5 Years



- Total Equity
- Total Equity Performance Benchmark

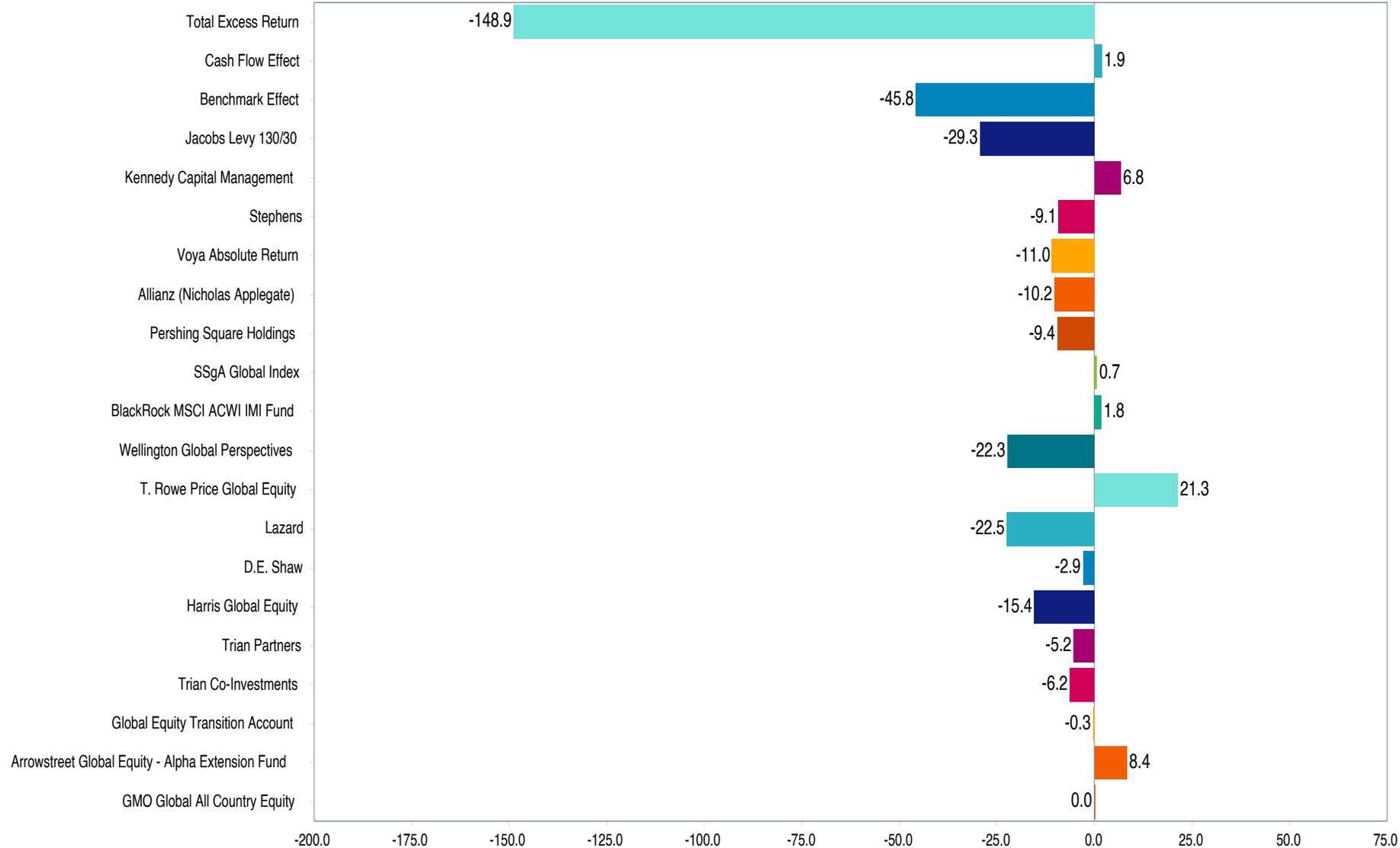
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Total Equity	-0.70	4.79	-0.15	0.95	0.38	-1.48	1.08	7.55	20.52	0.97
Total Equity Performance Benchmark	0.00	0.00	-	1.00	0.46	0.00	1.00	8.77	18.55	1.00
90 Day U.S. Treasury Bill	-8.61	18.60	-0.46	0.01	-	1.58	0.00	1.55	0.44	-0.11

Asset Class Attribution

1 Quarter Ending June 30, 2023

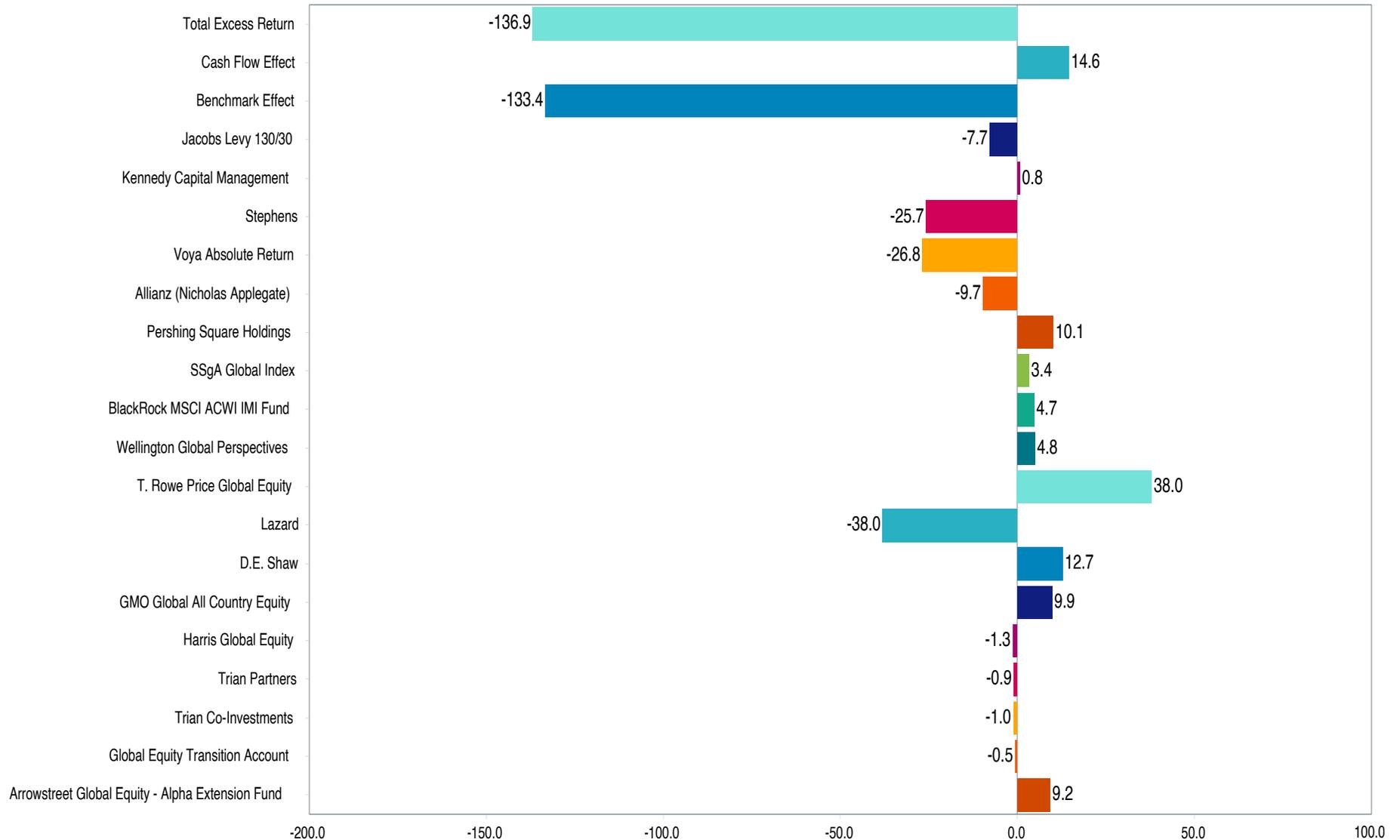
1 Quarter



Asset Class Attribution

1 Year Ending June 30, 2023

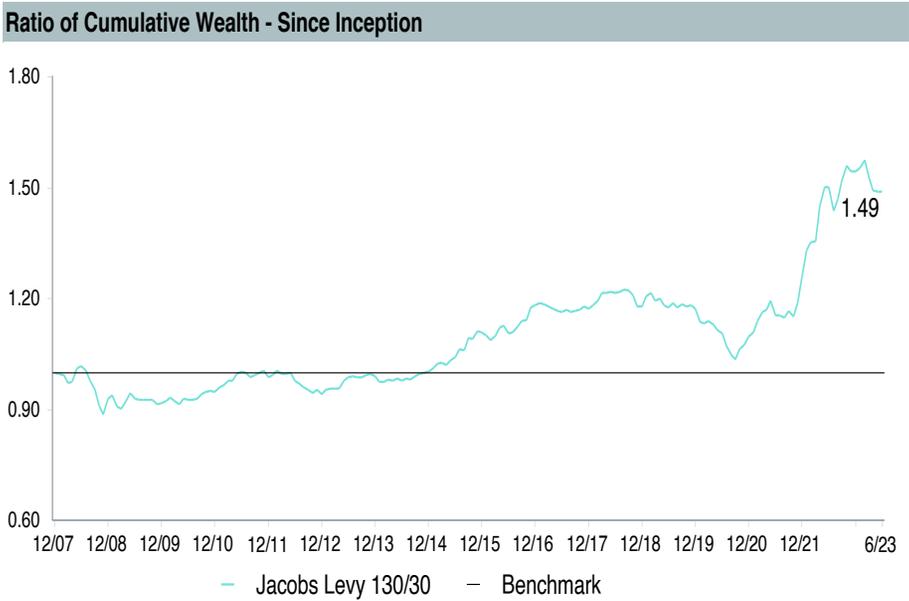
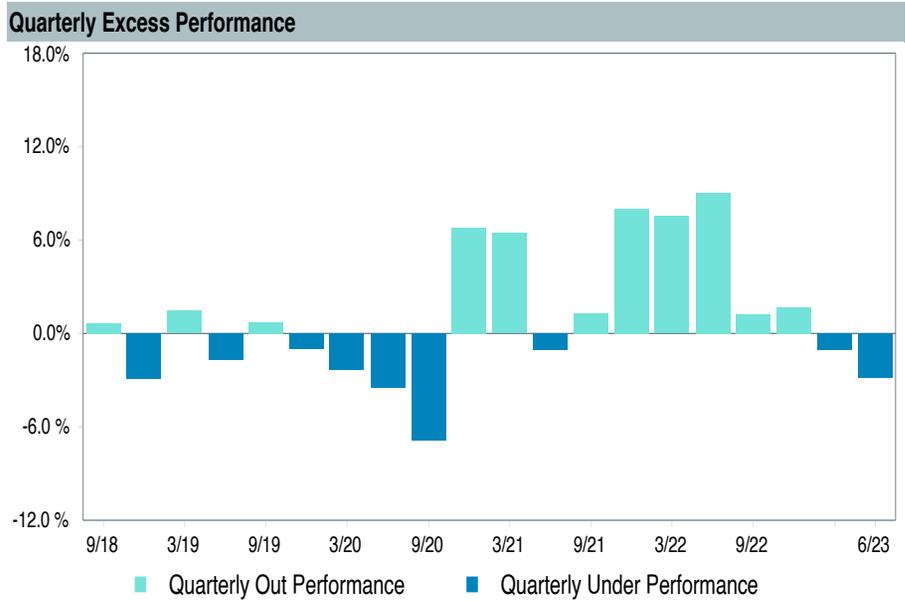
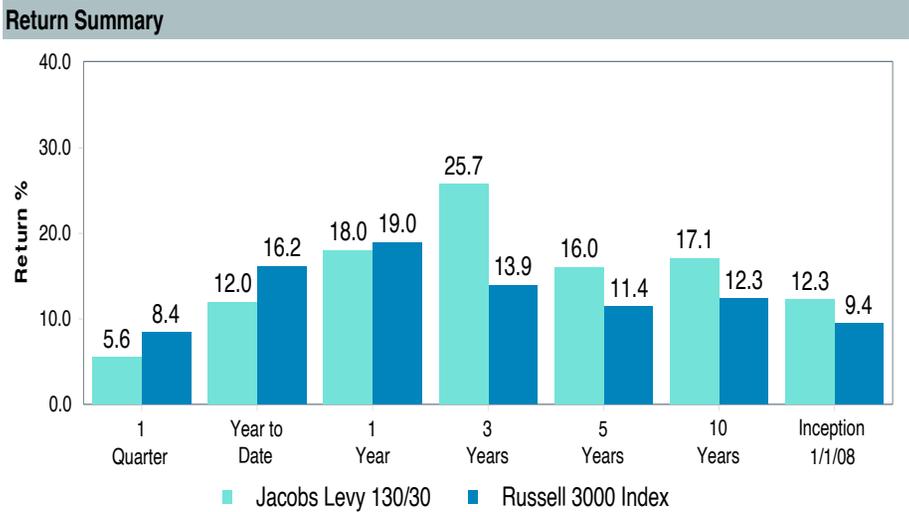
1 Year



Manager Performance Summary Jacobs Levy 130/30

As of June 30, 2023

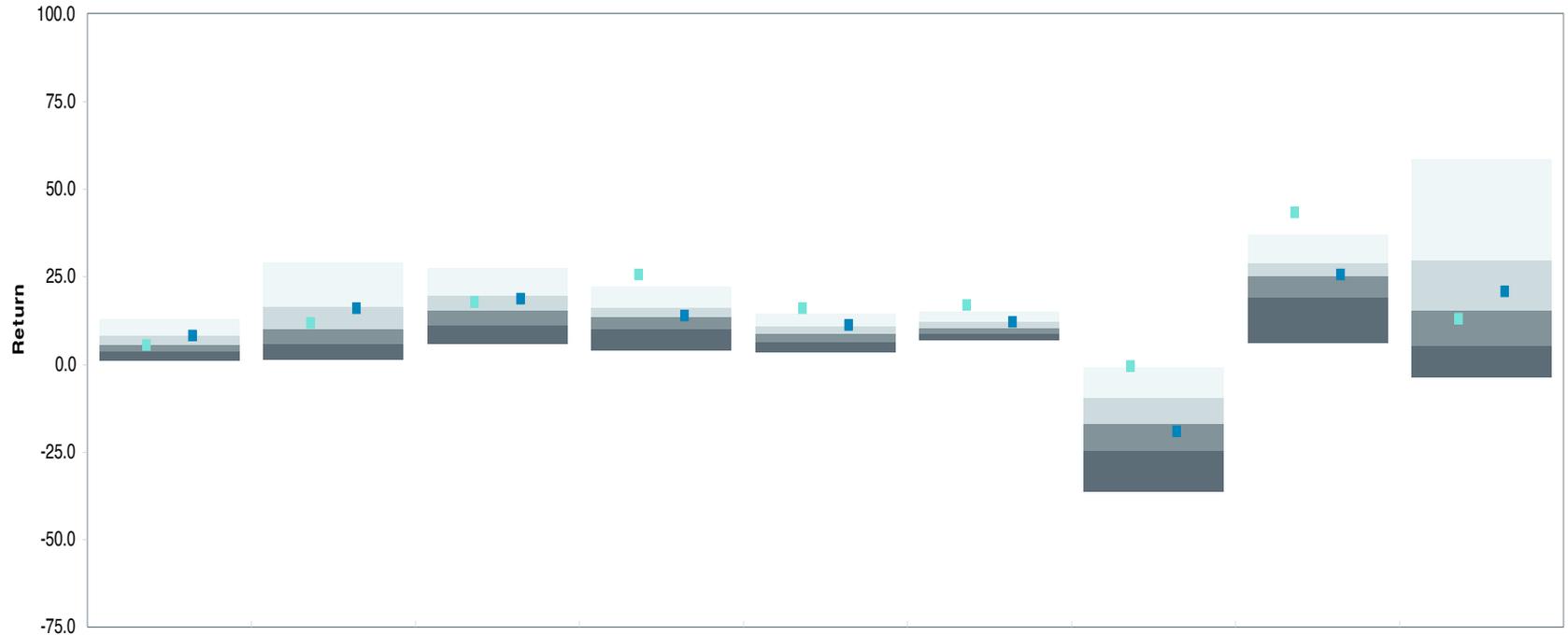
Account Information	
Account Name	Jacobs Levy 130/30
Inception Date	12/31/2007
Account Structure	Commingled Fund
Asset Class	US Equity
Benchmark	Russell 3000 Index
Peer Group	IM U.S. Equity (SA+CF)



Jacobs Levy 130/30

As of June 30, 2023

IM U.S. Equity (SA+CF)



	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	2022	2021	2020
Jacobs Levy 130/30	5.6 (49)	12.0 (44)	18.0 (38)	25.7 (3)	16.0 (2)	17.1 (1)	-0.5 (5)	43.5 (2)	13.2 (56)
Russell 3000 Index	8.4 (25)	16.2 (26)	19.0 (32)	13.9 (47)	11.4 (23)	12.3 (24)	-19.2 (62)	25.7 (46)	20.9 (37)
5th Percentile	12.9	28.9	27.5	22.0	14.5	14.9	-0.7	37.3	58.4
1st Quartile	8.4	16.3	19.8	16.1	11.1	12.2	-9.5	29.0	29.5
Median	5.5	10.2	15.4	13.6	8.8	10.3	-17.0	25.0	15.4
3rd Quartile	3.6	5.7	11.2	10.2	6.4	8.9	-24.4	19.2	5.3
95th Percentile	1.1	1.4	5.9	4.1	3.5	6.8	-36.3	6.1	-3.6

Population

1,882

1,876

1,865

1,797

1,725

1,404

1,979

2,041

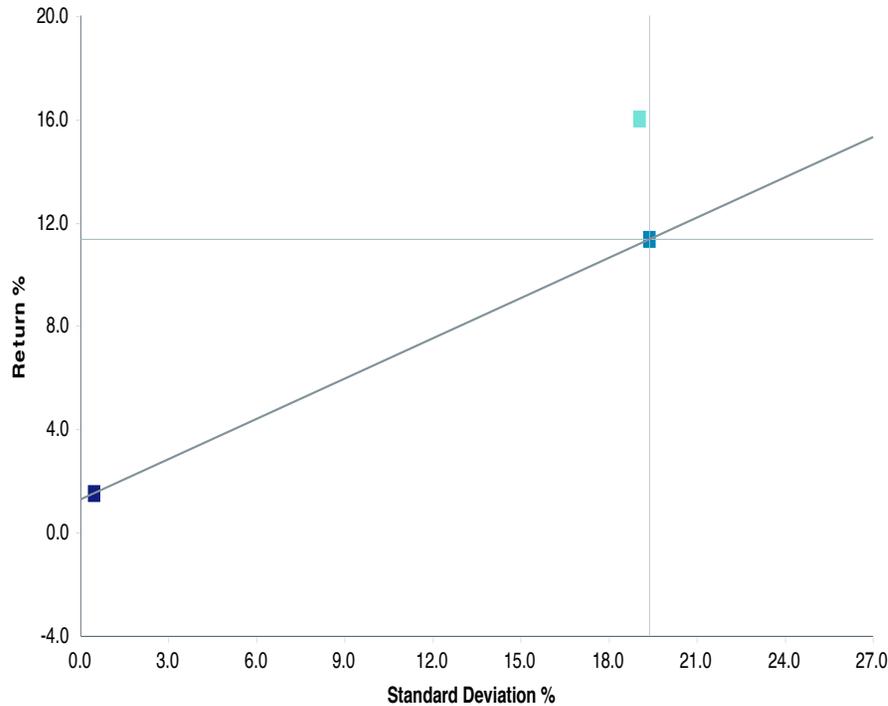
2,139

Parentheses contain percentile rankings.

Risk Profile Jacobs Levy 130/30

As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



■ Jacobs Levy 130/30 ■ Russell 3000 Index ■ 90 Day U.S. Treasury Bill

Standard Deviation
Rolling 5 Years



— Jacobs Levy 130/30 — Russell 3000 Index

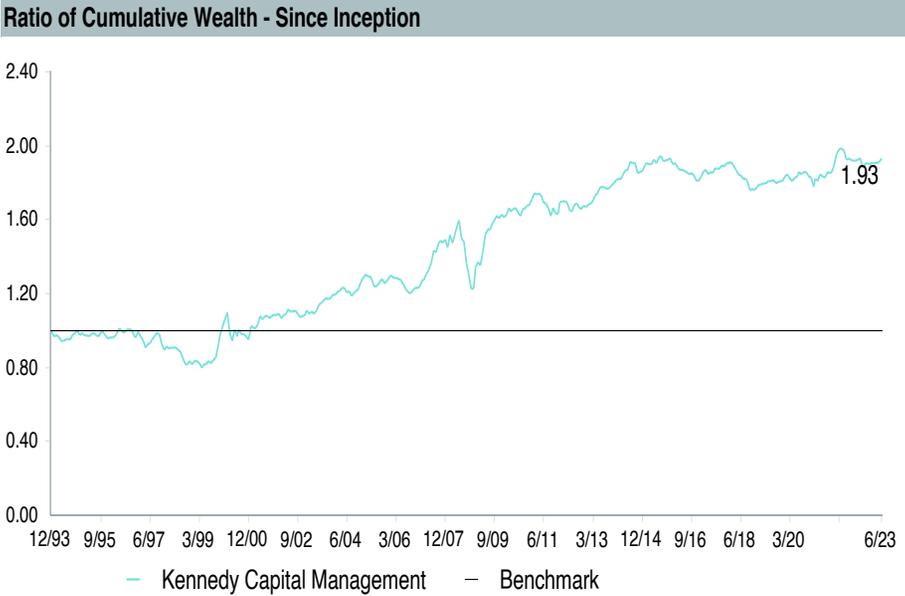
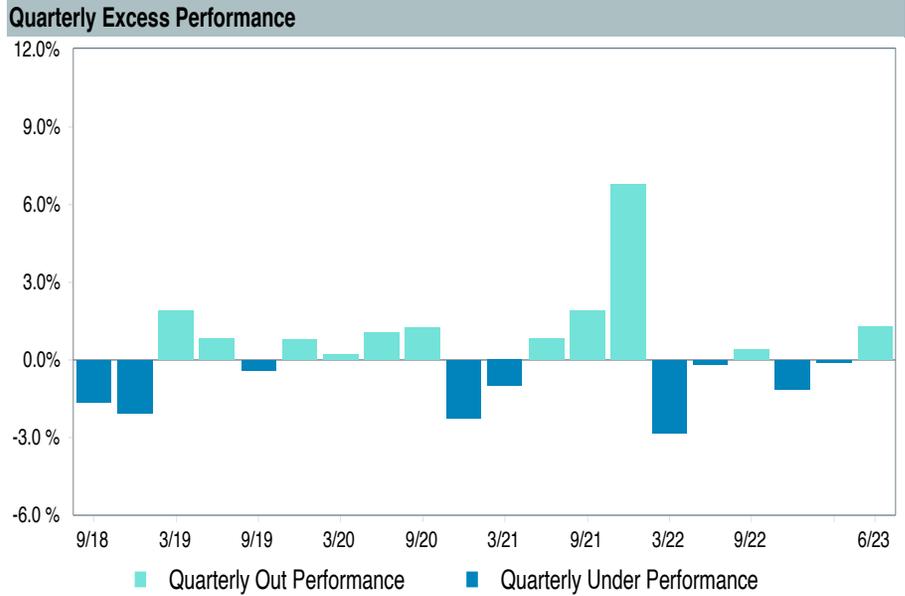
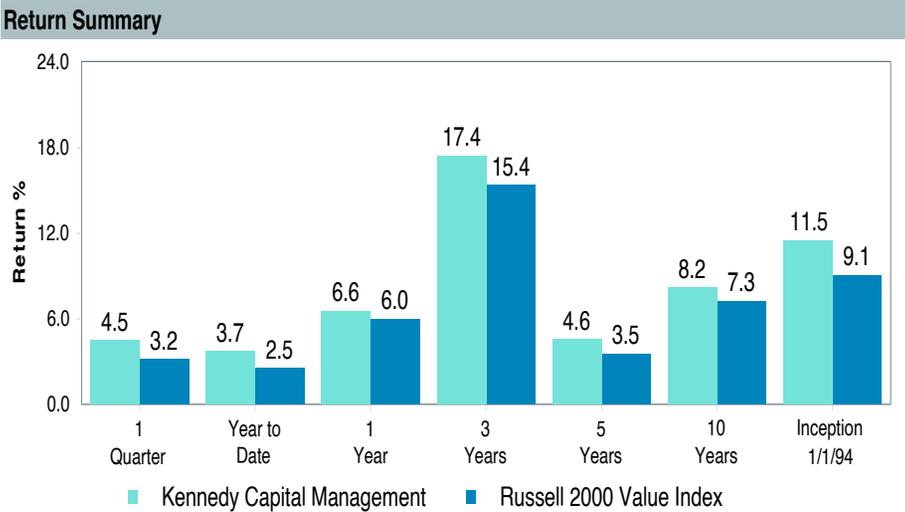
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Jacobs Levy 130/30	4.04	7.72	0.52	0.85	0.79	5.40	0.90	16.03	19.04	0.92
Russell 3000 Index	0.00	0.00	-	1.00	0.57	0.00	1.00	11.39	19.38	1.00
90 Day U.S. Treasury Bill	-11.16	19.44	-0.57	0.01	-	1.59	0.00	1.55	0.44	-0.12

Manager Performance Summary Kennedy Capital Management

As of June 30, 2023

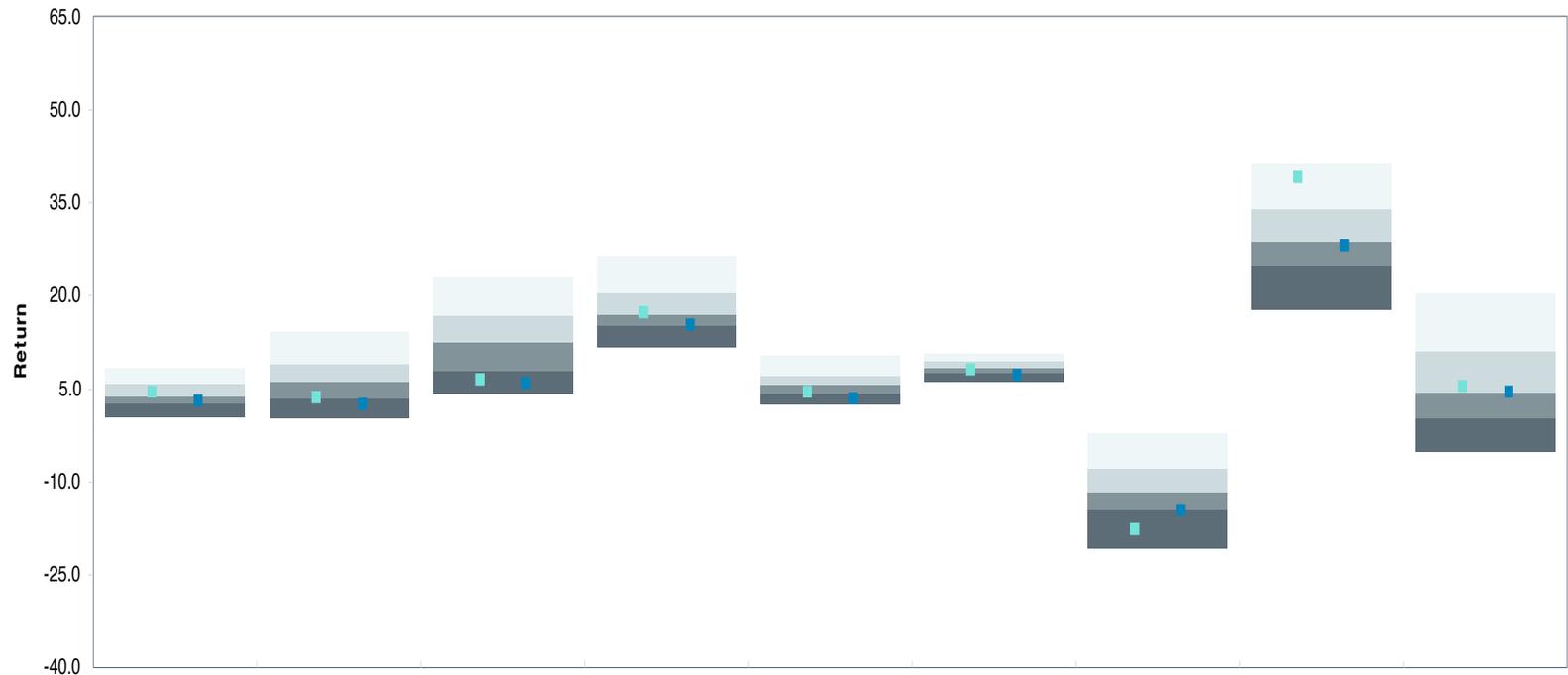
Account Information	
Account Name	Kennedy Capital Management
Inception Date	12/31/1993
Account Structure	Separate Account
Asset Class	US Equity
Benchmark	Russell 2000 Value Index
Peer Group	IM U.S. Small Cap Value Equity (SA+CF)



Kennedy Capital Management

As of June 30, 2023

IM U.S. Small Cap Value Equity (SA+CF)



	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	2022	2021	2020
Kennedy Capital Management	4.5 (39)	3.7 (73)	6.6 (87)	17.4 (45)	4.6 (67)	8.2 (56)	-17.6 (89)	39.2 (10)	5.4 (45)
Russell 2000 Value Index	3.2 (67)	2.5 (83)	6.0 (88)	15.4 (72)	3.5 (86)	7.3 (83)	-14.5 (75)	28.3 (53)	4.6 (50)
5th Percentile	8.4	14.4	23.1	26.4	10.3	10.7	-2.3	41.4	20.4
1st Quartile	5.7	9.1	16.8	20.4	7.1	9.5	-7.9	34.0	11.0
Median	3.8	6.2	12.5	16.9	5.7	8.4	-11.7	28.8	4.4
3rd Quartile	2.6	3.4	8.1	15.2	4.3	7.5	-14.5	24.9	0.3
95th Percentile	0.3	0.2	4.2	11.8	2.5	6.2	-20.7	17.7	-5.2
Population	165	165	163	157	153	136	173	176	186

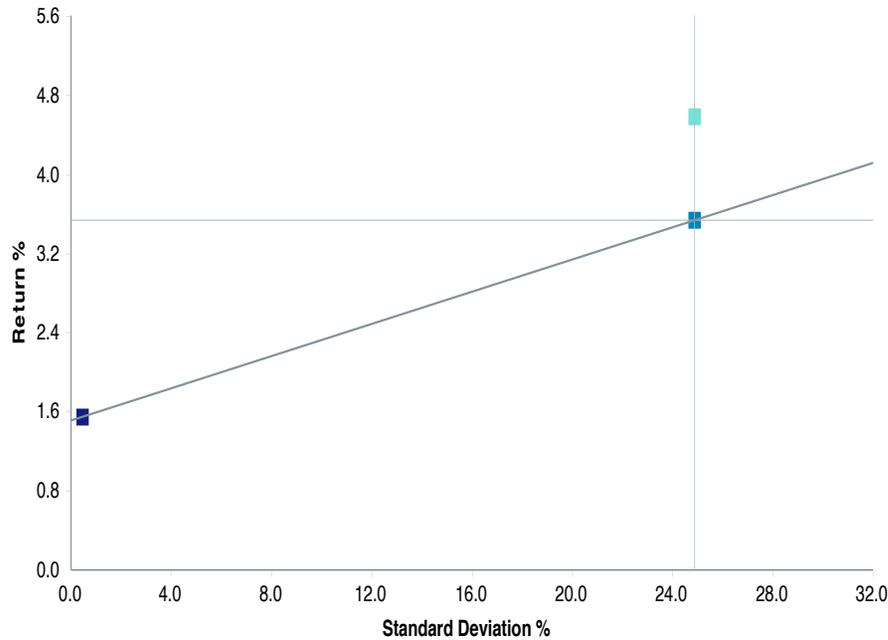
Parentheses contain percentile rankings.



Risk Profile Kennedy Capital Management

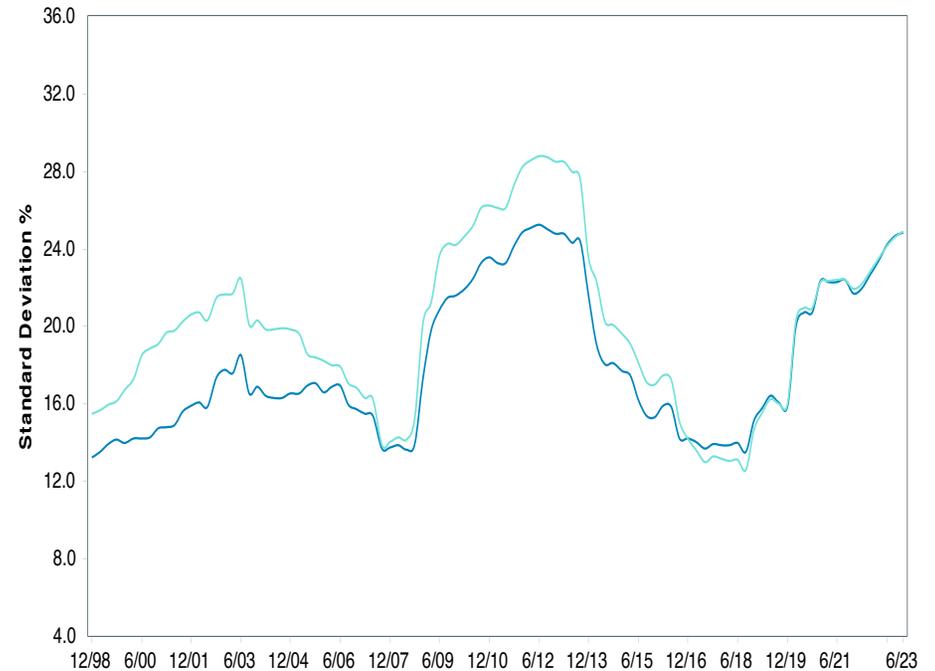
As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



- Kennedy Capital Management
- Russell 2000 Value Index
- 90 Day U.S. Treasury Bill

Standard Deviation
Rolling 5 Years



- Kennedy Capital Management
- Russell 2000 Value Index

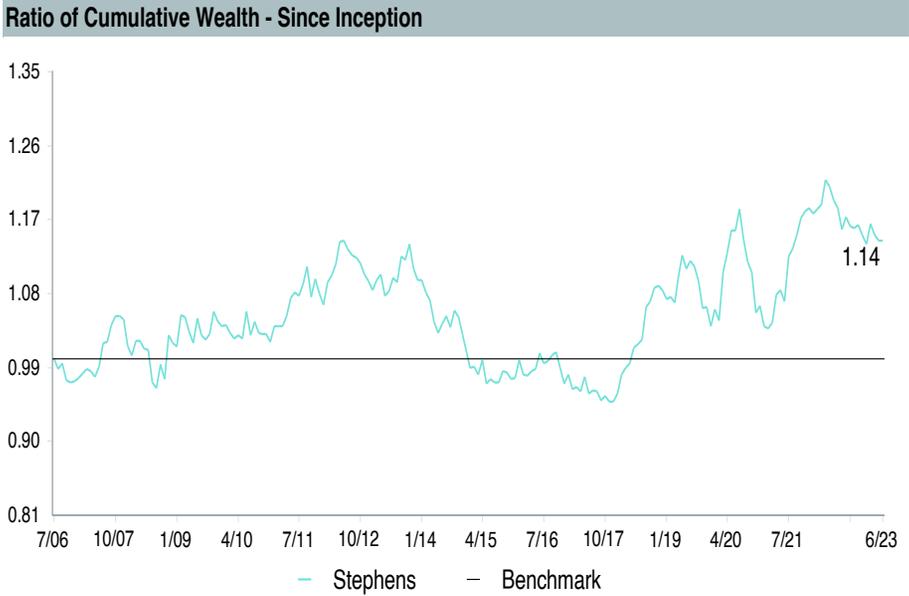
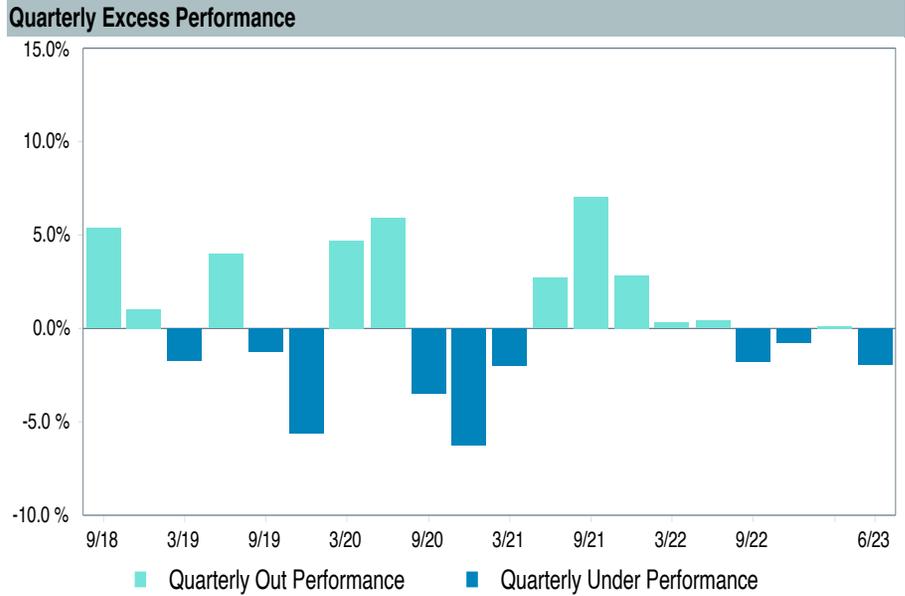
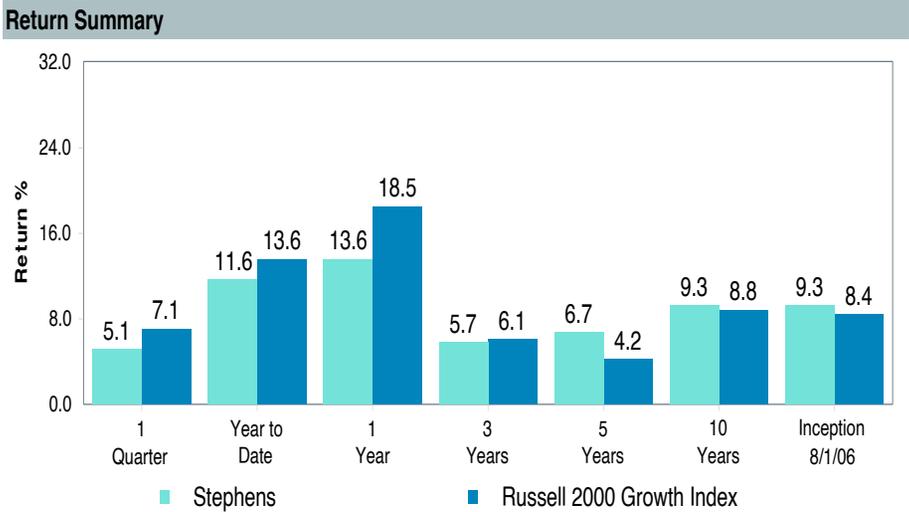
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Kennedy Capital Management	1.04	3.87	0.27	0.98	0.24	1.12	0.99	4.58	24.88	0.99
Russell 2000 Value Index	0.00	0.00	-	1.00	0.20	0.00	1.00	3.54	24.87	1.00
90 Day U.S. Treasury Bill	-5.07	24.98	-0.20	0.06	-	1.58	0.00	1.55	0.44	-0.25

Manager Performance Summary Stephens

As of June 30, 2023

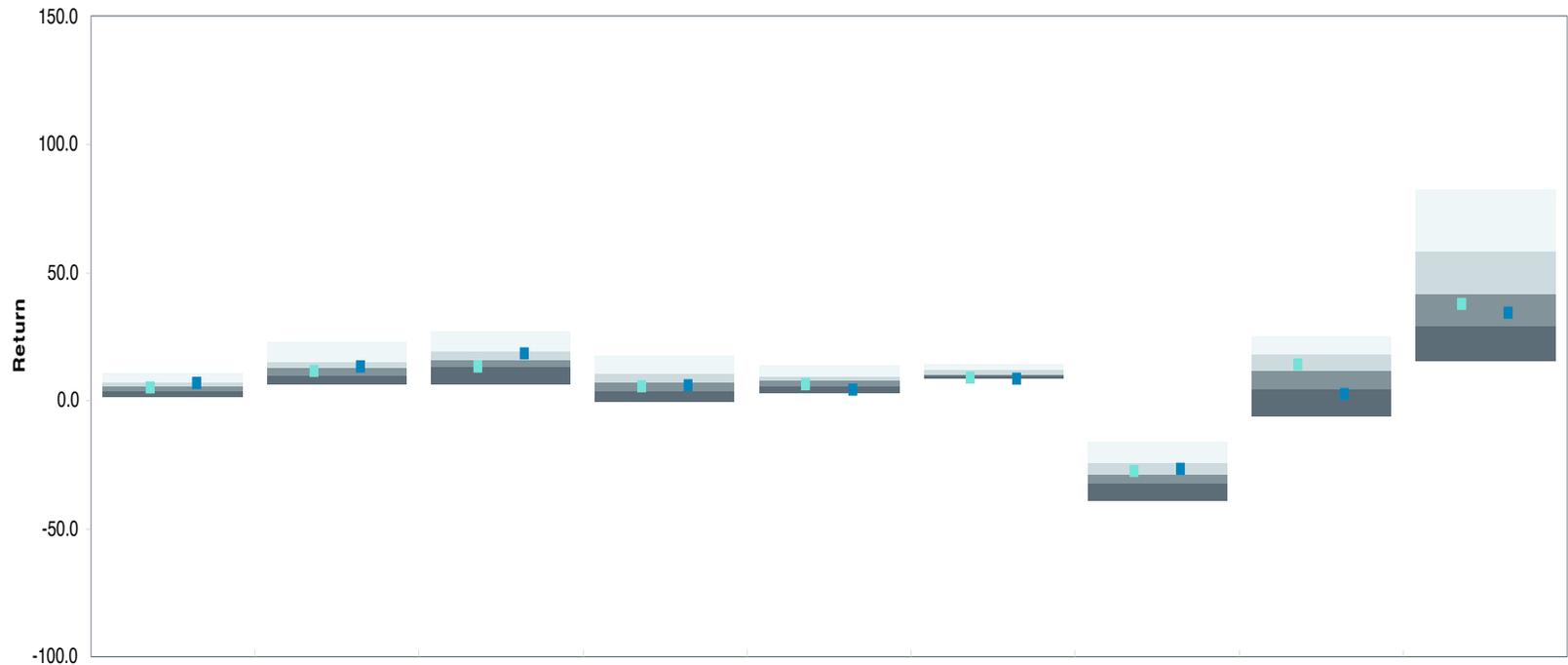
Account Information	
Account Name	Stephens
Inception Date	07/31/2006
Account Structure	Separate Account
Asset Class	US Equity
Benchmark	Russell 2000 Growth Index
Peer Group	IM U.S. Small Cap Growth Equity (SA+CF)



Stephens

As of June 30, 2023

IM U.S. Small Cap Growth Equity (SA+CF)



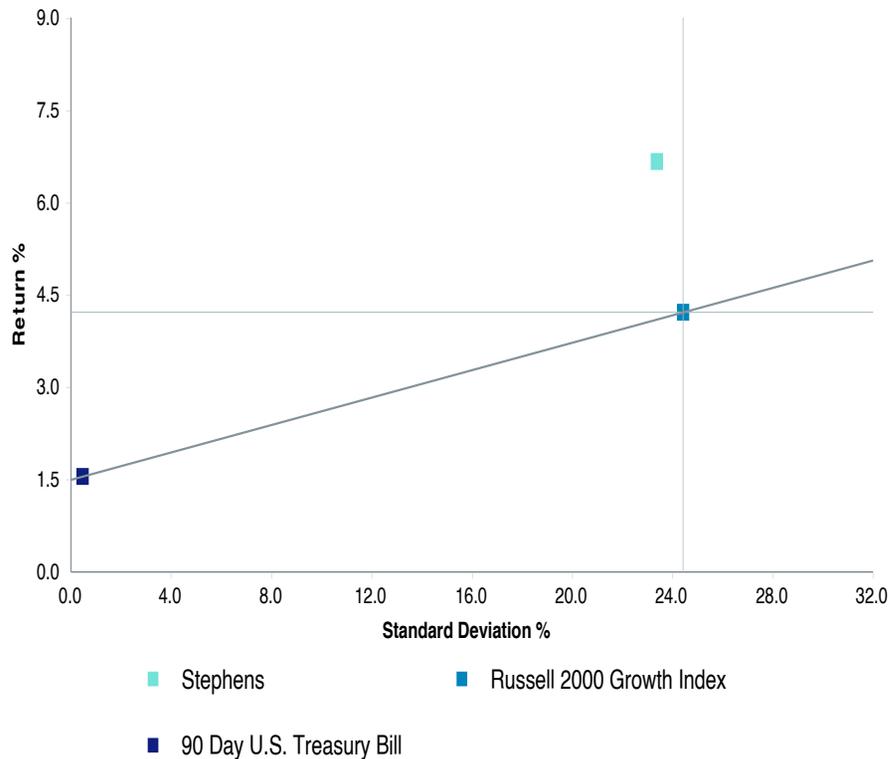
	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	2022	2021	2020
Stephens	5.1 (61)	11.6 (64)	13.6 (72)	5.7 (65)	6.7 (66)	9.3 (90)	-27.6 (42)	14.3 (45)	37.8 (61)
Russell 2000 Growth Index	7.1 (27)	13.6 (39)	18.5 (37)	6.1 (63)	4.2 (94)	8.8 (94)	-26.4 (35)	2.8 (83)	34.6 (66)
5th Percentile	11.0	22.6	27.0	17.8	13.8	14.4	-16.4	25.0	82.8
1st Quartile	7.3	15.0	19.6	11.0	9.4	11.9	-24.3	17.9	58.3
Median	5.7	12.9	16.2	7.2	7.9	10.5	-28.6	11.7	41.9
3rd Quartile	4.0	9.9	13.2	4.1	5.8	9.9	-32.0	4.8	29.5
95th Percentile	1.2	6.4	6.6	-0.1	3.2	8.6	-38.9	-6.1	15.3
Population	125	125	124	121	115	99	133	137	139

Parentheses contain percentile rankings.

Risk Profile Stephens

As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



Standard Deviation
Rolling 5 Years



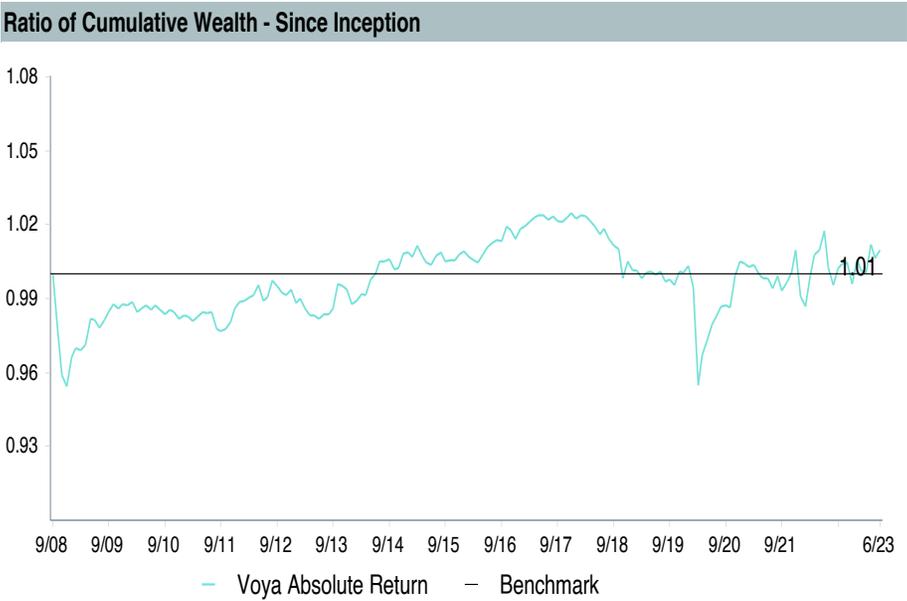
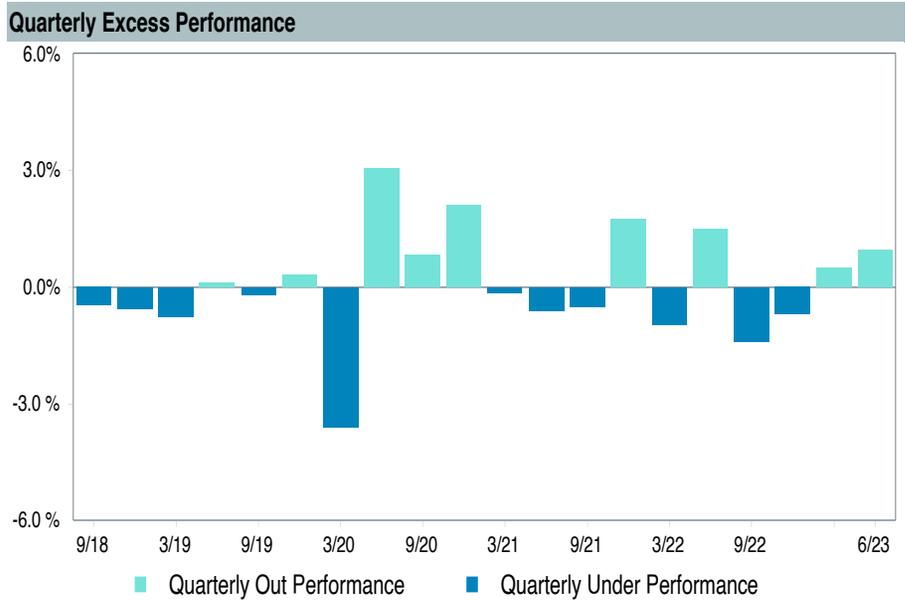
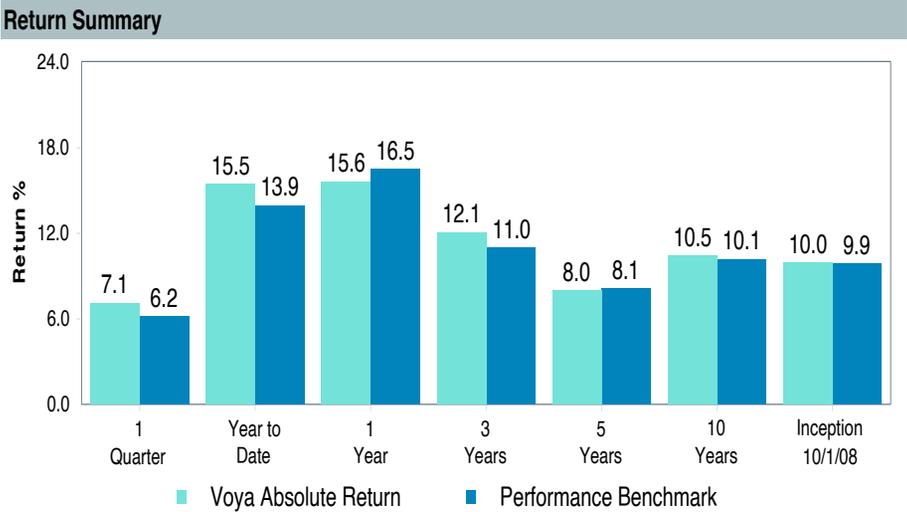
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Stephens	2.07	6.65	0.31	0.93	0.33	2.66	0.92	6.68	23.38	0.96
Russell 2000 Growth Index	0.00	0.00	-	1.00	0.23	0.00	1.00	4.22	24.43	1.00
90 Day U.S. Treasury Bill	-5.57	24.49	-0.23	0.02	-	1.57	0.00	1.55	0.44	-0.13

Manager Performance Summary Voya Absolute Return

As of June 30, 2023

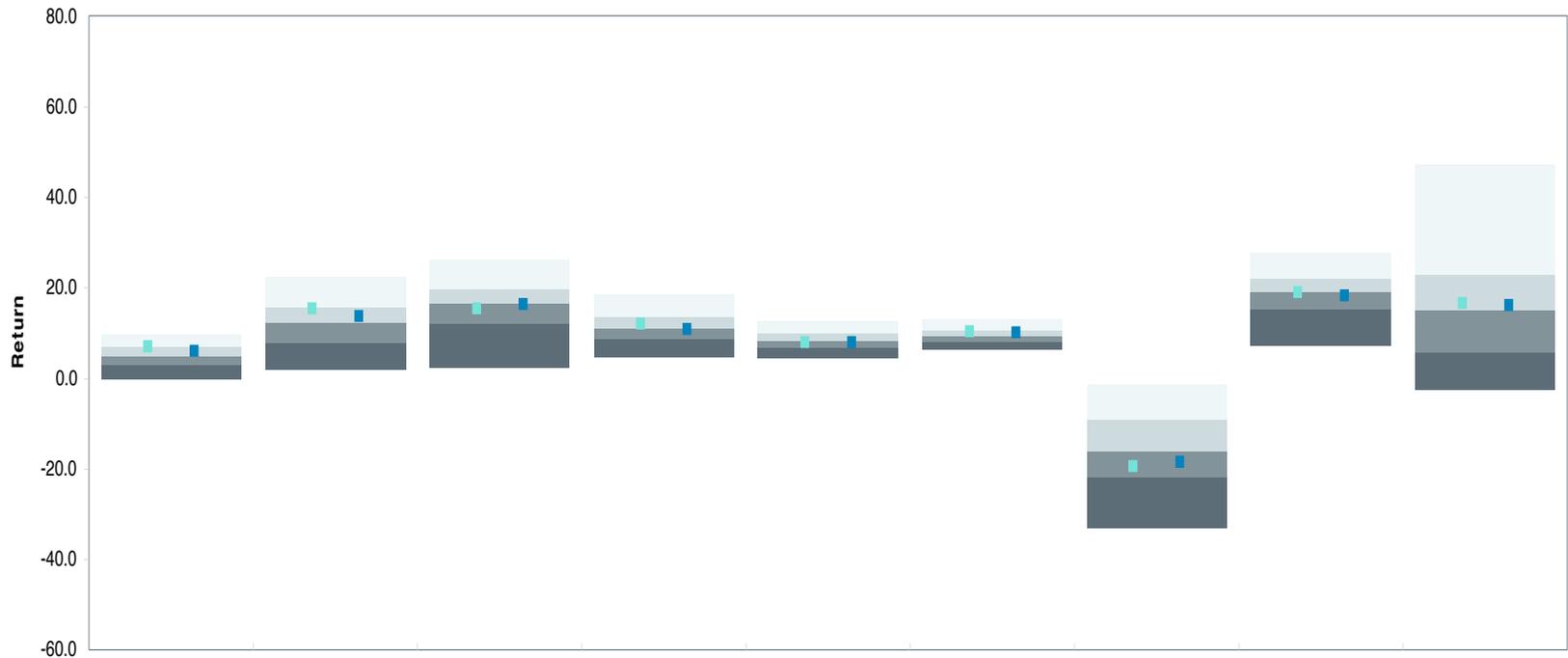
Account Information	
Account Name	Voya Absolute Return
Inception Date	09/30/2008
Account Structure	Commingled Fund
Asset Class	Global Equity
Benchmark	Performance Benchmark
Peer Group	IM Global Equity (MF)



Voya Absolute Return

As of June 30, 2023

IM Global Equity (SA+CF)



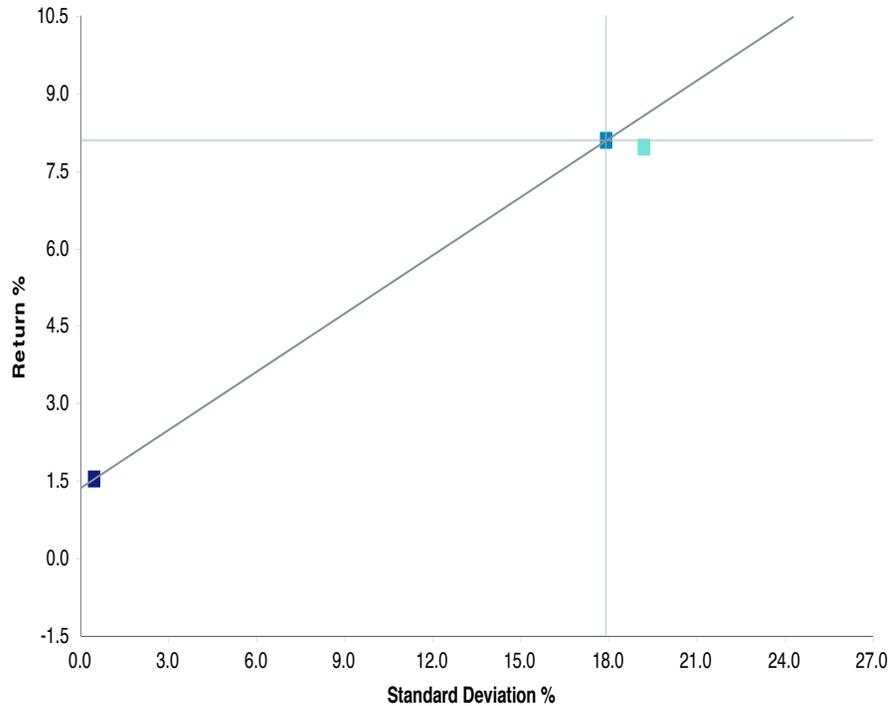
	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	2022	2021	2020
Voya Absolute Return	7.1 (25)	15.5 (29)	15.6 (58)	12.1 (40)	8.0 (56)	10.5 (29)	-19.5 (67)	19.0 (51)	16.8 (44)
Performance Benchmark	6.2 (36)	13.9 (41)	16.5 (51)	11.0 (55)	8.1 (54)	10.1 (35)	-18.4 (61)	18.5 (55)	16.3 (47)
5th Percentile	9.7	22.4	26.3	18.7	12.7	13.0	-1.3	27.7	47.3
1st Quartile	7.1	15.8	19.8	13.6	9.9	10.7	-8.9	22.4	23.0
Median	4.9	12.3	16.6	11.3	8.2	9.4	-16.3	19.2	15.1
3rd Quartile	2.9	7.9	12.2	8.7	6.8	8.1	-21.8	15.3	5.9
95th Percentile	-0.2	2.1	2.4	4.6	4.5	6.4	-33.1	7.4	-2.5
Population	493	492	490	467	436	330	508	518	557

Parentheses contain percentile rankings.

Risk Profile Voya Absolute Return

As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



■ Voya Absolute Return ■ Performance Benchmark ■ 90 Day U.S. Treasury Bill

Standard Deviation
Rolling 5 Years



— Voya Absolute Return — Performance Benchmark

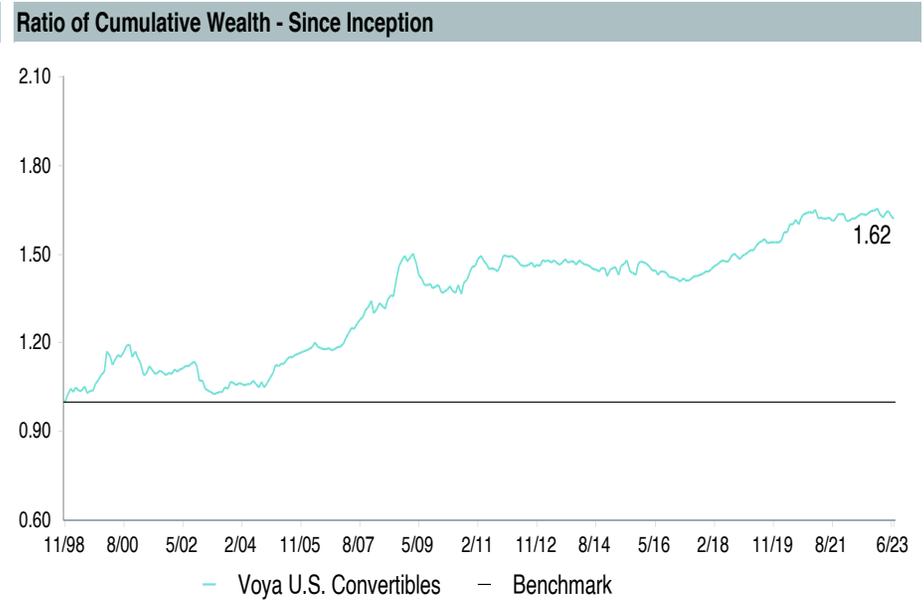
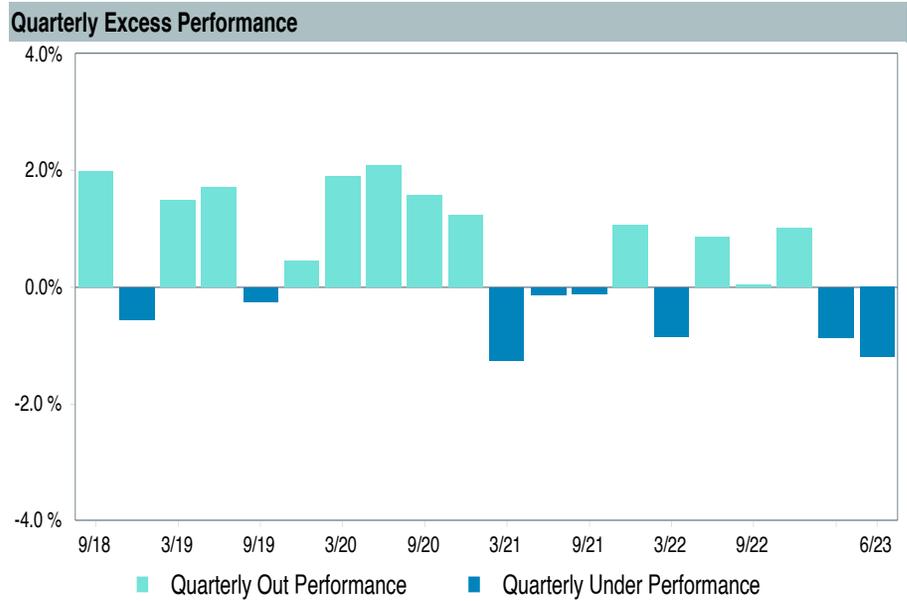
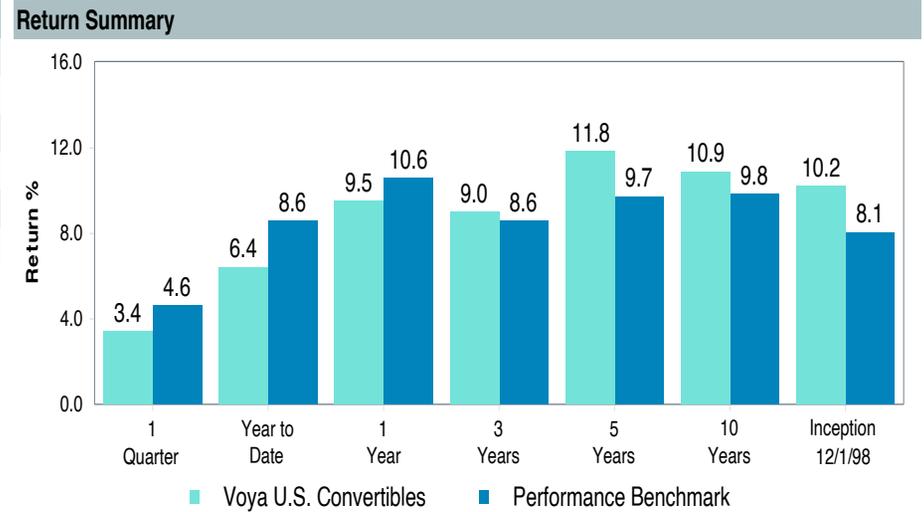
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Voya Absolute Return	0.12	2.73	0.04	0.98	0.41	-0.48	1.06	7.96	19.20	0.99
Performance Benchmark	0.00	0.00	-	1.00	0.44	0.00	1.00	8.10	17.90	1.00
90 Day U.S. Treasury Bill	-7.87	17.95	-0.44	0.01	-	1.57	0.00	1.55	0.44	-0.10

Manager Performance Summary Voya U.S. Convertibles

As of June 30, 2023

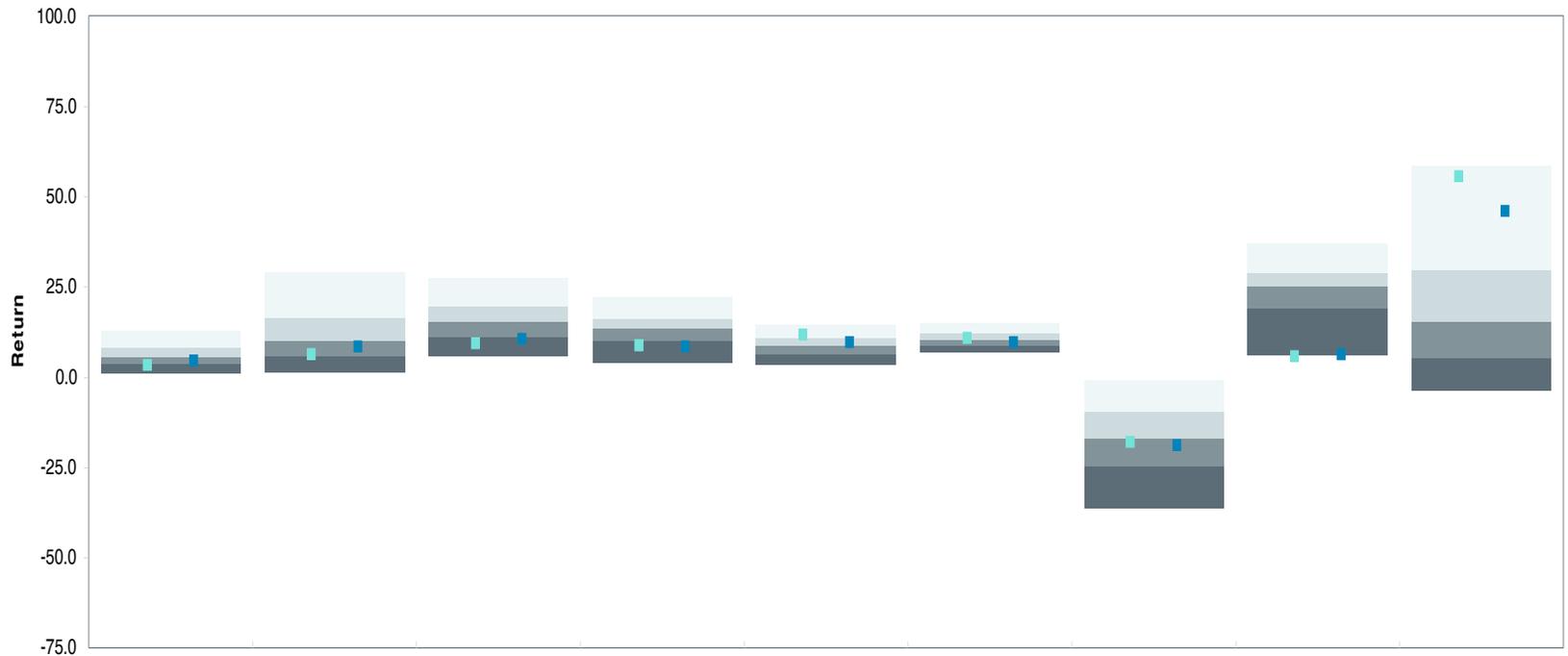
Account Information	
Account Name	Voya U.S. Convertibles
Inception Date	11/30/1998
Account Structure	Separate Account
Asset Class	US Equity
Benchmark	Performance Benchmark
Peer Group	IM U.S. Equity (SA+CF)



Voya U.S. Convertibles

As of June 30, 2023

IM U.S. Equity (SA+CF)



	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	2022	2021	2020
Voya U.S. Convertibles	3.4 (78)	6.4 (72)	9.5 (84)	9.0 (82)	11.8 (19)	10.9 (42)	-17.7 (54)	5.9 (96)	55.7 (6)
Performance Benchmark	4.6 (62)	8.6 (60)	10.6 (79)	8.6 (84)	9.7 (39)	9.8 (60)	-18.7 (59)	6.3 (95)	46.2 (10)
5th Percentile	12.9	28.9	27.5	22.0	14.5	14.9	-0.7	37.3	58.4
1st Quartile	8.4	16.3	19.8	16.1	11.1	12.2	-9.5	29.0	29.5
Median	5.5	10.2	15.4	13.6	8.8	10.3	-17.0	25.0	15.4
3rd Quartile	3.6	5.7	11.2	10.2	6.4	8.9	-24.4	19.2	5.3
95th Percentile	1.1	1.4	5.9	4.1	3.5	6.8	-36.3	6.1	-3.6
Population	1,882	1,876	1,865	1,797	1,725	1,404	1,979	2,041	2,139

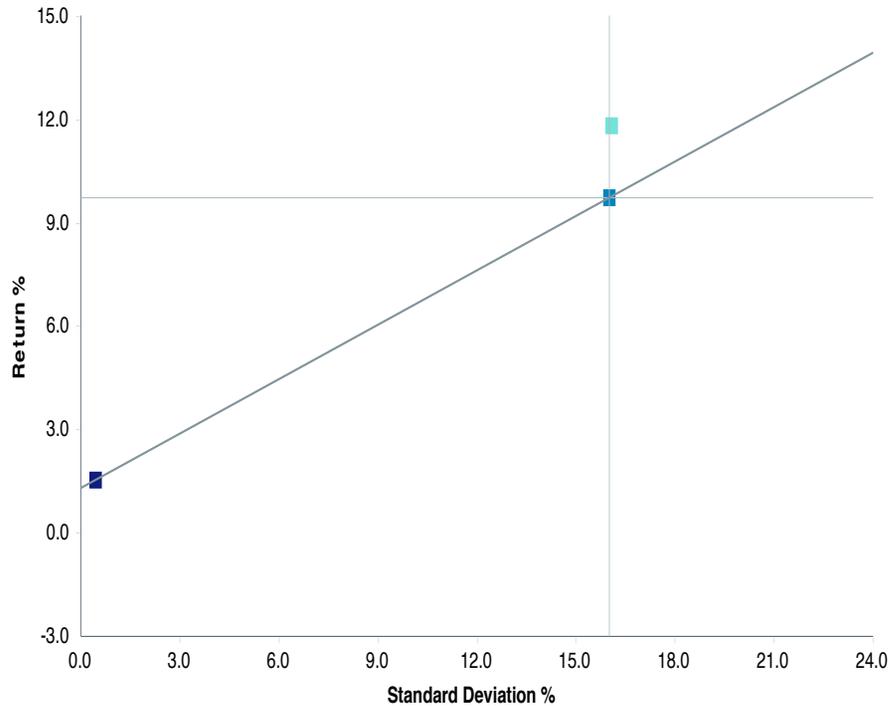
Parentheses contain percentile rankings.



Risk Profile Voya U.S. Convertibles

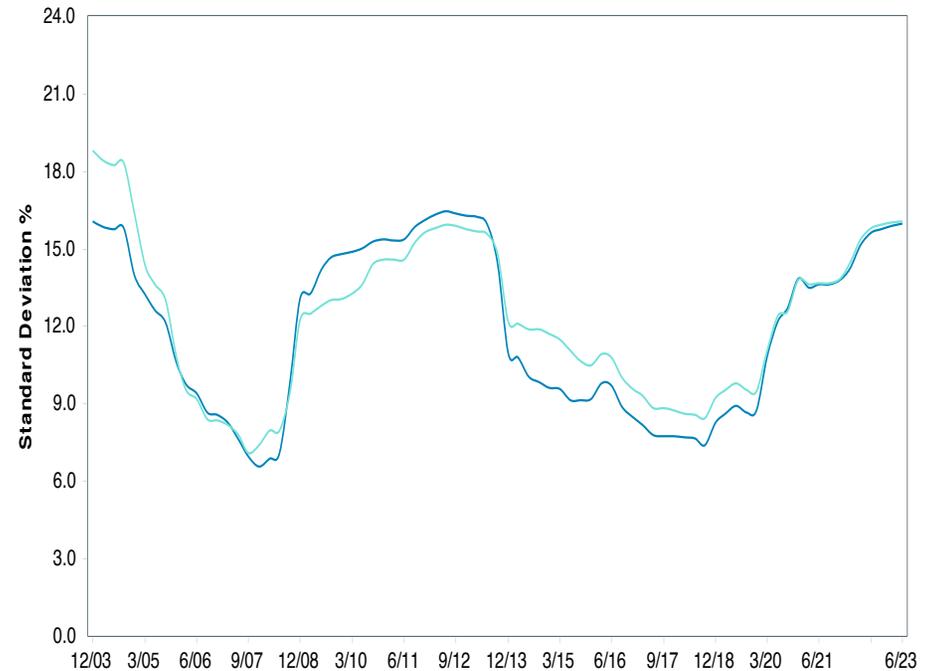
As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



■ Voya U.S. Convertibles ■ Performance Benchmark ■ 90 Day U.S. Treasury Bill

Standard Deviation
Rolling 5 Years



— Voya U.S. Convertibles — Performance Benchmark

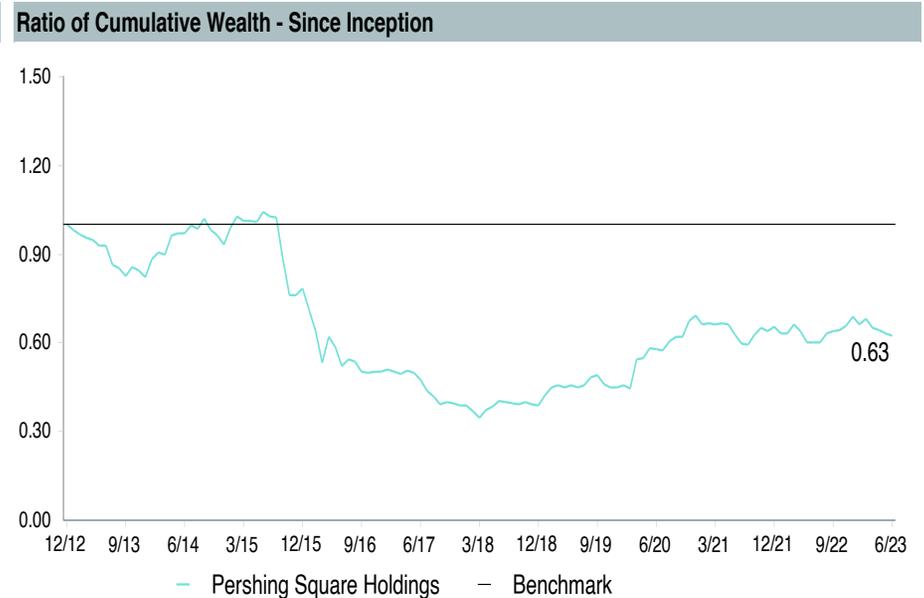
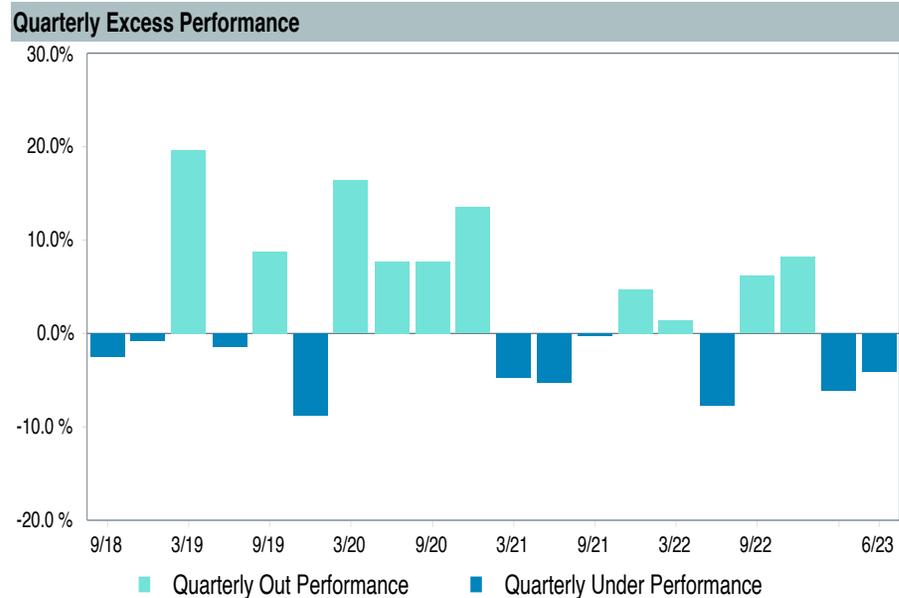
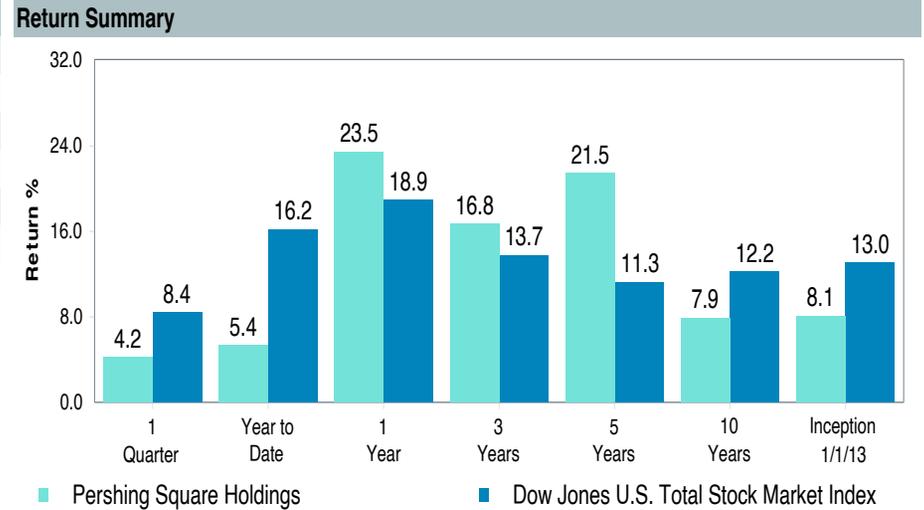
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Voya U.S. Convertibles	1.92	2.43	0.79	0.98	0.68	2.01	0.99	11.84	16.07	0.99
Performance Benchmark	0.00	0.00	-	1.00	0.56	0.00	1.00	9.74	16.00	1.00
90 Day U.S. Treasury Bill	-9.05	16.08	-0.56	0.03	-	1.60	0.00	1.55	0.44	-0.16

Manager Performance Summary Pershing Square Holdings

As of June 30, 2023

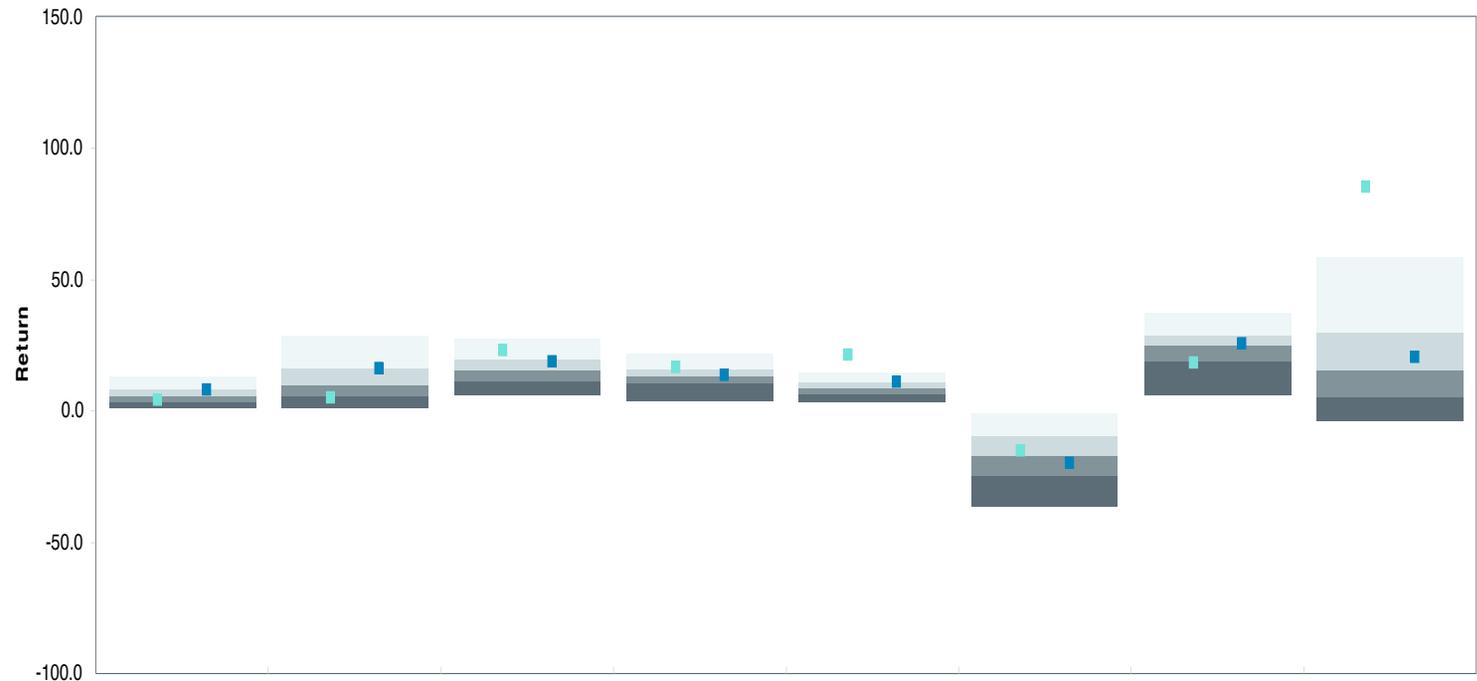
Account Information	
Account Name	Pershing Square Holdings
Inception Date	12/31/2012
Account Structure	Commingled Fund
Asset Class	US Equity
Benchmark	Dow Jones U.S. Total Stock Market Index
Peer Group	IM U.S. Equity (SA+CF)



Pershing Square Holdings

As of June 30, 2023

IM U.S. Equity (SA+CF)



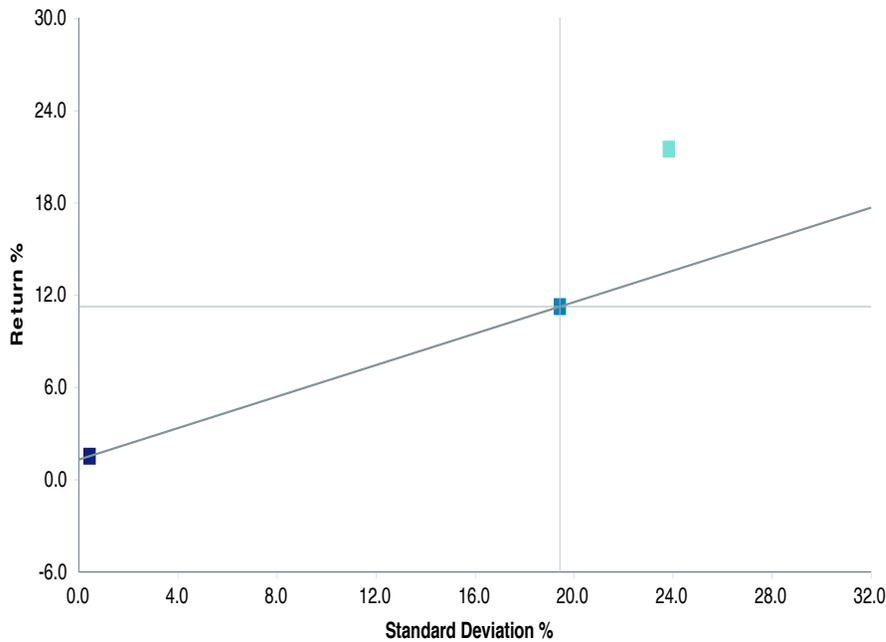
	1 Quarter	Year to Date	1 Year	3 Years	5 Years	2022	2021	2020
Pershing Square Holdings	4.2 (67)	5.4 (77)	23.5 (14)	16.8 (22)	21.5 (1)	-15.1 (44)	18.7 (77)	85.7 (2)
Dow Jones U.S. Total Stock Market Index	8.4 (25)	16.2 (26)	18.9 (32)	13.7 (48)	11.3 (24)	-19.5 (63)	25.7 (46)	20.8 (37)
5th Percentile	12.9	28.9	27.5	22.0	14.5	-0.7	37.3	58.4
1st Quartile	8.4	16.3	19.8	16.1	11.1	-9.5	29.0	29.5
Median	5.5	10.2	15.4	13.6	8.8	-17.0	25.0	15.4
3rd Quartile	3.6	5.7	11.2	10.2	6.4	-24.4	19.2	5.3
95th Percentile	1.1	1.4	5.9	4.1	3.5	-36.3	6.1	-3.6
Population	1,882	1,876	1,865	1,797	1,725	1,979	2,041	2,139

Parentheses contain percentile rankings.

Risk Profile Pershing Square Holdings

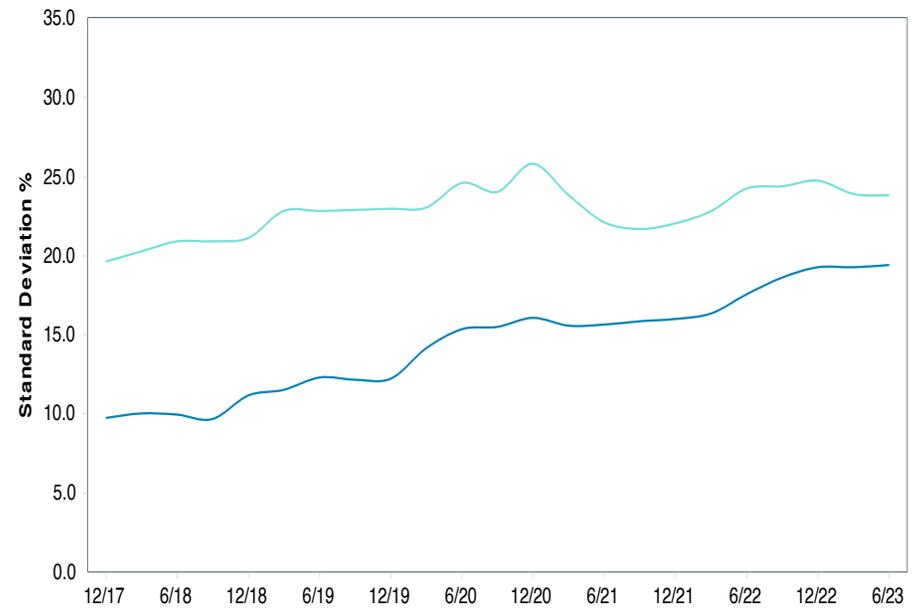
As of June 30, 2023

**Annualized Return vs. Annualized Standard Deviation
5 Years**



- Pershing Square Holdings
- Dow Jones U.S. Total Stock Market Index
- 90 Day U.S. Treasury Bill

**Standard Deviation
Rolling 5 Years**



- Pershing Square Holdings
- Dow Jones U.S. Total Stock Market Index

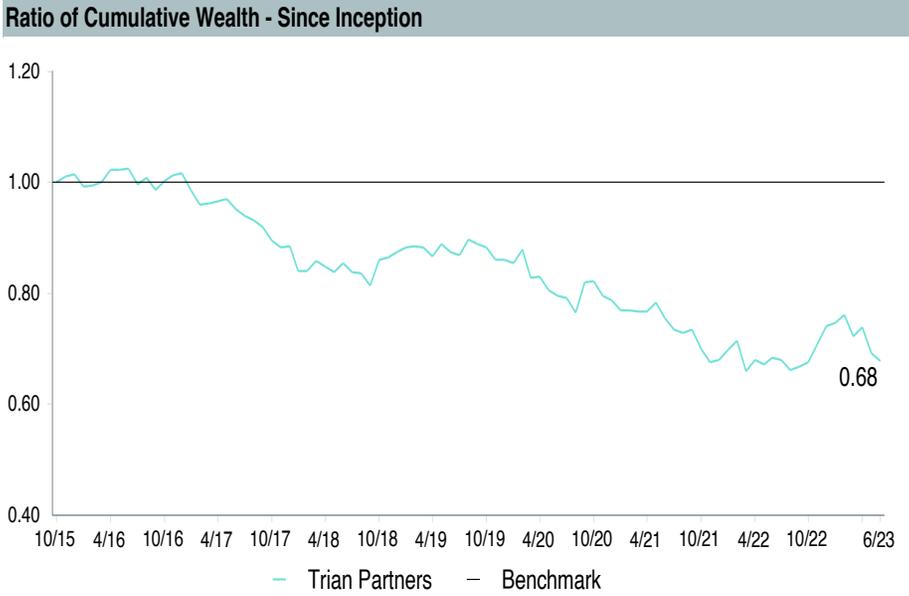
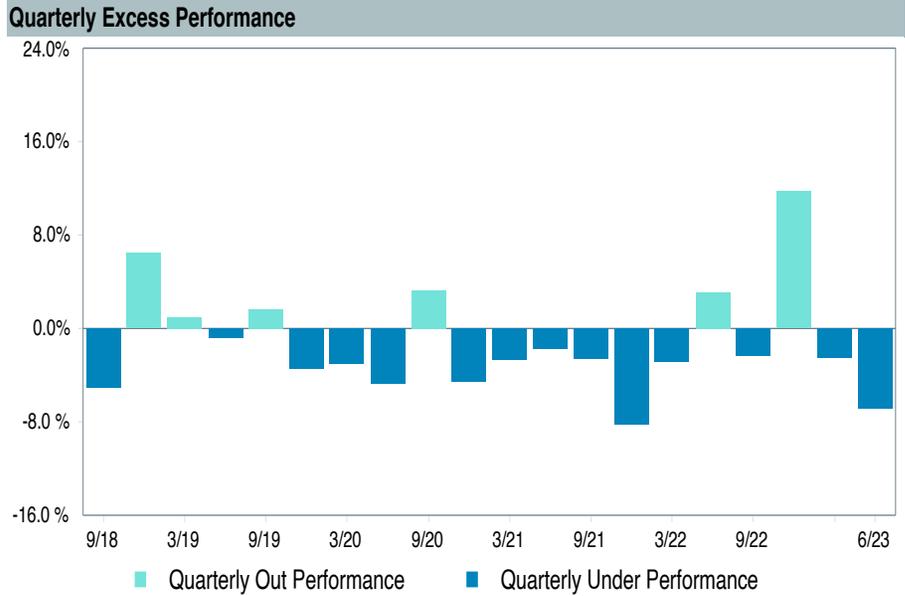
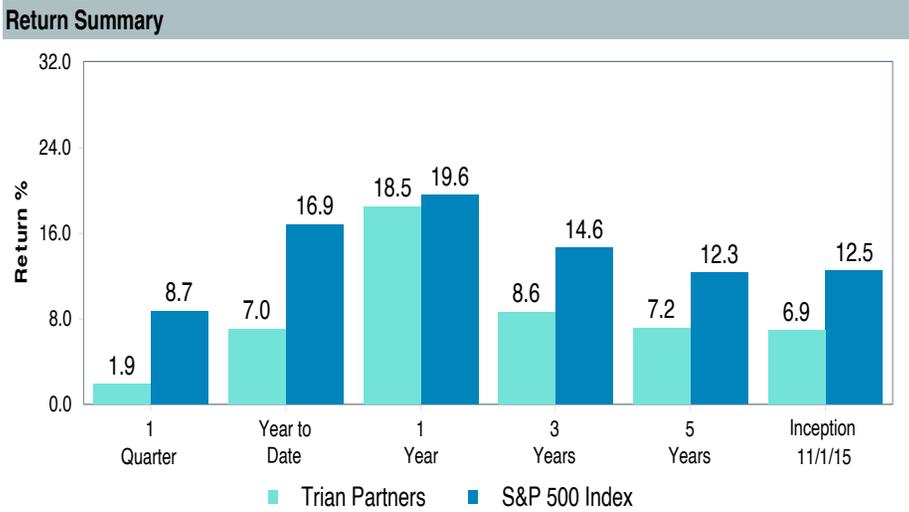
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Pershing Square Holdings	9.73	14.75	0.66	0.62	0.87	10.68	0.96	21.48	23.81	0.79
Dow Jones U.S. Total Stock Market Index	0.00	0.00	-	1.00	0.57	0.00	1.00	11.26	19.42	1.00
90 Day U.S. Treasury Bill	-11.05	19.48	-0.57	0.01	-	1.59	0.00	1.55	0.44	-0.12

Manager Performance Summary Trian Partners

As of June 30, 2023

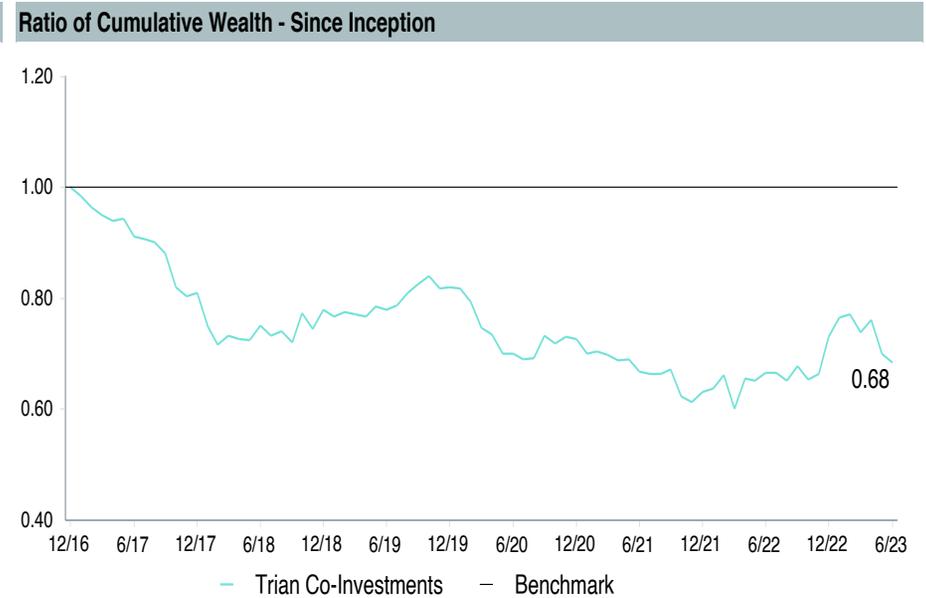
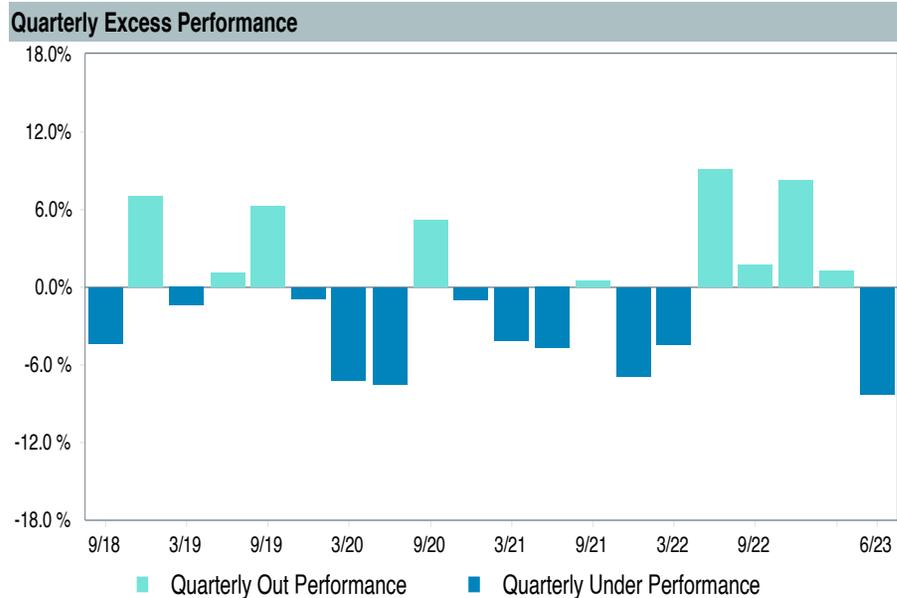
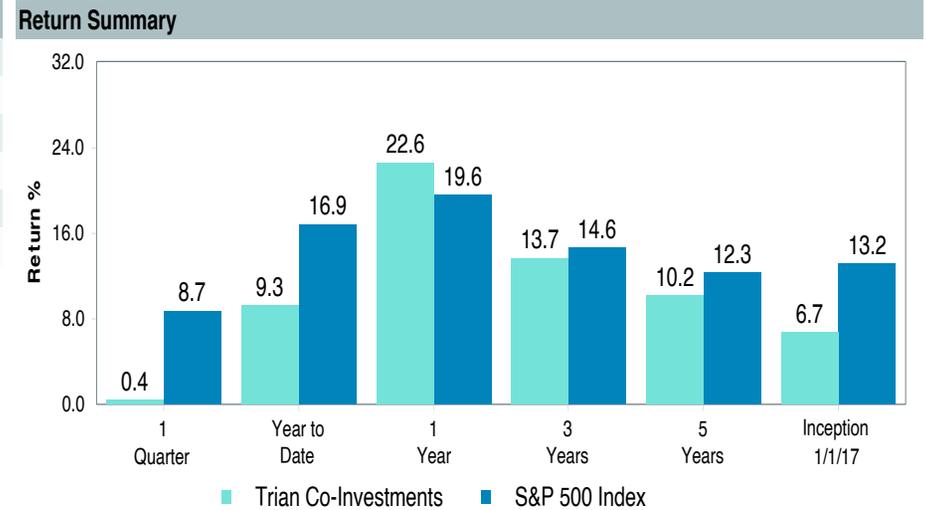
Account Information	
Account Name	Trian Partners
Inception Date	11/01/2015
Account Structure	Commingled Fund
Asset Class	US Equity
Benchmark	S&P 500 Index
Peer Group	



Manager Performance Summary Trian Co-Investments

As of June 30, 2023

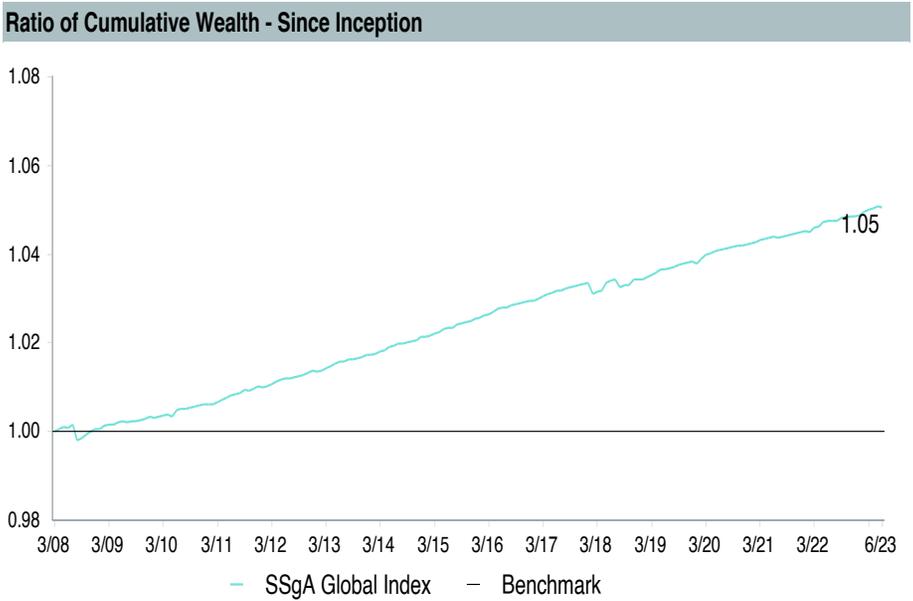
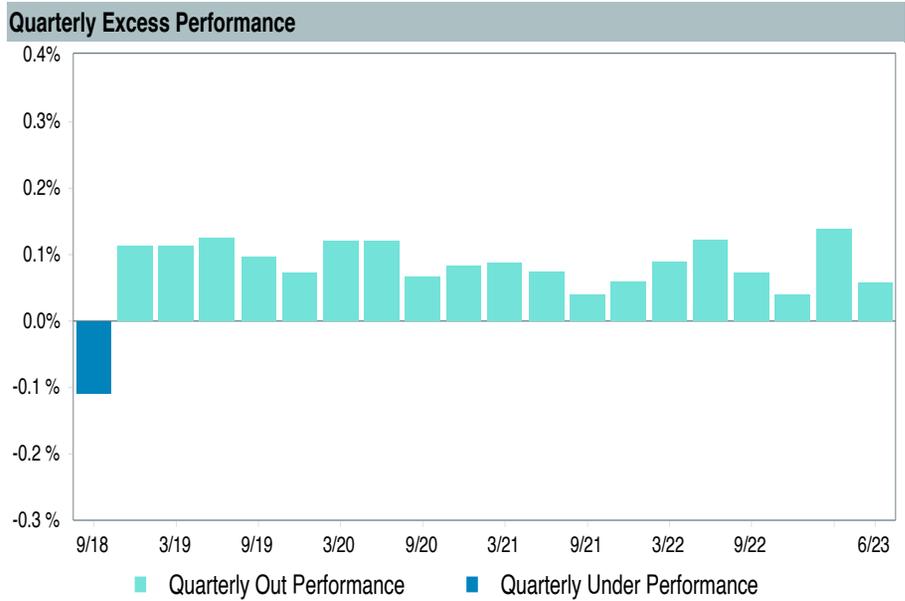
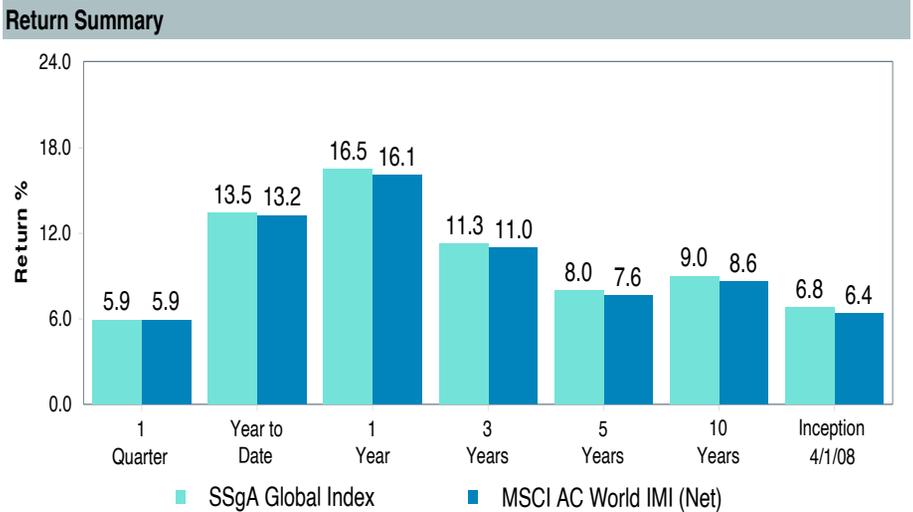
Account Information	
Account Name	Trian Co-Investments
Inception Date	01/01/2017
Account Structure	Commingled Fund
Asset Class	US Equity
Benchmark	S&P 500 Index
Peer Group	



Manager Performance Summary SSgA Global Index

As of June 30, 2023

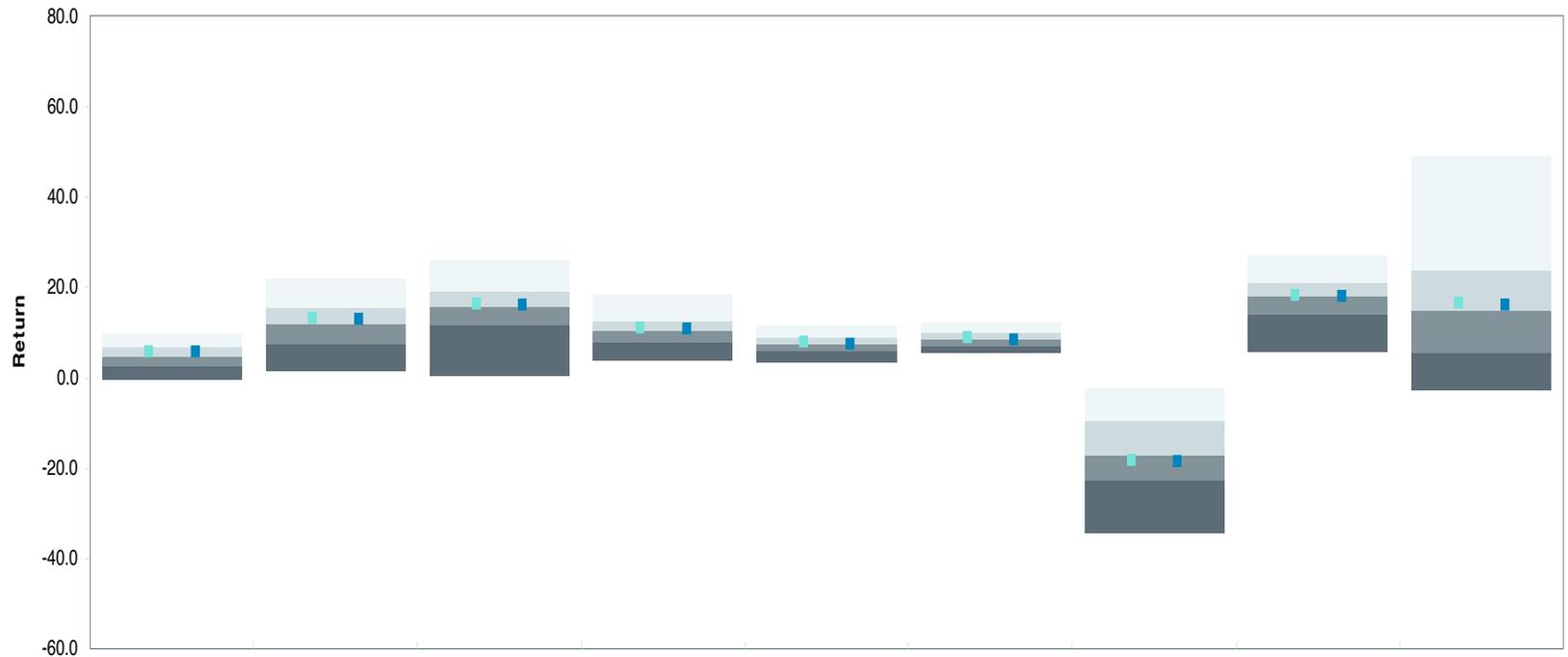
Account Information	
Account Name	SSgA Global Index
Inception Date	03/31/2008
Account Structure	Commingled Fund
Asset Class	Global Equity
Benchmark	MSCI AC World IMI (Net)
Peer Group	IM Global Equity (SA+CF)



SSgA Global Index

As of June 30, 2023

IM Global Equity (SA+CF)



	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	2022	2021	2020
SSgA Global Index	5.9 (37)	13.5 (42)	16.5 (44)	11.3 (40)	8.0 (42)	9.0 (41)	-18.1 (55)	18.5 (48)	16.7 (43)
MSCI AC World IMI (Net)	5.9 (38)	13.2 (43)	16.1 (47)	11.0 (44)	7.6 (47)	8.6 (51)	-18.4 (55)	18.2 (50)	16.3 (45)
5th Percentile	9.8	22.0	26.0	18.3	11.6	12.3	-2.3	27.0	48.9
1st Quartile	6.9	15.5	19.0	12.7	9.1	9.9	-9.5	21.2	23.6
Median	4.7	12.0	15.8	10.4	7.4	8.6	-17.1	18.1	14.9
3rd Quartile	2.7	7.5	11.6	7.7	5.9	7.1	-22.7	14.2	5.7
95th Percentile	-0.4	1.6	0.7	3.9	3.5	5.4	-34.4	5.6	-2.8

Population

463

462

455

429

397

285

469

479

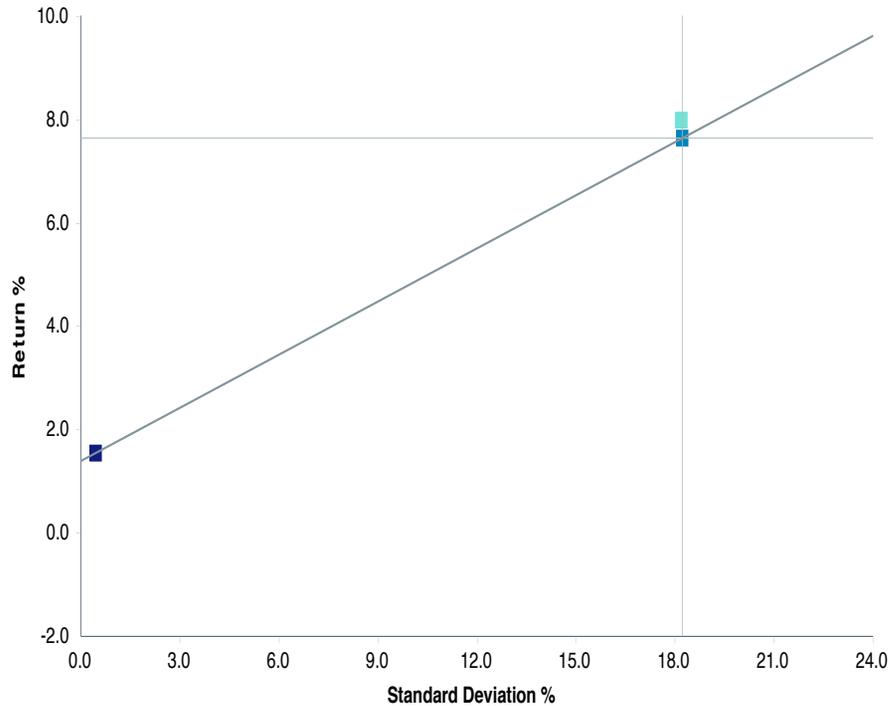
493

Parentheses contain percentile rankings.

Risk Profile SSgA Global Index

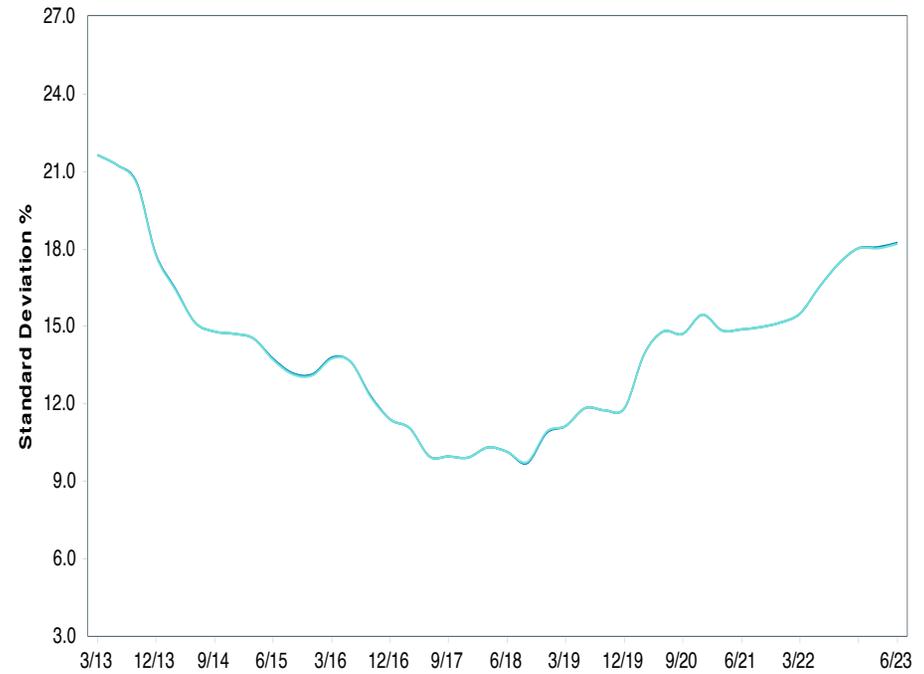
As of June 30, 2023

**Annualized Return vs. Annualized Standard Deviation
5 Years**



■ SSgA Global Index ■ MSCI AC World IMI (Net) ■ 90 Day U.S. Treasury Bill

**Standard Deviation
Rolling 5 Years**



— SSgA Global Index — MSCI AC World IMI (Net)

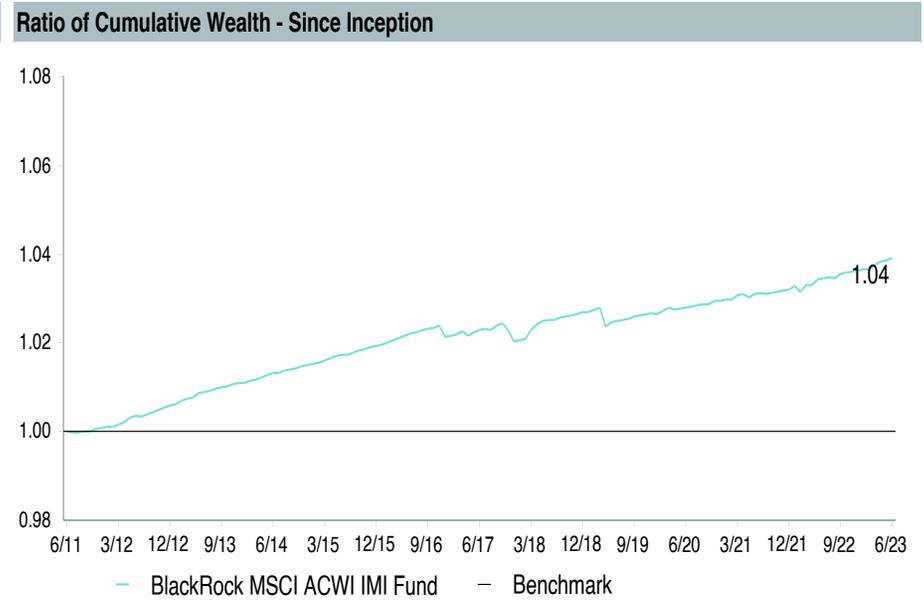
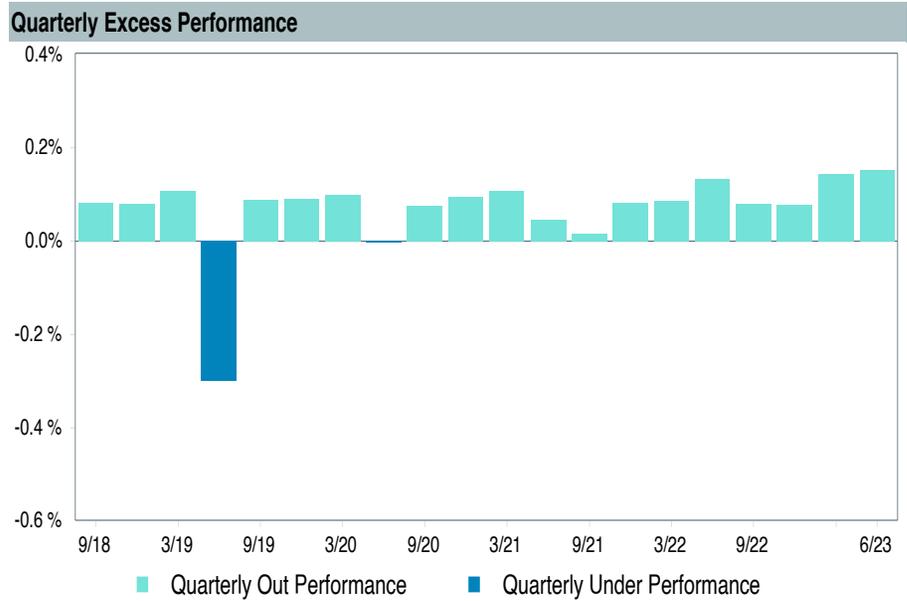
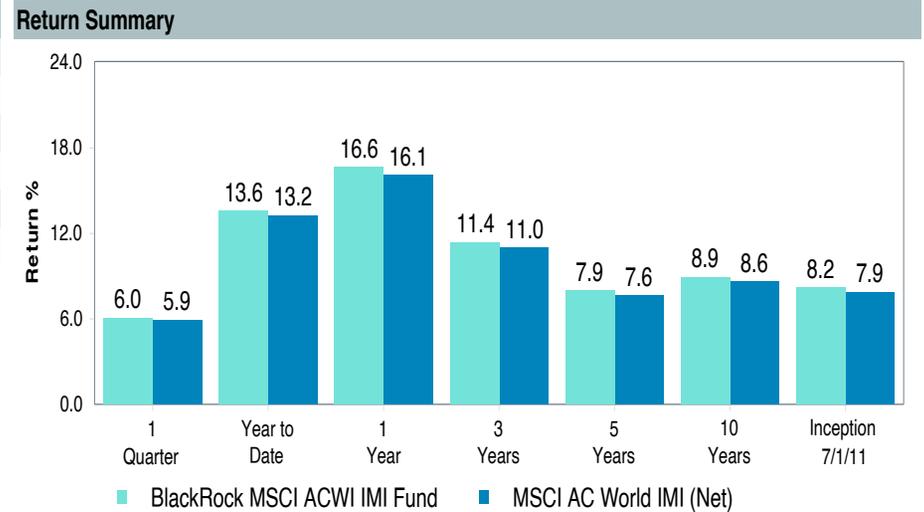
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
SSgA Global Index	0.31	0.12	2.54	1.00	0.43	0.33	1.00	7.99	18.20	1.00
MSCI AC World IMI (Net)	0.00	0.00	-	1.00	0.41	0.00	1.00	7.65	18.23	1.00
90 Day U.S. Treasury Bill	-7.50	18.28	-0.41	0.01	-	1.58	0.00	1.55	0.44	-0.11

Manager Performance Summary BlackRock MSCI ACWI IMI Fund

As of June 30, 2023

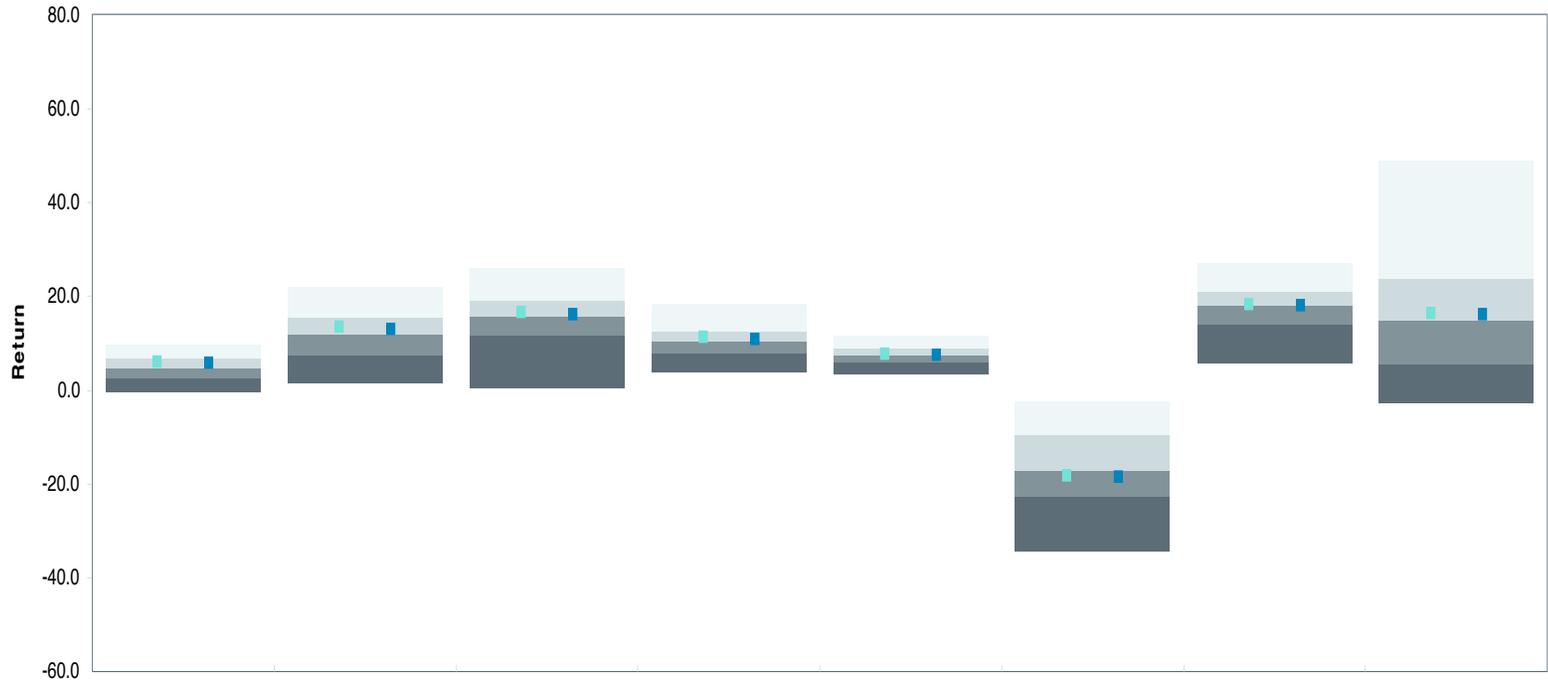
Account Information	
Account Name	BlackRock MSCI ACWI IMI Fund
Inception Date	06/30/2011
Account Structure	Commingled Fund
Asset Class	Global Equity
Benchmark	MSCI AC World IMI (Net)
Peer Group	IM Global Equity (SA+CF)



BlackRock MSCI ACWI IMI Fund

As of June 30, 2023

IM Global Equity (SA+CF)



	1 Quarter	Year to Date	1 Year	3 Years	5 Years	2022	2021	2020
BlackRock MSCI ACWI IMI Fund	6.0 (35)	13.6 (41)	16.6 (43)	11.4 (40)	7.9 (42)	-18.1 (55)	18.5 (48)	16.6 (43)
MSCI AC World IMI (Net)	5.9 (38)	13.2 (43)	16.1 (47)	11.0 (44)	7.6 (47)	-18.4 (55)	18.2 (50)	16.3 (45)
5th Percentile	9.8	22.0	26.0	18.3	11.6	-2.3	27.0	48.9
1st Quartile	6.9	15.5	19.0	12.7	9.1	-9.5	21.2	23.6
Median	4.7	12.0	15.8	10.4	7.4	-17.1	18.1	14.9
3rd Quartile	2.7	7.5	11.6	7.7	5.9	-22.7	14.2	5.7
95th Percentile	-0.4	1.6	0.7	3.9	3.5	-34.4	5.6	-2.8
Population	463	462	455	429	397	469	479	493

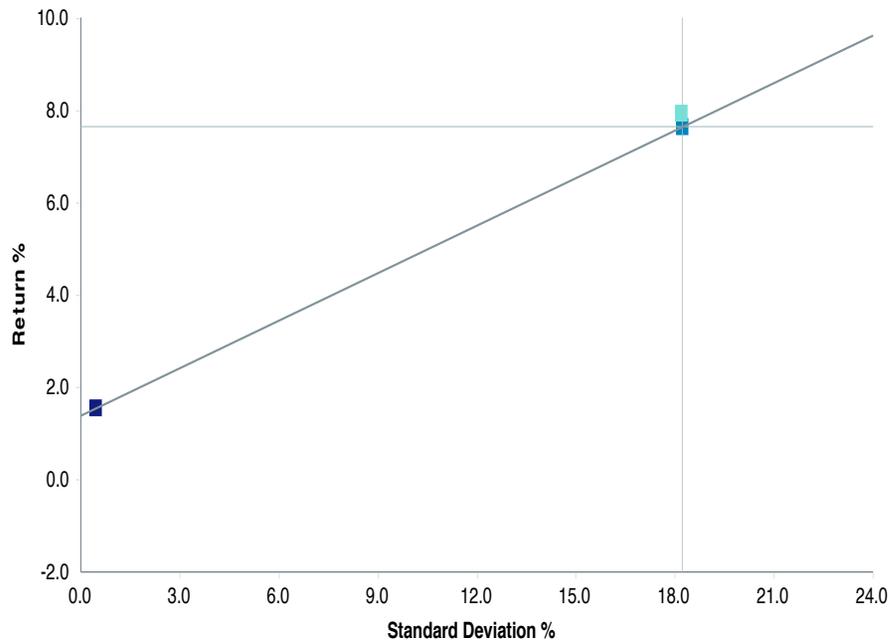
Parentheses contain percentile rankings.



Risk Profile BlackRock MSCI ACWI IMI Fund

As of June 30, 2023

**Annualized Return vs. Annualized Standard Deviation
5 Years**



- BlackRock MSCI ACWI IMI Fund
- MSCI AC World IMI (Net)
- 90 Day U.S. Treasury Bill

**Standard Deviation
Rolling 5 Years**



- BlackRock MSCI ACWI IMI Fund
- MSCI AC World IMI (Net)

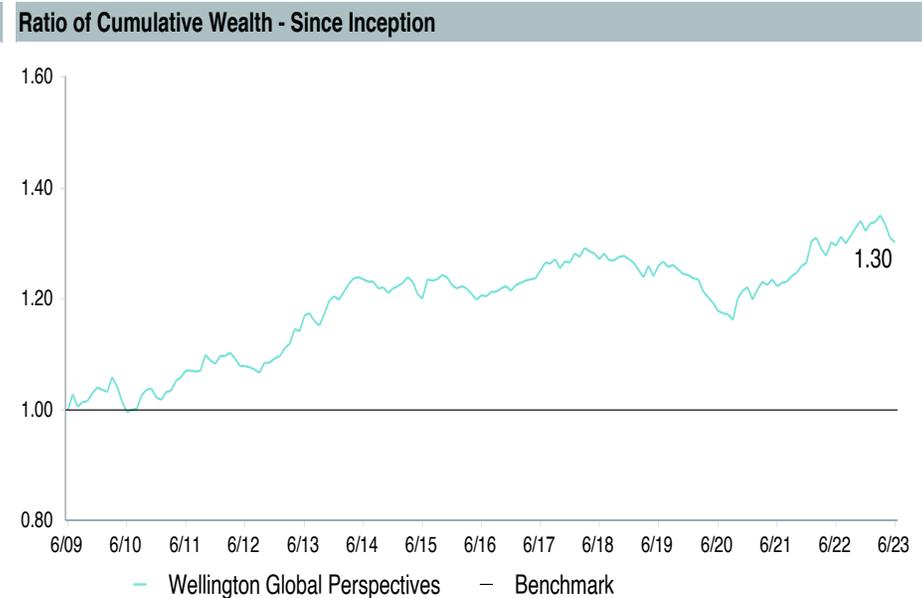
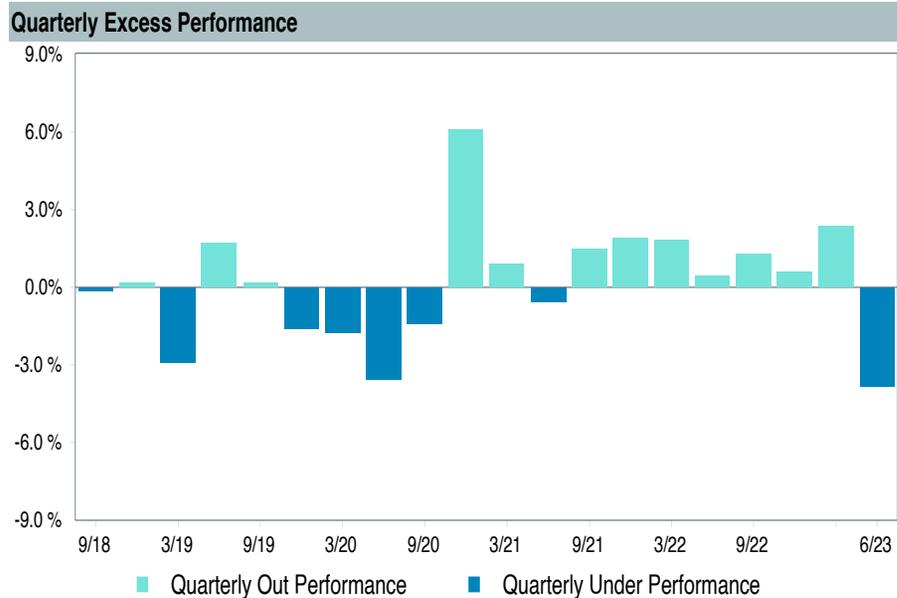
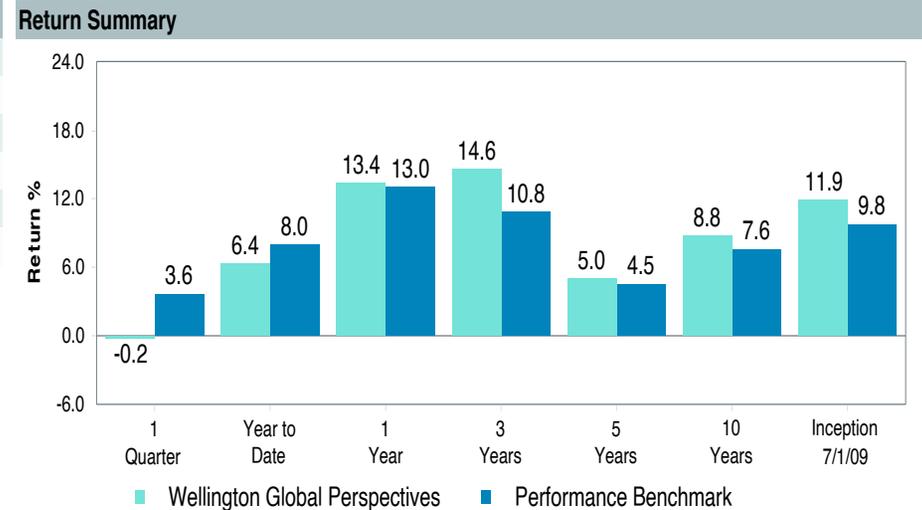
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
BlackRock MSCI ACWI IMI Fund	0.27	0.25	1.08	1.00	0.43	0.28	1.00	7.94	18.20	1.00
MSCI AC World IMI (Net)	0.00	0.00	-	1.00	0.41	0.00	1.00	7.65	18.23	1.00
90 Day U.S. Treasury Bill	-7.50	18.28	-0.41	0.01	-	1.58	0.00	1.55	0.44	-0.11

Manager Performance Summary Wellington Global Perspectives

As of June 30, 2023

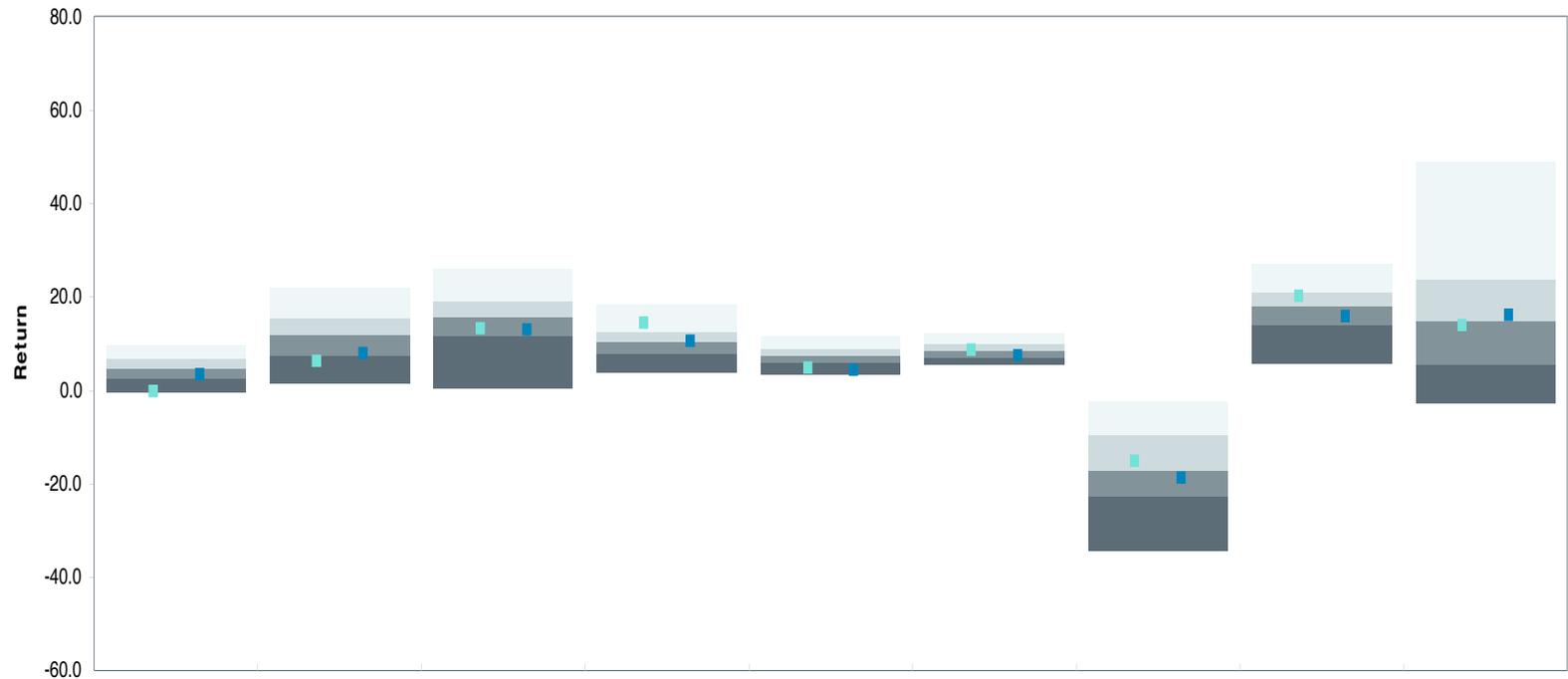
Account Information	
Account Name	Wellington Global Perspectives
Inception Date	06/30/2009
Account Structure	Separate Account
Asset Class	Global Equity
Benchmark	Performance Benchmark
Peer Group	IM Global Equity (SA+CF)



Wellington Global Perspectives

As of June 30, 2023

IM Global Equity (SA+CF)



	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	2022	2021	2020
Wellington Global Perspectives	-0.2 (94)	6.4 (82)	13.4 (68)	14.6 (13)	5.0 (85)	8.8 (46)	-15.0 (41)	20.4 (30)	14.1 (52)
Performance Benchmark	3.6 (65)	8.0 (74)	13.0 (69)	10.8 (46)	4.5 (89)	7.6 (67)	-18.7 (57)	16.1 (63)	16.3 (45)
5th Percentile	9.8	22.0	26.0	18.3	11.6	12.3	-2.3	27.0	48.9
1st Quartile	6.9	15.5	19.0	12.7	9.1	9.9	-9.5	21.2	23.6
Median	4.7	12.0	15.8	10.4	7.4	8.6	-17.1	18.1	14.9
3rd Quartile	2.7	7.5	11.6	7.7	5.9	7.1	-22.7	14.2	5.7
95th Percentile	-0.4	1.6	0.7	3.9	3.5	5.4	-34.4	5.6	-2.8

Population

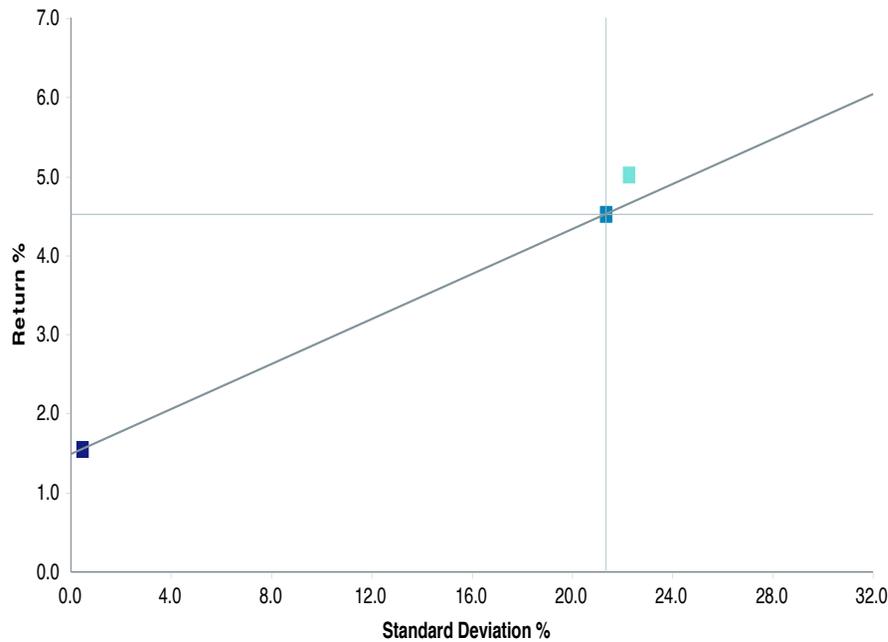
463 462 455 429 397 285 469 479 493

Parentheses contain percentile rankings.

Risk Profile Wellington Global Perspectives

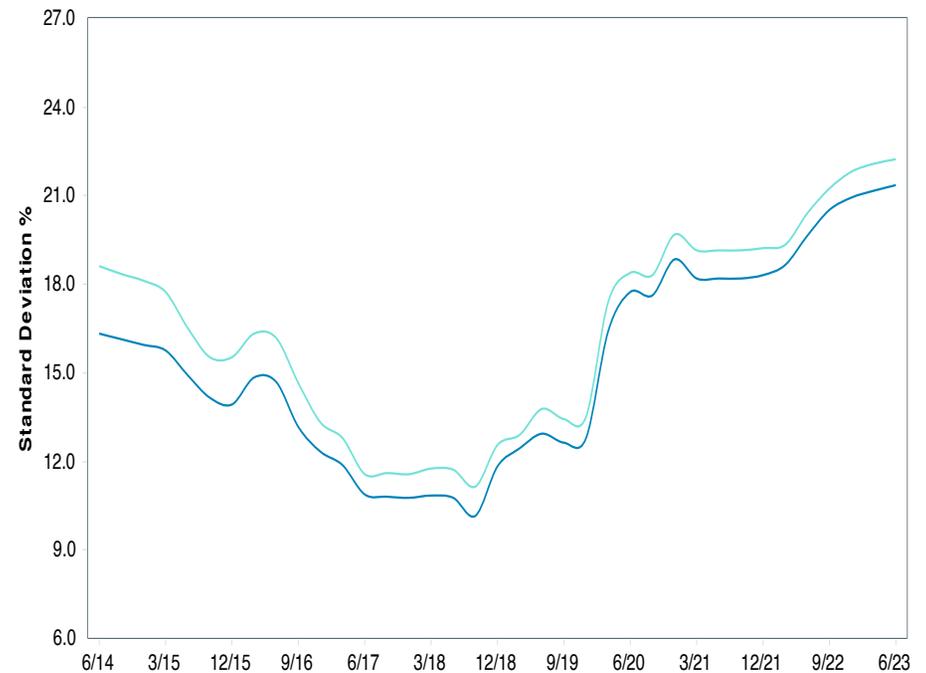
As of June 30, 2023

**Annualized Return vs. Annualized Standard Deviation
5 Years**



- Wellington Global Perspectives
- Performance Benchmark
- 90 Day U.S. Treasury Bill

**Standard Deviation
Rolling 5 Years**



- Wellington Global Perspectives
- Performance Benchmark

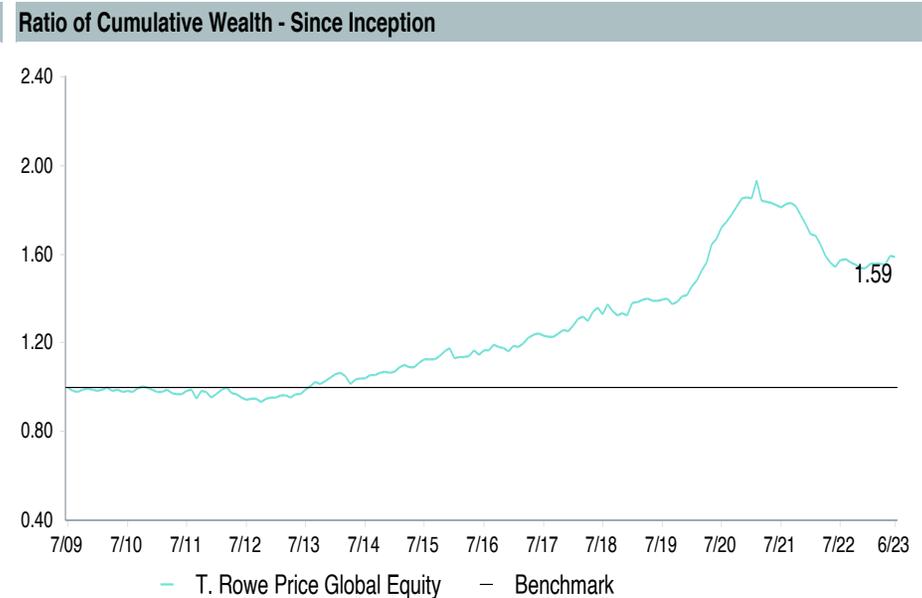
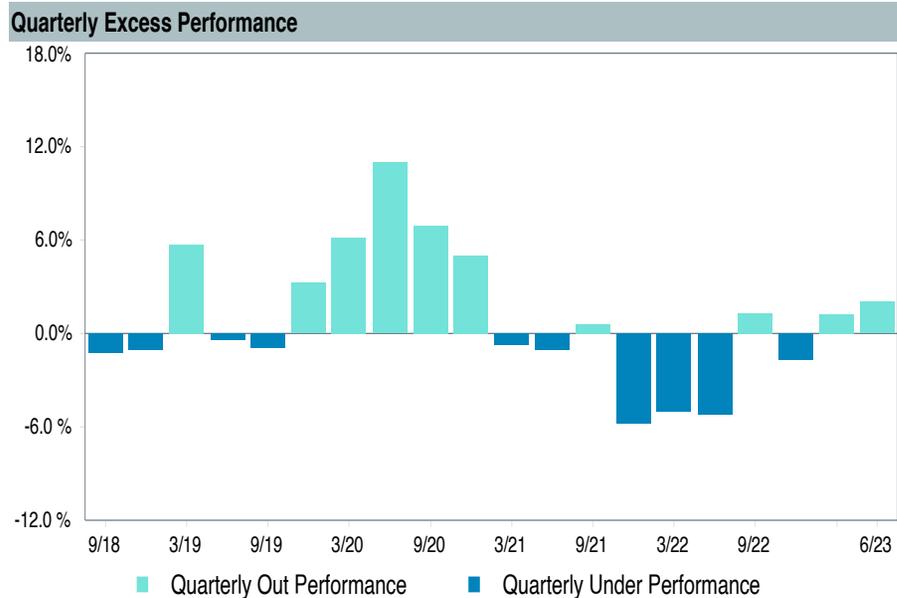
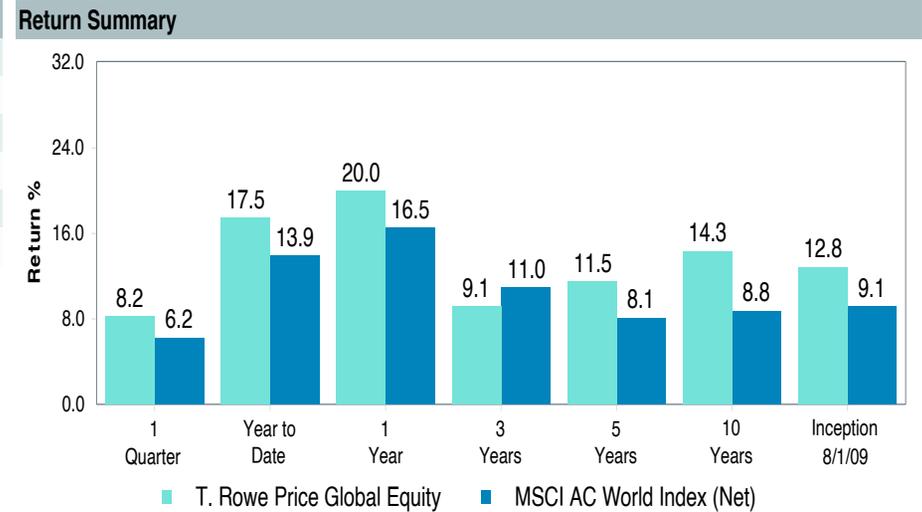
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Wellington Global Perspectives	0.68	3.85	0.18	0.97	0.26	0.50	1.03	5.03	22.25	0.99
Performance Benchmark	0.00	0.00	-	1.00	0.24	0.00	1.00	4.53	21.34	1.00
90 Day U.S. Treasury Bill	-5.20	21.43	-0.24	0.03	-	1.58	0.00	1.55	0.44	-0.18

Manager Performance Summary T. Rowe Price Global Equity

As of June 30, 2023

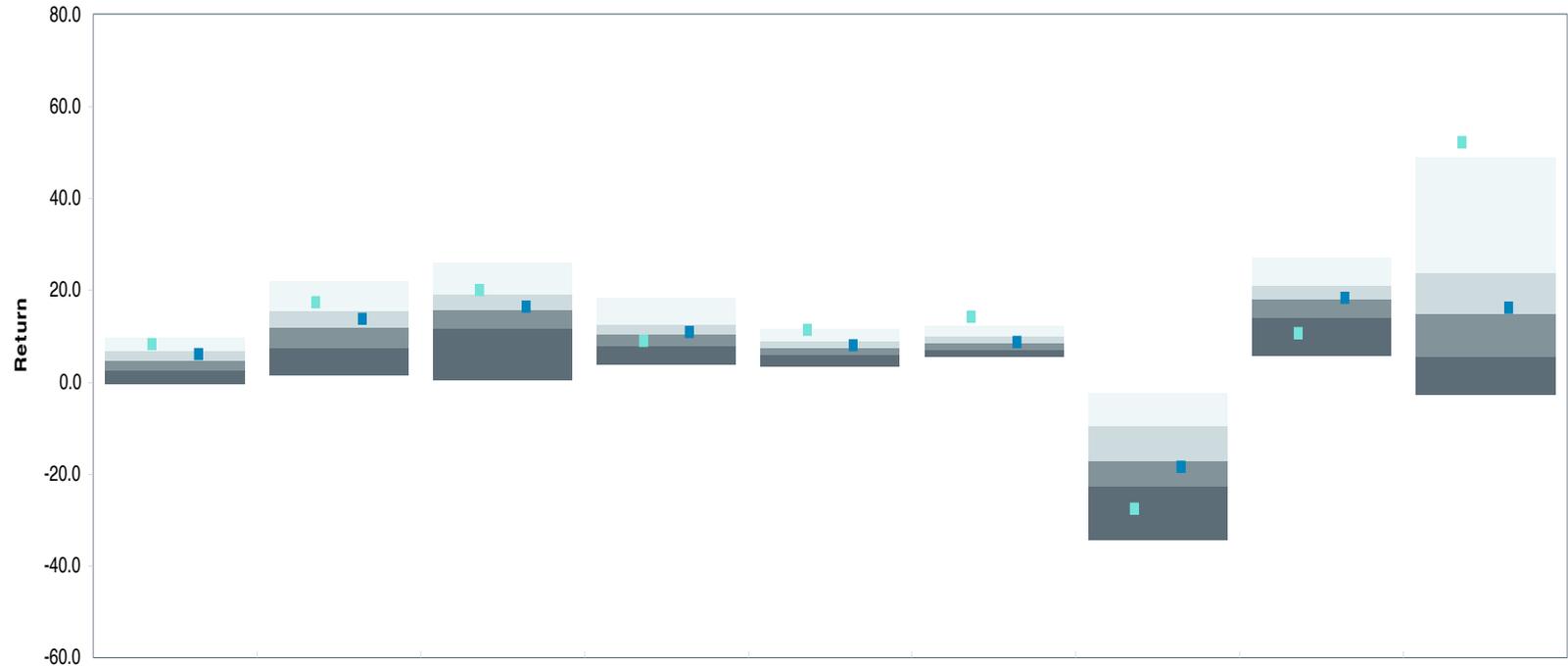
Account Information	
Account Name	T. Rowe Price Global Equity
Inception Date	08/31/2009
Account Structure	Separate Account
Asset Class	Global Equity
Benchmark	MSCI AC World Index (Net)
Peer Group	IM Global Equity (SA+CF)



T. Rowe Price Global Equity

As of June 30, 2023

IM Global Equity (SA+CF)



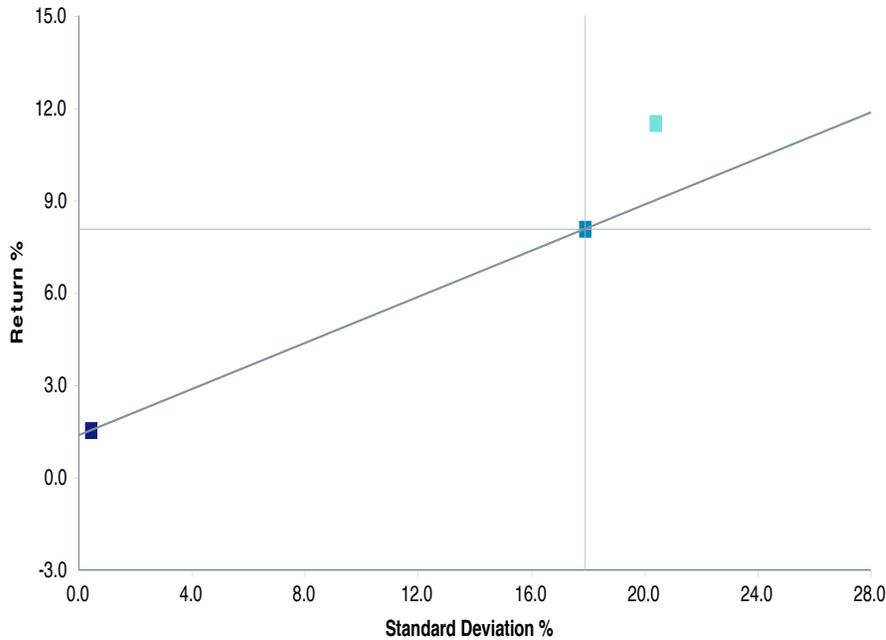
	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	2022	2021	2020
T. Rowe Price Global Equity	8.2 (11)	17.5 (15)	20.0 (20)	9.1 (63)	11.5 (6)	14.3 (3)	-27.5 (87)	10.8 (89)	52.2 (5)
MSCI AC World Index (Net)	6.2 (33)	13.9 (39)	16.5 (44)	11.0 (43)	8.1 (41)	8.8 (46)	-18.4 (55)	18.5 (48)	16.3 (45)
5th Percentile	9.8	22.0	26.0	18.3	11.6	12.3	-2.3	27.0	48.9
1st Quartile	6.9	15.5	19.0	12.7	9.1	9.9	-9.5	21.2	23.6
Median	4.7	12.0	15.8	10.4	7.4	8.6	-17.1	18.1	14.9
3rd Quartile	2.7	7.5	11.6	7.7	5.9	7.1	-22.7	14.2	5.7
95th Percentile	-0.4	1.6	0.7	3.9	3.5	5.4	-34.4	5.6	-2.8
Population	463	462	455	429	397	285	469	479	493

Parentheses contain percentile rankings.

Risk Profile T. Rowe Price Global Equity

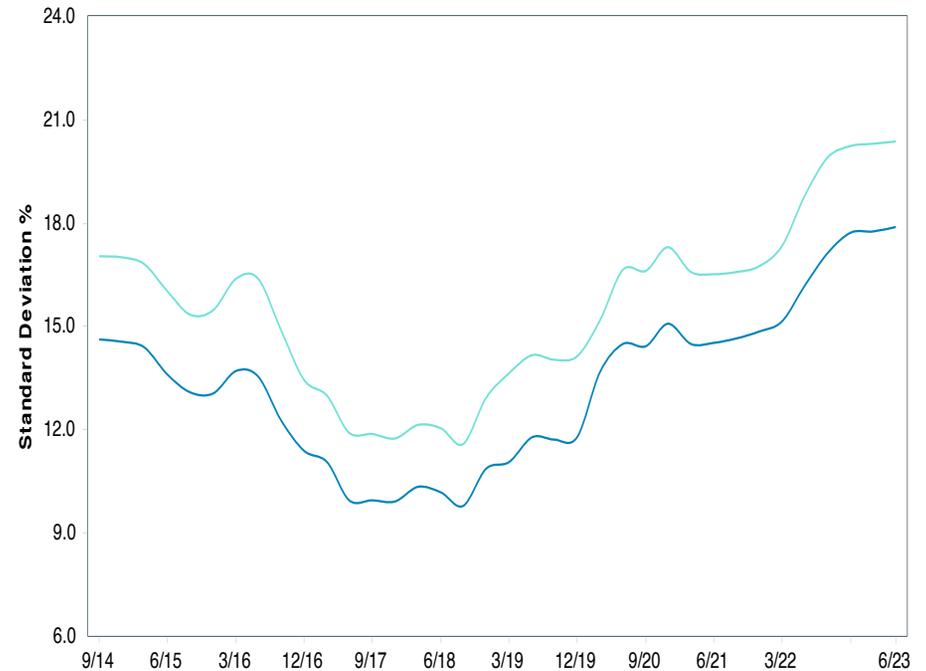
As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



- T. Rowe Price Global Equity
- MSCI AC World Index (Net)
- 90 Day U.S. Treasury Bill

Standard Deviation
Rolling 5 Years



- T. Rowe Price Global Equity
- MSCI AC World Index (Net)

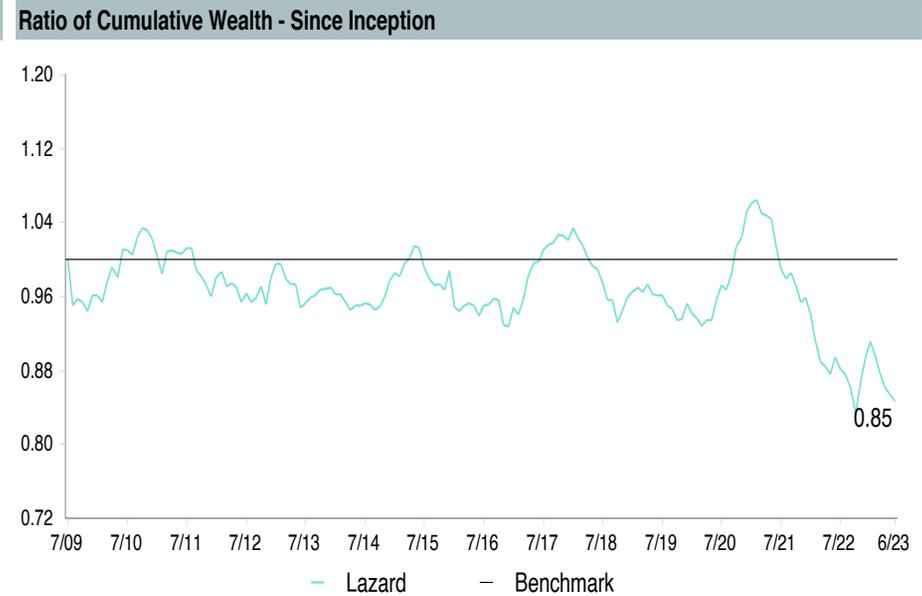
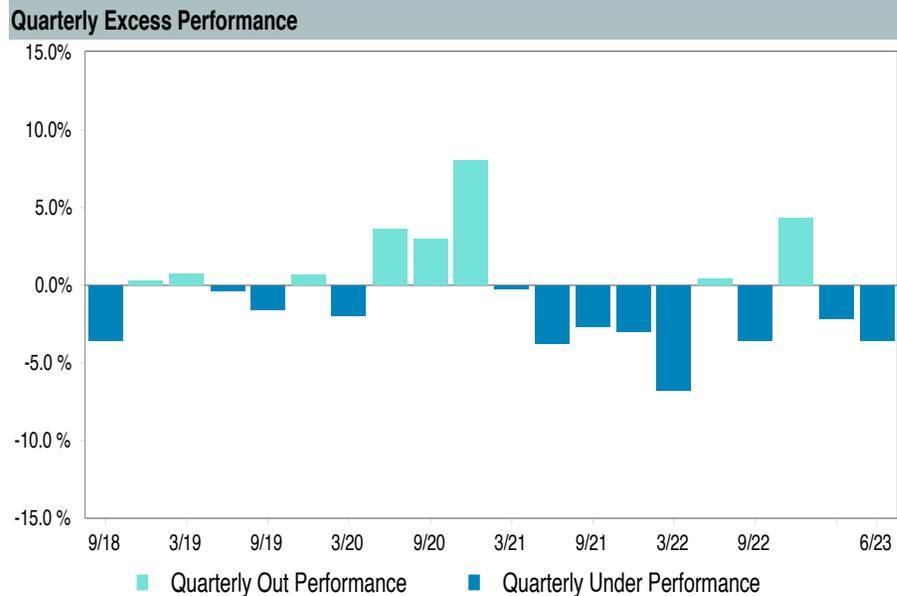
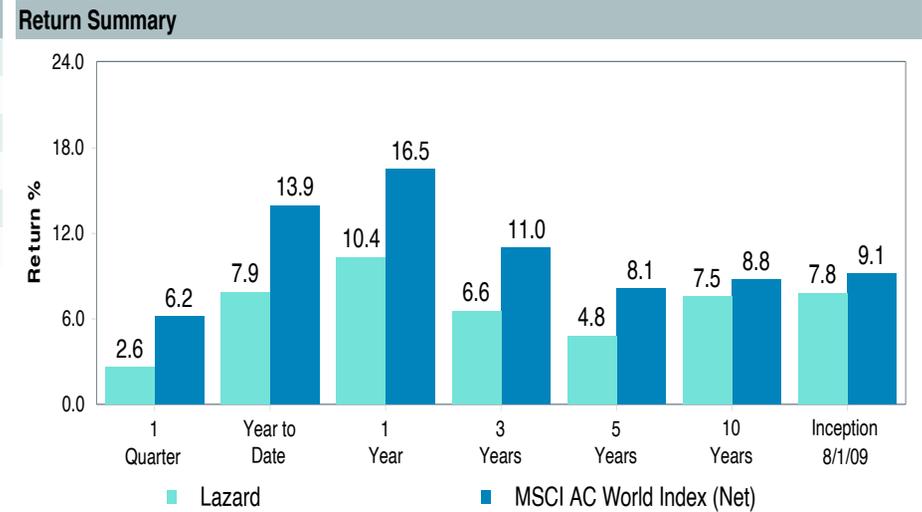
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
T. Rowe Price Global Equity	3.57	6.81	0.52	0.89	0.56	2.90	1.08	11.51	20.38	0.94
MSCI AC World Index (Net)	0.00	0.00	-	1.00	0.44	0.00	1.00	8.10	17.90	1.00
90 Day U.S. Treasury Bill	-7.87	17.95	-0.44	0.01	-	1.57	0.00	1.55	0.44	-0.10

Manager Performance Summary Lazard

As of June 30, 2023

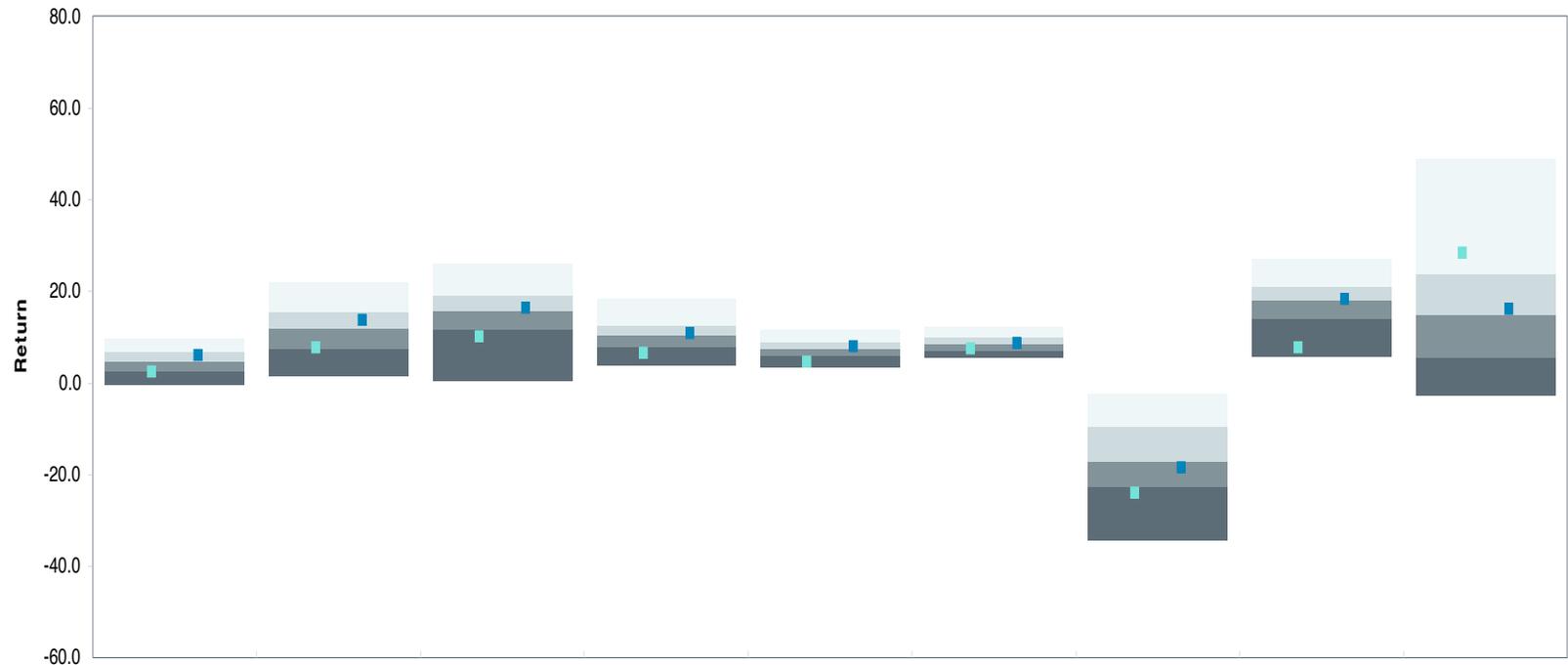
Account Information	
Account Name	Lazard
Inception Date	08/31/2009
Account Structure	Separate Account
Asset Class	Global Equity
Benchmark	MSCI AC World Index (Net)
Peer Group	IM Global Equity (SA+CF)



Lazard

As of June 30, 2023

IM Global Equity (SA+CF)



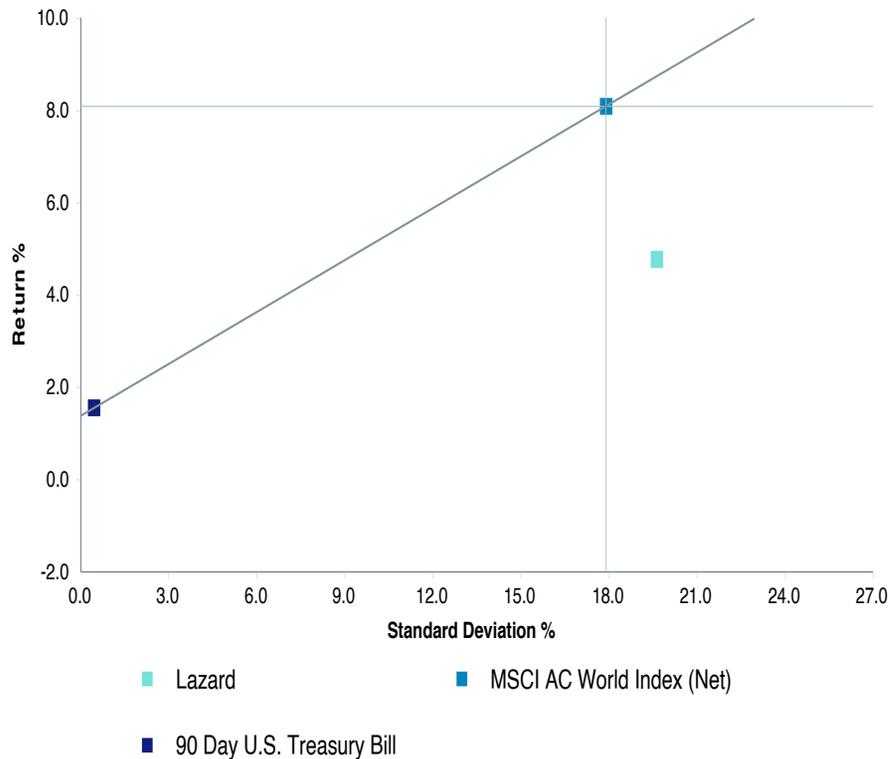
	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	2022	2021	2020
Lazard	2.6 (76)	7.9 (74)	10.4 (78)	6.6 (83)	4.8 (88)	7.5 (69)	-23.8 (79)	8.0 (93)	28.4 (20)
MSCI AC World Index (Net)	6.2 (33)	13.9 (39)	16.5 (44)	11.0 (43)	8.1 (41)	8.8 (46)	-18.4 (55)	18.5 (48)	16.3 (45)
5th Percentile	9.8	22.0	26.0	18.3	11.6	12.3	-2.3	27.0	48.9
1st Quartile	6.9	15.5	19.0	12.7	9.1	9.9	-9.5	21.2	23.6
Median	4.7	12.0	15.8	10.4	7.4	8.6	-17.1	18.1	14.9
3rd Quartile	2.7	7.5	11.6	7.7	5.9	7.1	-22.7	14.2	5.7
95th Percentile	-0.4	1.6	0.7	3.9	3.5	5.4	-34.4	5.6	-2.8
Population	463	462	455	429	397	285	469	479	493

Parentheses contain percentile rankings.

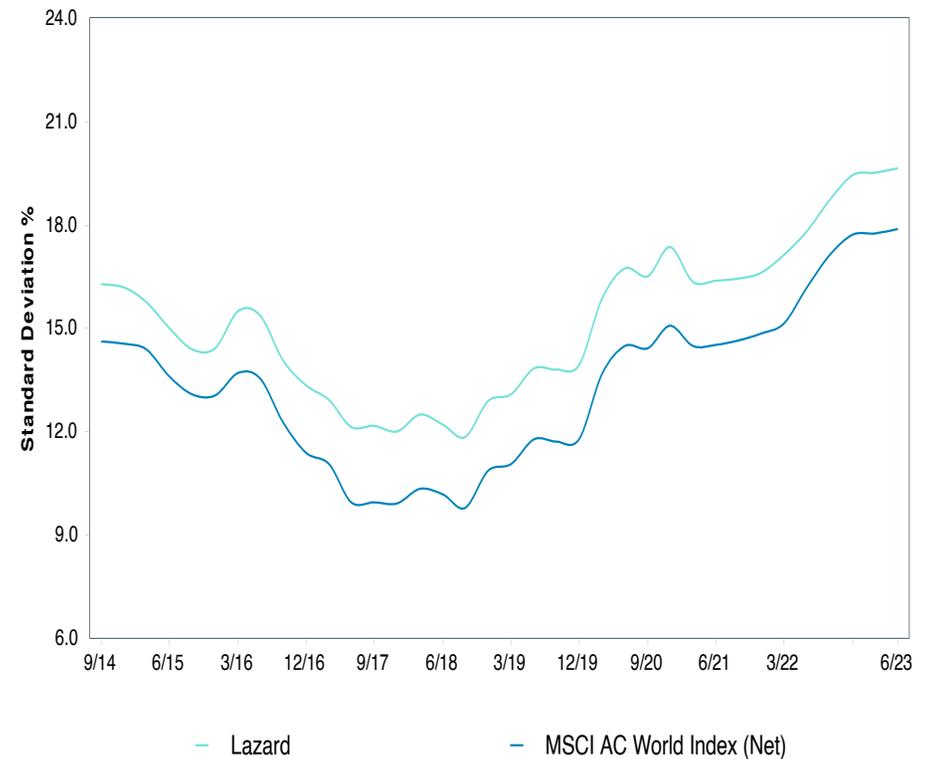
Risk Profile Lazard

As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



Standard Deviation
Rolling 5 Years



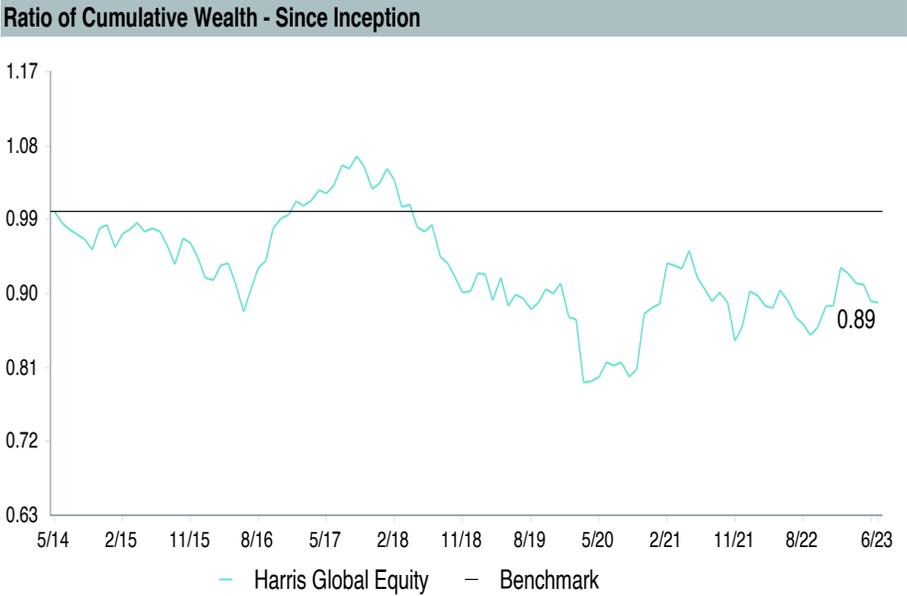
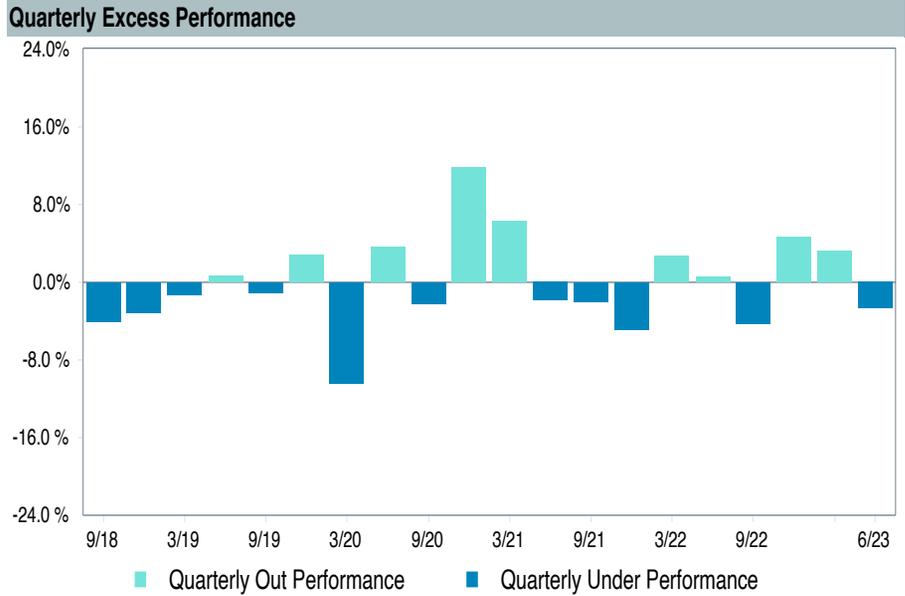
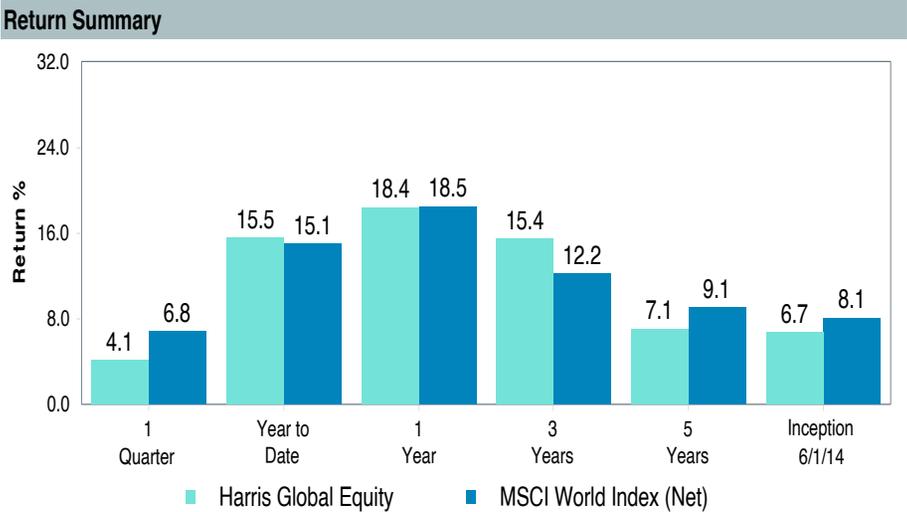
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Lazard	-2.82	5.75	-0.49	0.92	0.26	-3.24	1.05	4.79	19.64	0.96
MSCI AC World Index (Net)	0.00	0.00	-	1.00	0.44	0.00	1.00	8.10	17.90	1.00
90 Day U.S. Treasury Bill	-7.87	17.95	-0.44	0.01	-	1.57	0.00	1.55	0.44	-0.10

Manager Performance Summary Harris Global Equity

As of June 30, 2023

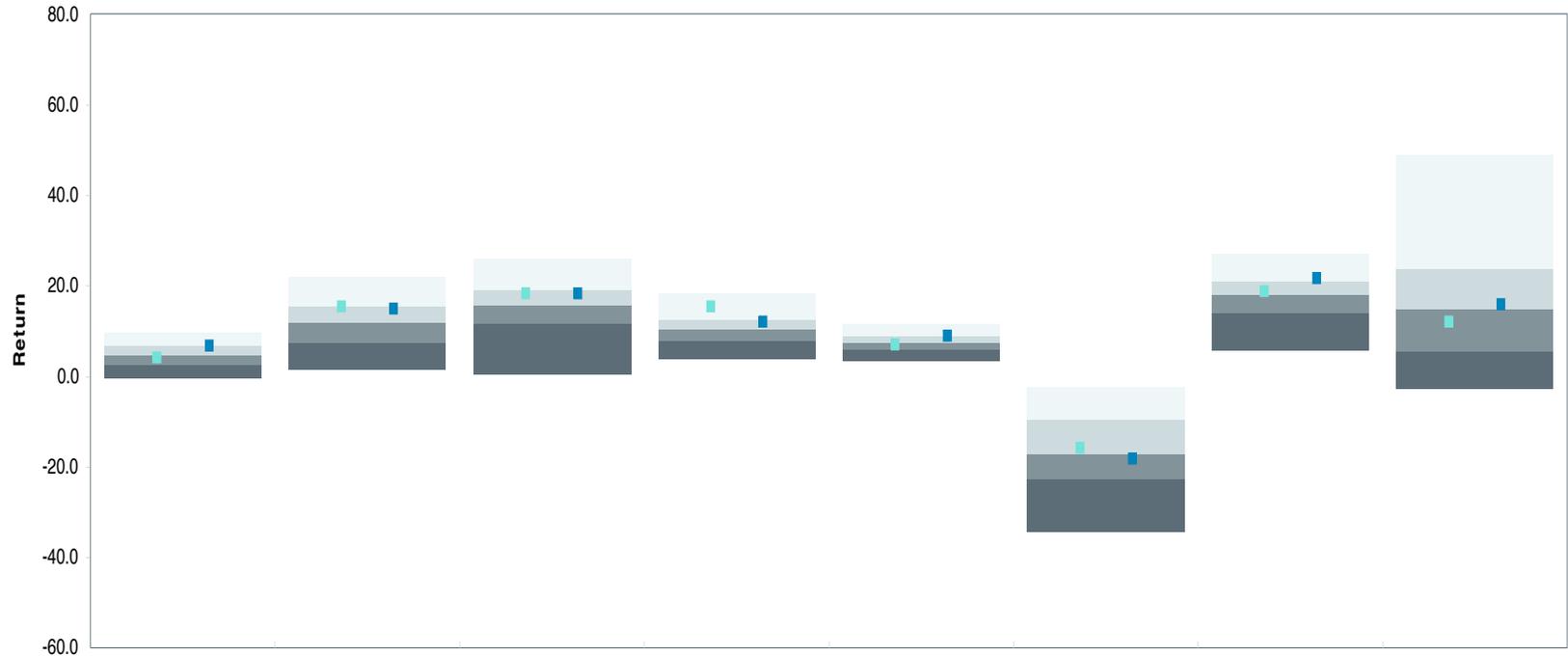
Account Information	
Account Name	Harris Global Equity
Inception Date	06/01/2014
Account Structure	Separate Account
Asset Class	Global Equity
Benchmark	MSCI World Index (Net)
Peer Group	IM Global Equity (SA+CF)



Harris Global Equity

As of June 30, 2023

IM Global Equity (SA+CF)



	1 Quarter	Year to Date	1 Year	3 Years	5 Years	2022	2021	2020
Harris Global Equity	4.1 (58)	15.5 (25)	18.4 (30)	15.4 (11)	7.1 (57)	-15.7 (44)	18.8 (44)	12.1 (58)
MSCI World Index (Net)	6.8 (26)	15.1 (30)	18.5 (28)	12.2 (30)	9.1 (26)	-18.1 (55)	21.8 (23)	15.9 (47)
5th Percentile	9.8	22.0	26.0	18.3	11.6	-2.3	27.0	48.9
1st Quartile	6.9	15.5	19.0	12.7	9.1	-9.5	21.2	23.6
Median	4.7	12.0	15.8	10.4	7.4	-17.1	18.1	14.9
3rd Quartile	2.7	7.5	11.6	7.7	5.9	-22.7	14.2	5.7
95th Percentile	-0.4	1.6	0.7	3.9	3.5	-34.4	5.6	-2.8

Population

463

462

455

429

397

469

479

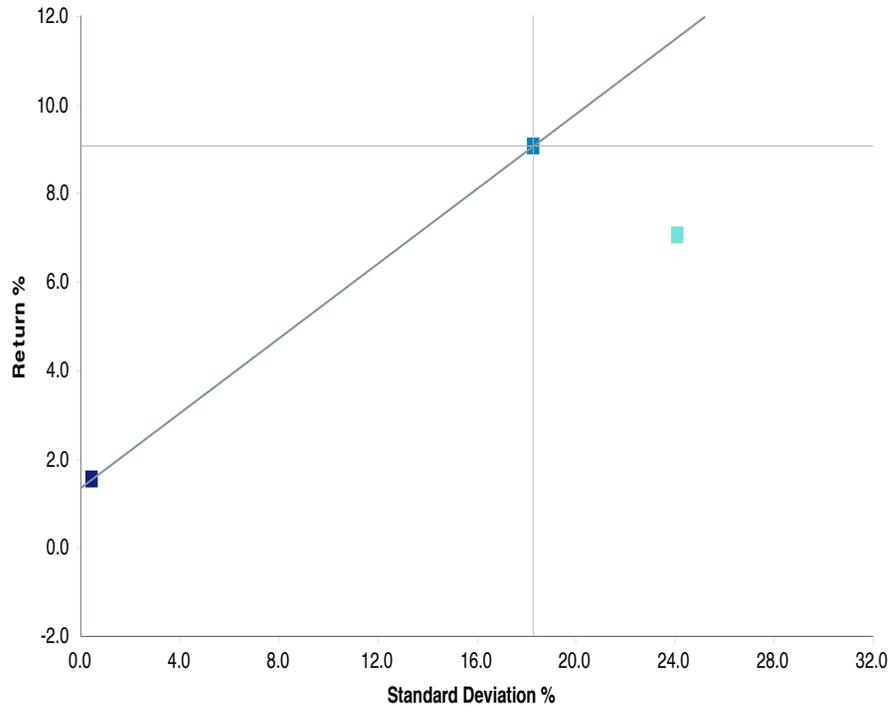
493

Parentheses contain percentile rankings.

Risk Profile Harris Global Equity

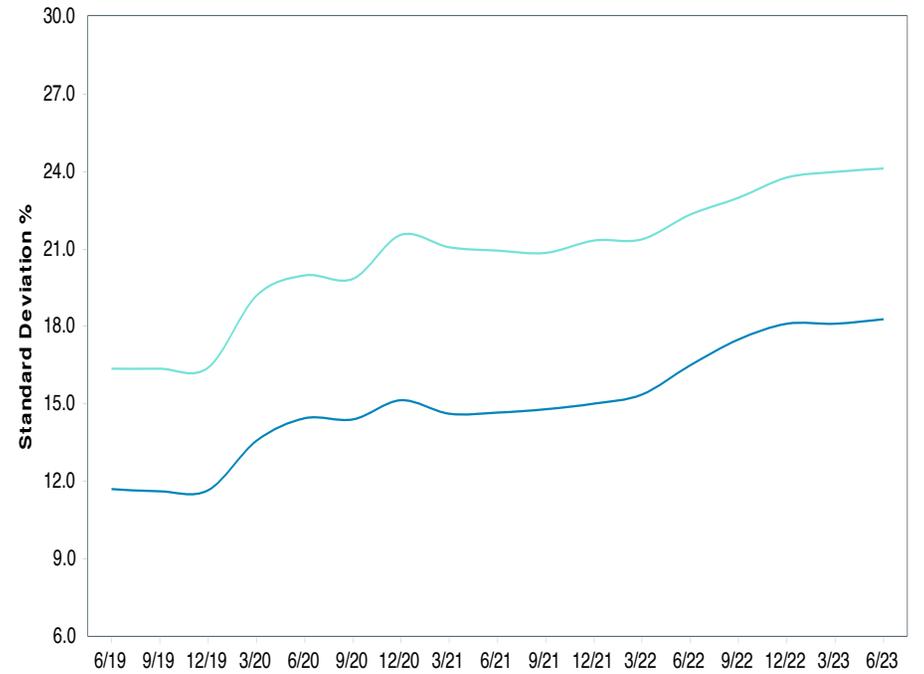
As of June 30, 2023

**Annualized Return vs. Annualized Standard Deviation
5 Years**



■ Harris Global Equity ■ MSCI World Index (Net) ■ 90 Day U.S. Treasury Bill

**Standard Deviation
Rolling 5 Years**



— Harris Global Equity — MSCI World Index (Net)

5 Years Historical Statistics

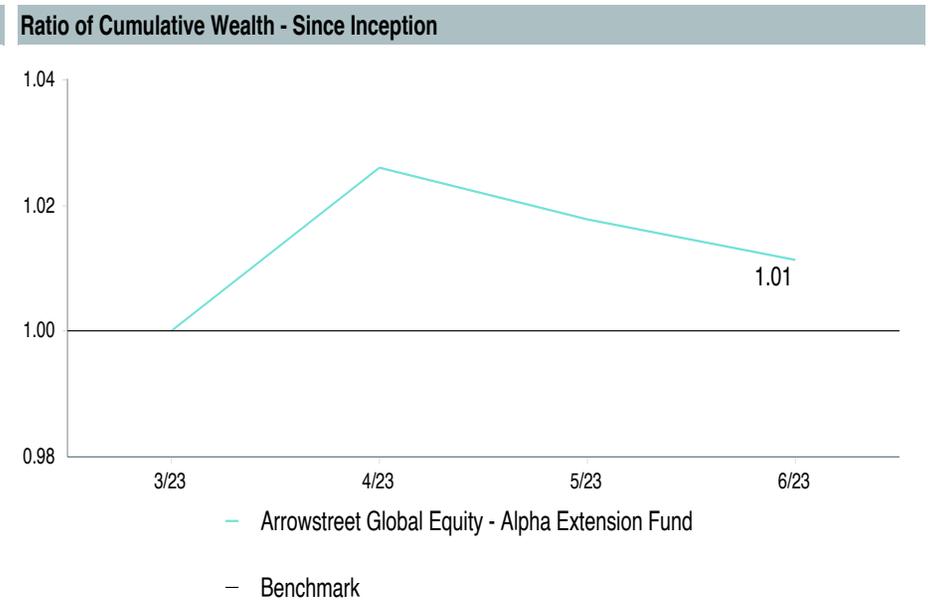
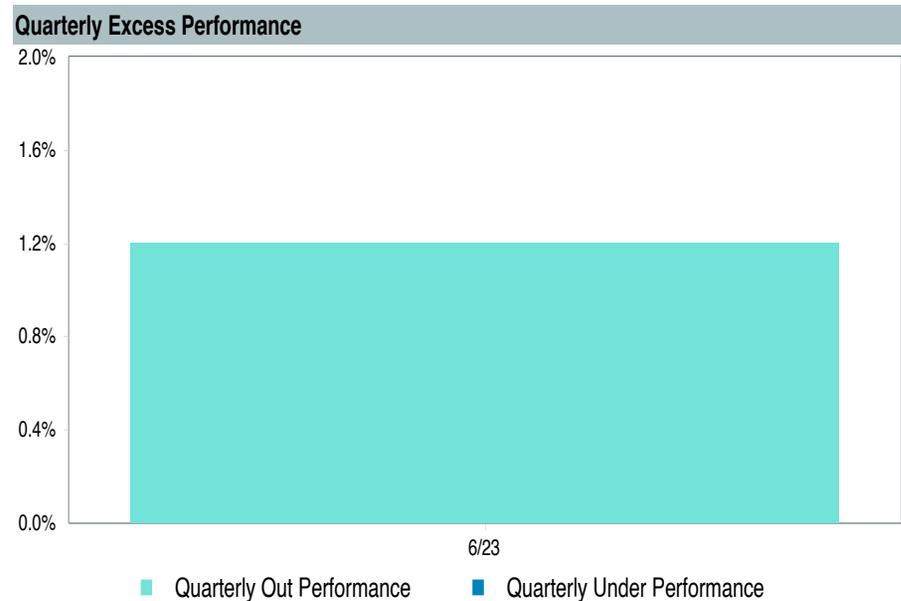
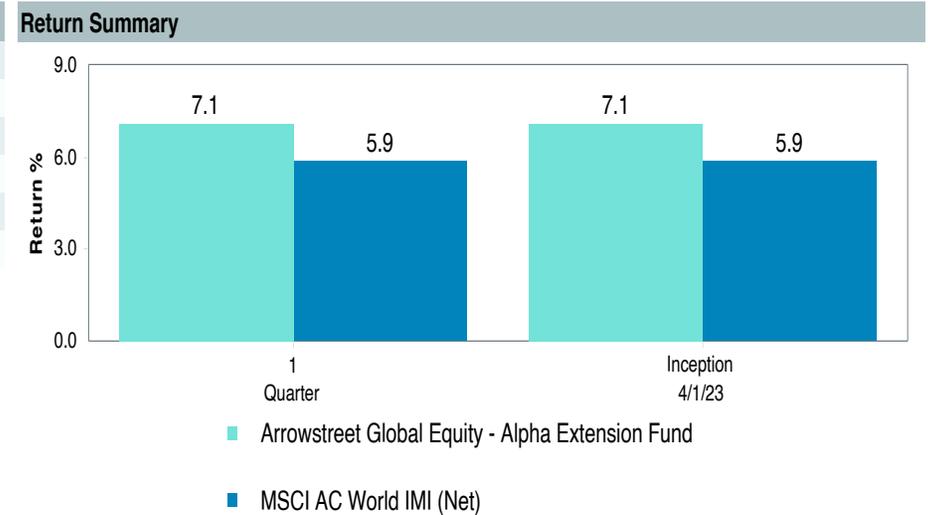
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Harris Global Equity	-0.64	9.42	-0.07	0.88	0.34	-3.05	1.24	7.08	24.10	0.94
MSCI World Index (Net)	0.00	0.00	-	1.00	0.48	0.00	1.00	9.07	18.28	1.00
90 Day U.S. Treasury Bill	-8.83	18.33	-0.48	0.01	-	1.58	0.00	1.55	0.44	-0.10



Manager Performance Summary Arrowstreet Global Equity - Alpha I

As of June 30, 2023

Account Information	
Account Name	Arrowstreet Global Equity - Alpha Extension Fund
Inception Date	03/01/2023
Account Structure	Separate Account
Asset Class	Global Equity
Benchmark	MSCI AC World IMI (Net)
Peer Group	IM Global Equity (MF)



Arrowstreet Global Equity - Alpha Extension Fund

As of June 30, 2023

IM Global Equity (MF)



	1 Quarter
Arrowstreet Global Equity - Alpha Extension Fund	7.1 (20)
MSCI AC World IMI (Net)	5.9 (33)
5th Percentile	11.7
1st Quartile	6.5
Median	4.4
3rd Quartile	1.7
95th Percentile	-2.5
Population	520

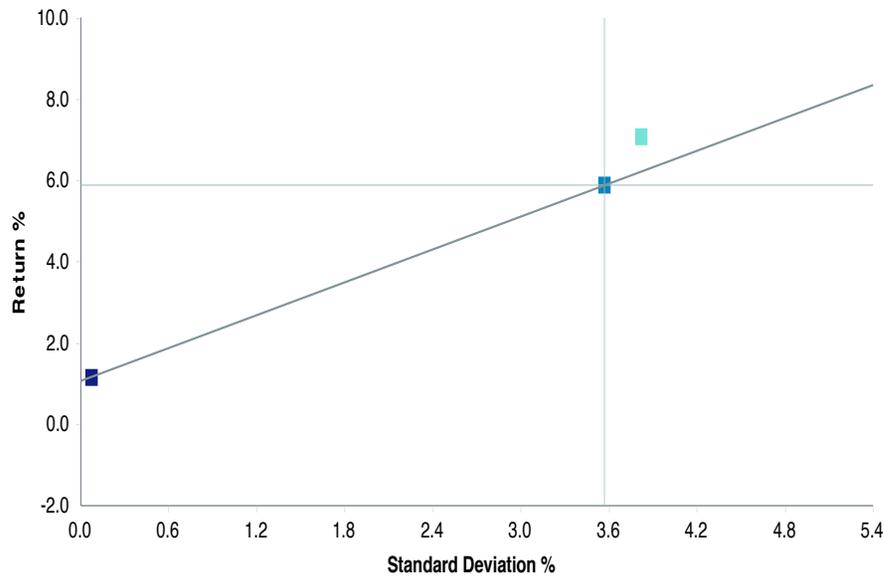
Parentheses contain percentile rankings.



Risk Profile Arrowstreet Global Equity - Alpha Extension

As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
1 Quarter



- Arrowstreet Global Equity - Alpha Extension Fund
- MSCI AC World IMI (Net)
- 90 Day U.S. Treasury Bill

Standard Deviation
Rolling 0.25 Year



- Arrowstreet Global Equity - Alpha Extension Fund
- MSCI AC World IMI (Net)

1 Quarter Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Arrowstreet Global Equity - Alpha Extension Fund	0.39	1.94	0.20	0.75	0.52	0.54	0.92	7.09	3.82	0.86
MSCI AC World IMI (Net)	0.00	0.00	-	1.00	0.45	0.00	1.00	5.89	3.57	1.00
90 Day U.S. Treasury Bill	-1.58	3.53	-0.45	0.36	-	0.36	0.01	1.17	0.07	0.60

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Fixed Income

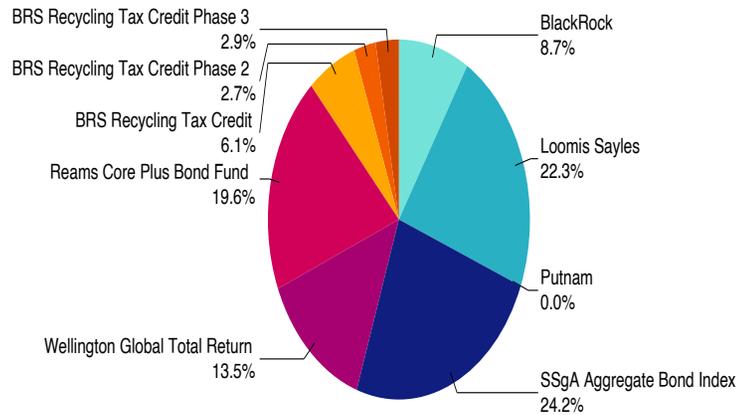


Composite Portfolio Overview Fixed Income

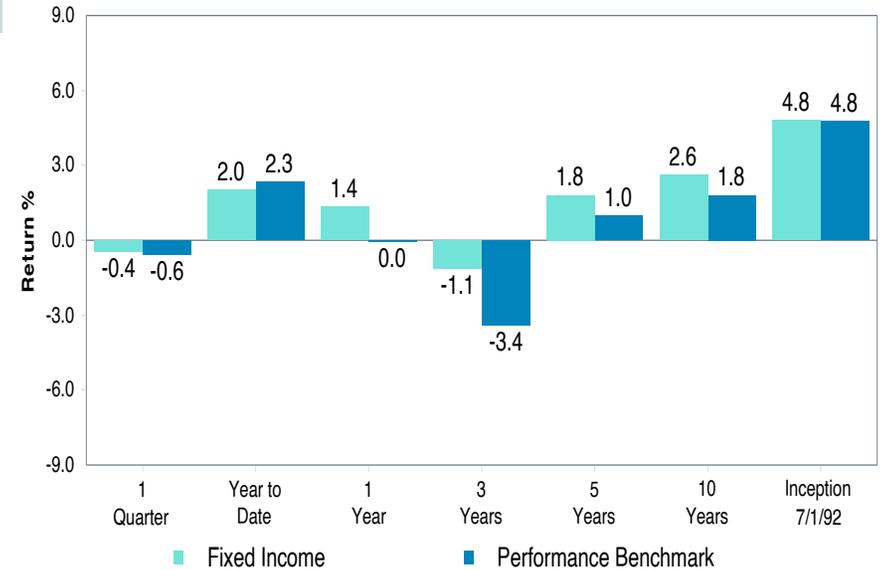
As of June 30, 2023

Current Allocation

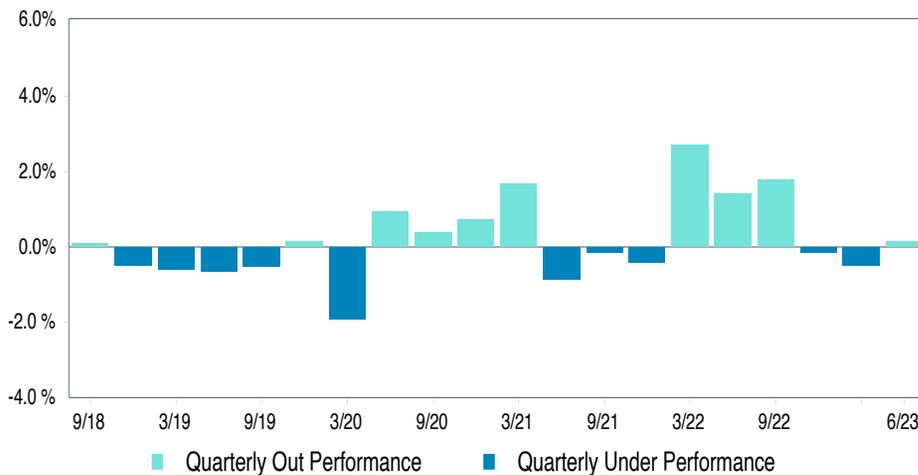
June 30, 2023 : \$2,870,580,902



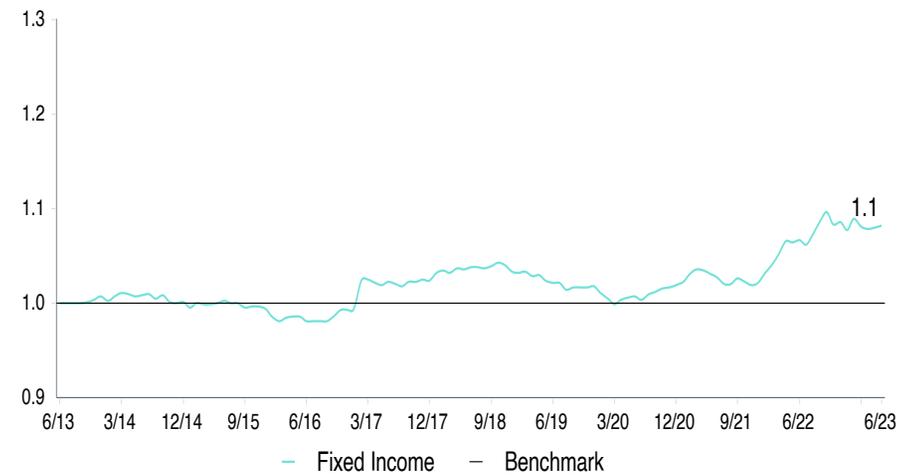
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years

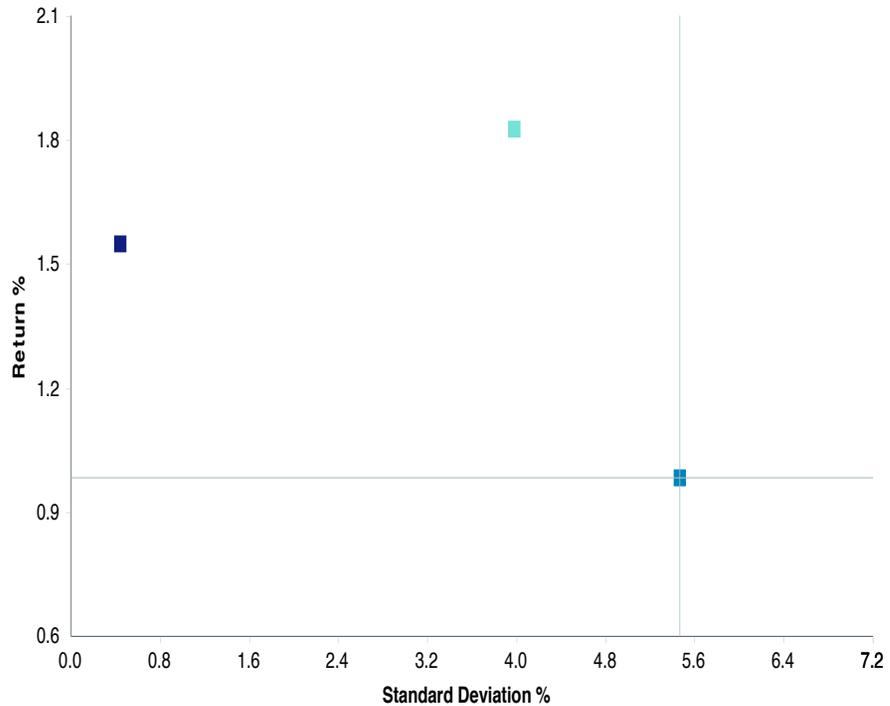


Note: April 1, 2004 represents the inception of the Global Equity Custom Benchmark as the primary performance objective for the Global Equity portfolio.

Risk Profile Fixed Income

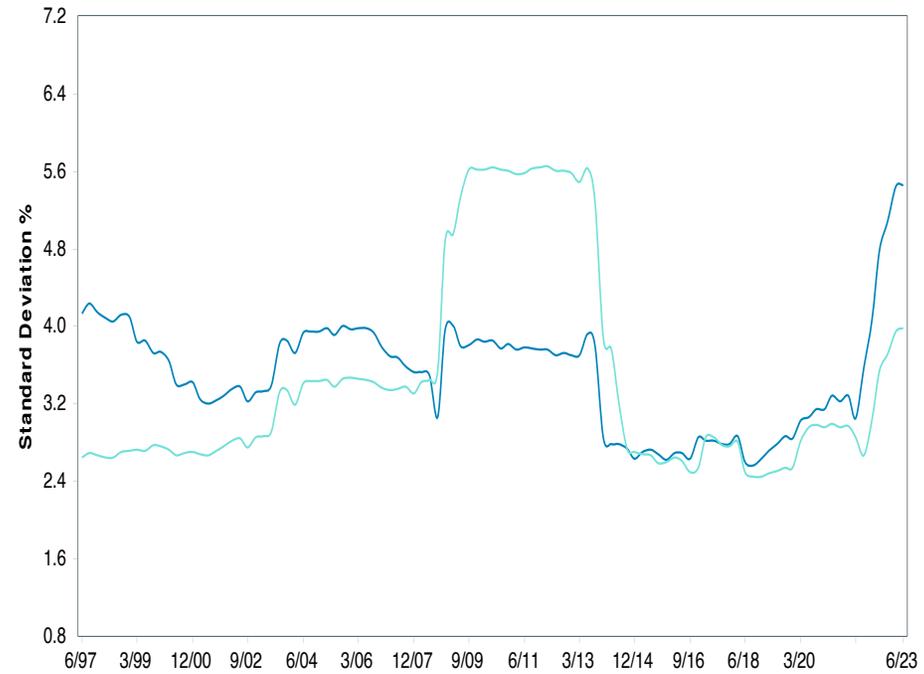
As of June 30, 2023

**Annualized Return vs. Annualized Standard Deviation
5 Years**



■ Fixed Income ■ Performance Benchmark ■ 90 Day U.S. Treasury Bill

**Standard Deviation
Rolling 5 Years**



— Fixed Income — Performance Benchmark

5 Years Historical Statistics

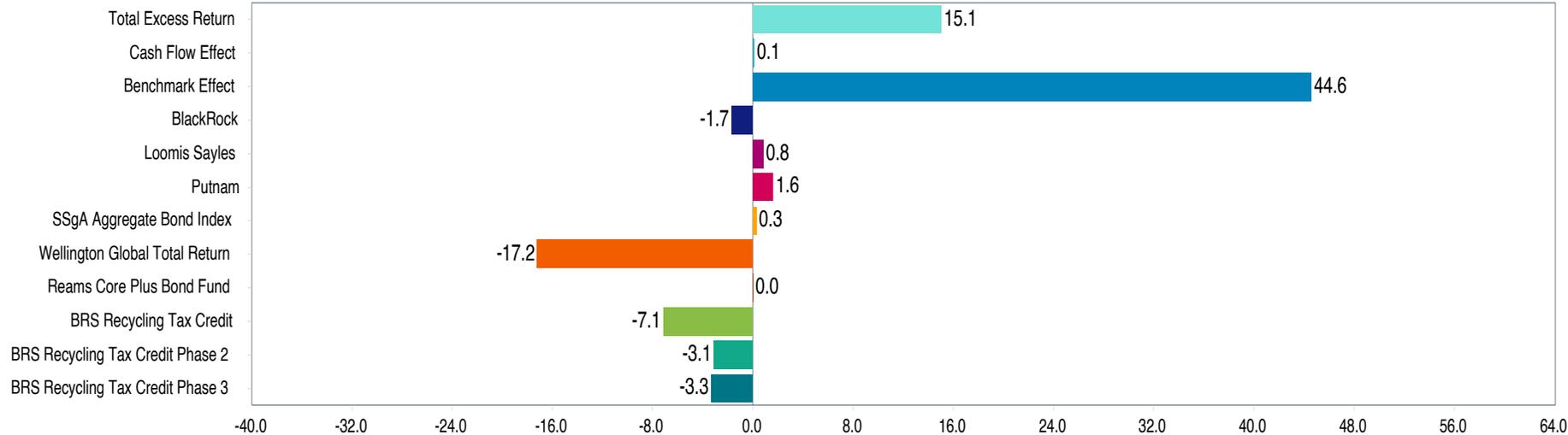
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Fixed Income	0.76	1.91	0.40	0.94	0.09	1.10	0.70	1.83	3.98	0.97
Performance Benchmark	0.00	0.00	-	1.00	-0.08	0.00	1.00	0.98	5.46	1.00
90 Day U.S. Treasury Bill	0.42	5.42	0.08	0.02	-	1.54	0.01	1.55	0.44	0.14



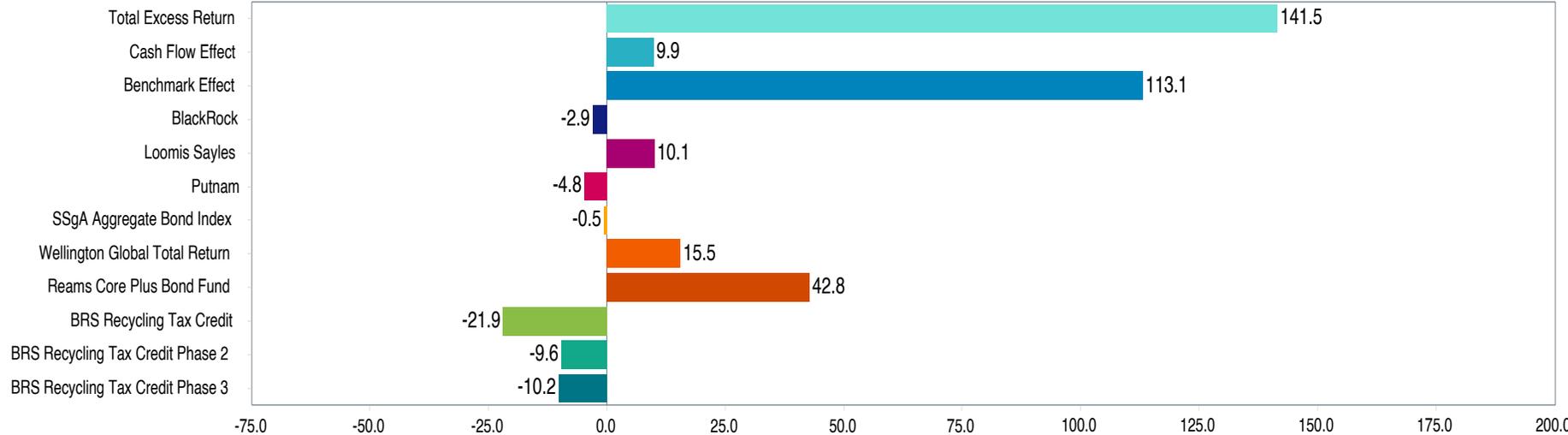
Asset Class Attribution

As of June 30, 2023

1 Quarter



1 Year



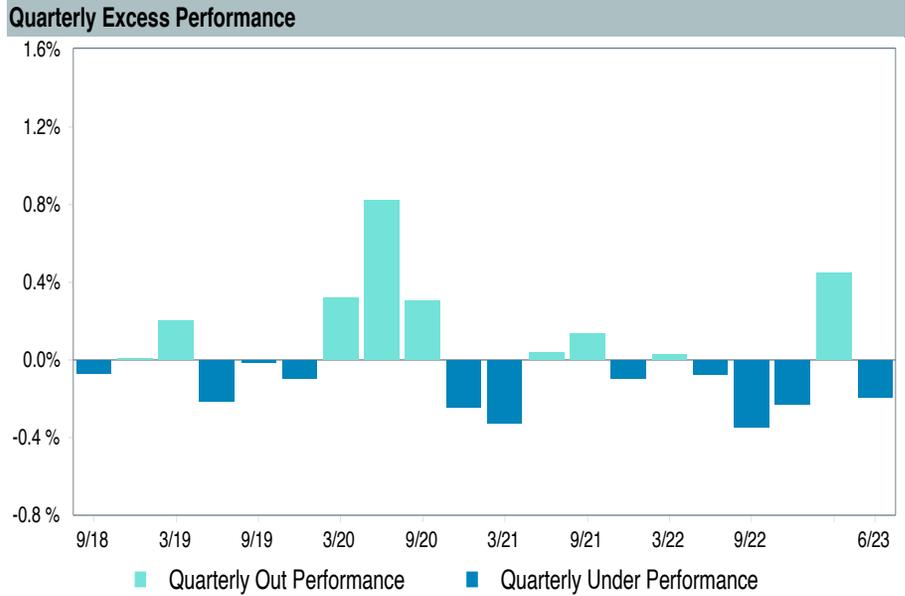
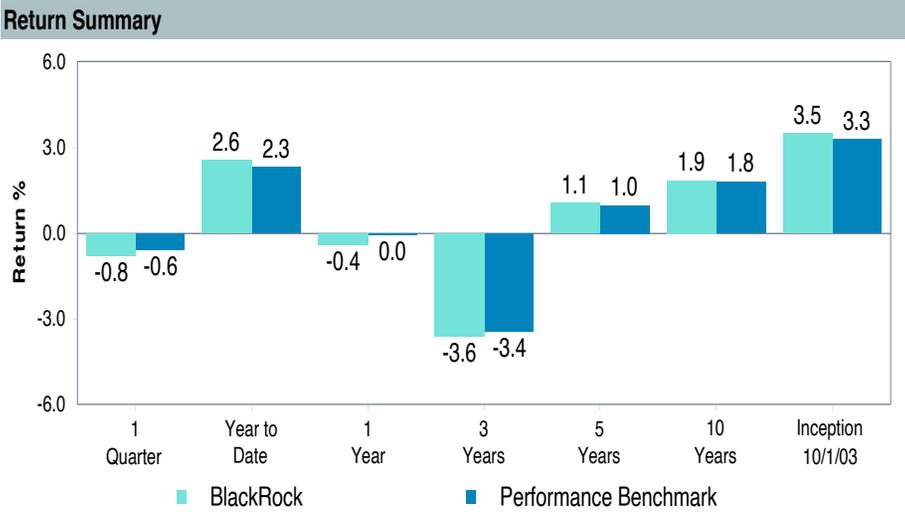
*The BRS Recycling Tax Credit represents an annual income stream of \$16 million dollars over the next 14 years, which ATRS purchased for approximately \$162 million. This represents an approximate 9.9% yield for the 2017 fiscal year. The value shown above represents the year-end market value in accordance with GASB Statement 72, representing the 14 years of annual income, and has been incorporated into Total Fixed Income and Total Fund performance.



Manager Performance Summary BlackRock

As of June 30, 2023

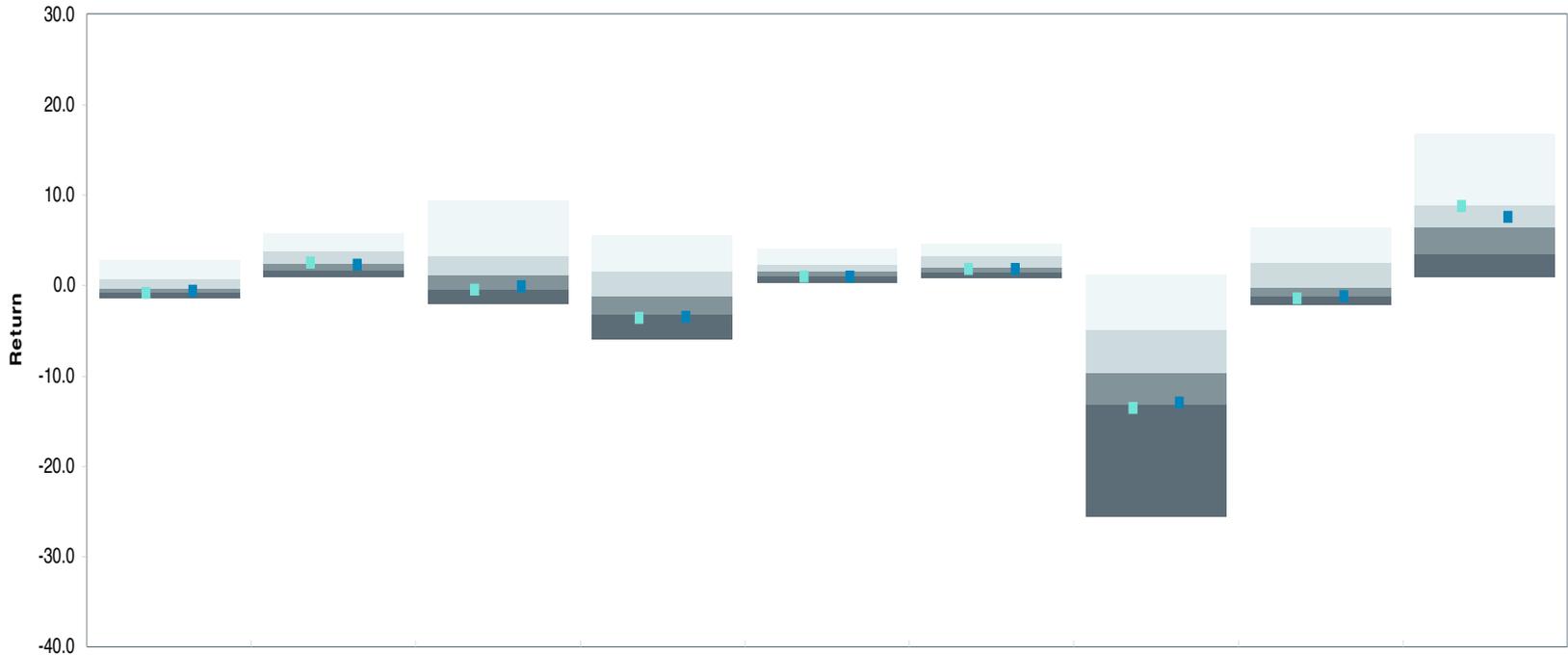
Account Information	
Account Name	BlackRock
Inception Date	09/30/2003
Account Structure	Separate Account
Asset Class	US Fixed Income
Benchmark	Performance Benchmark
Peer Group	IM U.S. Fixed Income (SA+CF)



BlackRock

As of June 30, 2023

IM U.S. Fixed Income (SA+CF)



	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	2022	2021	2020
BlackRock	-0.8 (78)	2.6 (46)	-0.4 (75)	-3.6 (83)	1.1 (76)	1.9 (56)	-13.5 (79)	-1.4 (81)	8.8 (27)
Performance Benchmark	-0.6 (67)	2.3 (54)	0.0 (69)	-3.4 (80)	1.0 (79)	1.8 (59)	-13.0 (72)	-1.1 (74)	7.6 (39)
5th Percentile	2.8	5.9	9.5	5.5	4.1	4.6	1.3	6.4	16.9
1st Quartile	0.8	3.9	3.4	1.6	2.4	3.3	-4.8	2.6	8.9
Median	-0.3	2.4	1.1	-1.1	1.6	2.0	-9.7	-0.1	6.5
3rd Quartile	-0.7	1.7	-0.4	-3.2	1.1	1.5	-13.2	-1.1	3.6
95th Percentile	-1.4	0.9	-2.0	-5.9	0.3	0.9	-25.6	-2.1	0.9
Population	1,213	1,212	1,188	1,144	1,097	934	1,268	1,306	1,364

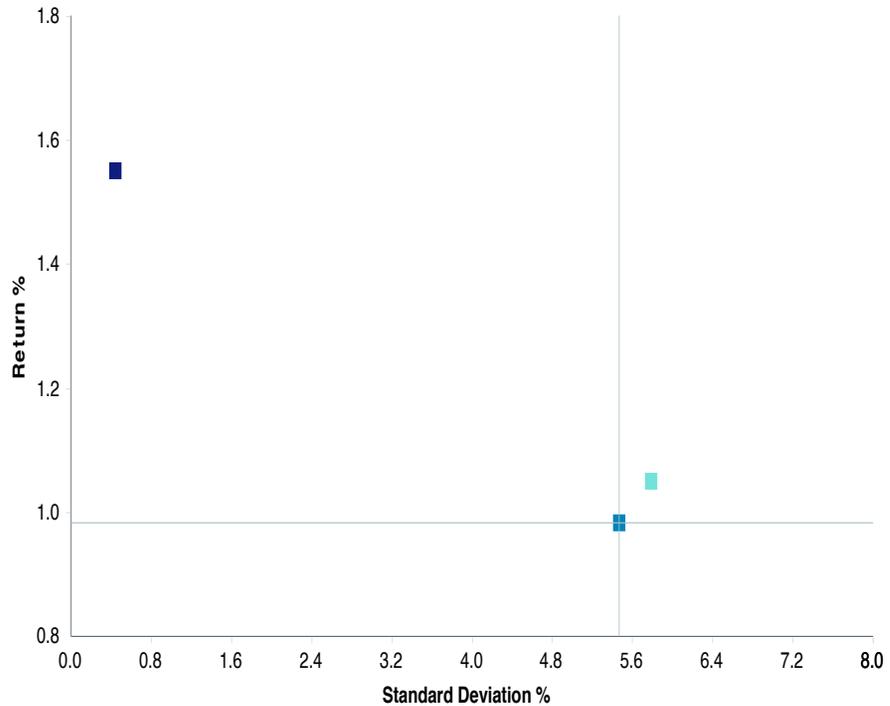
Parentheses contain percentile rankings.



Risk Profile BlackRock

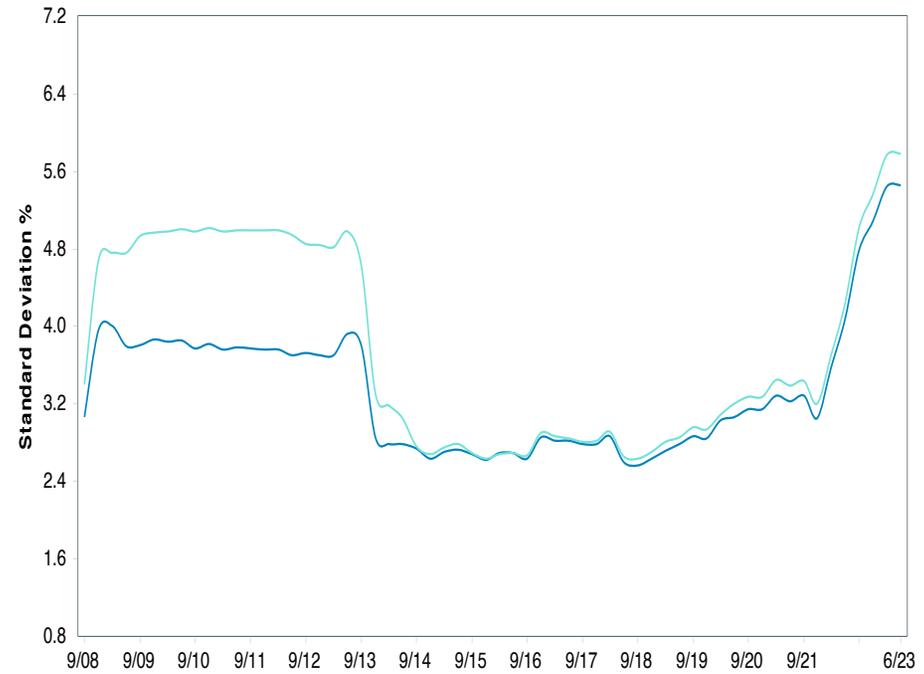
As of June 30, 2023

**Annualized Return vs. Annualized Standard Deviation
5 Years**



■ BlackRock ■ Performance Benchmark ■ 90 Day U.S. Treasury Bill

**Standard Deviation
Rolling 5 Years**



— BlackRock — Performance Benchmark

5 Years Historical Statistics

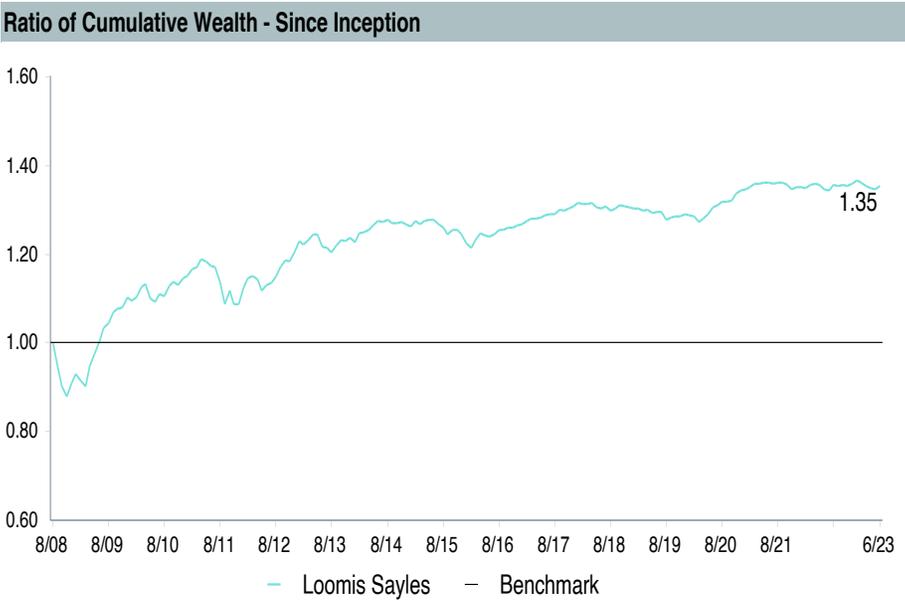
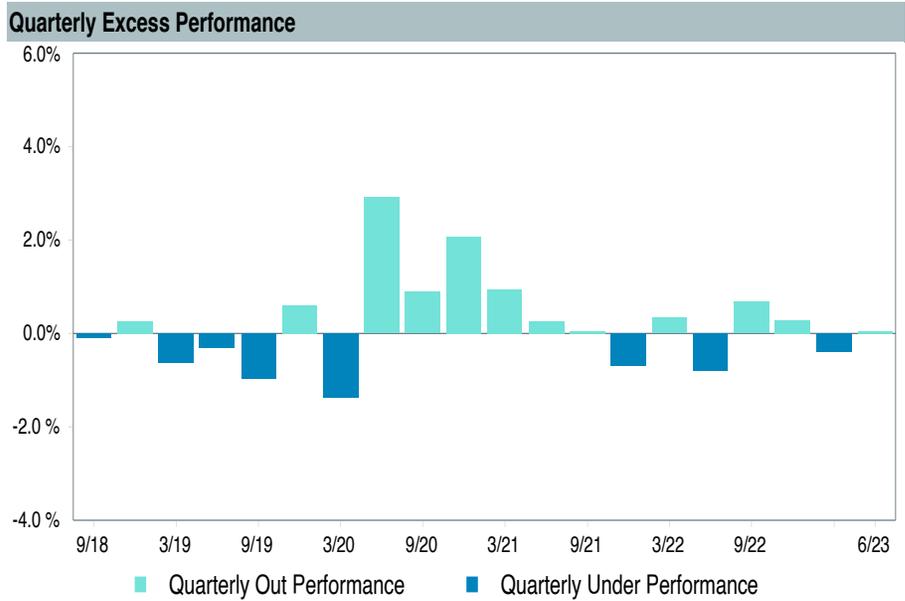
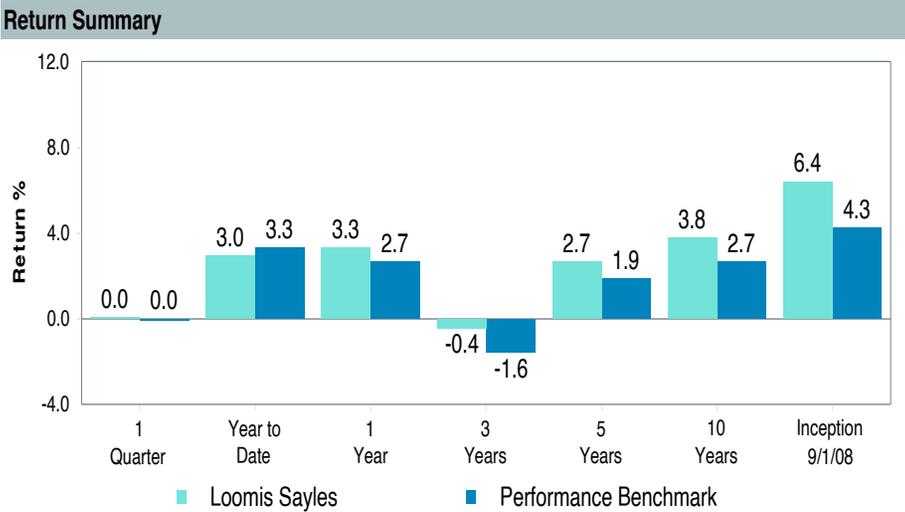
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
BlackRock	0.08	0.54	0.16	0.99	-0.06	0.02	1.06	1.05	5.79	1.00
Performance Benchmark	0.00	0.00	-	1.00	-0.08	0.00	1.00	0.98	5.46	1.00
90 Day U.S. Treasury Bill	0.42	5.42	0.08	0.02	-	1.54	0.01	1.55	0.44	0.14



Manager Performance Summary Loomis Sayles

As of June 30, 2023

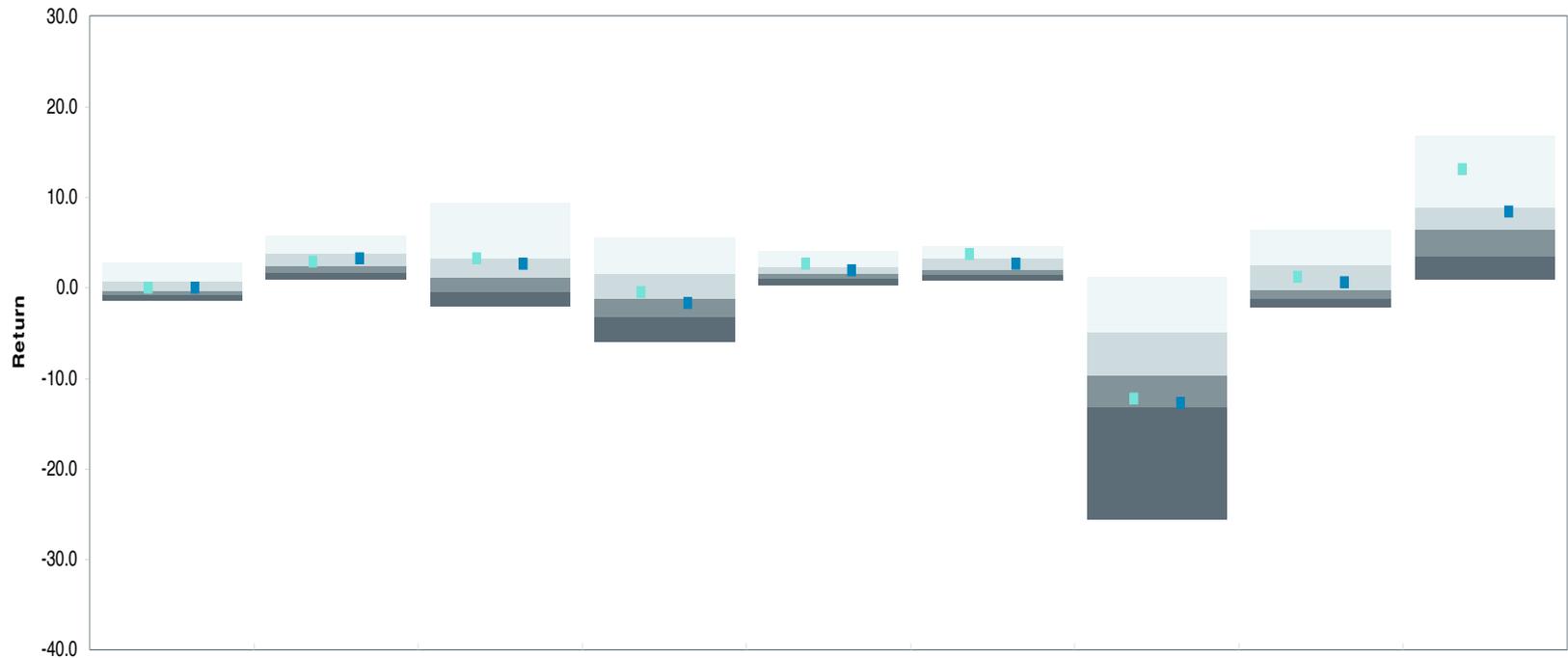
Account Information	
Account Name	Loomis Sayles
Inception Date	06/30/2008
Account Structure	Separate Account
Asset Class	US Fixed Income
Benchmark	Performance Benchmark
Peer Group	IM U.S. Fixed Income (SA+CF)



Loomis Sayles

As of June 30, 2023

IM U.S. Fixed Income (SA+CF)



	1 Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years	2022	2021	2020
Loomis Sayles	0.0 (39)	3.0 (37)	3.3 (26)	-0.4 (42)	2.7 (20)	3.8 (17)	-12.3 (65)	1.2 (33)	13.1 (10)
Performance Benchmark	0.0 (40)	3.3 (31)	2.7 (31)	-1.6 (56)	1.9 (37)	2.7 (37)	-12.7 (69)	0.7 (37)	8.5 (29)
5th Percentile	2.8	5.9	9.5	5.5	4.1	4.6	1.3	6.4	16.9
1st Quartile	0.8	3.9	3.4	1.6	2.4	3.3	-4.8	2.6	8.9
Median	-0.3	2.4	1.1	-1.1	1.6	2.0	-9.7	-0.1	6.5
3rd Quartile	-0.7	1.7	-0.4	-3.2	1.1	1.5	-13.2	-1.1	3.6
95th Percentile	-1.4	0.9	-2.0	-5.9	0.3	0.9	-25.6	-2.1	0.9
Population	1,213	1,212	1,188	1,144	1,097	934	1,268	1,306	1,364

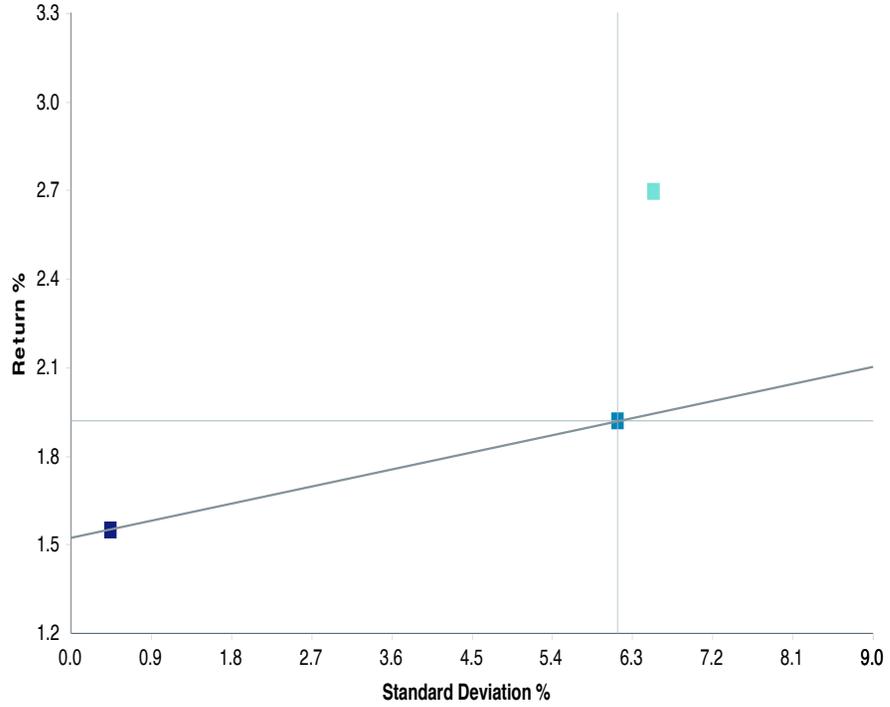
Parentheses contain percentile rankings.



Risk Profile Loomis Sayles

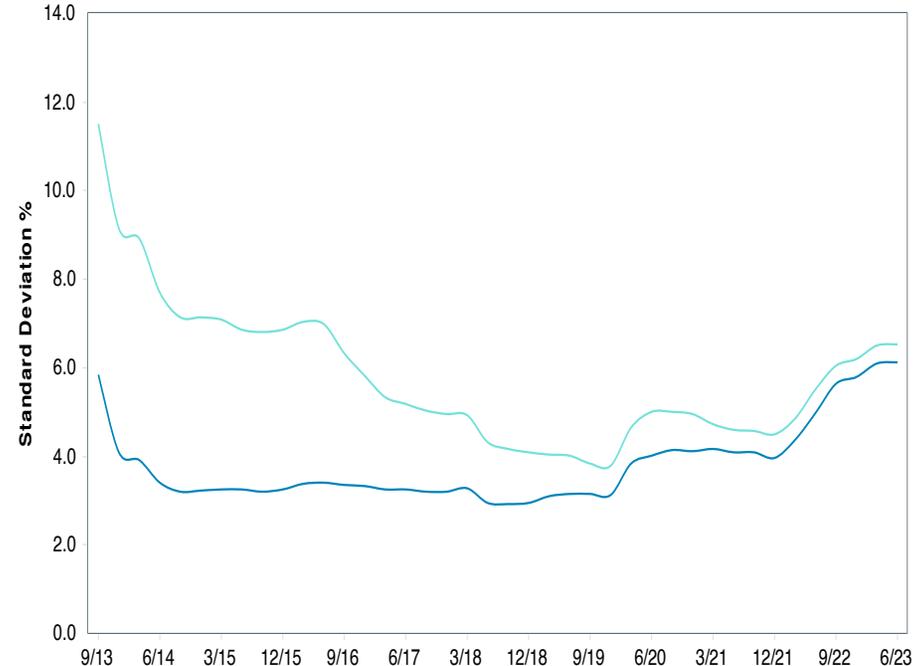
As of June 30, 2023

**Annualized Return vs. Annualized Standard Deviation
5 Years**



■ Loomis Sayles ■ Performance Benchmark ■ 90 Day U.S. Treasury Bill

**Standard Deviation
Rolling 5 Years**



— Loomis Sayles — Performance Benchmark

5 Years Historical Statistics

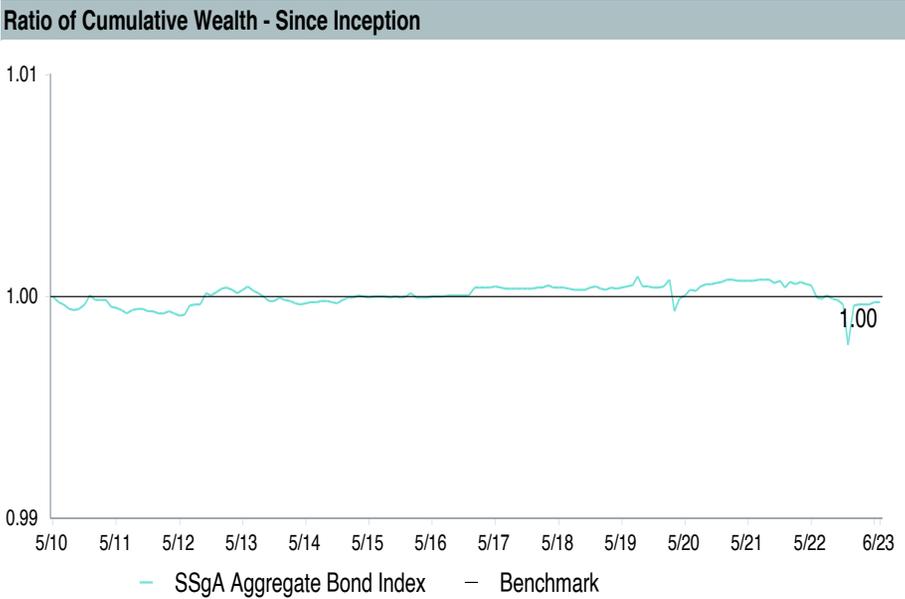
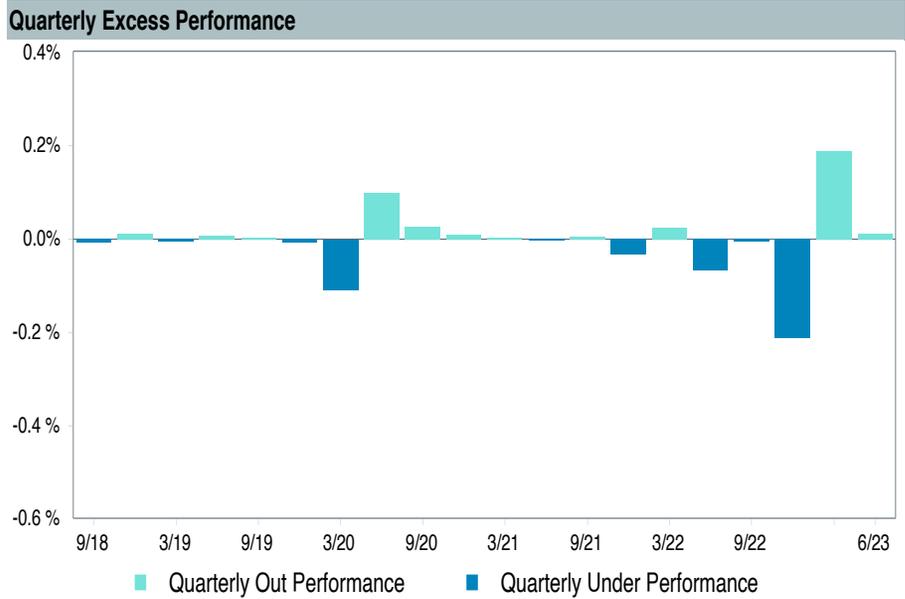
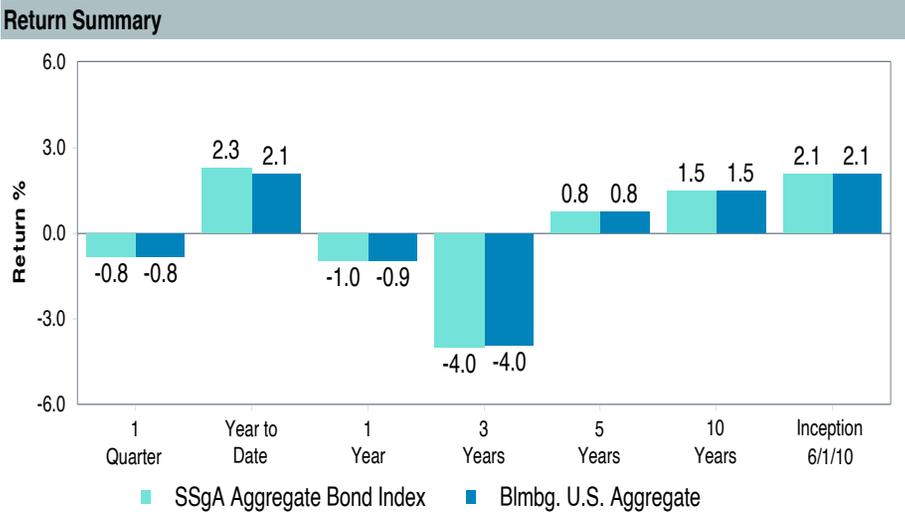
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Loomis Sayles	0.79	1.70	0.46	0.93	0.20	0.73	1.03	2.70	6.54	0.97
Performance Benchmark	0.00	0.00	-	1.00	0.09	0.00	1.00	1.92	6.13	1.00
90 Day U.S. Treasury Bill	-0.55	6.12	-0.09	0.00	-	1.54	0.00	1.55	0.44	0.05



Manager Performance Summary SSgA Aggregate Bond Index

As of June 30, 2023

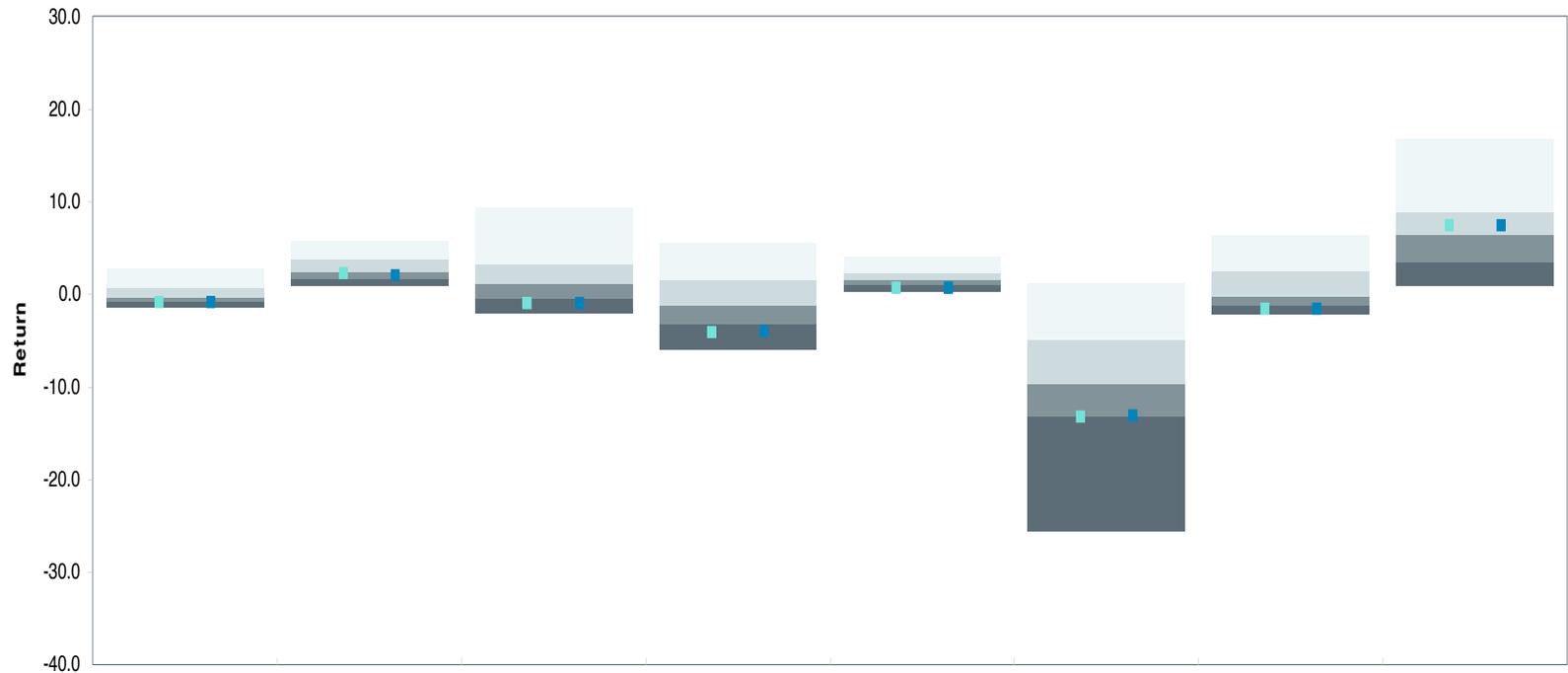
Account Information	
Account Name	SSgA Aggregate Bond Index
Inception Date	01/01/1901
Account Structure	Commingled Fund
Asset Class	US Fixed Income
Benchmark	Blmbg. U.S. Aggregate
Peer Group	IM U.S. Fixed Income (SA+CF)



SSgA Aggregate Bond Index

As of June 30, 2023

IM U.S. Fixed Income (SA+CF)



	1 Quarter	Year to Date	1 Year	3 Years	5 Years	2022	2021	2020
SSgA Aggregate Bond Index	-0.8 (81)	2.3 (55)	-1.0 (85)	-4.0 (90)	0.8 (88)	-13.2 (76)	-1.6 (86)	7.5 (39)
Blmbg. U.S. Aggregate	-0.8 (82)	2.1 (62)	-0.9 (85)	-4.0 (89)	0.8 (88)	-13.0 (72)	-1.5 (86)	7.5 (39)
5th Percentile	2.8	5.9	9.5	5.5	4.1	1.3	6.4	16.9
1st Quartile	0.8	3.9	3.4	1.6	2.4	-4.8	2.6	8.9
Median	-0.3	2.4	1.1	-1.1	1.6	-9.7	-0.1	6.5
3rd Quartile	-0.7	1.7	-0.4	-3.2	1.1	-13.2	-1.1	3.6
95th Percentile	-1.4	0.9	-2.0	-5.9	0.3	-25.6	-2.1	0.9

Population	1,213	1,212	1,188	1,144	1,097	1,268	1,306	1,364
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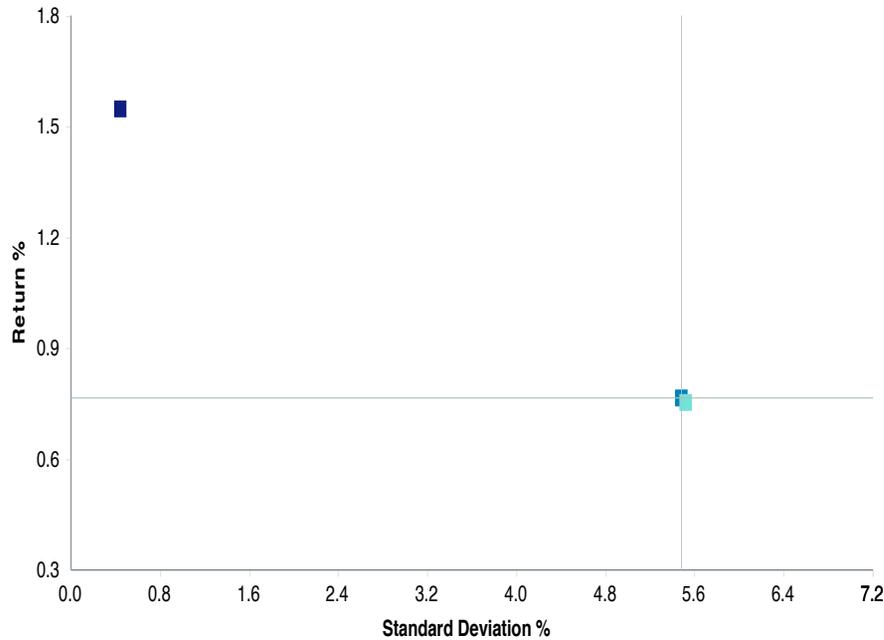
Parentheses contain percentile rankings.



Risk Profile SSgA Aggregate Bond Index

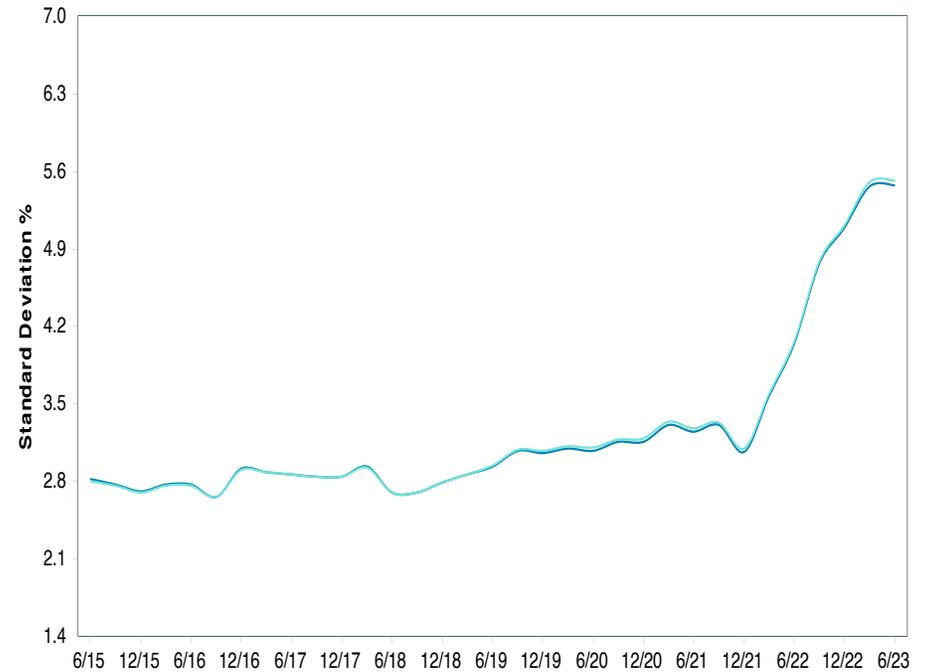
As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



- SSgA Aggregate Bond Index
- Blmbg. U.S. Aggregate
- 90 Day U.S. Treasury Bill

Standard Deviation
Rolling 5 Years



- SSgA Aggregate Bond Index
- Blmbg. U.S. Aggregate

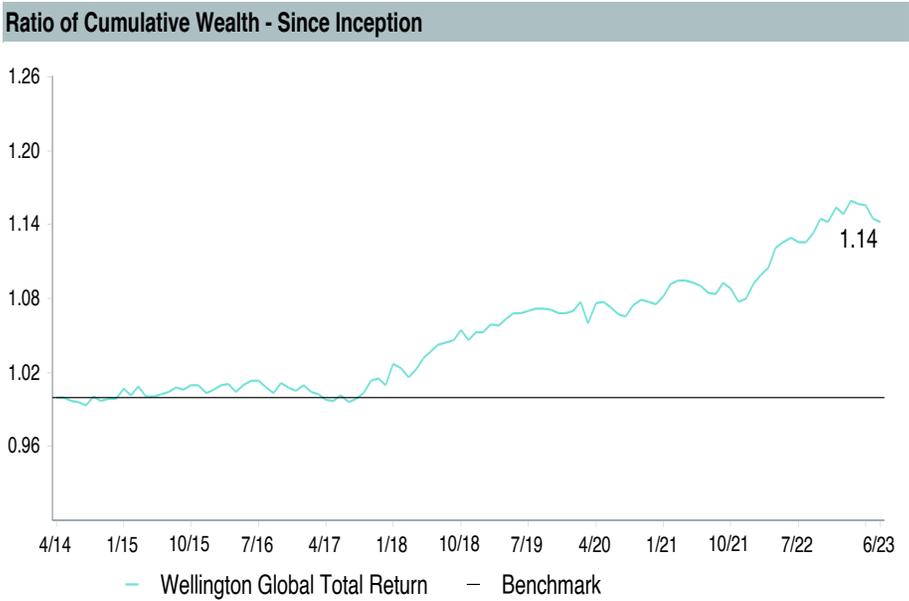
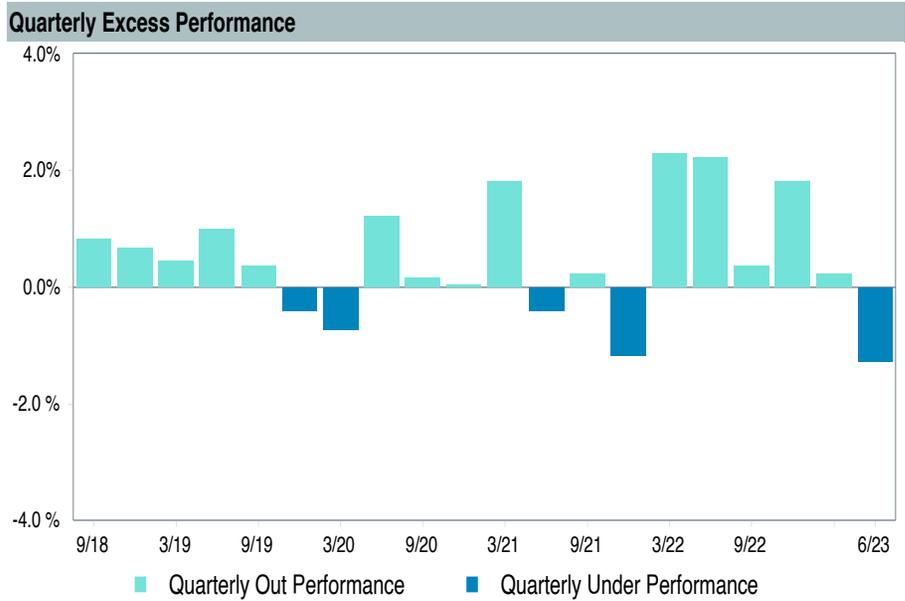
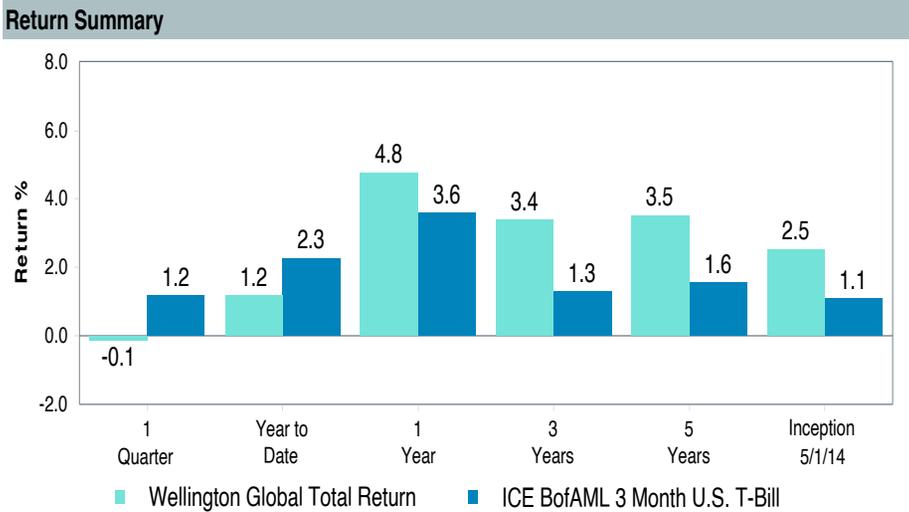
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
SSgA Aggregate Bond Index	-0.01	0.14	-0.07	1.00	-0.12	-0.02	1.01	0.75	5.52	1.00
Blmbg. U.S. Aggregate	0.00	0.00	-	1.00	-0.12	0.00	1.00	0.77	5.48	1.00
90 Day U.S. Treasury Bill	0.63	5.42	0.12	0.03	-	1.54	0.01	1.55	0.44	0.17

Manager Performance Summary Wellington Global Total Return

As of June 30, 2023

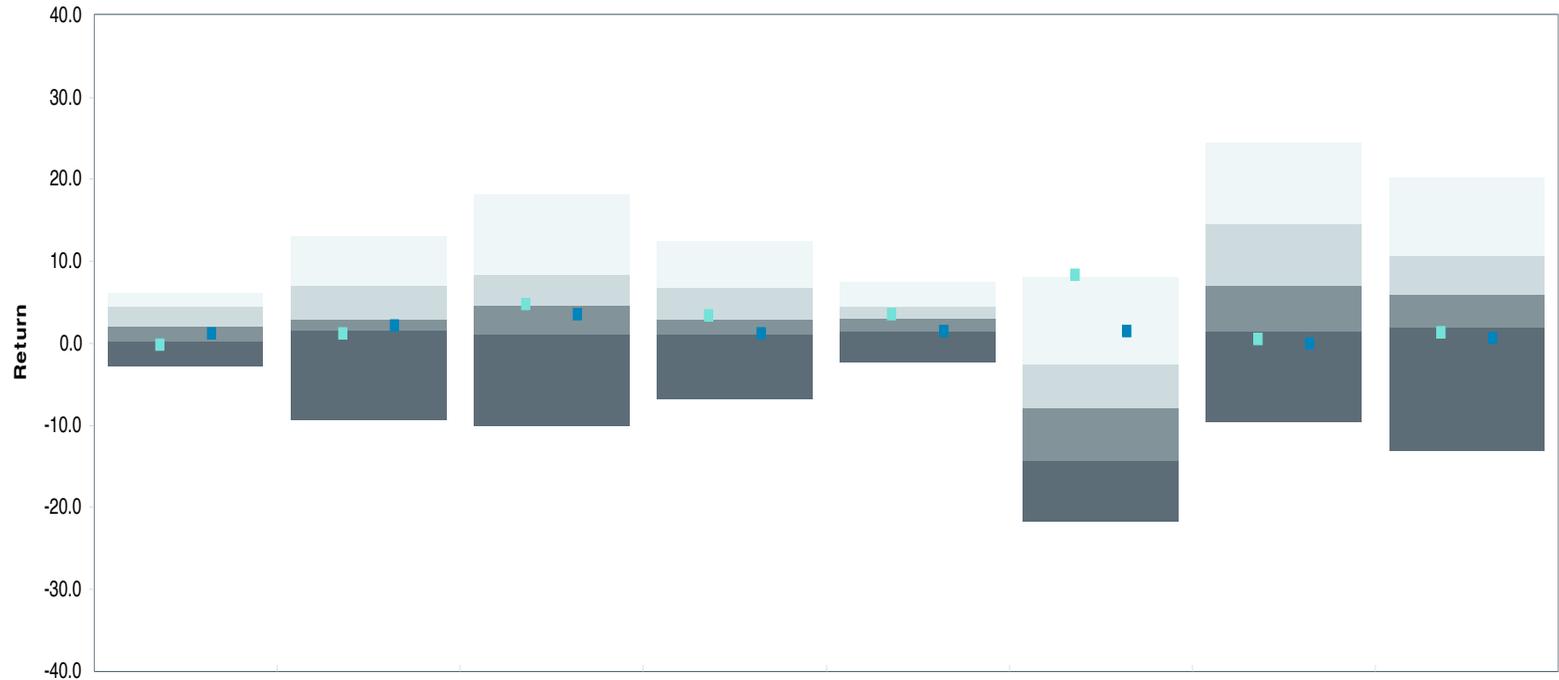
Account Information	
Account Name	Wellington Global Total Return
Inception Date	05/13/2014
Account Structure	Commingled Fund
Asset Class	Global Fixed Income
Benchmark	ICE BofAML 3 Month U.S. T-Bill
Peer Group	IM Absolute Return (MF)



Wellington Global Total Return

As of June 30, 2023

IM Absolute Return (MF)



	1 Quarter	Year to Date	1 Year	3 Years	5 Years	2022	2021	2020
Wellington Global Total Return	-0.1 (84)	1.2 (77)	4.8 (50)	3.4 (47)	3.5 (42)	8.4 (5)	0.5 (82)	1.4 (77)
ICE BofAML 3 Month U.S. T-Bill	1.2 (66)	2.3 (65)	3.6 (62)	1.3 (74)	1.6 (75)	1.5 (13)	0.0 (82)	0.7 (81)
5th Percentile	6.2	13.1	18.2	12.4	7.5	8.2	24.4	20.2
1st Quartile	4.6	7.1	8.4	6.9	4.5	-2.5	14.6	10.7
Median	2.1	2.9	4.7	2.9	3.0	-7.9	7.1	6.0
3rd Quartile	0.3	1.7	1.0	1.1	1.5	-14.3	1.5	1.9
95th Percentile	-2.8	-9.3	-10.0	-6.7	-2.4	-21.8	-9.7	-13.1

Population

42

42

42

40

36

45

48

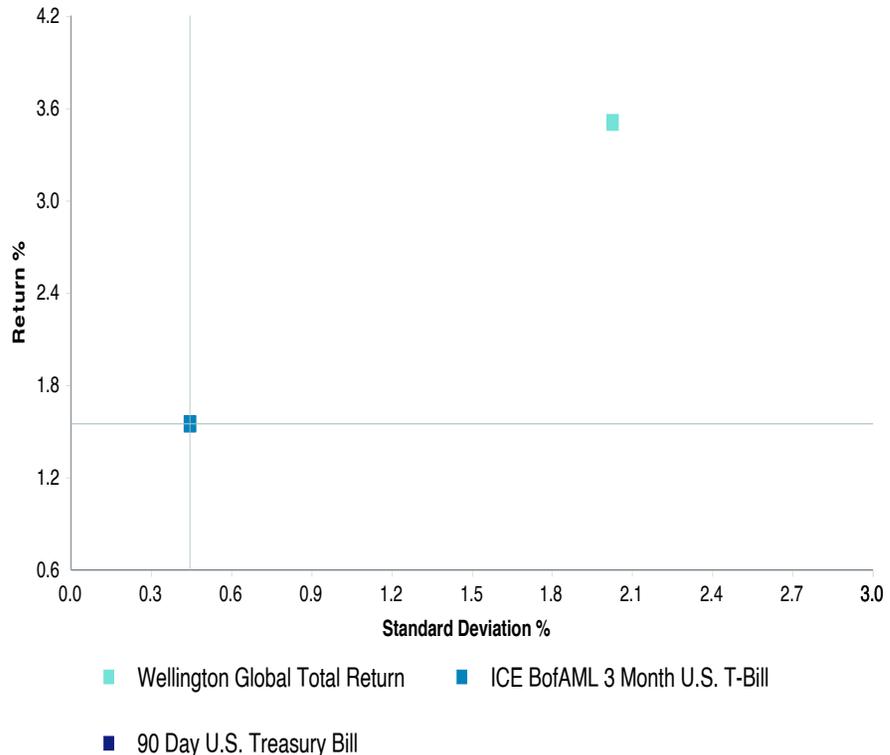
46

Parentheses contain percentile rankings.

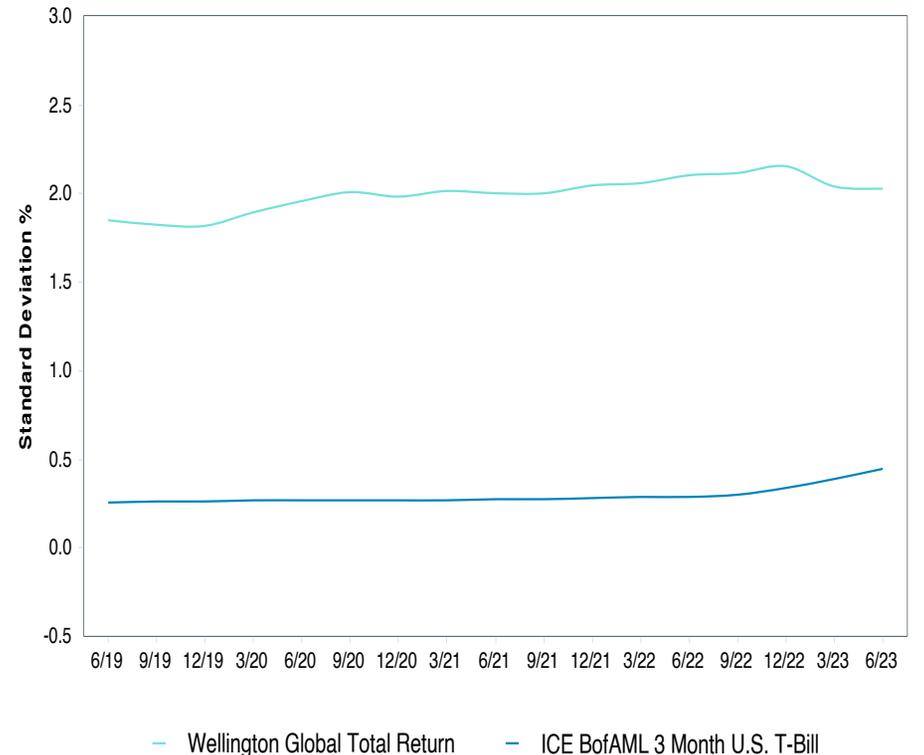
Risk Profile Wellington Global Total Return

As of June 30, 2023

**Annualized Return vs. Annualized Standard Deviation
5 Years**



**Standard Deviation
Rolling 5 Years**



5 Years Historical Statistics

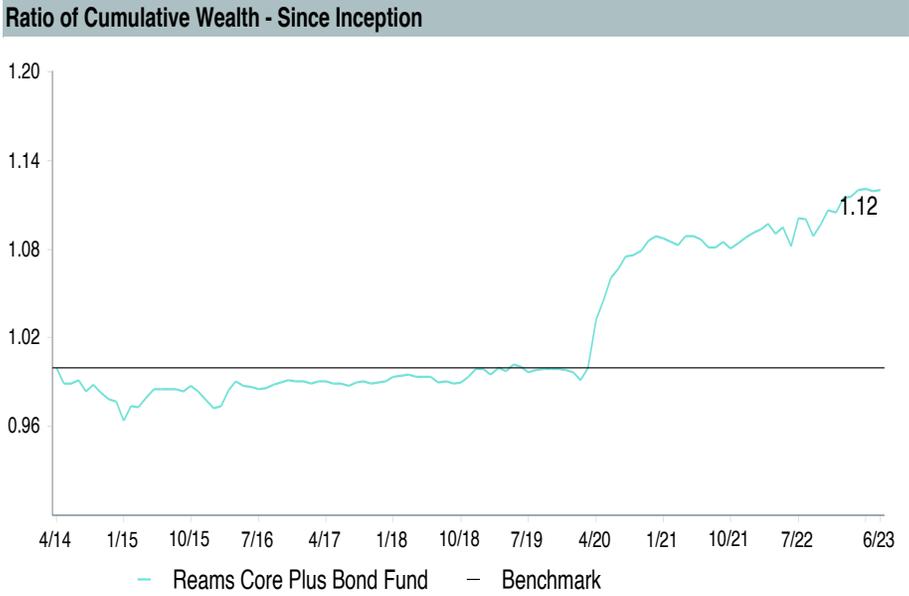
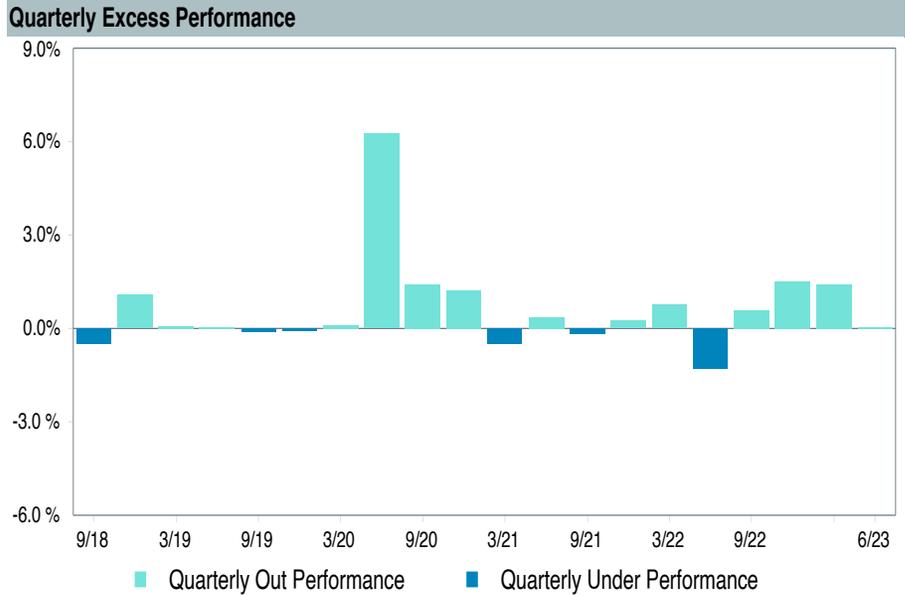
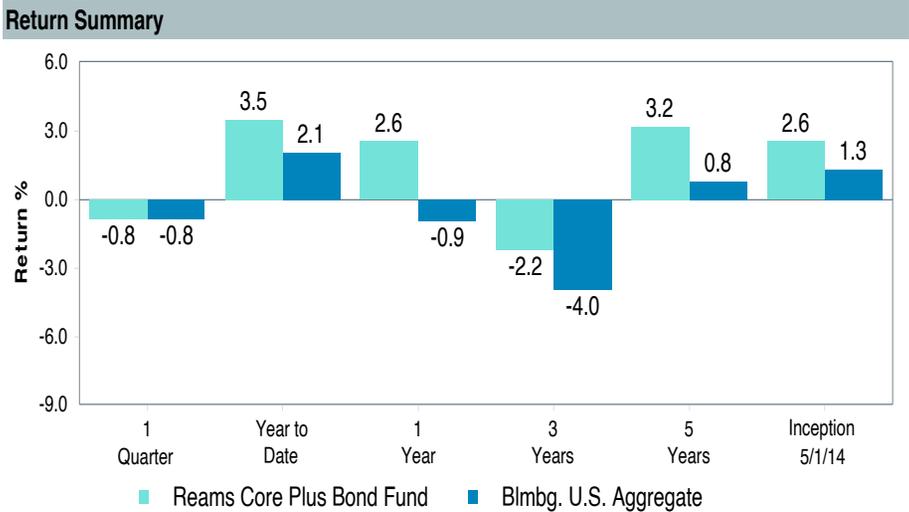
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Wellington Global Total Return	1.94	2.06	0.94	0.00	0.94	3.28	0.16	3.52	2.03	0.04
ICE BofAML 3 Month U.S. T-Bill	0.00	0.00	-	1.00	-	0.00	1.00	1.55	0.44	1.00
90 Day U.S. Treasury Bill	0.00	0.00	-	1.00	-	0.00	1.00	1.55	0.44	1.00



Manager Performance Summary Reams Core Plus Bond Fund

As of June 30, 2023

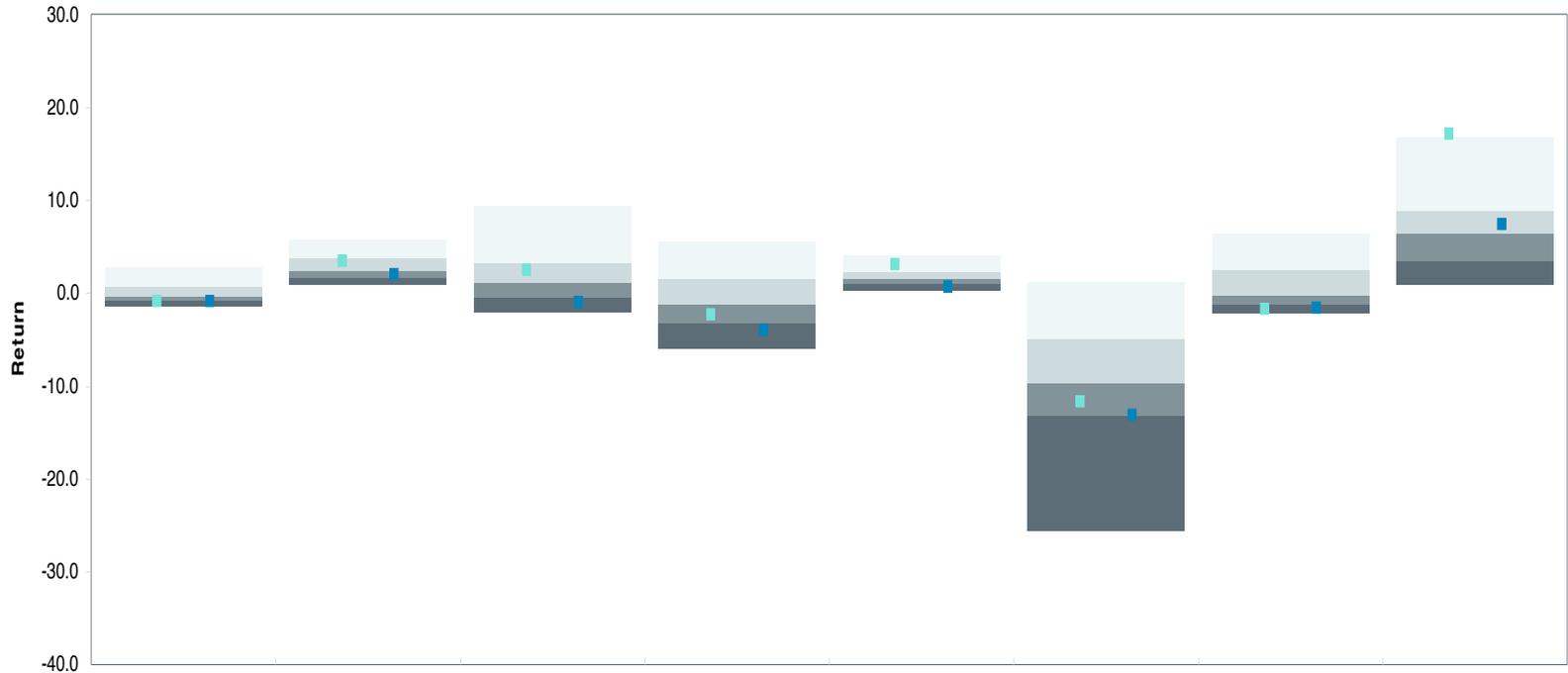
Account Information	
Account Name	Reams Core Plus Bond Fund
Inception Date	05/08/2014
Account Structure	Commingled Fund
Asset Class	US Fixed Income
Benchmark	Blmbg. U.S. Aggregate
Peer Group	IM U.S. Fixed Income (SA+CF)



Reams Core Plus Bond Fund

As of June 30, 2023

IM U.S. Fixed Income (SA+CF)



	1 Quarter	Year to Date	1 Year	3 Years	5 Years	2022	2021	2020
Reams Core Plus Bond Fund	-0.8 (81)	3.5 (29)	2.6 (32)	-2.2 (61)	3.2 (13)	-11.7 (61)	-1.6 (88)	17.2 (5)
Blmbg. U.S. Aggregate	-0.8 (82)	2.1 (62)	-0.9 (85)	-4.0 (89)	0.8 (88)	-13.0 (72)	-1.5 (86)	7.5 (39)
5th Percentile	2.8	5.9	9.5	5.5	4.1	1.3	6.4	16.9
1st Quartile	0.8	3.9	3.4	1.6	2.4	-4.8	2.6	8.9
Median	-0.3	2.4	1.1	-1.1	1.6	-9.7	-0.1	6.5
3rd Quartile	-0.7	1.7	-0.4	-3.2	1.1	-13.2	-1.1	3.6
95th Percentile	-1.4	0.9	-2.0	-5.9	0.3	-25.6	-2.1	0.9

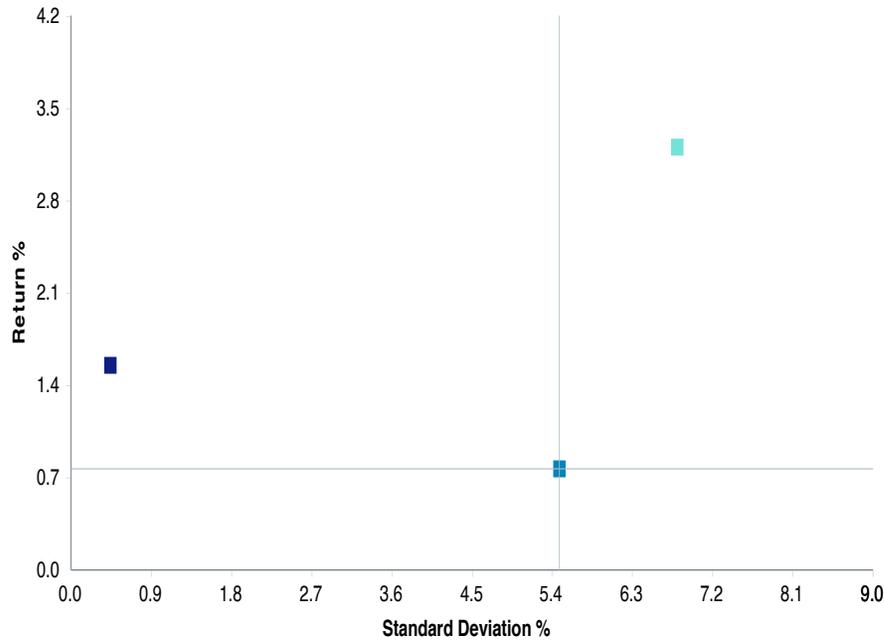
Population	1,213	1,212	1,188	1,144	1,097	1,268	1,306	1,364
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Parentheses contain percentile rankings.

Risk Profile Reams Core Plus Bond Fund

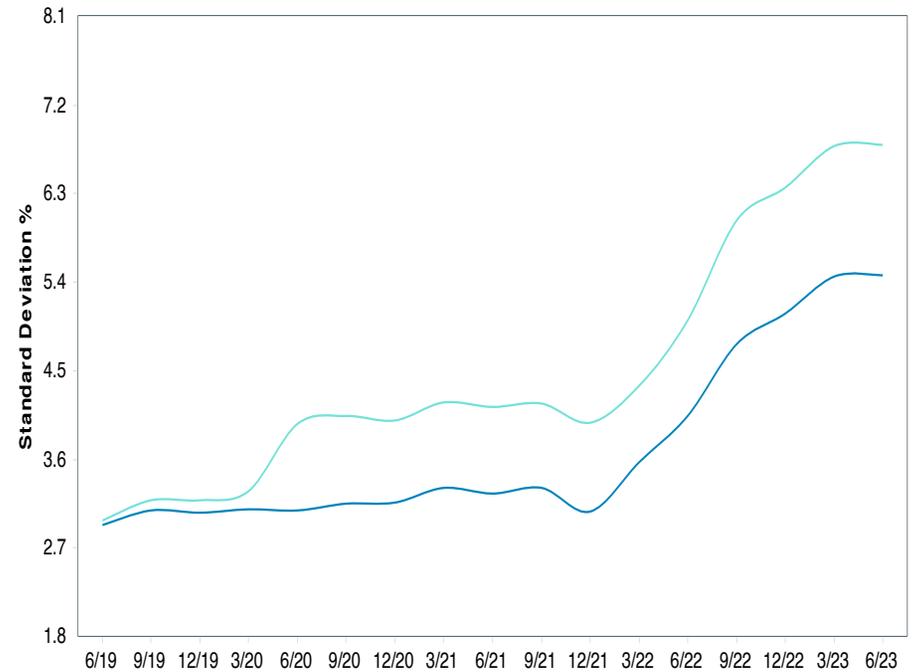
As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



- Reams Core Plus Bond Fund
- Blmbg. U.S. Aggregate
- 90 Day U.S. Treasury Bill

Standard Deviation
Rolling 5 Years



- Reams Core Plus Bond Fund
- Blmbg. U.S. Aggregate

5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Reams Core Plus Bond Fund	2.48	2.31	1.07	0.91	0.27	2.34	1.18	3.21	6.80	0.95
Blmbg. U.S. Aggregate	0.00	0.00	-	1.00	-0.12	0.00	1.00	0.77	5.48	1.00
90 Day U.S. Treasury Bill	0.63	5.42	0.12	0.03	-	1.54	0.01	1.55	0.44	0.17

Opportunistic/Alternatives

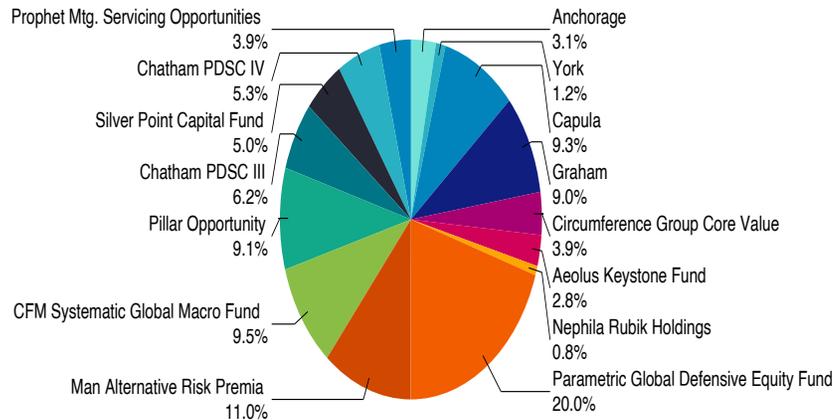


Composite Portfolio Overview Opportunistic/Alternatives

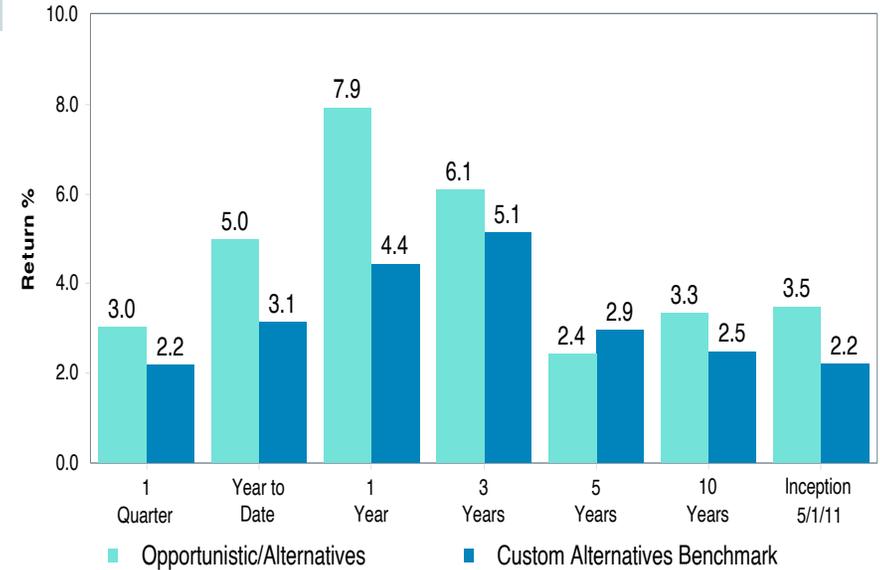
As of June 30, 2023

Current Allocation

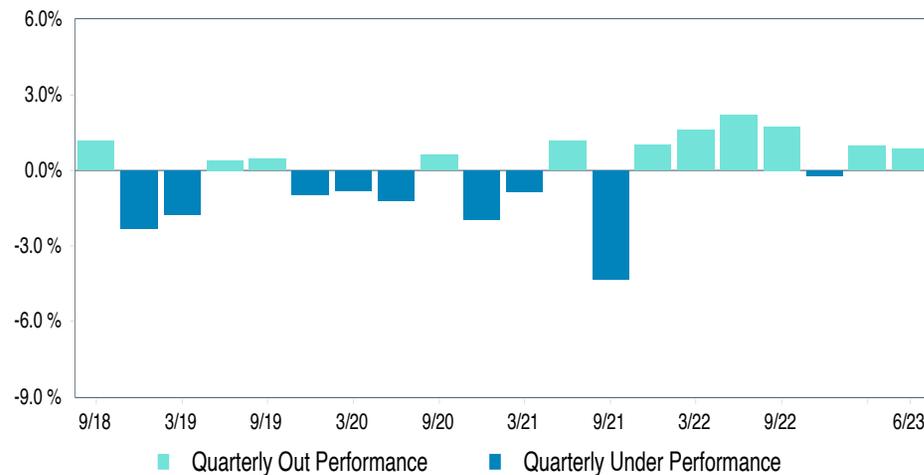
June 30, 2023 : \$1,034,139,668



Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years

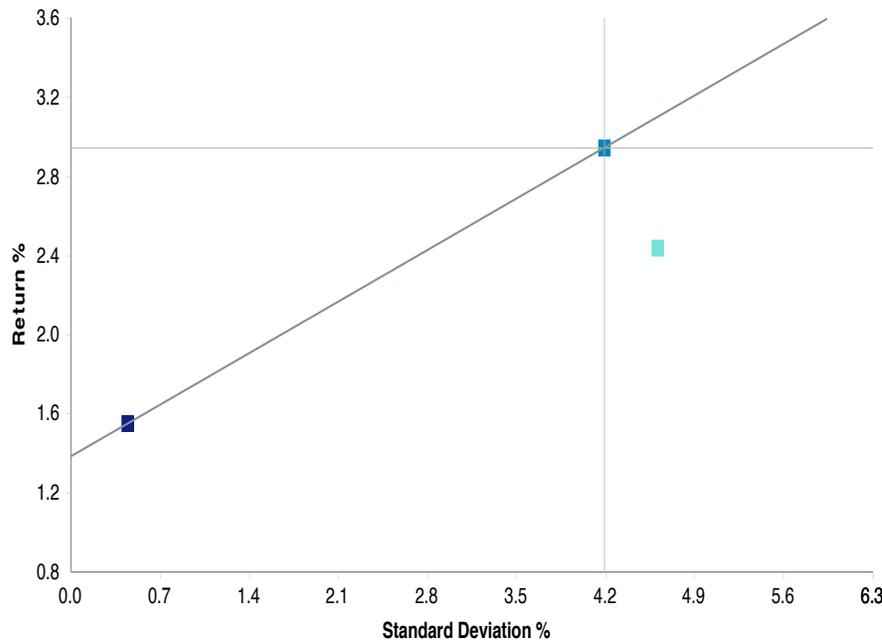


Note: April 1, 2004 represents the inception of the Global Equity Custom Benchmark as the primary performance objective for the Global Equity portfolio.

Risk Profile Opportunistic/Alternatives

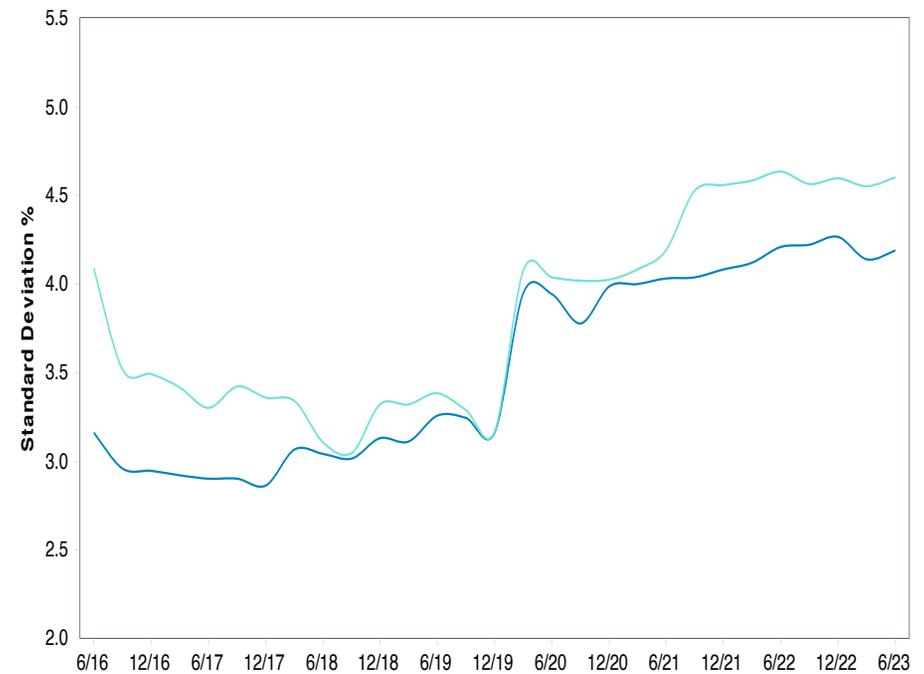
As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



- Opportunistic/Alternatives
- Custom Alternatives Benchmark
- 90 Day U.S. Treasury Bill

Standard Deviation
Rolling 5 Years



- Opportunistic/Alternatives
- Custom Alternatives Benchmark

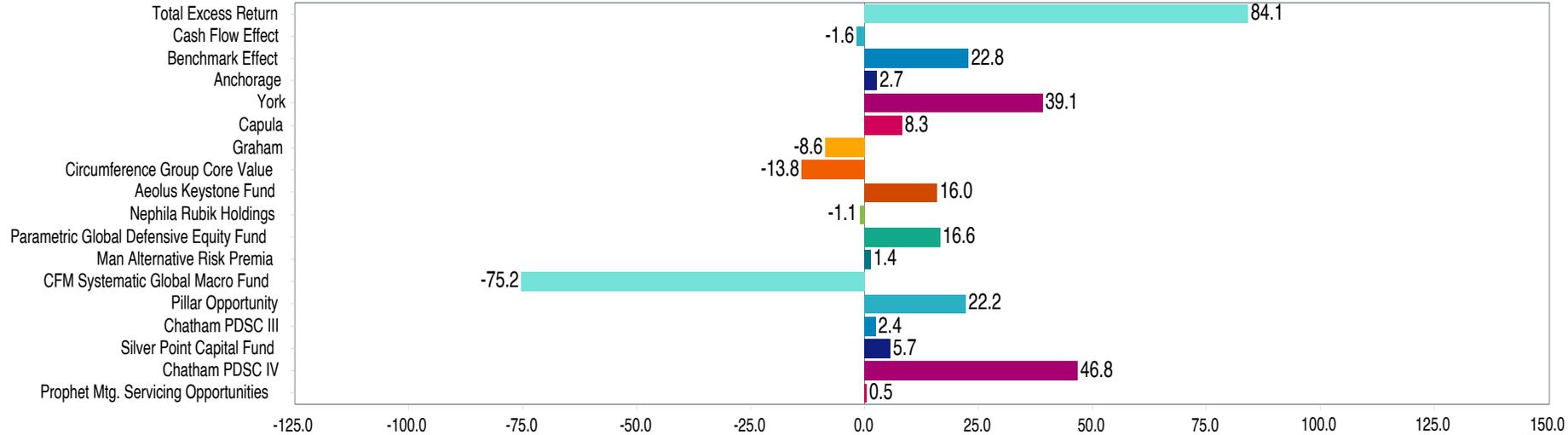
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Opportunistic/Alternatives	-0.48	3.07	-0.16	0.58	0.21	0.01	0.84	2.44	4.60	0.76
Custom Alternatives Benchmark	0.00	0.00	-	1.00	0.34	0.00	1.00	2.95	4.19	1.00
90 Day U.S. Treasury Bill	-1.45	4.29	-0.34	0.04	-	1.61	-0.02	1.55	0.44	-0.19

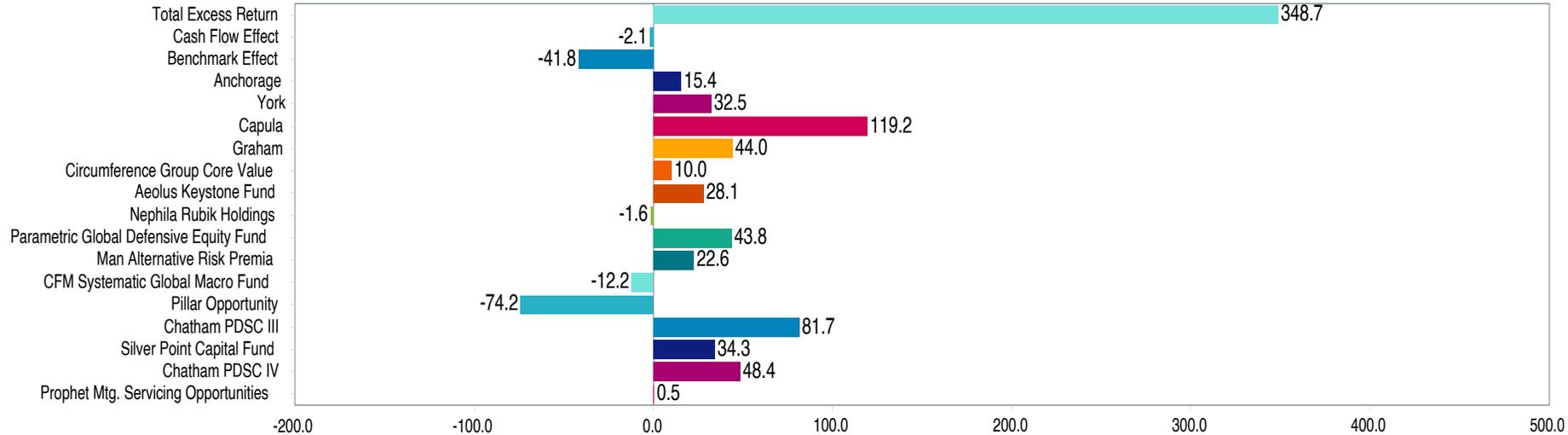
Asset Class Attribution

As of June 30, 2023

1 Quarter



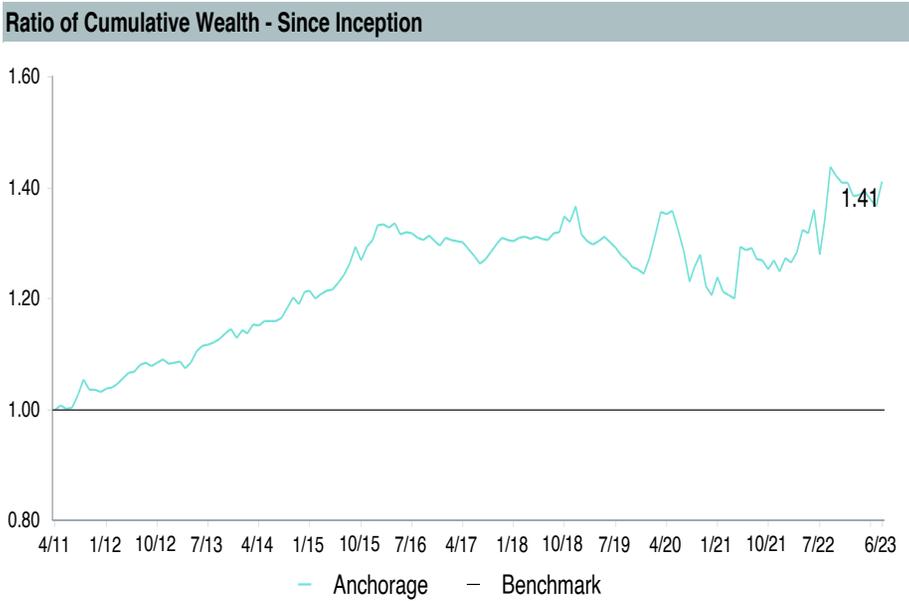
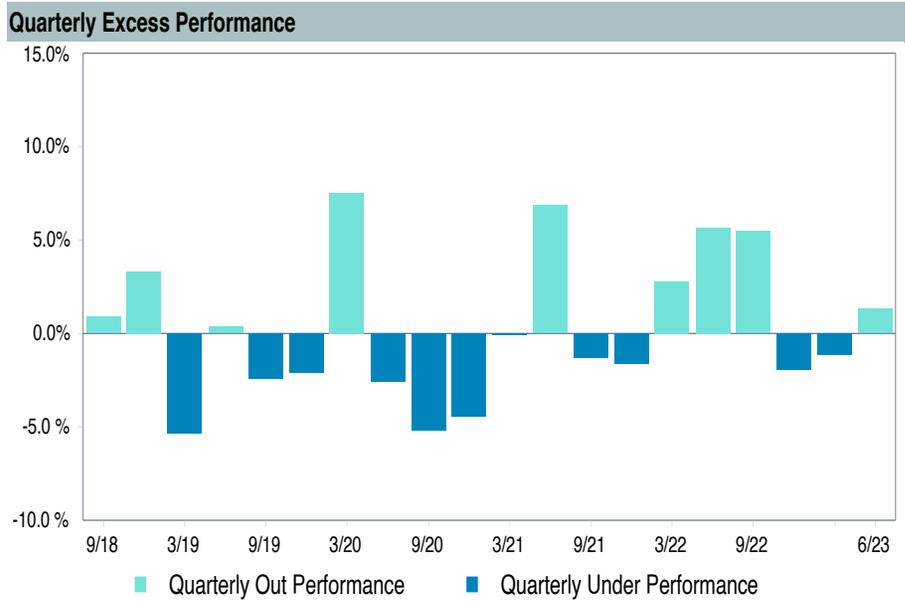
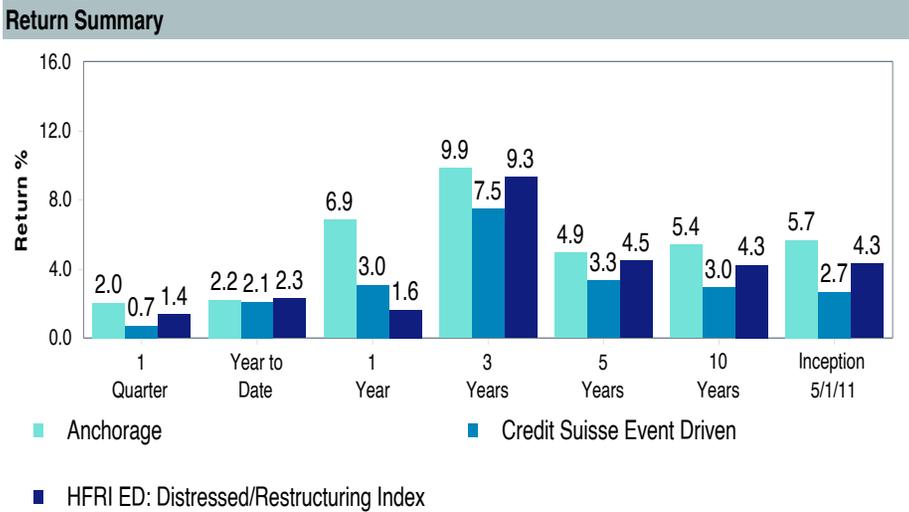
1 Year



Manager Performance Summary Anchorage

As of June 30, 2023

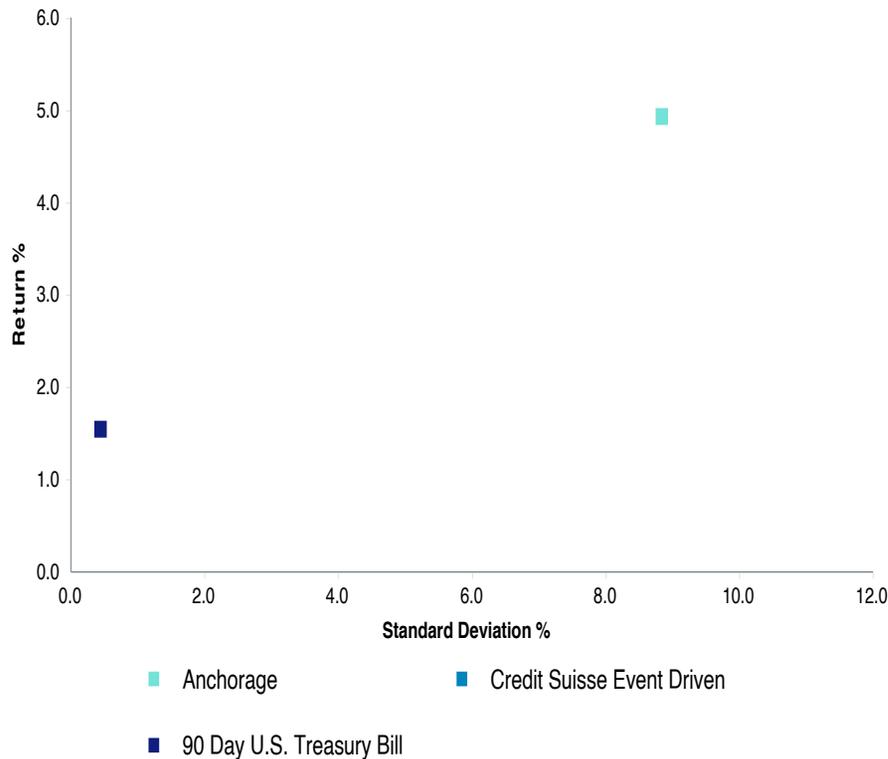
Account Information	
Account Name	Anchorage
Inception Date	05/01/2011
Account Structure	Hedge Fund
Asset Class	US Hedge Fund
Benchmark	Credit Suisse Event Driven
Peer Group	



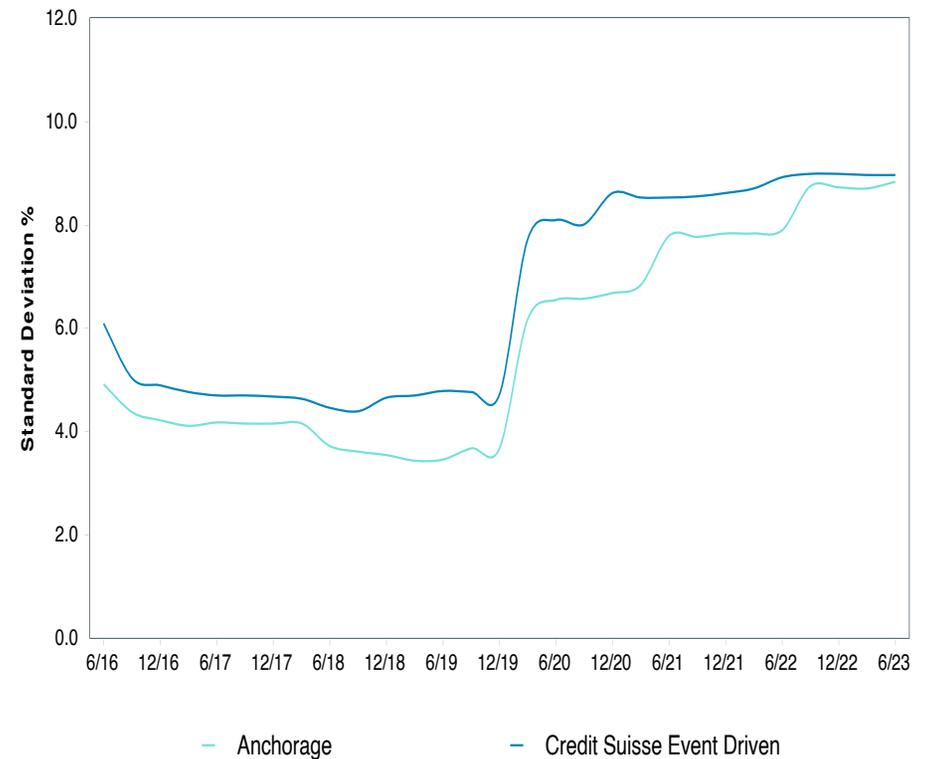
Risk Profile Anchorage

As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



Standard Deviation
Rolling 5 Years



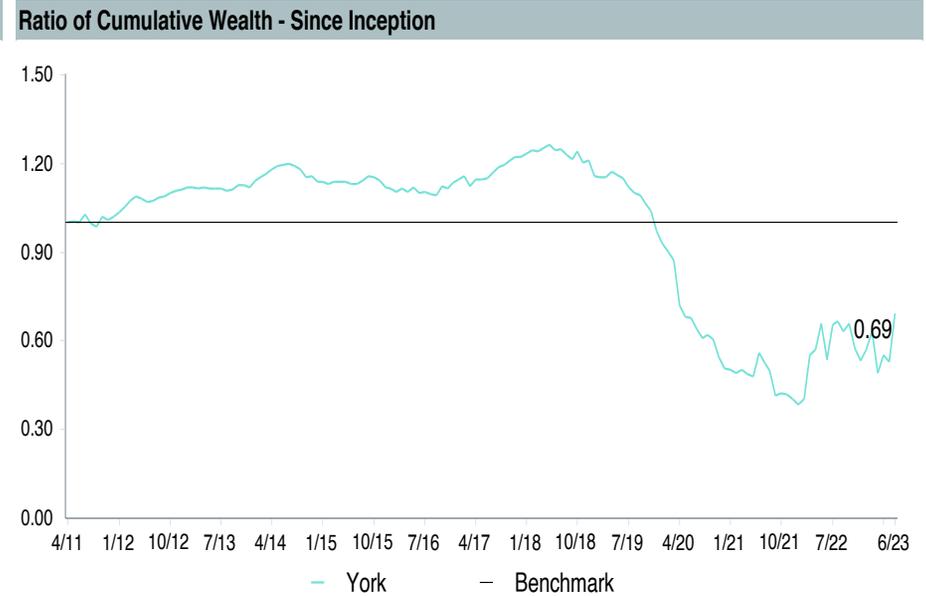
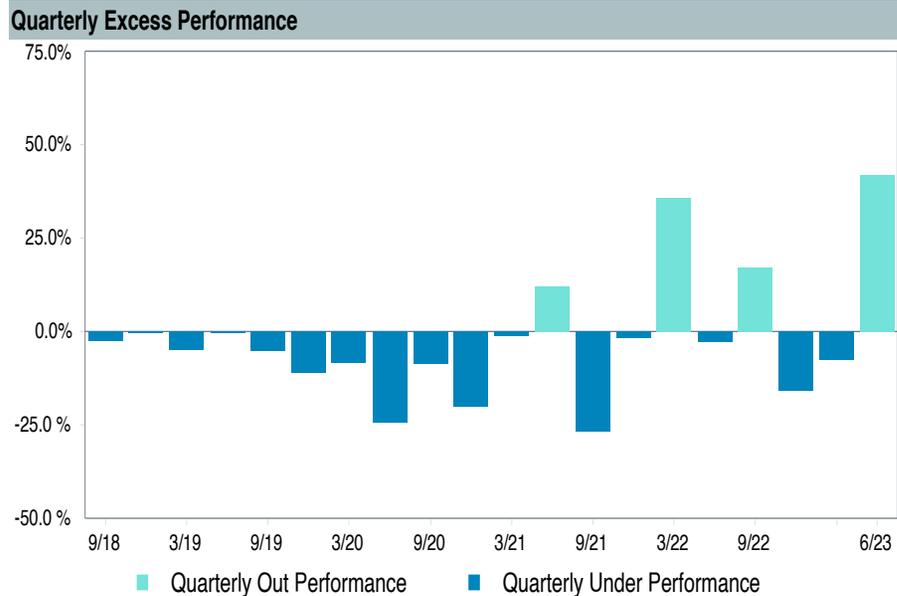
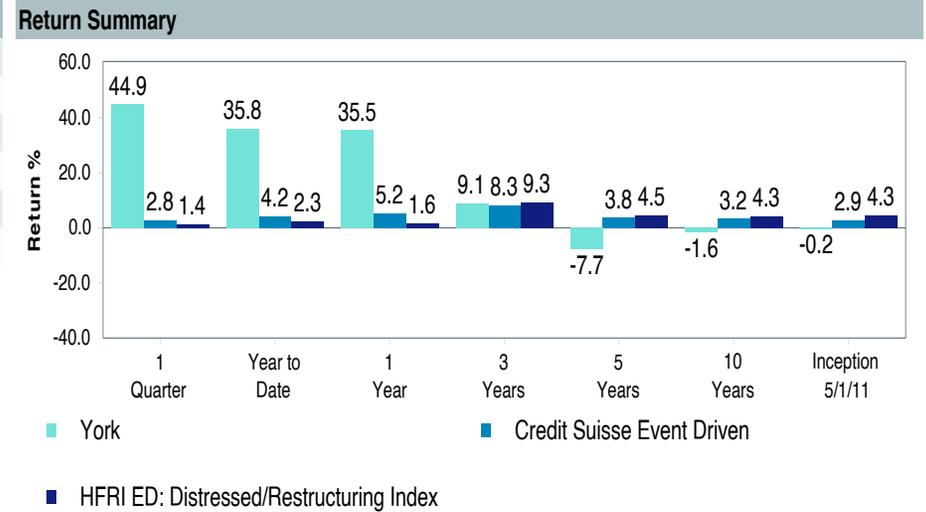
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Anchorage	-	-	-	-	0.41	-	-	4.94	8.84	-
Credit Suisse Event Driven	-	-	-	-	0.24	-	-	3.35	8.98	-
90 Day U.S. Treasury Bill	-	-	-	-	-	-	-	1.55	0.44	-

Manager Performance Summary York

As of June 30, 2023

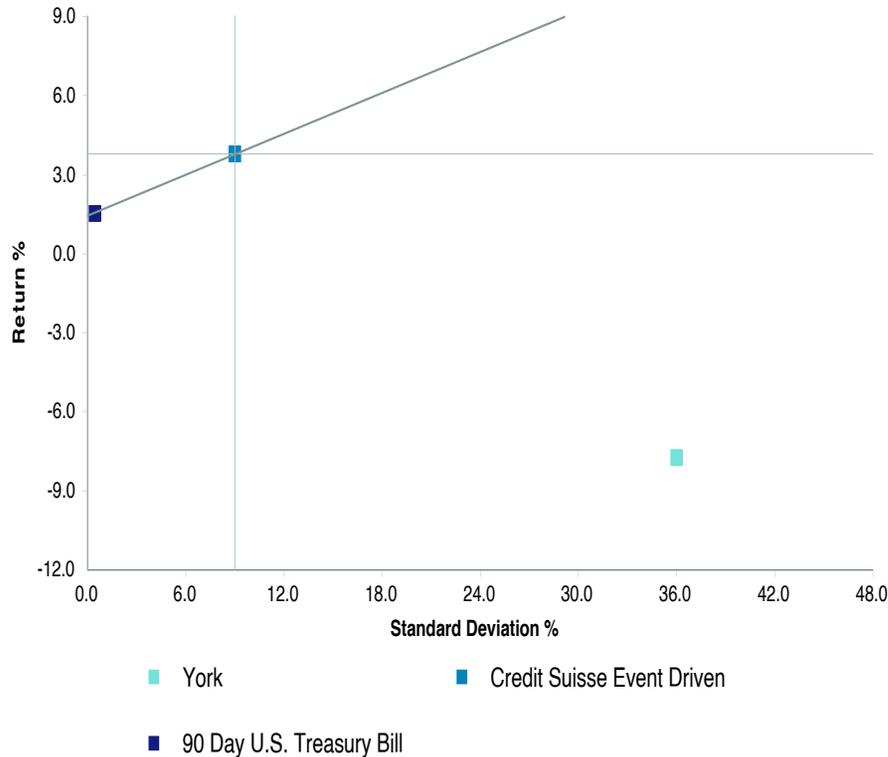
Account Information	
Account Name	York
Inception Date	05/01/2011
Account Structure	Hedge Fund
Asset Class	US Hedge Fund
Benchmark	Credit Suisse Event Driven
Peer Group	



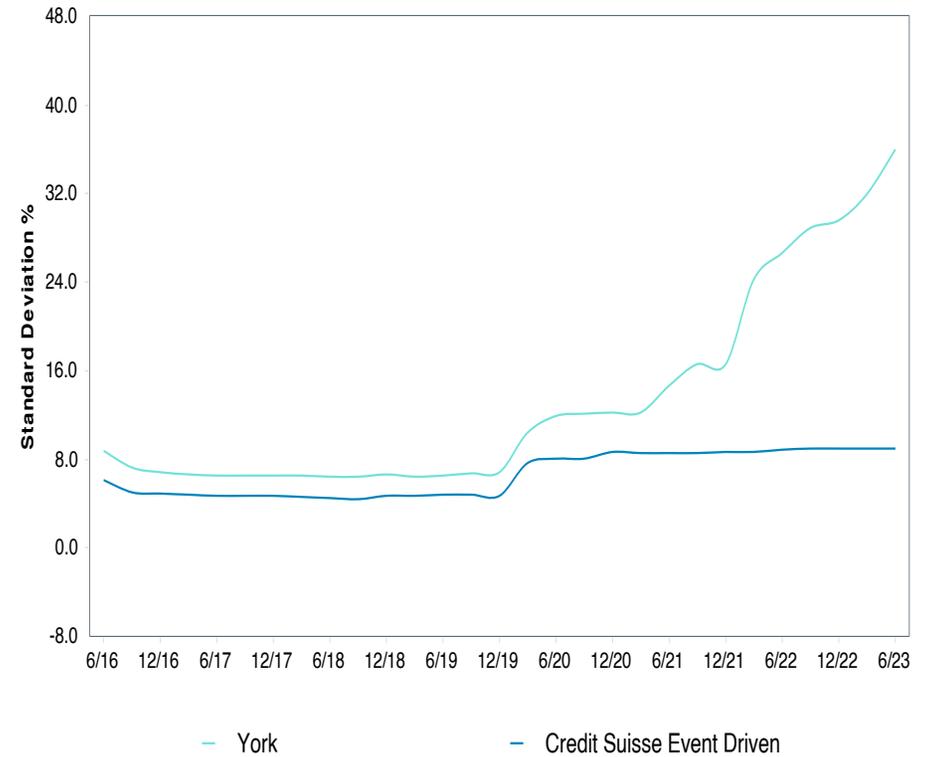
Risk Profile York

As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



Standard Deviation
Rolling 5 Years



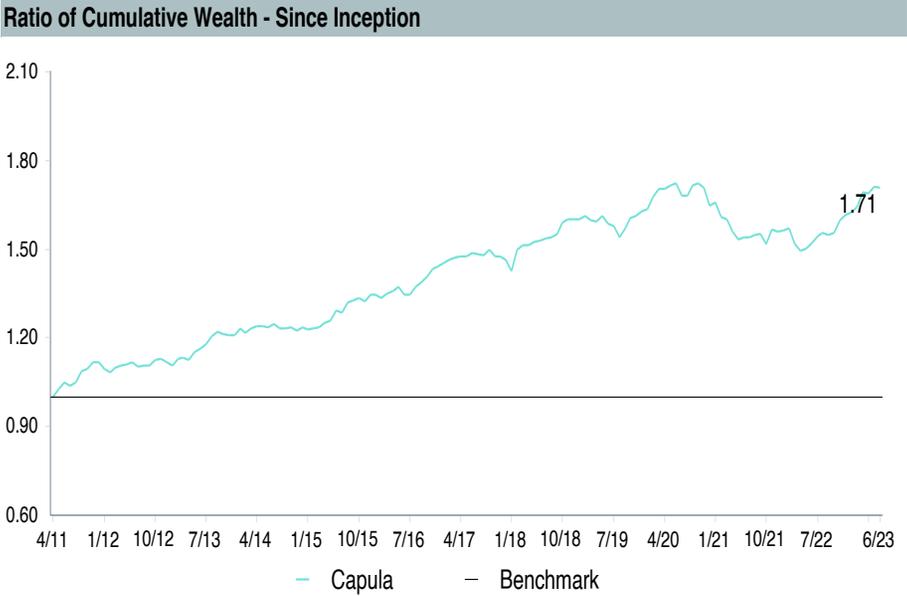
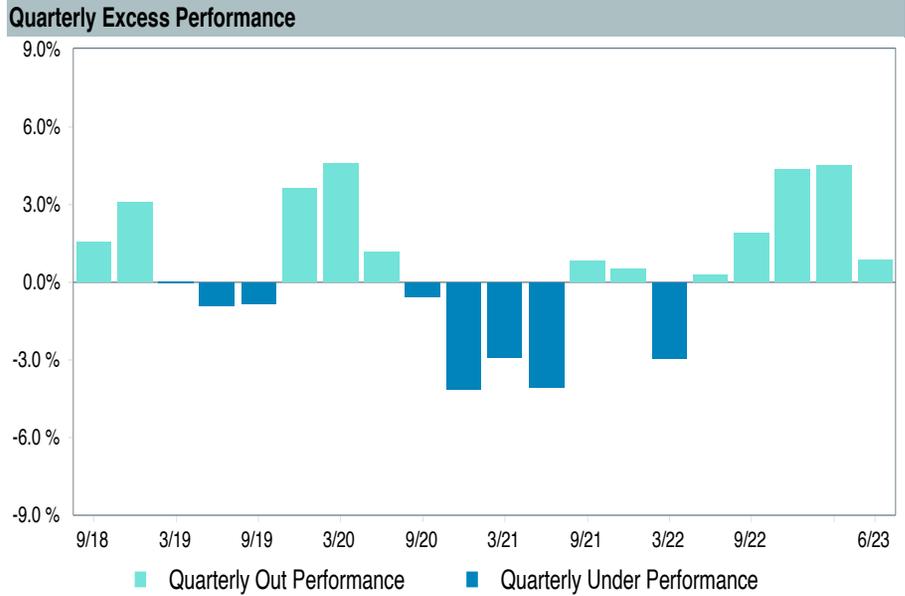
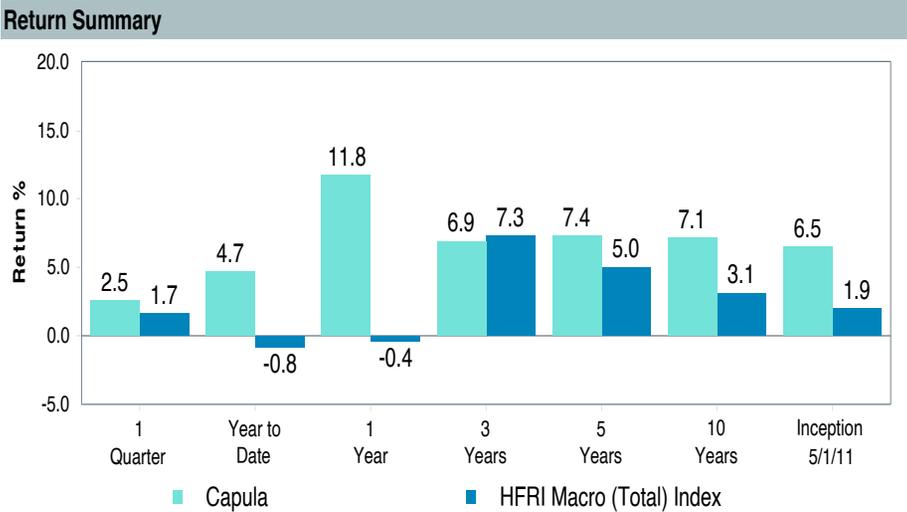
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
York	-6.14	34.95	-0.18	0.06	-0.10	-5.77	0.95	-7.72	35.98	0.24
Credit Suisse Event Driven	0.00	0.00	-	1.00	0.28	0.00	1.00	3.77	9.02	1.00
90 Day U.S. Treasury Bill	-2.59	9.14	-0.28	0.06	-	1.60	-0.01	1.55	0.44	-0.25

Manager Performance Summary Capula

As of June 30, 2023

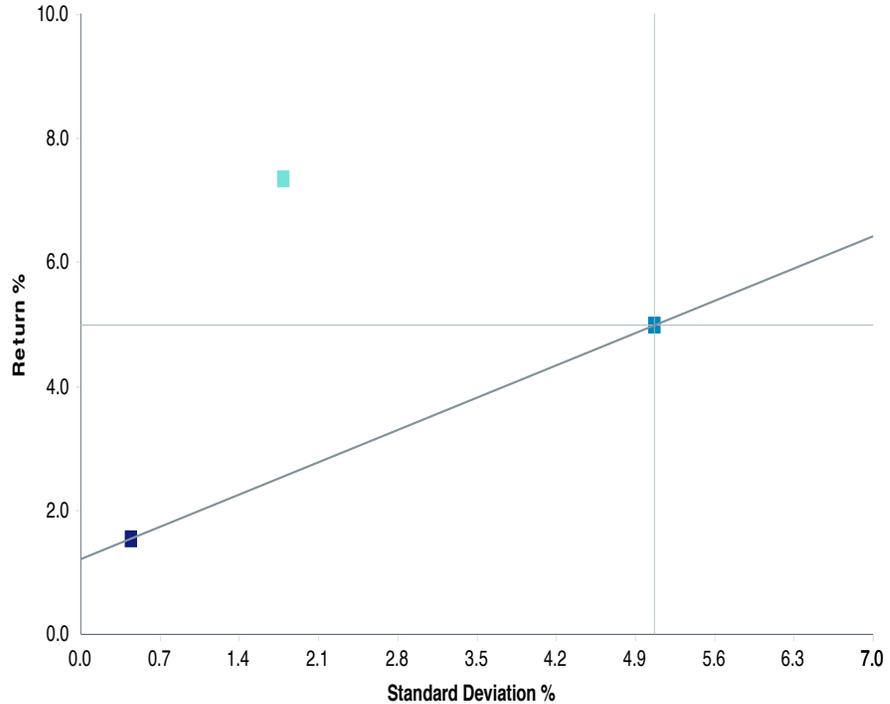
Account Information	
Account Name	Capula
Inception Date	05/01/2011
Account Structure	Hedge Fund
Asset Class	US Hedge Fund
Benchmark	HFRI Macro (Total) Index
Peer Group	



Risk Profile Capula

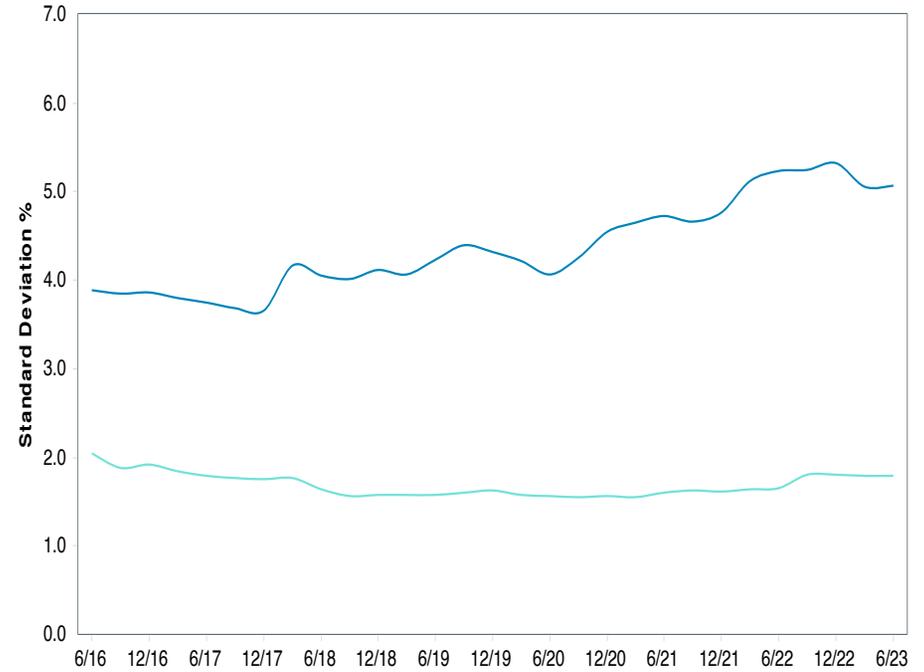
As of June 30, 2023

**Annualized Return vs. Annualized Standard Deviation
5 Years**



■ Capula ■ HFRI Macro (Total) Index ■ 90 Day U.S. Treasury Bill

**Standard Deviation
Rolling 5 Years**



— Capula — HFRI Macro (Total) Index

5 Years Historical Statistics

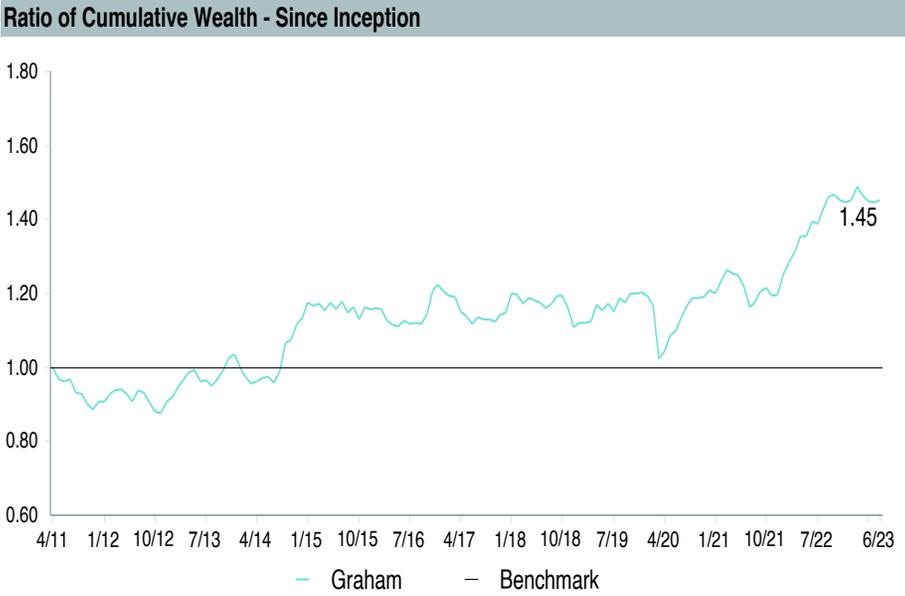
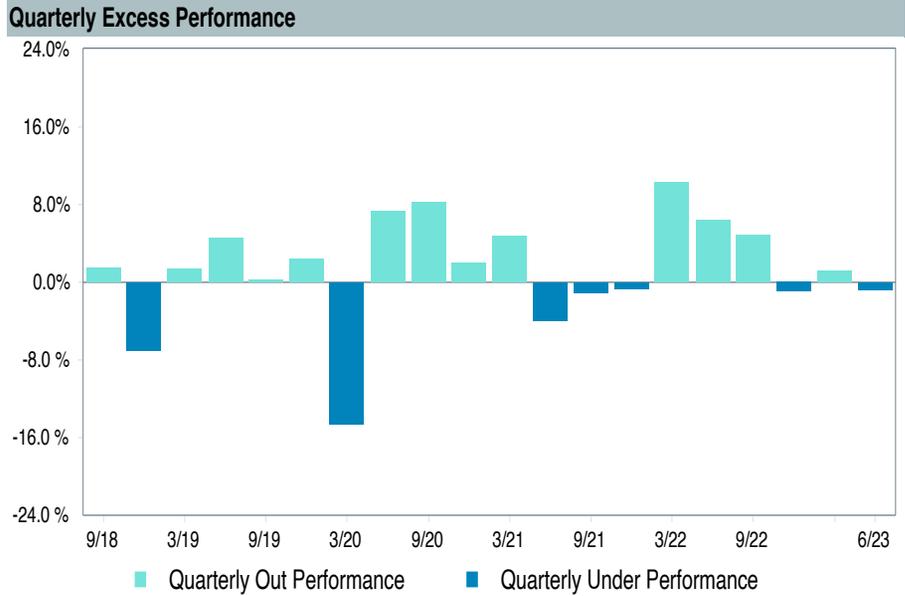
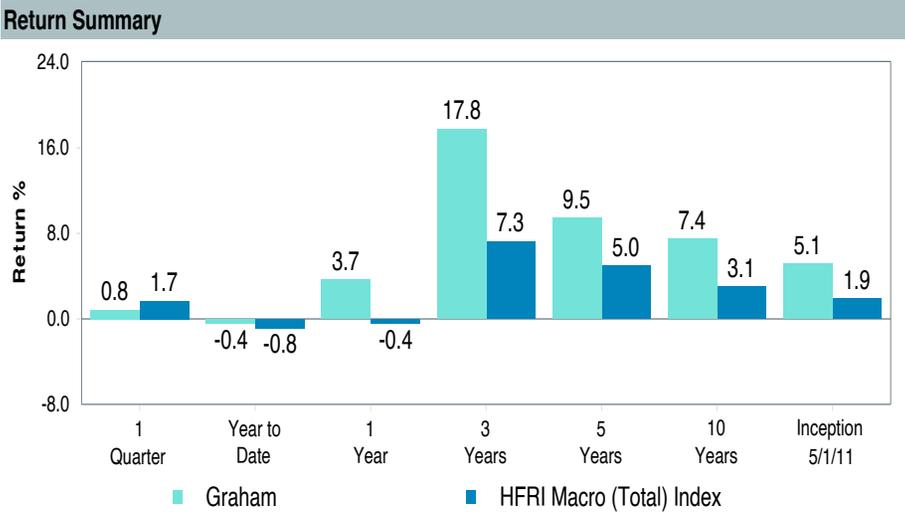
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Capula	2.12	5.31	0.40	0.00	3.27	7.30	0.01	7.35	1.79	0.04
HFRI Macro (Total) Index	0.00	0.00	-	1.00	0.67	0.00	1.00	4.99	5.07	1.00
90 Day U.S. Treasury Bill	-3.47	5.20	-0.67	0.06	-	1.67	-0.02	1.55	0.44	-0.25



Manager Performance Summary Graham

As of June 30, 2023

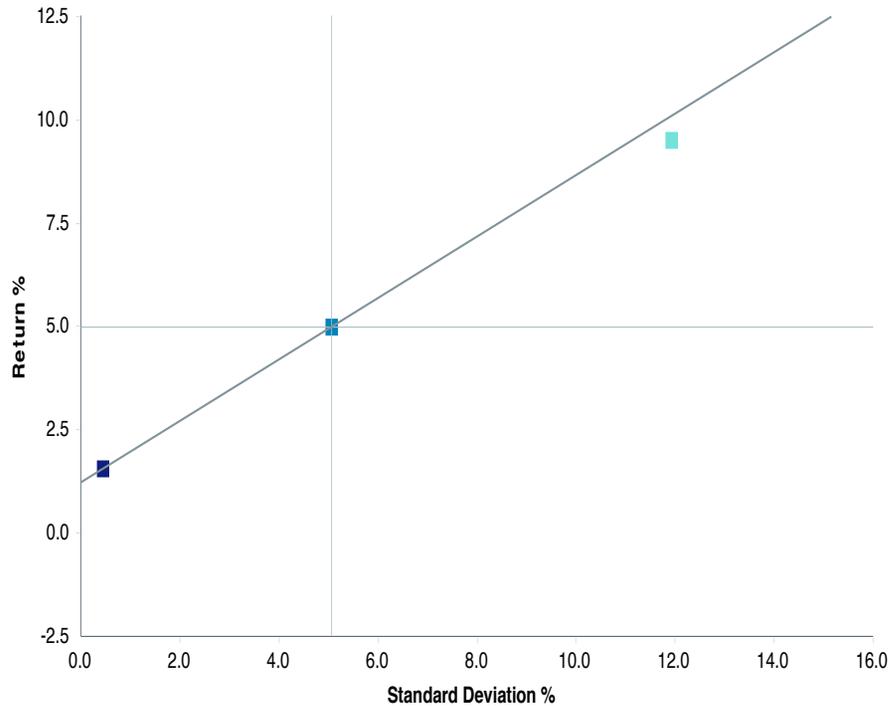
Account Information	
Account Name	Graham
Inception Date	05/01/2011
Account Structure	Hedge Fund
Asset Class	Hedge Fund
Benchmark	HFRI Macro (Total) Index
Peer Group	



Risk Profile Graham

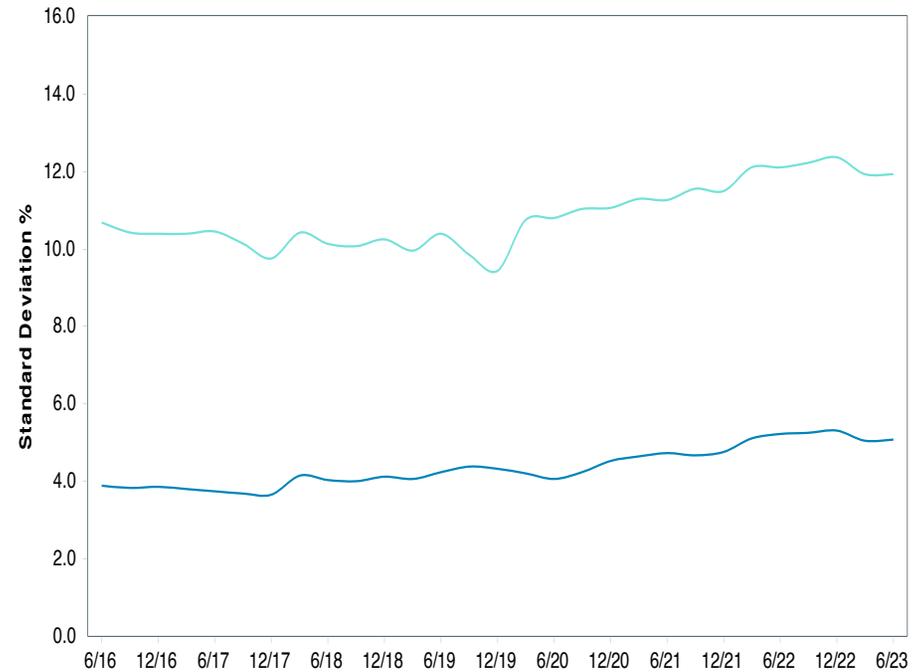
As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



■ Graham ■ HFRI Macro (Total) Index ■ 90 Day U.S. Treasury Bill

Standard Deviation
Rolling 5 Years



— Graham — HFRI Macro (Total) Index

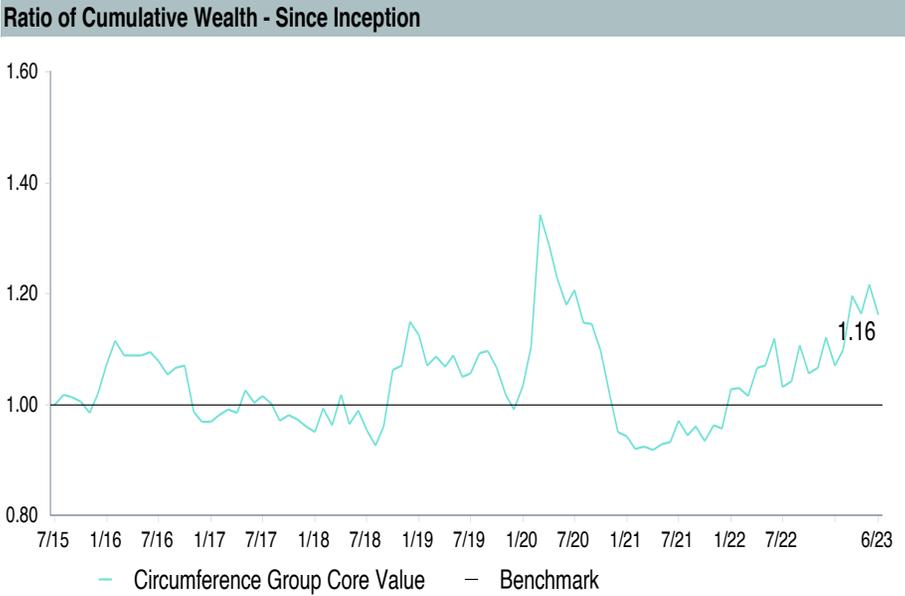
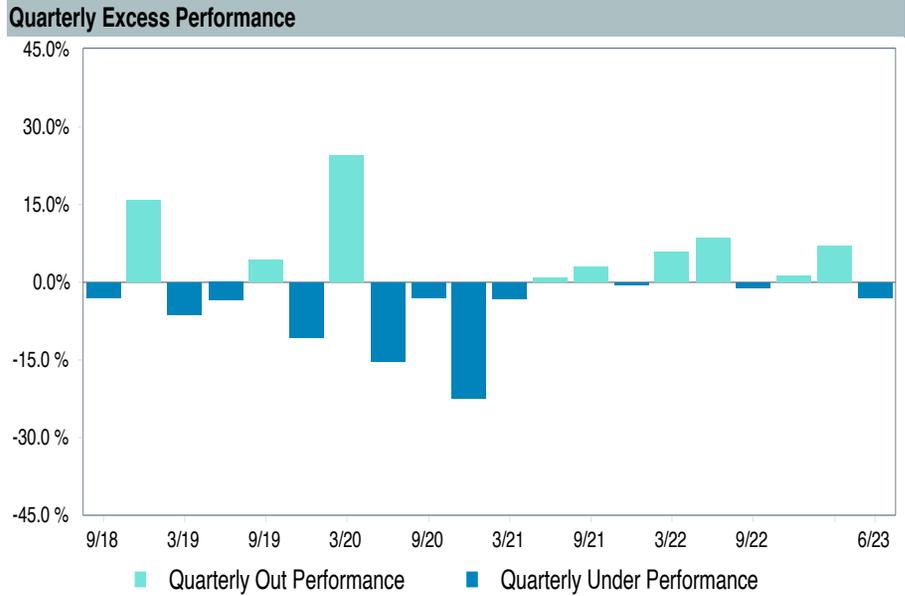
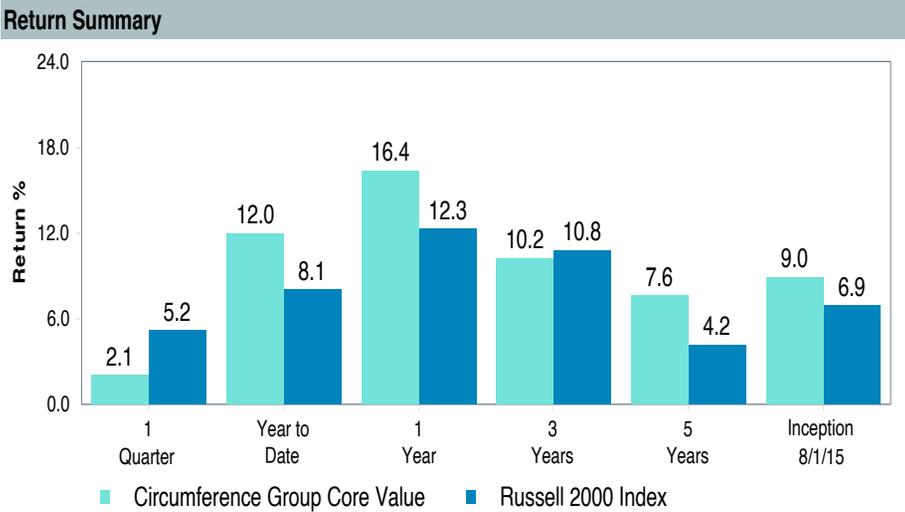
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Graham	4.82	8.99	0.54	0.52	0.69	1.35	1.69	9.51	11.92	0.72
HFRI Macro (Total) Index	0.00	0.00	-	1.00	0.67	0.00	1.00	4.99	5.07	1.00
90 Day U.S. Treasury Bill	-3.47	5.20	-0.67	0.06	-	1.67	-0.02	1.55	0.44	-0.25

Manager Performance Summary Circumference Group Core Value

As of June 30, 2023

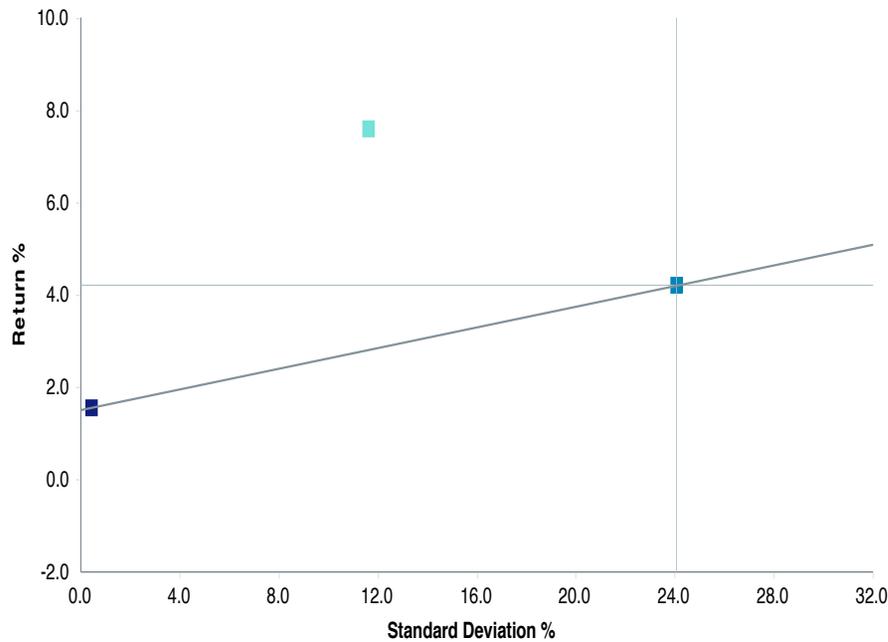
Account Information	
Account Name	Circumference Group Core Value
Inception Date	08/31/2015
Account Structure	Hedge Fund
Asset Class	US Hedge Fund
Benchmark	Russell 2000 Index
Peer Group	



Risk Profile Circumference Group Core Value

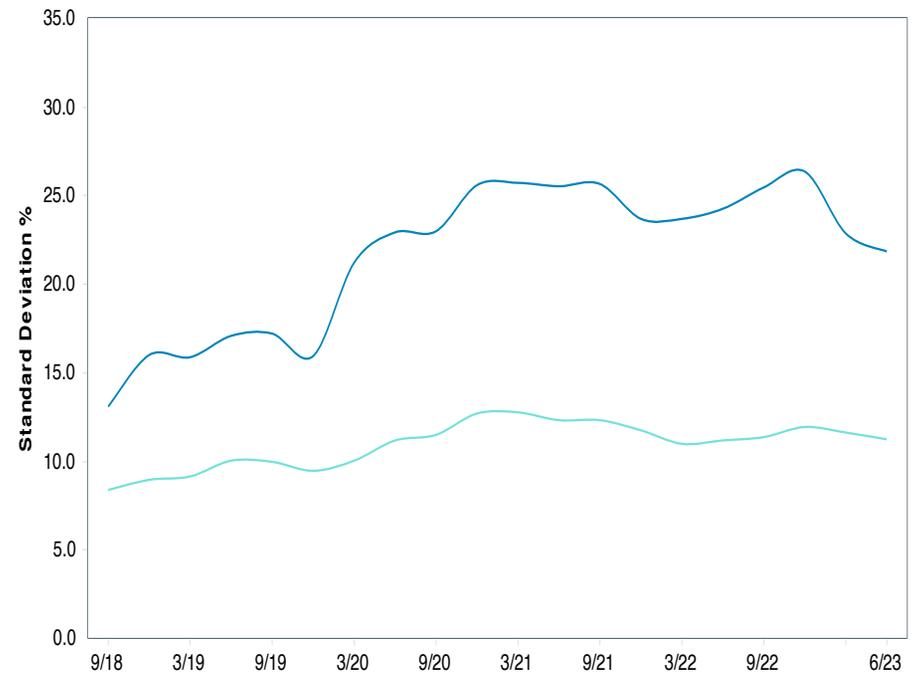
As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



■ Circumference Group Core Value ■ Russell 2000 Index
■ 90 Day U.S. Treasury Bill

Standard Deviation
Rolling 3 Years



— Circumference Group Core Value — Russell 2000 Index

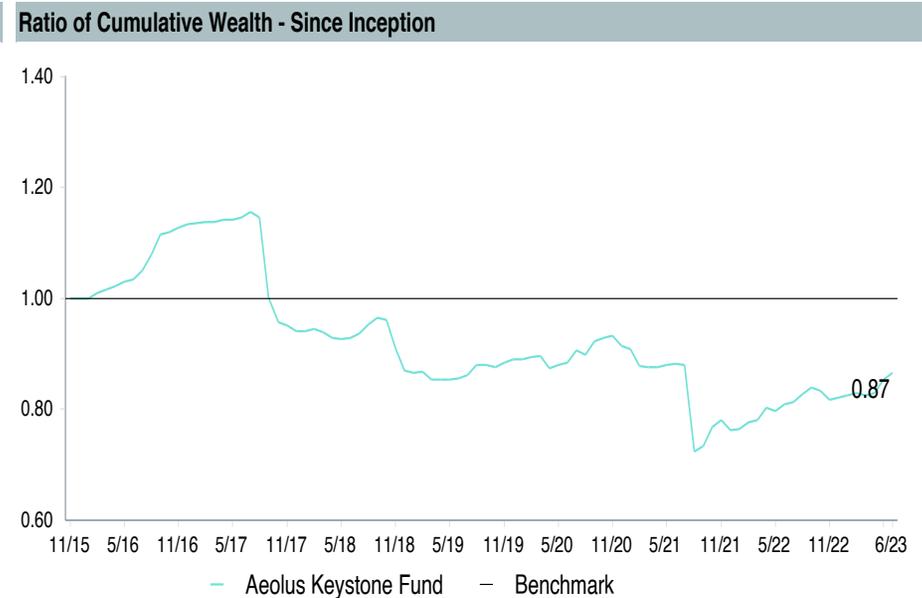
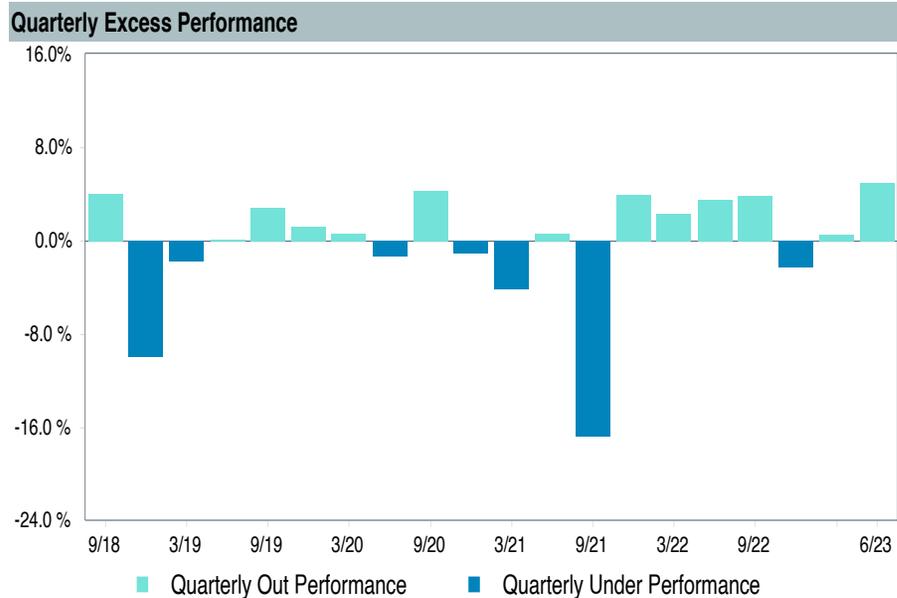
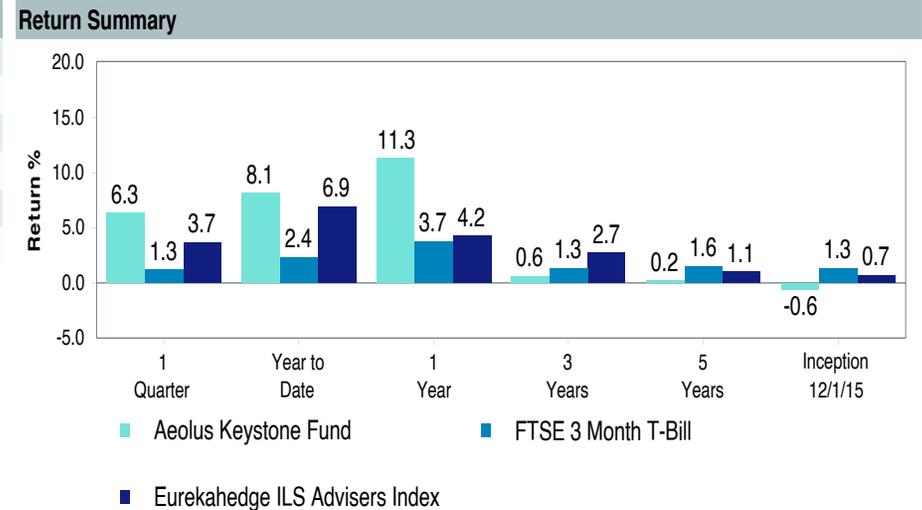
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Circumference Group Core Value	0.99	16.28	0.06	0.64	0.56	5.43	0.39	7.62	11.61	0.80
Russell 2000 Index	0.00	0.00	-	1.00	0.23	0.00	1.00	4.21	24.04	1.00
90 Day U.S. Treasury Bill	-5.48	24.13	-0.23	0.04	-	1.58	0.00	1.55	0.44	-0.19

Manager Performance Summary Aeolus Keystone Fund

As of June 30, 2023

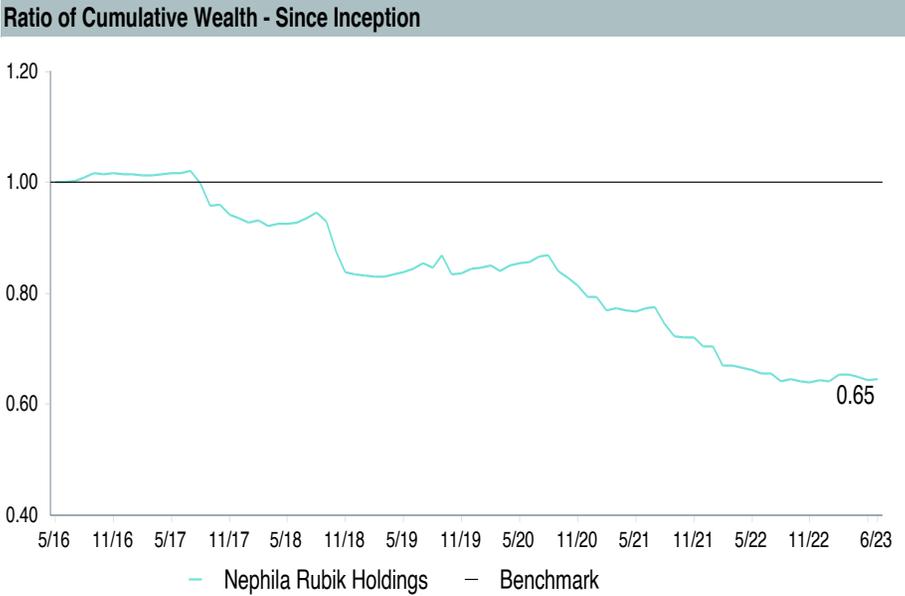
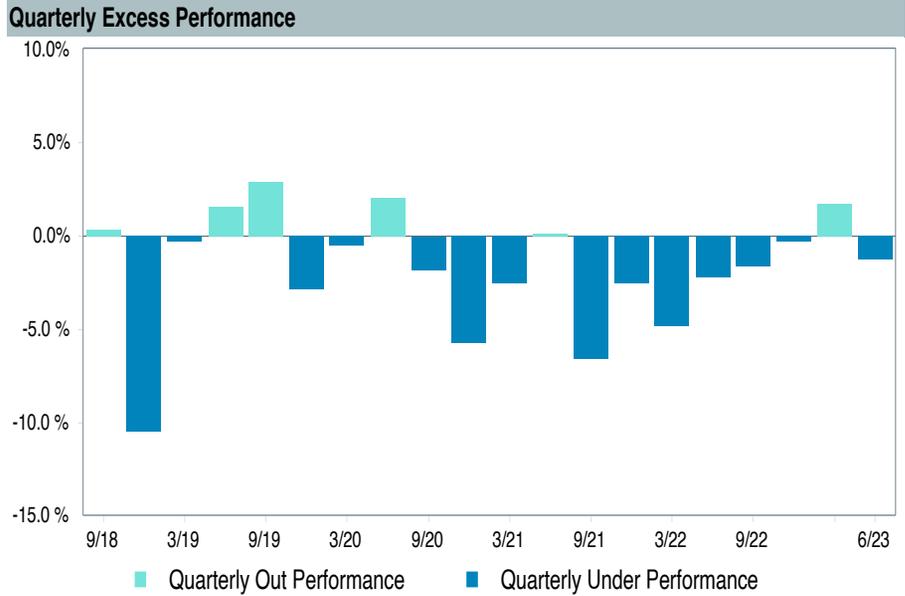
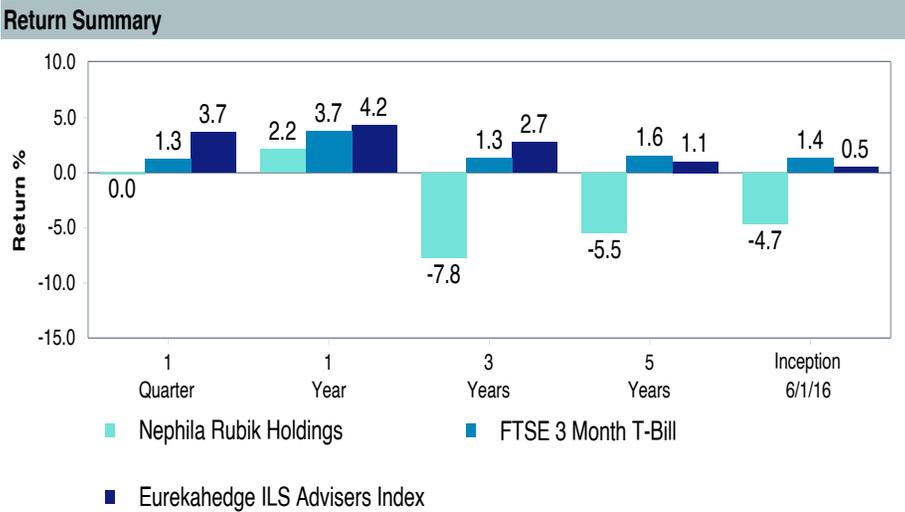
Account Information	
Account Name	Aeolus Keystone Fund
Inception Date	12/01/2015
Account Structure	Hedge Fund
Asset Class	Hedge Fund
Benchmark	FTSE 3 Month T-Bill
Peer Group	



Manager Performance Summary Nephila Rubik Holdings

As of June 30, 2023

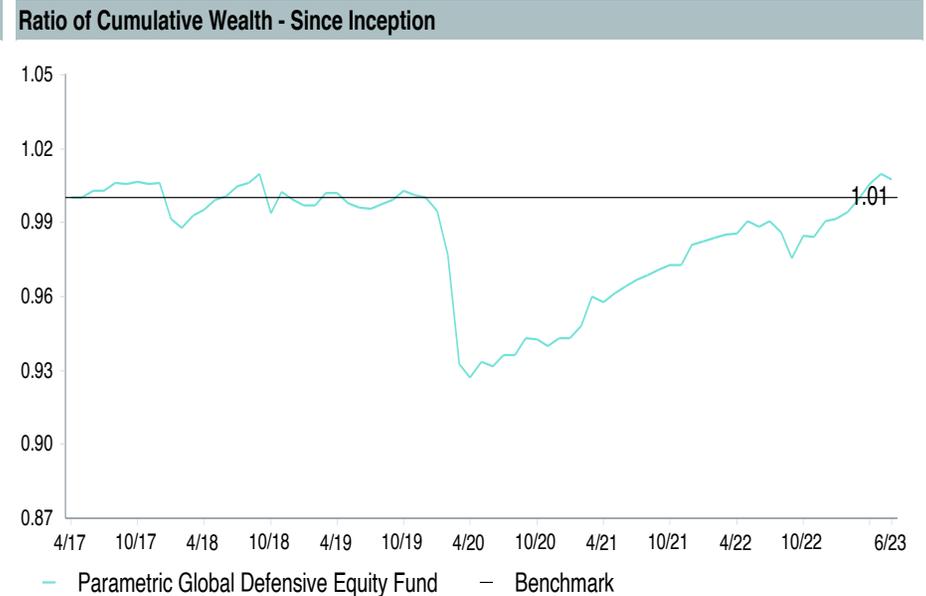
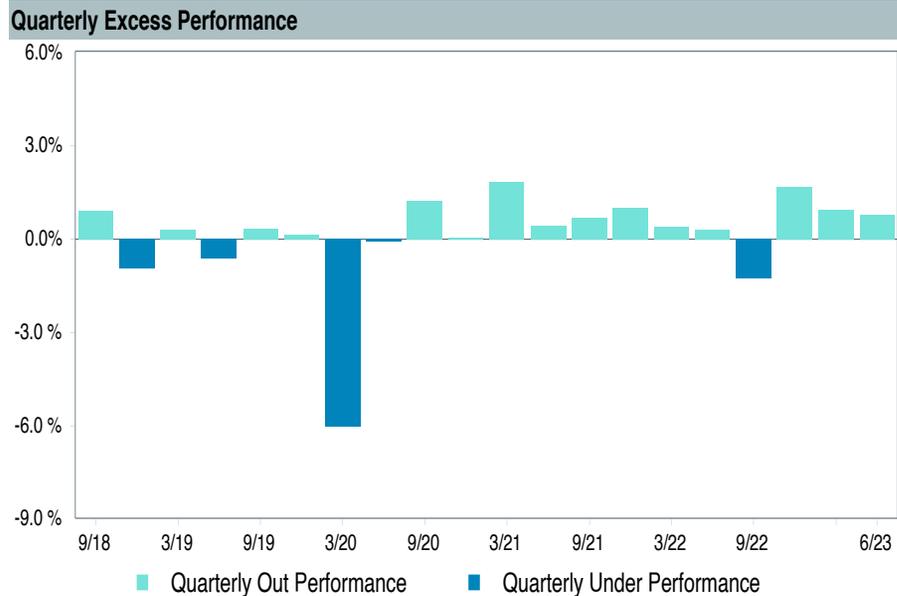
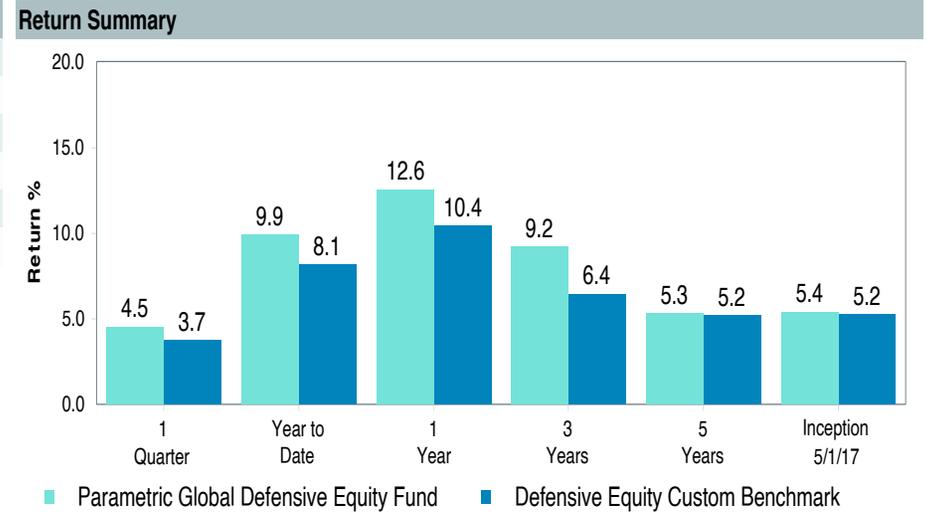
Account Information	
Account Name	Nephila Rubik Holdings
Inception Date	06/01/2016
Account Structure	
Asset Class	Hedge Fund
Benchmark	FTSE 3 Month T-Bill
Peer Group	



Manager Performance Summary Parametric Global Defensive Equity

As of June 30, 2023

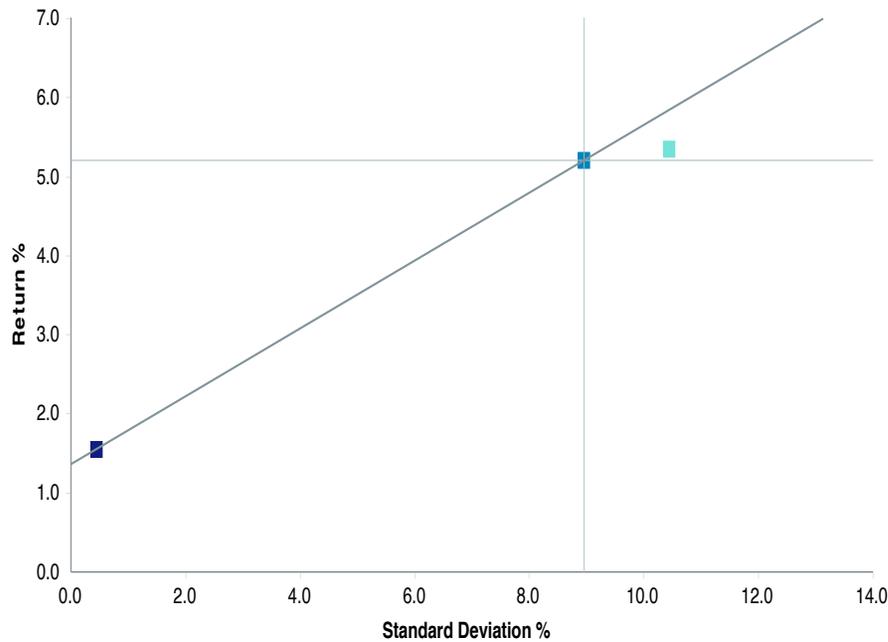
Account Information	
Account Name	Parametric Global Defensive Equity Fund
Inception Date	06/01/2017
Account Structure	Commingled Fund
Asset Class	Global Equity
Benchmark	Defensive Equity Custom Benchmark
Peer Group	



Risk Profile Parametric Global Defensive Equity Fund

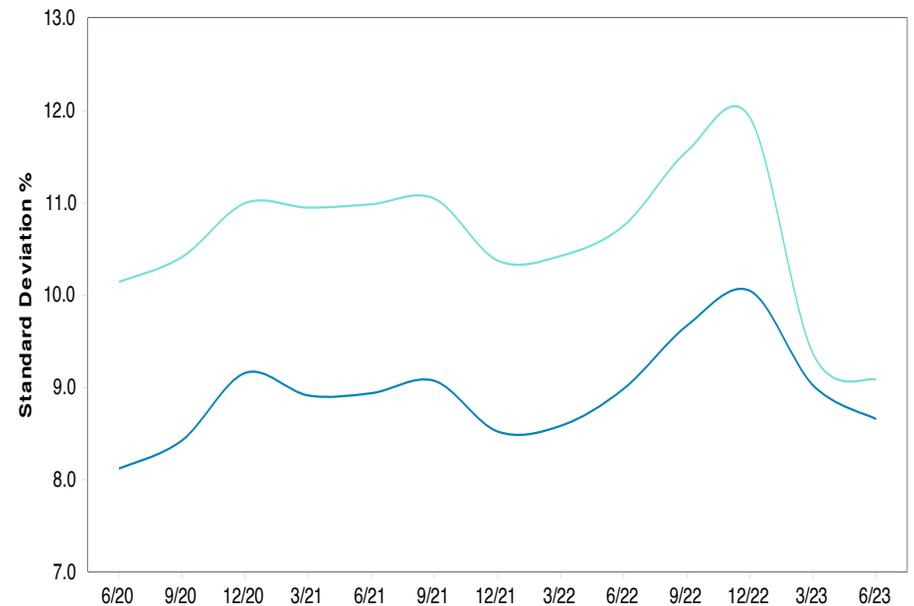
As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
5 Years



- Parametric Global Defensive Equity Fund
- Defensive Equity Custom Benchmark
- 90 Day U.S. Treasury Bill

Standard Deviation
Rolling 3 Years



- Parametric Global Defensive Equity Fund
- Defensive Equity Custom Benchmark

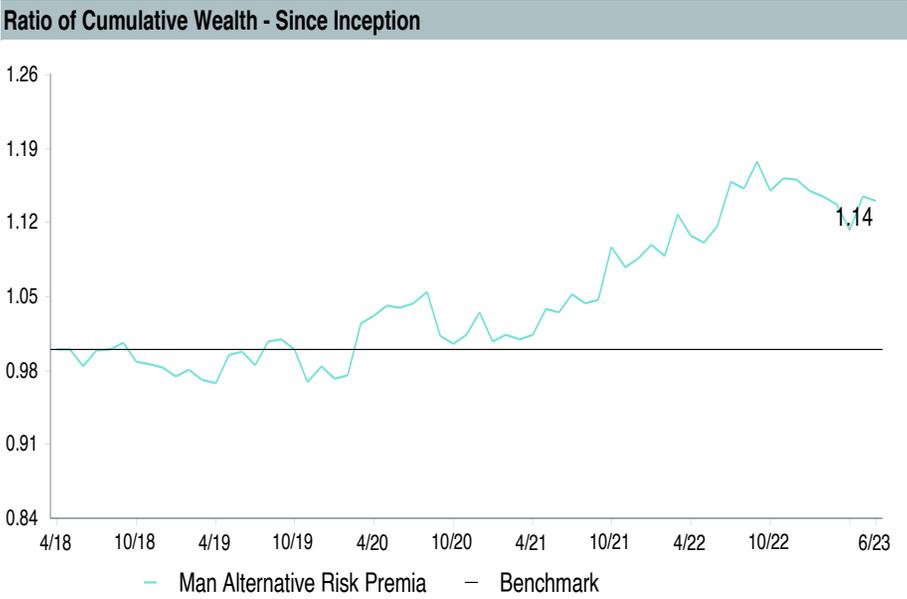
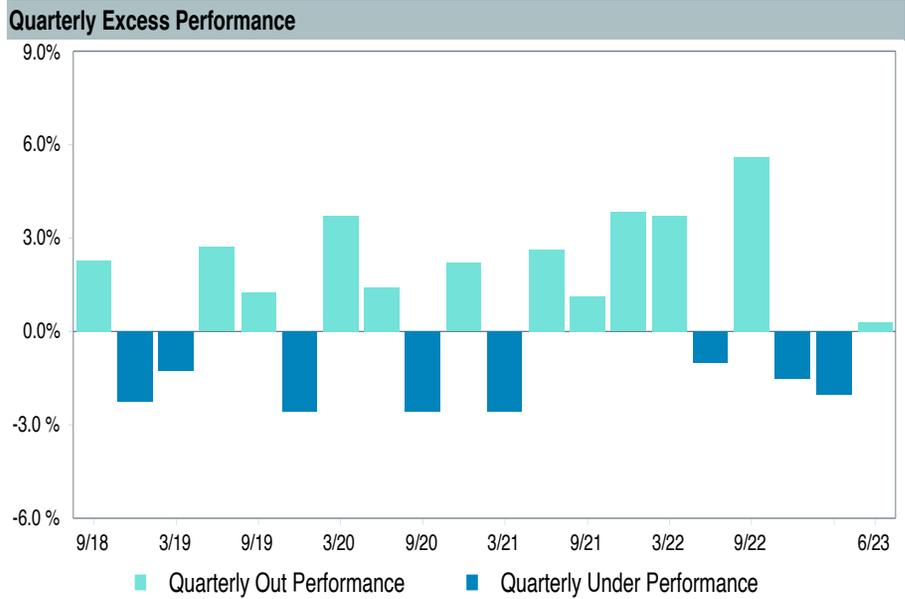
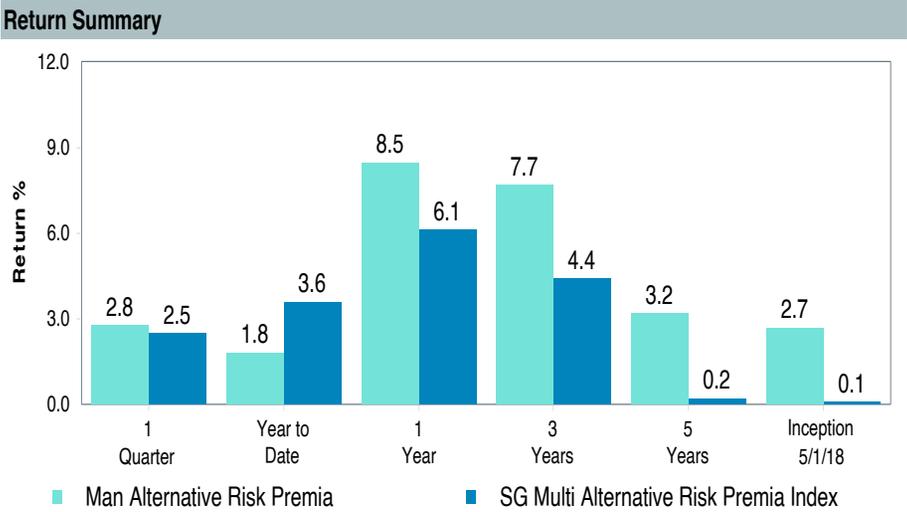
5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Parametric Global Defensive Equity Fund	0.28	2.65	0.11	0.95	0.40	-0.45	1.13	5.35	10.43	0.97
Defensive Equity Custom Benchmark	0.00	0.00	-	1.00	0.44	0.00	1.00	5.21	8.96	1.00
90 Day U.S. Treasury Bill	-3.94	9.00	-0.44	0.01	-	1.57	0.00	1.55	0.44	-0.07

Manager Performance Summary Man Alternative Risk Premia

As of June 30, 2023

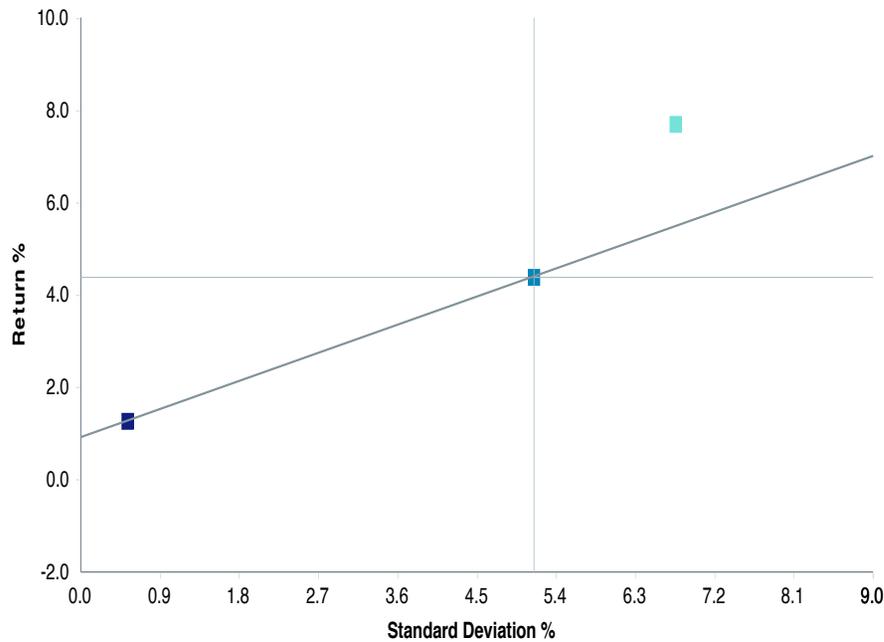
Account Information	
Account Name	Man Alternative Risk Premia
Inception Date	06/01/2018
Account Structure	Commingled Fund
Asset Class	US Equity
Benchmark	SG Multi Alternative Risk Premia Index
Peer Group	



Risk Profile Man Alternative Risk Premia

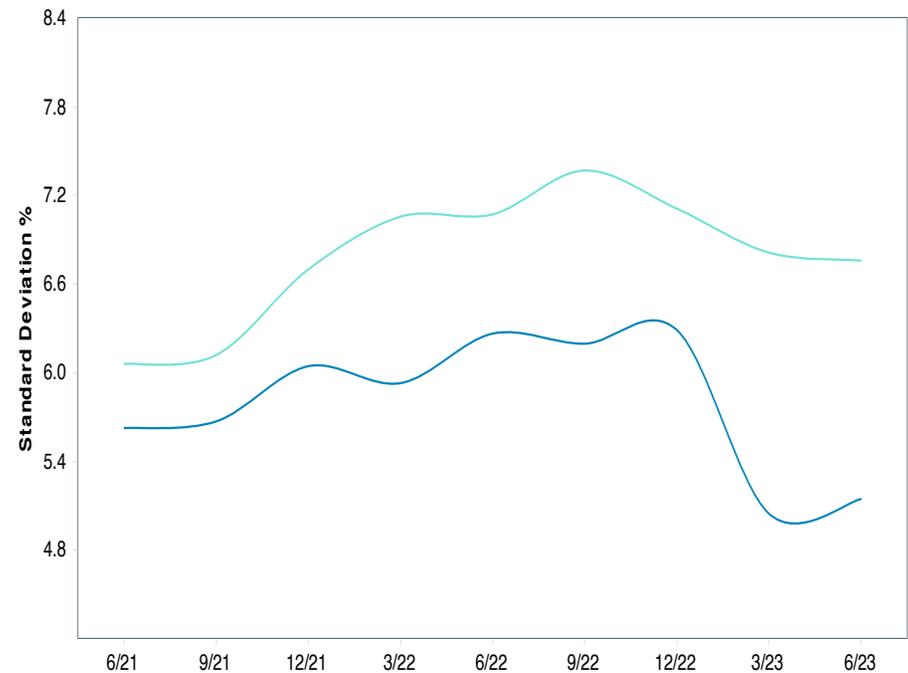
As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
3 Years



- Man Alternative Risk Premia
- SG Multi Alternative Risk Premia Index
- 90 Day U.S. Treasury Bill

Standard Deviation
Rolling 3 Years



- Man Alternative Risk Premia
- SG Multi Alternative Risk Premia Index

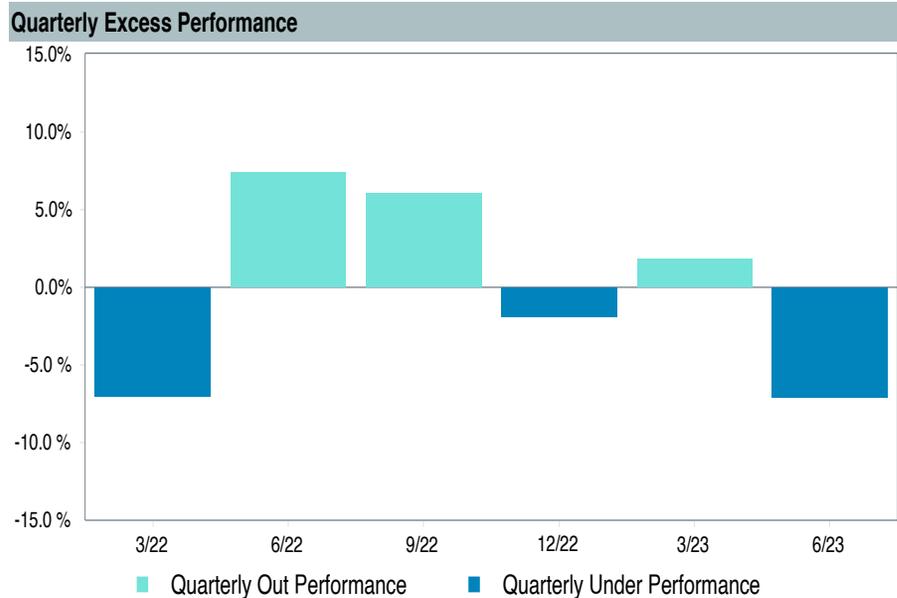
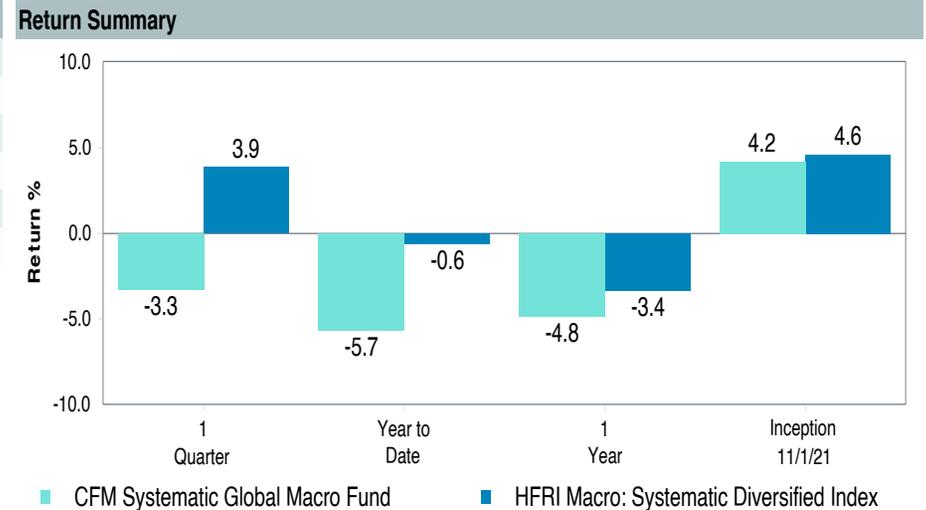
3 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Man Alternative Risk Premia	3.23	6.55	0.49	0.18	0.94	5.35	0.55	7.71	6.76	0.42
SG Multi Alternative Risk Premia Index	0.00	0.00	0.58	1.00	0.62	0.00	1.00	4.40	5.15	1.00
90 Day U.S. Treasury Bill	-3.18	5.14	-0.62	0.00	-	1.25	0.01	1.27	0.53	0.06

Manager Performance Summary CFM Systematic Global Macro Fund

As of June 30, 2023

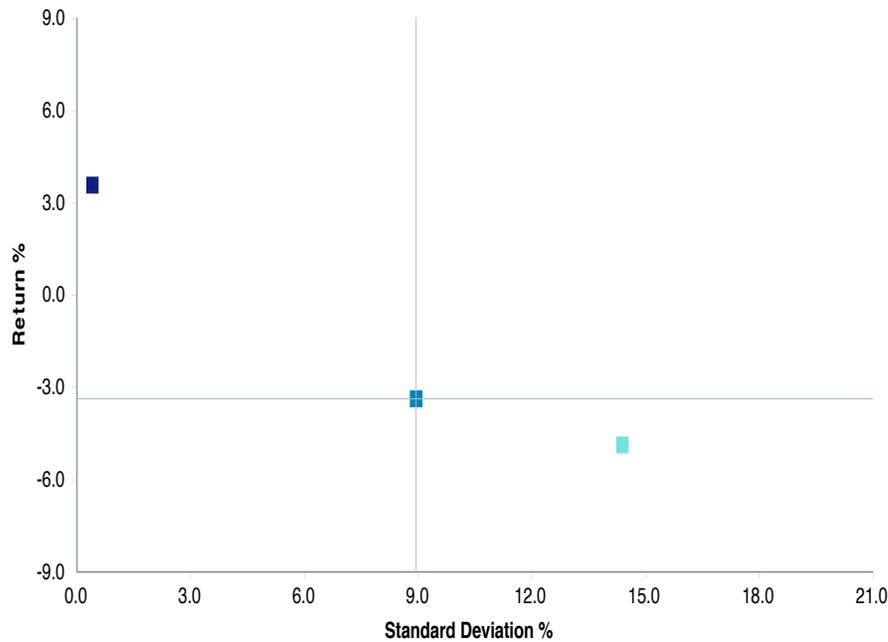
Account Information	
Account Name	CFM Systematic Global Macro Fund
Inception Date	11/01/2021
Account Structure	Commingled Fund
Asset Class	US Equity
Benchmark	HFRI Macro: Systematic Diversified Index
Peer Group	



Risk Profile CFM Systematic Global Macro Fund

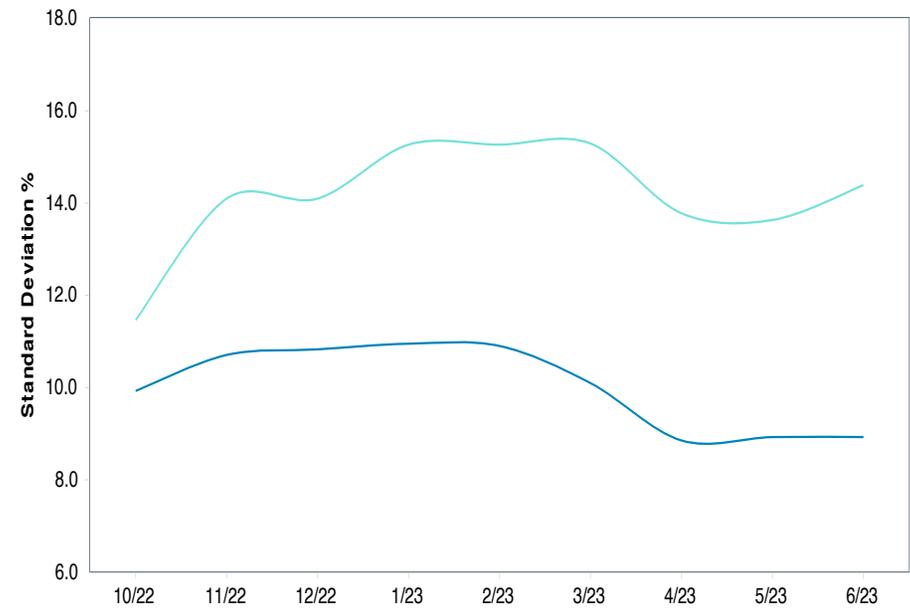
As of June 30, 2023

Annualized Return vs. Annualized Standard Deviation
1 Year



- CFM Systematic Global Macro Fund
- HFRI Macro: Systematic Diversified Index
- 90 Day U.S. Treasury Bill

Standard Deviation
Rolling 1 Year



- CFM Systematic Global Macro Fund
- HFRI Macro: Systematic Diversified Index

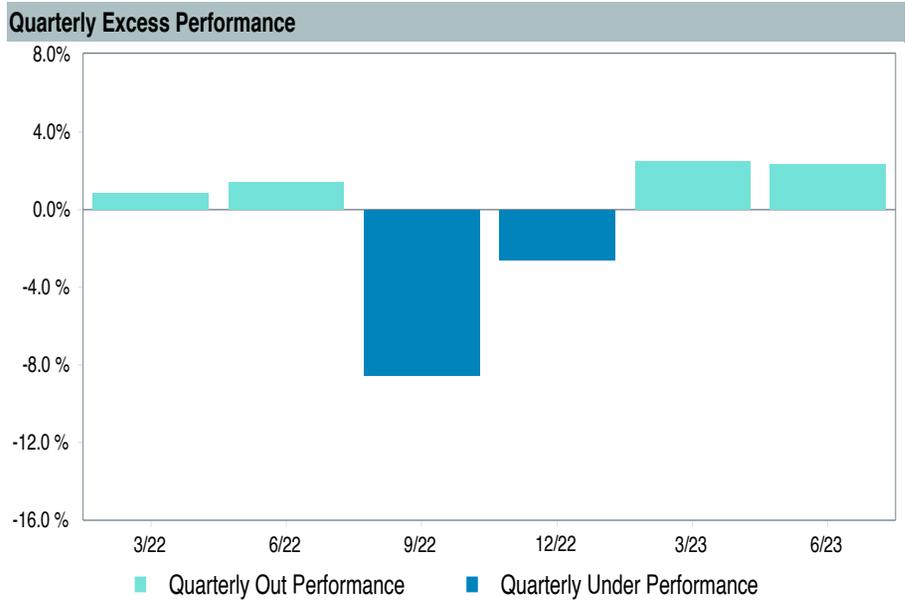
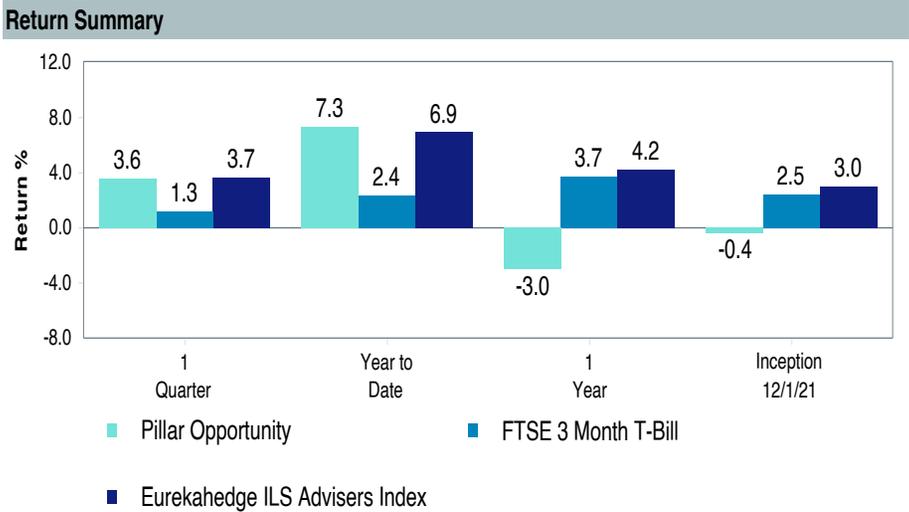
1 Year Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
CFM Systematic Global Macro Fund	-0.97	11.67	-0.08	0.34	-0.52	-1.14	0.94	-4.85	14.38	0.59
HFRI Macro: Systematic Diversified Index	0.00	0.00	-	1.00	-0.73	0.00	1.00	-3.35	8.94	1.00
90 Day U.S. Treasury Bill	6.57	8.98	0.73	0.01	-	3.58	0.00	3.59	0.42	-0.08

Manager Performance Summary Pillar Opportunity

As of June 30, 2023

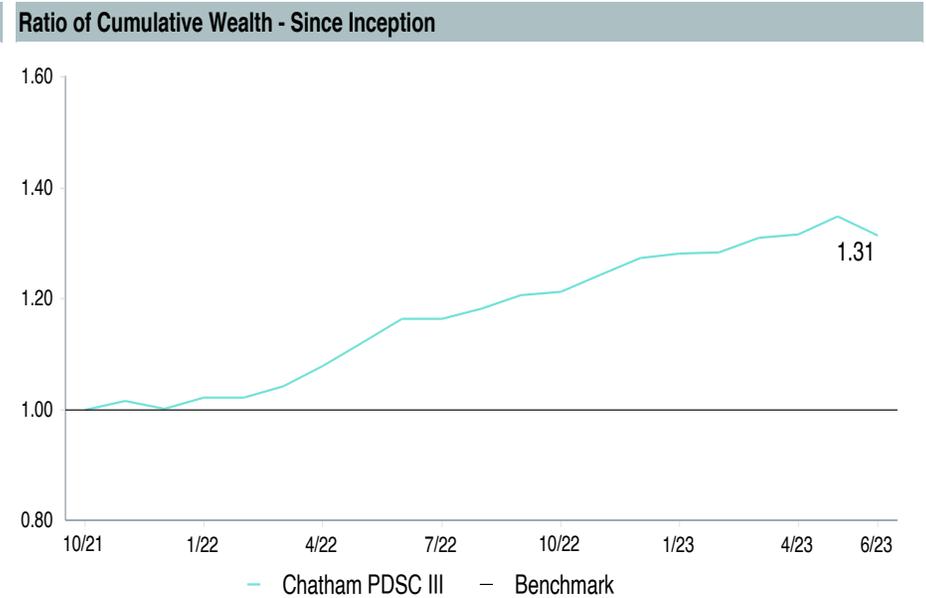
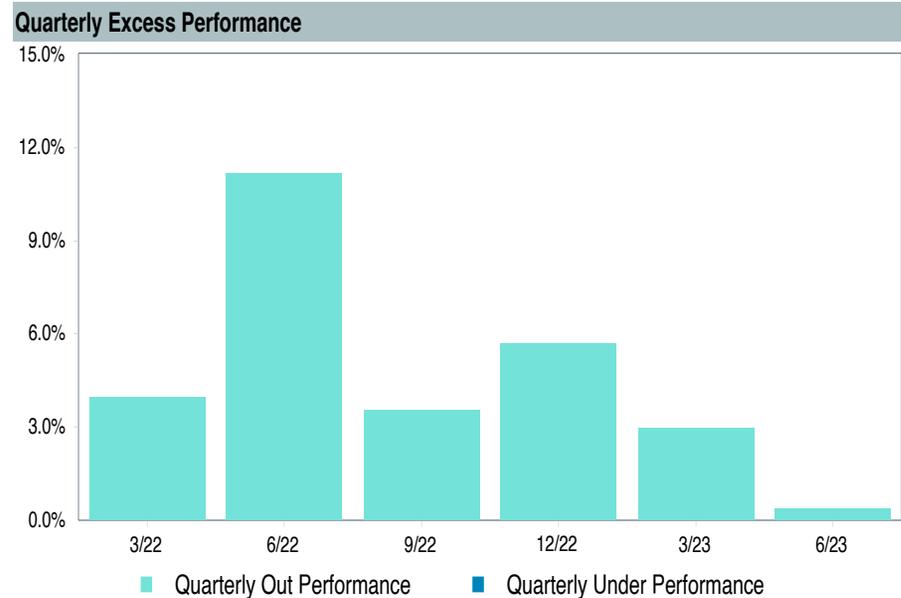
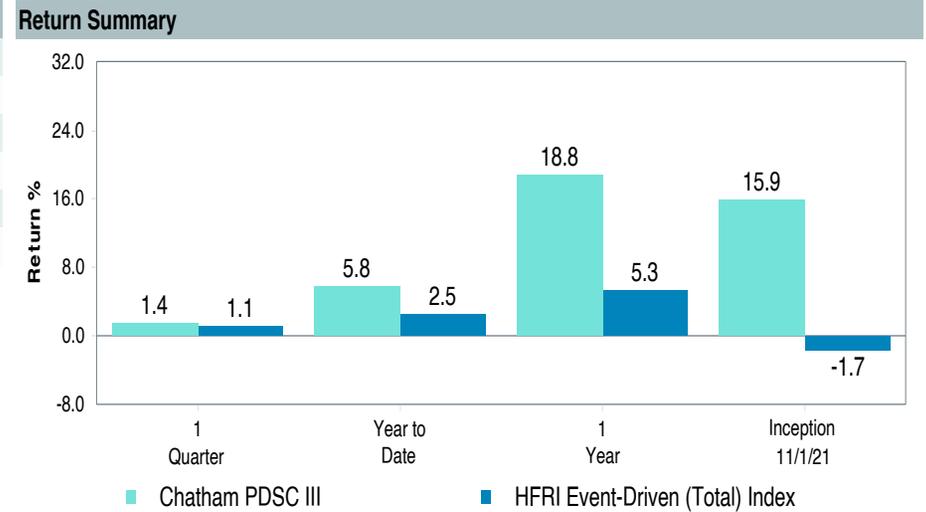
Account Information	
Account Name	Pillar Opportunity
Inception Date	12/01/2021
Account Structure	Commingled Fund
Asset Class	US Equity
Benchmark	FTSE 3 Month T-Bill
Peer Group	



Manager Performance Summary Chatham PDSC III

As of June 30, 2023

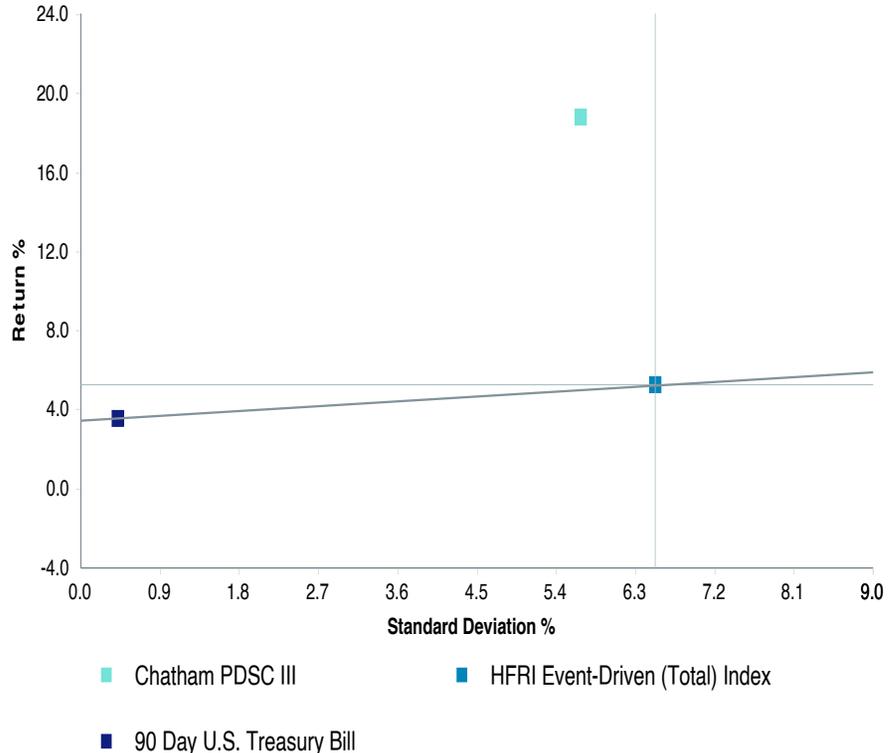
Account Information	
Account Name	Chatham PDSC III
Inception Date	11/01/2021
Account Structure	Separate Account
Asset Class	Hedge Fund
Benchmark	HFRI Event-Driven (Total) Index
Peer Group	



Risk Profile Chatham PDSC III

As of June 30, 2023

**Annualized Return vs. Annualized Standard Deviation
1 Year**



**Standard Deviation
Rolling 1 Year**



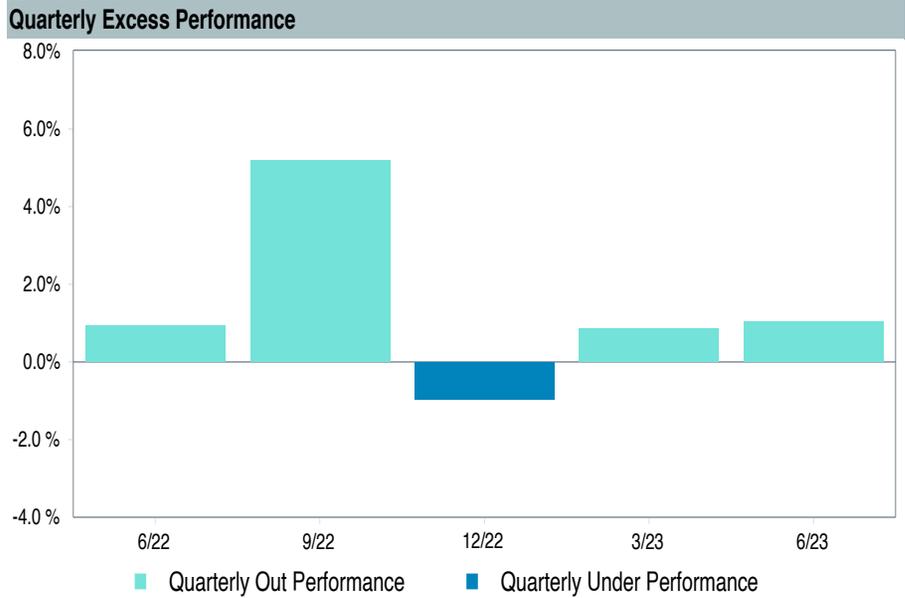
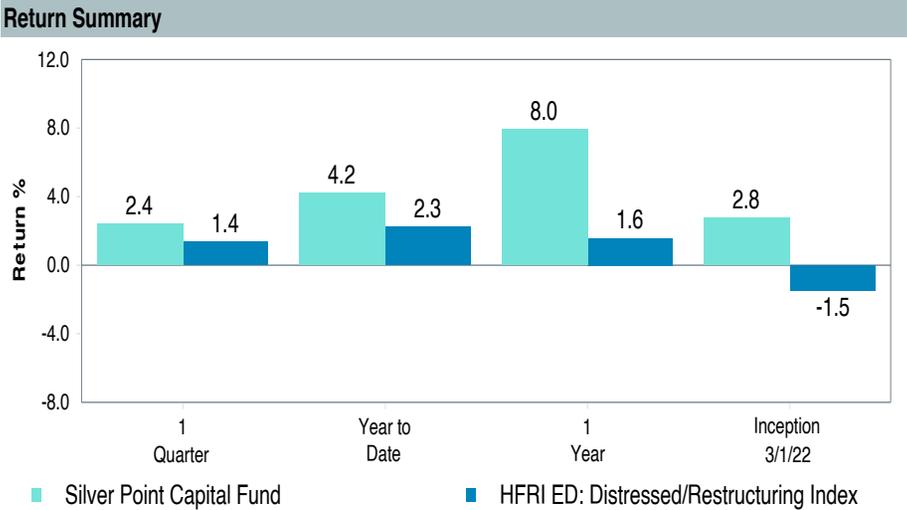
1 Year Historical Statistics										
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Chatham PDSC III	12.18	5.16	2.36	0.42	2.40	15.50	0.57	18.81	5.67	0.65
HFRI Event-Driven (Total) Index	0.00	0.00	-	1.00	0.27	0.00	1.00	5.26	6.53	1.00
90 Day U.S. Treasury Bill	-1.79	6.66	-0.27	0.08	-	3.69	-0.02	3.59	0.42	-0.28



Manager Performance Summary Silver Point Capital Fund

As of June 30, 2023

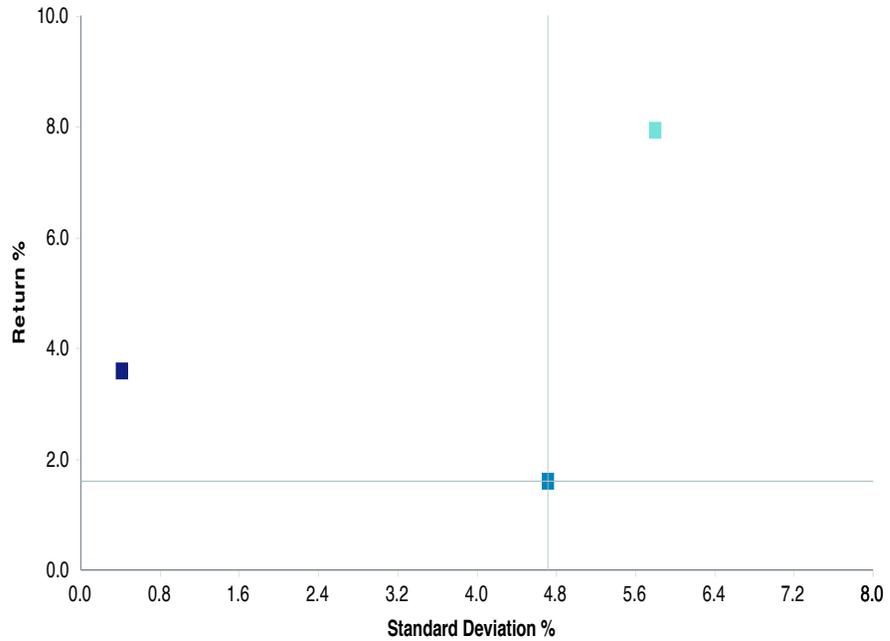
Account Information	
Account Name	Silver Point Capital Fund
Inception Date	03/01/2022
Account Structure	Separate Account
Asset Class	Hedge Fund
Benchmark	HFRI ED: Distressed/Restructuring Index
Peer Group	



Risk Profile Silver Point Capital Fund

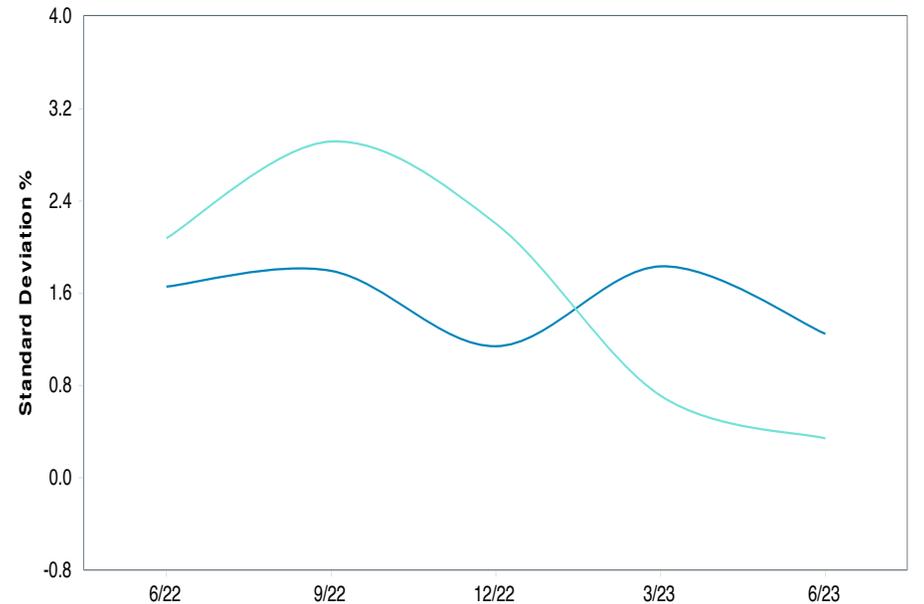
As of June 30, 2023

**Annualized Return vs. Annualized Standard Deviation
1 Year**



- Silver Point Capital Fund
- HFRI ED: Distressed/Restructuring Index
- 90 Day U.S. Treasury Bill

**Standard Deviation
Rolling 0.25 Year**



- Silver Point Capital Fund
- HFRI ED: Distressed/Restructuring Index

1 Year Historical Statistics										
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Silver Point Capital Fund	6.14	7.36	0.83	0.00	0.74	8.05	0.04	7.95	5.80	0.03
HFRI ED: Distressed/Restructuring Index	0.00	0.00	-	1.00	-0.38	0.00	1.00	1.61	4.71	1.00
90 Day U.S. Treasury Bill	1.84	4.79	0.38	0.02	-	3.62	-0.01	3.59	0.42	-0.15



Private Equity

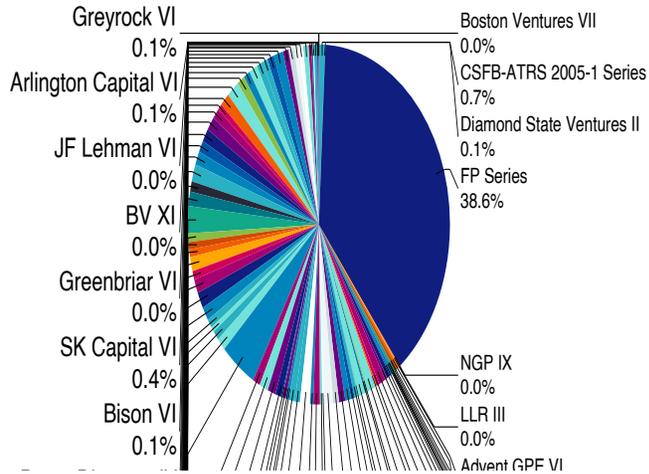


Composite Portfolio Overview Private Equity

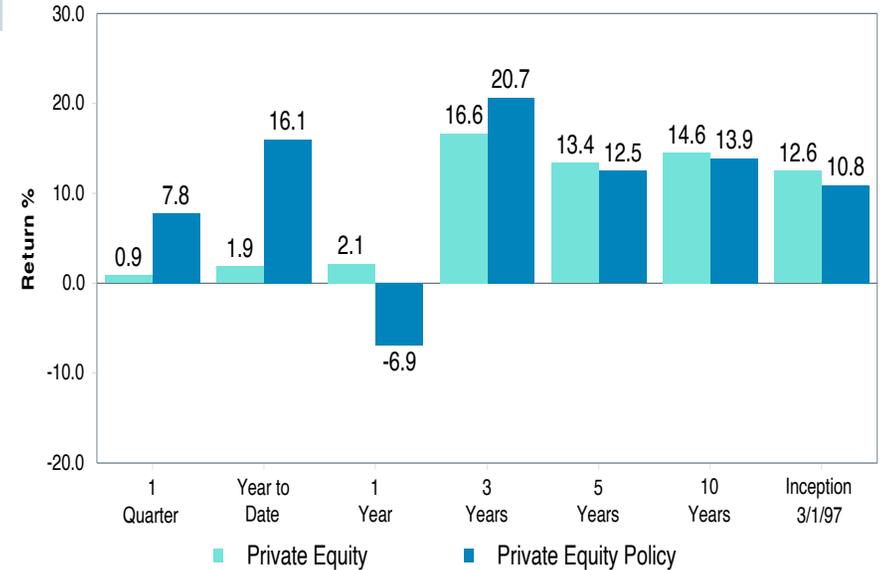
As of June 30, 2023

Current Allocation

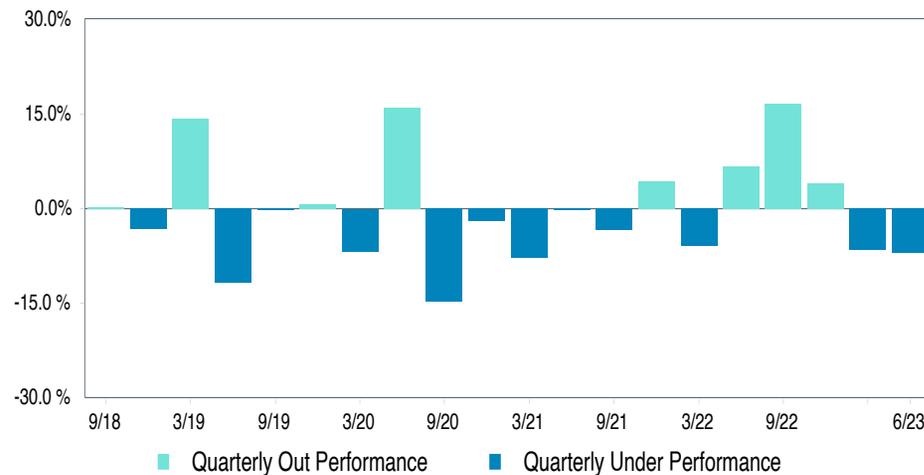
June 30, 2023 : \$2,901,438,026



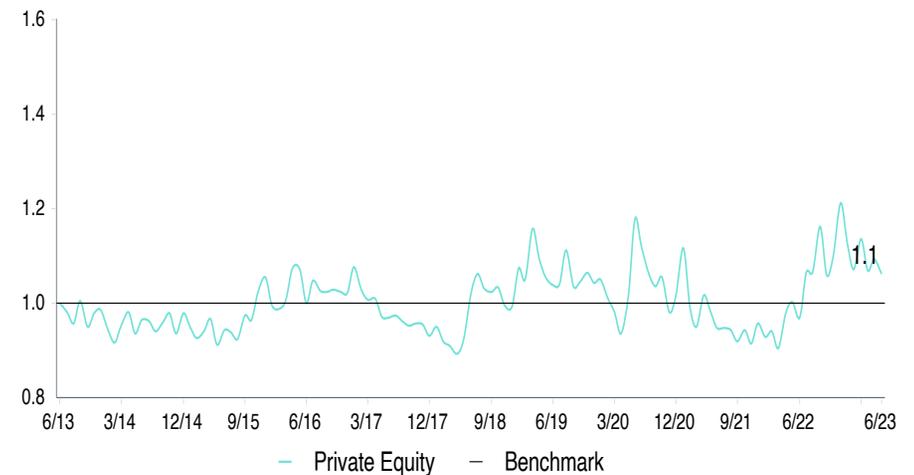
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years



Note: April 1, 2004 represents the inception of the Global Equity Custom Benchmark as the primary performance objective for the Global Equity portfolio.

Real Assets

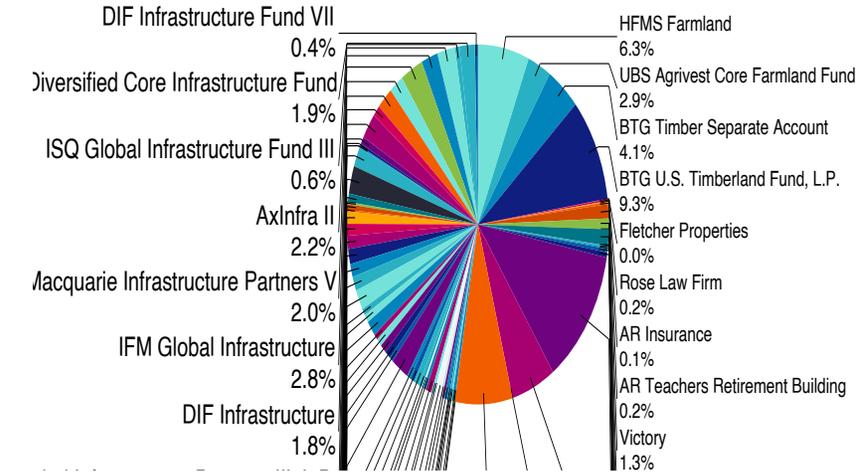


Composite Portfolio Overview Real Assets

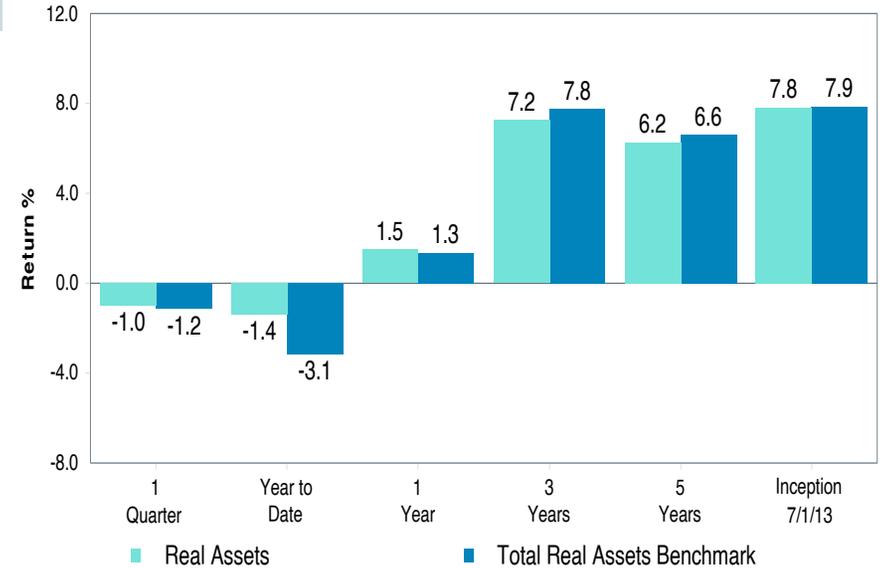
As of June 30, 2023

Current Allocation

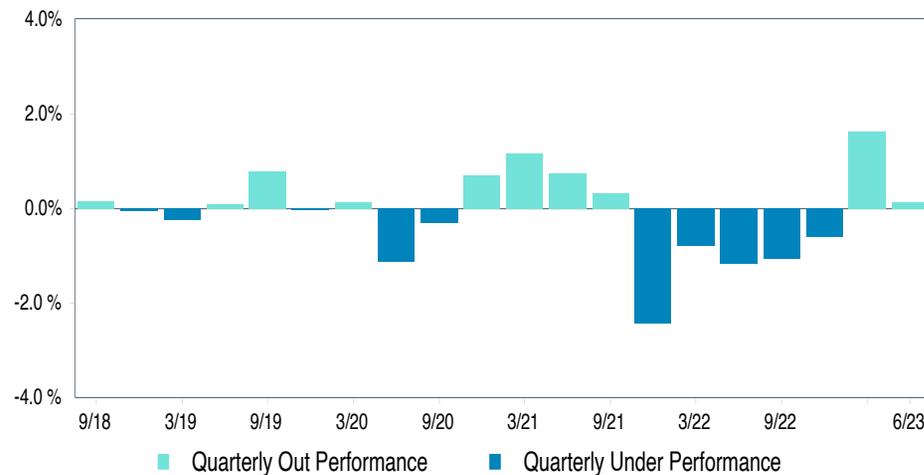
June 30, 2023 : \$2,560,059,487



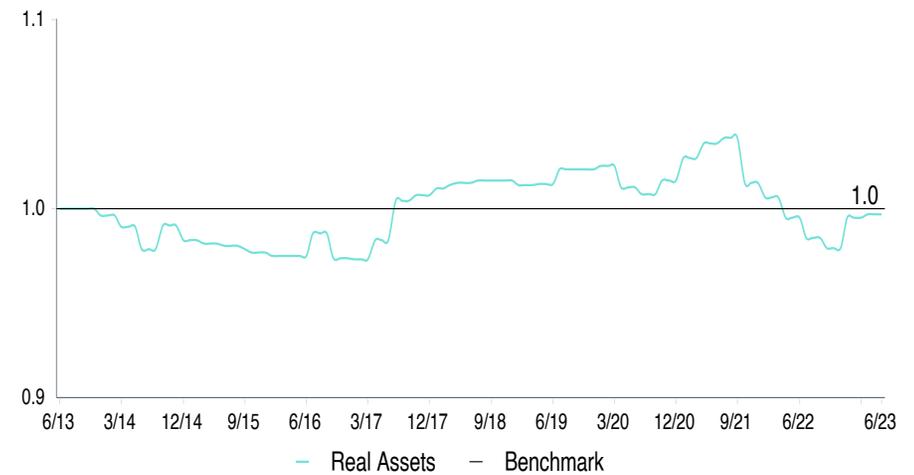
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years



Note: April 1, 2004 represents the inception of the Global Equity Custom Benchmark as the primary performance objective for the Global Equity portfolio.



Fee Schedule



Fee Schedule

As of June 30, 2023

	Fee Schedule	Market Value \$000	Estimated Annual Fee \$000	Estimated Annual Fee %
Total Equity		11,221,028	43,296	0.39
Jacobs Levy 130/30	0.60 % of First \$200 M 0.35 % of Next \$300 M 0.30 % Thereafter	1,234,178	4,453	0.36
Kennedy Capital Management	0.60 % of First \$100 M 0.50 % Thereafter	589,779	3,049	0.52
Stephens	0.75 % of First \$150 M 0.70 % of Next \$50 M 0.65 % Thereafter	563,084	3,835	0.68
Voya Absolute Return	0.60 % of First \$250 M 0.40 % Thereafter	780,179	3,621	0.46
Voya U.S. Convertibles	0.40 % of First \$100 M 0.30 % of Next \$100 M 0.25 % of Next \$100 M 0.20 % Thereafter	936,060	2,222	0.24
Pershing Square Holdings	1.50 % of Assets	259,442	3,892	1.50
Triam Partners	1.50 % of Assets	83,686	1,255	1.50
Triam Co-Investments	0.50 % of Assets	81,507	408	0.50
SSgA Global Index	0.04 % of First \$1000 M 0.03 % Thereafter	1,341,503	502	0.04
BlackRock MSCI ACWI IMI Fund	0.05 % of First \$250 M 0.04 % Thereafter	1,310,986	549	0.04
Wellington Global Perspectives	0.80 % of Assets	627,818	5,023	0.80
T. Rowe Price Global Equity	0.43 % of First \$500 M 0.40 % Thereafter	1,231,740	5,052	0.41
Lazard	0.68 % of First \$300 M 0.65 % Thereafter	704,629	4,670	0.66
Harris Global Equity	0.60 % of First \$100 M 0.50 % of Next \$100 M 0.45 % Thereafter	645,339	3,104	0.48
Arrowstreet Global Equity - Alpha Extension Fund	Performance Based 0.20 and 20.00	831,039	1,662	0.20

Above fees reflect only the current base management fee and excludes any performance fee arrangement.

Fee Schedule

As of June 30, 2023

	Fee Schedule	Market Value \$000	Estimated Annual Fee \$000	Estimated Annual Fee %
Fixed Income		2,870,581	4,907	0.17
BlackRock	0.20 % of First \$200 M 0.15 % of Next \$200 M 0.10 % of Next \$400 M 0.08 % Thereafter	250,429	476	0.19
Loomis Sayles	0.50 % of First \$20 M 0.40 % of Next \$30 M 0.30 % Thereafter	639,963	1,990	0.31
SSgA Aggregate Bond Index	0.04 % of First \$100 M 0.02 % Thereafter	694,860	154	0.02
Wellington Global Total Return	0.30 % of Assets	387,607	1,163	0.30
Reams Core Plus Bond Fund	0.20 % of Assets	562,562	1,125	0.20
BRS Recycling Tax Credit		176,000	-	-
BRS Recycling Tax Credit Phase 2		77,032	-	-
BRS Recycling Tax Credit Phase 3		82,120	-	-
Opportunistic/Alternatives		1,034,140	10,394	1.01
Anchorage	2.00 % of Assets	31,768	635	2.00
York	1.50 % of Assets	12,252	184	1.50
Capula	2.00 % of Assets	95,719	1,914	2.00
Graham	2.00 % of Assets	93,307	1,866	2.00
Circumference Group Core Value	1.50 % of Assets	39,819	597	1.50
Aeolus Keystone Fund	2.00 % of Assets	28,911	578	2.00
Nephila Rubik Holdings	1.50 % of Assets	8,642	130	1.50
Parametric Global Defensive Equity Fund	0.40 % of First \$150 M 0.35 % Thereafter	207,020	800	0.39
Man Alternative Risk Premia	0.85 % of Assets	113,858	968	0.85
CFM Systematic Global Macro Fund	0.36 % of Assets	97,903	352	0.36
Pillar Opportunity	1.30 % of Assets	94,393	1,227	1.30
Chatham PDSC III	0.33 % of Assets	63,784	210	0.33
Prophet Mtg. Servicing Opportunities	0.84 % of Assets	40,289	338	0.84
Chatham PDSC IV	0.33 % of Assets	55,090	182	0.33

Above fees reflect only the current base management fee and excludes any performance fee arrangement.

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Disclaimers and Notes



Arkansas Teacher Retirement System

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 at its long-term Policy Target of 15%, and Total Equity at its long-term Policy Target of 55% plus the balance of the unfunded or uncommitted assets of the Opportunistic/Alternatives and Real Assets categories. These targets can be found on page 21 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.

Benchmark Descriptions

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 June 1, 2023, the Total Equity Performance Benchmark was comprised of 33.0% DJ U.S. Total Stock Market Index and 67.0% MSCI ACWI IMI.

Fixed Income - The Barclays U.S. 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% Citigroup 3 Month T-bill until May 31, 2016; 37% HFRI Macro Index, 25% DJ/CS Event-Driven Index, 5% Russell 2000 Index, and 33% Citigroup 3 Month T-bill until May 31, 2017; 28% HFRI Macro Index, 20% DJ/CS Event-Driven Index, 4% Russell 2000 Index, 25% Citigroup 3 Month T-bill, and 23% Parametric Performance Benchmark 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- NFI-ODCE - NCREIF Fund Index Open-end Diversified Core Equity Index is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy; underlying funds are leveraged with gross and net returns available.

Timber 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.

Benchmark Descriptions

BlackRock Performance Benchmark - The Barclays Universal Bond Index as of March 1, 2004. Previously it was the Barclays Aggregate Bond Index.

Jacobs Levy Performance Benchmark - On January 1, 2008, the benchmark for the portfolio was changed to the Russell 3000 Index. Prior to January 1, 2008, the portfolio benchmark was the Russell 1000 Growth Index.

Loomis Sayles Performance Benchmark - An Index that splices 65% of the Barclays Government/Credit Index and 35% Barclays High Yield Index.

Voya U.S. Convertibles 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 Voya U.S. Convertibles 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.

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

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.

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.

Barclays Aggregate Bond Index - A market-value weighted index consisting of the Barclays 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.

Barclays Government/Credit Index - The Barclays Government/Credit Index measures the investment return of all medium and larger public issues of U.S. Treasury, agency, investment-grade corporate, and investment-grade international dollar-denominated bonds.

Barclays High Yield Index - The Barclays High Yield Index covers the universe of fixed rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.

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

Benchmark Descriptions

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).

Citigroup 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.

Dow Jones U.S. Total Stock Market Index - A capitalization-weighted stock index representing all U.S. common stocks traded regularly on the organized exchanges. The Index is the broadest measure of the aggregate U.S. stock market.

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

Merrill Lynch Convertible Bond (All Quality) Index - The Merrill Lynch All Convertibles All Qualities Index is a widely used index that measures convertible securities' performance. It measures the performance of U.S. dollar-denominated convertible securities not currently in bankruptcy with a total market value greater than \$50 million at issuance.

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.

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.

MSCI World Index - A capitalization-weighted index of stocks representing 22 developed stock markets in Europe, Asia and Canada.

NFI-ODCE Index - NCREIF Fund Index Open-end Diversified Core Equity Index is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy; underlying funds are leveraged with gross and net returns available

DJ/CS Event-Driven Index - Event driven funds typically invest in various asset classes and seek to profit from potential mispricing of securities related to a specific corporate or market event. Such events can include: mergers, bankruptcies, financial or operational stress, restructurings, asset sales, recapitalizations, spin-offs, litigation, regulatory and legislative changes as well as other types of corporate events. Event driven funds can invest in equities, fixed income instruments (investment grade, high yield, bank debt, convertible debt and distressed), options and various other derivatives. Many event driven fund managers use a combination of strategies and adjust exposures based on the opportunity sets in each subsector.

Benchmark Descriptions

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 3,000 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 2,000 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 measures 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.

South Timberland Index - The largest regional subindex of the NCREIF Timberland Index, consisting of timberland properties held in the U.S. South. This includes close to 300 properties with more than 10 million cumulative acres of timberland in the following states: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia. Calculations are based on quarterly returns at the individual property level. Performance is reported on an all-cash, unlevered basis, gross of investment management fees.

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. Hedge Fund Research, Inc. (HFR) utilizes a UCITSIII compliant methodology to construct the HFR Hedge Fund Indices. The methodology is based on defined and predetermined rules and objective criteria to select and rebalance components to maximize representation of the Hedge Fund Universe.

Arkansas Teacher Retirement System

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.

Index Definitions

Name	Description
Bloomberg U.S. Corporate High Yield Bond Index	An index that covers the USD-dominated, non-investment grade, fixed rate, taxable corporate bond market. Debt issues from emerging market countries are excluded. Securities are classified as high-yield if the middle rating is Ba1/BB+ or below.
Bloomberg Emerging Markets Index	An unmanaged index that tracks total returns for external-currency-denominated debt instruments of the emerging markets.
Bloomberg Global Aggregate	Provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD investment grade 144A securities.
Bloomberg Global Treasury Ex-US	The Global Treasury ex US Index is a subset of the flagship Global Treasury Index that does not have any exposure to US debt. This multi-currency benchmark includes investment grade, fixed-rate bonds issued by governments in their native currencies.
Bloomberg Universal Index	A market value-weighted index which is the union of the U.S. Aggregate Index, U.S. High Yield Corporate Index, Eurodollar Index, U.S. Emerging Markets Index and the CMBS High Yield Index. The Index is appropriate for core plus fixed income mandates.
Bloomberg U.S. Government Index	A market value weighted index of U.S. government and government agency securities (other than mortgage securities) with maturities of one year or more.
Bloomberg U.S. Government/Credit Index	A subcomponent of the Capital Aggregate Index, this benchmark includes treasury securities, government related issues, and high-quality corporate bonds with an outstanding par value of \$250 million or greater and at least one year of maturity remaining.
Bloomberg U.S. High Yield Index	An index composed of non-investment grade corporate debt denominated in U.S. dollars. The issues have to have an outstanding par value of \$150 million or greater and at least one year of maturity remaining.
Bloomberg U.S. Inflation Index	Measures the performance of the U.S. Treasury Inflation Protected Securities ("TIPS") market.
Bloomberg U.S. Intermediate Aggregate Bond Index	A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of \$250 million or greater
Bloomberg U.S. Intermediate Government/Credit Index	A market-value weighted index consisting of government bonds and SEC-registered corporate bonds with one to ten years to maturity and an outstanding par value of \$150 million or greater.
Bloomberg U.S. Intermediate Government Bond Index	An unmanaged index considered representative of intermediate- term fixed-income obligations issued by the U.S. treasury, government agencies and quasi-federal corporations.

Index Definitions

Name	Description
Bloomberg U.S. Intermediate Treasury	An unmanaged index considered representative of intermediate-term fixed- income obligations issued by the U.S. treasury.
Bloomberg U.S. Aggregate Bond Index	A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$250 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.
Bloomberg U.S. Long Credit Bond Index	An unmanaged index considered representative of long-term fixed-income obligations issued by U.S. corporate, specified foreign debentures, and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered.
Bloomberg U.S. Long Government/Credit Index	The Capital U.S. Government/ Credit Bond Index measures performance of U.S. dollar denominated U.S. treasuries, government-related, and investment grade U.S. corporate securities that have a remaining maturity of greater than or equal to 1 year. In addition, the securities have \$250 million or more of outstanding face value, and must be fixed rate and non-convertible.
Bloomberg U.S. Long-Term Government Bond Index	An unmanaged index considered representative of long-term fixed- income obligations issued by the U.S. treasury, government agencies and quasi-federal corporations.
Bloomberg U.S. TIPS	A market value-weighted index consisting of U.S. Treasury Inflation Protected Securities with one or more years remaining until maturity with total outstanding issue size of \$500m or more.
Bloomberg U.S. Treasury 20-30 Year STRIPS Index	A subcomponent of the Aggregate Index, this benchmark includes long-term treasury STRIPS.
Bloomberg Commodity Index	Consists of 22 exchange-traded futures on physical commodities, which are weighted to account for economic significance and market liquidity. Performance is calculated on an excess return basis and reflects commodity future price movements.
BofA Merrill Lynch 3 Month Treasury Bill	An index that measures the average return of the last three-month U.S. Treasury Bill issues .
BofA Merrill Lynch High Yield Master	A market capitalization-weighted index that tracks the performance of U.S. dollar- denominated, below investment grade corporate debt publicly issued in the U.S. domestic market.

Index Definitions

Name	Description
Citigroup 90-Day T-Bill Index	An index that measures the average return of the last three-month U.S. Treasury Bill issues
CRSP US Large Growth Cap Index	An index comprised of nearly 330 US large cap growth companies and includes securities traded on NYSE, NYSEMarket, NASDAQ, or ARCA, representing nearly 45% of the U.S. investable equity market. The index is reconstituted quarterly after the market close on the third Fridays of March, June, September, and December. CRSP classifies growth securities using the following factors: future long-term growth in earnings per share (EPS), future short-term growth in EPS, 3-year historical growth in EPS, 3-year historical growth in sales per share, current investment-to-assets ratio, and return on assets.
CRSP US Total Market Index	An index comprised of nearly 4,000 constituents across mega, large, small, and micro capitalizations and includes securities traded on NYSE, NYSE Market, NASDAQ, or ARCA, representing nearly 100% of the U.S. investable equity market. The index is reconstituted quarterly after the market close on the third Fridays of March, June, September, and December.
Credit Suisse Leveraged Loan Index	Designed to mirror the investable universe of the U.S. dollar denominated leveraged loan market.
DJ U.S. Completion Total Stock Market Index	A capitalization-weighted index that consists of the stocks in the Dow Jones U.S. Total Stock Market Index less the stocks in the S&P 500 Stock Index.
DJ U.S. Total Stock Market Index	A capitalization-weighted stock index representing all domestic common stocks traded regularly on the organized exchanges. The index is the broadest measure of the aggregate domestic stock market and includes approximately 5,000 stocks.
FTSE 4Good U.S. Select Index	A socially responsible investment (SRI) index of US stocks that excludes companies with certain business activities such as weapons, tobacco, gambling, alcohol, nuclear power, and adult entertainment
FTSE All-World ex-U.S. Index	A capitalization-weighted stock index representing 46 developed market countries and emerging market countries excluding the U.S.
FTSE EPRA NAREIT Global ex-U.S. Index	Designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposal and development of income-producing real estate.
FTSE Global All Cap ex US Index	A market-capitalization weighted index representing the performance of roughly 5350 large, mid and small cap companies in 46 Developed and Emerging markets worldwide, excluding the USA.
FTSE Global Core Infrastructure Index	Represents the performance of infrastructure and infrastructure-related securities companies in a set of industries that FTSE defines as being involved in infrastructure. The series is based on the FTSE Global Equity Index Series and both developed and emerging markets are included.

Index Definitions

Name	Description
FTSE NAREIT U.S. Equity REITS	Free float adjusted, market capitalization weighted index of US based equity real estate investment trusts (REITs).
Goldman Sachs Commodity Index	A composite index of commodity sector returns which represents a broadly diversified, unleveraged, long-only position in commodity futures.
HFR Fund-of-Fund Index.	This index is equity-weighted including 800 constituents. It includes both domestic and offshore accounts and is valued in U.S. dollars. Only fund-of-fund products are included in the index that have at least \$50 million under managements and have been actively trading for at least one year. All funds report net returns on a monthly basis.
HFRI Fund Weighted Composite Index	The HFRI Fund Weighted Composite Index is a global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in US Dollar and have a minimum of \$50 Million under management or a twelve (12) month track record of active performance. The HFRI Fund Weighted Composite Index does not include Funds of Hedge Funds.
Hueler Stable Value Index	The Hueler Analytics Stable Value Pooled Fund Comparative Universe represents investment strategies of \$96 billion in stable value assets, across 24 pooled funds, invested in contracts universe across a universe of 16 general account issuers and 14 synthetic wrap providers. The allocation of pooled fund assets is dominated by synthetic contracts issued by insurance companies and banks.
J.P. Morgan EMBI Global Diversified	Comprised of dollar-denominated Brady bonds, traded loans and Eurobonds issued by emerging market sovereign and quasi-sovereign entities. The Diversified version limits the weights of the index countries by only including a specified portion of those countries' eligible current face amounts of debt outstanding, providing for a more even distribution of weights within the countries in the index.
iMoneyNet All Taxable Money Funds Index	An index made up of the entire universe of money market mutual funds. The index currently represents over 1,300 funds, or approximately 99 percent of all money fund assets.
iMoneyNet Money Fund Average.	An index made up of the entire universe of money market mutual funds. The index currently represents over 1,300 funds, or approximately 99 percent of all money fund assets.
MSCI All Country World ex-U.S. Index	A capitalization-weighted index of stocks representing 44 stock markets in Europe, Australia, the Far East, the Middle East, Latin America and North America. Index consists of 23 developed and 21 emerging countries, but excludes the U.S.
MSCI All Country World ex-U.S. Index IMI-.	A capitalization-weighted index of large, mid and small cap stocks representing 22 developed (excluding the United States) and 24 emerging market countries. The index is the broadest measure of the aggregate non-US stock market, covering approximately 99% of the global equity investment opportunity set outside of the United States.

Index Definitions

Name	Description
MSCI All Country World ex-U.S. Small Cap Index	Covers all investable small cap securities with a market capitalization below that of the companies in the MSCI Standard Indices (excluding U.S.), and target approximately 14% of each market's free-float adjusted market capitalization.
MSCI All Country World Index IMI	A capitalization-weighted index of large, mid and small cap stocks representing 23 developed and 24 emerging market countries. The index is the broadest measure of the aggregate global stock market, covering approximately 99% of the global equity investment opportunity set.
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 EAFE Growth Index	A capitalization-weighted index of 21 stock markets in Europe, Australia, Asia and the Far East designed to capture the growth-oriented companies.
MSCI EAFE Small Cap Index	A capitalization-weighted index of small cap stocks representing 23 developed country markets in Europe, Australia, Asia, and the Far East.
MSCI EAFE Value Index	A capitalization-weighted index of 21 stock markets in Europe, Australia, Asia and the Far East designed to capture the value-oriented companies.
MSCI Emerging Markets Index	A capitalization-weighted index of stocks representing 22 emerging country markets.
MSCI U.S. Broad Market Index	A capitalization-weighted stock index that aggregates the MSCI U.S. Large Cap 300, Mid Cap 450, Small Cap 1,750 and Micro-Cap Indices. This index represents approximately 99.5% of the capitalization of the U.S. Equity market and includes approximately 3,562 companies.
MSCI U.S. REIT Index	A broad index that fairly represents the equity REIT opportunity set with proper invest ability screens to ensure that the index is investable and replicable. The index represents approximately 85% of the U.S. REIT universe
MSCI World Index	A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets, representing 24 developed market country indices.
NCREIF Property Index	NCREIF Property Index - A capitalization-weighted index of privately owned investment grade income-producing properties representing approximately \$269 billion in assets.

Index Definitions

Name	Description
NFI ODCE Index	NFI ODCE Index - A capitalization weighted index comprised of open-end, Core funds investing in commercial real estate properties. The funds that constitute the index are subject to certain geographic and property type diversification requirements as well as leverage restrictions. The index reflects the impact of leverage on investment results. The returns shown in this report are net of management fees of the respective funds included in the index.
Rolling 3-year Constant Maturity Treasury Index	An index published by the Federal Reserve Board based on the monthly average yield of a range of Treasury securities, all adjusted to the equivalent of a three-year maturity.
Russell 1000 Growth Index	An index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher I/B/E/S growth forecasts.
Russell 1000 Index	A capitalization-weighted index of the 1,000 largest publicly traded U.S. stocks by capitalization.
Russell 1000 Value Index.	An index that measures the performance of those stocks included in the Russell 1000 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.
Russell 2000 Growth Index	A capitalization-weighted index of those stocks in the Russell 2000 Index with higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.
Russell 2000 Index	A capitalization-weighted index of the smallest 2,000 stocks in the Russell 3000 Index. The index excludes the largest- and smallest-capitalization issues in the domestic stock market.
Russell 2000 Value Index	An index that measures the performance of those stocks included in the Russell 2000 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.
Russell 2500 Growth Index	A capitalization-weighted index representing those companies within the Russell 2500 Index with higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.
Russell 2500 Index	The Index is constructed by first identifying the 3,000 largest-capitalization U.S. stocks and ranking them by market capitalizations, choosing the bottom 2,500 names on the list.
Russell 2500 Value Index.	an index that measures the performance of those stocks included in the Russell 2500 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.

Index Definitions

Name	Description
Russell 3000 Growth Index	A capitalization-weighted index consisting of those Russell 3000 Index stocks that have higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.
Russell 3000 Index	A capitalization-weighted index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.
Russell 3000 Value Index	A capitalization-weighted index consisting of those Russell 3000 Index stocks that have lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.
Russell Mid Cap Growth Index	A capitalization-weighted index representing those stocks in the Russell MidCap Index with higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.
Russell Mid Cap Value Index	A capitalization-weighted index consisting of those Russell MidCap Index stocks that have lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.
S&P 500 Index	A capitalization-weighted index representing stocks chosen by Standard & Poor's, Inc. for their size, liquidity, stability and industry group representation. The companies in the S&P 500 Index are generally among the largest in their industries.
S&P Completion Index	The S&P Completion Index is a sub-index of the S&P Total Market Index, including all stocks eligible for the S&P TMI and excluding all current constituents of the S&P 500. The index covers approximately 4,000 constituents, offering investors broad exposure to mid, small, and micro-cap companies.
S&P GSCI®	Both the first major investable commodity index and one of the most widely recognized benchmarks, the S&P GSCI® is broad-based, production weighted, and meant to be representative of the global commodity market beta.
S&P Leverage Loan Index	A daily total return index that uses LSTA/LPC Mark-to-Market Pricing to calculate market value change.
S&P Midcap 400 Index	A market-capitalization-weighted index of stocks in all major industries in the mid-range of the U.S. stock market.
Wilshire REIT	A measure of the types of U.S. real estate securities that represent the ownership and operation of commercial or residential real estate. To be included in the index, a company must have a market capitalization of \$200 million and have at least 75% of the total revenue derived from the ownership and operation of the real estate assets.

- Indices cannot be invested in directly. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect our fees or expenses.
- Past performance is no guarantee of future results.

Thought Leadership Highlights

Public Funds

Topic	Article	Link
Aon United	SECURE 2.0	Link
Market View	Quarterly Market Review and Outlook Video (access code 'aon!')	Link to Article Link to Video
Quarterly Themes	Key Themes for Public Funds in 2023 (4-minute video, access code 'aon!')	Link to Video
Asset Allocation	Global Equity	Link
Asset Allocation	Client Video: US vs non US Equity (access code 'aon!')	Link to Video
Asset Allocation	The Strength of the U.S. Equity Market and its Impact on Equity Allocations	Link
Asset Allocation	White Paper: Why Diversify?	Link
Asset Allocation	Managing Through Today's Environment for Illiquid Assets: 3 Questions with Eric Friedman	Link
Asset Allocation	White Paper: Impact Investing is Hard: Here's How to Do It Well	Link
Strategy Review	Why Securities Lending is Right, Now	Link
Strategy Review	The 'Case' for Litigation Finance	Link
Strategy Review	Private Credit: 3 Questions with Galina Kalcheva	Link
Strategy Review	Private Credit 101 (access code 'aon!')	Link to Video
Strategy Review	Conviction in Equity: 4 Questions	Link
Strategy Review	Conviction in Equity Investing Revisited	Link

If you do not get Aon Investments' monthly email newsletter, but would like to, please ask your consultant.

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.

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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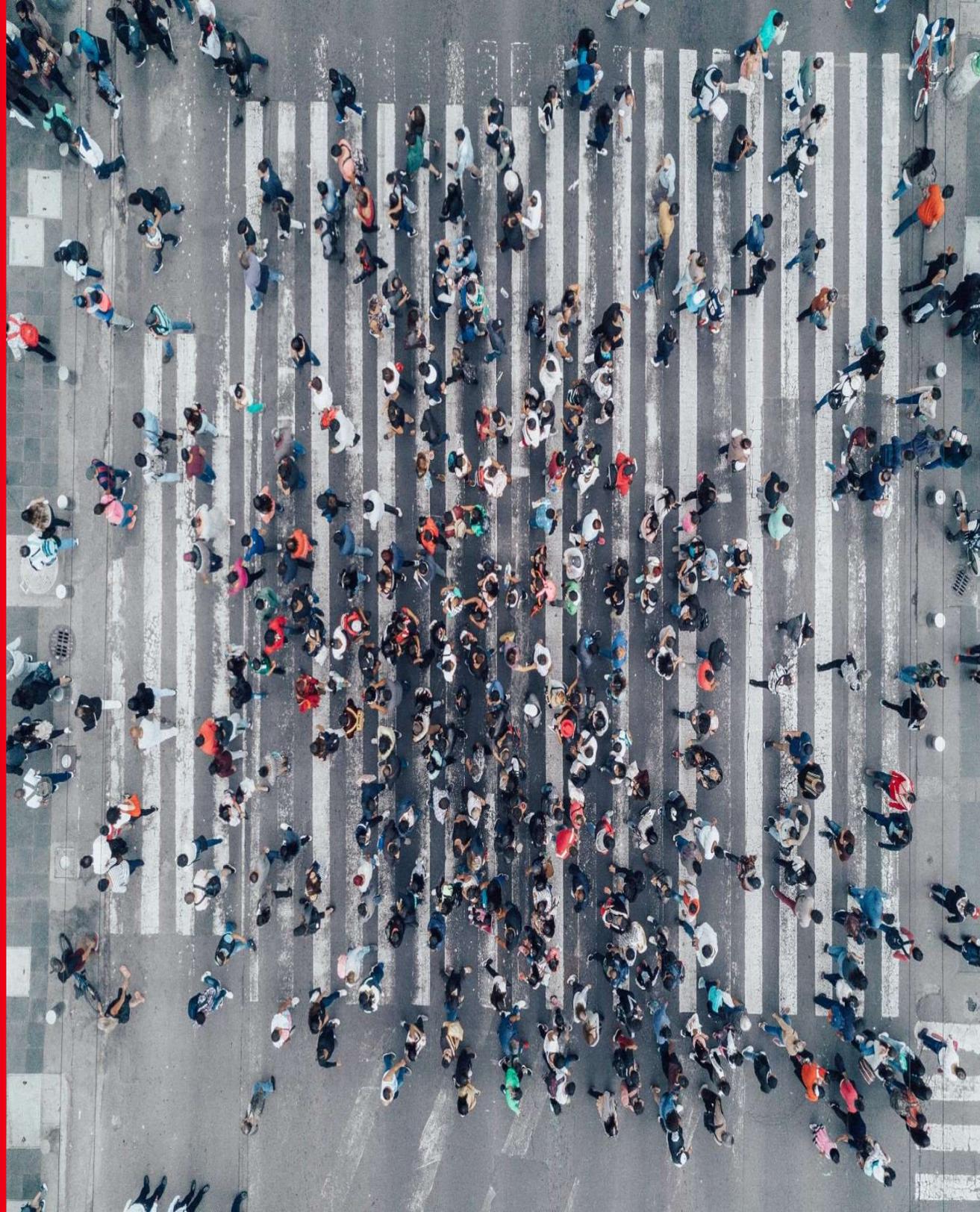
Preliminary Monthly Investment Review

Arkansas Teacher Retirement
System | August 31, 2023

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.

Investment advice and consulting services provided by Aon Investments USA Inc.

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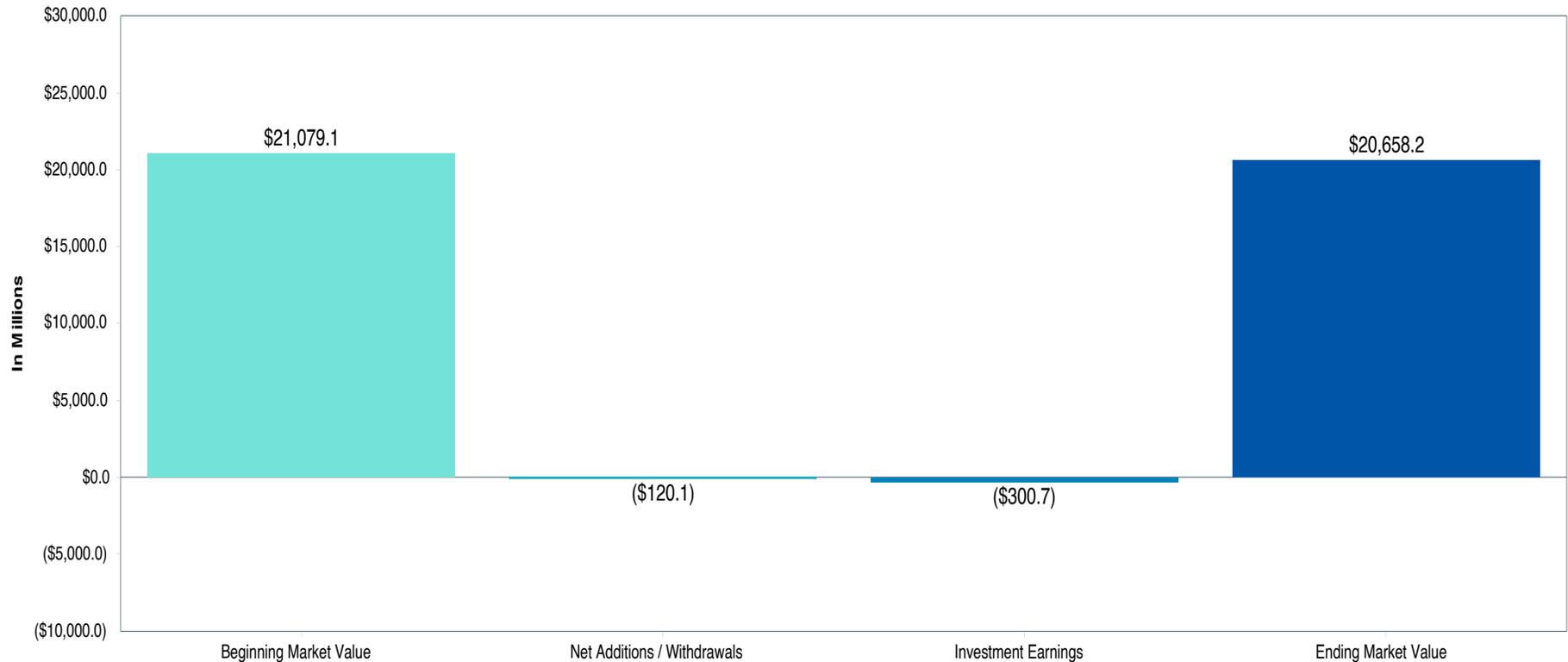
Asset Allocation & Performance

Market Environment

	Performance %						
	1 Month	Year to Date	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
Dow Jones U.S. Total Stock Market Index	-2.0	18.1	1.6	14.7	9.7	10.1	12.1
S&P 500 Index	-1.6	18.7	1.6	15.9	10.5	11.1	12.8
Russell 1000 Index	-1.7	18.6	1.6	15.4	9.9	10.8	12.6
Russell 1000 Value Index	-2.7	5.9	0.7	8.6	11.6	7.1	9.1
Russell 1000 Growth Index	-0.9	32.2	2.4	21.9	8.3	13.8	15.6
Russell 2000 Index	-5.0	9.0	0.8	4.7	8.1	3.1	8.0
Russell 2000 Value Index	-4.8	4.9	2.4	2.2	13.5	3.2	7.4
Russell 2000 Growth Index	-5.2	12.7	-0.8	6.8	2.7	2.5	8.2
MSCI AC World IMI (Net)	-2.9	14.2	0.8	13.3	7.3	7.0	8.4
MSCI AC World ex USA IMI (Net)	-4.3	8.8	-0.3	11.6	4.1	3.3	4.5
MSCI EAFE Index (Net)	-3.8	10.9	-0.7	17.9	6.1	4.1	4.9
MSCI Emerging Markets Index (Net)	-6.2	4.6	-0.3	1.3	-1.4	1.0	3.0
Blmbg. U.S. Universal Index	-0.6	1.8	-0.5	-0.4	-4.0	0.7	1.8
Blmbg. U.S. Aggregate	-0.6	1.4	-0.7	-1.2	-4.4	0.5	1.5
Blmbg. U.S. Government	-0.5	0.7	-0.8	-2.0	-5.0	0.2	0.9
Blmbg. Barc. Credit Bond Index	-0.7	2.7	-0.4	0.8	-4.1	1.3	2.5
Blmbg. U.S. Mortgage Backed Securities	-0.8	1.0	-0.9	-2.1	-4.1	-0.3	1.1
Blmbg. U.S. Corp: High Yield	0.3	7.1	1.7	7.2	1.8	3.3	4.5
Citigroup 90-Day T-Bill	0.5	3.3	0.9	4.4	1.6	1.7	1.1

Total Plan Asset Summary

As of August 31, 2023



Summary of Cash Flows

	1 Month	Year to Date	Fiscal YTD	1 Year
Total Fund				
Beginning Market Value	21,079,116,777	19,774,984,699	20,745,857,372	20,046,809,052
+ Additions / Withdrawals	-120,130,727	-607,386,446	-223,040,477	-830,832,348
+ Investment Earnings	-300,736,220	1,490,651,577	135,432,936	1,442,273,126
= Ending Market Value	20,658,249,831	20,658,249,831	20,658,249,831	20,658,249,831

Asset Allocation & Performance

As of August 31, 2023

	Allocation			Performance %								
	Market Value \$ (\$)	%	Policy %	1 Month	Year to Date	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Total Fund*	20,658,249,831	100.0	100.0	-1.4	7.5	0.6	7.2	9.0	7.0	8.7	8.4	04/01/1986
<i>Performance Benchmark</i>				-1.5	10.6	0.6	8.0	7.0	7.2	8.5	8.5	
Total Equity	11,210,707,838	54.3	55.4	-2.6	12.8	1.0	12.4	10.0	6.8	9.3	8.3	07/01/2015
<i>Total Equity Performance Benchmark</i>				-2.6	15.5	1.1	13.8	8.1	8.0	9.7	9.0	
Fixed Income	2,870,149,973	13.9	15.0	-0.3	2.0	0.0	1.0	-1.5	1.7	2.6	4.8	07/01/1992
<i>Performance Benchmark</i>				-0.6	1.8	-0.5	-0.4	-4.0	0.7	1.8	4.8	
Opportunistic/Alternatives	1,051,166,872	5.1	5.1	0.9	6.8	1.8	7.1	6.0	2.5	3.5	3.6	05/01/2011
<i>Custom Alternatives Benchmark</i>				0.0	4.5	0.9	4.9	4.8	3.1	2.6	2.3	
Real Assets	2,586,657,725	12.5	12.5									
Real Estate	1,547,574,544	7.5										
Timber	345,395,614	1.7										
Agriculture	236,037,159	1.1										
Infrastructure	457,650,408	2.2										
Private Equity	2,895,432,632	14.0	12.0									
Cash	44,134,792	0.2	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.

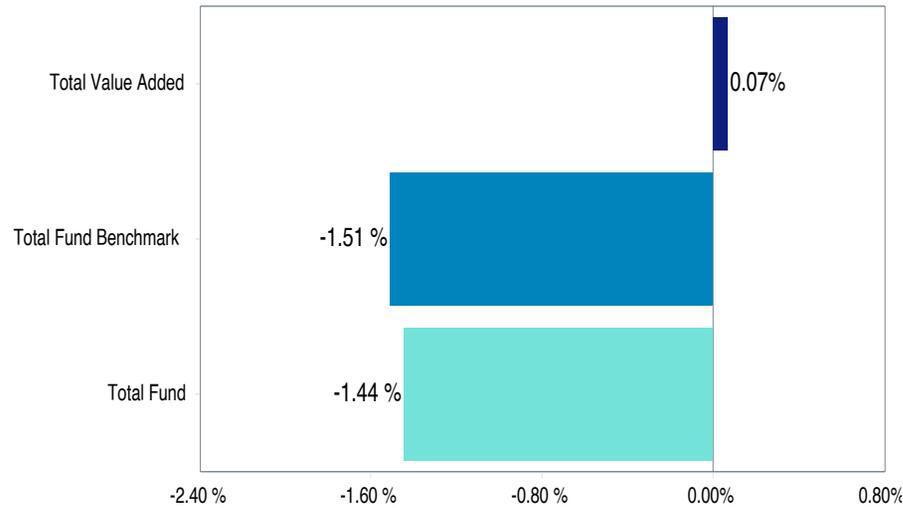
*The inception of the Total Equity asset class was July 1, 2015. Performance prior to July 2015 represents the weighted average of the U.S. Equity and Global Equity asset class monthly returns. For historical performance of the U.S. Equity and Global Equity asset classes please see page 21 of this report.

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

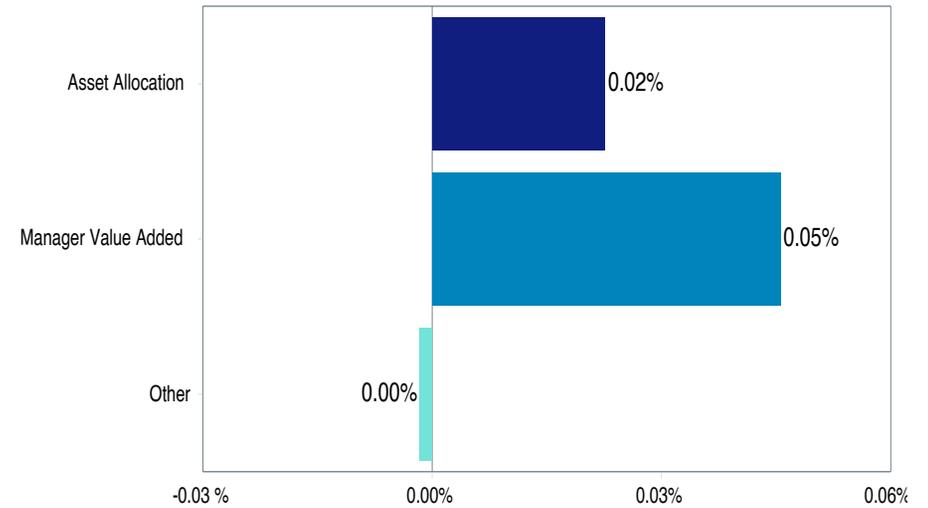
Total Fund Attribution

1 Month Ending August 31, 2023

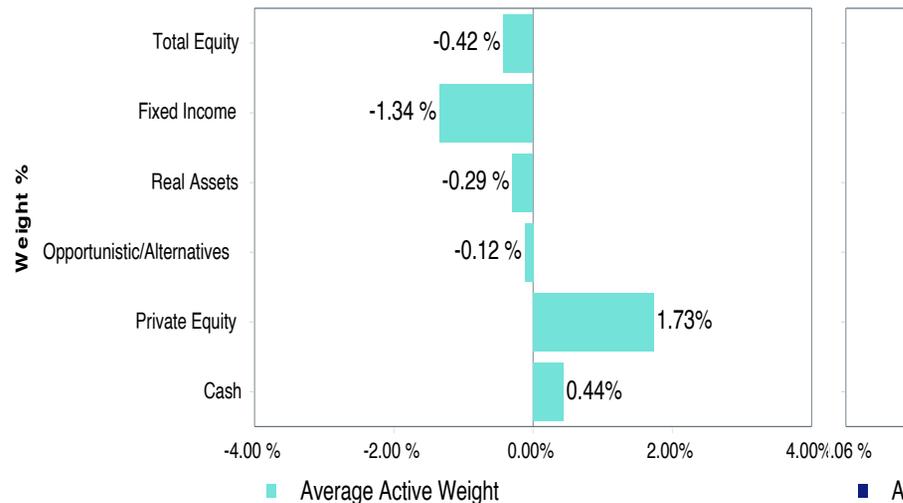
Total Fund Performance



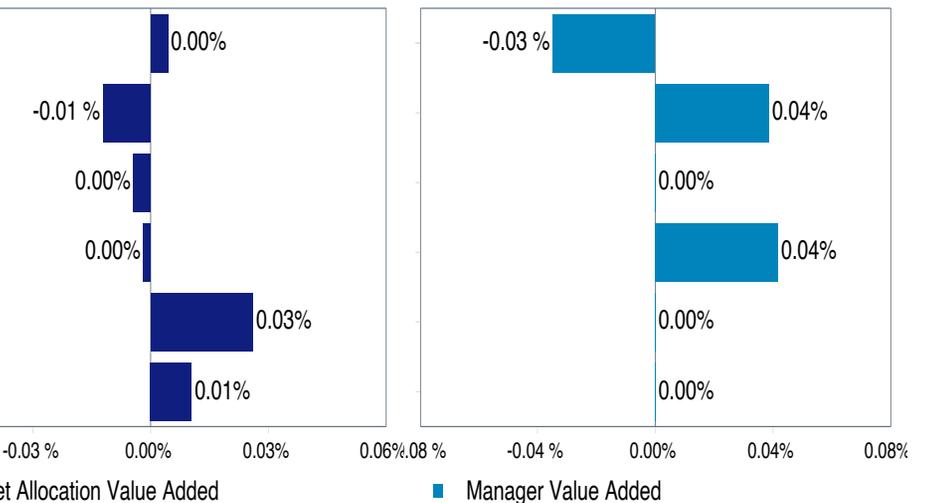
Total Value Added: 0.07%



Total Asset Allocation: 0.02%



Total Manager Value Added: 0.05%

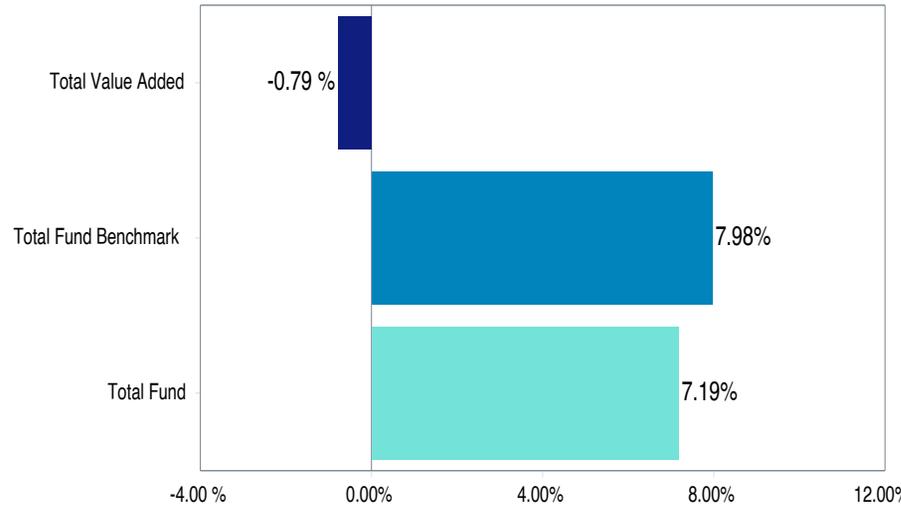


*Preliminary Results

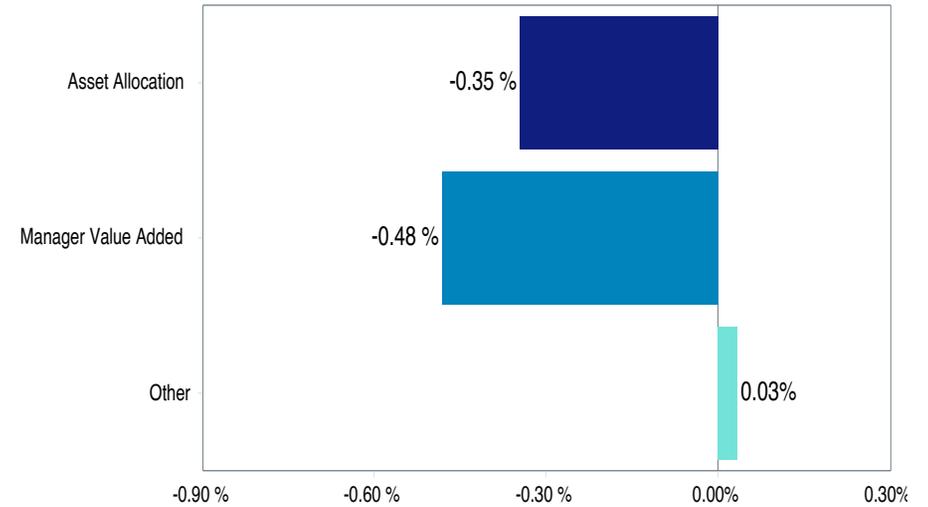
Total Fund Attribution

1 Year Ending August 31, 2023

Total Fund Performance

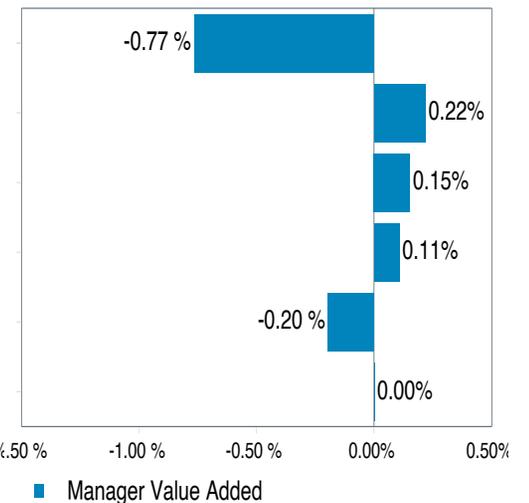
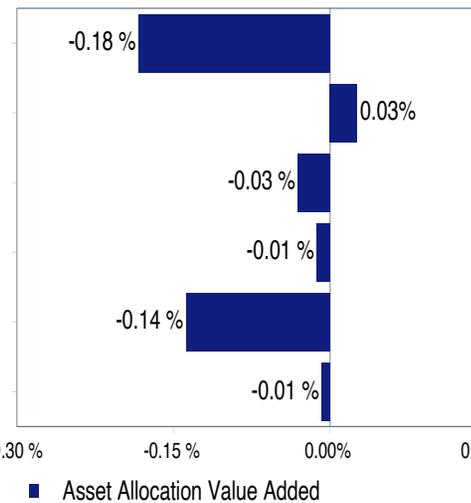
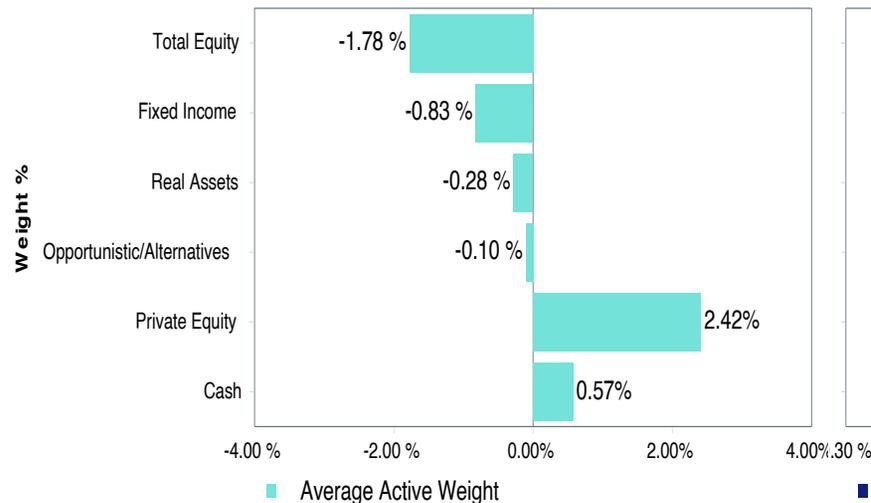


Total Value Added: -0.79 %



Total Asset Allocation: -0.35 %

Total Manager Value Added: -0.48 %



*Preliminary Results

Asset Allocation & Performance

As of August 31, 2023

	Allocation		Performance %							
	Market Value \$	%	1 Month	Fiscal YTD	Year to Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Total Equity	11,210,707,838	100.0	-2.6	1.0	12.8	12.4	10.0	6.8	8.3	07/01/2015
<i>Total Equity Performance Benchmark</i>			-2.6	1.1	15.5	13.8	8.1	8.0	9.0	
Jacobs Levy 130/30	1,258,745,187	11.2	-2.2	2.0	14.2	16.8	23.6	14.7	12.3	01/01/2008
<i>Russell 3000 Index</i>			-1.9	1.6	18.0	14.8	9.8	10.3	9.4	
Kennedy Capital Management	599,812,269	5.4	-4.2	1.6	5.4	1.9	15.0	4.3	11.5	01/01/1994
<i>Russell 2000 Value Index</i>			-4.8	2.4	4.9	2.2	13.5	3.2	9.1	
Stephens	569,731,946	5.1	-1.2	1.1	12.8	7.5	3.3	4.4	9.3	08/01/2006
<i>Russell 2000 Growth Index</i>			-5.2	-0.8	12.7	6.8	2.7	2.5	8.3	
Voya Absolute Return	790,320,611	7.0	-2.2	1.2	16.9	16.1	8.2	7.5	9.9	10/01/2008
<i>Performance Benchmark Voya Absolute Return</i>			-2.8	0.8	14.8	14.0	7.2	7.5	9.8	
Voya U.S. Convertibles	928,856,680	8.3	-2.5	-0.8	5.5	2.1	3.3	10.5	10.1	12/01/1998
<i>Performance Benchmark</i>			-2.6	0.1	8.6	3.8	3.2	8.9	8.0	
Pershing Square Holdings	270,866,657	2.4	-1.5	4.8	10.4	16.9	11.9	21.4	8.4	01/01/2013
<i>Dow Jones U.S. Total Stock Market Index</i>			-2.0	1.6	18.1	14.7	9.7	10.1	13.0	
SSgA Global Index	1,229,044,191	11.0	-2.9	0.8	14.4	13.6	7.6	7.4	6.7	04/01/2008
<i>MSCI AC World IMI (Net)</i>			-2.9	0.8	14.2	13.3	7.3	7.0	6.4	
BlackRock MSCI ACWI IMI Fund	1,322,575,542	11.8	-2.8	0.9	14.6	13.9	7.7	7.3	8.2	07/01/2011
<i>MSCI AC World IMI (Net)</i>			-2.9	0.8	14.2	13.3	7.3	7.0	7.9	

*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.

Asset Allocation & Performance

As of August 31, 2023

	Allocation		Performance %							
	Market Value \$	%	1 Month	Fiscal YTD	Year to Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Wellington Global Perspectives	625,861,560	5.6	-4.7	-0.4	5.9	6.7	10.9	4.3	11.7	07/01/2009
<i>Performance Benchmark</i>			-3.5	1.5	9.6	8.7	7.8	4.2	9.8	
T. Rowe Price Global Equity	1,243,975,990	11.1	-2.0	0.9	18.5	15.0	4.0	10.6	12.7	08/01/2009
<i>MSCI AC World Index (Net)</i>			-2.8	0.8	14.8	14.0	7.2	7.5	9.1	
<i>MSCI AC World Index Growth (Net)</i>			-2.5	0.6	25.0	17.9	4.5	9.6	10.9	
Lazard	707,189,123	6.3	-4.4	0.3	8.2	9.9	2.4	4.8	7.8	08/01/2009
<i>MSCI AC World Index (Net)</i>			-2.8	0.8	14.8	14.0	7.2	7.5	9.1	
Harris Global Equity	662,275,895	5.9	-3.2	2.5	18.5	21.1	12.2	7.4	6.9	06/01/2014
<i>MSCI World Index (Net)</i>			-2.4	0.9	16.1	15.6	8.4	8.3	8.1	
<i>MSCI World Value (Net)</i>			-2.8	1.0	5.0	10.2	10.3	5.2	5.1	
Arrowstreet Global Equity - Alpha Extension Fund	835,992,559	7.5	-0.7	0.6					7.7	04/01/2023
<i>MSCI AC World IMI (Net)</i>			-2.9	0.8					6.8	
Triam Partners	85,583,812	0.8	0.0	2.3	9.4	19.4	6.4	6.7	7.1	11/01/2015
<i>S&P 500 Index</i>			-1.6	1.6	18.7	15.9	10.5	11.1	12.5	
Triam Co-Investments	79,817,436	0.7	-3.3	-1.7	7.5	17.6	8.9	8.6	6.3	01/01/2017
<i>S&P 500 Index</i>			-1.6	1.6	18.7	15.9	10.5	11.1	13.1	

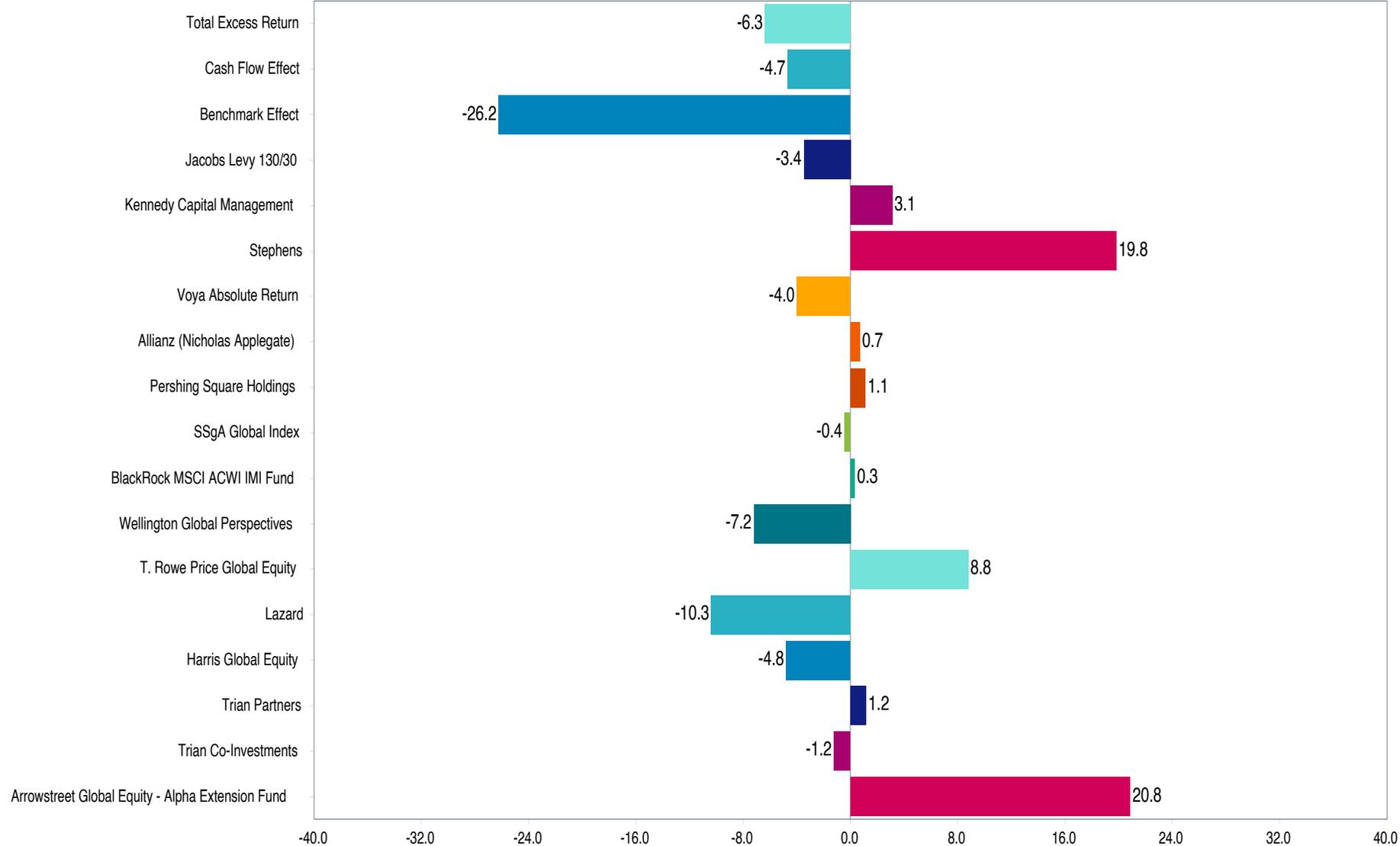
*Preliminary Results

*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.

Asset Class Attribution

1 Month Ending August 31, 2023

1 Month



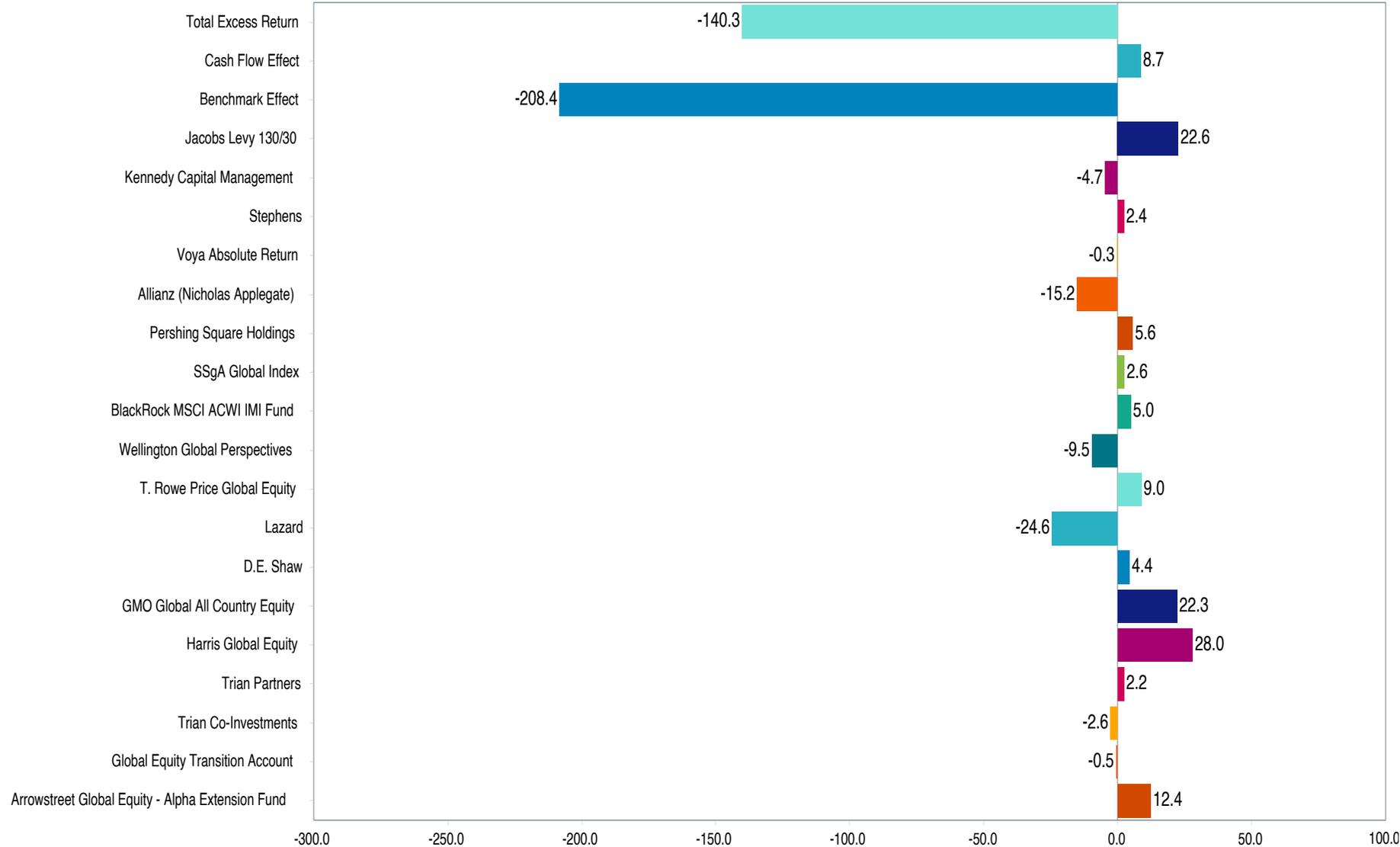
*Preliminary Results



Asset Class Attribution

1 Year Ending August 31, 2023

1 Year



*Preliminary Results



Asset Allocation & Performance

As of August 31, 2023

	Allocation		Performance %							
	Market Value \$	%	1 Month	Fiscal YTD	Year to Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Fixed Income	2,870,149,973	100.0	-0.3	0.0	2.0	1.0	-1.5	1.7	4.8	07/01/1992
<i>Performance Benchmark</i>			<i>-0.6</i>	<i>-0.5</i>	<i>1.8</i>	<i>-0.4</i>	<i>-4.0</i>	<i>0.7</i>	<i>4.8</i>	
BlackRock	249,162,759	8.7	-0.6	-0.5	2.0	-0.7	-4.2	0.8	3.4	10/01/2003
<i>Performance Benchmark</i>			<i>-0.6</i>	<i>-0.5</i>	<i>1.8</i>	<i>-0.4</i>	<i>-4.0</i>	<i>0.7</i>	<i>3.3</i>	
Loomis Sayles	643,394,499	22.4	-0.4	0.5	3.5	2.2	-1.3	2.7	6.4	09/01/2008
<i>Performance Benchmark</i>			<i>-0.3</i>	<i>0.1</i>	<i>3.5</i>	<i>1.9</i>	<i>-2.4</i>	<i>1.7</i>	<i>4.2</i>	
SSgA Aggregate Bond Index	690,013,433	24.0	-0.6	-0.7	1.6	-1.2	-4.4	0.5	2.0	06/01/2010
<i>Blmbg. U.S. Aggregate</i>			<i>-0.6</i>	<i>-0.7</i>	<i>1.4</i>	<i>-1.2</i>	<i>-4.4</i>	<i>0.5</i>	<i>2.0</i>	
Wellington Global Total Return	393,703,398	13.7	1.0	1.5	2.7	6.4	4.2	3.6	2.7	06/01/2014
<i>ICE BofAML 3 Month U.S. T-Bill</i>			<i>0.5</i>	<i>0.9</i>	<i>3.1</i>	<i>4.3</i>	<i>1.5</i>	<i>1.7</i>	<i>1.2</i>	
Reams Core Plus Bond Fund	558,724,510	19.5	-0.8	-0.7	2.8	0.6	-3.1	3.0	2.5	06/01/2014
<i>Blmbg. U.S. Aggregate</i>			<i>-0.6</i>	<i>-0.7</i>	<i>1.4</i>	<i>-1.2</i>	<i>-4.4</i>	<i>0.5</i>	<i>1.1</i>	
BRS Recycling Tax Credit	176,000,000	6.1								
BRS Recycling Tax Credit Phase 2	77,031,608	2.7								
BRS Recycling Tax Credit Phase 2	77,031,608	2.7								

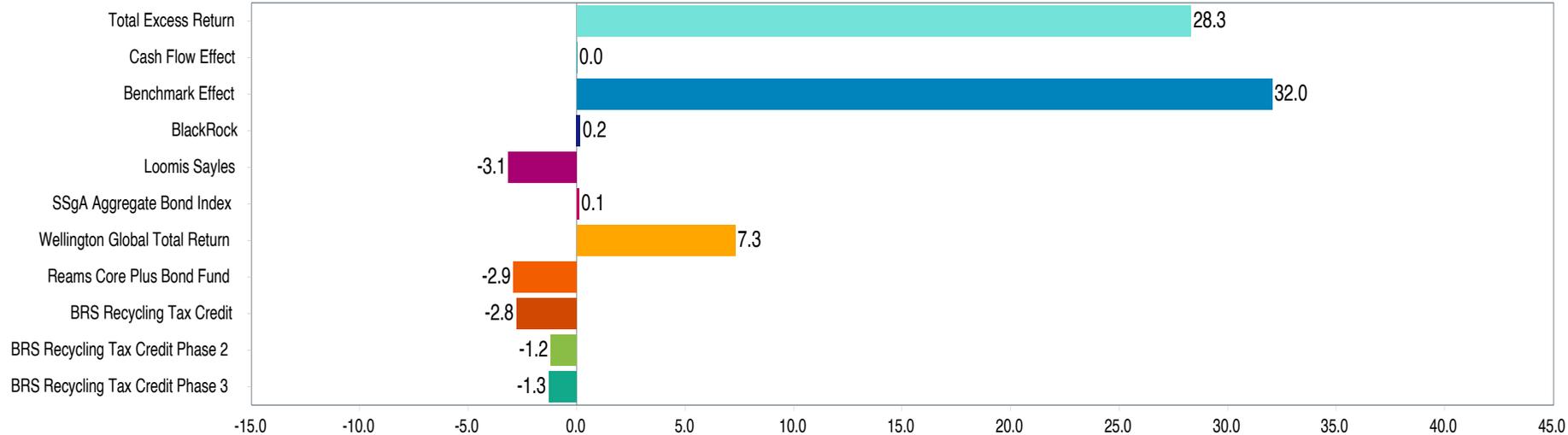
*Preliminary Results

*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.

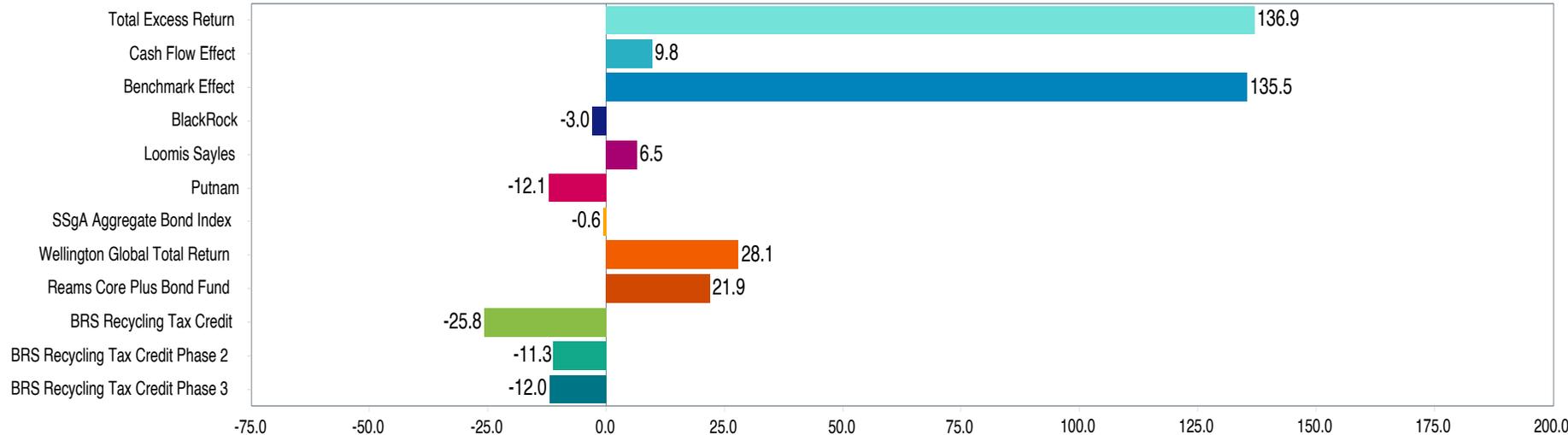
Asset Class Attribution

As of August 31, 2023

1 Month



1 Year



*Preliminary Results



Asset Allocation & Performance

As of August 31, 2023

	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	1,051,166,872	100.0	0.9	1.8	6.8	7.1	6.0	2.5	3.5	3.6	05/01/2011
<i>Custom Alternatives Benchmark</i>			0.0	0.9	4.5	4.9	4.8	3.1	2.6	2.3	
Anchorage	32,383,313	3.1	1.1	1.9	4.2	8.7	11.5	5.0	5.4	5.7	05/01/2011
<i>Credit Suisse Event Driven</i>			0.0	1.3	5.5	4.7	7.0	3.9	3.2	2.9	
<i>HFRI ED: Distressed/Restructuring Index</i>			0.5	1.3	3.6	1.7	8.9	4.7	4.2	4.3	
York	9,722,135	0.9	3.9	-20.6	7.7	-15.0	3.0	-11.8	-4.0	-2.0	05/01/2011
<i>Credit Suisse Event Driven</i>			0.0	1.3	5.5	4.7	7.0	3.9	3.2	2.9	
<i>HFRI ED: Distressed/Restructuring Index</i>			0.5	1.3	3.6	1.7	8.9	4.7	4.2	4.3	
Capula	97,620,937	9.3	1.2	2.0	6.7	10.9	7.4	7.6	7.1	6.6	05/01/2011
<i>HFRI Macro (Total) Index</i>			-0.5	0.2	-0.7	-0.7	6.3	5.0	3.2	1.9	
Graham	97,430,819	9.3	2.2	4.4	4.0	5.4	15.8	10.5	8.1	5.4	05/01/2011
<i>HFRI Macro (Total) Index</i>			-0.5	0.2	-0.7	-0.7	6.3	5.0	3.2	1.9	
Circumference Group Core Value	40,235,622	3.8	-2.0	1.0	13.1	17.0	8.6	7.9		8.9	08/01/2015
<i>Russell 2000 Index</i>			-5.0	0.8	9.0	4.7	8.1	3.1		6.9	
Aeolus Keystone Fund	27,593,092	2.6	-1.1	-0.5	7.6	7.7	-0.1	-0.5		-0.7	12/01/2015
<i>FTSE 3 Month T-Bill</i>			0.5	0.9	3.3	4.4	1.6	1.7		1.4	
<i>Eurekahedge ILS Advisers Index</i>			1.5	2.3	9.4	5.5	3.0	1.3		1.0	
Nephila Rubik Holdings	8,781,163	0.8	1.3	1.6	4.5	5.8	-7.8	-5.7		-4.4	06/01/2016
<i>FTSE 3 Month T-Bill</i>			0.5	0.9	3.3	4.4	1.6	1.7		1.5	
<i>Eurekahedge ILS Advisers Index</i>			1.5	2.3	9.4	5.5	3.0	1.3		0.8	
Parametric Global Defensive Equity Fund	208,884,318	19.9	-1.0	0.9	10.9	11.9	7.4	5.0		5.4	06/01/2017
<i>Performance Benchmark</i>			-1.2	0.9	9.1	9.5	4.8	5.0		5.3	
<i>MSCI AC World Index</i>			-2.8	0.8	15.2	14.5	7.7	8.0		8.9	
Man Alternative Risk Premia	113,479,743	10.8	0.5	-0.3	1.5	4.8	7.4	3.0		2.6	06/01/2018
<i>SG Multi Alternative Risk Premia Index</i>			1.9	1.7	5.3	7.9	5.3	0.7		0.4	
CFM Systematic Global Macro Fund	99,290,151	9.4	2.7	1.4	-4.3	-4.3				4.6	11/01/2021
<i>HFRI Macro: Systematic Diversified Index</i>			-0.9	-0.9	-1.6	-3.7				3.6	

*Preliminary Results

Asset Allocation & Performance

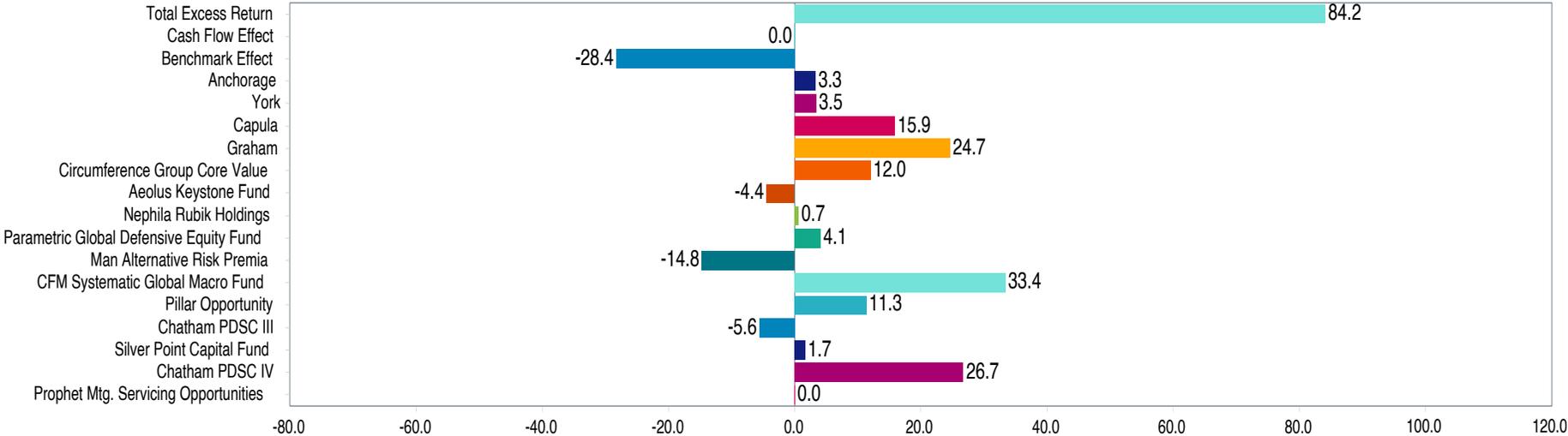
As of August 31, 2023

	Allocation		Performance %								
	Market Value \$ (\$)	%	1 Month	Fiscal YTD	Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Pillar Opportunity	98,057,666	9.3	1.7	3.9	11.5	-1.7				1.8	12/01/2021
<i>FTSE 3 Month T-Bill</i>			0.5	0.9	3.3	4.4				2.8	
<i>Eurekahedge ILS Advisers Index</i>			1.5	2.3	9.4	5.5				4.1	
Chatham PDSC III	65,484,689	6.2	-0.5	2.7	8.6	16.7				16.0	11/01/2021
<i>HFRI Event-Driven (Total) Index</i>			0.4	2.7	5.2	5.0				-0.1	
Silver Point Capital Fund	51,733,758	4.9	0.8	0.7	4.9	3.9				2.9	03/01/2022
<i>HFRI ED: Distressed/Restructuring Index</i>			0.5	1.3	3.6	1.7				-0.5	
Prophet Mtg. Servicing Opportunities	41,492,566	3.9	0.0	3.0						5.1	05/01/2023
<i>Credit Suisse Hedge Fund Index</i>			0.0	1.3						2.7	
Chatham PDSC IV	58,976,899	5.6	5.4	7.1						18.0	05/01/2023
<i>HFRI Event-Driven (Total) Index</i>			0.4	2.7						3.7	

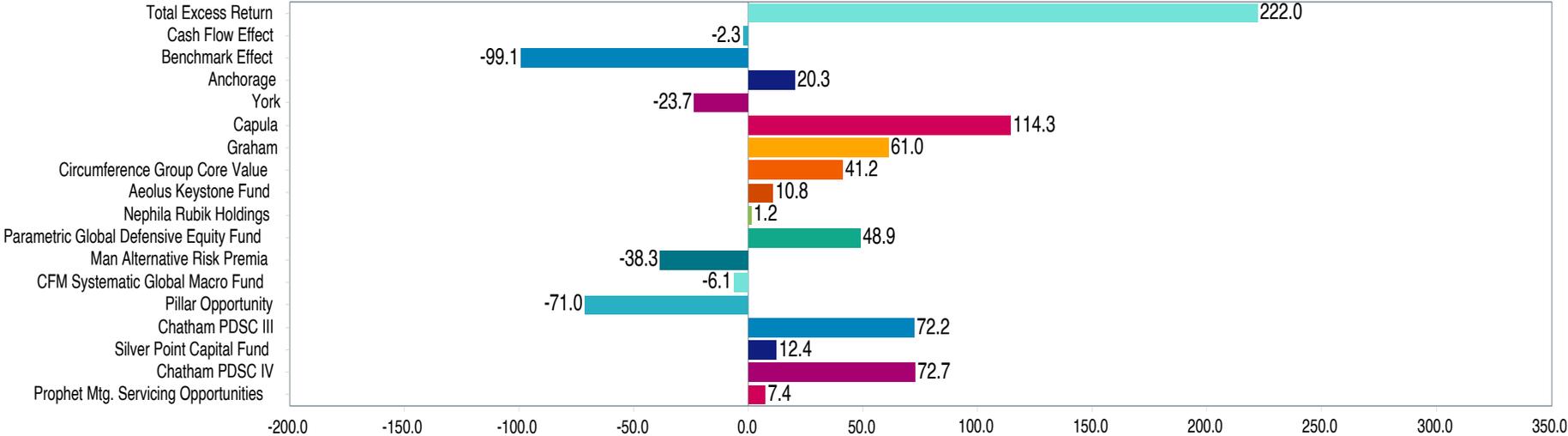
Asset Class Attribution

As of August 31, 2023

1 Month



1 Year



Arkansas Teacher Retirement System

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.

Arkansas Teacher Retirement System

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 August 1, 2023, the Total Equity Performance Benchmark was comprised of 33.5% DJ U.S. Total Stock Market Index and 66.5% 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.

Arkansas Teacher Retirement System

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.

Voya U.S. Convertibles 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 Voya U.S. Convertibles 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.

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.

Arkansas Teacher Retirement System

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. ("Aon Investments") is a federally registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). Aon Investments is also registered with the Commodity Futures Trade Commission as a commodity pool operator and a commodity trading advisor, and is a member of the National Futures Association. The Aon Investments ADV Form Part 2A disclosure statement is available upon written request to:

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

Emerging Manager Report

Arkansas Teacher Retirement System (ATRS)

August 2023

Investment advice and consulting services provided by Aon Investments USA, Inc., an Aon Company.

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Introduction

Aon Investments (Aon) serves as the general and real assets investment consultant to the Arkansas Teacher Retirement System (ATRS). Our objective as a consultant is to assist the System in achieving its stated goals and objectives. While the primary goal of ATRS is ultimately to secure the retirement benefits for the members, ATRS also has a formal goal, as referenced in code A.C.A. § 24-2-618, to seek out and consider retaining emerging managers consistent with the Prudent Investor Rule.

Aon understands and supports ATRS's goal to seek out and consider emerging managers for the investment portfolio. Aon is also bound by fiduciary requirements and thus all investment manager recommendations, emerging or otherwise, are made in accordance with fiduciary duties.

In accordance with the Arkansas code A.C.A. § 24-2-618, this report contains information regarding our firm-wide manager research process, including coverage of emerging managers and our ongoing efforts in the space, and provides an update on ATRS's due diligence activity on emerging managers during the 2023 fiscal year.

Aon Manager Research Overview

Global Investment Management Research Team

Aon's Global Investment Manager (GIM) Research Team is dedicated exclusively to assisting our clients in selecting best in class investment strategies that most appropriately fit within each client's unique circumstances. Currently, the GIM team is comprised of over 130 dedicated investment professionals who are based across the U.S., Canada U.K., and Continental Europe and cover global markets and products across six broad asset classes.

Investment Manager Database: InView

Aon maintains an internal, proprietary database, InView, which includes an extensive list of investment managers across asset classes. The database captures quantitative and qualitative information, consultants' notes and comments, and ratings on all managers visited and vetted. Additionally, InView maintains the complete history of our ratings, analysis, and research based on our coverage of these strategies over time.

Across all asset classes, our database contains statistical and product information on over 10,000 investment managers and approximately 28,000 products. The table below details the number of managers and products by asset class.

As of 12/31/2022

	InView Database	
	Products	Managers
Equities	6,581	1,418
Fixed Income	2,947	679
Hedge Funds	1,712	921
Private Equity	10,256	2,827
Infrastructure	396	168
Real Estate	4,621	1,431
Multi Asset/DGF*/TAA*	844	337
Cash	168	72
Currency	82	58
Commodities	68	39
Other	440	219
Unclassified	895	5,614
Total**	29,010	10,429**

* DGF: Diversified Growth Fund. TAA: Tactical Asset Allocation.

** Includes Buy & Buy (Closed) Ratings

** Totals will be less than the sum of asset classes as managers will have products in more than one

Investment Manager Rating Process

The initial phase of our investment manager rating process is our proprietary investment manager screening model called InForm. Our InForm process analyzes available investment manager data and rates each product according to seven factors: business, staff, investment process, investment risk, performance, terms/conditions, and operations. It is performed on a quarterly basis across the global universe of equity and fixed income products. It quickly sifts through thousands of products to identify those worthy of additional research. Leveraging the InForm process allows us to spend valuable client hours performing in-depth research on only the strongest candidates that better serve our clients' needs.

Importantly, our InForm process is inclusive of all managers that elect to provide data, allowing us to identify especially strong and cutting edge, yet perhaps less well-known and/or emerging type investment managers and products. Not only does this ensure emerging managers the ability to be included in our investment manager rating process, we believe the all-inclusive nature of our InForm model drives creativity in portfolio design.

The second phase of our manager research process is a more expanded evaluation of the seven aforementioned factors, including an in-depth assessment of operations. Examples of research topics by factor are listed as follows:

- *Business*: Profitability, stability and spread of ownership, client base, remuneration policy
- *Staff*: Quality, depth of resource, team dynamic, staff turnover
- *Investment Process*: Competitive advantage, repeatability, skill, implementation
- *Risk*: Embedded in process, independent verification, mix of measurements
- *Performance Analysis*: Consistent with stated process, risk adjusted, persistent
- *Terms and Conditions*: Client Service, fees, ESG, best practices in documentation
- *Operational Due Diligence*: Operational controls, valuation of assets, independent directors, third-party vendors

Our research team meets and/or has conference calls with investment managers to gather needed information to perform in-depth research and prepare for a detailed rating meeting. A "Buy" rating requires at least one onsite meeting with the manager. All requested information and notes are stored in the InView database.

When full due diligence concludes, the product is then scored and rated through a formal voting process. Each manager must pass our operational due diligence process to receive a "Buy" rating.

Investment Manager Search Process

Our investment manager search process is completely customized to meet the needs and desires of our clients. The steps taken are dependent on the asset class, mandate type, and available strategies in the space, as well as a client's level of desired involvement. The table below summarizes a typical investment manager search and due diligence process. We invite the ATRS Investment Team and Trustees to participate in each step described, or none at all.

Process Step	Description
Determine selection criteria	Aon works with ATRS to determine selection criteria (e.g., investment style, experience, performance, fees, size, risk, stability of staff). We consider the circumstances of each opportunity and determine which criteria are most important to emphasize. Aon also opportunistically brings forth investment ideas to ATRS as they are identified.
Identify preliminary candidates	Aon, in coordination with GIM, screens our InView database to identify preliminary candidates that meet the selection criteria. We also include any candidates that ATRS would like us to consider.
Update information/ visit managers	<p>Aon reviews the information in our databases regarding candidate managers, updates the information, and visits the managers, as needed. While we typically have much of the quantitative data we require to screen managers and assign an initial score, we recognize the importance of a qualitative assessment.</p> <p>It is during this step in a search that we introduce our qualitative assessment. This includes meeting face-to-face with portfolio managers, analysts, traders, and executive management. We also conduct operational due diligence (ODD) on-site visits, which are led by our dedicated team of ODD professionals.</p>
Select and profile finalist candidates	Based on the preceding analysis, Aon reviews the candidates and proposes finalists to ATRS. Aon typically narrows the field of candidates to three or four firms, completes a comparative analysis, and considers fit within ATRS's broader portfolio to assist in finalist selection.
Discuss finalist candidates/ interview finalists	Aon discusses the finalist candidate(s) with ATRS and answers any questions. Additionally, we can help organize presentations by finalist candidates at ATRS's offices and participate in any interview process desired.
Select managers	Following the finalist discussion and any finalist meetings, ATRS is in a position to select the manager(s) that best fits its investment structure. Aon is also in a position to recommend our highest conviction manager based on the above analysis and understanding of ATRS's specific circumstances.

The Townsend Group

The Townsend Group is Aon's real estate investment management and consulting arm. Its global real estate platform has approximately \$24 billion in assets under management, \$119 billion in advised assets, and approximately 122 investment professionals. In the appendix of this report, we provide details of Townsend's manager due diligence process and procedures.

Aon Emerging Manager Efforts

Alongside ATRS, Aon is also committed to supporting emerging managers and being proactive in identifying and maintaining knowledge of the emerging manager universe.

Aon has dedicated resources to ensure we expand our manager platform to capture the broadest set of viable asset managers as possible. As part of Aon Investments' Responsible Investing Working Group we have a dedicated resources focused on understanding the emerging manager landscape, asset owners' perspectives and needs, identifying paths forward for greater inclusion across the industry and assisting in more a more standard data collection process.

Manager Research

Recent Initiatives

Over the past year, Aon's focus has been on evolving our manager research team's data collection and integration of managers' inclusion efforts and statistics into our manager research process. There are currently an extraordinary number of ways investment professionals seek to obtain, report and evaluate emerging manager statistics and efforts. Broadly speaking, the goal of this data collection is to appropriately capture the emerging manager landscape and to allow for the monitoring of progress over time. To that end, over the past several years Aon collaborated with the Investment Consultants Sustainability Working Group (ICSWG) to develop a comprehensive and consistent questionnaire to help streamline the asks of investment managers and bring a level of standardization to the industry. Following development of that lengthy questionnaire, Aon has developed a proprietary automated short questionnaire intended to streamline the data collection. The intent is for Aon's manager research team to use this data and overlay their proprietary qualitative judgement regarding points of engagement and manager efforts on the business, staff and overall manager evaluation.

Open Door Policy

Any emerging manager seeking introductory meetings with Aon are able to secure a meeting. We average 100+ meetings with managers in these categories per year. This augments more traditional data base strategies and allows us to gather data on a slate of mangers that will fit investors' varied needs.

At Aon, we believe that emerging managers can fill several needs, including return enhancement, diversification, and fulfilling investment mandates. We acknowledge that every organization has a unique definition of an emerging manager, varying among size requirements and ownership requirements. Our approach towards emerging managers, including our investment manager research process is to be all inclusive and does not set barriers such as assets under management, years in business, or ownership requirements that would unduly screen out any type of manager.

Currently, over 400 emerging managers are included in our database. Emerging managers are included in the database and evaluated in the same manner that non-emerging managers are evaluated.

Aon's Buy-Rated Managers

As of June 30, 2023, Aon had 42 emerging firms on our Buy-list across public markets and private equity, which represents strategies Aon has the highest conviction in and recommend for investment. These strategies are considered alongside other Buy-rated strategies on a search-by-search basis. As described earlier, investment manager searches are customized to client needs and factor in client-specific circumstances, tolerances and portfolio characteristics. The table below highlights the number of buy-rated emerging firms by asset class.

Asset Class	Number of Buy-rated emerging strategies
Public Equity	15
Fixed Income	3
Liquid Alternatives	4
Private Equity	20

The Townsend Group

Aon has also bolstered its emerging coverage through its acquisition of The Townsend Group. Townsend is also dedicated to supporting clients' emerging investment programs.

As illustrated below, the group has screened over 1,000 emerging manager funds which ultimately led to approving 150 emerging manager funds over the past 10 years ending March 31, 2023.



Townsend Emerging Manager Execution Due Diligence Selectivity

Since 2004, the Townsend Group invested or committed:

- \$15.3 billion to emerging managers
- \$8.7 billion to first or second time funds

Over the past 5 years, The Townsend Group approved:

- 28 emerging managers, committing \$2.5 billion in total

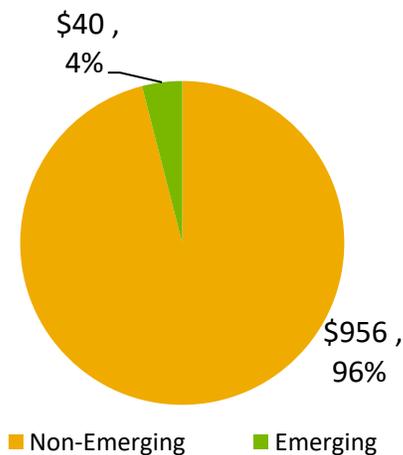
ATRS Emerging Manager Utilization

Within the asset classes that Aon provides investment consulting services, ATRS currently utilizes three emerging managers, two within the Real Assets asset class and one within the Alternatives/Opportunistic asset class.

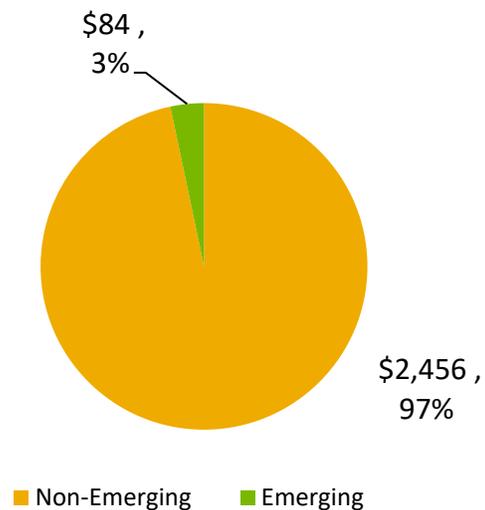
The table below reflects the assets invested as of June 30, 2023.

Manager	Strategy	Portfolio Size	Tenure with ATRS
Long Wharf Investors	Value Added Real Estate (Fund V & VI)	\$52 M	14 years
Circumference Group	Core Value & Concentrated Positions	\$36 M	8 years
GLP Capital Partners	Value Added Real Estate (Fund IV)	\$32 M	2 years

Emerging Utilization of Opportunity/Alternatives (millions)



Emerging Utilization of Real Assets (millions)



ATRS 2023 Fiscal Year Search Activity

During the 2023 fiscal year, ATRS hired one new global equity manager, two new strategies within the Opportunistic/Alternatives portfolio and hired four new strategies in the Real Assets asset class.

The table below summarizes investment manager hiring activity for the total equity, fixed income, opportunistic/alternative and real assets asset classes, and whether an emerging manager was considered.

New Account	Type	Emerging Managers Considered?
Arrowstreet ACWI Alpha Extension 130/30/20	Global Equity	Yes – Aon’s global equity buy-list contains three long-only equity strategies. However, these strategies did not offer the desired characteristics for the ATRS portfolio nor the best complement to the existing ATRS portfolio
Chatham PDSC IV	Opportunistic/ Alternatives (Distressed Credit)	N/A – the new account is with an existing manager within the ATRS portfolio
Prophet Mortgage Servicing Opportunities Fund	Opportunistic/ Alternatives (MSR)	No – this is an opportunistic strategy with a very limited manager opportunity set. A strategy offered by an emerging firm with the desired characteristics and open to investors was not available.
LaSalle Value US IX	Real Assets (Real Estate)	N/A – the new account is with an existing manager within the ATRS portfolio
Lone Star Real Estate Fund VII	Real Assets (Real Estate)	N/A – the new account is with an existing manager within the ATRS portfolio
Blackstone Real Estate Partners Europe VII	Real Assets (Real Estate)	N/A – the new account is with an existing manager within the ATRS portfolio
DIF Infrastructure Fund VII	Real Assets (Infrastructure)	N/A – the new account is with an existing manager within the ATRS portfolio

Aon continues to fully support ATRS’s goal of seeking and considering retention of emerging managers and remains committed to pursuing appropriate emerging manager mandates for ATRS when opportunities arise. In order to support ATRS and our broader client-base, Aon remains dedicated to staying apprised of the emerging manager opportunity set.

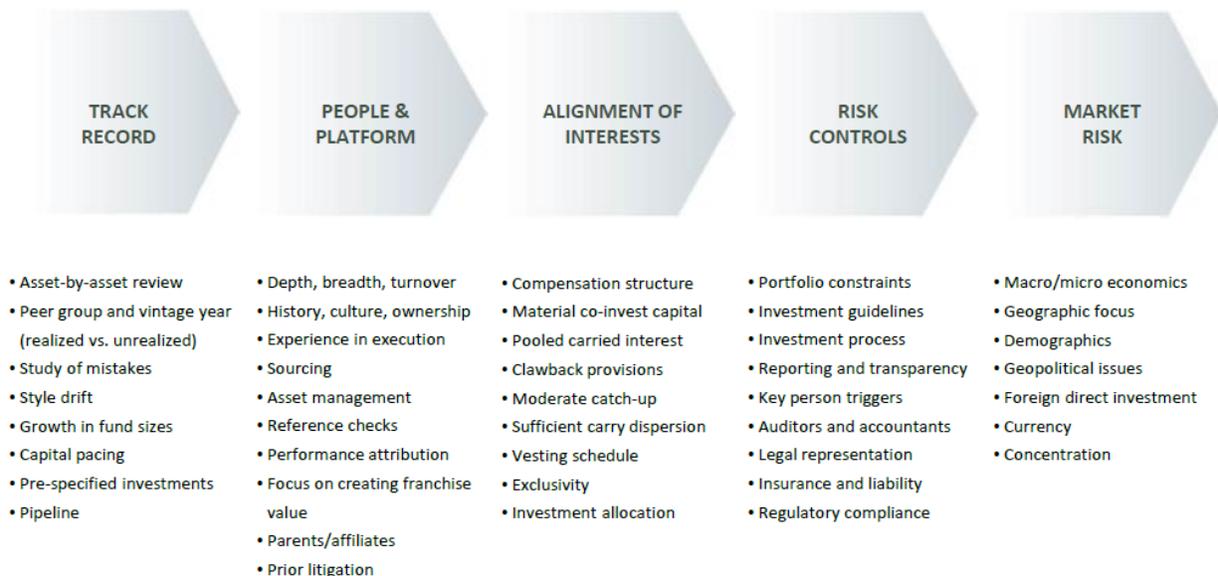
Appendix – The Townsend Group Emerging Due Diligence Coverage



*Above data reflects the 10-year period from 1Q 2011 to 1Q 2023

Appendix – The Townsend Group Due Diligence Methodology

RIGOROUS, SYSTEMATIC ANALYSIS YIELDS BETTER CLIENT OUTCOMES



Appendix – The Townsend Group Investment Process Overview

A STRUCTURED, MULTI-STAGE PROCESS INTEGRATED WITH INVESTMENT COMMITTEE



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TOWNSEND[®]
GROUP

an Aon company

Arkansas Teachers Retirement System First Quarter 2023 Real Assets Performance Review

PROPRIETARY & CONFIDENTIAL

September 2023

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Agenda

Section 1	Executive Summary
Section 2	Market Overview
Section 3	Real Assets Portfolio Update
Section 4	Glossary

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Real Assets Markets Performance and Overview

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)		10 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
NFI-ODCE Value Weight	-3.2	-3.4	-3.1	-3.9	8.4	7.5	7.5	6.6	9.5	8.5
NCREIF Property Index "NPI"	-1.8		-1.6		7.2		6.7		8.3	
NCREIF Farmland Property Index "NFI"	2.1		9.1		7.6		6.6		8.5	
NCREIF Timberland Property Index "NTI"	1.8		11.3		8.1		5.6		5.9	

- In the first quarter of 2023, the NFI-ODCE (net) returned -3.4%, up 180 basis points quarter-over-quarter. Even in the light of moderating returns due to today's heightened interest rate environment, NFI-ODCE returns have recovered to long-term expectations of 7% to 9% gross due to the robust recovery of the Global economy following the COVID-19 pandemic.
- The NCREIF Farmland Index ("NFI") returned 2.1%, down 120 basis points from the prior quarter. Row crops drove performance with a returns of 3.3%, while permanent crops returned 0.2%.
- The NCREIF Timberland Index ("NTI") returned 1.8% for the quarter and 11.3% for the trailing one-year return. Regionally, each of the main regions performed between 1.7% and 1.8% for the quarter.

Portfolio Funding Status and Composition

As of March 31, 2023	ATRS' Portfolio \$ in Millions
Number of Investments	85
Total Commitments	4,527.8
Unfunded Commitments	873.7
Total Paid-In Capital	3,941.1
Total Distributions	3,583.4
Net Asset Value	2,504.0
Gross Asset Value	3,574.6
DPI	0.9x
TVPI	1.5x
Since Inception IRR	7.3%
<i>*Active and Liquidated</i>	

PORTFOLIO COMPOSITION TO TARGETS (As of 03/31/2023)		
	Target	Actual Funded
Target Real Asset Allocation	15%	12.3%
Portfolio Style Composition		
Real Estate	10%	7.4%
Core*	50%-70%	61.9%
Non-Core	30%-50%	38.1%
Value-Added**	N/A	24.9%
Opportunistic**	N/A	13.2%
Agriculture	1%	1.1%
Timber	2%	1.7%
Infrastructure	2%	2.2%
Leverage	50%	30.0%

* Includes Arkansas Investments

** No stated targets

- Recent infrastructure and real estate commitments will help the portfolio continue to move towards its target allocation irrespective of liquidating investments
- In general, the portfolio is in compliance with its Statement of Investment Policy. There are a few exceptions:
 - Timber geographic concentration to “Other” remains out of compliance largely due in part to the BTG OEF’s Ohio investments
 - Timber geographic concentration to “Lake States” remains out of compliance. Townsend is actively monitoring this relatively small concentration of the benchmark

ATRS' Real Assets Performance

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)		10 Year (%)		Net IRR	Equity Multiple
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET		
ATRS Total Portfolio	-0.7	-1.0	2.9	1.6	9.6	8.0	8.3	6.7	9.5	8.0	7.3	1.5
Total Real Assets Benchmark		-1.2		1.3		7.8		6.6		7.9		

- The table shows the returns for ATRS' Total Real Assets Portfolio and the Real Assets Benchmark.
- ATRS has slightly outperformed in all time periods.

ATRS' Real Estate Performance

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)		10 Year (%)		Net IRR	Equity Multiple
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET		
Real Estate	-2.6	-2.8	-2.6	-3.5	7.3	5.8	6.5	5.0	9.5	8.0	7.7	1.5
NFI-ODCE Value Weight	-3.2	-3.4	-3.1	-3.9	8.4	7.5	7.5	6.6	9.5	8.5		

- The table shows the time-weighted, net of fee returns for ATRS' Total Real Estate Portfolio and the NFI-ODCE benchmark.
- There are a number of Non-Core Funds that have exited the J-curve and performance is expected to have a more meaningful impact as newer funds' investments are realized.
- The real estate portfolio outperformed the benchmark for the quarter but has underperformed all other measurement periods beyond the 1 year period largely due in part to market distress caused by the global pandemic, relative underperformance of UBS TPF, and a cash out refinance and property sales from an Arkansas Investments that decreased net asset value and consequently effected the return.

ATRS' Timberland and Agriculture Performance

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)		10 Year (%)		Net IRR	Equity Multiple
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET		
Timberland	0.1	-0.1	8.1	7.1	9.3	8.3	8.3	7.3	6.3	5.4	5.5	2.0
Timberland Property Benchmark*	1.8		11.3		8.1		5.5		5.4			
Agriculture	3.8	3.5	11.3	10.1	10.8	9.6	8.0	6.8	7.5	6.4	6.4	1.5
Agriculture Benchmark*	2.1		9.1		7.7		6.5		6.5			

- The timber portfolio is underperforming the benchmark over the quarter, 1-Year, but outperforming over the 3 and 5-Year time periods and performing in-line over the 10-Year time period.
- The agriculture portfolio outperformed the benchmark for the quarter as well as the 1,3, and 5-Year time periods, although underperformed in the 10-Year time period.

ATRS' Infrastructure Performance

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)		10 Year (%)		Net IRR	Equity Multiple
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET		
Infrastructure	3.1	2.5	15.7	12.6	19.2	16.4	16.9	14.1	N/A	N/A	13.6	1.5
Infrastructure Benchmark*	2.4		8.2		7.9		7.6		N/A			

- The infrastructure portfolio outperformed the Infrastructure benchmark over the quarter, primarily driven by outperformance from KKR Global Infrastructure Investors II (11.5% gross).
- ATRS' Infrastructure portfolio is performing in-line with the benchmark for the quarter and outperforming the Infrastructure benchmark over all other measurement periods.

*As of 3Q2020, the Infrastructure Benchmark of CPI plus 500 bps has been adjusted to CPI plus 300 bps and the new Infrastructure Benchmark will be a blend of the two going forward.

ATRS' Real Assets Portfolio Highlights

- Commitment activity update
 - ATRS made the following commitment during the quarter or subsequent to quarter end
 - Lone Star Real Estate Fund VII: \$50 million
 - Blackstone Real Estate Partners Europe VII: \$50 million
 - ATRS is in the queue for a partial redemption of UBS TPF
 - As of June 30, 2023, the TPF redemption queue is \$6.3 billion and expect full repayment by YE25

Significant Events

- Subsequent to quarter end, Raphael Fishbach and Ronnie Gul have been named Co-Chief Executive Officers of Mesa West Capital. Jeff and Mark will remain on the Investment Committees of the Mesa West funds and SMAs and will continue to support the senior management team as Senior Advisors. Raphael and Ronnie have been partners at Mesa West since 2013, having held senior management roles for over a decade, and are well positioned to lead the company moving forward.
- Subsequent to quarter end, Mike Kelly of J.P. Morgan announced he will be retiring from his role as head of Real Estate Americas in early 2024.
- Subsequent to quarter end, Bill Grubbs of Invesco Real Estate announced he will be retiring from his roll as Managing Director and Co-Lead Portfolio Manager of Invesco Real Estate- U.S.A. effective October 1, 2023.

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Agenda

Section 1	Executive Summary
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Section 3	Real Assets Portfolio Update
Section 4	Glossary

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United States Real Estate Market Update (1Q23)

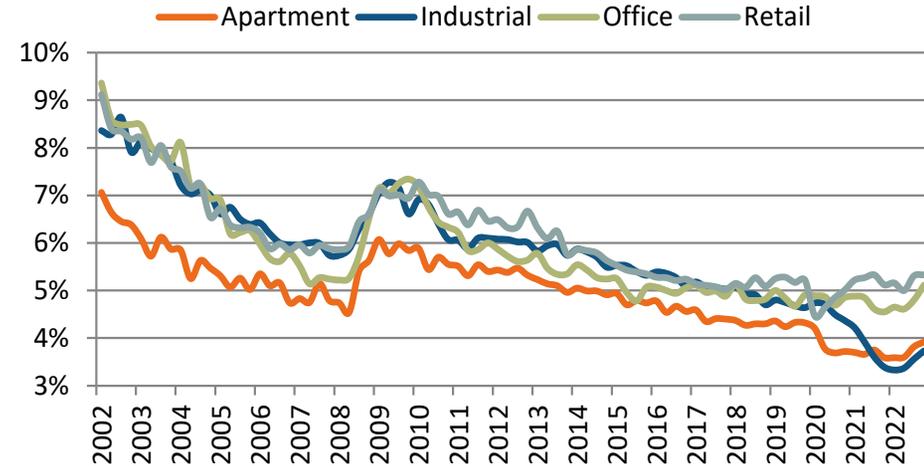
General

- The economy continues to face headwinds stemming from an increasingly aggressive federal funds rate, continuous inflation, and geopolitical events. The S&P 500 has returned a positive quarter coming in at 7.5% despite the underperformance in 2022. The MSCI US REIT index continued its upward trend after a challenging 2022, posting a gross first quarter return of 2.8%.
- During the first quarter, GDP increased at an annualized rate of 1.1%. This positive growth was primarily due to government spending, consumer spending, and strong job market growth. As a result of geopolitical events such as the atrocities of the Russia-Ukraine war, Saudi-Iranian oil concerns, and increased protectionist measures, commodity pricing has remained elevated in tandem with persistent inflation, which may persist throughout 2023. Federal reserve officials remain committed to taming inflation and reducing the central bank's balance sheet for the foreseeable future, approving seven interest rate hikes throughout 2022, and two in the first quarter of 2023 totaling an increase of 500 basis points since March 2022.

Commercial Real Estate

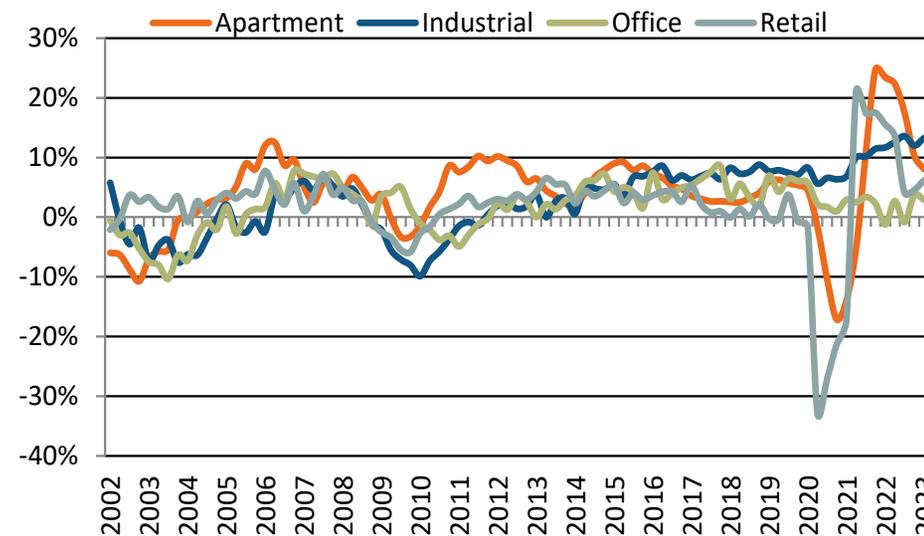
- To start off 2023, total CRE transaction activity for the quarter decreased by -56% YoY, with annual transaction activity down -32% YoY. The office sector transaction volumes in the U.S. have notably not recovered to pre-pandemic levels. Although the office sector has seen minor improvements, transaction volumes for the office sector in the U.S. have continued to fall due to the increase in the cost of debt and loose return to office requirements.
- Transaction cap rates (5.6%) continued to expand, moving out 77 bps during the quarter. This increase comes after historic low cap rates experienced in 4Q21 and 2Q22. Current valuation cap rates expanded for all major property sectors, led by office (+31 bps), and followed by industrial (+17 bps), apartment (+10 bps) and retail (+2 bps).
- NOI growth has continued to diverge between property sectors. Apartment sector fundamentals continue to show strength. With the cost of debt for homes continuing to become more expensive, Apartment NOI expanded (+8%) YoY. Industrial NOI expanded (+13%) YoY on the back of companies' investments in direct-to-customer distribution.
- 10-year treasury bond yields declined slightly, ending the quarter at 3.5%. As economists expected, rates moved significantly higher throughout the first quarter of 2023, with the potential to climb further.

Current Value Cap Rates by Property Type



Source: NCREIF

4 Qtr Rolling NOI Growth



Source: NCREIF

United States Property Matrix (1Q23)



INDUSTRIAL

- In 1Q23, industrial properties returned -0.82% and outperformed the NPI by 99 bps.
- Transaction volumes decreased to \$18 billion in the first quarter of the year, resulting in an 54% decrease year-over-year. Individual asset sales decreased 65% year-over-year, while portfolio purchases turned in a year-over-year volume decrease of 30%. At \$18 billion, the industrial sector decreased by \$15 billion quarter-over-quarter.
- The industrial sector turned in NOI growth of 13.3% over the past year. NOI continues to reach all time highs for the sector.
- Vacancy decreased by 30 bps year-over-year to 1.5%. Vacancy in the sector decreased 2 bps from last quarter, reaching all-time historic lows. E-commerce continues to drive demand across the sector.
- Industrial cap rates slightly compressed approximately 18 bps from a year ago, to 3.5%. Industrial overall fundamentals still top all property sectors.

MULTIFAMILY

- The apartment sector delivered a -2.1% return during the quarter, underperforming the NPI by 31 bps.
- Transaction volume in the first quarter of 2023 decreased to \$25 billion, resulting in a decrease of 64% year-over-year. Transaction volume for the sector decreased from the fourth quarter by nearly 50%. This volume continues to make multifamily the most actively traded sector for the twentieth straight quarter.
- Cap rates remained steady at 3.7% quarter-over-quarter, increasing 6 bps year-over-year. Multifamily cap rates remain at low levels relative to prior years, driven by continued increases in valuation.
- The multifamily sector saw increasing vacancy rates throughout the entirety of 2020 due to the global pandemic. Throughout 2021 and 2022, the sector appeared to have shaken that trend although vacancy rates remained steady. Vacancy rates increased during fourth quarter of 2022 but have decreased by 12 bps quarter-over-quarter. The aging millennials have begun shifting their desires to suburban living, but continued home price appreciation has deterred the full effect of this migratory trend.

OFFICE

- The office sector returned -4.06% in 1Q23, 225 bps below the NPI return over the period.
- Transaction volumes decreased by 68% year-over-year in the first quarter. Transaction volume equated to \$11 billion for the quarter, a decrease of \$10 billion quarter-over-quarter. Office transaction levels have regressed since 4Q21 and are now at levels seen during the COVID-19 pandemic.
- Office sector vacancy rates have expanded since the beginning of the pandemic due to work from home orders and uncertainty revolving around the future of office space. Office continues to be the highest vacancy property type at 12.68%, slightly decreasing by 10 bps from last quarter.
- NOI growth in the office sector decreased quarter-over-quarter by 75 bps to 2.91% and appears to be in the midst of its recovery to pre-pandemic levels.
- Office cap rates expanded from a year ago, sitting at approximately 4.8%. Office-using job growth was stunted significantly through out 2020 due to work from home orders. Though we are observing a slow but steady flow back to in-office work, there is still uncertainty in the sector as many companies remain hesitant.

RETAIL

- As of 1Q23, the retail sector delivered a quarterly return of 0.52%, outperforming 129 bps compared to the NPI.
- Transaction volumes totaled \$17 billion in the first quarter, decreasing 27% year-over-year. Single asset transactions accounted for just over 53% of all sales volume for the quarter.
- Cap rates have remained fairly steady within the sector over the last year at 5.2%. Current valuation cap rates expanded quarter-over-quarter by 5 bps due to valuation adjustments made across the sector in general.
- NOI growth increased from the prior quarter to 6.17% as of the first quarter. Retail has begun its slow recovery as a large portion of stores nationally have opened and operate safely.
- Retail vacancy rates remained steady over the quarter at 7.85%, down 122 bps over the past year. Many big box stores have closed as the need for retail space shrinks, translating to a negative outlook for rent growth. Paired with the global economic crisis, which has had a significant negative impact on this sector.

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Global Real Estate Market Update (1Q23)

- Headwinds related to elevating interest rates, stringent lending standards, and a looming moderate recession remain present entering 2023. Year over year, deal volumes have contracted by 52% with capital markets activity hampered by uncertainty. These difficulties crystalized in the US, in which two of the largest bank collapses in history were felt throughout the property markets. The resulting \$66 B in capital invested in commercial real estate priced at \$10M or greater was the lowest since Q3 2020, amid the pandemic.

- US markets endured relative to the EMEA region, whose deal volume fell to its lowest since 2012. YOY Transaction activity in the U.K. was down 60%, in Germany by 76% and in France by 43%. Pockets of encouragement can be seen with large retail warehouse and grocery-anchored properties trading. This further illuminates the resilience and preference for the asset type which emerged during the pandemic.

- Despite strong investment activity in Japan and mainland China, Asia Pacific deal volume fell by 36% YOY in Q1. The tandem accounted for the bulk of office investment in Q1 with investors preferring Tier 1 cities in those countries with higher rates of return to office work. Hospitality is foreseen to have significant growth with the return of Chinese tourism in 2023. Regional tourism should be bolstered by investment in prime retail assets in Hong Kong and Singapore. Logistics leasing demand in the region is expected to recede due to limited availability of prime assets and a slowdown in e-commerce growth. Markets with low vacancy, such as Japan and Australia, likely will attract investor interest throughout the year.

- Consumer demand softened in several major retail markets globally during Q1 as pressure mounts on disposable incomes particularly in Europe and North America. Retail fundamentals have started to pull back because of sustained inflation and banking troubles. Absorption in Q1 was lower but positive in the U.S., leasing was healthy across Asia Pacific, and demand rose in several European cities. Discount and online retailers will increase consumer market share as disposable income wanes.

- In the first quarter, demand for logistics and industrial in the US in Europe had declines in leasing activity. Amid climbing interest rates coupled with an uncertain global economic outlook, the stagnation in decision-making timelines will persist as GP's strategically weigh their options when executing deals. Tenants that are time sensitive to supply chain delays will increase nearshoring operations to have better access to their end-users. E-commerce related demand has continued to rise past peak pandemic levels globally and this will drive additional demand for warehouse space, particularly in emerging Asia where e-commerce levels are still materializing.

- Investment in U.S. multifamily declined 65% since Q1 2022, despite record levels of dry power indicating latent demand pending an interest rate decrease. Across Europe, house price growth eased or began to fall as mortgage rates increased and sentiment declined, while transaction volumes also softened in the region during the first quarter. Bucking the trend, Asia Pacific multifamily investment continues to be encouraging, with China particularly active post-lockdown.

Global Total Commercial Real Estate Volume - 2022 - 2023

\$ US Billions			% Change	Full Year	Full Year	% Change
	Q1 2023	Q1 2022	Q1 23 - Q1 22	Ending 1Q23	Ending 1Q22	Full Year
Americas	78	186	-58%	579	877	-34%
EMEA	38	105	-64%	266	474	-44%
Asia Pacific	95	148	-36%	795	903	-12%
Total	211	439	-52%	1639	2254	-27%

Source: Real Capital Analytics, Inc., Q1' 23

Global Outlook - GDP (Real) Growth % pa, 2023-2025

	2023	2024	2025
Global	2.6	2.7	3.2
Asia Pacific	4.4	4.2	4.2
Australia	1.7	1.6	2.4
China	5.5	4.9	4.7
India	7.0	6.0	6.3
Japan	1.0	1.1	1.1
North America	1.1	0.8	2.0
US	1.1	0.8	2.0
Middle East	2.9	3.5	-
European Union	0.7	1.4	1.9
France	0.6	1.0	1.5
Germany	0.0	1.1	1.6
UK	0.2	0.9	1.7

Source: Bloomberg

Farmland – First Quarter 2023 Market Update

FARMLAND MARKETS

- Row crop prices ended the quarter flat to slightly down but have been trending lower in the last few months as supply pressure has mounted and declining demand in major export countries. **(Fig. 1)**
- Large crops in Australia and Russia have replenished global grain inventories, while Brazil produced record soybean and corn crops in 22/23'. Canola prices experienced a similar trend, with Canada lifting its production volume year-over-year by 30% and Australia generating a record crop.
- Despite softening prices, the war in Ukraine will likely continue to provide some price support but continued softening is expected over the next few quarters.
- The US west coast experienced challenging weather conditions with significant rainfall in California and below average temperatures across the U.S. west coast, partially leading to California almond production estimates lower than average in 2023. **(Fig. 2)**
- Yields are forecast to be the lowest in nearly two decades, and the drop in production is estimated to be 3% lower than in 2022. This is already creating upward pressure on prices and should help in reducing carry-over inventory from previous years caused by shipping constraints to Asia during the pandemic.

FIG 1:

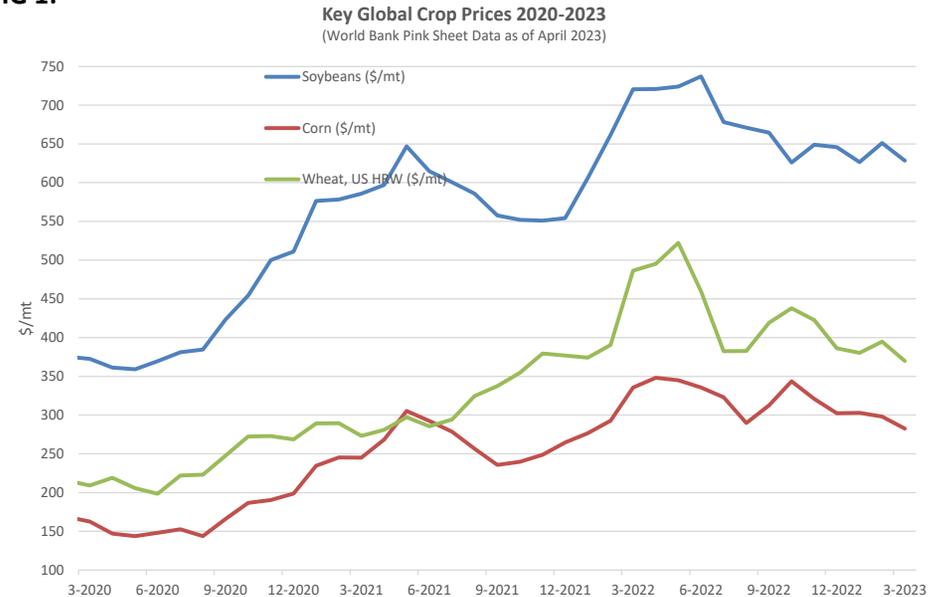
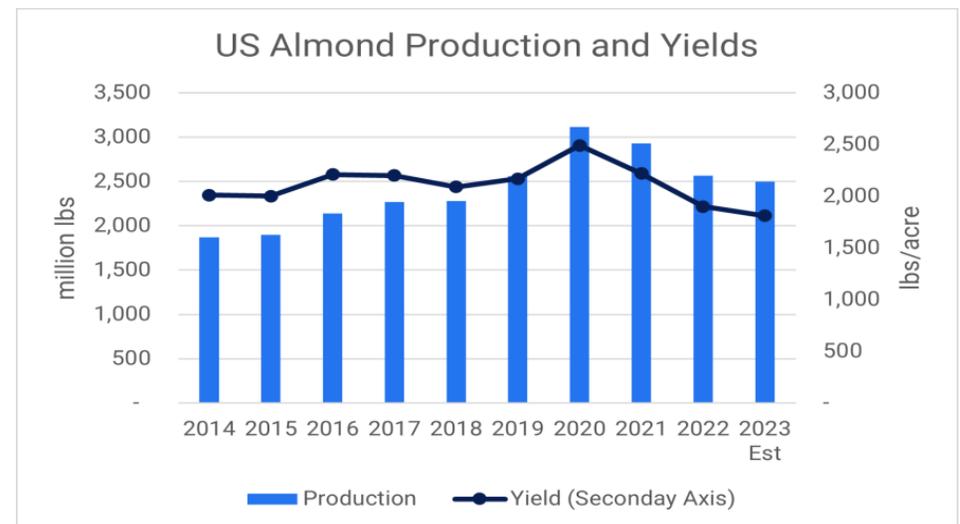


FIG 2: US Almond Production and Yields

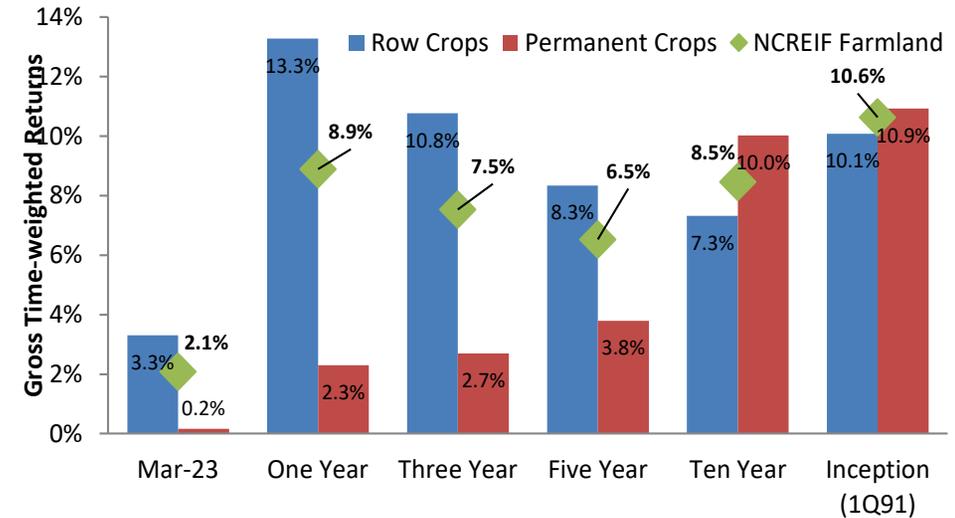


Farmland – First Quarter 2023 Performance Update

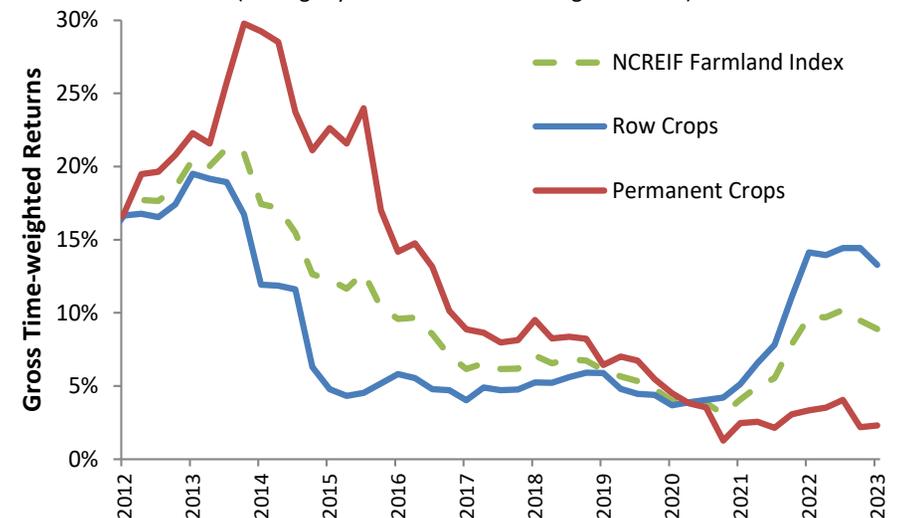
NCREIF FARMLAND INDEX 1Q23

- The NCREIF Farmland Index (“NFI”) returned 2.1% in 1Q23, a 100-basis point decrease over last quarter’s 3.1% return. The return comprised 0.7% income and 1.3% appreciation.
- The NFI returned 8.9% over a 12-month period, with an appreciation return of 5.4% and income of 3.4%.
- Row crops continued to outperform during the quarter and over the year, however, began moderating inline with a softening in crop prices.
- During the quarter, Row crops returned 3.3% made up of 2.4% appreciation and 1.0% income. Perm crops returned 0.2% made up of -0.2% appreciation and 0.4% income – wine grapes, almonds, and the “all others” category were all negative.
- For the trailing 12 months, row crops returned 13.3% versus perm crops 2.3% total return. Commodity crops (38% of the NFI) led with 15.9% for the year.
- Citrus outperformed all other perm crops with a 1.2% total return for the quarter, and 1.6% for the trailing 12 months, while wine grapes (the largest perm crop 36% by MV) returned -0.1% for the quarter, and 2.9% for 2022.
- Almonds regained its position as the 2nd largest perm crop during the quarter as there were several new almond orchards added to the index during the quarter, outpacing the slight gains in value in pistachios from appreciation. Almonds returned -0.5% for the quarter and -2.7% over 1 year.

NCREIF Farmland Index Farm Type Returns March 2023

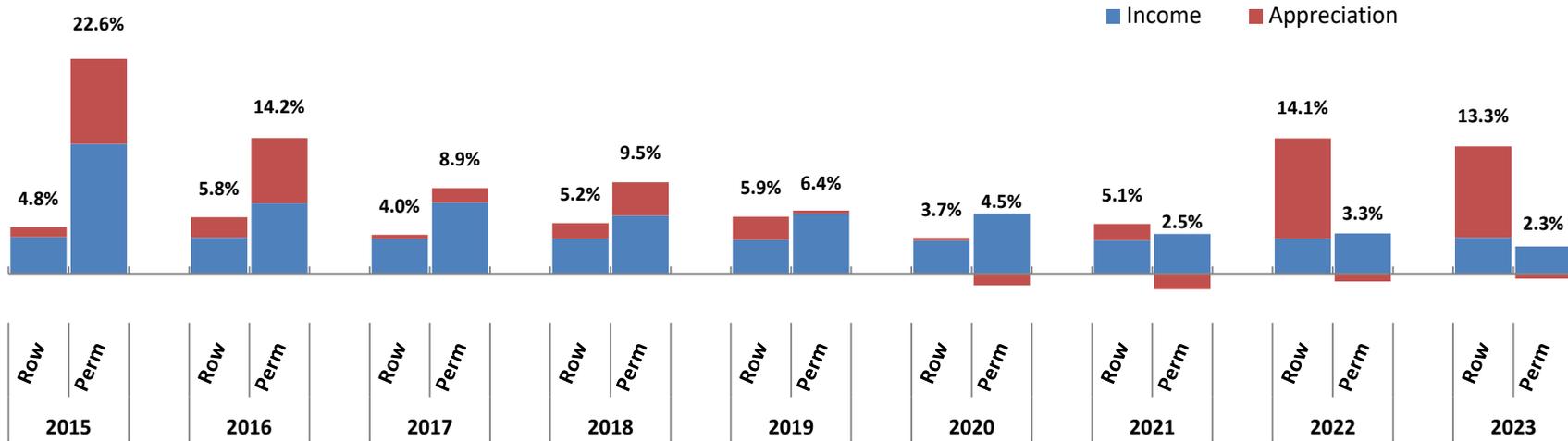


NCREIF Farm Type Performance
(Rolling 1-year total returns through 1Q 2023)

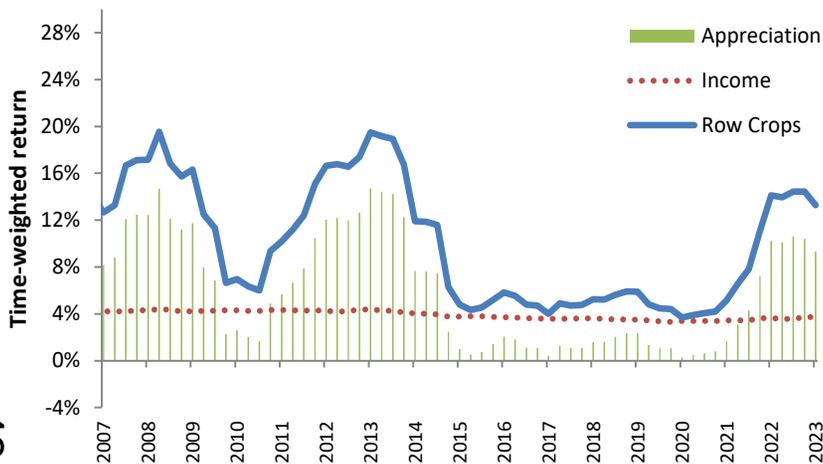


Farmland – First Quarter 2023 Performance Update

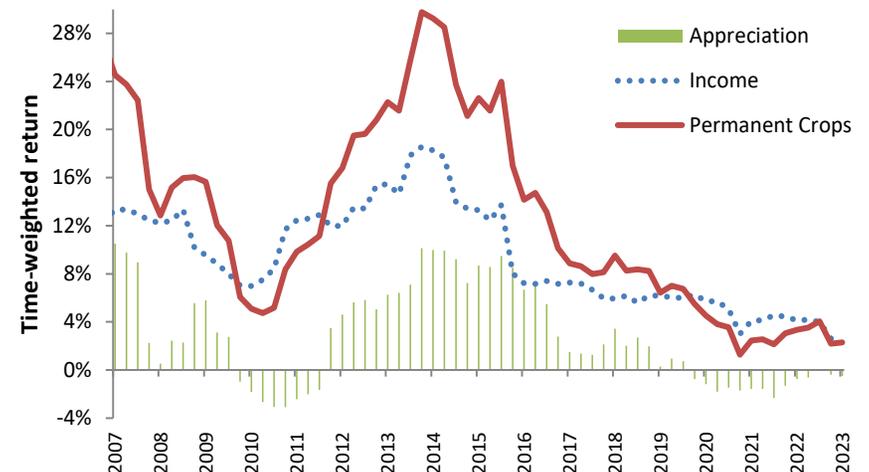
NCREIF Farm Type Performance Attribution March '15 - March '23
Trailing-twelve Month Returns as of 1Q 2023



NCREIF Row Crop Performance
(Rolling 1-year total returns through 1Q 2023)



NCREIF Permanent Crop Performance
(Rolling 1-year total returns through 1Q 2023)



Infrastructure – First Quarter 2023 Market Update

General

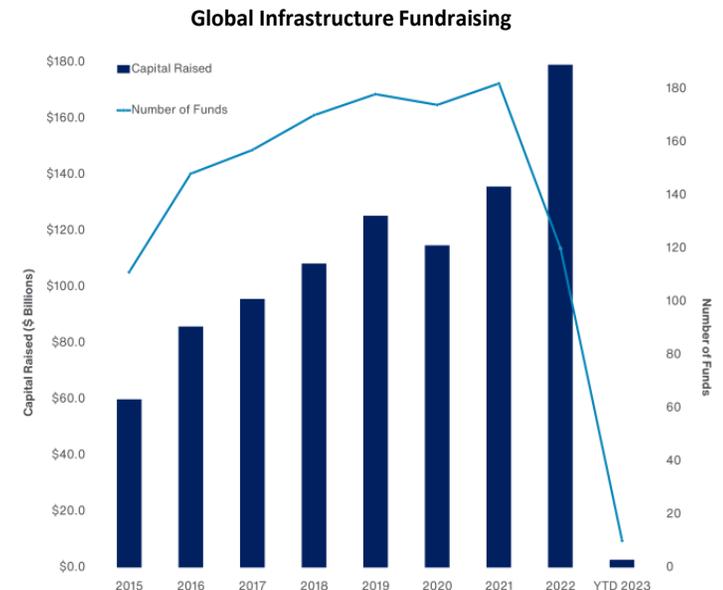
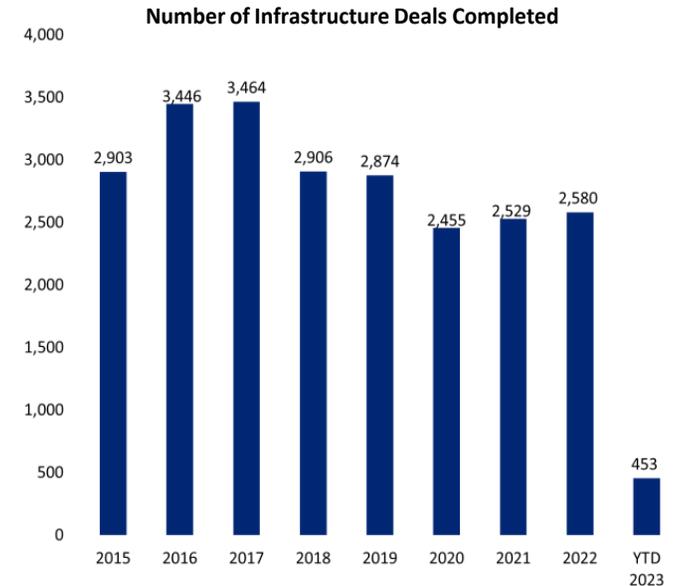
- Infrastructure managers completed 453 deals for an aggregate deal value of \$71.0 billion in the first quarter compared to 649 deals totaling \$110.0 billion in Q4 2022. By region, Europe saw the largest number of deals, with 44.9% of deals being completed in the region, followed by North America at 27.0%. Asia amassed 11.8% of activity through the end of Q1 2023. Renewable energy was the dominant industry during the quarter, making up 62.9% of transactions, followed by the conventional energy sector which accounted for 14.0% of deals. The telecom sector accounted for 7.1% of deals in the first quarter.

Opportunity

- Mid-market core+ and value-add infrastructure as well as a platform investing approach continue to offer the best relative value.
- Assess funds with pre-specified assets with caution due to possible lag in and uncertainty around valuation impact.
- Blind-pool funds may be better positioned to take advantage of the market dislocation in certain sub-sectors, however careful review of such strategies is required.
- Build-to-core greenfield strategies particularly in the social / PPP infrastructure space offer a premium for investors willing to take on construction / development risk.

Fundraising

- \$2.7 billion of capital was raised by 10 funds in Q1 2023 compared to \$33.3 billion of capital raised by 32 partnerships in Q4 2022. This was a decline of 91.9% compared to the five-year average of \$33.2 billion.
- As of the end of Q1 2023, there were an estimated 482 funds in the market seeking roughly \$438.2 billion.
- At the end of the quarter, dry powder stood at \$309.0 billion, down from Q4 2022's total of \$325.7 billion.
- Concerns surrounding the relative availability and pricing of assets remain. Fundraising continues to be very competitive given the number of funds and aggregate target level of funds in market. Investor appetite for the asset class persists despite the strong levels of dry powder and increased investment activity from strategic and corporate buyers as well as institutional investors.



Timberland – First Quarter 2023 Market Update

TIMBERLAND MARKETS

- During the quarter, global timberland markets were largely stable but showed signs of softening driven by sustained inflation in major countries, slowing housing markets, and declining solid wood markets.
- Housing sales and construction across the US and other developed economies remained soft despite a temporary drop in mortgage rates and near-term increases in housing starts through 1Q, increasing 5% but down 17% year over year. (Fig. 1)
- U.S. South timber prices declined broadly, with major softwood and hardwood species decreasing. (Fig. 2)
- In the Pacific NW, log prices declined from record levels reached in 2022 driven by challenging export trade dynamics and the slowdown in US home construction. (Fig. 3)
- Brazilian timber remained strong during 1Q, as the major forest product companies capitalized on reduced supply throughout Europe and Asia due to the Ukraine conflict. Stumpage prices continued to reach new records, with a large component from higher harvest and transportation costs across the country. (Fig. 4)

FIGURE 1: U.S. Housing Starts & Mortgage Rates

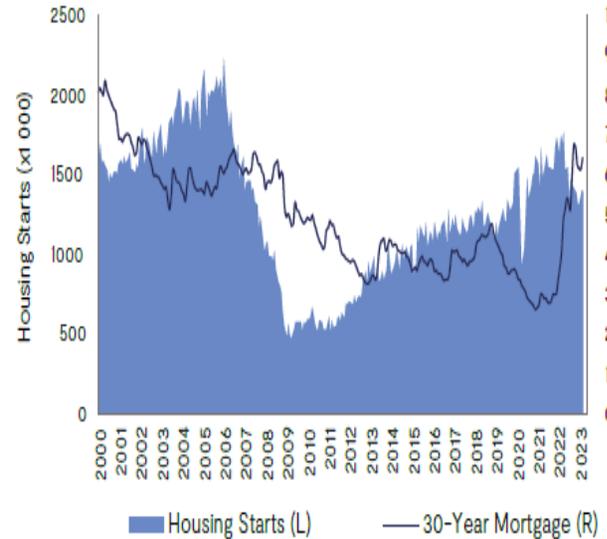


FIGURE 2: U.S. South Timber Prices

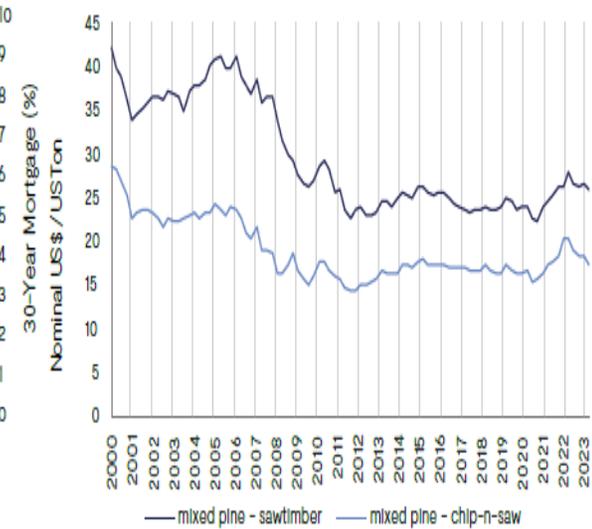


FIGURE 3: U.S. PNW Log Prices

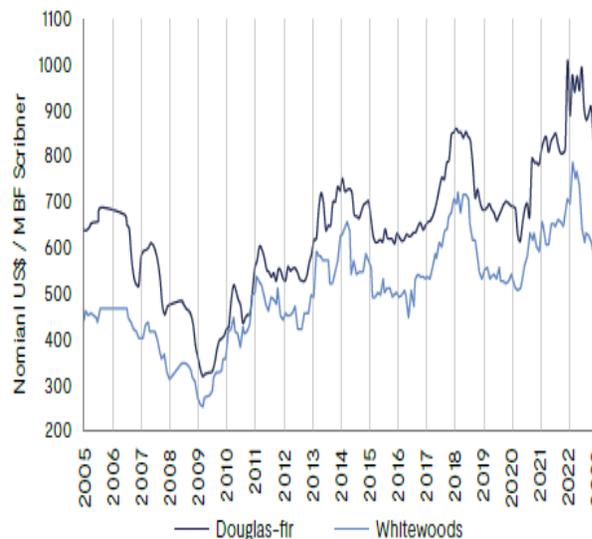
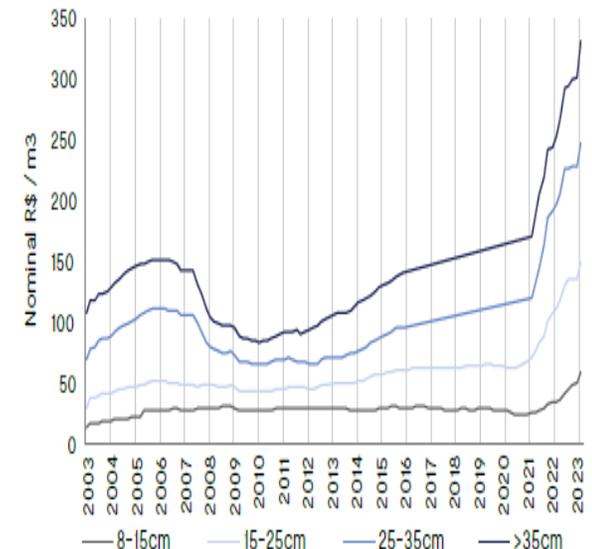


FIGURE 4: Stumpage Prices in Brazil

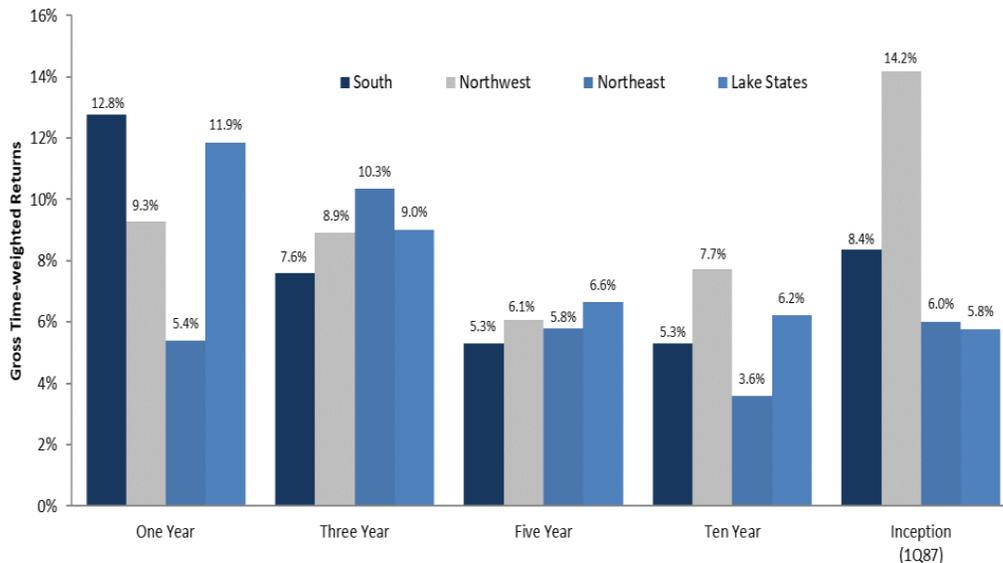


Timberland – First Quarter 2023 Performance Update

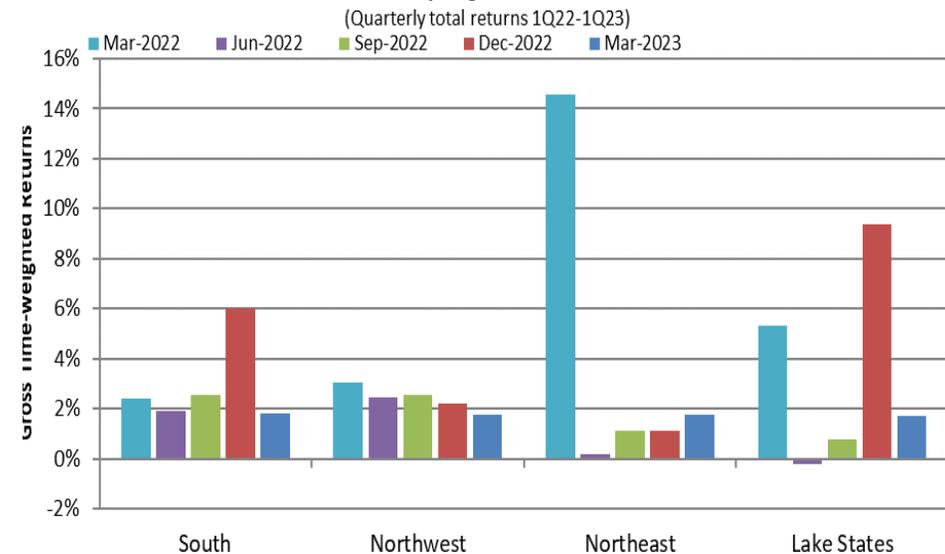
TIMBERLAND PERFORMANCE

- The NCREIF Timberland Index (“NTI”) returned 1.7% for the quarter, a decrease from last quarter’s 4.9% return; the return was comprised of 0.7% income and 1.1% appreciation. The NTI’s trailing twelve-month return of 11.3% was driven by a strong appreciation return of 8.2% and income of 2.9%.
- The U.S. South and Northwest, the NTI’s two largest regions by MV (c. 89%) – had quarterly returns of 1.8% and 1.8%, respectively, relative to last quarter’s corresponding returns of 6.0% and 2.2%. The South’s return was comprised of 0.7% income and 1.1% appreciation, and the Northwest was comprised of 0.6% income and 1.2% appreciation.
- Over the trailing 12-month period, the South was the top performing region delivering a 12.8% total return, which was driven predominantly by appreciation of 9.7%, with an income return of 2.9%. Lake States returned 11.9% over the same time period, followed by the Northwest with an 9.3% return, and finally the Northeast generating a 5.4% return over the last 12-months.

NCREIF Timber Index Regional Returns
Gross time-weighted returns as of 1Q2023



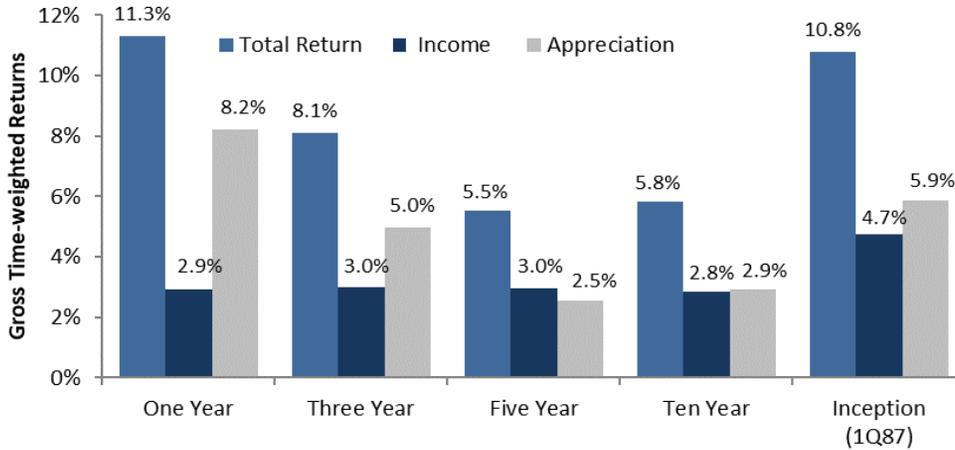
NTI Quarterly Regional Return Trends



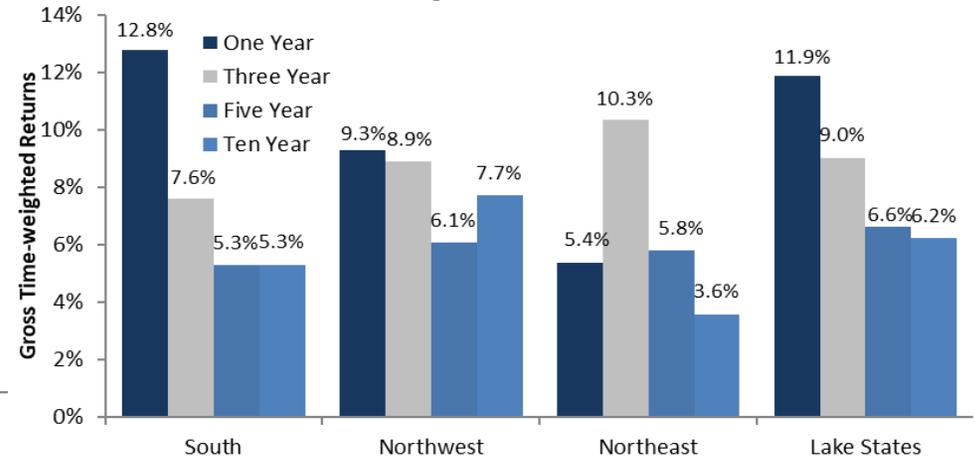
Timberland – First Quarter 2023 Performance Update

TIMBERLAND PERFORMANCE

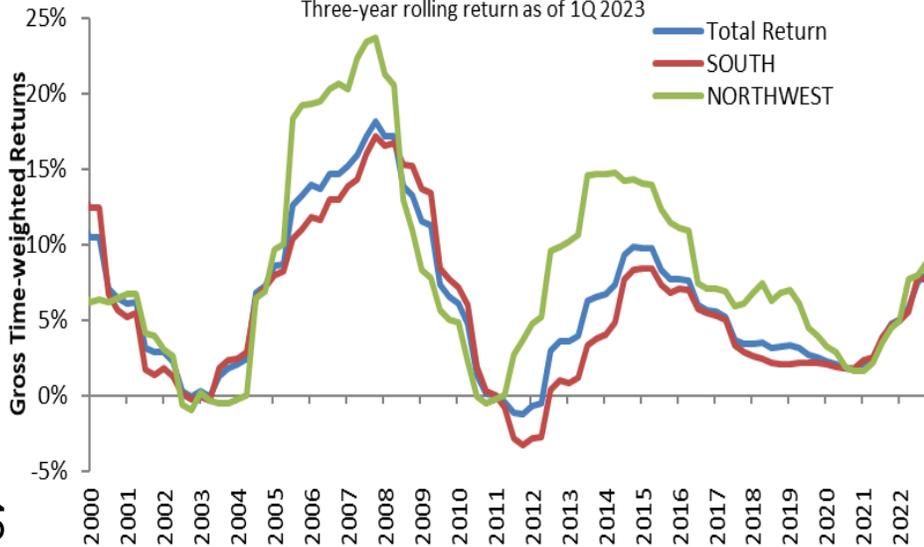
NCREIF Timber Index Returns
Gross time-weighted returns as of 1Q 2023



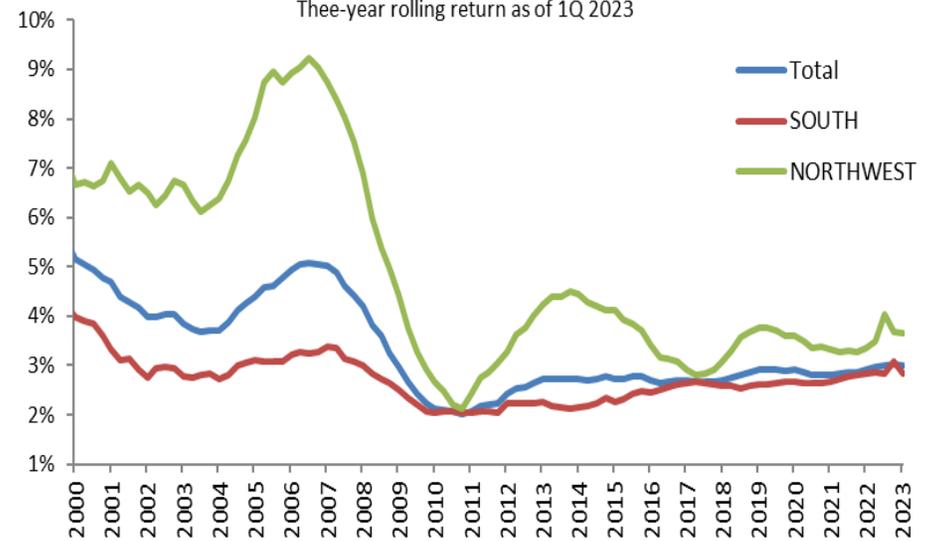
NCREIF Timber Index Regional Returns
Gross time-weighted returns as of 1Q 2023



Total Returns by Region
Three-year rolling return as of 1Q 2023



EBITDA Returns by Region
Three-year rolling return as of 1Q 2023



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ATRS' Real Estate Performance: Core Portfolio

As of 03/31/2023

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Core								
Arkansas Investments	2007	142,694,200	144,624,546	0	205,367,180	70,304,213	2.8	2.1
JP Morgan Strategic Property Fund	2007	170,000,000	170,000,000	0	226,553,098	182,039,785	7.3	5.4
Metlife Commercial Mortgage Income Fund	2019	50,000,000	50,000,000	0	8,806,773	47,329,987	1.9	1.4
Prime Property Fund	2022	70,000,000	70,000,000	0	2,210,727	64,888,853	2.6	1.9
PRISA SA	2005	170,000,000	184,182,196	0	131,533,566	318,623,637	12.7	9.4
RREEF Core Plus Industrial Fund L.P.	2022	70,000,000	49,000,000	21,000,000	648,027	45,786,047	1.8	2.0
UBS Trumbull Property Fund	2006	170,000,000	190,587,980	0	218,297,406	140,323,576	5.6	4.2
UBS Trumbull Property Income Fund	2017	50,000,000	50,000,000	0	9,130,627	56,517,795	2.3	1.7
Core	2005	892,694,200	908,394,723	21,000,000	802,547,404	925,813,892	37.0	28.1

Returns (%)	Quarter				1 Year				3 Year				5 Year				10 Year				Inception		TWR Calculation Inception	Net Equity IRR Multiple	
	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET			
Core																									
Arkansas Investments	0.0	-5.2	-5.2	-5.2	0.0	0.1	0.1	0.1	0.0	-3.4	-3.4	-3.4	0.0	-1.5	-1.5	-1.5	0.0	6.4	6.4	6.4	6.6	6.6	1Q08	7.9	1.9
JP Morgan Strategic Property Fund	0.8	-3.7	-3.0	-3.2	2.9	-7.5	-4.7	-5.6	3.3	3.4	6.8	5.9	3.5	2.8	6.4	5.5	4.1	4.5	8.8	7.9	6.6	5.6	2Q07	6.8	2.4
Metlife Commercial Mortgage Income Fund	2.0	-1.8	0.1	-0.1	6.7	-3.5	3.0	2.2	5.8	-1.5	4.2	3.3									4.2	3.4	3Q19	3.4	1.1
Prime Property Fund	0.9	-1.8	-1.0	-1.2	3.4	-4.3	-1.0	-2.1													-1.0	-2.1	2Q22	-5.1	1.0
PRISA SA	0.8	-2.5	-1.7	-1.9	3.5	-5.2	-1.8	-2.6	3.8	4.7	8.7	7.8	4.0	3.9	8.1	7.2	4.4	5.2	9.9	9.0	7.4	6.6	3Q05	6.7	2.4
RREEF Core Plus Industrial Fund L.P.	0.7	-3.5	-2.8	-2.9																	-4.6	-5.1	3Q22	-5.8	0.9
UBS Trumbull Property Fund	0.8	-7.9	-7.0	-7.2	3.4	-11.4	-8.3	-9.0	3.8	-0.8	3.0	2.2	4.1	-1.6	2.4	1.7	4.5	1.5	6.0	5.1	5.4	4.5	2Q06	5.3	1.9
UBS Trumbull Property Income Fund	0.9	-2.9	-1.9	-2.1	3.8	-5.4	-1.8	-2.6	3.7	2.2	5.9	5.1	3.8	2.2	6.1	5.2					6.1	5.3	3Q17	5.4	1.3
Core	0.8	-3.8	-3.0	-3.2	3.2	-6.0	-2.9	-3.6	3.4	2.3	5.8	5.0	3.6	1.7	5.3	4.5	3.9	4.2	8.2	7.5	7.8	7.1	3Q05	6.4	1.9

Note: Arkansas Investments are included in Core portfolio

ATRS' Real Estate Performance: Value-Add Portfolio

As of 03/31/2023

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Value Added								
Almanac Realty Securities IX, L.P.	2022	40,000,000	5,228,679	34,771,321	0	4,816,054	0.2	1.2
Almanac Realty Securities V, LP	2008	50,000,000	21,787,314	0	48,380,466	73,449	0.0	0.0
Almanac Realty Securities VI	2012	30,000,000	19,102,008	0	21,152,797	4,053,325	0.2	0.1
Almanac Realty Securities VII	2015	30,000,000	31,539,914	4,385,104	25,630,781	17,801,910	0.7	0.7
Almanac Realty Securities VIII	2018	30,000,000	17,597,276	13,966,296	3,537,120	17,988,225	0.7	0.9
Calmwater Real Estate Credit Fund III	2017	30,000,000	23,113,383	7,427,676	17,754,821	12,998,599	0.5	0.6
CBRE Strategic Partners U.S. Value 8	2017	25,000,000	23,972,058	1,027,942	10,377,578	17,703,299	0.7	0.6
CBRE Strategic Partners U.S. Value 9	2020	50,000,000	32,554,832	21,644,757	4,571,449	26,792,163	1.1	1.4
FPA Core Plus Fund IV	2018	30,000,000	30,000,000	0	3,806,255	35,723,734	1.4	1.1
GLP Capital Partners IV	2021	50,000,000	33,489,658	17,452,502	942,160	32,690,026	1.3	1.5
Harbert European Real Estate Fund IV	2016	25,011,918	23,920,550	1,649,338	19,288,852	4,024,761	0.2	0.2
LaSalle Income & Growth Fund VI	2013	20,000,000	19,047,619	0	22,379,425	3,698,779	0.1	0.1
LaSalle Income & Growth Fund VII	2017	20,000,000	20,307,423	39	13,425,555	11,295,091	0.5	0.3
LaSalle Income & Growth Fund VIII	2020	50,000,000	37,545,369	18,494,022	12,932,416	30,685,220	1.2	1.5
LBA Logistics Value Fund IX	2022	55,000,000	14,807,692	40,192,308	0	13,597,623	0.5	1.6
Long Wharf Real Estate Partners V	2015	30,000,000	29,828,371	0	22,345,840	17,921,254	0.7	0.5
Long Wharf Real Estate Partners VI, L.P.	2020	50,000,000	48,154,886	1,803,766	24,876,115	34,044,974	1.4	1.1
Mesa West Real Estate Income Fund V	2021	40,000,000	11,895,983	28,395,867	741,251	12,151,574	0.5	1.2
PGIM Real Estate Capital VII (USD Feeder) SCSp	2021	40,000,000	10,785,245	29,931,984	796,874	11,528,235	0.5	1.2
Rockwood Capital Real Estate Partners Fund IX	2012	30,000,000	27,422,960	1,692,085	32,185,259	5,100,023	0.2	0.2
Rockwood Capital Real Estate Partners Fund XI	2019	40,000,000	28,328,433	12,664,915	1,623,581	30,313,923	1.2	1.3
Walton Street Real Estate Debt Fund II, L.P.	2019	40,000,000	20,186,318	30,681,485	10,879,120	10,707,356	0.4	1.2
Westbrook Real Estate Fund IX	2013	40,000,000	46,451,107	3,603,488	48,361,088	7,781,089	0.3	0.3
Westbrook Real Estate Fund X	2016	25,000,000	24,300,554	2,016,766	21,324,570	8,675,453	0.3	0.3
Value Added	2007	870,011,918	601,367,632	271,801,661	367,313,371	372,166,139	14.9	19.1

ATRS' Real Estate Performance: Value-Add Portfolio (Cont.)

Time Weighted Returns:

Returns (%)	Quarter				1 Year				3 Year				5 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple
	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET			
Value Added																					
Almanac Realty Securities IX, L.P.	0.2	1.2	1.5	-0.9	12.9	6.2	19.9	112.7									19.9	112.7	2Q22	-9.5	0.9
Almanac Realty Securities V, LP	-5.4	1.1	-4.3	-4.3	-13.4	2.1	-11.5	-11.5	-22.0	2.0	-19.9	-20.1	-9.3	-2.2	-10.4	-11.0	4.6	3.3	4Q09	11.9	2.2
Almanac Realty Securities VI	0.0	3.0	3.0	2.7	0.3	-0.4	0.0	-1.1	0.4	4.3	4.8	3.6	3.9	-8.1	-4.3	-5.2	5.2	3.8	1Q13	9.2	1.3
Almanac Realty Securities VII	1.6	-2.6	-1.0	-1.3	6.6	-3.1	3.4	2.2	7.2	2.9	10.2	9.0	7.7	3.2	11.1	9.9	13.6	11.0	3Q15	11.5	1.4
Almanac Realty Securities VIII	1.3	0.1	1.4	1.1	7.3	0.5	7.8	6.7	6.7	15.9	23.4	18.9					27.0	-33.1	1Q19	12.1	1.2
Calmwater Real Estate Credit Fund III	1.2	0.0	1.2	1.2	5.4	0.0	5.4	5.3	8.1	0.0	8.1	6.4	9.2	0.0	9.2	6.5	9.2	6.6	1Q18	8.2	1.3
CBRE Strategic Partners U.S. Value 8	0.9	-12.9	-12.0	-12.3	4.1	-32.7	-29.7	-28.0	6.4	-8.3	-2.4	-2.8	6.4	-2.3	4.0	3.0	5.3	4.2	2Q17	4.2	1.2
CBRE Strategic Partners U.S. Value 9	-0.6	-2.1	-2.7	-3.3	-2.0	-6.1	-8.1	-10.7									7.7	3.2	4Q20	-2.9	1.0
FPA Core Plus Fund IV	1.4	0.0	1.4	1.2	5.1	4.9	10.2	9.6	4.3	6.5	11.0	10.4					8.6	7.8	4Q18	8.9	1.3
GLP Capital Partners IV	0.0	-1.0	-1.0	-1.2	1.6	-5.5	-4.0	-4.2									9.8	8.9	4Q21	0.3	1.0
Harbert European Real Estate Fund IV	0.0	-47.7	-47.6	-48.0	6.8	-64.2	-61.4	-62.1	9.5	-35.5	-28.8	-28.1	9.1	-21.1	-13.3	-14.0	-8.6	-9.8	3Q16	-0.6	1.0
LaSalle Income & Growth Fund VI	1.0	-0.7	0.3	0.3	3.3	-41.2	-39.0	-32.1	3.9	-21.2	-17.9	-14.1	3.5	-13.8	-10.6	-8.2	1.1	1.4	4Q13	8.8	1.4
LaSalle Income & Growth Fund VII	-1.0	-19.4	-20.4	-20.0	-3.2	-28.1	-30.7	-28.1	-0.5	0.2	-0.5	-1.1	-0.1	3.5	3.3	2.1	4.7	3.6	3Q17	6.1	1.2
LaSalle Income & Growth Fund VIII	-1.3	-1.8	-3.2	-2.0	-4.0	10.0	5.6	3.3	-1.1	30.8	29.4	20.0					29.4	20.0	2Q20	15.9	1.2
LBA Logistics Value Fund IX	-1.1	-0.6	-1.7	-2.8	-3.4	-0.1	-3.5	-9.8									-3.5	-9.8	2Q22	-10.7	0.9
Long Wharf Real Estate Partners V	0.1	-2.9	-2.8	-3.1	0.7	-4.4	-3.7	-2.1	1.4	5.3	6.7	6.0	1.3	7.6	9.0	7.7	10.0	7.2	1Q16	8.2	1.3
Long Wharf Real Estate Partners VI, L.P.	0.5	0.3	0.7	0.2	2.1	7.1	9.3	5.4	3.0	42.9	46.9	31.3					46.9	31.3	2Q20	23.8	1.2
Mesa West Real Estate Income Fund V	3.2	-0.7	2.5	1.4	11.2	4.8	16.4	10.2									18.8	10.2	1Q22	9.4	1.1
PGIM Real Estate Capital VII (USD Feeder) SCSp	0.0	2.2	2.1	2.1	-0.1	14.1	14.0	14.0									14.5	13.8	2Q21	13.4	1.1
Rockwood Capital Real Estate Partners Fund IX	0.0	-0.8	-0.8	-1.4	1.8	-3.2	-1.5	-3.8	3.3	3.1	6.5	3.7	3.1	-4.1	-1.2	-3.9	8.6	5.6	4Q13	10.2	1.4
Rockwood Capital Real Estate Partners Fund XI	0.1	-1.8	-1.7	-2.2	1.6	-0.9	0.7	-1.3	0.1	-18.2	-20.4	9.5					-40.8	0.5	1Q20	8.1	1.1
Walton Street Real Estate Debt Fund II, L.P.	5.1	-9.1	-4.0	-4.5	13.0	-9.2	3.1	1.2	11.7	-4.8	6.6	4.9					7.4	5.5	3Q19	5.0	1.1
Westbrook Real Estate Fund IX	-0.1	0.3	0.2	-0.1	-0.3	-4.9	-5.2	-6.4	-0.6	-2.4	-2.9	-4.1	-0.6	-3.7	-4.3	-5.5	5.2	2.7	3Q13	6.9	1.2
Westbrook Real Estate Fund X	-0.2	-1.4	-1.6	-1.9	0.8	-3.8	-3.1	-4.3	0.9	6.4	7.4	6.0	0.3	9.3	9.6	7.9	12.9	7.9	4Q16	9.5	1.2
Value Added	0.5	-3.4	-2.9	-3.2	2.6	-5.7	-3.2	-4.3	3.9	4.3	8.3	5.9	4.3	4.0	8.3	5.8	7.1	4.6	2Q07	6.5	1.2

ATRS' Real Estate Performance: Opportunistic Portfolio

As of 03/31/2023

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Opportunistic								
Blackstone Real Estate Partners Europe VI (EURO Vehicle)	2019	49,096,184	31,988,013	25,671,273	14,328,451	25,791,814	1.0	1.5
Blackstone Real Estate Partners VII	2012	50,000,000	64,904,835	5,538,900	99,311,995	9,477,961	0.4	0.4
Blackstone Real Estate Partners X	2023	75,000,000	280,871	74,719,129	0	9,575	0.0	2.2
Carlyle Realty Partners IX	2022	35,000,000	3,564,327	31,435,673	0	2,460,891	0.1	1.0
Carlyle Realty Partners VII	2014	30,000,000	28,964,109	14,406,050	37,077,899	7,238,422	0.3	0.6
Carlyle Realty Partners VIII	2018	25,000,000	21,119,777	16,033,323	18,384,542	14,050,742	0.6	0.9
CBRE Strategic Partners U.S. Opportunity 5	2008	50,000,000	48,619,365	1,380,660	67,686,544	299,854	0.0	0.0
Cerberus Institutional Real Estate Partners III	2013	30,000,000	37,777,980	7,307,395	51,298,577	9,232,264	0.4	0.5
Heitman European Property Partners IV	2008	44,089,700	34,546,944	0	26,841,177	283,412	0.0	0.0
Kayne Anderson Real Estate Partners V	2018	25,000,000	25,613,591	571,004	16,428,664	20,224,741	0.8	0.6
Kayne Anderson Real Estate Partners VI	2021	50,000,000	13,000,000	37,516,393	516,393	13,604,575	0.5	1.5
Landmark Real Estate Fund VI	2010	40,000,000	35,090,608	4,909,392	53,488,103	118,226	0.0	0.1
Landmark Real Estate Fund VIII	2017	25,000,000	16,541,302	12,208,698	10,327,260	12,803,167	0.5	0.7
Landmark Real Estate Fund IX, L.P.		50,000,000	0	50,000,000	0	-540,417	0.0	1.5
LaSalle Asia Opportunity Fund IV	2014	30,000,000	28,823,325	2,013,173	39,655,278	1,545,752	0.1	0.1
LaSalle Asia Opportunity V	2016	30,000,000	27,225,193	10,161,421	20,870,330	11,101,030	0.4	0.6
LaSalle Asia Opportunity VI		50,000,000	0	50,000,000	0	-1,940,102	-0.1	1.4
Lone Star Real Estate Fund IV	2015	24,260,817	19,445,848	4,814,970	19,779,413	6,445,510	0.3	0.3
Metropolitan Real Estate Partners Co-Investments Fund, L.P.	2015	20,000,000	19,132,876	867,124	17,632,804	9,478,531	0.4	0.3
O'Connor North American Property Partners II, L.P.	2008	50,000,000	58,368,488	5,000,000	44,525,193	4,447,682	0.2	0.3
Torchlight Debt Fund VII, LP	2020	50,000,000	25,000,000	25,000,000	0	27,126,927	1.1	1.5
Torchlight Debt Opportunity Fund IV	2013	30,000,000	29,369,211	0	39,017,703	2,846,011	0.1	0.1
Torchlight Debt Opportunity Fund V	2015	25,000,000	20,001,024	5,000,000	23,787,472	2,409,428	0.1	0.2
Torchlight Debt Opportunity Fund VI	2018	25,000,000	22,479,558	2,500,000	10,439,738	18,446,134	0.7	0.6
Opportunistic	1998	912,446,701	611,857,246	387,054,576	611,397,536	196,962,130	7.9	17.3

ATRS' Real Estate Performance: Opportunistic Portfolio (Cont.)

Time Weighted Returns:

Returns (%)	Quarter				1 Year				3 Year				5 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple
	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET			
Opportunistic																					
Blackstone Real Estate Partners Europe VI (EURO Vehicle)	0.1	4.9	4.9	3.6	-0.2	-2.5	-2.6	-5.3	-0.4	23.6	23.0	13.8					16.0	7.9	1Q20	16.4	1.3
Blackstone Real Estate Partners VII	-0.1	-7.4	-7.5	-5.9	0.4	-17.1	-16.7	-13.6	2.4	4.7	7.2	5.3	2.8	0.7	3.6	2.3	15.0	10.6	2Q12	15.0	1.7
Blackstone Real Estate Partners X																	N/M	N/M	2Q23	N/M	N/M
Carlyle Realty Partners IX	-14.7	6.1	-8.6	-18.3													-48.5	-67.9	4Q22	-63.7	0.7
Carlyle Realty Partners VII	-0.9	-0.5	-1.4	-1.7	6.4	-7.5	-1.3	-1.0	13.0	-1.8	11.3	10.8	18.7	-4.6	13.9	13.6	15.9	11.9	1Q15	14.3	1.5
Carlyle Realty Partners VIII	1.8	-1.8	0.1	0.2	20.1	-8.4	10.4	10.5	27.6	19.0	50.2	38.5					39.3	26.1	4Q18	29.7	1.5
CBRE Strategic Partners U.S. Opportunity 5	-0.9	0.0	-0.9	-0.9	-3.1	-14.2	-16.9	-16.9	-2.0	11.4	9.1	9.1	-1.4	9.6	8.1	7.9	-8.0	-9.5	4Q08	5.4	1.4
Cerberus Institutional Real Estate Partners III	0.0	-2.3	-2.3	-1.9	-0.4	-19.1	-19.4	-14.9	-0.4	23.6	23.0	19.3	-0.3	19.1	18.8	15.0	18.7	14.0	4Q13	13.4	1.6
Heitman European Property Partners IV	0.0	1.7	1.7	1.7	-29.2	-7.2	-33.9	-33.9	-14.1	-2.1	-15.6	-15.6	-6.3	-16.6	-21.5	-22.1	-7.4	-8.6	1Q11	-3.9	0.8
Kayne Anderson Real Estate Partners V	-0.5	0.1	-0.4	-0.6	-14.5	24.8	8.2	5.2	-3.5	24.2	20.8	14.3					18.8	12.8	3Q18	13.6	1.4
Kayne Anderson Real Estate Partners VI	0.3	1.2	1.5	1.1	3.8	19.0	23.3	16.8									23.5	3.9	3Q21	7.9	1.1
Landmark Real Estate Fund VI	-2.5	0.0	-2.5	-2.5	-127.6	356.1	-3.0	-3.0	N/M	70.4	-23.3	-23.9	N/M	31.9	-18.0	-18.8	16.5	14.2	3Q10	18.5	1.5
Landmark Real Estate Fund VIII	1.3	-2.0	-0.7	-0.9	17.7	-9.4	7.1	4.7	18.4	3.9	22.5	17.4	17.9	0.7	19.2	13.3	26.7	19.2	3Q17	16.8	1.4
Landmark Real Estate Fund IX, L.P.																	N/M	N/M	4Q23	N/M	N/M
LaSalle Asia Opportunity Fund IV	-1.8	1.4	-0.5	-0.6	-10.0	-4.3	-13.2	-13.7	-6.5	6.4	0.1	-0.5	-9.4	5.1	-2.1	-9.6	13.3	6.9	4Q14	32.0	1.4
LaSalle Asia Opportunity V	1.3	0.4	1.7	1.1	-12.3	14.9	1.2	-1.9	-9.3	19.1	9.0	6.0	-4.4	16.8	12.8	7.7	12.6	6.9	4Q16	9.7	1.2
LaSalle Asia Opportunity VI																	N/M	N/M	3Q23	N/M	N/M
Lone Star Real Estate Fund IV	0.1	-3.0	-3.0	-1.7	-4.8	-2.4	-6.9	-5.7	-2.4	5.5	3.0	3.3	3.4	-2.3	1.3	0.2	6.9	5.6	4Q15	10.7	1.3
Metropolitan Real Estate Partners Co-Investments Fund	9.9	-11.0	-1.1	-1.2	11.0	-9.9	1.1	0.1	4.6	-2.5	2.3	1.3	3.5	2.0	5.9	4.7	7.9	6.0	1Q16	9.9	1.4
O'Connor North American Property Partners II, L.P.	0.0	0.0	0.0	-0.2	-0.2	-1.7	-1.9	-2.6	0.2	-4.4	-4.2	-4.9	0.0	-6.3	-6.3	-6.9	-4.8	-7.4	2Q08	-3.0	0.8
Torchlight Debt Fund VII, LP	1.5	-0.4	1.1	0.6	6.1	4.8	11.2	8.4									12.7	7.2	4Q20	5.7	1.1
Torchlight Debt Opportunity Fund IV	0.8	-3.8	-3.0	-3.9	3.0	-20.6	-18.1	-13.7	2.4	-6.0	-3.7	-1.9	3.9	-6.9	-3.2	-0.5	5.0	5.1	4Q13	9.3	1.4
Torchlight Debt Opportunity Fund V	0.2	-14.4	-14.2	-6.7	0.6	-17.2	-16.7	-6.9	3.1	0.2	3.2	4.3	5.4	-0.2	5.1	5.3	10.8	7.4	3Q15	10.1	1.3
Torchlight Debt Opportunity Fund VI	1.0	-0.9	0.1	0.8	4.9	0.3	5.1	5.9	5.8	5.7	11.7	9.9	9.7	3.7	13.7	7.5	13.7	7.5	2Q18	8.3	1.3
Opportunistic	0.6	-1.0	-0.3	-0.6	0.2	0.2	0.4	-1.2	2.9	11.1	14.2	10.0	4.3	6.3	10.8	7.1	9.7	7.2	1Q98	10.2	1.4

ATRS' Timberland, Agriculture, and Infrastructure Performance

As of 03/31/2023

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Agriculture								
Agrivest Farmland Fund	2015	50,000,000	50,000,000	0	9,536,979	62,130,424	2.5	1.8
HFMS Farmland Separate Account	2011	125,000,000	160,939,470	31,355,587	87,664,318	162,313,515	6.5	5.7
Agriculture	2011	175,000,000	210,939,470	31,355,587	97,201,296	224,443,939	9.0	7.6
Timber								
BTG Pactual Open Ended Core U.S. Timberland Fund, LP	2019	182,930,629	182,930,628	0	12,449,182	238,673,141	9.5	7.1
BTG Timber Separate Account	1998	133,069,371	157,397,701	0	328,750,000	106,249,595	4.2	3.1
Timber	1998	316,000,000	340,328,329	0	341,199,182	344,922,736	13.8	10.2

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Infrastructure – Core								
AxInfra NA II LP	2021	50,000,000	51,266,067	0	3,481,859	56,445,423	2.3	1.7
DIF Infrastructure Fund VII		53,140,610	0	54,194,667	0	-719,187	0.0	1.6
DIF Infrastructure V	2018	47,762,784	38,850,799	10,250,747	5,350,770	44,794,656	1.8	1.6
IFM Global Infrastructure	2018	50,000,000	50,000,000	0	6,281,508	71,423,595	2.9	2.1
KKR Diversified Core Infrastructure Fund	2022	75,000,000	47,404,409	27,595,591	897,494	48,331,888	1.9	2.3
Macquarie Infrastructure Partners III	2013	50,000,000	50,672,617	5,827,001	52,656,547	58,839,089	2.4	1.9
Macquarie Infrastructure Partners V	2020	50,000,000	38,399,486	11,972,238	371,724	47,240,863	1.9	1.8
Infrastructure - Core	2015	375,903,394	276,593,378	109,840,245	69,039,902	326,356,326	13.0	12.9
Infrastructure - Non-Core								
Antin Infrastructure Partners Fund II	2014	47,696,920	35,953,565	1,896,813	65,524,367	6,510,968	0.3	0.2
Global Energy & Power Infrastructure Fund II	2014	50,000,000	55,211,070	1,491,773	54,137,486	16,777,836	0.7	0.5
Global Infrastructure Partners III	2016	50,000,000	51,150,377	5,427,140	23,840,265	52,000,571	2.1	1.7
ISQ Global Infrastructure Fund III	2021	50,000,000	11,510,580	38,489,420	0	11,912,954	0.5	1.5
KKR Global Infrastructure Investors II	2014	50,000,000	55,147,775	2,114,474	74,120,558	25,795,002	1.0	0.8
Infrastructure - Non-Core	2014	247,696,920	208,973,367	49,419,620	217,622,676	112,997,331	4.5	4.8
Infrastructure	2014	623,600,314	485,566,745	159,259,865	286,662,578	439,353,657	17.5	17.7

ATRS' Timberland, Agriculture, and Infrastructure Performance (Cont.)

Time Weighted Returns:

Returns (%)	Quarter				1 Year				3 Year				5 Year				10 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple			
	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET						
Agriculture																												
Agrivest Farmland Fund	0.8	1.9	2.7	2.4	3.2	4.6	8.0	6.9	3.2	4.3	7.6	6.5	3.3	3.0	6.4	5.3					6.3	5.3	2Q15		5.2	1.4		
HFMS Farmland Separate Account	0.6	3.6	4.2	3.9	3.4	8.8	12.5	11.2	3.4	8.3	12.0	10.7	3.5	4.9	8.5	7.3	3.6	4.1	7.8	6.7	7.9	6.7	3Q11		6.7	1.6		
Agriculture	0.6	3.1	3.8	3.5	3.4	7.7	11.3	10.1	3.3	7.3	10.8	9.6	3.5	4.4	8.0	6.8	3.6	3.8	7.5	6.4	7.7	6.5	3Q11		6.4	1.5		
Agriculture Benchmark*			2.1				9.1				7.7				6.5				6.5		8.4		3Q11					
Timber																												
BTG Pactual Open Ended Core U.S. Timberland Fund, LP	0.1	0.0	0.0	-0.2	0.7	11.1	11.9	10.8	3.8	7.6	12.1	11.0									11.6	10.5	1Q20		10.5	1.4		
BTG Timber Separate Account	-0.5	0.7	0.2	0.1	2.6	-2.5	0.2	-0.4	3.5	0.6	4.1	3.4	11.5	-11.9	5.0	4.2	7.0	-5.4	4.6	3.9	7.2	6.4	2Q98		5.2	2.8		
Timber	-0.1	0.2	0.1	-0.1	1.4	6.6	8.1	7.1	3.8	5.2	9.3	8.3	11.5	-8.8	8.3	7.3	7.0	-3.8	6.3	5.4	7.9	7.1	2Q98		5.5	2.0		
Timberland Property Benchmark*			1.8				11.3				8.1				5.5				5.4		5.8		2Q98					

Returns (%)	Quarter				1 Year				3 Year				5 Year				10 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple	
	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET				
Infrastructure – Core																										
AxInfra NA II LP	0.5	1.8	2.2	1.7	2.2	8.2	10.5	8.0													15.1	12.3	2Q21		9.4	1.2
DIF Infrastructure Fund VII																							3Q23		N/M	N/M
DIF Infrastructure V	1.1	2.1	3.2	2.9	3.2	0.1	3.2	1.9	3.6	8.4	12.2	10.4									10.3	7.8	3Q18		8.0	1.3
IFM Global Infrastructure	0.7	2.3	3.0	2.6	2.3	9.2	11.6	9.6	3.5	10.1	13.9	11.8									12.8	10.8	4Q18		10.7	1.6
KKR Diversified Core Infrastructure Fund	0.8	0.5	1.3	1.2	4.9	1.7	6.6	6.2													6.6	6.2	2Q22		6.3	1.0
Macquarie Infrastructure Partners III	0.7	5.2	5.9	4.6	20.0	38.3	63.1	47.9	6.8	33.7	42.0	31.9	4.3	26.1	31.0	23.5					25.8	19.4	2Q15		18.4	2.2
Macquarie Infrastructure Partners V	0.1	2.2	2.3	1.9	0.7	16.6	17.4	15.6													19.7	16.5	1Q21		16.0	1.2
Infrastructure - Core	0.6	2.4	3.1	2.5	5.3	12.4	18.2	14.5	3.6	15.8	19.8	16.0	2.9	13.7	16.9	13.0					17.2	13.0	2Q15		13.5	1.4
Infrastructure - Non-Core																										
Antin Infrastructure Partners Fund II	0.0	1.3	1.3	1.1	-0.2	16.2	16.0	15.0	3.2	26.2	30.3	29.2	2.6	20.1	23.2	22.3					18.0	16.4	4Q14		13.4	2.0
Global Energy & Power Infrastructure Fund II	0.3	-4.5	-4.2	-4.1	3.8	-10.3	-6.8	-7.6	4.0	-7.3	-3.5	-4.9	7.0	-5.1	2.0	-0.2					12.9	5.2	1Q15		13.2	1.3
Global Infrastructure Partners III	0.8	0.7	1.5	1.2	5.6	3.3	9.1	7.7	3.9	17.0	21.5	19.5	4.4	9.8	14.7	12.6					13.2	9.4	4Q16		10.4	1.5
ISQ Global Infrastructure Fund III	-1.1	5.4	4.3	2.2	-7.6	54.8	44.3	24.7													43.9	23.3	1Q22		6.0	1.0
KKR Global Infrastructure Investors II	6.8	4.7	11.5	10.7	18.6	-1.7	16.5	15.6	27.6	-10.7	19.0	19.0	17.8	-1.0	19.6	18.6					18.7	15.2	1Q15		17.1	1.8
Infrastructure - Non-Core	1.9	1.2	3.1	2.6	7.4	2.2	9.7	7.9	11.4	5.0	17.3	15.8	8.9	6.1	15.8	14.0					15.7	12.3	4Q14		13.7	1.6
Infrastructure	1.0	2.1	3.1	2.5	5.9	9.4	15.7	12.6	7.3	11.2	19.2	16.4	6.0	10.4	16.9	14.1					16.1	12.0	4Q14		13.6	1.5
Infrastructure Benchmark*			2.4				8.2				7.9				7.6						6.8		4Q14			

*The Timberland Property Benchmark was comprised of the NCREIF Timberland returns weighted according to ATRS' regional exposure based on Net Asset Value prior to 3Q20, gross of fees. The Agriculture Benchmark was comprised of the NCREIF Farmland returns weighted according to ATRS' regional and crop type exposure based on Net Asset Value prior to 3Q20, gross of fees. As of 3Q20, the Timberland and Agriculture benchmarks going forward will no longer be weighted and are just the NCREIF Timberland and NCREIF Farmland returns, gross of fees. Additionally, the Infrastructure Benchmark of CPI plus 500 bps has been adjusted to CPI plus 300 bps as of 3Q20 and the new Infrastructure Benchmark will be a blend of the two going forward.



Portfolio Performance Detail: By Vintage Year

As of 03/31/2023

Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
1997	75,000,000	80,737,536	0	120,795,230	0	0.0	0.0
1998	233,069,371	270,260,350	0	476,689,777	106,249,595	4.2	3.1
1999	178,794,401	189,842,518	0	316,052,650	0	0.0	0.0
2000	209,242,960	228,396,220	0	289,418,462	355,396	0.0	0.0
2005	170,000,000	184,182,196	0	131,533,566	318,623,637	12.7	9.4
2006	170,000,000	190,587,980	0	218,297,406	140,323,576	5.6	4.2
2007	417,694,200	418,942,712	0	544,845,988	252,343,998	10.1	7.5
2008	264,089,700	229,766,888	9,604,568	277,338,343	5,104,397	0.2	0.3
2010	40,000,000	35,090,608	4,909,392	53,488,103	118,226	0.0	0.1
2011	125,000,000	160,939,470	31,355,587	87,664,318	162,313,515	6.5	5.7
2012	110,000,000	111,429,803	7,230,985	152,650,052	18,631,309	0.7	0.8
2013	170,000,000	183,318,534	16,737,884	213,713,340	82,397,232	3.3	2.9
2014	207,696,920	204,099,844	21,922,283	270,515,588	57,867,980	2.3	2.4
2015	179,260,817	169,948,032	15,067,198	118,713,288	116,187,057	4.6	3.9
2016	130,011,918	126,596,674	19,254,665	85,324,017	75,801,815	3.0	2.8
2017	150,000,000	133,934,166	20,664,356	61,015,840	111,317,951	4.4	3.9
2018	232,762,784	205,661,002	43,321,370	64,228,597	222,651,827	8.9	7.9
2019	362,026,813	313,433,393	69,017,673	48,087,106	352,816,221	14.1	12.5
2020	250,000,000	181,654,573	78,914,784	42,751,704	165,890,147	6.6	7.3
2021	280,000,000	131,947,533	151,786,166	6,478,537	138,332,787	5.5	8.6
2022	345,000,000	190,005,107	154,994,893	3,756,248	179,881,355	7.2	9.9
2023	228,140,610	280,871	228,913,796	0	-3,190,131	-0.1	6.7
Total Portfolio (Including Current & Historical Activity)							
	4,527,790,494	3,941,056,010	873,695,600	3,583,358,160	2,504,017,890	100	100

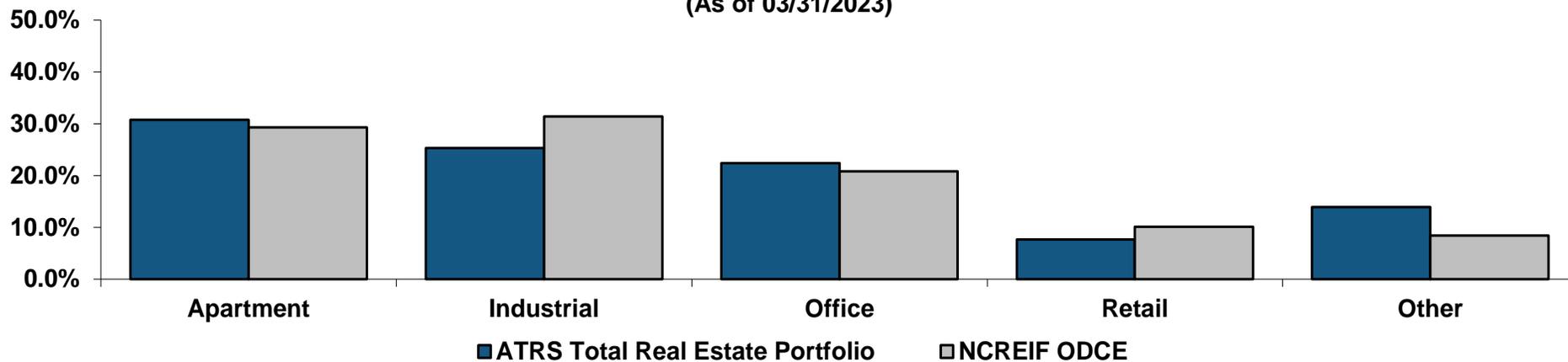
Portfolio Performance Detail: By Vintage Year (Cont.)

Time Weighted Returns:

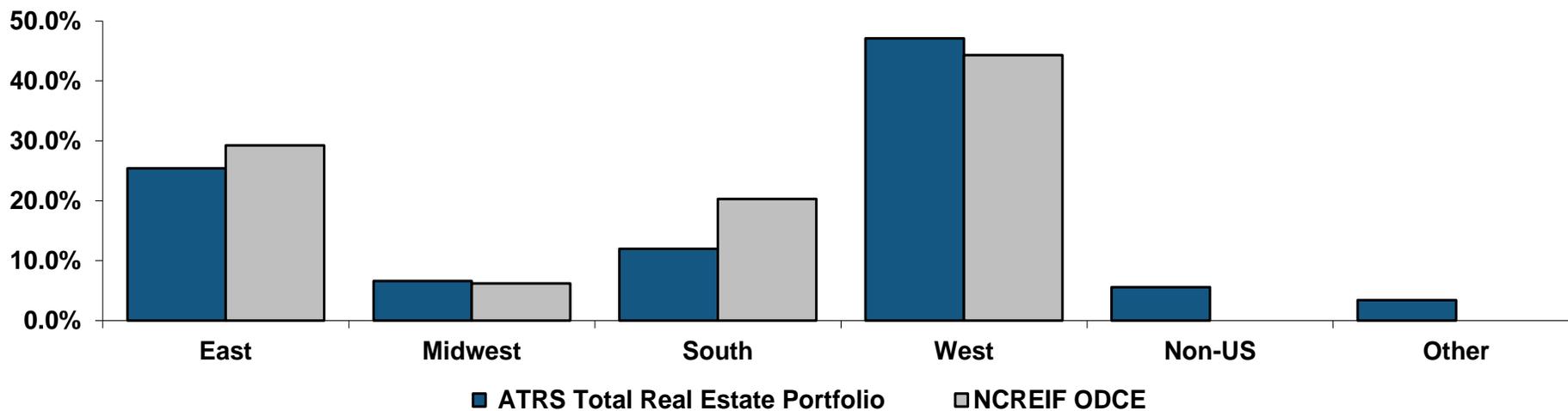
Investment Vintage Year	Quarter				1 Year				3 Year				5 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple
	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET			
1997																			1Q98	13.4	1.5
1998	-0.5	0.7	0.2	0.1	2.6	-2.5	0.2	-0.4	3.5	0.6	4.1	3.4	11.5	-11.9	5.0	4.2	7.2	6.3	2Q98	5.6	2.2
1999																			4Q99	15.9	1.7
2000																			4Q00	8.5	1.3
2005	0.8	-2.5	-1.7	-1.9	3.5	-5.2	-1.8	-2.6	3.8	4.7	8.7	7.8	4.0	3.9	8.1	7.2	7.4	6.6	3Q05	6.7	2.4
2006	0.8	-7.9	-7.0	-7.2	3.4	-11.4	-8.3	-9.0	3.8	-0.8	3.0	2.2	4.1	-1.6	2.4	1.7	5.4	4.5	2Q06	5.3	1.9
2007	0.5	-4.2	-3.6	-3.8	2.1	-5.4	-3.4	-4.0	2.5	2.0	4.5	3.8	2.7	1.9	4.6	3.9	6.9	6.2	2Q07	6.2	1.9
2008	-0.1	0.1	0.0	-0.2	-2.8	-3.2	-5.9	-6.5	-1.6	0.0	-1.6	-2.1	-0.3	-4.0	-4.4	-4.9	-1.4	-4.0	2Q08	3.9	1.2
2010	-2.5	0.0	-2.5	-2.5	-127.6	356.1	-3.0	-3.0	N/M	70.4	-23.3	-23.9	N/M	31.9	-18.0	-18.8	16.5	14.2	3Q10	18.5	1.5
2011	0.6	3.6	4.2	3.9	3.4	8.8	12.5	11.2	3.4	8.3	12.0	10.7	3.5	4.9	8.5	7.3	7.9	6.7	3Q11	6.7	1.6
2012	0.0	-3.5	-3.6	-2.9	0.8	-9.8	-9.1	-8.1	2.4	5.6	8.1	5.7	3.1	-0.9	2.2	0.5	13.5	9.5	2Q12	13.1	1.5
2013	0.6	3.2	3.7	2.8	12.7	14.4	28.1	21.6	4.6	21.6	26.8	20.5	3.2	15.8	19.3	14.6	17.9	13.0	3Q13	12.5	1.6
2014	2.9	0.8	3.6	3.3	9.7	-3.6	5.9	5.2	14.6	-1.8	13.4	12.7	11.7	2.0	14.4	12.9	16.9	13.6	4Q14	15.7	1.6
2015	1.5	-1.3	0.2	0.2	3.4	-0.2	3.3	3.1	3.2	3.7	7.0	6.1	3.9	3.5	7.6	6.3	9.1	7.2	2Q15	7.6	1.4
2016	0.7	-4.2	-3.5	-3.9	3.1	-5.4	-2.4	-3.9	2.8	7.0	10.0	8.8	3.7	6.7	10.6	8.6	9.6	6.5	3Q16	7.6	1.3
2017	0.8	-6.0	-5.2	-5.4	4.5	-13.1	-9.2	-9.0	5.6	0.0	5.6	4.3	5.6	1.4	7.0	5.5	9.0	6.9	2Q17	6.4	1.3
2018	0.9	1.0	1.9	1.7	3.1	5.3	8.5	7.2	4.8	10.7	15.9	13.1	2.9	8.2	11.3	1.4	11.3	1.4	2Q18	11.0	1.4
2019	0.5	-0.4	0.1	-0.3	2.0	6.3	8.4	7.1	4.0	7.0	11.4	9.7					10.2	8.6	3Q19	9.1	1.3
2020	0.0	0.0	0.0	-0.2	0.7	8.0	8.7	6.1	1.4	18.5	20.1	11.3					20.1	11.3	2Q20	12.3	1.1
2021	0.4	1.1	1.5	1.0	2.5	7.0	9.7	6.8									14.4	9.3	2Q21	7.3	1.1
2022	0.2	-1.3	-1.1	-1.7	1.7	-3.1	-1.5	-4.7									-1.5	-4.7	2Q22	-7.3	0.9
2023																			1Q23	N/M	N/M

Portfolio Diversification – Real Estate

Property Type Diversification
(As of 03/31/2023)

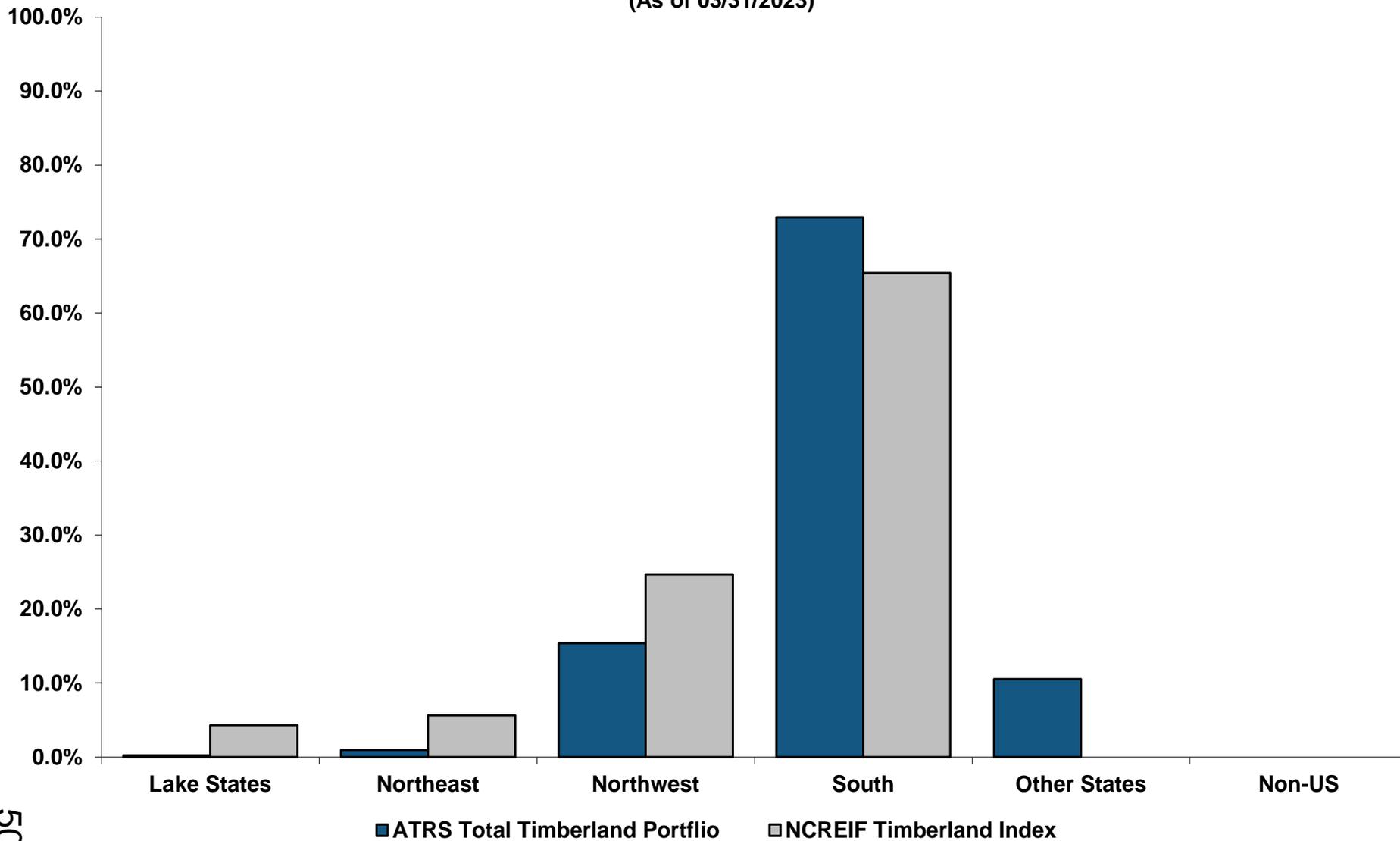


Geographic Type Diversification
(As of 03/31/2023)



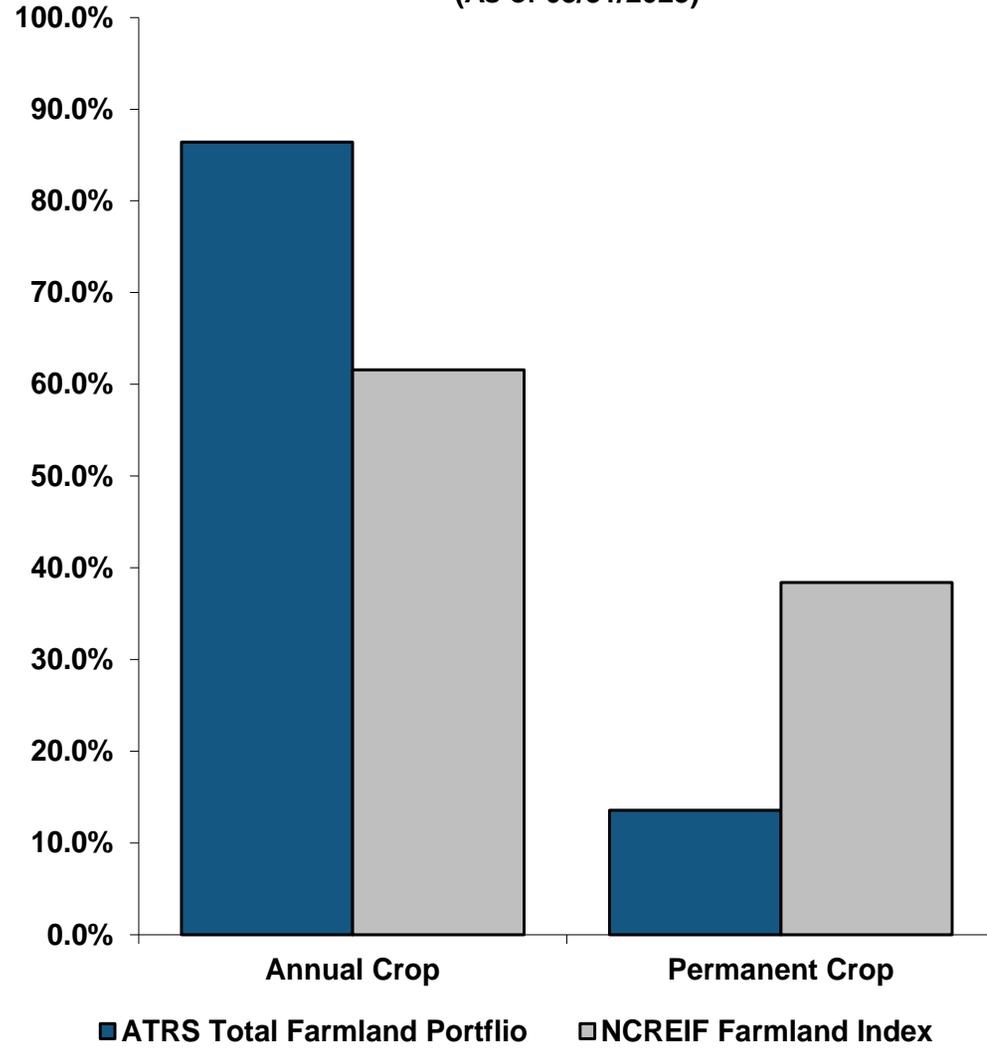
Portfolio Diversification – Timberland

Geographic Type Diversification
(As of 03/31/2023)

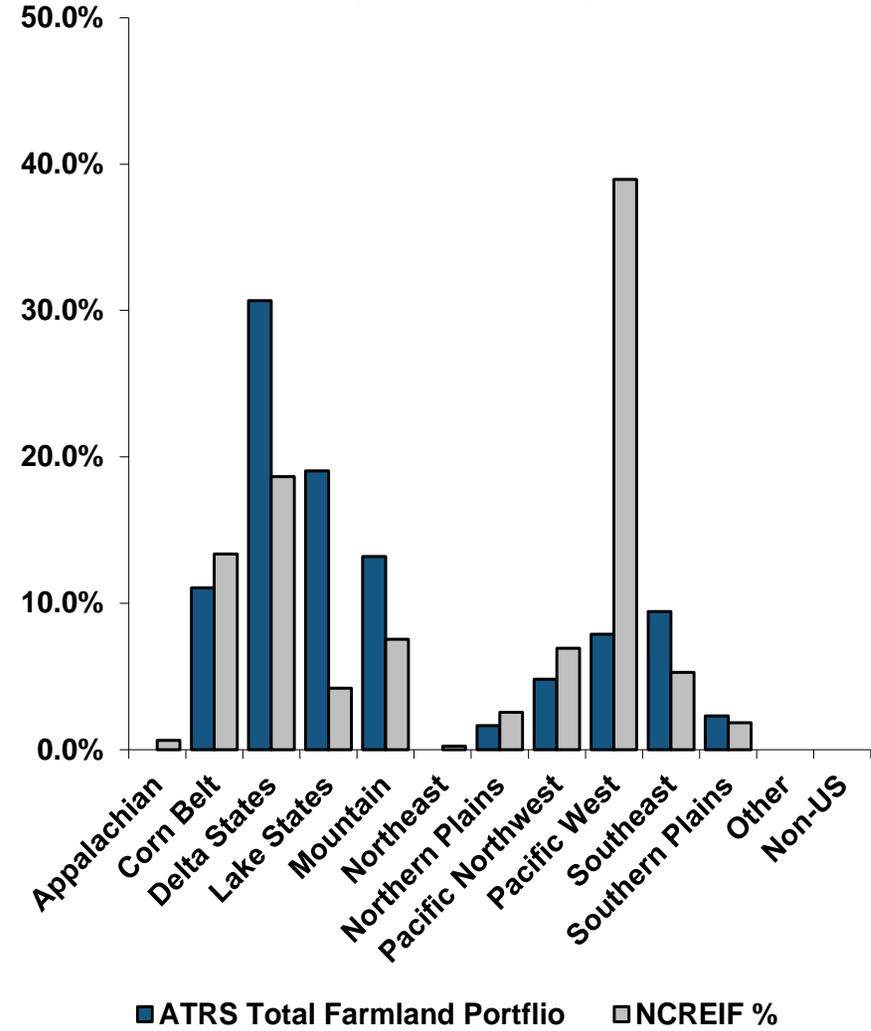


Portfolio Diversification – Agriculture

Crop Type Diversification
(As of 03/31/2023)

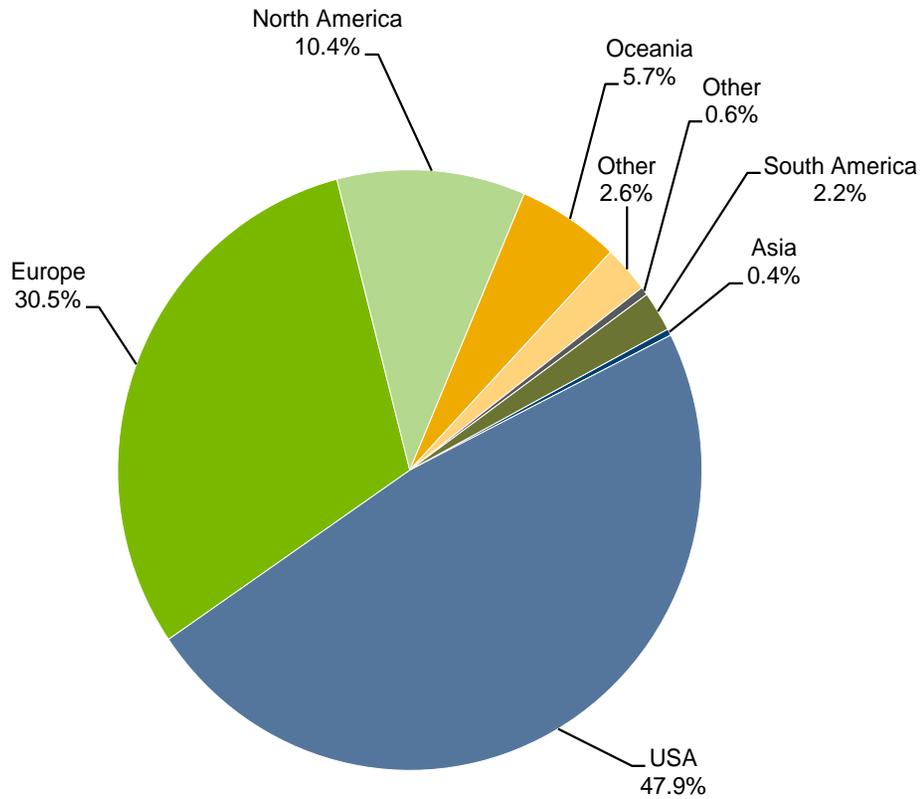


Geographic Type Diversification
(As of 03/31/2023)

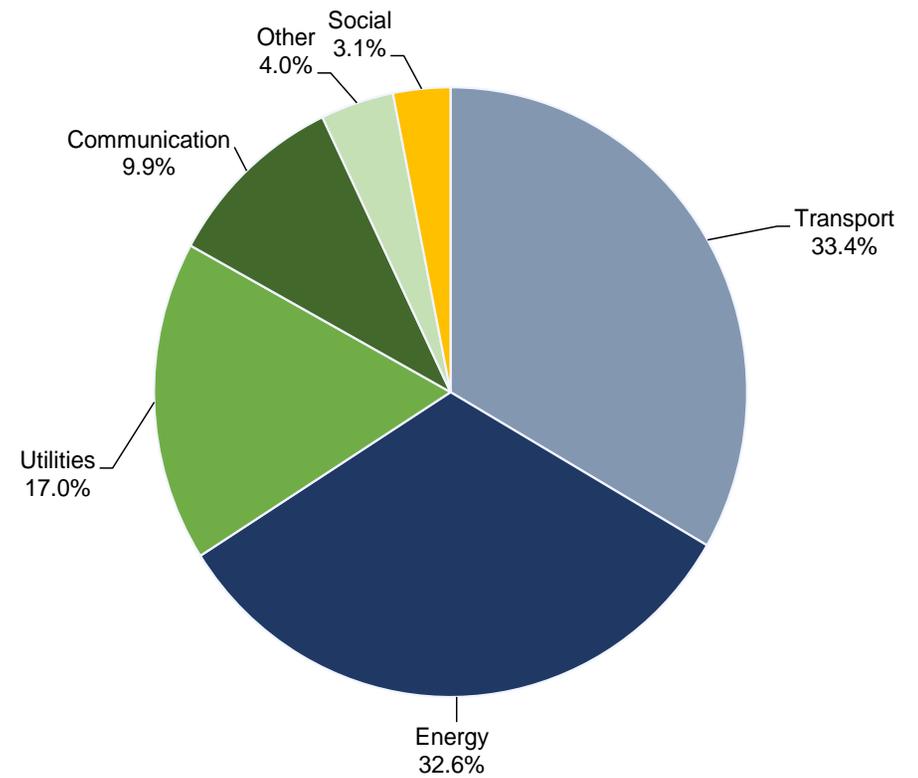


Portfolio Diversification – Infrastructure

**Geographic Diversification
as % of Portfolio Company Value**

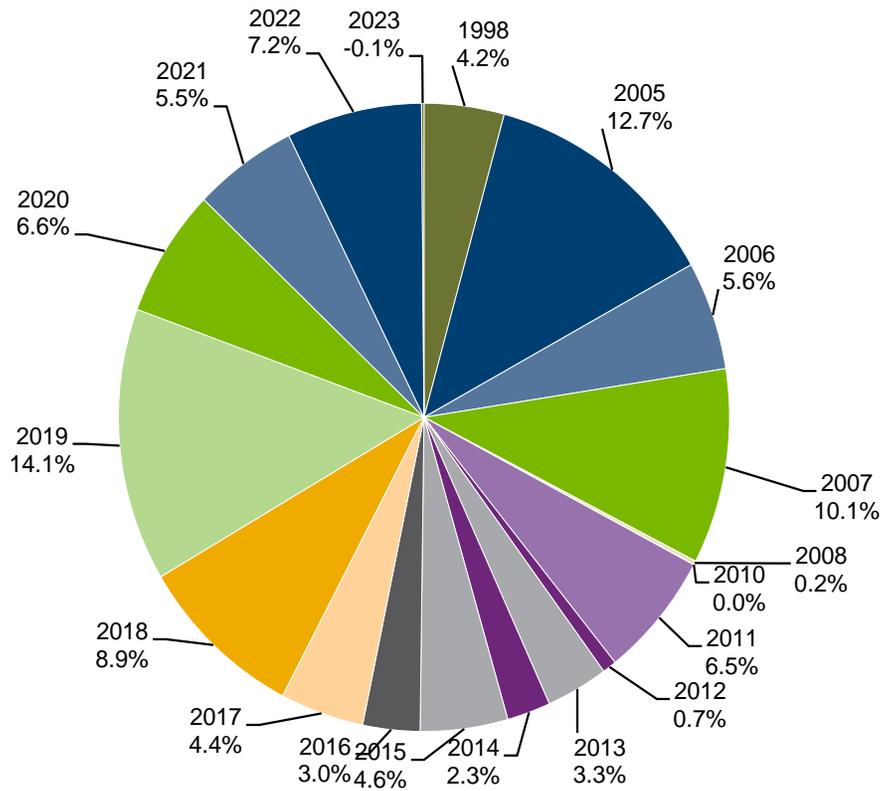


**Industry Diversification
as % of Portfolio Company Value**

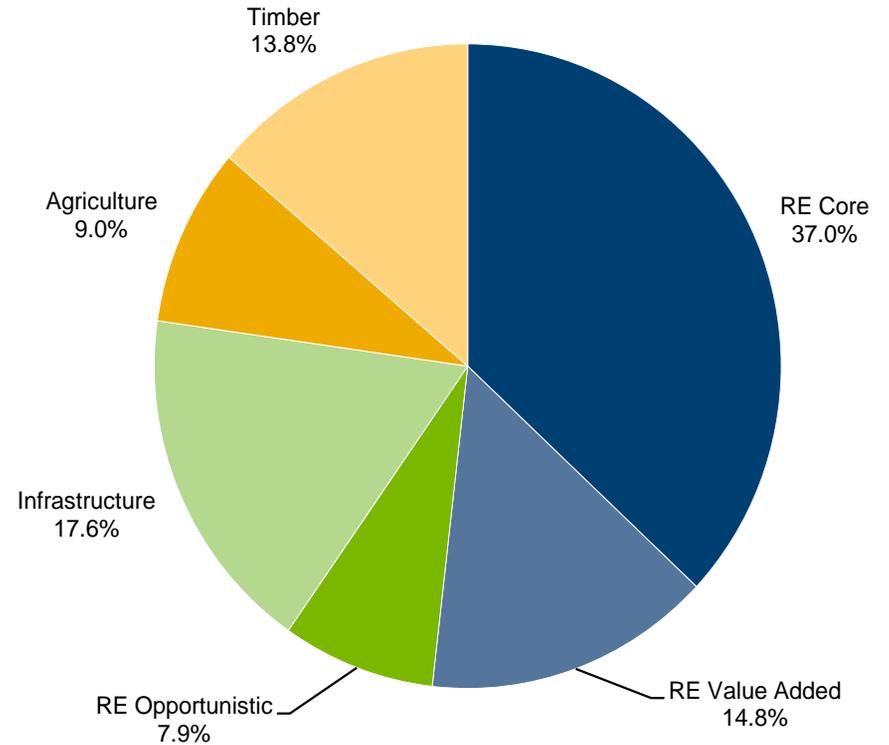


Portfolio Diversification (cont'd)

**Vintage Year Diversification by Net Asset Value
(As of 03/31/2023)**

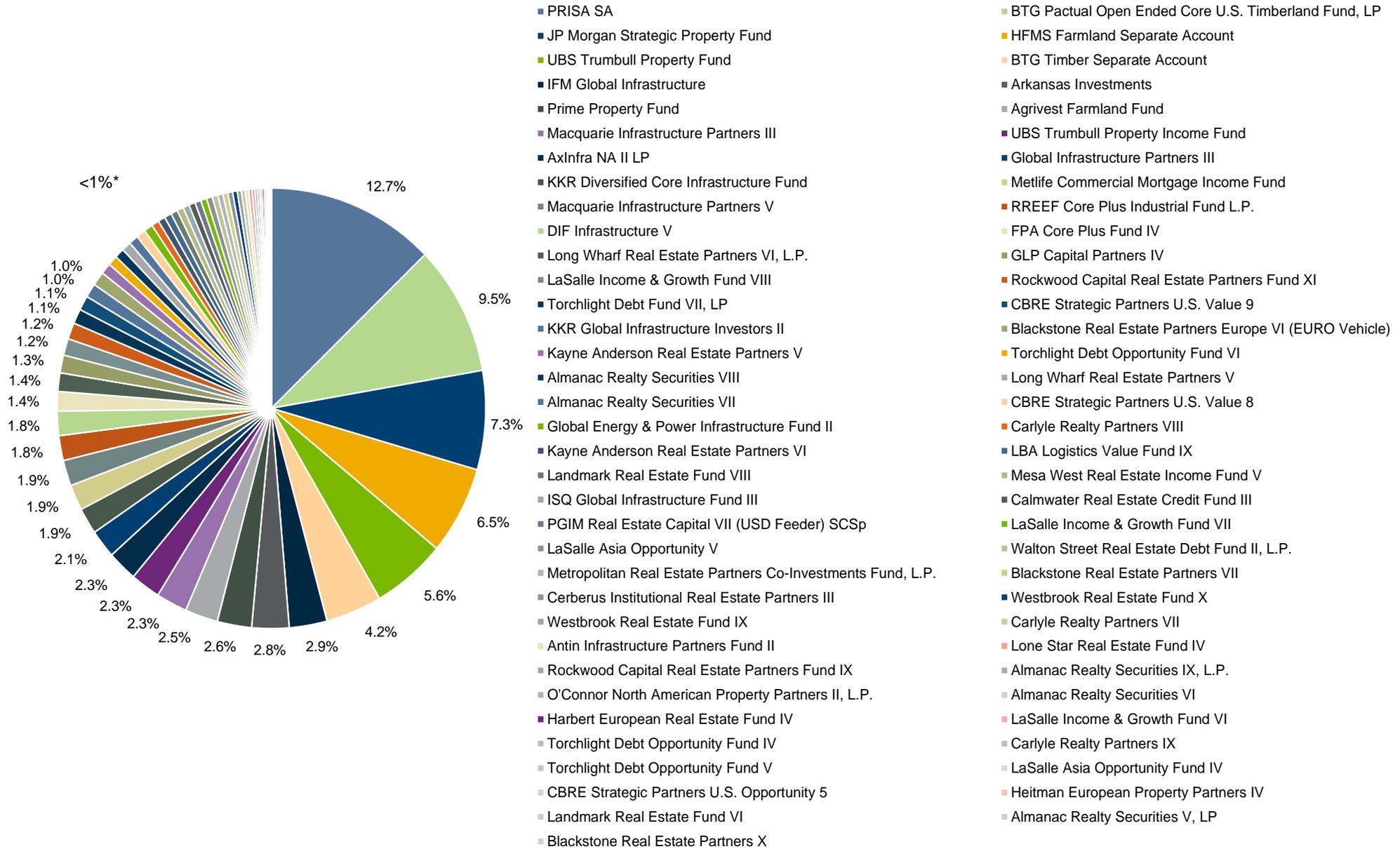


**Style Diversification by Net Asset Value
(As of 03/31/2023)**



Note: Arkansas Investments are included in Core portfolio

Manager Diversification



*each manager represents less than 1% of NAV

Management Fees

Partnership Name	Current Quarter Management Fees	YTD Management Fees
Core		
Arkansas Investments	0	0
JP Morgan Strategic Property Fund	-407,665	-407,665
Metlife Commercial Mortgage Income Fund	-100,000	-100,000
Prime Property Fund	-139,373	-139,373
PRISA SA	-634,522	-634,522
RREEF Core Plus Industrial Fund L.P.	-81,349	-81,349
UBS Trumbull Property Fund	-281,486	-281,486
UBS Trumbull Property Income Fund	-119,289	-119,289
Core	-1,763,683	-1,763,683
Value Added		
Almanac Realty Securities IX, L.P.	-113,425	-113,425
Almanac Realty Securities V, LP	0	0
Almanac Realty Securities VI	-10,751	-10,751
Almanac Realty Securities VII	-49,430	-49,430
Almanac Realty Securities VIII	-46,104	-46,104
Calmwater Real Estate Credit Fund III	-55,634	-55,634
CBRE Strategic Partners U.S. Value 8	-46,422	-46,422
CBRE Strategic Partners U.S. Value 9	-156,249	-156,249
FPA Core Plus Fund IV	-55,251	-55,251
GLP Capital Partners IV	-76,338	-76,338
Harbert European Real Estate Fund IV	-32,072	-32,072
LaSalle Income & Growth Fund VI	0	0
LaSalle Income & Growth Fund VII	-47,336	-47,336
LaSalle Income & Growth Fund VIII	-123,288	-123,288
LBA Logistics Value Fund IX	-158,125	-158,125
Long Wharf Real Estate Partners V	-60,178	-60,178
Long Wharf Real Estate Partners VI, L.P.	-159,493	-159,493
Mesa West Real Estate Income Fund V	-133,151	-133,151
PGIM Real Estate Capital VII (USD Feeder) SCSp	-340	-340
Rockwood Capital Real Estate Partners Fund IX	-30,462	-30,462
Rockwood Capital Real Estate Partners Fund XI	-131,271	-131,271
Walton Street Real Estate Debt Fund II, L.P.	-58,831	-58,831
Westbrook Real Estate Fund IX	-24,699	-24,699
Westbrook Real Estate Fund X	-28,771	-28,771
Value Added	-1,597,621	-1,597,621

Management Fees (cont'd)

Partnership Name	Current Quarter Management Fees	YTD Management Fees
Opportunistic		
Blackstone Real Estate Partners Europe VI (EURO Vehicle)	-178,842	-178,842
Blackstone Real Estate Partners VII	0	0
Blackstone Real Estate Partners X	0	0
Carlyle Realty Partners IX	-119,433	-119,433
Carlyle Realty Partners VII	-25,071	-25,071
Carlyle Realty Partners VIII	-55,603	-55,603
CBRE Strategic Partners U.S. Opportunity 5	0	0
Cerberus Institutional Real Estate Partners III	-5,395	-5,395
Heitman European Property Partners IV	0	0
Kayne Anderson Real Estate Partners V	-75,275	-75,275
Kayne Anderson Real Estate Partners VI	-156,250	-156,250
Landmark Real Estate Fund VI	0	0
Landmark Real Estate Fund VIII	-46,150	-46,150
Landmark Real Estate Partners IX, L.P.	-125,000	-125,000
LaSalle Asia Opportunity Fund IV	-2,605	-2,605
LaSalle Asia Opportunity V	-81,388	-81,388
LaSalle Asia Opportunity VI	-172,603	-172,603
Lone Star Real Estate Fund IV	-5,165	-5,165
Metropolitan Real Estate Partners Co-Investments Fund, L.P.	-23,220	-23,220
O'Connor North American Property Partners II, L.P.	-9,706	-9,706
Torchlight Debt Fund VII, LP	-137,500	-137,500
Torchlight Debt Opportunity Fund IV	-5,348	-5,348
Torchlight Debt Opportunity Fund V	-9,125	-9,125
Torchlight Debt Opportunity Fund VI	-46,900	-46,900
Opportunistic	-1,280,580	-1,280,580
Real Estate	-4,641,885	-4,641,885

Management Fees (cont'd)

Partnership Name	Current Quarter Management Fees	YTD Management Fees
Infrastructure - Core		
AxInfra NA II LP	-174,976	-174,976
DIF Infrastructure Fund VII	-240,061	-240,061
DIF Infrastructure V	-143,898	-143,898
IFM Global Infrastructure	-134,231	-134,231
KKR Diversified Core Infrastructure Fund	-51,419	-51,419
Macquarie Infrastructure Partners III	-102,514	-102,514
Macquarie Infrastructure Partners V	-173,578	-173,578
Infrastructure - Core	-1,020,676	-1,020,676
Infrastructure - Non-Core		
Antin Infrastructure Partners Fund II	-13,694	-13,694
Global Energy & Power Infrastructure Fund II	-92,335	-92,335
Global Infrastructure Partners III	-168,899	-168,899
ISQ Global Infrastructure Fund III	-195,731	-195,731
KKR Global Infrastructure Investors II	-61,692	-61,692
Infrastructure - Non-Core	-532,351	-532,351
Infrastructure	-1,553,028	-1,553,028
Agriculture		
Agrivest Farmland Fund	-150,088	-150,088
HFMS Farmland Separate Account	-518,108	-518,108
Agriculture	-668,196	-668,196
Timber		
BTG Pactual Open Ended Core U.S. Timberland Fund, LP	-598,843	-598,843
BTG Timber Separate Account	-154,809	-154,809
Timber	-753,651	-753,651
Total Real Assets	-2,974,875	-2,974,875
Total Portfolio		
Arkansas Teachers Retirement System	-7,616,759	-7,616,759

Compliance Matrix

RISK MANAGEMENT						
Property Type - Real Estate	NFI-ODCE	Target/Constraint	Minimum	Maximum	Actual	Compliant?
Office	20.80	NFI-ODCE +/- 50%	10.40	31.20	22.37	Yes
Retail	10.10	NFI-ODCE +/- 50%	5.05	15.15	7.66	Yes
Industrial	31.40	NFI-ODCE +/- 50%	15.70	47.10	25.31	Yes
Apartment	29.30	NFI-ODCE +/- 50%	14.65	43.95	30.75	Yes
Other	8.40	n/a	0.00	20.00	13.91	Yes
Geography - Real Estate	NFI-ODCE	Target/Constraint	Minimum	Maximum	Actual	Compliant?
West	44.30	NFI-ODCE +/- 50%	22.15	66.45	47.08	Yes
East	29.20	NFI-ODCE +/- 50%	14.60	43.80	25.38	Yes
Midwest	6.20	NFI-ODCE +/- 50%	3.10	9.30	6.59	Yes
South	20.30	NFI-ODCE +/- 50%	10.15	30.45	11.99	Yes
Other	0.00	n/a	n/a	n/a	3.41	Yes
Non-U.S.	0.00	n/a	0.00	40.00	5.55	Yes
Geography – Timber	NCREIF Timberland	Target/Constraint	Minimum	Maximum	Actual	Compliant?
Lake States	4.31	NCREIF Timberland +/- 15%	0.65	4.96	0.20	No
Northeast	5.61	NCREIF Timberland +/- 15%	0.84	6.45	0.94	Yes
Northwest	24.69	NCREIF Timberland +/- 15%	3.70	28.40	15.38	Yes
South	65.42	NCREIF Timberland +/- 15%	9.81	75.23	72.96	Yes
Other	0.00	NCREIF Timberland +/- 15%	0.00	0.00	10.52	No

Compliance Matrix (cont'd)

RISK MANAGEMENT						
Geography - Agriculture	NCREIF Farmland	Target/Constraint	Minimum	Maximum	Actual	Compliant?
Appalachian	0.63		0.00	50.00	0.00	Yes
Corn Belt	13.37		0.00	50.00	11.05	Yes
Delta States	18.64		0.00	50.00	30.66	Yes
Lake States	4.19		0.00	50.00	19.04	Yes
Mountain	7.53		0.00	50.00	13.18	Yes
Northeast	0.22		0.00	50.00	0.00	Yes
Northern Plains	2.54		0.00	50.00	1.62	Yes
Pacific Northwest	6.92		0.00	50.00	4.81	Yes
Pacific West	38.95		0.00	50.00	7.89	Yes
Southeast	5.28		0.00	50.00	9.43	Yes
Southern Plains	1.84		0.00	50.00	2.31	Yes
Other	0.00		0.00	50.00	0.00	Yes
Non-U.S.	0.00		0.00	50.00	0.00	Yes
Geography - Infrastructure	Target/Constraint		Minimum	Maximum	Actual	Compliant?
U.S.			40.0	100.0	47.88	Yes
Non-U.S.			0.00	60.00	52.12	Yes
Asset Type - Infrastructure	Target/Constraint		Minimum	Maximum	Actual	Compliant?
Energy/Utilities			0.00	70.00	49.60	Yes
Transportation			0.00	70.00	33.38	Yes
Social			0.00	70.00	3.12	Yes
Communications			0.00	70.00	9.91	Yes
Other			0.00	70.00	4.00	Yes
Manager	Target/Constraint		Minimum	Maximum	Max	Compliant?
			0.00	30.00	13.78	Yes
Style - Real Estate	Target/Constraint		Minimum	Maximum	Actual	Compliant?
Core			50.00	70.00	61.94	Yes
Non-Core			30.00	50.00	38.03	Yes

Agenda

Section 1	Executive Summary
Section 2	Market Overview
Section 3	Real Assets Portfolio Update
Section 4	Glossary

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Glossary of Terms

- Catch-up - The provision that dictates how cash flows from the fund will be allocated between the investors and the manager in order for the manager to receive their performance fee. This allocation of cash flows occurs once the investors have collected their capital and preferred return
- Core - The most conservative institutional real estate investing style
- Core-Plus - A style whereby investments have a slightly higher level of risk and expected return than Core, primarily through use of leverage
- Development - The construction of buildings from breaking the ground through building completion. This may also include entitlement of the land and the pursuit of permits prior to construction
- DPI – Distributions to Paid In; the ratio of distributions from investments to total invested capital
- First Closing - The point at which a manager receives and executes the subscription documents and can begin drawing capital from investors
- Final Closing - The final date at which new investors can subscribe to a fund
- Internal Rate of Return (IRR) - A method of measuring the performance of a portfolio from inception through a particular point in time. This method weights returns according to the dollars invested at each point in time. Hence, this is known as dollar-weighted return. This is a better measure when the manager controls when dollars must be invested and is the most commonly used method of real estate performance evaluation; Gross IRR is gross of fee and Net IRR is net of fee
- NFI-ODCE – NCREIF Fund Index Open-end Diversified Core Equity Index is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy; underlying funds are leveraged with gross and net returns available
 - NCREIF changed the basis of diversification for the NFI ODCE from NREA to GRE effective 1Q20
- NPI – NCREIF Property Index is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only; it is reported unlevered and gross of fee

Glossary of Terms (Cont'd)

- FTSE-NAREIT Equity REIT – An unmanaged capitalization-weighted index of all equity real estate investment trusts
- FTSE EPRA/NAREIT Global REIT – An unmanaged market-weighted total return index, which consists of many companies from Global markets whose floats are larger than \$100 million and derive more than half of their revenue from property-related activities
- Opportunistic - A style that is the riskiest form of real estate investing. The name derives from when such funds were formed after the early 1990s real estate market crash to take advantage of opportunities in unwanted properties. Such investments include ground-up development, highly-leveraged purchases, or transactions involving highly complicated legal or environmental situations
- Pre-Specified Deals – Investments that are purchased for a fund before its final close. The assets are typically warehoused on a line of credit
- Promote (Carried Interest) -The performance fee a manager receives once the investors have received their return of capital and the preferred return (return promised by the manager)
- RVPI – Residual Value to Paid In; the ratio of the residual value of an investment to total invested capital
- Time-Weighted Return - A method of measuring the performance of a portfolio over a particular period of time. Effectively, it is the return of one dollar invested in the portfolio at the beginning of the measurement period. This is a better return measure when the manager does not control when the dollars must be invested
- TVPI – Total value to paid-in ratio; the ratio of total value from an investment, including distributions, to total invested capital
- Value-Added - A style that represents moderate-risk real estate. A manager typically increases the future value of the investment by undertaking activities such as leasing, improving an existing building, or taking some risk through operating intensive assets, such as hotels or self-storage
- Vintage Year - The year in which a fund has its final closing. Typically coincides with the year a fund begins making investments

Glossary of Terms (Cont'd)

- NCREIF Timberland Index- The National Council of Real Estate Investment Fiduciaries (NCREIF) Timberland Index is a quarterly time series composite return measure of investment performance of a large pool of individual timber properties acquired in the private market for investment purposes only.
- NCREIF Farmland Index- The National Council of Real Estate Investment Fiduciaries (NCREIF) Farmland Index is a quarterly time series composite return measure of investment performance of a large pool of individual agricultural properties acquired in the private market for investment purposes only.

Disclosures

This presentation (the “Presentation”) is being furnished on a confidential basis to a limited number of sophisticated individuals meeting the definition of a Qualified Purchaser under the Investment Advisors Act of 1940 for informational and discussion purposes only and does not constitute an offer to sell or a solicitation of an offer to purchase any security.

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Statements contained in this Presentation that are not historical facts and are based on current expectations, estimates, projections, opinions and beliefs of the general partner of the Fund and upon materials provided by underlying investment funds, which are not independently verified by the general partner. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Additionally, this Presentation contains “forward-looking statements.” Actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

Material market or economic conditions may have had an effect on the results portrayed.

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There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results.



950 Main Avenue
Suite 1600
Cleveland, OH 44113

Memorandum

To: Arkansas Teacher Retirement System (“ATRS”)
From: Chae Hong, Jack Dowd, CFA
CC: PJ Kelly; Matthew Hooker
Date: September 25, 2023
Re: EnCap Energy Transition Fund II – \$50 million Commitment Recommendation

Background and Recommendation

EnCap Energy Transition Fund II, L.P. (“EETF II” or the “Fund”) is a \$2.0 billion real asset fund focused primarily on creating new companies to pursue the development of low carbon energy infrastructure in North America. The Fund is sponsored by energy focused private equity firm EnCap Investments L.P. (“EnCap” or the “Firm”). The Fund will be managed by a dedicated team of thirteen investment professionals (the “Fund Team”) led by Jim Hughes, Tim Rebhorn, Shawn Cumberland and Kellie Metcalf (collectively the “EETF Partners”). EETF II will target gross returns of 18-20% (13-15% net) and a minimum 1.7x gross equity multiple (1.5x net) through a private equity style investment strategy applied to low carbon energy infrastructure. The Fund will make control investments in 8-12 portfolio companies each requiring \$50-400 million of Fund equity. Decarbonization of the power sector through established renewable technologies will be the primary target of the Fund.

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 Fund II Investment Summary is attached as **Exhibit A**. We recommend that ATRS invest \$50 million in the Fund to fulfill ATRS’ 2023 infrastructure allocation, in accordance with the previously approved 2023 ATRS Real Asset Pacing Schedule. Additionally, Fund II 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

EnCap Energy Transition Fund II, L.P.

A North American Energy Infrastructure Fund

September 2023

EXECUTIVE SUMMARY

OVERVIEW

Review Date	Rating	Previous Rating
September 2023	Buy	Buy

EnCap Energy Transition Fund II, L.P. (“EETF II” or the “Fund”) is a \$2.0 billion real asset fund focused primarily on creating new companies to pursue the development of low carbon energy infrastructure in North America. The Fund is sponsored by energy focused private equity firm EnCap Investments L.P. (“EnCap” or the “Firm”). The Fund will be managed by a dedicated team of thirteen investment professionals (the “Fund Team”) led by Jim Hughes, Tim Rebhorn, Shawn Cumberland and Kellie Metcalf (collectively the “EETF Partners”).

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 EnCap 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 \$50 million in the Fund to fulfill ATRS’ 2023 infrastructure allocation, in accordance with the previously approved 2023 ATRS Real Asset Pacing Schedule.

Sponsor:

HQ Location	Houston, Texas	Parent	EnCap Investments, L.P.
Ownership	75% Employees 25% Dyal Capital Partners	Founded	1988
Employees	71	Team	13
AUM	\$23.3 billion EnCap \$6.5 billion EnCap Flatrock Midstream	RIA	No

Portfolio Characteristics, Terms and Timing:

Structure	Closed-End Fund	Risk Segment	Opportunistic
Size	\$2.0 billion target \$2.5 billion hard cap	Sponsor Commitment	2%
Target Return	18-20% Gross IRR 13-15% Net IRR	Leverage	Less than 50% in aggregate; no formal constraints

Base Term	10 years from final close; up to two 1-year extensions with advisory board consent	Investment Period	5 years from final close
Avg Deal Size	\$50-400 million	Typical Business Plan	3-5 Years

Fees and Timing:

Management Fee	1.5% charged on committed then invested; discounts available for size	Incentive Fee	20.0% carried interest
Hurdle Rate	8% p.a.	Catch-Up	80 GP / 20 LP
Organization Expenses	Capped at \$3 million	Fee Income	100% offset for transaction, break-up, directors', monitoring, financing, and other fees
Co-invest Rights	GP discretion; no preferential rights negotiated with LPs	Valuations	Quarterly by EnCap and audited annually by external auditor
Status/Timing	EETF II has had 5 closings through August 2023. LP commitments total \$973 million, GP commitment totals \$20 million, for a total fund size of \$993 million. The final close is anticipated during fourth quarter 2023 at between \$1.2-1.6 billion.		

Strategy: EETF II will target gross returns of 18-20% (13-15% net) and a minimum 1.7x gross equity multiple (1.5x net) through a private equity style investment strategy applied to low carbon energy infrastructure. The Fund will make control investments in 8-12 portfolio companies each requiring \$50-400 million of Fund equity. Decarbonization of the power sector through established renewable technologies will be the primary target of the Fund.

STRATEGY

OVERVIEW

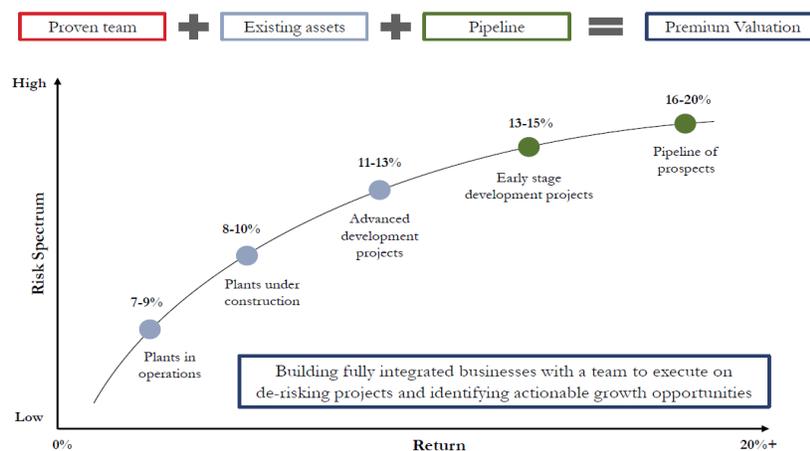
The Fund will focus on developing energy transition infrastructure in North America primarily targeted at decarbonization of the power sector. EETF II pursues a private equity style of investment, providing venture and growth capital to management teams that will identify early to mid-stage Greenfield development projects and Brownfield re-development opportunities. The profile of management teams will vary, although often they are start-up companies founded by 3-5 experienced industry professionals; many will have already worked with one or more of the EETF Partners at a prior firm. EETF II commits to funding company overhead while the teams work to identify and secure a pipeline of new projects. The Fund will typically have majority board control over key investment decisions and capital deployment. Management teams are expected to co-invest personal capital to align interests and will have the ability to earn carried interest based on the return and multiple generated at exit.

- Primary investment thesis is that the market will pay a premium valuation for experienced teams managing operating assets with visibility into growth through an established development pipeline. The Fund's goal will be to build these businesses over a 3-5-year time frame creating stable cash flow and a pipeline of future development projects for continued growth that will be attractive to renewable asset aggregators and infrastructure fund managers.
- EETF II is targeting gross returns of 18-20% (13-15% net of all fees) and a gross equity multiple greater than 1.7x (1.5x net) over the 10-year term; 2-3 years to commit the Fund is likely and up to 5 years to be fully invested.
 - Returns will be generated through capital appreciation with limited to no current yield anticipated over the life of the Fund.
 - Use of leverage will be limited; most portfolio companies will be funded on an all equity basis until they reach scale at which point leverage at the project and / or company level may be added. Large acquisitions by portfolio companies could also be partially funded with debt.
 - Targeting 8-12 portfolio companies; total equity commitment is expected to average \$50-400 million per portfolio company.

- The Fund will invest predominately in the U.S., with the potential to invest 15% outside North America.

The Fund will be diversified across power markets in the U.S. with a focus on the West (California CAISO), Texas (ERCOT) and the Northeast. The Fund will also target primarily established technologies including solar, wind and battery storage. EnCap will have flexibility to target emerging areas of energy transition including but not limited to renewable fuels, carbon capture and hydrogen, although this will be a secondary focus due to high capital costs, uncertain business models and longer development periods. Although difficult to forecast, we expect the Fund could have some exposure to merchant generation with limited or no longer duration contractual revenue support. Key areas of focus for the Fund are highlighted below.

- Greenfield development: platforms pursuing utility scale solar, wind and battery storage projects with a secondary focus on renewable fuels and carbon management; often starting with identifying key land positions and progressing projects through all stages of development.
- Aggregation platforms: platforms pursuing the construction and/or acquisition of commercial & industrial (C&I) battery storage and smaller behind the meter solar projects including both roof top and ground mount.
- Service businesses: engineering, procurement, operations and asset management businesses serving portfolio companies and third parties across energy transition sectors.
- Brownfield re-development: acquiring land with interconnect access in need of remediation well positioned to support new renewable development; existing wind and solar assets in need of re-powering or benefitting from the addition of capacity and a battery storage component.



- Project level unlevered returns targeted by the Fund will vary. Initial targets will be in the range of 10-20% for development assets depending on the risk profile of underwritten revenue. Unlevered returns below 10% are possible when acquiring assets that might have strategic value to a portfolio company, or through de-risked developments.
- Target returns at exit will come from a build-up of project level returns, plus value for the development pipeline and a premium for a proven management team as shown in the chart above.
 - Management teams will be aligned through the ability to earn carried interest. The typical structure will be an A/B share model with the Fund achieving a return of capital and 8.5-9% preferred return before management earns a 20% carried interest. After the Fund receives a 2.0x multiple management can increase their share to 30%. Teams are expected to invest their own capital, although in select instances EnCap will allow limited to no co-investment if the team has already put in sweat equity.

LEVERAGE

- Fund level leverage is permitted up to a maximum \$100 million to bridge capital calls (maximum 90 days outstanding) and provide portfolio companies with credit support.
- There are no restrictions on leverage used by each portfolio company or in aggregate for all portfolio companies although the use of debt is expected to be limited (still do expect tax equity where available). Based on discussions with the Fund Team and reviewing other EnCap strategies we would expect less than 50% leverage on a full look through basis.

CURRENCY HEDGING

- Currency: Investments expected to be denominated primarily in U.S. Dollars.
- Rates: Exposure to interest rate risk will be limited due to the low target LTVs. Hedging will be considered on a case-by-case basis.
- Electricity Prices: Projects expected to be a mix of contracted and merchant; any power price risk will be evaluated and a decision to hedge will reside with each respective portfolio company board.

PIPELINE

EETF II has committed to five portfolio companies to-date.

- Total potential Fund II committed equity of \$865.5 million; \$138.2 million funded to-date and 18-25% of investor's capital commitment forecast to be funded by year-end 2023.
- All five companies are still in early start-up phase with funded costs used primarily to cover expense overhead. Arbor Renewable Gas and Parliament Solar seed projects most advanced although have not reached final investment decision.

Company	Commitment Date	Commitment Amount	Invested Capital	Description
Linea Energy	Dec-22	\$297.9	\$19.5	Renewables independent power producer using multi-technologies (wind, solar, and storage)
Bleutec Industries	Dec-22	\$68.7	\$5.5	Develop and operate offshore wind turbine and pile installation vessels
Parliament Solar	Jan-23	\$150.0	\$73.4	Premier Houston zone (ERCOT) utility scale solar project
Arbor Renewable Gas	Mar-23	\$250.0	\$37.6	Projects converting woody biomass feedstock to negative carbon intensity renewable fuels
PowerTransitions	Mar-23	\$99.0	\$2.3	Repurpose and redevelop brownfield sites for renewable power assets

INVESTMENT GUIDELINES

Subject to approval by the advisory board:

- Maximum 20% (up to 30% with advisory board approval) of total commitments invested in a single portfolio company.
- Maximum 15% of commitments outside North America.
- Maximum 10% outside primary Investment Focus; provided that such investments will be related to the energy industry or decarbonization.

Performance (as of 6/30/2022):

	Vintage	Fund Size ¹	Committed Capital ²	Invested Capital ²	Assets (Realized)	Fair Market Value Returns				% Realized ⁵	Net DPI ⁴
						Gross IRR ³	Gross TVPI ³	Net IRR ⁴	Net TVPI ⁴		
EETF I	2020	\$1,200	\$1,319	\$1,100	9 (3)	37.3%	1.6x	26.0%	1.4x	21%	0.7x
EETF II	2022	\$993	\$866	\$138	5 (0)	0.0%	1.0x	N/A	N/A	0%	0.0x
Total		\$2,193	\$2,185	\$1,239	14 (3)						

¹ EETF II Fund Size as of August 2023

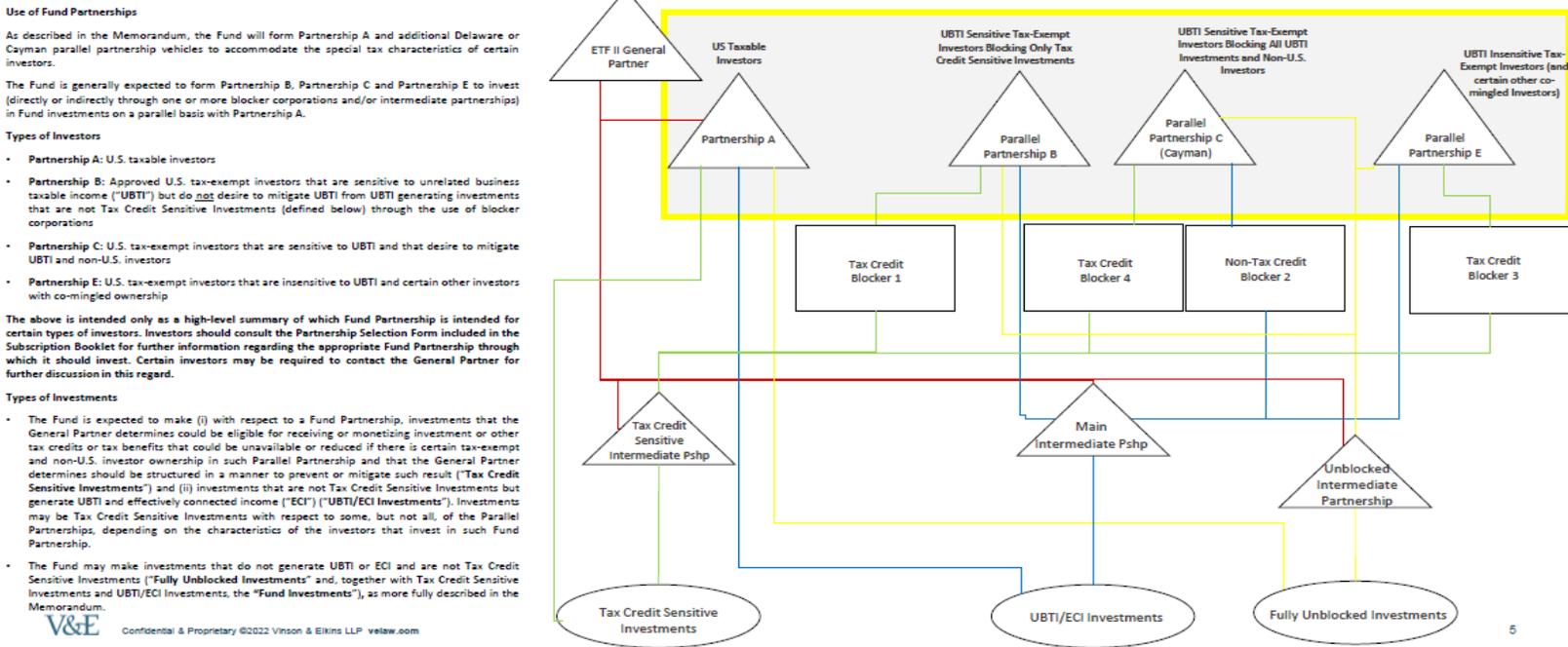
² Includes amounts from the main fund, parallel funds and co-investment vehicles

³ Calculated at the portfolio company level, excludes fund level items including fees and expenses

⁴ Sample tax exempt investor in the main fund since first close, actual LP contributions and distributions

⁵ Realized transactions as a percentage of invested capital calculated at the portfolio company level

FUND STRUCTURE CHART



ABOUT TOWNSEND GROUP – AN AON COMPANY

Founded in 1983, The Townsend Group, an Aon Company (“Townsend”) provides a core set of investment skills exclusively focused on global real estate and real asset classes. The firm offers these capabilities to institutional investors as an investment advisor and consultant.

Townsend has been advising and managing real estate portfolios for over three decades and across multiple market cycles. As of September 30, 2022, Townsend had assets under management of approximately \$23.9 billion. As of September 30, 2022, Townsend provided advisory services to clients who had real estate/real asset allocations exceeding \$119.2 billion. We believe, through our global investment platform, fiduciary culture, asset class expertise and client capital scale, we are able to deliver clients unique information, while providing a sourcing and execution advantage.

Disclaimer

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

**RESOLUTION
No. 2023-40**

Approving Investment in EnCap Energy Transition Fund II, 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 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 **EnCap Energy Transition Fund II, L.P.** a closed end, value add/opportunistic fund whose investments largely focus on transitional energy that can be sold to core infrastructure buyers; and

THEREFORE, BE IT RESOLVED, that the ATRS Board approves an investment of up to **\$50 million dollars (\$50,000,000.00)** in **EnCap Energy Transition Fund II, 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 25th day of September, 2023.

Mr. Danny Knight, Chair
Arkansas Teacher Retirement System

SUMMARY OF PROPOSED RULE CHANGES
SEPTEMBER 25, 2023

Amendment Color Code	<ul style="list-style-type: none">• Blue – Non-substantive changes by ATRS staff.• Green – Substantive changes by ATRS staff.• Red – Required legislative changes.• Brown – Non-substantive changes where the rule was transferred from one rule to another.
Rule 0-1	<ul style="list-style-type: none">• This rule has been non-substantively redrafted for clarity and to address issues such as formatting, renumbering, grammar, and spelling.• This rule has been redrafted to further align with the Code of Arkansas Rules style format.• The <u>Authority</u> for this rule has been moved to the end of rule before the <u>History</u> of the rule.• This rule has been amended to repeal information that is not required by Ark. Code Ann. § 25-15-203 or that is otherwise addressed in other ATRS rules.• The rule number has been changed to ATRS Rule 1.• Page 1: § 1-101(c). The rule has been amended to use the same terminology as Ark. Code Ann. § 25-15-203(a)(1).• Page 2: § 1-104(c). The rule has been amended to add additional information concerning the purpose of Ark. Code Ann. § 10-3-309.• Page 2: § 1-104(d). The rule has been amended to clarify that the Board or ATRS staff may request the initiation of the rulemaking process, but ATRS staff cannot proceed with the rulemaking process for a rule unless the rule is approved by the Board.

Rule 4	<ul style="list-style-type: none"> • This rule has been non-substantively redrafted for clarity and to address issues such as formatting, renumbering, grammar, and spelling. • This rule has been redrafted to further align with the Code of Arkansas Rules style format. • The <u>Authority</u> for this rule has been moved to the end of rule before the <u>History</u> of the rule. • Page 5: § 4-113(b)(1). The rule has been amended to clarify that published ballots must be mailed by the election vendor by March 15th.
Rule 6	<ul style="list-style-type: none"> • This rule has been non-substantively redrafted for clarity and to address issues such as formatting, renumbering, grammar, and spelling. • This rule has been redrafted to further align with the Code of Arkansas Rules style format. • The <u>Authority</u> for this rule has been moved to the end of rule before the <u>History</u> of the rule. • Page 2: § 6-101(9)-(10). Acts 2023, No. 107, amended certain sections of the Arkansas Code applicable to ATRS to refer back to the definition of “alternate retirement plan” under Ark. Code Ann. § 24-7-202. The rule has been amended to conform the definitions of “reciprocal system” and “state employer” with the legislative change. • Page 2: § 6-102. The rule has been amended to clarify that member information may disclosed if the disclosure is authorized by statute. The rule has also been amended to clarify that member information may be disclosed if the disclosure is necessary for the proper operation and administration of the system and a confidentiality agreement authorizing the disclosure has been executed by ATRS and the person or entity that will receive the information. • Page 5: § 6-108(c). The rule has been amended to provide that the Executive Director’s determination concerning the continued participation of a permissible employer must be reviewed by the Board.

	<ul style="list-style-type: none"> • Page 5: § 6-109(b)(2)(B)(i). The rule has been amended to clarify that audited financial statements are required unless otherwise provided by the rule. • Page 6: § 6-109(d)(1). The rule has been amended to clarify that the Board is required to consider and vote on permissible employer applications for continued participation in ATRS. • Page 7: § 6-110(b). Acts 2023, No. 107, amended the law to clarify when an education-related agency of organization becomes a covered employer of ATRS. The act also amended the law to clarify when an education-related agency or organization will be considered a covered employer for an employee. The rule has been amended to incorporate these legislative changes. • Page 9: § 6-115(b)(3). The amendment incorporates the provisions of Acts 2023, No. 52, which amended the law to permit ATRS to prorate the number of contract days in order to determine whether a member should be classified as contributory or noncontributory. The rule has also been amended to permit ATRS to appropriately adjust the number of contract days in order to determine whether a member should be classified as contributory or noncontributory. • Page 9: § 6-117(a)(3). The rule has been amended to clarify that in the case of inactive member who returns to covered employment after July 1, 1999, and is incorrectly reported as noncontributory, the member must begin making contributions to the system on the next July 1 following the member’s first year of service with the covered employer. • Page 9: § 6-117(b)(3). The rule has been amended to clarify that in the case of a new member of the system who is incorrectly reported as noncontributory, the member must begin making contributions to the system on the next July 1 following the member’s first year of service with the covered employer.
Rule 7	<ul style="list-style-type: none"> • This rule has been non-substantively redrafted for clarity and to address issues such as formatting, renumbering, grammar, and spelling. • This rule has been redrafted to further align with the Code of Arkansas Rules style format. • The <u>Authority</u> for this rule has been moved to the end of rule before the <u>History</u> of the rule.

	<ul style="list-style-type: none"> • Page 1: Definition of “specialized support position” has been amended to clarify that the covered employer must certify a position as a specialized support position to ATRS. • Page 1: The definition of “surcharge employer” was amended by Acts 2023, No. 64. The definition in the rule has been amended to conform with the legislative change. • Page 2: § 7-102(d)(3). The amendment incorporates the rule adopted by the Board in Resolution No. 2023-16, which prohibits a member from using unearned future service credit or nonqualified service credit purchased through a contract buyout settlement agreement to retire before the member’s employment contract with the school district would naturally have terminated. • Page 3: § 7-102(g). The amendment clarifies how service credit is earned by a member who has an employment contract with a covered employer and is employed in a specialized support position. The amendment clarifies how service credit is earned by a member who does not have an employment contract with a school district and is employed in a specialized support position. Additionally, the amendment clarifies how service credit is earned by a member who is employed in a nonspecialized support position. The amendment also clarifies that a covered employer must certify a position as a specialized support position when the covered employer first reports the member’s employment to the system. • Page 5: § 7-104(b)-(c). The amendment transfers contribution overpayment rules from ATRS Rule 8. • Page 8: § 7-107. The amendment transfers rules concerning salary payments made after a member’s death from ATRS Rule 11.
Rule 8	<ul style="list-style-type: none"> • This rule has been non-substantively redrafted for clarity and to address issues such as formatting, renumbering, grammar, and spelling. • This rule has been redrafted to further align with the Code of Arkansas Rules style format. • The <u>Authority</u> for this rule has been moved to the end of rule before the <u>History</u> of the rule.

- Page 1: § 8-101. The amendments to the rule incorporate the provisions of Acts 2023, No. 125, concerning the purchase of permissive service credit (gap year service).
- Page 2: § 8-102(b) – (c). Acts 2023, No. 69, amended the law to allow an inactive member to be eligible for free service credit. The rule has been amended to conform with the legislative change. The rule has also been amended to clarify that a member who voluntarily enlisted in the United States Armed Forces during a military draft may establish free military service credit with ATRS.
- Page 3: § 8-103(d). Acts 2023, No. 55, amended the law to permit a member to receive a refund of unused purchased service credit. The rule has been amended to conform with the legislative change.
- Page 3: § 8-104(d). Acts 2023, No. 55, amended the law to permit a member to receive a refund of unused purchased service credit. The rule has been amended to conform with the legislative change.
- Page 4: § 8-105(c). Acts 2023, No. 55, amended the law to permit a member to receive a refund of unused purchased service credit. The rule has been amended to conform with the legislative change.
- Page 5: § 8-106(d). Acts 2023, No. 55, amended the law to permit a member to receive a refund of unused purchased service credit. The rule has been amended to conform with the legislative change.
- Page 5: § 8-107(c). Acts 2023, No. 55, amended the law to permit a member to receive a refund of unused purchased service credit. The rule has been amended to conform with the legislative change.
- Page 6: § 8-108(d). Acts 2023, No. 55, amended the law to permit a member to receive a refund of unused purchased service credit. The rule has been amended to conform with the legislative change.
- Page 6: § 8-109(b). Acts 2023, No. 55, amended the law to permit a member to receive a refund of unused purchased service credit. The rule has been amended to conform with the legislative change.
- Page 7: § 8-110(b)(2) and (c)(2). Acts 2023, No. 55, amended the law to permit a member to receive a refund of unused purchased service credit. The rule has been amended to conform with the legislative change.

- Page 8: § 8-110(d)(2). Acts 2023, No. 55, amended the law to permit a member to receive a refund of unused purchased service credit. The rule has been amended to conform with the legislative change.
- Page 9: § 8-111(g). Acts 2023, No. 55, amended the law to permit a member to receive a refund of unused purchased service credit. The rule has been amended to conform with the legislative change.
- Page 9: § 8-112. The amendment incorporates the provisions of Acts 2023, No. 125, concerning the purchase of permissive service credit (gap year service). The rule has also been amended to clarify that permissive service credit may only be purchased if the total gap year service for which permissive service credit is being purchased amounts to one (1) fiscal year.
- Page 10: § 8-113(d). Acts 2023, No. 107, amended the law to clarify that service credit purchased under a contract buyout settlement agreement or court order offsets service credit that is earned through covered employment with another covered employer during the same period of time covered by the purchased service credit. The act also amended the law to provide that service credit purchased under a contract buyout settlement agreement cannot be applied in a manner that would allow a member to earn more than one (1) year of service credit in a fiscal year. The rule has been amended to conform with the legislative changes.
- Page 10: § 8-113(e). The rule has been amended to clarify when the system will credit a member with additional salary credit purchased through a contract buyout settlement agreement. The rule has also been amended to clarify when purchased additional salary credit may be used to calculate a member's final average salary.
- Page 10: § 8-113(f). The amendment incorporates the rule adopted by the Board in Resolution No. 2023-16, which prohibits a member from using unearned future service credit or nonqualified service credit purchased through a contract buyout settlement agreement to retire before the member's employment contract with the school district would naturally have terminated.
- Page 12: § 8-115(c)(1). The rule has been amended to clarify that the deadline to pay the balance of a purchase account is six (6) months from the member's date of death unless the deadline is extended by the Executive Director.

<p>Rule 9</p>	<ul style="list-style-type: none"> • This rule has been non-substantively redrafted for clarity and to address issues such as formatting, renumbering, grammar, and spelling. • This rule has been redrafted to further align with the Code of Arkansas Rules style format. • The <u>Authority</u> for this rule has been moved to the end of rule before the <u>History</u> of the rule. • Pages 1-2: § 9-101. The definition of “dependent child” has been amended to remove terms that are applicable to dependent children who survive deceased active members. The definitions of “eligible employee”, “full service year”, “partial service year”, and “service” were transferred from ATRS Rule 7. • Page 3: § 9-103. The rule has been amended to clarify that a member must have the required service credit, pay all contributions and amounts owed to the system, and terminate employment or reach the normal retirement age in order to become a disability retiree. • Page 6: § 9-106. Acts 2023, No. 107, amended the law to clarify that an extension must be granted by the Executive Director and to provide that additional required documents accompanying a retirement application must be submitted by the end of the sixth full calendar month immediately following the member’s effective retirement date. The rule has been amended to conform with the legislative changes. • Page 7: § 9-107(a). Acts 2023, No. 107, amended the law to clarify that an extension must be granted by the Executive Director and to provide that additional required documents accompanying a retirement application must be submitted by the end of the sixth full calendar month immediately following the member’s effective retirement date. The rule has been amended to incorporate these legislative changes. • Page 7: § 9-107(c). The rule has been amended to change “voluntary retirement” to “age and service retirement”. • Page 7: § 9-107(d)(3). Acts 2023, No. 107, amended the law to clarify that an extension must be granted by the Executive Director and to provide that additional medical documentation must be submitted by the end of the sixth full calendar month immediately following the date of the written notice of the medical committee’s decision to deny the initial application for disability retirement. The rule has been amended to conform to the legislative changes.
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- Page 8: § 9-107(d)(4)(B). The rule has been amended to change “voluntary retirement” to “age and service retirement”.
- Page 8: § 9-107(d)(4). Acts 2023, No. 170, amended the law to provide that the same procedures used to determine when an active member’s surviving spouse is entitled to begin receiving benefits must be used in the case of a residue beneficiary who is the surviving spouse of a disability retiree. The rule has been amended to conform to the legislative change.
- Page 9: § 9-108(c)(3). Acts 2023, No. 107, amended the law to provide that a member must apply for disability review by the end of the third full calendar month immediately following the system’s suspension of disability retirement benefit payments. The rule has been amended to conform to the legislative change.
- Page 9: § 9-108(d)(1). The rule has been amended to clarify that a member may apply for disability review if the member either submits an unfavorable SSA determination letter finding that the retiree is not disabled or submits documentation showing that the retiree applied for SSA benefits before the thirty-six-month deadline to submit a favorable SSA determination letter finding the retiree disabled expired.
- Page 9: § 9-108(d)(2). Acts 2023, No. 107, amended the law to provide that an application for disability review must be submitted no earlier than three (3) full calendar months before the date on which the retiree’s disability retirement benefit payments would otherwise be suspended and no later than by the end of the third full calendar month immediately following the suspension of disability retirement benefits. The rule has been amended to conform to these legislative changes.
- Page 10: § 9-108(d)(4)(C). The rule has been amended to address the reinstatement of a member’s disability retiree status after the Board enters an order finding the member ineligible to receive disability retirement benefits.
- Page 11: § 9-109(c). Acts 2023, No. 107, amended the law so that all termination separation period requirements are included under Ark. Code Ann. § 24-7-502. The rule has been amended to conform with this legislative change.
- Page 11: § 9-109(e). The rule has been amended to clarify that a disability retiree cannot transfer his or disability retirement status to age and service retirement.
- Page 12: § 9-111. The amendments are current rules that have been transferred from ATRS Rule 7.

	<ul style="list-style-type: none"> • Page 13: § 9-112. The amendment includes current rules that have been transferred from ATRS Rule 7. The amendment also incorporates the law as amended by Acts 2023, 104, which provides that the anti-spiking calculations should not be applied to a partial service year or a fiscal year immediately following a partial service year. • Pages 15-16: § 9-113. Acts 2023, 170, amended Ark. Code Ann. § 24-7-706 (annuity options) with regard to designating option beneficiaries, eligibility of a surviving spouse to elect Option A benefits, and the disposition of residue after a retiree’s death. The rule has been amended to incorporate these legislative changes. • Page 17: § 9-113(g)(3)(B). Acts 2023, 107, incorrectly amended Ark. Code Ann. § 24-7-709 to provides that if all designated beneficiaries predecease the retiree, the residue shall be paid to the estate of the most recently deceased designated beneficiary. The provisions of the act conflicts with other statutory law addressing the same issue in Ark. Code Ann. § 24-7-709. The amendment reflects the correct rule. The error in the act will be corrected next legislative session. • Page 19: § 9-116(c). The rule has been amended to clarify when the manifest injustice process may be used to address a change, omission, or error in the records of the system. • Page 20: § 9-116(g). The rule has been amended to clarify that the executive director may implement a resolution that has a direct financial impact to the system of up to five thousand dollars (\$ 5,000) to address a correction of a change, omission, or error in the records of the system.
Rule 10	<ul style="list-style-type: none"> • This rule has been non-substantively redrafted for clarity and to address issues such as formatting, renumbering, grammar, and spelling. • This rule has been redrafted to further align with the Code of Arkansas Rules style format. • The <u>Authority</u> for this rule has been moved to the end of rule before the <u>History</u> of the rule. • Page 1: § 10-101. Definitions for “CBA” and “T-DROP” have been added. • Page 5: § 10-106(a)(1). The amendment clarifies that monthly plan deposits to a plan participant’s T-DROP account will stop if the plan participant separates from service with a covered employer and is granted a monthly retirement benefit from either ATRS or a reciprocal plan.

<p>Rule 11</p>	<ul style="list-style-type: none"> • This rule has been non-substantively redrafted for clarity and to address issues such as formatting, renumbering, grammar, and spelling. • This rule has been redrafted to further align with the Code of Arkansas Rules style format. • The <u>Authority</u> for this rule has been moved to the end of rule before the <u>History</u> of the rule. • Page 1: Definition of “immediately eligible” has been amended to clarify that the deceased active member must either have attained the normal retirement age or have been eligible to retire from the system. • Page 1: Definition of “QDRO” has been amended to clarify that the court order assigns a portion of a member’s retirement benefit to an alternate payee. • Page 2: §11-101(a). Acts 2023, No. 77, amended Ark. Code Ann. § 24-7-710 (survivor annuity benefits) to provide that a member’s effective retirement date shall be determined by the law in effect at the time of the member’s death. The rule has been amended to conform with the legislative change. • Page 3: § 11-103(d)(4). Acts 2023, No. 77, and Acts 2023, No. 107, amended Ark. Code Ann. § 24-7-710 (survivor annuity benefits) to require an application to be filed by the end of the sixth full calendar month following the date of the member’s death. The rule has been amended to conform with the legislative change. • Page 4: § 11-104(b)(3). Acts 2023, No. 77, amended Ark. Code Ann. § 24-7-710 (survivor annuity benefits) to clarify that an alternative residue beneficiary is not required to waive his or her right to a residue if the member does not have residue balance. The rule has been amended to conform with the legislative change. • Page 4: § 11-104(c). The amendment adds rules concerning when ATRS will honor a member’s designation of his or her former spouse as the member’s residue beneficiary. The amendment also clarifies that ATRS is not obligated to recoup or reimburse a member’s current spouse for any residue amount paid to the member’s former spouse in accordance with a law, rule, or policy applicable to ATRS.
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- Page 5: § 11-105(a)(3). Acts 2023, No. 77, amended Ark. Code Ann. § 24-7-710 (survivor annuity benefits) to clarify that an alternative residue beneficiary is not required to waive his or her right to a residue if the member does not have residue balance. The rule has been amended to conform with the legislative change and to clarify that the same rule applies in the case of a deceased T-DROP plan participant.
- Page 5: § 11-106(a)(2). The rule has been amended to clarify that a member's child shall be eligible to qualify as a dependent child or may maintain his or her status as a dependent child if the member was the child's legal parent at the time of the qualifying member's death.
- Page 5-6: § 11-106(b). Acts 2023, No. 77, amended Ark. Code Ann. § 24-7-710 (survivor annuity benefits) to clarify the age-range during which a dependent child remains eligible to receive survivor benefits based on his or her continues enrollment in certain educational institutions. The act also added vocational-technical school to the list of qualifying educational institutions. The act also amended the law to allow a dependent child to continue receiving survivor benefits during a period of deferred enrollment if the dependent child deferred enrollment in accordance with ATRS rules. The act also clarifies when a dependent child is no longer eligible to qualify as a dependent child. The rule has been amended to incorporate the legislative changes. Additionally, the rule has been amended to clarify that a dependent child may receive survivor benefits during a period of deferred enrollment if the dependent child is not older than twenty-two (22) years of age and submits proof of the deferred enrollment to ATRS in the manner required by the system.
- Page 6: § 11-107. Acts 2023, No. 77, amended Ark. Code Ann. § 24-7-710 (survivor annuity benefits) to clarify the age-range during which a dependent child remains eligible to receive survivor benefits based on his or her continues enrollment in certain educational institutions. The rule has been amended to incorporate the legislative change. The rule has also been amended to clarify that a dependent child who is temporarily physically or mentally incapacitated must be unable to attend school full-time in order to continue receiving benefits.
- Pages 6-7: § 11-108. Acts 2023, No. 77, amended Ark. Code Ann. § 24-7-710 (survivor annuity benefits) to clarify the age-range during which a dependent child remains eligible to receive survivor benefits based on his or her continues enrollment in certain educational institutions. The act also added vocational-technical school to the list of qualifying educational institutions. The act also codified the ATRS rules concerning dependent children who are called to active military duty or training. The rule has been amended to incorporate the legislative changes.

- Page 7: § 11-110. Acts 2023, No. 77, amended the law to permit a dependent child annuity to be paid to a surviving child of a retiree who dies after returning to work. The rule has been amended to incorporate this legislative change.
- Pages 7-8: § 11-111(e) and (f). Acts 2023, No. 77, and Acts 2023, No. 107, amended the law to change certain survivor application deadlines to the end of the sixth full calendar month. Additionally, Acts 2023, No. 77, amended the law to add vocational-technical school to the list of qualifying educational institutions. The rule has been amended to incorporate these legislative changes.
- Page 9: § 11-115(b). Acts 2023, No. 171, amended the law to clarify that a member of the system who is active, retired, or a T-DROP plan participant may qualify for a lump-sum death benefit. The rule has been amended to incorporate this legislative change.
- Page 9: § 11-115(a). The rule has been amended to clarify that the lump-sum death benefit may be set by a resolution or rules adopted by the Board.
- Page 9: § 11-115(b). Acts 2023, No. 171, amended the law to provide that the lump-sum death benefit must be paid in equal shares to each person designated as a beneficiary. The act also amended the law to provide that if all designated beneficiaries do not survive the member, the lump-sum death benefit must be paid to the member's estate. The rule has been amended to incorporate these legislative changes.
- Page 9-10: § 11-116(a)(2) and (3). The amendment includes rules addressing the treatment of a member account when the member designates a funeral home or a former spouse as his or her lump-sum death benefit beneficiary.
- Page 12: § 11-120(b). The rule has been amended to provide that ATRS will notify a member and the alternate payee in writing if the system determines that a QDRO cannot be accepted by the system. The rule also clarifies when a QDRO will be accepted by the system.
- Page 13: § 11-124. The rule has been amended to clarify that ATRS is not obligated to determine the current address of an alternate payee if the alternate payee's address changes from the address provided in the QDRO accepted by the system.
- Page 14: § 11-125(c). The rule has been amended to clarify that the ATRS is not required to make restitution for a benefit amount that was distributed before the system received a court order voiding a QDRO approved by the system.

	<ul style="list-style-type: none"> • Page 14: § 11-126. The rule has been amended to clarify when an alternate payee’s portion of benefits will revert back to a member. • Page 15: § 11-127. The amendment adds rules to address the treatment of a member account when the account is subject to a QDRO and the member cancels his or her retirement. The amendment also adds rules to address the treatment of a member account when the account is subject to a QDRO and a court enters and order voiding the QDRO.
Rule 12-1	<ul style="list-style-type: none"> • This rule has been non-substantively redrafted for clarity and to address issues such as formatting, renumbering, grammar, and spelling. • This rule has been redrafted to further align with the Code of Arkansas Rules style format. • The <u>Authority</u> for this rule has been moved to the end of rule before the <u>History</u> of the rule. • The rule number has been changed to ATRS Rule 12.
Rule 13-1	<ul style="list-style-type: none"> • This rule has been non-substantively redrafted for clarity and to address issues such as formatting, renumbering, grammar, and spelling. • This rule has been redrafted to further align with the Code of Arkansas Rules style format. • The <u>Authority</u> for this rule has been moved to the end of rule before the <u>History</u> of the rule. • The rule number has been changed to ATRS Rule 13. • The title of this rule has been changed to “<u>Administrative Adjudications and informal Resolutions: Staff Determinations and Manifest Injustice Referrals</u>”. • The provisions of ATRS Rule 17-1 have been transferred to this rule.

- The rule includes amendments clarifying when the staff determination process is being referenced and when the manifest injustice process is being referenced.
- Page 1: § 13-101. The definition of “manifest injustice” has been amended to refer back to the definition in Arkansas Code Ann. § 24-7-202.
- Page 1: § 13-103(a)(2). The rule has been amended to clarify that only the Board may extend a deadline after a deadline has passed.
- Page 2: § 13-104(b). The rule has been amended to clarify that the executive director may implement a resolution having a direct financial impact to the system of up to five thousand dollars (\$ 5,000) to resolve a member’s claim.
- Page 2: § 13-104(c) and (d). The rule has been amended to clarify that a good faith informal resolution of a member’s claim must be performed in accordance with the law, rules, and policies applicable to ATRS and based on the specific facts of the member’s claim. The amendment also clarifies that an Executive Director review may be requested if a claim is not resolve informally and a staff determination letter adverse to the member’s claim is issued.
- Page 2: § 13-104(e). The rule clarifies that the manifest injustice process cannot be used if the manifest injustice referral concerns the same questions of law and fact that have been addressed through the staff determination and appeals process.
- Page 2: § 13-105. The rule has been amended to add requirements for when a staff determination letter may be issued to a member. Additionally, the rule has been amended to require certain information to be provided in a staff determination letter that is issued to a member. The rule has also been amended to clarify that a staff determination letter is not a final decision or order of the system that may be appealed under the Administrative Procedures Act, § 25-15-201 et seq. The rule clarifies when a member’s claim will be considered closed.
- Page 2: § 13-105(c). The rule was transferred from ATRS Rule 7 and ATRS Rule 9.
- Pages 3-4: § 13-106. The amendment clarifies procedures for requesting an Executive Director review of a staff determination letter. The amendment also clarifies procedures for responding to a review request. The rule clarifies that a review determination letter is not a final decision or order of the system that may be appealed under the Administrative Procedures Act, § 25-15-201 et seq. The rule also clarifies when a member’s claim will be considered closed after a review determination letter has been issued.

	<ul style="list-style-type: none"> • Page 4: § 13-107. The amendment clarifies procedures for appealing a review determination letter. • Page 4 and 8: § 13-108 and § 13-112. The amendments clarify the requirements for proposed final orders. • Page 8: § 13-114: The amendment clarifies that the Board’s final decision or order may be appealed under the Administrative Procedures Act, § 25-15-201 et seq. • Page 9: § 13-116(b)(3). The rule has been amended to align with the Administrative Procedures Act, § 25-15-201 et seq. • Page 10: § 13-118. The rule has been amended to clarify when the manifest injustice process may be used to address a change, omission, or error in the records of the system. • Page 10: § 13-119. The rule has been amended to use “benefit participant” instead of separately listing each category of person or entity. The rule has also been amended to clarify that a member of the Manifest Injustice Committee cannot make a referral. The amendment clarifies that records of submitted referrals and the resolutions of same must be maintained by the system. • Page 11: § 13-121(a). The rule has been amended to provide that the members of the Manifest Injustice Committee will include the General Counsel and two (2) members of senior management designated by the Executive Director. • Page 12: § 13-122(b)(2)-(4). The amendment adds provisions concerning the appeal of an unfavorable manifest injustice determination. The amendment adds rules requiring notice to a member if the member submitted a manifest injustice referral and the referral will be placed on the Board’s agenda for review. The amendment also provides that a final order of the Board concerning a manifest injustice referral is a final decision or order of the system that may be appealed under the Administrative Procedures Act, § 25-15-201 et seq.
Rule 14-1	<ul style="list-style-type: none"> • This rule has been non-substantively redrafted for clarity and to address issues such as formatting, renumbering, grammar, and spelling. • This rule has been redrafted to further align with the Code of Arkansas Rules style format.

	<ul style="list-style-type: none"> • The <u>Authority</u> for this rule has been moved to the end of rule before the <u>History</u> of the rule. • The rule number has been changed to ATRS Rule 14.
Rule 15-1	<ul style="list-style-type: none"> • This rule has been non-substantively redrafted for clarity and to address issues such as formatting, renumbering, grammar, and spelling. • This rule has been redrafted to further align with the Code of Arkansas Rules style format. • The <u>Authority</u> for this rule has been moved to the end of rule before the <u>History</u> of the rule. • The rule number has been changed to ATRS Rule 15.
Rule 16	<ul style="list-style-type: none"> • This rule has been non-substantively redrafted for clarity and to address issues such as formatting, renumbering, grammar, and spelling. • This rule has been redrafted to further align with the Code of Arkansas Rules style format. • The <u>Authority</u> for this rule has been moved to the end of rule before the <u>History</u> of the rule. • The title of this rule has been changed to the “<u>Cash and Savings Help Program</u>”.
Rule 17-1	<ul style="list-style-type: none"> • This rule has been repealed and its provisions transferred to Rule 13-1.

ATRS Rule 1
Rules of Organization and Operation

§ 1-101. Information for Public Guidance.

(a)(1) This rule provides general rules for the organization and operation of the Arkansas Teacher Retirement System.

(2) Additional and more specific information is provided in the policies, rules and regulations of the system, which may be found on the system's website (www.artrs.gov under "Publications"), if operational, or obtained by contacting the office of the Executive Director of the Arkansas Teacher Retirement System at 501-682-1517 or 1-800-666-2877.

(b) The system is located at 1400 West Third Street, Little Rock, AR 72201.

(c) A member of the public may obtain information about the system and make submissions or requests to the system by:

(1) Visiting the system's website (www.artrs.gov);

(2) E-mailing the system at info@artrs.gov;

(3) Phoning the system at 1-800-666-2877 or 501-682-1517; or

(4) Sending a fax to the system at 1-800-682-2663.

(d)(1) Visits to the system may be made between the business hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except on holidays.

(2) Appointments are not required, but are encouraged.

(e)(1) The system maintains a list of persons holding certain responsibilities for handling FOIA requests and requests by the public, so that the public may obtain information about the system or make submissions or requests.

(2) This list is available to the public.

(3) The names, mailing addresses, telephone numbers, and electronic addresses can be obtained from the system office or the system's website.

(f) The system's policies, rules and regulations, and official forms may be obtained from the system's office or from the system's website, if operational.

§ 1-102. Description of the Arkansas Teacher Retirement System.

(a) The Arkansas Teacher Retirement System is a cost-sharing multiple-employer, defined benefit pension plan established on March 17, 1937, by authority of the Arkansas General Assembly under Arkansas Code § 24-7-101 et seq.

(b) The system is operated as a qualified trust under 26 U.S.C. § 401(a) of the Internal Revenue Code.

(c) The system is a component unit of the State of Arkansas.

(d) The General Assembly is responsible for setting benefits and contributions and amending plan provisions.

(e)(1) Ultimate authority, general administration and responsibility for the proper operation of the system, and for making effective the provisions of Arkansas Code § 24-7-201 et seq. are vested in the fifteen-member Board of Trustees of the Arkansas Teacher Retirement System.

(2) Eleven (11) members are elected and four (4) members serve as ex officio members by virtue of their elected positions in state government.

(3) The board appoints the Executive Director of the Arkansas Teacher Retirement System who serves as the chief executive officer of the system.

(f) The board promulgates rules as it deems necessary in the transaction of its business and in administering the system.

(g) For administrative purposes, the system is comprised of several divisions, including Administration, Membership Services, Data Processing, Investments, and Fiscal Affairs.

§ 1-103. Organization and Operation of the Board of Trustees of the Arkansas Teacher Retirement System.

(a) The officers of the Board of Trustees of the Arkansas Teacher Retirement System are the chair and vice chair.

(b) The election of officers is held in odd numbered years at the first regular meeting of the board after the beginning of the fiscal year.

(c) The officers perform the duties prescribed by Robert's Rules of Order and the law, rules, and policies applicable to the Arkansas Teacher Retirement System.

(d)(1) The business of the system is conducted in public meeting pursuant to Robert's Rules of Order.

(2) All meetings are conducted in conformity with the Arkansas Freedom of Information Act, § 25-19-101 et seq.

(3) Regular meetings are held at least quarterly.

(4) Special meetings may be held on the call of the chair or as scheduled by action of the board in a regular meeting.

(5) A quorum for the transaction of business is a majority of the number of voting members of the board.

(e)(1) The board may create standing and ad hoc committees the membership of which is determined by the chair.

(2) A quorum for the transaction of committee business is a majority of the number of voting members of the committee.

(f)(1) The Executive Director of the Arkansas Teacher Retirement System prepares the agenda for regular and special meetings of the board.

(2) The agenda is distributed to the board and made available to the public in advance of the meeting.

(3) The agenda may be amended by appropriate motion.

(h)(1) Trustees, members, and other individuals who wish to have a matter placed as additional item on an agenda for a regular meeting of the board should submit a request to the executive director to have the matter placed on the agenda.

(2) The request should be submitted to the executive director before the regular meeting of the board at which the matter will be included as an agenda item.

§ 1-104. Rulemaking.

(a) The Board of Trustees of the Arkansas Teacher Retirement System is authorized by the legislature to promulgate rules.

(b) The Arkansas Teacher Retirement System follows the requirements of the Arkansas Administrative Procedure Act, Arkansas Code § 25-15-201 et seq., and in particular Arkansas Code §§ 25-15-203 and 25-15-204.

(c) The system is required to abide by Arkansas Code §10-3-309, which establishes a method for continuing legislative review and approval of agency rules.

(d)(1) The board or the system's staff may request the initiation of the rulemaking process, which includes adopting a new rule or amending or repealing an existing rule.

(2) Persons outside the system may petition for the issuance, amendment, or repeal of any rule.

(3) However, staff of the system shall not proceed with the rulemaking process for a rule unless the rule is approved by the board.

Authority: Arkansas Code § 25-15-201 et seq.

History

<u>Adopted:</u>	<u>December 6, 2005</u>	
<u>Amended:</u>	<u>April 26, 2007</u>	
<u>Adopted by Board:</u>	<u>February 6, 2012</u>	
<u>Amended:</u>	<u>April 18, 2012</u>	
<u>Effective:</u>	<u>May 29, 2012</u>	
<u>Effective:</u>	<u>TBD</u>	<u>Rule 1</u>

~~ATRS RULES OF ORGANIZATION AND OPERATION~~

~~A.C.A. §§ 25-15-203 and 25-15-703~~

~~I. INFORMATION FOR PUBLIC GUIDANCE~~

~~The Arkansas Teacher Retirement System (“ATRS”) is located at 1400 West Third Street, Little Rock, AR 72201. Questions about ATRS may be addressed by visiting the ATRS website (www.artrs.gov), emailing ATRS at info@artrs.gov; phoning ATRS at 1-800-666-2877 or 501-682-1517; or sending a fax to ATRS at 1-800-682-2663. Visits may be made to the ATRS office between 8:00 a.m. and 4:30 p.m. Monday through Friday, except on holidays. Appointments are not required but are suggested.~~

~~ATRS makes available a list of persons holding certain responsibilities for handling FOIA requests and requests by the public so that the public may obtain information about ATRS or make submissions or requests. The names, mailing addresses, telephone numbers, and electronic addresses can be obtained from the ATRS office or website.~~

~~The ATRS policies, rules and regulations, and official forms may be obtained from the ATRS office or from the ATRS website.~~

~~2. DESCRIPTION OF THE ARKANSAS TEACHER RETIREMENT SYSTEM~~

~~The Arkansas Teacher Retirement System (“ATRS”) is a cost-sharing multipleemployer, defined benefit pension plan established on March 17, 1937, by authority of the Arkansas General Assembly under Act 266 of 1937 (Ark. Code Ann. § 24-7-101 *et seq.*). ATRS is operated as a “qualified trust” under section 401(a) of the Internal Revenue Code. ATRS is a component unit of the State of Arkansas.~~

~~The General Assembly is responsible for setting benefits and contributions and amending plan provisions.~~

~~Ultimate authority, general administration and responsibility for the proper operation of ATRS, and for making effective the provisions of A.C.A. §§ 24-7-201 *et seq.* are vested in the fifteen-member Board of Trustees. Eleven members are elected, and four members serve as ex officio members by virtue of their elected~~

~~positions in state government. The Board appoints the executive director of ATRS who serves as its chief executive officer.~~

~~The Board of Trustees promulgates rules as it deems necessary from time to time in the transaction of its business and in administering the Arkansas Teacher Retirement System~~

~~For administrative purposes, the agency is comprised of several divisions: Administration, Membership Services, Data Processing, Investments, and Fiscal Affairs.~~

~~3. ORGANIZATION AND OPERATION OF THE ATRS BOARD OF TRUSTEES~~

~~The officers of the ATRS Board of Trustees are a chair and vice chair. Election of officers is held in the odd numbered years at the first regular meeting after the beginning of the fiscal year. These officers perform the duties prescribed by applicable law, this rule, and *Robert's Rules of Order*.~~

~~The business of ATRS is conducted in public meeting pursuant to *Robert's Rules of Order*. All meetings are conducted in conformity with the Arkansas Freedom of Information Act. Regular meetings are held at least quarterly. Special meetings may be held on the call of the chair or as scheduled by action of the Board in a regular meeting.~~

~~A quorum for the transaction of business is a majority of the number of voting members of the Board.~~

~~The ATRS Board of Trustees may create standing and ad hoc committees whose membership is determined by the chair of the Board. A quorum for the transaction of committee business is a majority of the number of voting members of the committee.~~

~~The Executive Director prepares the agenda for regular and special meetings. The agenda is distributed to Board members and made available to the public in advance of the meeting. The agenda may be amended by appropriate motion.~~

~~Trustees, members, and other individuals wishing to have additional items considered for the agenda should submit a request to the Executive Director prior to a regularly scheduled meeting.~~

~~4. RULEMAKING~~

~~The ATRS Board has been authorized by the Legislature to promulgate rules. ATRS follows the procedural requirements of the Arkansas Administrative Procedure Act, in particular A.C.A. § 25-15-203 and A.C.A. § 25-15-204. Additionally, ATRS is required to abide by the provisions of A.C.A. §10-3-309.~~

~~The process of adopting a new rule or amending or repealing an existing rule (hereinafter referred to as “rulemaking”) may be initiated by request of the Board or the ATRS staff. Additionally, persons outside the agency may petition for the issuance, amendment, or repeal of any rule.~~

~~ATRS will give public notice of proposed rulemaking to be published pursuant to A.C.A. § 25-15-204. The notice will set any written comment period and will specify the time, date, and place of a public hearing, if any.~~

~~Before finalizing language of a proposed new rule or an amendment to, or repeal of, an existing rule, ATRS will receive public input through written comments and/or oral submissions. ATRS will designate in the public notice the format and timing of public comment.~~

~~A public hearing may be held; if so, it will provide affected persons and other members of the public a reasonable opportunity for presentation of evidence, arguments, and oral statements within reasonable conditions and limitations imposed by the agency to avoid duplication, irrelevant comments, unnecessary delay, or disruption of the proceedings.~~

~~Thirty days before the public comment period ends, ATRS will file with the Bureau of Legislative Research the text of the proposed rule or amendment, as well as a financial impact statement and a Bureau of Legislative Research questionnaire as provided by A.C.A. § 10-3-309. In addition, a copy of the public notice, the text of the proposed rule or amendment, and a summary will be filed with the Secretary of State. Also, a copy of the public notice and the text of the proposed rule or amendment will be published on the ATRS website, if available.~~

~~Generally proposed rules or amendments will be reviewed by the appropriate committee of the ATRS Board of Trustees for recommendation prior to submission to the full Board for consideration and final action.~~

~~ATRS will not finalize language of the rule or decide whether to adopt a rule until the period for public comment has expired.~~

~~After the ATRS Board formally adopts a new rule or amends a current rule or repeals an existing rule, and after the rule change has been reviewed by the Legislative Council, ATRS staff will file final copies of the rule with the Secretary of State, the Arkansas State Library, and the Bureau of Legislative Research, or as otherwise provided by A.C.A. § 25-15-204(d).~~

~~Proof of filing a copy of the rule, amendment, or repeal with the Secretary of State, the Arkansas State Library, and the Bureau of Legislative Research will be kept in a file maintained by the Executive Director’s office.~~

Notice of the rule change will be posted on the agency website, if available, and rules will be made available to interested persons.

5. EMERGENCY RULEMAKING

Upon receipt of a written statement requesting emergency rulemaking or other evidence to support an assertion that an emergency exists, ATRS will make an independent judgment whether the circumstances and facts constitute an imminent peril to the public health, safety, or welfare requiring adoption of the rule with fewer than 30 days notice. If it is determined that the circumstances warrant emergency rulemaking, a written determination setting out the reasons for the finding that an emergency exists will be made. Upon making this finding, the ATRS Board may proceed to adopt the rule without any prior notice or hearing, or it may determine to provide an abbreviated notice and hearing.

The emergency rule will be effective immediately upon filing, or at a stated time less than thirty (30) days thereafter, if ATRS finds that this effective date is necessary because of imminent peril to the public health, safety, or welfare. ATRS will file with the rule its written findings justifying the determination that emergency rulemaking is appropriate and, if applicable, the basis for the effective date of the emergency rule being less than ten days after the filing of the rule pursuant to A.C.A. § 25-15-204(e).

6. APPEALS

An ATRS member, beneficiary, survivor, retiree, or employer may request a staff determination letter from an ATRS staff member responsible for staff decisions relating to the member's, beneficiary's, survivor's retiree's or employer's issues. If the member disagrees with the staff determination letter, then the member may seek a review by the executive director using the procedures set forth in Section 13 of the ATRS rules. The executive director's decision upon review may be appealed to the ATRS Board of Trustees using the procedures set forth in Section 13 of the ATRS rules. A description of the appeals process may be obtained by contacting ATRS or from the ATRS website.

NOTE: These are general rules for the organization and operation of the system. Additional and more specific information is provided in the Policies, Rules and Regulations of ATRS, which may be found on the ATRS website (www.arts.gov under "Publications") or which may be obtained by contacting the Executive Director's office at 501-682-1517 or 1-800-666-2877).

Adopted: _____ December 6, 2005

Amended: _____ April 26, 2007

Adopted by Board: February 6, 2012

Amended: _____ April 18, 2012

Effective: _____ May 29, 2012

ATRS Rule 4
Election of Board of Trustees of the Arkansas Teacher Retirement System

§ 4-101. General rules for candidacy and voting in trustee elections – Definitions.

(a) An undefined term in the rules of the Arkansas Teacher Retirement System shall have the same meaning as provided in Arkansas Code § 24-7-202.

(b) As used in this rule:

(1) “Active member” for the purposes of eligibility for the active member trustee position and voting, means:

(A) An active member as defined in Arkansas Code § 24-7-202; or

(B) A member who:

(i) Participates in T-DROP;

(ii) Is employed by a covered employer;

(iii) Receives T-DROP plan deposits;

(2) “Administrator” for the purposes of eligibility for the administrator trustee position and voting for and administrator trustee position means a person who has a current administrator’s license and is either:

(A) An employee of a covered employer who is employed in one (1) of the following positions:

(i) Public school superintendent, assistant superintendent, principal, or vice-principal;

(ii) Higher education president, chancellor, or director; or

(iii) Director, president, or vice president of a community college, vocational or technical school, or educational cooperative; or

(B) A classified or unclassified employee who is:

(i) An employee of an education-related agency that participates in the system; and

(ii) Employed in a GS13 grade position, its equivalent, or above;

(3) “Licensure” for the purposes of eligibility for the licensed trustee position or voting for the licensed trustee position means a person who is not an administrator and is employed either in:

(A) A position requiring a state teaching license; or

(B) An education institution GS09-GS12 grade position of its equivalent;

and:

(4) “Nonlicensed” for the purposes of eligibility for the nonlicensed trustee position and voting for the nonlicensed trustee position means a person who is:

(A) Employed in a position with a covered employer that does not require a state teaching license;

(B) Employed in a position with an education-related agency in a position that:

(i) Does not require a state teaching license; and

(ii) Is no higher than a GS08 grade position or its equivalent; and

(C) Not an administrator as that term is defined in Arkansas Code § 24-7-202 and this rule.

§ 4-102. Membership and Authority of the Board of Trustees of the Arkansas Teacher Retirement System.

(a) The general administration and proper operation of the Arkansas Teacher Retirement System is vested in the Board of Trustees of the Arkansas Teacher Retirement System.

The board shall consist of eleven (11) elected members and four (4) ex officio members.

(b) In accordance with Arkansas Code § 24-7-301, the board shall adopt rules and regulations for the election of a trustee and a vacancy on the board.

§ 4-103. Candidacy and voting in trustee elections — Generally.

(a) A candidate who is employed in more than one (1) position with a covered employer shall have his or her eligibility determined based on his or her primary position for which he or she receives the greater percentage of covered salary.

(b)(1) Only members of the Arkansas Teacher Retirement System shall vote in a trustee election.

(2) Guardians, attorneys-in-fact, or others shall not vote on behalf of a member.

(c)(1) An employee of the system shall not be elected or appointed to the board.

(3) An employee of the system shall not be a candidate for election or appointment to the board.

§ 4-104. Qualifications and voter eligibility for elected trustee positions — Active Member Trustee Positions one through four.

(a) The Arkansas congressional district boundaries as defined on the first day of the fiscal year in which an election for an active member trustee position occurs shall be used to determine:

(1) Whether a person is qualified to become a candidate for an active member trustee position; and

(2) The eligibility of a member to vote in an election for an active member trustee position.

(b) There shall be four (4) active member trustees each of whom shall represent one (1) of the four (4) congressional districts in Arkansas.

(c) A person is qualified to become a candidate for an active member trustee position if the person is:

(1) An active member with at least five (5) years of actual service credit in the Arkansas Teacher Retirement System;

(2) Employed by a covered employer located in the congressional district for which he or she is seeking election; and

(3) Employed in a position requiring state teaching licensure or the equivalent under this rule.

(d) A member is eligible to vote in an election for an active member trustee if the member is:

(1) An active member, regardless of credited service;

(2) Employed by a covered employer located in the congressional district for which the active member trustee election is being held; and

(3) Otherwise eligible to be a candidate under this rule.

§ 4-105. Qualifications and voter eligibility for elected trustee positions — Active Administrator Trustee Positions five through six.

(a) There shall be two (2) active member trustees each of whom shall be employed as an administrator as defined in this rule.

(b) A person is qualified to become a candidate for an active administrator trustee position if the person is:

(1) An active member with at least five (5) years of actual service credit in the Arkansas Teacher Retirement System; and

(2)(A) Employed in a position requiring an administrator's license.

(B)(i) As provided in Arkansas Code § 24-7-301, at least one (1) of the administrators serving as an active administrator trustee shall be employed by a covered employer as a school superintendent or educational cooperative director;

(ii) If there is an open administrator active member trustee position and the other filled administrator active member trustee position is held by a person who is not a superintendent or an educational cooperative director, a candidate for the open administrator active member trustee position shall be a superintendent or an educational cooperative director and the notice of election shall state that a candidate for the open administrator active member trustee position is required to be a superintendent or an educational cooperative director.

(c) A member is eligible to vote in an election for an active administrator trustee position if the member is:

(1) An active member, regardless of the amount of credited service that the member has in the system; and

(2) Employed as a licensed administrator in a position requiring an administrator's license.

§ 4-106. Qualifications and voter eligibility for elected trustee positions — Nonlicensed trustee position seven.

(a) A person is qualified to become a candidate for the nonlicensed trustee position if the person is:

(1) An active member with at least five (5) years of actual service credit in the Arkansas Teacher Retirement System; and

(2) Employed in a position that does not require state licensure.

(b) A member is eligible to vote in an election for the nonlicensed trustee position if the member is:

(1) An active member, regardless of the amount of credited service that the member has in the system; and

(2) Employed by a covered employer in a nonlicensed position.

§ 4-107. Qualifications and voter eligibility for elected trustee positions — Minority trustee position eight.

(a) There shall be one (1) member trustee of a minority racial ethnic group.

(b) A person is qualified to become a candidate for the minority trustee position if the person is a member of a minority racial or ethnic group and either a retired member or an active member with at least five (5) years of actual service credit in the Arkansas Teacher Retirement System.

(c) A member is eligible to vote in an election for the minority trustee position if the member is a retired member or an active member, regardless of the amount of credited service that the member has in the system.

§ 4-108. Qualifications and voter eligibility for elected trustee positions — At-large retired member trustee positions nine through eleven.

(a) There shall be three (3) retired member trustees who shall be retirees as defined by Arkansas Code § 24-7-202.

(b) A person is qualified to become a candidate for a retired member trustee position if the person is a retiree and a resident of the State of Arkansas.

(c) A member is eligible to vote in an election for a retired member trustee position if the member is a retiree, regardless of his or her present employment status or residency.

§ 4-109. Elected trustee nominations — Scheduling and notice of election.

(a) The Arkansas Teacher Retirement System may publish electronically any public notice required by this rule.

(b)(1) During December in a year in which an elected trustee position is subject to a regular or special election, the Arkansas Teacher Retirement System shall publish public notice of the upcoming trustee position election in a statewide newspaper for at least five (5) consecutive days.

(2) The notice will also be sent to each person or group that requests notice of a trustee vacancy.

(3) The notice shall also be posted on the system's website from December until the closing of the nomination period.

§ 4-110. Elected trustee nominations — Candidate petitions and verification of member signatures.

(a)(1) For all elected positions, a candidate must submit a petition signed legibly by at least twenty-five (25) system members who are eligible to vote for the trustee position for which the member is seeking nomination.

(2) The petition shall include the last four (4) digits of each signatory's Social Security number for verification of the member's eligibility to vote for the position.

(3)(A) The original petitions shall be submitted to the Executive Director of the Arkansas Teacher Retirement System no later than January 10.

(B) Actual delivery shall be made by January 10, regardless of postmark date or other methods used to attempt delivery.

(C) Upon receipt of a petition, the Arkansas Teacher Retirement System shall confirm receipt of the petition and verify the eligibility of the candidate for the trustee position.

(D) The system shall verify the signature of each member who signs the petition as an eligible voter.

(b) The system shall:

(1) Notify each candidate who submits a petition of whether or not his or her petition has been accepted; and

(2) Provide each candidate who submits a petition with a list of other candidates who were certified to participate in the election for the trustee position for which the

candidate sought nomination.

§ 4-111. Elected trustee nominations — Ballots.

(a) Before ballots are mailed, the Arkansas Teacher Retirement System or its designee shall conduct a random drawing for ballot positions.

(b) At least two (2) independent witnesses shall witness and certify the drawing of the ballot positions.

(c) The system shall notify each candidate who was certified to participate in election for the trustee position of the order in which the candidate will be listed on the ballot.

§ 4-112. Elected trustee nominations — Campaign materials.

(a) Upon request of a candidate who is certified to participate in the election for the trustee position, the Arkansas Teacher Retirement System shall provide a list of mailing addresses of all eligible voters for the distribution of a candidate's campaign materials.

(b) The candidate's message shall not contain information that:

(1) Would constitute defamation of another candidate; or

(2) Claims or appears to claim the endorsement of the system or the Board of the Arkansas Teacher Retirement System.

(c) Campaign materials shall be mailed by the election vendor from the election vendor's place of business.

(d) All postage for campaign materials shall be paid for by the candidate distributing the campaign materials.

§ 4-113. Trustee elections.

(a) The Arkansas Teacher Retirement System shall employ an independent election vendor to conduct the trustee elections.

(b)(1) The system shall publish ballots and submit the published ballots to the election vendor to be mailed by March 15 to the address of record of each member who is eligible to vote in the election.

(2)(A) A completed ballot shall be counted if it is received by the election vendor on or before April 15.

(B) Only ballots that are correctly completed shall be counted.

(c) If any position receives only one (1) nomination and the position is uncontested, the Board of Trustees of the Arkansas Teacher Retirement System, at its next regular or special meeting, may certify the nomination and declare the candidate duly elected as a trustee before the trustee's term begins.

(d) The election vendor shall certify the results for positions not subject to a runoff election to the system by April 20.

(e)(1) A run-off election shall be held between the two (2) candidates who receive the highest number of votes for a trustee position if:

(A) The election vendor certifies the outcome of the trustee election; and

(B) A single candidate does not receive at least fifty percent (50%) of the votes cast by eligible voters.

(2) The election vendor shall mail run-off ballots to each member who is eligible to vote in the election on or before May 1.

(3) Completed ballots for a run-off election that are received by the election vendor

after June 1 shall not be counted.

(4) The election vendor shall certify the results of a run-off election to the system by June 5.

(f)(1) A candidate included on a ballot may challenge to the election vendor's certified results for an elected trustee position by submitting a written challenge to the Executive Director of the Arkansas Teacher Retirement System within five (5) calendar days of the date on which the election results are certified by the election vendor.

(2)(A) A written challenge to the election vendor's certified results for an election shall not be considered if it is submitted more than (5) calendar days after the date on which the election results are certified to the system by the election vendor.

(B) After a written challenge to a certified election result is received by the system, the board shall hold a special meeting to consider the challenge.

(C) The Executive Director of the Arkansas Teacher Retirement System shall issue a recommendation to the board along with the administrative record concerning the certified election results of the position being challenged.

(3) If a candidate challenges the election results, the election process shall be suspended for the same number of days that the resolution of the challenge requires and the remaining election schedule shall be adjusted accordingly.

(g) Upon completion of an election, all elected trustee terms, except for special elections, shall begin on July 1 following the election.

(h) For any fixed date in the election schedule that falls on a holiday or a weekend, the official date shall become the next business day.

§ 4-114. Unexpired terms of elected trustees.

(a) The Arkansas Teacher Retirement System staff shall notify the Board of Trustees of the Arkansas Teacher Retirement System of a resignation or vacancy by other cause in a trustee position as soon as possible after staff has knowledge of the resignation or vacancy.

(b) The board shall take appropriate action authorized by law to fill the vacancy.

(c) The board by majority vote may appoint a trustee until the next system election.

(d)(1) A special election to fill a trustee position caused by resignation or vacancy by other cause shall be scheduled and held if the board by majority vote determines that the vacancy should be filled by a special election.

(2) If an elected trustee position is declared vacant by the board and the board determines that the vacancy should be filled by a special election, the system shall:

(A) Publish notice that a special election will be held; and

(B)(i) Announce the schedule for the special election.

(ii) The schedule for the special election shall include the following:

(a) The date the vacancy occurred and position being vacated;

(b) The time period for circulating petitions for nominating signatures;

(c) The deadline for filing petitions with the system;

(d) The date the system will verify the validity of petitions;

(e) The date ballots will be sent to eligible voters;

(f) The election date; and

(g) The date the term shall begin.

(3) The system may publish public notices related to a special election in accordance with the rules governing a regular election of the system.

§ 4-115. Elected trustee terms.

(a)(1) The term of office of each elected trustee shall be six (6) years unless the trustee is elected in a special election.

(2) A trustee who is elected in a special election shall serve for the remainder of the six-year term of the vacating trustee.

(3) A trustee who is appointed to the Board of Trustees of the Arkansas Teacher Retirement System shall serve until the next election of the Arkansas Teacher Retirement System that is held to fill the trustee position to which the trustee was appointed.

(b) Each trustee shall continue to serve as trustee until the expiration of his or her term unless he or she resigns or is otherwise ineligible to continue serving as a trustee under this rule.

(c) In a year in which a six-year term of a trustee expires, the trustee position shall be filled under the regular election schedule provided in this rule.

§ 4-116. Elected trustee vacancies.

(a) An active member trustee shall be ineligible to serve if he or she:

(1) Becomes inactive;

(2) Retires; or

(3) Changes his or her employment category during his or her term of office and the employment category is a requirement of the trustee position.

(b) A retiree member trustee shall be ineligible to serve after becoming an active member.

(c)(1) A trustee vacancy may occur if a trustee is absent from meetings.

(2) The Board of the Arkansas Teacher Retirement System or its designee shall notify the trustee after the trustee's second consecutive absence.

(3) The board by resolution shall vote to declare a position vacant if:

(A)(i) A trustee has three (3) consecutive unexcused absences from regular meetings of the board.

(ii) An absence that is excused by a majority of the members of the board shall not be counted towards a vacancy.

(iii) Attendance on either day of a two-day meeting of the board is sufficient to meet the attendance requirement for the two-day meeting of the board;

(B) A trustee becomes ineligible to serve on the board due to a change in status under Arkansas Code § 24-7-302 that results in the trustee being absent from three

(3) consecutive regular meetings of the board before the expiration of the trustee's term;
or

(C) A trustee resigns or dies.

(d)(1) If the board by resolution declares a vacancy as provided under this rule, the board may vote to hold a special election to fill an unexpired term using the board's procedures to fill unexpired terms for elected trustees.

(2) If the board does not declare a vacancy by resolution under this rule, the vacancy shall be filled during the next regular system election held after the expiration of the vacating trustee's term.

Authority: Arkansas Code §§ 24-7-301, 24-7-302, and 24-7-305

History

<u>Approved:</u>	<u>May 10, 2000</u>	<u>4-2</u>
<u>Amended:</u>	<u>April 26, 2007</u>	<u>4-1</u>
	<u>February 11, 2008</u>	<u>4-1,4-2</u>
	<u>December 18, 2009</u>	<u>4-1,4-2</u>
	<u>July 1, 2011</u>	<u>4-2 (Emergency)</u>
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ATRS RULE 4
ELECTION OF BOARD OF TRUSTEES
Arkansas Code §§ 24-7-301, 24-7-302, and 24-7-305

I. Definitions⁴

a. ~~“Active member” for the purposes of eligibility for an active member trustee position and voting for an active member trustee position means:~~

1. ~~An active member as defined in Arkansas Code § 24-7-202; or~~

2. ~~A member who:~~

A. ~~Participates in the Teacher Deferred Retirement Option Plan (T-DROP);~~

B. ~~Is employed by a covered employer; and~~

C. ~~Receives T-DROP plan deposits;~~

b. ~~“Administrator” for the purposes of eligibility for an administrator trustee position and voting for an administrator trustee position means a person who:~~

1. ~~Has a current administrator’s license; and~~

2. ~~Is either:~~

A. ~~An employee of a covered employer who is employed in one (1) of the following positions:~~

i. ~~Public school superintendent, assistant superintendent, principal, or vice principal;~~

ii. ~~Higher education president, chancellor, or director; or~~

iii. ~~Director, president, or vice president of a community college, vocational or technical school, or educational cooperative; or B. A~~

~~classified or unclassified employee who is:~~

i. ~~An employee of an education-related agency that participates in ATRS; and ii. Employed in a GS13 grade position, its equivalent, or above.~~

⁴ A term that is not defined in these ATRS Rules shall have the same meaning as provided in Arkansas Code § 247-202.

- c. ~~“Licensure” for the purposes of eligibility for a licensed trustee position or voting for a licensed trustee position means a person who is:~~
 - 1. ~~Not an administrator; and~~
 - 2. ~~Either employed in:~~
 - A. ~~A position requiring state teaching licensure; or~~
 - B. ~~An education institution GS09-GS12 grade position or its equivalent; and~~
- d. ~~“Nonlicensed” for the purposes of eligibility for a nonlicensed trustee position and voting for a nonlicensed trustee position means a person who is:~~
 - 1. ~~Employed in a position with a covered employer that does not require state teaching licensure;~~
 - 2. ~~Employed in a position with an education-related agency in a position that:~~
 - A. ~~Does not require state teaching licensure; and~~
 - B. ~~Is no higher than a GS08 grade position or its equivalent; and~~
 - 3. ~~Not an administrator as that term is defined in Arkansas Code § 24-7-202 and this ATRS Rule 4.~~

II. ~~Board of Trustees of the Arkansas Teacher Retirement System~~

- a. ~~The general administration and proper operation of the Arkansas Teacher Retirement System (ATRS) is vested in the Board of Trustees of the Arkansas Teacher Retirement System (Board).~~
- b. ~~The Board shall consist of eleven (11) elected members and four (4) ex officio members.~~
- c. ~~Pursuant to Arkansas Code § 24-7-301, the Board shall adopt rules and regulations regarding the election of a trustee and a vacancy on the Board.~~

III. ~~Candidacy and Voting in Trustee Elections — Generally~~

- a. ~~Candidates~~
 - 1. ~~If a candidate for a trustee position on the Board is employed in more than one (1) position with a covered employer, the candidate’s eligibility shall be determined based on the candidate’s primary position for which the candidate receives the greater percentage of covered salary.~~
- b. ~~Eligibility to Vote~~
 - 1. ~~Only members of ATRS shall vote in a trustee election.~~

- ~~2. Guardians, attorneys-in-fact, or others shall not vote on behalf of a member.~~
- ~~3. An employee working for ATRS is ineligible to be:
 - ~~A. Elected to the Board;~~
 - ~~B. Appointed to the Board; or~~
 - ~~C. A candidate for election or appointment to the Board.~~~~

~~IV. Qualifications and Voter Eligibility for Elected Trustee Positions~~

~~a. Active Member Trustee Positions 1-4 — Congressional Districts~~

~~1. Generally~~

- ~~A. The Arkansas congressional district boundaries as defined on the first day of the fiscal year in which an election for an active member trustee position occurs shall be used to determine:
 - ~~i. Whether a person is qualified to become a candidate for an active member trustee position; and~~
 - ~~ii. The eligibility of a member to vote in an election for active member trustee position.~~~~
- ~~B. There shall be four (4) active member trustees.~~
- ~~C. Each active member trustee shall represent one (1) of the four (4) congressional districts in Arkansas.~~

~~2. Qualifications for Candidacy~~

- ~~A. A person is qualified to become a candidate for active member trustee positions 1-4 if he or she is:
 - ~~i. An active member with a minimum of five (5) years of actual service;~~
 - ~~ii. Employed by a covered employer located in the congressional district for which he or she is seeking election; and~~
 - ~~iii. Employed in a position requiring state teaching licensure or the equivalent under this ATRS Rule 4.~~~~

~~3. Eligibility to Vote~~

- ~~A. A member is eligible to vote in an election for active member trustee positions 1-4 if he or she is:
 - ~~i. An active member, regardless of credited service;~~
 - ~~ii. Employed by a covered employer located in the respective congressional districts; and~~~~

~~iii. Otherwise eligible to be a candidate under this ATRS Rule 4.~~

~~b. Active Administrator Trustee Positions 5-6~~

~~1. Generally~~

~~A. There shall be two (2) active member trustee each of whom shall be employed as an administrator as defined in this ATRS Rule 4.~~

~~2. Qualifications for Candidacy~~

~~A. A person is qualified to become a candidate for active administrator trustee positions 5-6 if he or she is:~~

~~i. An active member with a minimum of five (5) years of actual service; and~~

~~ii. Employed in a position requiring an administrator's license.~~

~~a. Pursuant to Arkansas § 24-7-301, at least one (1) of the administrators serving as an active administrator trustee shall be employed by a covered employer as a school superintendent or an educational cooperative director.~~

~~b. If there is an open administrator active member trustee position and the other administrator active member trustee position is held by a person who is not a superintendent or an educational cooperative director, a candidate for the open administrator active member trustee position shall be a superintendent or an educational cooperative director and the notice of election shall state that a candidate for the open administrator active member trustee position is required to be a superintendent or an educational cooperative director.~~

~~3. Eligibility to Vote~~

~~A. A member is eligible to vote in an election for administrator active member trustee positions 5-6 if he or she is:~~

~~i. An active member, regardless of credited service; and~~

~~ii. Employed as a licensed administrator in a position requiring an administrator's license~~

~~c. Nonlicensed Trustee Position 7~~

~~1. Qualifications for Candidacy~~

~~A. A person is qualified to become a candidate for nonlicensed trustee position 7 if he or she is:~~

- ~~i. An active member with a minimum of five (5) years of actual service; and~~
- ~~ii. Employed in a position not requiring state licensure.~~

~~2. Eligibility to Vote~~

~~A. A member is eligible to vote in an election for nonlicensed trustee position 7 if he or she is:~~

- ~~i. An active member, regardless of credited service; and~~
- ~~ii. Employed by a covered employer in a nonlicensed position.~~

~~d. Minority Trustee Position 8~~

~~1. Generally~~

~~A. There shall be one (1) member trustee of a minority racial ethnic group.~~

~~2. Qualifications for Candidacy~~

~~A. A person is qualified to become a candidate for minority trustee position 8~~

~~if he or she is:~~

- ~~i. An active or retiree member with a minimum of five (5) years of actual service; and~~
- ~~ii. A member of a minority racial or ethnic group.~~

~~3. Eligibility to Vote~~

~~A. A member is eligible to vote in an election for minority trustee position 8 if he or she is:~~

- ~~i. An active member, regardless of credited service; or~~
- ~~ii. Retiree.~~

~~e. Retired Member Trustee (At-Large) Positions 9-11~~

~~1. Generally~~

~~A. There shall be three (3) retired member trustees who shall be retirees as defined under Arkansas Code § 24-7-202.~~

~~2. Qualifications for Candidacy~~

~~A. A person is qualified to become a candidate for retired member trustee positions 9-11 if he or she is a:~~

- ~~i. Retiree; and~~
- ~~ii. Resident of the State of Arkansas.~~

~~3. Eligibility to Vote~~

~~A. A retiree, regardless of present employment status or residency is eligible to vote in an election for retired member trustee positions 9-11.~~

~~V. Rules on Elected Trustee Nominations~~

~~a. Scheduling and Notice of Regular Election~~

- ~~1. ATRS may publish electronically a public notice required by this ATRS Rule 4.~~
- ~~2. During December in a year in which an elected trustee position is subject to election or a special election is required to fill a vacancy, ATRS shall publish public notice of an upcoming trustee position election in a statewide newspaper for at least five (5) consecutive days.~~
- ~~3. The notice shall be sent to each person of group that requests notice of a trustee vacancy.~~
- ~~4. The notice shall be posted on ATRS' website from December until the closing of the nomination period.~~

~~b. Candidate Petitions and Verification of Member Signatures~~

- ~~1. For all elected positions, a candidate shall submit a petition signed legibly by at least twenty five (25) ATRS members who are eligible to vote for the trustee position for which the candidate is seeking nomination.~~
- ~~2. The petition shall include the last four (4) digits of each signatory's Social Security number for verification of the member's eligibility to vote for the position.~~
- ~~3. The original petitions for nomination shall be submitted to the ATRS Executive Director no later than January 10.~~
- ~~4. Actual delivery of the original petitions for nomination shall be made by January 10, regardless of postmark date or other methods to attempt delivery.~~
- ~~5. Upon receipt of a petition, ATRS shall confirm receipt of the petition and shall verify the eligibility of the candidate for the trustee position under Arkansas Code § 24-7-301.~~
- ~~6. ATRS shall verify each signature of each member who signs the petition as an eligible voter.~~
- ~~7. ATRS shall:~~
 - ~~a. Notify each candidate who submits a petition for nomination if his or her petition is accepted; and~~
 - ~~b. Provide the candidate with a list of other members who were certified to participate in the election for the trustee position for which the nomination is sought.~~

~~c. Ballots~~

- ~~1. ATRS or its designee shall conduct a random drawing for a ballot position before ballots are mailed.~~
- ~~2. At least two (2) independent witnesses shall be present to certify the drawing of the ballot position.~~
- ~~3. ATRS shall notify each candidate of the order in which the candidate will be listed on the ballot.~~

~~d. Campaign Materials~~

- ~~1. A candidate's message shall not include information that:
 - ~~A. Would constitute defamation of another candidate; or~~
 - ~~B. Claims or appears to claim the endorsement of ATRS or the Board.~~~~
- ~~2. At the request of a candidate, ATRS shall provide a list of the mailing addresses of each eligible voter to the election vendor for the distribution of the candidate's campaign materials.~~
- ~~3. Campaign materials shall be mailed by the election vendor from the election vendor's place of business.~~
- ~~4. All postage for campaign materials shall be paid for by the candidate distributing the campaign materials.~~

~~VI Rules on Trustee Elections~~

~~a. Election Vendor~~

- ~~1. ATRS shall employ an independent election vendor to conduct the trustee elections.~~

~~b. Ballots~~

- ~~1. ATRS shall publish ballots and submit the published ballots to the election vendor by March 15 for mailing to the address of record for each member who is eligible to vote in the election.~~
- ~~2. A completed ballot shall be counted if it is received by the election vendor on or before April 15.~~
- ~~3. The election vendor shall count only ballots that are correctly completed.~~

~~c. Uncontested Elections~~

- ~~1. If any position receives only one (1) nomination and the position is uncontested, the Board at its next regular or special meeting may certify the~~

~~nomination and declare the candidate duly elected as a trustee before the trustee's term begins.~~

~~d. Run-off Elections~~

- ~~1. The election vendor shall certify to ATRS, by April 20, the election results for a position that is not subject to a run-off election.~~
- ~~2. A run-off election shall be held between the two (2) candidates who receive the highest number of votes for a trustee position if:
 - ~~A. The election vendor certifies the outcome of the trustee election; and~~
 - ~~B. A single candidate does not receive at least fifty percent (50%) of the votes cast by eligible voters.~~~~
- ~~3. The election vendor shall mail run-off ballots to each member who is eligible to vote in the election on or before May 1.~~
- ~~4. Completed ballots for a run-off election that are received by the election vendor after June 1 shall not be counted.~~
- ~~5. The election vendor shall certify the results of a run-off election to ATRS by June 5~~

~~e. Election Result Challenge~~

- ~~1. A candidate who is included on the ballot may challenge the election vendor's certified results for an elected trustee position by submitting a written challenge to the ATRS Executive Director within five (5) calendar days of the date on which the election results are certified by the election vendor.~~
- ~~2. A written challenge to the election vendor's certified results for an election shall not be considered if it is submitted more than (5) calendar days after the date on which the election results are certified by the election vendor.~~
- ~~3. If a candidate challenges the election results, the election process shall be suspended for the same number of days that the resolution of the challenge requires, and the remaining election schedule shall be adjusted accordingly.~~
- ~~4. After a written challenge to a certified election result is received by ATRS, the Board shall hold a special meeting to consider the challenge.~~
- ~~5. The ATRS Executive Director shall issue an ATRS recommendation to the Board along with the administrative record relating to the certified election results of the position being challenged.~~

~~f. Election Schedule — Official Dates~~

1. ~~For any fixed date in the election schedule that falls on a holiday or a weekend, the official date shall become the next business day.~~

~~g. Beginning of Elected Trustee Terms~~

1. ~~Upon completion of an election, all elected trustee terms, except for special elections, shall begin on July 1 following the election.~~

~~VII. Board Procedures to Fill Unexpired Terms for Elected Trustees~~

~~a. Notice~~

~~ATRS staff shall notify the Board of a resignation or vacancy by other cause in a trustee position as soon as possible after ATRS staff has knowledge of the resignation or vacancy by other cause.~~

~~b. Board Action Upon Receiving Vacancy Notice~~

1. ~~The Board shall take appropriate action authorized by law to fill the vacancy.~~
2. ~~The Board, by majority vote, may appoint a trustee until the next ATRS election.~~

~~c. Scheduling and Notice of Special Election~~

1. ~~A special election to fill a trustee position caused by resignation or vacancy by other cause shall be scheduled and held if the Board, by majority vote, determines that the vacancy should be filled by a special election.~~
2. ~~If an elected trustee position is declared vacant by the Board and the Board determines that the vacancy should be filled by a special election, ATRS shall:~~
 - A. ~~Publish notice that a special election shall be held; and~~
 - B. ~~Announce the schedule for the special election.~~
3. ~~The schedule for the special election shall include the following:~~
 - A. ~~The date the vacancy occurred and position being vacated;~~
 - B. ~~The time period for circulating petitions for nominating signatures;~~
 - C. ~~The deadline for filing petitions with ATRS;~~
 - D. ~~The date ATRS will verify the validity of petitions;~~
 - E. ~~The date ballots will be sent to eligible voters;~~
 - F. ~~The election date; and~~
 - G. ~~The date the term shall begin.~~

4. ~~ATRS may follow or use as a guideline the rules concerning the publishing of public notice in this ATRS Rule 4 VII for publishing notice during a special election.~~

~~VIII. Term of Elected Trustee Office and Vacancies~~

~~a. Duration of Term~~

1. ~~The term of office of each elected trustee shall be six (6) years unless the trustee is elected in a special election.~~
2. ~~A trustee who is elected in a special election shall serve for the remainder of the six-year term of the vacating trustee.~~
3. ~~A trustee who is appointed to the Board shall serve until the next system election that is held to fill the trustee position to which the trustee was appointed.~~
4. ~~Each trustee shall continue to serve as trustee until his or her term expires unless he or she resigns or is otherwise ineligible under this ATRS Rule 4.~~
5. ~~In a year in which a six-year term of a trustee expires, the position shall be filled under the regular election schedule in this rule.~~

~~IX. Rules on Elected Trustee Vacancies~~

~~a. Ineligibility of Active Member Trustee~~

1. ~~An active member trustee shall be ineligible to serve if he or she:~~
 - A. ~~Becomes inactive;~~
 - B. ~~Retires; or~~
 - C. ~~Changes his or her employment category during his or her term of office and the employment category is a requirement of the trustee position.~~

~~b. Ineligibility of Retiree Member Trustee~~

1. ~~A retiree member trustee shall be ineligible to serve after becoming an active member.~~

~~d. Trustee Absence from Board Meetings~~

1. ~~A trustee vacancy may occur if a trustee is absent from meetings.~~
2. ~~The Board or its designee shall notify the trustee after the trustee's second consecutive absence.~~
3. ~~The Board shall vote to declare, by resolution, a position vacant if:~~
 - A. ~~A trustee has three (3) consecutive unexcused absences from regular meetings of the Board.~~

- i. ~~An absence that is excused by a majority of the members of the Board shall not be counted towards a vacancy.~~
 - ii. ~~Attendance on either day of a two-day meeting of the Board is sufficient to meet the attendance requirement for the two-day meeting of the Board;~~
- B. ~~A trustee becomes ineligible to serve on the Board due to a change in status under Arkansas Code § 24-7-302 that results in the trustee being absent from three (3) consecutive regular meetings of the Board before the expiration of the trustee's term; or C. A trustee resigns or dies.~~
- 4. ~~If the Board declares a vacancy by resolution as provided under this ATRS Rule 4 IX, the Board may vote to hold a special election to fill an unexpired term using the Board's procedures to fill unexpired terms for elected trustees.~~
 - 5. ~~If the Board does not certify a vacancy by resolution under this ATRS Rule 4 IX, the vacancy shall be filled, using approved election procedures for the position, during the next annual ATRS election held after the expiration of the elected trustee's term.~~

HISTORY

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ATRS Rule 6
Membership and Employer Participation

§ 6-101. Definitions.

(a) As used in this rule:

(1) "Administrator" means:

(A) An employee of a covered employer in one (1) of the following positions: Public school superintendent, assistant superintendent, principal, or vice principal;

(i) A higher education president, chancellor, or director;

(ii) A community college, vocational or technical school, or educational cooperative director, president, or vice president; or

(B) An employee of an education-related agency participating in the Arkansas Teacher Retirement System who is an active member employed in a GS13 grade position, its equivalent, or above;

(2) "Contributory service" means service on which a member makes or made member contributions to the Arkansas Teacher Retirement System;

(3) "Contributory election" means a member's written election to make member contributions to the Arkansas Teacher Retirement System;

(4) "Noncontributory service" means service on which a member does not make member contributions to the Arkansas Teacher Retirement System and for which the member accepts a reduced retirement annuity for the member's years of noncontributory service;

(5) "Nonteacher" means a member who is not a teacher or administrator;

(6) "Organization" means:

(A) A private entity that:

(i) Provides services to a public school district; and

(ii) Has employees who were previously employed by the public-school district and members of ATRS; or

(B) An educational nonprofit corporation licensed and regulated by the Division of Developmental Disabilities Services of the Department of Human Services;

(7) "Preceding system" means a previous reciprocal retirement system of record;

(8) "Post-secondary higher education plan" or "PSHE plan" means a plan establishing the right of a new employee of a post-secondary or higher education employer to participate in the Arkansas Teacher Retirement System on or after July 1, 2011;

(9) "Reciprocal system" means:

(A) The Arkansas Teacher Retirement System operations as of June 30, 1957, and continued by statutes;

(B) The Arkansas State Highway Employees' Retirement System, established by Arkansas Code § 24-5-103;

(C) The Arkansas Public Employees' Retirement System established by Arkansas Code § 24-4-103;

(D) The Arkansas State Police Retirement System established by Arkansas Code § 24-6-203;

(E) The Arkansas Judicial Retirement System established by Arkansas

Code § 24-8-201;

(F) The Arkansas District Judge Retirement System established by Arkansas Code §§ 24-8-801[repealed] 24-8-824 [repealed];

(G) The Arkansas Local Police and Fire Retirement System provided for under Arkansas Code § 24-10-101; or

(H) An alternate retirement plan **as defined by Arkansas Code § 24-7-202** or an alternate retirement plan for an agency that, through a state reorganization or transformation plan, may be assigned the duties under one (1) or more of the agencies listed in § 6-101(a)(9)(A)-(H);

(10) "State employer" means:

(A) A public employer whose employees are covered under the:

(i) Arkansas Teacher Retirement System;

(ii) Arkansas State Highway Employees' Retirement System

(Arkansas Code § 24-5-103);

(iii) Arkansas Public Employees' Retirement System (Arkansas Code

§ 24-4-103);

(iv) Arkansas State Police Retirement System (Arkansas Code § 24-

6-203);

(v) Arkansas Judicial Retirement System (Arkansas Code § 24-8-

201); or

(vi) Arkansas District Judge Retirement System (Arkansas Code §§

24-8-801[repealed] — 24-8-824 [repealed]); or

(B) A public employer that **has an alternate retirement plan as defined by Arkansas Code § 24-7-202**; or

(C) A public employer that is an agency that, through a state reorganization or transformation plan, may be assigned the duties of one (1) or more of the agencies listed in this § 6-101(a)(9)(A)-(B);

(11) "Succeeding system" means the current reciprocal retirement system of record that follows a person's membership in a preceding retirement system; and

(12) "Teacher" means a person employed by a school for the purpose of giving instruction and whose employment requires state teaching licensure.

§ 6-102. Confidentiality of member accounts.

(a) As provided by the Arkansas Teacher Retirement System's Code of Ethics, the system shall keep each member's salary, employment history, retirement account, and other personal data or other information compiled by the system for purposes of establishing and maintaining the member's retirement account confidential.

(b) All member information compiled by the system for the purpose of establishing and maintaining the member's retirement account shall not be disclosed to a third-party unless:

(1) The member provides the system with his or her written consent;

(2) A valid legal process requires the disclosure of the member's information;

(3) Disclosure is necessary for the proper operation and administration of the system and a confidentiality agreement authorizing the disclosure has been executed by the system and the person or entity that will receive the information; or

(4) Disclosure of the member's information is authorized by statute.

(c) Individual member records that are kept for the purpose of compiling information for a member's retirement or Social Security records shall not be open to the public under Arkansas Code § 24-4-1003.

§ 6-103. Employee membership in another state retirement system.

Excluding service as a member of the General Assembly, an employee who is eligible for membership in the Arkansas Teacher Retirement System is ineligible for membership in another state retirement system while he or she is employed in a position covered by the Arkansas Teacher Retirement System.

§ 6-104. Erroneous employee membership enrollment.

(a)(1) An employee who was erroneously enrolled in the Arkansas Teacher Retirement before January 1, 1979, shall continue to be a member of the Arkansas Teacher Retirement System if the employee's contributions were not refunded before July 1, 1979.

(2) The employee shall:

(A) Receive service credit for all paid membership service in the Arkansas Teacher Retirement System and any free service creditable under Acts 1973, No. 427 as amended; and

(B) Be entitled to reciprocal service credit as provided by Arkansas Code §§ 24-7-401 — 24-7-408.

(b) Effective July 1, 1979, the Arkansas Teacher Retirement System shall not:

(1) Be required to correct the state retirement system membership of an employee who was erroneously enrolled in another state retirement system before January 1, 1979; and

(2) Accept an employee who was erroneously enrolled in another state retirement system before January 1, 1979, as a member of the Arkansas Teacher Retirement System unless the employee's contributions were refunded before July 1, 1979.

(c)(1) An employee who is erroneously enrolled in a state retirement system on or after January 1, 1979, may elect to remain a member of the system of record or become a member of the eligible retirement system.

(2) If the Arkansas Teacher Retirement System discovers that an employee is erroneously enrolled in another state retirement system on or after January 1, 1979, the Arkansas Teacher Retirement System shall notify both the state employer and employee that the:

(A) Employee is erroneously enrolled in the state retirement system; and

(B) Error may be corrected as provided by Acts 1991, No. 13 or Arkansas Code § 24-2-302 et seq.

§ 6-105. Membership eligibility — Janitors, bus drivers, and cafeteria workers.

An employee shall continue to be a member of the Arkansas Public Employees' Retirement System if the employee:

(1) Was employed before July 1, 1989, as a school janitor, bus driver, or cafeteria worker;

(2) Was enrolled in the Arkansas Public Employees Retirement System under the provision of Acts 1965, No. 63;

- (3) Was promoted to a position of school maintenance worker or supervisor, bus mechanic or transportation supervisor, or cafeteria manager, respectively; and
- (4) Remains employed in the position to which he or she was promoted.

§ 6-106. Membership eligibility — Nonteaching service employees.

- (a) Effective July 1, 2001, an employee whose nonteaching service began before July 1, 1989, and is covered or coverable by the Arkansas Public Employees' Retirement System may elect to be covered by the Arkansas Teacher Retirement System.
- (b) An employee shall submit his or her election to be covered by the Arkansas Teacher Retirement System before May 31 on a form provided by the Arkansas Teacher Retirement System.
- (c) In accordance with Arkansas Code § 24-7-501, an employee's timely submitted election to be covered by the Arkansas Teacher Retirement System is effective on July 1 of the following year.

§ 6-107. Membership eligibility — College plans.

- (a)(1) A member of the Arkansas Teacher Retirement System who was employed by a nonmandatory employer before July 1, 2011, may continue to participate in the system instead of an alternative program offered by the nonmandatory employer if the member continues providing consistent service to the nonmandatory employer.
 - (2) A nonmandatory employer shall be considered a post-secondary or higher education employer or PSHE employer if the nonmandatory employer enrolls a new eligible member with the system on or after July 1, 2011.
 - (3) If an eligible nonmandatory employer college elects to offer participation in the Arkansas Teacher Retirement System to its employees, the nonmandatory employer shall report information regularly to the system, on forms approved by the system, as required or permitted by the law applicable to the system.
- (b)(1) A PSHE employer may elect to offer participation in the Arkansas Teacher Retirement System to its employees by fulfilling the requirements of Arkansas Code § 24-7-1605.
 - (2) In addition to completing and submitting the standard reporting forms required by the system, a PSHE Employer shall provide supplemental reports on any form required, approved, and adopted by the Board of Trustees of the Arkansas Teacher Retirement System.
- (c)(1) The participation of new employees hired by a PSHE employer after July 1, 2011, is governed by Arkansas Code § 24-7-1601 et seq.
 - (2) An employee of a PSHE employer who is hired after July 1, 2011, may participate in a PSHE plan if the employee:
 - (A) Is benefits-eligible as determined by the PSHE employer;
 - (B) Is a vested member of the system at the time of initial employment;
 - (C) Is not a vested member of the system, but meets the requirements of a less restrictive PSHE plan adopted by the specific PSHE employer; and
 - (D) Signs an irrevocable PSHE plan participation form provided by the system.
 - (3) A PSHE plan employee shall remain a member of the system as long as he

or she is employed by a PSHE employer.

(4) A PSHE plan employee's election to participate in the system is irrevocable unless the PSHE plan employee obtains a termination refund from the system after his or her election to participate.

§ 6-108. Employer participation — Review of employer participation.

(a) This section applies to an employer that participates in the Arkansas Teacher Retirement System as provided under Arkansas Code § 24-7-202.

(b) Every five (5) years from the effective start date of an employer's participation in the system, the Executive Director of the Arkansas Teacher Retirement System shall review the employer's participation in the system to ensure that the employer meets both federal and state requirements for participation and continued participation in the system.

(c) The executive director's determination concerning whether or not an employer meets the requirements for continued participation in the system shall be presented to the Board of Trustees of the Arkansas Teacher Retirement System for review and appropriate action by the board.

§ 6-109. Employer participation — Application for participation.

(a) An employer that would prefer to participate in and have its employees become members of the Arkansas Teacher Retirement System may submit a written application to the Executive Director of the Arkansas Teacher Retirement System.

(b) An employer's application for participation in the system shall:

(1) Specify a proposed effective date for participation in the system; and

(2) Include the following information and materials:

(A) A certified copy of the articles of incorporation, bylaws, and other organizational documents of employer;

(B) A copy of the employer's:

(i) Most recent three (3) years' annual audited financial statements, including balance sheets, financial statements, and statements of cash flows; or

(ii) If the employer does not have audited financial statements, the year-end compilation reports or internal balance sheet and income statements for the employer;

(C) A copy of the employer's most recent three (3) years' federal and state income tax returns;

(D) A description of the employer's sources of funding, including the percentage of the funds that is provided by the federal or state government and the type of government funding provided;

(E) A description of how the employer's board of directors or board of trustees is selected and whether any governmental agency has input in the selection of the board members;

(F) A description of the types of services provided by the employer; and

(G) A description of each government agency that would be responsible for providing the types of services provided by the employer if the employer did not provide the services.

(c)(1) After the system reviews the employer's application and accompanying information and materials, the system shall:

(A) Determine whether an Internal Revenue Service ruling or IRS Ruling should be requested concerning whether or not the participation of the employees of the employer jeopardizes the system's status as a governmental plan; and

(B) Request any necessary additional information and statements from the employer if the system determines that an IRS Ruling should be requested.

(2) The employer shall provide the system with any additional information and statements requested by system in relation to the IRS Ruling.

(3) The employer shall pay the system three thousand dollars (\$3,000) or the actual cost for fees and costs associated with obtaining the IRS Ruling if the system determines that an IRS Ruling should be requested.

(d)(1) The Board of the Arkansas Teacher Retirement System shall consider and vote on an application for employer participation or continued participation.

(2) When considering an application for employer participation, the board:

(A) Shall consider any relevant constitutional arguments brought to the attention of the executive director concerning the employer's application for employer participation;

(B) Shall consider Rev. Rul. 89-49; and

(C) May consider any other relevant rulings issued by the Internal Revenue Service or the Department of Labor.

§ 6-110. Employer participation — Education-related agencies or organizations.

(a) A person who is employed by an education-related agency or organization is eligible to become a member of the Arkansas Teacher Retirement System if:

(1) The following applies to the person:

(A) The person is employed in a position with an education-related agency or organization;

(2) The person's employment is related to:

(A) Training public school employees or school board members;

(B) Teaching public school students; or

(C) Adult education programs;

(3) The person's employment is unrelated to private schools;

(4) The person is or has been a member of the system for a minimum of five (5) years; and

(5) The person elects to become or remain a member of the system;

(2) The Board of the Arkansas Teacher Retirement System determines that the participation of the employees employed by the education-related agency or organization will not:

(A) Impair the system's legal status, including:

(i) The system's tax-qualified and governmental plan status under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; and

(ii) The system's governmental plan status under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.;

(iii) Subject the system to additional federal requirements;

(iv) Have a substantial adverse impact on the system's actuarial soundness; and

(3) The education-related agency or organization:

- (A) Elects to participate in the system;
- (B) Assumes responsibility for employer contributions;
- (C) Assumes responsibility for fees for obtaining IRS Rulings or Employee Retirement Income Security Act of 1974 opinions; and
- (D) Is approved as a covered employer by the board.

(b) An education-related agency or organization shall:

- (1) Become a covered employer at the time that an employee elects to become or remain a member of the system; and
- (2) Be considered a covered employer only for each employee who elects to become or remain a member of the system.

§ 6-111. Employer participation — Private providers.

Effective July 1, 1997, if a public school district privatizes any of its services, a person who is or was employed by the public school district in one (1) or more of the privatized services and who is or has been a member of the Arkansas Teacher Retirement System may elect to remain a member of the system if the:

(1) The Board of the Arkansas Teacher Retirement System determines that the participation of employees hired by the private provider will not:

- (A) Impair the system's legal status, including:
 - (i) The system's tax-qualified and governmental plan status under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; and
 - (ii) The system's governmental plan status under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.;
- (B) Subject the system to additional federal requirements; or
- (C) Have a substantial adverse impact on the system's actuarial soundness;

and

(2) Private provider assumes responsibility for:

- (A) Required employer contributions; and
- (B) Fees for obtaining IRS Rulings or Employee Retirement Income Security Act of 1974 opinions.

§ 6-112. Employer participation — Educational nonprofit corporations.

Effective July 1, 1997, a person who is employed by a nonprofit corporation is eligible to become a member of the Arkansas Teacher Retirement System if:

(1) The following applies to the person:

(A) The person is employed in a position with an educational nonprofit corporation that is licensed and regulated by the Division of Developmental Disabilities Services of the Department of Human Services;

(B) The person's employment is related to:

(i) Training public school employees or school board members;
Teaching public school students; or

(ii) Adult education programs; and

(C) The person's employment is unrelated to private schools;

(2) The Board of the Arkansas Teacher Retirement System determines that the participation of employees employed by the educational nonprofit corporation will not:

(A) Impair the system's legal status, including:

(i) The system's tax-qualified and governmental plan status under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; and

(ii) The system's governmental plan status under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.;

(B) Subject the system to additional federal requirements; or

(C) Have a substantial adverse impact on the system's actuarial soundness;

and

(3) Nonprofit corporation:

(A) Elects to participate in the system;

(B) Assumes responsibility for employer contributions;

(C) Assumes responsibility for fees for obtaining IRS Rulings or Employee Retirement Income Security Act of 1974 opinions; and

(D) Is approved as a covered employer by the board.

§ 6-113. Contributory election.

(a)(1) A person's status as a contributory or noncontributory member of the Arkansas Teacher Retirement System shall be determined by the year in which the person became a member of the system.

(2) All service rendered before July 1, 1986, is contributory service.

(b)(1) A member's contributory status is irrevocable once the member becomes a contributory member of the system.

(2) A contributory member shall not elect to become a noncontributory member.

(c) A contributory election is valid if the contributory election is:

(1) Made on an election form provided by the system; and

(2) Signed by both the member and the covered employer.

(d)(1) If a member makes a contributory election before the preparation of his or her first salary payment in the fiscal year, the contributory election is effective immediately.

(2) If a member makes a contributory election after the preparation of his or her first salary payment in the fiscal year, the contributory election is effective July 1 of the next fiscal year.

§ 6-114. Contributory election — Noncontributory members.

(a)(1) A noncontributory member may make a contributory election.

(2) If a noncontributory member makes a contributory election before the preparation of the first salary payment to the noncontributory member in the fiscal year, the contributory election is effective immediately.

(3) If a noncontributory member makes a contributory election after the preparation of the first payroll containing the first salary payment to the noncontributory member in the fiscal year, the contributory election is effective July 1 of the next fiscal year.

(4) All service rendered after a contributory election is filed with the Arkansas Teacher Retirement System shall be contributory.

(5) A noncontributory member's contributory election that is filed with the system is irrevocable.

(b) An inactive member shall make contributions on his or her full salary if the inactive member:

(1) Was contributory and earned a maximum salary of seven thousand eight

hundred dollars (\$7,800); and

(2) Returns to work on or after July 1, 1995.

(c)(1) An inactive member or rescinding retiree may make a contributory election if the inactive member or rescinding retiree:

(A) Was noncontributory; and

(B) Reenters the Arkansas Teacher Retirement System after June 30,

2007.

(2) If the inactive member or rescinding retiree does not make a contributory election, the inactive member or rescinding retiree shall be enrolled in the plan that he or she was enrolled in before reentering the system.

§ 6-115. Contributory election — Member contracts.

(a) A member who is not under contract may make a contributory election.

(b)(1) A member under contract for one hundred eighty-five (185) days or more shall make contributions to the Arkansas Teacher Retirement System.

(2) A member under contract for one hundred eighty-four (184) days or less may make a contributory election.

(3) If a member enters into a contract with a covered employer after the fiscal year starts, the system may prorate or adjust the number of contracted days to appropriately determine whether the member should be classified as a contributory member or a noncontributory member who may make an election to become a contributory member of the system.

(c)(1) Regardless of a member's earlier noncontributory election, an active member whose status changes from nonteacher to teacher or administrator under contract for one hundred eighty-five days (185) or more shall make member contributions to the system.

(2) An active member's change of status from noncontributory to contributory due to his or her status change from nonteacher to teacher or administrator is effective on the first day of the next fiscal year if the active member:

(A) Changes status from nonteacher to teacher or administrator during a year in which the active member's service has already been reported as noncontributory; and

(B) Is under contract for one hundred eighty-five (185) days or more.

§ 6-116. Contributory election — State agency employees.

(a) A full-time employee of a state agency covered by the Arkansas Teacher Retirement System shall be contributory.

(b)(1) A part-time employee of a state agency covered by the system shall be noncontributory.

(2) A part-time employee of a state agency covered by the system may make a contributory election.

§ 6-117. Contributory election — Employer reporting errors.

(a)(1) A member shall be considered to be noncontributory for the first year of service with a covered employer if the member:

(A) Was an inactive member who returned to covered employment as an active member after July 1, 1999; and

(B) Is reported incorrectly as noncontributory by his or her covered employer for his or her first year of service with the covered employer.

(2) The Arkansas Teacher Retirement System shall notify the covered employer of the member's contributory status.

(3) The member shall begin making contributions to the system effective the next July 1 following the member's first year of service with the covered employer.

(b)(1) A member shall be considered to be noncontributory for his or her first year of service with a covered employer if the member is a new member of the system and incorrectly reported as noncontributory by his or her covered employer for the first year.

(2) The system shall notify the covered employer of the member's contributory status.

(3) The member shall begin making contributions to the system effective the next July 1 following the member's first year of service with the covered employer and the covered employer shall correctly report the member as contributory.

§ 6-118. Reciprocal service credit.

(a) A member who leaves a position covered by the Arkansas Teacher Retirement System, becomes employed by a reciprocal system, and files a reciprocal service agreement shall become an inactive member of the Arkansas Teacher Retirement System and may be eligible for an annuity benefit according to the annuity benefit formula in effect at the time of the member's effective retirement date.

(b) Minimum benefits under Acts 1965, No. 488, Arkansas Code § 24-2402(5)(E), as amended, for reciprocal service shall not apply unless a member has five (5) or more years of credited service in the Arkansas Teacher Retirement System.

(c)(1) If the Arkansas Teacher Retirement System is a member's preceding system, the Arkansas Teacher Retirement System shall not pay annuity benefits to the member under reciprocity unless the member:

(A) Attains the normal retirement age; or

(B) Leaves his or her employment with his or her state employer.

(2) If the Arkansas Teacher Retirement System is a member's preceding system, the member, after attaining the normal retirement age, is eligible to apply for retirement benefits without leaving his or her employment with his or her last state employer.

(3) The member's annuity benefit payments shall begin after the member attains the normal age of retirement or on the first day of the month following the month in which the member's application is filed, whichever occurs last.

(4) The Arkansas Teacher Retirement System shall only consider service credited to the member and salaries earned by the member before the member's effective retirement date to calculate the member's annuity benefit.

§ 6-119. Reciprocal service credit — Calculation of service credit.

If a member of the Arkansas Teacher Retirement System has service credited during the same fiscal year with another reciprocal system and the combined service is greater than one (1) year of service credit, the Arkansas Teacher Retirement System shall credit service as follows:

(1) If credit by the reciprocal system is less than three (3) months, the Arkansas Teacher Retirement System shall credit service for one (1) year;

(2) If credit by the reciprocal system is three (3) or more months but less than six (6) months, the Arkansas Teacher Retirement System shall credit service for three-fourths (3/4) year;

(3) If credit by the reciprocal system is six (6) or more months but less than nine (9) months, the Arkansas Teacher Retirement System shall credit service for one-half (1/2) year; and

(4) If credit by the reciprocal system is for nine (9) months but less than twelve (12) months, the Arkansas Teacher Retirement System shall credit service for one-fourth (1/4) year.

§ 6-120. Reciprocal service credit — Contributions and repayments.

(a) While an employee participates in a reciprocal system, back contributions, additional contributions, and repayment of refund payments made to the Arkansas Teacher Retirement System shall be made in accordance with the payment method provisions of ATRS Rule 8.

(b) Employer pick-up is prohibited while the employee works for an employer that is not a covered employer of the Arkansas Teacher Retirement System.

§ 6-121. Reciprocal service credit — Concurrent service.

(a) Unless the reciprocal system is the Arkansas Public Employees' Retirement System or an alternate retirement plan, beginning July 1, 2013, the Arkansas Teacher Retirement System shall allow a member who earns concurrent service in both the Arkansas Teacher Retirement System and a reciprocal system to receive full service credit in the Arkansas Teacher Retirement System without reduction of service credit due to the concurrent service.

(b) The Arkansas Teacher Retirement System shall not recognize concurrent service added to a member's credited service in the Arkansas Teacher Retirement System that, for the purpose of vesting, retirement eligibility, or calculating final average salary, either:

(1) Credits the member with more than one (1) year of credited service for a fiscal year; or

(2) Combines salary earned in the Arkansas Teacher Retirement System and a reciprocal system in a fiscal year.

(c)(1) A member may waive all or part of the concurrent service credited to him or her in the Arkansas Teacher Retirement System and have the concurrent service credited to him or her under a reciprocal system if:

(A) The member acknowledges that the waiver is a voluntary surrender of the member's concurrent service credit in the Arkansas Teacher Retirement System;

(B) The member acknowledges that the waiver cancels his or her concurrent service credit in the Arkansas Teacher Retirement System; and

(C) The member submits to the Arkansas Teacher Retirement System a concurrent service credit waiver form approved by the Arkansas Teacher Retirement System.

(2) If a member waives all or part of the concurrent service credited to him or her in the Arkansas Teacher Retirement System and has the concurrent service credited to him or her under a reciprocal system, the Arkansas Teacher Retirement System may refund the employer-accrued contributions and employee-accrued contributions.

§ 6-122. Reciprocal service credit — Alternate retirement plans.

(a) A member of the Arkansas Teacher Retirement System may establish reciprocal service credit from an alternate retirement plan if he or she completes and submits a request to establish the reciprocal service credit on a form approved by the Arkansas Teacher Retirement System.

(b) Distributions from an alternate retirement plan may prevent reciprocal service from being established if the Arkansas Teacher Retirement System is unable to verify that the withdrawals were made without penalty under Internal Revenue Service guidelines concerning rollovers to eligible plans, withdrawals, that are not subject to early withdrawal, etc.

§ 6-123. Reciprocal service credit — Arkansas Public Employees' Retirement System.

From July 1, 1991, until December 31, 1991, an active member of the Arkansas Public Employees' Retirement System may establish reciprocity between the Arkansas Public Employees' Retirement System and the Arkansas Teacher Retirement System and purchase out-of-state service rendered before January 1, 1978, in accordance with Arkansas Code §§ 24-7-601 and 24-7-603, if the active member:

(1) Was an active member of the Arkansas Teacher Retirement System before January 1, 1978; and

(2) Became a member of the Arkansas Public Employees' Retirement System within thirty (30) days of leaving the Arkansas Teacher Retirement System.

§ 6-124. Reciprocal service credit — Arkansas Rehabilitation Services.

(a) Effective July 1, 1993, for a ninety (90) day period, an employee of the Arkansas Rehabilitation Services may transfer his or her membership from the Arkansas Public Employees' Retirement System to the Arkansas Teacher Retirement System under Acts 1993, No. 574.

(b) An employee who transfers his or her membership from the Arkansas Public Employees' Retirement System to the Arkansas Teacher Retirement System shall establish reciprocity between the two (2) systems and Acts 1977, No. 793 shall not apply to the employee.

§ 6-125. Reciprocal service credit — Department of Human Services.

(a) The law applicable to the Arkansas Teacher Retirement System shall be used to determine the annuity benefits to which an employee is entitled for service provided before or after Acts 1977, No. 793 if the employee:

(1) Was an employee of the Department of Human Services and became a member of the Arkansas Public Employees' Retirement System under the provisions of Acts 1977, No. 793, as amended; and

(2) Left employment with the Department of Human Services and became employed in a position covered by the Arkansas Teacher Retirement System.

(b) A member meeting the description of § 6-125(a) may establish reciprocity under Acts 1965, No. 488, as amended.

§ 6-126. Reciprocal service credit — Effective date of benefits.

(a)(1) If the Arkansas Teacher Retirement System is a member's preceding system, the member's annuity benefit payments shall begin after the member attains the normal age of retirement or on the first day of the month following the month in which the member's retirement application was filed, whichever is later.

(2) If the member has combined service of at least twenty-five (25) years, the normal retirement age requirement shall not apply.

(3)(A) Deferred annuity benefit payments to the member shall not begin before the date on which the member leaves employment with his or her last state employer unless the member attains the normal retirement age.

(B) A member is entitled to a deferred annuity benefit if the member:

(i) Leaves his or her state employment in a position that is covered by one (1) of the reciprocal systems; and

(ii) Enters subsequent state employment in a position that is covered by another of the reciprocal systems.

(b)(1) If the Arkansas Teacher Retirement System is the member's preceding system, the member is eligible to apply for retirement benefits without leaving employment with his or her last state employer upon attaining the normal retirement age.

(2) The member's annuity benefit payments shall begin after the member attains the normal retirement age or on the first day of the month following the month in which the member's retirement application is filed, whichever is later.

(3) The Arkansas Teacher Retirement System shall use only service credited to the member and salaries earned by the member before the member's effective retirement date to calculate the member's annuity benefit.

(c)(1) A member is eligible to apply for disability retirement benefits from each reciprocal system in which the member has credited service according to the rules for eligibility promulgated by that reciprocal system.

(2) The member's disability retirement benefits payable by the preceding reciprocal system shall:

(A) Begin the first day of the month following the month in which the member's disability retirement application is filed with the preceding system; and

(B) Not begin before the date on which the member leaves employment with his or her last state employer.

§ 6-127. Reciprocal service credit — Survivor annuity benefits.

(a) If survivor annuity benefits are payable by more than one (1) reciprocal system to an eligible survivor of a deceased member, a survivor who receives annuity benefit payments shall not receive, as a percentage of the deceased member's final salary or as a minimum dollar amount, more than the largest amount payable by a single reciprocal system.

(b)(1) The Arkansas Teacher Retirement System shall prorate minimum benefits payable to a survivor with other reciprocal systems that have a minimum benefit provision in their plans.

(2) Each reciprocal system shall pay a proportionate share of the minimum benefit based on the ratio of the member's service in that reciprocal system to the member's total service in all the reciprocal systems.

(c) If the reciprocal system is an alternate retirement plan, survivor annuity benefits shall be contingent on whether the:

(1) Alternate retirement plan provides survivor annuity benefits; and

(2) Member selected survivor annuity benefits as a benefit under the alternate retirement plan.

Contributory and Noncontributory Service Chart by Year of Entry into System

(Elections and Re-entry may affect Individual Member Service Status)

<u>All Members</u>		
<u>1937 - 1986</u>	<u>All Members</u>	<u>Contributory</u>
<u>1986 - 1991</u>	<u>All Members</u>	<u>Contributory unless elect Noncontributory</u>
<u>1991 - 1999</u>	<u>All Members</u>	<u>Noncontributory unless elect Contributory</u>
<u>School District Employees</u>		
<u>1999 - 2007</u>	<u>Active</u>	<u>One-time election to be Contributory or Noncontributory, no election made by 7/1/2000, status on 6/30/2000</u>
	<u>Inactive</u>	<u>One-time election to be Contributory or Noncontributory upon reentering system, no election then enrolled in the plan that he or she was enrolled in before reentering ATRS</u>
	<u>New</u>	<u>Contract one hundred eighty-one (181) days or more - Contributory</u> - <u>Contract one hundred eighty (180) days or less - Noncontributory, may elect Contributory, election must be made one (1) year from hire date</u> - <u>No contract, member must be noncontributory</u>

<u>2005 - 2021</u>	<u>Nonteacher to Teacher or Administrator</u>	<u>Contract one hundred eighty-one (181) days or more - Contributory. If position change happens during the year, election is effective first of next fiscal year</u> - <u>All Noncontributory members may elect Contributory</u>
<u>2007 - 2021</u>	<u>All Members</u>	<u>May elect Contributory</u>
	<u>New</u>	<u>Contract one hundred eighty-one (181) days or more - Contributory</u> - <u>Contract 180 days or less –</u> • <u>Noncontributory, may elect Contributory</u> • <u>No contract — Noncontributory, may elect Contributory</u>
	<u>Inactive</u>	<u>May elect Contributory</u>
<u>2021</u>	<u>Nonteacher to Teacher or Administrator</u>	<u>Contract one hundred eighty-five (185) days or more - Contributory. If position change happens during the year, election is effective first of next fiscal year.</u> <u>All Noncontributory members may elect Contributory</u>
<u>2021 -</u>	<u>All Members</u>	<u>May elect Contributory</u>
	<u>A member with</u>	<u>Contract one hundred eighty-five (185) days or more - Contributory</u>
	<u>A member with</u>	<u>Contract one hundred eight-four (184) days or less - Noncontributory, may elect Contributory</u>
	<u>New</u>	<u>No contract – Noncontributory, may elect Contributory unless already Contributory</u>
	<u>Inactive</u>	<u>May elect Contributory</u>
<u>State Agency Employees</u>		
<u>1999 - 2007</u>	<u>Full-Time Employment</u>	<u>Must be Contributory</u>

	<u>Part-Time Employment</u>	<u>Must be Noncontributory</u>
<u>2007 -</u>	<u>Full-Time Employment</u>	<u>Must be Contributory</u>
	<u>Part-Time Employment</u>	<u>Noncontributory, may elect to be Contributory</u>

Authority: Arkansas Code §§ 24-2-202, 24-2-401 — 24-2-408, 24-7-202, 24-7-406, 24-7-501, 24-7-502, and 24-7-1601 — 24-7-1607.

History

<u>Adopted:</u>	<u>August 11, 1998</u>	<u>6-10</u>
<u>Amended:</u>	<u>June 15, 2004</u>	<u>6-1</u>
<u>Amended:</u>	<u>July 18, 2005</u>	<u>6-1, 6-2, 6-10</u>
	<u>April 26, 2007</u>	<u>6-1, 6-2, 6-11</u>
	<u>July 1, 2011</u>	<u>(Emergency) 6-1, 6-12</u>
<u>Adopted:</u>	<u>August 8, 2011</u>	<u>6-1, 6-12</u>
<u>Effective:</u>	<u>November 11, 2011</u>	<u>6-1, 6-12</u>
<u>Adopted by Board:</u>	<u>April 2, 2012</u>	<u>6-1</u>
<u>Amended:</u>	<u>May 2, 2012</u>	<u>6-1</u>
<u>Effective:</u>	<u>September 4, 2012</u>	<u>6-1</u>
<u>Amended:</u>	<u>May 2, 2012</u>	<u>6-2</u>
<u>Effective:</u>	<u>September 4, 2012</u>	<u>6-2</u>
<u>Approved by Board:</u>	<u>July 26, 2013</u>	<u>6-2, 6-12</u>
<u>Amended:</u>	<u>October 9, 2013</u>	<u>6-2, 6-12</u>
<u>Effective:</u>	<u>November 8, 2013</u>	
<u>Approved by Board:</u>	<u>February 5, 2018</u>	<u>6-2</u>
<u>Effective:</u>	<u>February 16, 2018</u>	<u>6-2</u>
<u>Effective:</u>	<u>May 28, 2020</u>	<u>Rule 6</u>
<u>Effective:</u>	<u>May 20, 2022</u>	<u>Rule 6</u>
<u>Effective:</u>	<u>TBD</u>	<u>Rule 6</u>

ATRS RULE 6
MEMBERSHIP AND EMPLOYER PARTICIPATION

~~Arkansas Code §§ 24-2-202, 24-2-401 — 24-2-408, 24-7-202, 24-7-406,
24-7-501, 24-7-502, and 24-7-1601 — 24-7-1607~~

I. Definitions

- a. ~~"Administrator" means:~~
1. ~~An employee of a covered employer in one (1) of the following positions:~~
 - A. ~~Public school superintendent, assistant superintendent, principal, or vice principal;~~
 - B. ~~A higher education president, chancellor, or director;~~
 - C. ~~A community college, vocational or technical school, or educational cooperative director, president, or vice president; or~~
 2. ~~An employee of an education-related agency participating in the Arkansas Teacher Retirement System (ATRS) who is an active member employed in a GS13 grade position, its equivalent, or above;~~
- b. ~~"Contributory service" means service on which a member makes or made member contributions to ATRS;~~
- c. ~~"Contributory election" means a member's written election to make member contributions to ATRS;~~
- d. ~~"Noncontributory service" means service on which a member does not make member contributions to ATRS and for which the member accepts a reduced retirement annuity for the member's years of noncontributory service;~~
- e. ~~"Nonteacher" means a member who is not a teacher or administrator;~~
- f. ~~"Organization" means:~~
1. ~~A private entity that:~~
 - A. ~~Provides services for a public school district; and~~
 - B. ~~Has employees who were previously employed by the public school district and members of ATRS; or~~
 2. ~~An educational nonprofit corporation licensed and regulated by the Division of Developmental Disabilities Services of the Department of Human Services;~~
- g. ~~"Preceding System" means a previous reciprocal retirement system of record;~~
- h. ~~"Post-secondary higher education plan" or "PSHE plan" means a plan establishing the right of a new employee of a post-secondary or higher education employer to participate in ATRS on or after July 1, 2011;~~
- i. ~~"Reciprocal System" means:~~

- ~~1. ATRS operations as of June 30, 1957, and continued by statutes;~~
 - ~~2. The Arkansas State Highway Employees' Retirement System (ASHERS), established by Arkansas Code § 24-5-103;~~
 - ~~3. The Arkansas Public Employees' Retirement System (APERS) established by Arkansas Code § 24-4-103;~~
 - ~~4. The Arkansas State Police Retirement System (ASPRS) established by Arkansas Code § 24-6-203;~~
 - ~~5. The Arkansas Judicial Retirement System (AJRS) established by Arkansas Code § 24-8-201;~~
 - ~~6. The Arkansas District Judge Retirement System (ADJRS) established by Arkansas Code §§ 24-8-801[repealed] 24-8-824 [repealed];~~
 - ~~7. The Arkansas Local Police and Fire Retirement System (ALOPFI) provided for under Arkansas Code § 24-10-101; or~~
 - ~~8. An alternate retirement plan for:

 - ~~A. A college, university, or the Division of Higher Education provided for under Arkansas Code § 24-7-801 et seq.;~~
 - ~~B. A vocational technical school or the Division of Career and Technical Education, the Adult Education Section of the Division of Workforce Services, the Division of Higher Education, and the Office of Skills Development provided for under Arkansas Code § 24-7-901 et seq.; or~~
 - ~~C. An agency that may be assigned the duties under one (1) or more of the agencies listed in this ATRS Rule 6 I.i. 1-8 through a state reorganization or transformation plan;~~~~
- ~~j. "State Employer" means:~~
- ~~1. A public employer whose employees are covered under the:

 - ~~A. ATRS;~~
 - ~~B. ASHERS (Arkansas Code § 24-5-103);~~
 - ~~C. APERS (Arkansas Code § 24-4-103);~~
 - ~~D. ASPRS (Arkansas Code § 24-6-203);~~
 - ~~E. AJRS (Arkansas Code § 24-8-201); or~~
 - ~~F. ADJRS (Arkansas Code §§ 24-8-801[repealed]—24-8-824 [repealed]);~~

~~or~~~~
 - ~~2. A public employer that is:

 - ~~A. A college, university, or the Division of Higher Education whose employees are covered by an alternate retirement plan provided for under Arkansas Code § 24-7-801 et seq.;~~
 - ~~B. A vocational technical school of the Division of Career and Technical Education, the Adult Education Section, and the Office of Skills~~~~

~~Development, whose employees are covered by an alternate retirement plan provided for under Arkansas Code § 24-7-901 et seq.; or~~

~~G. An agency that may be assigned the duties of one (1) or more of the agencies listed in this ATRS Rule 6 I.j.1. and 2. through a state reorganization or transformation plan;~~

~~k. "Succeeding System" means the current reciprocal retirement system of record that follows a person's membership in a preceding retirement system; and~~

~~l. "Teacher" means a person employed by a school for the purpose of giving instruction and whose employment requires state teaching licensure.~~

II. Membership and Employer Participation Rules

~~a. Employee Membership in Another State Retirement System~~

~~1. Excluding service as a member of the General Assembly, an employee who is eligible for membership in ATRS is ineligible for membership in another state retirement system while he or she is employed in a position covered by ATRS.~~

~~b. Erroneous Membership of Employees~~

~~1. Erroneous Enrollment Before January 1, 1979 — Employees~~

~~A. An employee who was erroneously enrolled in ATRS before January 1, 1979, shall continue to be a member of ATRS if the employee's contributions were not refunded before July 1, 1979. B. The employee shall:~~

~~i. Receive service credit for all paid membership service in ATRS and any free service creditable under Acts 1973, No. 427 as amended; and~~

~~ii. Be entitled to reciprocal service credit as provided by Arkansas Code §§ 24-7-401 — 24-7-408.~~

~~2. Erroneous Enrollment on or after January 1, 1979 — Employees~~

~~A. An employee who is erroneously enrolled in a state retirement system on or after January 1, 1979, may:~~

~~i. Elect to remain a member of the system of record; or~~

~~ii. Become a member of the eligible retirement system.~~

~~3. Correction of Erroneous Enrollment Occurring Before January 1, 1979 — ATRS Obligations~~

~~A. Effective July 1, 1979, ATRS shall not:~~

~~i. Be required to correct the state retirement system membership of an employee who was erroneously enrolled in another state retirement system before January 1, 1979; and~~

~~ii. Accept an employee who was erroneously enrolled in another state retirement system before January 1, 1979, as a member of ATRS~~

~~unless the employee's contributions were refunded before July 1, 1979.~~

~~4. Correction of Erroneous Enrollment Occurring on or after January 1, 1979—
ATRS Obligations~~

~~A. If ATRS discovers that an employee is erroneously enrolled in a state retirement system on or after January 1, 1979, ATRS shall notify both the covered employer and employee that the:~~

~~i. Employee is erroneously enrolled in the state retirement system;
and~~

~~ii. Error may be corrected as provided by Acts 1991, No. 13 or
Arkansas Code § 24-2-302 et seq.~~

~~c. Employee Membership Eligibility— School Janitors, Bus Drivers, and
Cafeteria Workers Employed Before July 1, 1989~~

~~1. An employee shall continue to be a member of APERS if the employee:~~

~~A. Was employed before July 1, 1989, as a school janitor, bus driver, or
cafeteria worker;~~

~~B. Was enrolled in APERS under the provision of Acts 1965, No. 63;~~

~~C. Was promoted to a position of school maintenance worker or supervisor,
bus mechanic or transportation supervisor, or cafeteria manager,
respectively; and~~

~~D. Remains employed in the position to which he or she was promoted.~~

~~d. Employee Membership Eligibility— Nonteaching Service Employees~~

~~1. Effective July 1, 2001, an employee whose nonteaching service began before
July 1, 1989, and is covered or coverable by APERS may elect to be covered
by ATRS.~~

~~2. An employee shall submit his or her election to be covered by ATRS before
May 31 on a form provided by ATRS.~~

~~3. An employee's timely submitted election to be covered by ATRS is effective
on July 1 of the following year. (Arkansas Code § 24-7-501(a)(2)(C))~~

~~e. Employee Membership Eligibility— College Plans~~

~~1. Employees of Nonmandatory Employers~~

~~A. A member of ATRS who was employed by a nonmandatory employer
before July 1, 2011, may continue to participate in ATRS instead of an
alternative program offered by the nonmandatory employer if the member
continues providing consistent service to the nonmandatory employer.~~

~~B. A nonmandatory employer shall be considered a post-secondary or higher
education employer (PSHE employer) if the nonmandatory employer
enrolls a new eligible member with ATRS on or after July 1, 2011.~~

~~C. If an eligible nonmandatory employer college elects to offer ATRS participation to its employees, the nonmandatory employer shall report information regularly to ATRS, on forms approved by ATRS, as required or permitted by the law applicable to ATRS.~~

~~2. Employees of PSHE Employers~~

~~A. A PSHE employer may elect to offer ATRS participation to its employees by fulfilling the requirements of Arkansas Code § 24-7-1605.~~

~~B. In addition to standard ATRS reporting forms, a PSHE Employer shall provide supplemental reports on any form required, approved, and adopted by the Board.~~

~~3. PSHE Employees Hired After July 1, 2011~~

~~A. The participation of new employees hired by a PSHE employer after July 1, 2011, is governed by Arkansas Code § 24-7-1601 et seq.~~

~~B. An employee of a PSHE employer who is hired after July 1, 2011, may participate in a PSHE plan if the employee:~~

~~i. Is benefits-eligible as determined by the PSHE employer;~~

~~ii. Is a vested member of ATRS at the time of initial employment;~~

~~iii. Is not a vested member of ATRS, but meets the requirements of a less restrictive PSHE plan adopted by the specific PSHE employer; and~~

~~iv. Signs an irrevocable PSHE plan participation form provided by ATRS~~

~~C. A PSHE plan employee shall remain a member of ATRS as long as he or she is employed by a PSHE employer.~~

~~D. A PSHE plan employee's election to participate in ATRS is irrevocable unless the PSHE plan employee obtains a termination refund from ATRS after his or her election to participate.~~

~~f. Employer Participation in ATRS~~

~~1. Executive Director Review of Employer Participation~~

~~A. This ATRS Rule 6 II.f.1. applies to an employer that participates in ATRS under the provisions of Arkansas Code § 24-7-202(D), (E), or (F).~~

~~B. Every five (5) years from the effective start date of an employer's participation in ATRS, the Executive Director of ATRS (executive director) shall review the employer's participation in ATRS to ensure that the employer meets both federal and state requirements for participation and continued participation in ATRS.~~

~~C. If the executive director determines that an employer no longer meets the requirements for continued participation in ATRS, the executive director shall notify the Board of Trustees of the Arkansas Teachers Retirement System (Board) to allow appropriate review and action by the Board.~~

~~2. Application for Employer Participation~~

~~A. An employer that would prefer to participate in and have its employees become members of ATRS may submit a written application to the executive director.~~

~~B. The application shall:~~

~~i. Specify a proposed effective date for participation in ATRS; and~~

~~ii. Include the following information and materials:~~

~~a. A certified copy of the articles of incorporation, bylaws, and other organizational documents of employer;~~

~~b. A copy of the employer's:~~

~~1. Most recent three (3) years' annual financial statements, including balance sheet, financial statements, and statement of cash flows; or~~

~~2. If the employer does not have audited financial statements, the year-end compilation reports or internal balance sheet and income statements for the employer;~~

~~c. A copy of the employer's most recent three (3) years' federal and state income tax returns;~~

~~d. A description of the employer's sources of funding, including the percentage of the funds that is provided by federal or state government and the type of government funding provided;~~

~~e. A description of how the employer's board of directors or board of trustees is selected and whether any governmental agency has input in the selection of the board members;~~

~~f. A description of the types of services provided by the employer; and~~

~~g. A description of each government agency that would be responsible for providing the types of services provided by the employer if the employer did not provide the services.~~

~~C. After ATRS reviews the employer's application and accompanying information and materials, ATRS shall:~~

~~i. Determine whether an Internal Revenue Service ruling (IRS Ruling) should be requested concerning whether or not the participation of the employees of the employer jeopardizes ATRS' status as a governmental plan; and~~

~~ii. Request any necessary additional information and statements from the employer if ATRS determines that an IRS Ruling should be requested.~~

- ~~D. The employer shall provide ATRS with any additional information and statements requested by ATRS in relation to the IRS Ruling.~~
- ~~E. The employer shall pay ATRS three thousand dollars (\$3,000) or the actual cost for fees and costs associated with obtaining the IRS Ruling if ATRS determines that an IRS Ruling should be requested.~~
- ~~F. The Board shall consider and vote on an application for employer participation.

 - ~~i. When considering an application for employer participation, the Board:

 - ~~a. Shall consider any relevant constitutional arguments brought to the attention of the executive director concerning the employer's application for employer participation;~~
 - ~~b. Shall consider Rev. Rul. 89-49; and~~
 - ~~c. May consider any other relevant rulings issued by the Internal Revenue Service or the Department of Labor.~~~~~~

~~3. Employer Participation — Education-Related Agency or Organization~~

- ~~A. Pursuant to Arkansas Code § 24-7-202(19)(D), an individual may be eligible to become a member of ATRS if the:

 - ~~i. Individual is employed in a position with an education-related agency or organization;~~
 - ~~ii. Individual's employment is related to:

 - ~~a. Training public school employees or school board members;~~
 - ~~b. Teaching public school students; or~~
 - ~~c. Adult education programs;~~~~
 - ~~iii. Individual's employment is unrelated to private schools;~~
 - ~~iv. Individual is or has been a member of ATRS for a minimum of five (5) years; and~~
 - ~~v. Individual elects to become or remain a member of ATRS.~~~~
- ~~B. A member described in this ATRS Rule 6.II.f.3 may become a member of ATRS if the:

 - ~~i. Board determines, pursuant to rules adopted by the Board, that the participation of employees employed by the education-related agency or organization will not:

 - ~~a. Impair ATRS' legal status, including:

 - ~~1. ATRS' tax-qualified and governmental plan status under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; and~~~~~~~~

~~2. ATRS' governmental plan status under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.;~~

~~b. Subject ATRS to additional federal requirements;~~

~~c. Have a substantial adverse impact on ATRS' actuarial soundness; and~~

~~ii. Education-related agency or organization:~~

~~a. Elects to participate in ATRS;~~

~~b. Assumes responsibility for employer contributions;~~

~~c. Assumes responsibility for fees for obtaining IRS Rulings or Employee Retirement Income Security Act of 1974 opinions; and~~

~~d. Is approved as a covered employer by the Board according to rules adopted by the Board.~~

~~4. Employer Participation — Private Provider Employees~~

~~A. Pursuant to Arkansas Code § 24-7-202(19)(E), effective July 1, 1997, if a public school district privatizes any of its services, an individual who is or was employed by the public school district in one (1) or more of the privatized services and who is or has been a member of ATRS may elect to remain a member of ATRS if the:~~

~~i. Board determines, pursuant to rules adopted by the Board, that the participation of employees described in this ATRS Rule 6.II.f.4. will not:~~

~~a. Impair ATRS' legal status, including:~~

~~1. ATRS' tax-qualified and governmental plan status under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; and~~

~~2. ATRS' governmental plan status under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.;~~

~~ii. Subject ATRS to additional federal requirements;~~

~~iii. Have a substantial adverse impact on ATRS' actuarial soundness; and~~

~~iv. Private provider assumes responsibility for:~~

~~a. Required employer contributions; and~~

~~b. Fees for obtaining IRS Rulings or Employee Retirement Income Security Act of 1974 opinions.~~

~~5. Employer Participation — Nonprofit Corporation Employees~~

~~A. Pursuant to Arkansas Code § 24-7-202(19)(F), effective July 1, 1997, an individual who meets the following requirements may be eligible to become a member of ATRS:~~

~~i. The individual is employed in a position with an educational nonprofit corporation that is licensed and regulated by the Division of Developmental Disabilities Services of the Department of Human Services; ii. The individual's employment is related to:~~

~~a. Training public school employees or school board members;~~

~~b. Teaching public school students; or~~

~~c. Adult education programs; and~~

~~iii. The individual's employment is unrelated to private schools.~~

~~B. A member described in this ATRS Rule 6.II.f.5 may become a member of ATRS if the:~~

~~i. Board determines, pursuant to rules adopted by the Board, that the participation of employees employed by the educational nonprofit corporation will not:~~

~~a. Impair ATRS' legal status, including:~~

~~1. ATRS' tax-qualified and governmental plan status under the Internal Revenue Code, 26 U.S.C. § 1 et seq.; and~~

~~2. ATRS' governmental plan status under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.;~~

~~b. Subject ATRS to additional federal requirements;~~

~~c. Have a substantial adverse impact on ATRS' actuarial soundness; and~~

~~ii. Nonprofit corporation:~~

~~a. Elects to participate in ATRS;~~

~~b. Assumes responsibility for employer contributions;~~

~~c. Assumes responsibility for fees for obtaining IRS Rulings or~~

~~Employee Retirement Income Security Act of 1974 opinions; and~~

~~d. Is approved as a covered employer by the Board according to rules adopted by the Board.~~

III. Contributory Election

a. Contributory Election — Generally

- ~~1. The year in which a person becomes a member of ATRS shall determine whether or not the person is considered a contributory or noncontributory member of ATRS.~~
 - ~~2. A member's contributory status is irrevocable once the member becomes a contributory member of ATRS.~~
 - ~~3. All service rendered before July 1, 1986, is contributory service.~~
 - ~~4. A contributory member shall not elect to become a noncontributory member.~~
 - ~~5. A contributory election is valid if the contributory election is:

 - ~~A. Made on an election form provided by ATRS; and~~
 - ~~B. Signed by both the member and the covered employer.~~~~
 - ~~6. If a member makes a contributory election before the preparation of his or her first salary payment in the fiscal year, the contributory election is effective immediately.~~
 - ~~7. If a member makes a contributory election after the preparation of his or her first salary payment in the fiscal year, the contributory election is effective July 1 of the next fiscal year.~~
- ~~b. Contributory Election — Member Contracts~~
- ~~1. Members Not Under Contract

 - ~~A. A member who is not under contract may make a contributory election.~~~~
 - ~~2. Members Under Contract

 - ~~A. A member under contract for one hundred eighty-five (185) days or more shall make contributions to ATRS.~~
 - ~~B. A member under contract for one hundred eighty-four (184) days or less may make a contributory election.~~~~
 - ~~3. Contributory Elections Based on Status Change from Nonteacher to Teacher or Administrator Under Contract

 - ~~A. Regardless of a member's earlier noncontributory election, an active member whose status changes from nonteacher to teacher or administrator under contract for one hundred eighty-five days (185) or more shall make member contributions to ATRS.~~
 - ~~B. An active member's change from noncontributory status to contributory status due to the status change described in this ATRS Rule III.b.3.A is effective on the first day of the next fiscal year if the active member:

 - ~~i. Changes status from nonteacher to teacher or administrator during a year in which the active member's service has already been reported as noncontributory; and~~
 - ~~ii. Is under contract for one hundred eighty-five (185) days or more.~~~~~~
- ~~c. Contributory Election – Noncontributory Members~~

- ~~1. A noncontributory member may make a contributory election.~~
 - ~~2. If a noncontributory member makes a contributory election before the preparation of the first salary payment to the noncontributory member in the fiscal year, the contributory election is effective immediately.~~
 - ~~3. If a noncontributory member makes a contributory election after the preparation of the first payroll containing the first salary payment to the noncontributory member in the fiscal year, the contributory election is effective July 1 of the next fiscal year.~~
 - ~~4. All service rendered after a contributory election is filed with ATRS shall be contributory.~~
 - ~~5. A noncontributory member's contributory election that is filed with ATRS is irrevocable.~~
- ~~d. Contributory Election — Noncontributory Inactive Members and Rescinding Retirees~~
- ~~1. Previously Contributory Inactive Members~~
 - ~~A. An inactive member shall make contributions on his or her full salary if the inactive member:~~
 - ~~i. Was contributory and earned a maximum salary of seven thousand eight hundred dollars (\$7,800); and~~
 - ~~ii. Returns to work on or after July 1, 1995.~~
 - ~~2. Previously Noncontributory Inactive Members and Retirees~~
 - ~~A. An inactive member or rescinding retiree may make a contributory election if the inactive member or rescinding retiree:~~
 - ~~i. Was noncontributory; and ii.~~

~~Reenters ATRS after June 30, 2007.~~

 - ~~B. If the inactive member or rescinding retiree does not make a contributory election, the inactive member or rescinding retiree shall be enrolled in the plan that he or she was enrolled in before reentering ATRS.~~
- ~~e. Contributory Election — State Agency Employees~~
- ~~1. Full-time Employees~~
 - ~~A. A full-time employee of a state agency covered by ATRS shall be contributory.~~
 - ~~2. Part-time Employees~~
 - ~~A. A part-time employee of a state agency covered by ATRS shall be noncontributory.~~
 - ~~B. A part-time employee of a state agency covered by ATRS may make a contributory election.~~

~~f. Contributory Election—Employer Reporting Errors~~

~~1. Inactive Members~~

~~A. ATRS shall consider a member as noncontributory if the member:~~

- ~~i. Was an inactive member who returned to covered employment as an active member after July 1, 1999;~~
- ~~ii. Is reported incorrectly as noncontributory by his or her covered employer for his or her first year of service with the covered employer.~~

~~B. ATRS shall notify the covered employer of the member's contributory status.~~

~~C. Effective the next July 1, the member shall make contributions to ATRS.~~

~~2. New Members~~

~~A. ATRS shall consider a member as noncontributory for his or her first year of service with a covered employer if the member is a new member of ATRS and incorrectly reported as noncontributory by his or her covered employer for the first year.~~

~~B. ATRS shall notify the covered employer of the member's contributory status.~~

~~C. Effective the next July 1, the member shall make contributions to ATRS and the covered employer shall correctly report the member as contributory.~~

IV. Confidentiality of Member Accounts

~~a. In compliance with the ATRS Code of Ethics, ATRS shall keep each member's salary, employment history, retirement account, and other personal data or other information compiled by ATRS for purposes of establishing and maintaining the member's retirement account confidential.~~

~~b. Disclosure~~

~~1. All member information compiled by ATRS for the purpose of establishing and maintaining the member's retirement account shall not be disclosed to a third-party unless:~~

~~A. The member provides ATRS with his or her written consent; or~~

~~B. A valid legal process requires the disclosure of the member's information.~~

~~2. Individual member records that are kept for the purpose of compiling information for a member's retirement or Social Security records shall not be open to the public under Arkansas Code § 24-4-1003.~~

V. Reciprocal Service Credit

~~a. Generally~~

- ~~1. A member who leaves a position covered by ATRS, becomes employed by a reciprocal system, and files a reciprocal service agreement shall become an inactive member of ATRS and may be eligible for an annuity benefit according to the annuity benefit formula in effect at the time of the member's effective retirement date.~~
 - ~~2. Minimum benefits under Acts 1965, No. 488, Arkansas Code § 24-2402(5)(E), as amended, for reciprocal service shall not apply unless a member has five (5) or more years of credited service in ATRS.~~
 - ~~3. If ATRS is a member's preceding system, ATRS shall not pay annuity benefits to the member under reciprocity unless the member:
 - ~~A. Attains the normal retirement age; or~~
 - ~~B. Leaves his or her employment with his or her state employer.~~~~
 - ~~4. If ATRS is a member's preceding system, the member, after attaining the normal retirement age, is eligible to apply for retirement benefits without leaving his or her employment with his or her last state employer.~~
 - ~~5. The member's annuity benefit payments shall begin after the member attains the normal age of retirement or on the first day of the month following the month in which the member's application is filed, whichever occurs last.~~
 - ~~6. ATRS shall only consider service credited to the member and salaries earned by the member before the member's effective retirement date to calculate the member's annuity benefit.~~
- ~~b. Reciprocal Service Credit—Calculation of Service Credit~~
- ~~1. If a member of ATRS has service credited during the same fiscal year with another reciprocal system and the combined service is greater than one (1) year of service credit, ATRS shall credit service as follows:
 - ~~A. If credit by the reciprocal system is less than three (3) months, ATRS shall credit service for one (1) year;~~
 - ~~B. If credit by the reciprocal system is three (3) or more months but less than six (6) months, ATRS shall credit service for three-fourths (3/4) year;~~
 - ~~C. If credit by the reciprocal system is six (6) or more months but less than nine (9) months, ATRS shall credit service for one-half (1/2) year; and~~
 - ~~D. If credit by the reciprocal system is for nine (9) months but less than twelve (12) months, ATRS shall credit service for one-fourth (1/4) year.~~~~
- ~~c. Reciprocal Service Credit—Contributions and Repayments~~
- ~~1. While an employee participates in a reciprocal system, back contributions, additional contributions, and repayment of refund payments made to ATRS shall be made in accordance with the payment method provisions of ATRS Rule 8.~~

2. ~~Employer pick-up is prohibited while the employee works for a noncovered ATRS employer.~~

~~d. Reciprocal Service Credit— Concurrent Service~~

1. ~~Unless the reciprocal system is APERS or an alternate retirement plan, beginning July 1, 2013, ATRS shall allow a member who earns concurrent service in both ATRS and a reciprocal system to receive full service credit in ATRS without reduction of service credit due to the concurrent service.~~
2. ~~ATRS shall not recognize concurrent service added to a member's credited service in ATRS that, for the purpose of vesting, retirement eligibility, or calculating final average salary, either:~~
 - A. ~~Credits the member with more than one (1) year of credited service for a fiscal year; or~~
 - B. ~~Combines salary earned in ATRS and a reciprocal system in a fiscal year.~~
3. ~~A member may waive all or part of the concurrent service credited to him or her in ATRS and have the concurrent service credited to him or her under a reciprocal system if:~~
 - A. ~~The member acknowledges that the waiver is a voluntary surrender of the member's concurrent service credit in ATRS;~~
 - B. ~~The member acknowledges that the waiver cancels his or her concurrent service credit in ATRS; and~~
 - C. ~~The member submits an ATRS approved concurrent service credit waiver form to ATRS. (Arkansas Code § 24-7-601).~~
4. ~~If a member waives all or part of the concurrent service credited to him or her in ATRS and has the concurrent service credited to him or her under a reciprocal system, ATRS may refund the employer-accrued contributions and employee-accrued contributions.~~

~~e. Reciprocal Service Credit— Alternate Reciprocal Retirement System~~

1. ~~A member of ATRS may establish reciprocal service credit from an alternate retirement plan if he or she submits an appropriate, approved, and completed ATRS form concerning the reciprocal service credit to ATRS.~~
2. ~~Distributions from an alternate retirement plan may prevent reciprocal service from being established if ATRS is unable to verify that the withdrawals were made without penalty under Internal Revenue Service guidelines concerning rollovers to eligible plans, withdrawals, that are not subject to early withdrawal, etc.~~

~~f. Reciprocal Service Credit— Active Members of APERS~~

1. ~~From July 1, 1991, until December 31, 1991, an active member of APERS may establish reciprocity between APERS and ATRS and purchase out-of-state service rendered before January 1, 1978, in accordance with Arkansas Code §§ 24-7-601 and 24-7-603, if the active member:~~

- A. ~~Was an active member of ATRS before January 1, 1978; and~~
 - B. ~~Became a member of APERS within thirty (30) days of leaving ATRS.~~
- g. ~~Reciprocal Service Credit—Arkansas Rehabilitation Services Employees~~
- 1. ~~Effective July 1, 1993, for a ninety (90) day period, an employee of the Arkansas Rehabilitation Services may transfer his or her membership from APERS to ATRS under Acts 1993, No. 574.~~
 - 2. ~~An employee who transfers his or her membership from APERS to ATRS shall establish reciprocity between the two (2) systems and Acts 1977, No. 793 shall not apply to the employee.~~
- h. ~~Reciprocal Service Credit—Department of Human Services Employees~~
- 1. ~~The law applicable to ATRS shall be used to determine the annuity benefits to which an employee is entitled for service provided before or after Acts 1977, No. 793 if the employee:~~
 - A. ~~Was an employee of the Department of Human Services and became a member of APERS under the provisions of Acts 1977, No. 793, as amended; and~~
 - B. ~~Left employment with the Department of Human Services and became employed in a position covered by ATRS.~~
 - 2. ~~A member meeting the description of this ATRS Rule 6 V.H.1. may establish reciprocity under Acts 1965, No. 488, as amended.~~
- i. ~~Reciprocal Service Credit—Member Entitlement to Deferred Annuity~~
- 1. ~~Pursuant to Arkansas Code § 24-4-401 et seq., a member is entitled to a deferred annuity benefit if the member:~~
 - A. ~~Leaves his or her state employment in a position that is covered by one (1) of the reciprocal systems; and~~
 - B. ~~Enters subsequent state employment in a position that is covered by another of the reciprocal systems.~~
- j. ~~Reciprocal Service Credit—Age and Service Retirement~~
- 1. ~~Annuity Benefit Payments~~
 - A. ~~If ATRS is a member's preceding system, the member's annuity benefit payments shall begin after the member attains the normal age of retirement or on the first day of the month following the month in which the member's retirement application was filed, whichever is later.~~
 - B. ~~If the member has combined service of at least twenty-five (25) years, the normal retirement age requirement shall not apply.~~
 - C. ~~Deferred annuity benefit payments to the member shall not begin before the date on which the member leaves employment with his or her last state employer unless the member attains the normal retirement age.~~

~~2. Applying for Retirement Benefits Before Leaving Employment~~

- ~~A. If ATRS is member's preceding system, the member is eligible to apply for retirement benefits without leaving employment with his or her last state employer upon attaining the normal retirement age.~~
- ~~B. The member's annuity benefit payments shall begin after the member attains the normal retirement age or on the first day of the month following the month in which the member's retirement application is filed, whichever is later.~~
- ~~C. ATRS shall use only service credited to the member and salaries earned by the member before the member's effective retirement date to calculate the member's annuity benefit.~~

~~k. Reciprocal Service Credit — Disability Retirement~~

- ~~1. A member is eligible to apply for disability retirement benefits from each reciprocal system in which the member has credited service according to the rules for eligibility promulgated by that reciprocal system. (Arkansas Code § 24-2-405)~~
- ~~2. The member's disability retirement benefits payable by the preceding reciprocal system shall:
 - ~~A. Begin the first day of the month following the month in which the member's disability retirement application is filed with the preceding system; and~~
 - ~~B. Not begin before the date on which the member leaves employment with his or her last state employer.~~~~

~~l. Reciprocal Service Credit — Survivor Annuity Benefits~~

- ~~1. If survivor annuity benefits are payable by more than one (1) reciprocal system to an eligible survivor of a deceased member, a survivor who receives annuity benefit payments shall not receive, as a percentage of the deceased member's final salary or as a minimum dollar amount, more than the largest amount payable by a single reciprocal system.~~
- ~~2. ATRS shall prorate minimum benefits payable to a survivor with other reciprocal systems that have a minimum benefit provision in their plans.~~
- ~~3. Each reciprocal system shall pay a proportionate share of the minimum benefit based on the ratio of the member's service in that reciprocal system to the member's total service in all the reciprocal systems.~~
- ~~4. If the reciprocal system is an alternate retirement plan, survivor annuity benefits shall be contingent on whether the:
 - ~~A. Alternate retirement plan provides survivor annuity benefits; and~~
 - ~~B. Member selected survivor annuity benefits as a benefit under the alternate retirement plan. (Arkansas Code § 24-2-402(5)).~~~~

VI. Contributory and Noncontributory Service Chart by Year of Entry into System

(Elections and Re-entry may affect Individual Member Service Status)

All Members		
1937 - 1986	All Members	Contributory
1986 - 1991	All Members	Contributory unless elect Noncontributory
1991 - 1999	All Members	Noncontributory unless elect Contributory
School District Employees		
1999 - 2007	Active	One-time election to be Contributory or Noncontributory, no election made by 7/1/2000, status on 6/30/2000
	Inactive	One-time election to be Contributory or Noncontributory upon reentering system, no election then enrolled in the plan that he or she was enrolled in before reentering ATRS
	New	Contract one hundred eighty-one (181) days or more - Contributory - Contract one hundred eighty (180) days or less - Noncontributory, may elect Contributory, election must be made one (1) year from hire date - No contract, member must be noncontributory
2005 - 2021	Nonteacher to Teacher or Administrator	Contract one hundred eighty-one (181) days or more - Contributory. If position change happens during the year, election is effective first of next fiscal year - All Noncontributory members may elect Contributory
	All Members	May elect Contributory

2007 – 2021	New	Contract one hundred eighty-one (181) days or more – Contributory - Contract 180 days or less – <ul style="list-style-type: none"> • Noncontributory, may elect Contributory • No contract – Noncontributory, may elect Contributory
	Inactive	May elect Contributory
2021	Nonteacher to Teacher or Administrator	Contract one hundred eighty-five (185) days or more – Contributory. If position change happens during the year, election is effective first of next fiscal year. All Noncontributory members may elect Contributory
2021 –	All Members	May elect Contributory
	A member with	Contract one hundred eighty-five (185) days or more – Contributory
	A member with	Contract one hundred eight four (184) days or less – Noncontributory, may elect Contributory
	New	No contract – Noncontributory, may elect Contributory unless already Contributory
	Inactive	May elect Contributory
State Agency Employees		
1999 – 2007	Full-Time Employment	Must be Contributory
	Part-Time Employment	Must be Noncontributory
2007 –	Full-Time Employment	Must be Contributory
	Part-Time Employment	Noncontributory, may elect to be Contributory

HISTORY

Adopted:	August 11, 1998	6-10
Amended:	June 15, 2004	6-1
Amended:	July 18, 2005	6-1, 6-2, 6-10
	April 26, 2007	6-1, 6-2, 6-11
	July 1, 2011	(Emergency) 6-1, 6-12
Adopted:	August 8, 2011	6-1, 6-12
Effective:	November 11, 2011	6-1, 6-12
Adopted by Board:	April 2, 2012	6-1
Amended:	May 2, 2012	6-1
Effective:	September 4, 2012	6-1
Amended:	May 2, 2012	6-2
Effective:	September 4, 2012	6-2
Approved by Board:	July 26, 2013	6-2, 6-12
Amended:	October 9, 2013	6-2, 6-12
Effective:	November 8, 2013	
Approved by Board:	February 5, 2018	6-2
Effective:	February 16, 2018	6-2
Effective:	May 28, 2020	Rule 6
Effective:	May 20, 2022	Rule 6

ATRS Rule 7 Service Credit, Contributions, and Reporting

§ 7-101. Definitions.

As used in this rule:

(1) "Actual service" means service rendered in a position covered by the Arkansas Teacher Retirement System, not including purchased service credit, free service credit, or reciprocal service;

(2) "Credited service" means service that is credited as service by the system;

(3) "Covered employer" as it relates to outsourcing means a public school, public educational agency, or other eligible employer participating in the system;

(4) "Embedded Employee" means a person who:

(A) Provides an outsourced service on the premises of a covered employer;

(B) Is employed and paid by an outsource contractor; and

(C) Is not employed by:

(i) A covered employer listed under Arkansas Code § 24-7-202; or

(ii) An employer that offers the system as an optional retirement plan

as of the date of outsourcing;

(5) "Full service year" means employment with a covered employer for one hundred sixty (160) days or more in a fiscal year;

(6) "Participating employer" means a covered employer that outsources and opts for the embedded employees of all of the covered employer's outsource contractors to become members of the system;

(7) "Service" means employment rendered as an employee;

(8) "Specialized support position" means a position that:

(A) Requires less than eight (8) working hours per day, including without limitation the positions of bus driver, custodial worker, and cafeteria worker; and

(B) A covered employer certifies as a specialized support position to the system;

(9) "Surcharge employer" means a covered employer that outsources and pays a surcharge to the system; and

(10) "Youth participant" means a person:

(A) Who is:

(i) Enrolled in a secondary public school as a student; and

(ii) Employed through his or her participation in a summer work program for a period between the first day of June and the last day of August; and

(B) Whose compensation is disbursed by a covered employer as part of an agreement between the covered employer and an administrator of the summer work program that designates the covered employer as a passthrough fiscal agent.

§ 7-102. Service credit.

(a) The Board of the Arkansas Teacher Retirement System shall determine the:

(1) Number of years and corresponding fractions for service that may be credited to a member; and

(2) Amount of service to be credited to a member.

(b)(1) A member shall earn one (1) year of credited service if the member completes a full service year.

(2) A member shall not earn more than one (1) year of credited service in a fiscal year.

(3) The Arkansas Teacher Retirement System shall certify proof of a member's service on forms and with documentation required by the system.

(c)(1) Unless otherwise provided by law, paid or unpaid accrued, unused sick leave shall not be credited as service in the system.

(2) If a member dies during active service on or after July 1, 2013, the member's unused catastrophic leave and unused donated leave shall not be credited as service.

(d)(1) A member shall not accumulate service credit in the system during the time that payments under a contract buyout agreement, settlement, claim, judgment, arbitration award, decree, or court-ordered payment are paid to the member by a covered employer unless the member continues to work on-site for the covered employer.

(2) A member shall not receive service credit or additional salary from the system under a settlement agreement or court order unless purchased at actuarial cost.

(3) The system shall not permit a member to use unearned future service credit or nonqualified service credit purchased through a contract buyout settlement agreement with a school district to retire under age and service retirement before the member's employment contract with the school district would naturally have terminated.

(e) Actual service credited to a member with service after July 1, 1971, shall be as follows:

<u>Number of Days Worked in a Fiscal Year</u>	<u>Service Credit Earned</u>
<u>1 –39</u>	<u>None</u>
<u>40-79</u>	<u>0.25 year</u>
<u>80-119</u>	<u>0.50 year</u>
<u>120-159</u>	<u>0.75 year</u>
<u>160 days or over</u>	<u>1.00 year</u>

(f) Unless otherwise provided by the law or rules applicable to the system, a member who is employed for less than forty (40) days during a fiscal year is ineligible for credited service or retirement benefits for that fiscal year.

(g)(1) Beginning in the 2011-2012 fiscal year, a contributory member's service days shall be carried forward from previous fiscal years until at least forty (40) days of service are earned by the member.

(2) Service days shall not be carried forward for a contributory member if the member earns at least forty (40) days of service in a fiscal year by using regular service days, accumulated service days, or both regular service and accumulated service days.

(f) A member who is employed full-time or employed in a position for which a regular or typical work day includes at least eight (8) working hours shall earn one (1) day of credited service if the member works for at least four (4) hours of the eight-hour working day.

(g)(1) Beginning July 1, 2011, a member employed in a specialized support position shall

earn one (1) day of credited service for each day of service provided by the member if the:

(A) Specialized support position is certified as a specialized support position to the system by the covered employer at the time the covered employer first reports the employment of the member to the system; and

(B) Covered employer reasonably determines that the member performed the regular and usual service expected of an employee in that position during the work day.

(2)(A) A member who is employed in a specialized support position and does not have a contract specifying the number of service days shall earn one (1) day of service credit for each day of service provided by the member if the:

(i) Specialized support position is certified as a specialized support position to the system by the covered employer at the time the covered employer first reports the employment of the member to the system; and

(ii) Covered employer reasonably determines that the member performed the regular and usual service expected of an employee in that position during the days worked by the member.

(B) A member described in this § 7-102(g)(2) of this rule shall earn one (1) day of credited service for each day of service provided by the member regardless of whether the member works for less than four (4) hours on a work day.

(3) The credited service earned by a member who is employed in a nonspecialized support position and does not work for at least four (4) hours each working day shall be calculated by totaling the number of hours worked by the member in a fiscal quarter and then dividing the totaled number of hours worked by four (4).

§ 7-103. Member and employer contributions.

(a)(1) The Board of Trustees of the Arkansas Teacher Retirement System shall annually set member and employer contribution rates for the following fiscal year.

(2) The Arkansas Teacher Retirement System shall notify annually each covered employer of the contribution rates set by the board.

(3)(A) The board shall not set the member contribution rate at less than six percent (6%).

(B) The board may increase the member contribution rate to maintain actuarial soundness.

(4)(A) A member's and covered employer's contributions are due monthly, regardless of the member's concurrent membership status.

(B) A contributory member shall contribute the percentage of his or her salary that is set by the board.

(b)(1) A covered employer shall remit member contributions by pick-up from the salary earned by each member.

(2) Member contributions shall be treated as employer contributions under the applicable provisions of the Income Tax Act of 1929, Arkansas Code § 26-51-101 et seq. and the Internal Revenue Code.

(3) A covered employer may remit a member's contributions by implementing a:

(A) Reduction in the cash salary of the member;

(B) Setoff against the member's future salary increases; or

(C) Both a reduction in the cash salary of the member and a setoff against the member's future salary increases.

(c)(1) A covered employer's employer contributions shall be the sum of the current employer contribution rate set by the board for the fiscal year multiplied by the total gross salaries of all the covered employer's employees.

(2) A public school employer shall pay up to fourteen percent (14%) of the employer contribution rate.

(3) Up to fifteen percent (15%) of any additional employer contributions required from a public school employer shall be paid from additional funds appropriated by the state for the purpose of paying employer contributions to the system.

(d)(1) A covered employer shall pay annually, for its employees, employer contributions that are not required to be paid by the Department of Education.

(2) The employer contribution rate shall be the current state contribution percent multiplied by the total covered salaries of the covered employer's employees in the fiscal year.

(3)(A) In accordance with rules established by the board and the Department of Education's appropriations act, the Department of Education shall pay employer contributions due for eligible employees of covered employers, including without limitation the following:

(i) State agencies as allowed under the Transformation and Efficiencies Act, Acts 2019, No. 910;

(ii) Cooperative Education Services Areas;

(iii) Vocational Centers;

(iv) Arkansas Easter Seals; and

(v) A school operated by the Corrections School System.

(B) The Department of Education shall pay the employer contributions for eligible employees of covered employers from the Public School Fund.

(C) At the close of each quarterly report, ATRS shall report the amount of employer contributions due from the Department of Education.

(D) The employer contributions due from the Department of Education shall be based on the salaries of the eligible employees reported to ATRS by each covered employer.

(e) The board shall annually notify each participating employer of the employer contribution rate established by the board for the upcoming fiscal year.

(f) A surcharge employer's employer contributions shall be a monthly surcharge on the total salaries paid to all the surcharge employer's embedded employees on an aggregate basis as provided under Arkansas Code § 24-7-506(c).

§ 7-104. Member and employer contributions — Overpayments, underpayments, and refunds.

(a) A conflict in a member's service history due to concurrent service shall be resolved at the end of the fiscal year and the Arkansas Teacher Retirement System shall issue refunds as appropriate.

(b)(1) The system shall return overpayments of employee contributions and employer contributions resulting from erroneous contribution submissions or incorrect reporting of Salary Option 2 member salaries (first seven thousand eight hundred dollars (\$7,800)) to

the appropriate covered employer.

(2)(A) The system shall send written notification to a member or covered employer, as appropriate, of a contribution overpayment that is less than the de minimis amount that may be refunded.

(B) The de minimis amount shall be periodically set by the Board of Trustees of the Arkansas Teacher Retirement System and shall remain the same amount until adjusted by the board.

(C)(i) A contribution overpayment that is less than the de minimis amount shall not be refunded to the covered employer unless the covered employer submits a written request for a refund to the system within fourteen (14) days of receiving the written notice of the contribution overpayment from the system.

(ii) If a covered employer does not submit a written request for a refund within fourteen (14) days of receiving the written notice of the contribution overpayment from the system, the amount of the contribution overpayment shall be forfeited to the trust assets of the system.

(D)(i) A contribution overpayment that is less than the de minimis amount shall not be refunded to the member unless the member submits a written request for a refund to the system within fourteen (14) days of receiving the written notice of the contribution overpayment from the system.

(ii) If the member does not submit a written request for a refund within fourteen (14) days of receiving the written notice of the contribution overpayment from the system, the amount of the contribution overpayment shall be forfeited to the trust assets of the system.

(3) The total amount of contributions reported by the covered employer shall be credited to contributions.

(c)(1) For refunded contributions, the rate of regular interest compounded annually after the first year of contributions shall be credited as follows:

<u>Service</u>	<u>Regular Interest Rate</u>
<u>Before July 1, 1984</u>	<u>3%</u>
<u>For July 1, 1984 through June 30, 2009</u>	<u>6%</u>
<u>For July 1, 2010, through June 30, 2011</u>	<u>2%</u>
<u>For July 1, 2012, through June 30, 2017</u>	<u>1%</u>
<u>For July 1, 2017 and after</u>	<u>0.08%</u>

(2) Payable regular interest shall be computed:

(A) On each member's individual account on June 30; and

(B) By multiplying the balance in the member's individual account as of July 1, including contributions and regular interest credit from previous years, plus one-half (1/2) of the contributions for the year ending June 30 by the annual applicable regular interest percentage rate.

(3) The board by resolution, may change the regular interest rate on refunded contributions for subsequent years by stating the new regular interest rate, the date that the new regular interest rate is effective, and any other features necessary for implementing the regular interest rate.

(4) Regular interest shall not be paid on contributions made in the year in which a refund of contributions is paid to a member.

(5) The system shall issue a refund for a member's contributions that are closed on the system's books after receiving the member's properly completed refund application.

(6) If a second refund payment is required to complete the refund of contributions, the second payment shall be made when all quarters of service the member works are closed on the system's books.

(7) A rollover payment shall be made in one (1) payment when all quarters of service the member works are closed on the system's books.

(8) A refund is effective on the date on which the system first issues a payment of the refund.

(d) The system shall not collect a contribution underpayment of less than the de minimis amount from a covered employer.

§ 7-105. Employer reports — Submission requirements.

(a) A covered employer shall submit:

(1) Reports and supporting documentation required by the Arkansas Teacher Retirement System on a monthly and quarterly basis; and

(2) Reports and supporting documentation electronically to the system on forms approved by the system.

(b)(1) At the request of the system, a covered employer shall provide the system with a memorandum of understanding, partnership agreement, or another similar document related to the covered employer's actions as a passthrough fiscal agent for a youth participant in a summer work program.

(2) A covered employer shall provide the system with all documents related to the agreement designating the covered employer as a pass-through fiscal agent before disbursing compensation to a youth participant.

(3) A covered employer that acts as a pass-through fiscal agent shall not report a youth participant as an employee for system purposes.

(c)(1) A covered employer that uses a twenty-six-week payroll system shall report an employee's salary, contributions, and actual working days through the current fiscal year ending June 30 if the employee is a member of the system and retiring.

(2) If an employee is a member of the system and retiring effective July 1, a covered employer shall not:

(A) Withhold contributions on a salary earned by the member after the close of payroll for the current fiscal year; and

(B) Report any salary paid to the member or actual working days performed by the member after the close of payroll for the current fiscal year.

(3) The system shall refund employee contributions and employer contributions remitted to the system from a salary paid to the employee after the end of the current fiscal year or payroll period for the current fiscal year.

(d) A covered employer may submit a request to the system for a determination on whether a service or position is subject to the provisions of Arkansas Code § 24-7-506.

(e)(1) A surcharge employer shall submit a surcharge report monthly to the system with

all other reports required by the system.

(2) A participating employer shall submit a contribution report monthly to the system with all other reports required by the system.

(f) Beginning on July 1, 2022, a covered employer shall:

(1) Electronically report employee contributions and employer contributions made by the covered employer through the system portal; and

(2) Pay employee contributions and employer contributions through electronic transfer.

(g) A covered employer shall submit a written request for a temporary waiver to the board by July 1, 2022, if the covered employer is unable to:

(1) Electronically report employee contributions or employer contributions; or Pay employee contributions or employer contributions through electronic transfer.

(2) A request for a temporary waiver shall include a timeline for when the employer will be able to comply with submitting reports electronically and paying employee contributions or employer contributions through electronic transfer.

§ 7-106. Employer reports — Reporting deadline and penalties.

(a) A report and supporting documentation submitted by a covered employer shall not be considered untimely if:

(1) The report and supporting documentation are received by Arkansas Teacher Retirement System on the tenth (10th) day of the month in which the report and supporting documentation are due; or

(2)(A) In the case of a covered employer that obtains a waiver as provided under § 7-104 of this rule or is unable to electronically submit a report and supporting documentation, the report and supporting documentation are mailed and postmarked by the fourteenth (14th) day of the month.

(B) If the fourteenth (14th) day of the month falls on a Saturday, Sunday, or holiday, the postmarked date shall be the next business day.

(b) A one hundred fifty dollar (\$150) late fee shall be assessed on a covered employer for each occurrence in which a report and supporting documentation is untimely submitted to the system.

Interest Penalty

(c)(1) If a covered employer does not remit member or employer contributions, including surcharge contributions, by the monthly due date, the system shall assess an interest penalty equal to the system's actuarially assumed rate of return on investments and daily interest accrual against the covered employer until the member or employer contributions, whichever is applicable, are paid.

(2)(A) The Board of Trustees of the Arkansas Teacher Retirement System or its designee, in its discretionary authority, may waive an interest penalty assessed against a covered employer if:

(i) The delinquency is not a result of the covered employer's nondisclosure, fraud, or other misrepresentation; and

(ii) Based on the facts and circumstances, payment of the penalty interest would be unduly penal, burdensome, or manifestly unjust.

(B) The board shall not instruct the Executive Director of the Arkansas Teacher Retirement System to waive one (1) or more interest penalties assessed against

a covered employer if the amount will exceed one thousand dollars (\$1,000) for the fiscal year.

(3) A covered employer may submit an interest penalty waiver request for one (1) or more interest penalties exceeding one thousand dollars (\$1,000) for the fiscal year to the board.

(4) The executive director shall report each interest penalty waived under this rule to the board.

(d)(1) The system may certify the names of each covered employer that fails to timely report and remit member or employer contributions, including surcharge contributions, to the Chief Fiscal Officer of the State.

(2) After receiving the certification from the system, the Chief Fiscal Officer of the State may direct a transfer of funds on deposit in the State Treasury for the payment of delinquent member or employer contributions and an assessed interest penalty.

§ 7-107. Employer reports — Payments after member's death.

(a)(1) A salary earned by a member before the member's death and paid after the member's death is subject to deductions by the Arkansas Teacher Retirement System and the member's covered employer shall report the member's total salary and days of service in the covered employer's quarterly report.

(2) Gratuitous payments made by a covered employer to a member after the death of the member shall not be:

(A) Considered the salary of the member;

(B) Subject to contribution requirements; and

(C) Included in the covered employer's quarterly report to the system.

Authority: Arkansas Code §§ 24-2-701, 24-7-103, 24-7-202, 24-7-401, 24-7-406, 24-7-411, 24-7-601 — 24-7-611, 24-7-705, 24-7-708, and 24-7-1303.

History

<u>Amended:</u>	<u>August 11, 1998</u>	<u>7-1, 7-3</u>
<u>Amended:</u>	<u>June 17, 2003</u>	<u>7-4</u>
<u>Amended:</u>	<u>April 6, 2004</u>	<u>7-4</u>
<u>Reaffirmed:</u>	<u>June 15, 2004</u>	<u>7-4</u>
<u>Amended:</u>	<u>July 18, 2005</u>	<u>7-1, 7-2, 7-3, 7-4</u>
<u>Amended:</u>	<u>April 26, 2007</u>	<u>7-4</u>
<u>Amended:</u>	<u>February 11, 2008</u>	<u>7-3, 7-4</u>
<u>Amended:</u>	<u>June 16, 2009</u>	<u>7-1, 7-2 (Emergency)</u>
<u>Amended:</u>	<u>October 5, 2009</u>	<u>7-1, 7-2 (Permanent)</u>
<u>Amended:</u>	<u>December 18, 2009</u>	<u>7-3, 7-4</u>
<u>Amended:</u>	<u>July 1, 2011</u>	<u>7-1, 7-2 (Emergency)</u>
<u>Adopted:</u>	<u>August 8, 2011</u>	<u>7-1, 7-2</u>
<u>Effective:</u>	<u>November 11, 2011</u>	<u>7-1, 7-2</u>
<u>Board Approved:</u>	<u>February 6, 2012</u>	<u>7-2, 7-4</u>
<u>Amended:</u>	<u>April 2, 2012</u>	<u>7-2 (Emergency)</u>
<u>Amended:</u>	<u>April 18, 2012</u>	<u>7-4</u>

<u>Effective:</u>	<u>May 29, 2012</u>	<u>7-2, 7-4</u>
<u>Approved by Board:</u>	<u>July 26, 2013</u>	<u>7-1, 7-3</u>
<u>Amended:</u>	<u>October 9, 2013</u>	<u>7-1, 7-3</u>
<u>Effective</u>	<u>November 8, 2013</u>	<u>7-1, 7-3</u>
<u>Approved by Board:</u>	<u>January 8, 2014</u>	<u>7-1</u>
<u>Amended:</u>	<u>February 17, 2014</u>	<u>7-1</u>
<u>Effective:</u>	<u>March 18, 2014</u>	<u>7-1</u>
<u>Effective:</u>	<u>August 5m 2019</u>	<u>Rule 7</u>
<u>Effective:</u>	<u>May 28, 2020</u>	<u>Rule 7</u>
<u>Effective:</u>	<u>May 20, 2022</u>	<u>Rule 7</u>
<u>Effective:</u>	<u>TBD</u>	<u>Rule 7</u>

ATRS RULE 7
SERVICE CREDIT, CONTRIBUTIONS, REPORTING, AND FINAL AVERAGE
SALARY

Arkansas Code §§ ~~24-2-701, 24-7-103, 24-7-202, 24-7-401, 24-7-406, 24-7-411,~~
~~24-7-601 — 24-7-611, 24-7-705, 24-7-708, 24-7-736, and 24-7-1303~~

I. Definitions

- a. ~~“Actual service” means service rendered in a position covered by the Arkansas Teacher Retirement System (ATRS), not including purchased service credit, free service credit, or reciprocal service;~~
- b. ~~“Credited service” means service that is creditable as service by ATRS;~~
- c. ~~“Covered employer” as it relates to outsourcing means a public school, public educational agency, or other eligible employer participating in ATRS;~~
- d. ~~“Eligible employee” for the purpose of salary or compensation limitations concerning the calculation of a final average salary means a person who was a member of ATRS before the first plan year beginning after December 31, 1995;~~
- e. ~~“Embedded Employee” means a person who:~~
 - 1. ~~Provides an outsourced service on the premises of a covered employer; and~~
 - 2. ~~Is employed and paid by an outsource contractor;~~
 - 3. ~~Is not employed by:~~
 - A. ~~A covered employer listed under Arkansas Code § 24-7-202; or~~
 - B. ~~An employer that offers ATRS as optional retirement plan as of the date of outsourcing;~~
- f. ~~“Full service year” means employment by with a covered employer for one hundred sixty (160) days or more in a fiscal year;~~
- g. ~~“Partial service year” means employment with a covered employer for less than one hundred sixty (160) days in a fiscal year;~~
- h. ~~“Participating employer” means a covered employer that outsources and opts for the embedded employees of all of the covered employer’s outsource contractors to become members of ATRS;~~
- i. ~~“Service” means employment rendered as an employee;~~
- j. ~~“Specialized support position” means a position requiring less than eight (8) working hours per day, including without limitation the positions of bus driver, custodial worker, and cafeteria worker;~~
- k. ~~“Surcharge employer” means a covered employer that outsources and pays a surcharge to ATRS in lieu of opting for the embedded employees of outsource contractors to accrue credited service in ATRS; and~~

I. ~~“Youth participant” means an individual:~~

1. ~~Who is:~~

A. ~~Enrolled in a secondary public school as a student; and~~

B. ~~Employed through his or her participation in a summer work program for a period between the first day of June and the last day of August; and~~

2. ~~Whose compensation is disbursed by a covered employer as part of an agreement between the covered employer and an administrator of the summer work program that designates the covered employer as a passthrough fiscal agent.~~

II. ~~Service Credit~~

a. ~~Generally~~

1. ~~The Board of the Arkansas Teacher Retirement System (Board) shall determine the:~~

A. ~~Number of years and corresponding fractions for service that may be credited to a member; and~~

B. ~~Amount of service to be credited to a member.~~

2. ~~A member shall earn one (1) year of credited service if the member completes a full service year.~~

3. ~~A member shall not earn more than one (1) year of credited service in a fiscal year.~~

4. ~~ATRS shall certify proof of a member's service on forms and with documentation required by ATRS.~~

b. ~~Unused Leave~~

1. ~~Unless otherwise provided by law, paid or unpaid accrued, unused sick leave shall not be credited as service in ATRS.~~

2. ~~If a member dies during active service on or after July 1, 2013, the member's unused catastrophic leave and unused donated leave shall not be credited as service.~~

c. ~~Contract Buyouts, Settlements, Claims, Awards, and Court-Ordered Payments~~

1. ~~A member shall not accumulate service credit in ATRS during the time that payments under a contract buyout agreement, settlement, claim, judgment, arbitration award, decree, or court-ordered payment are paid to the member by a covered employer unless the member continues to work on-site for the covered employer.~~

2. ~~A member shall not receive service credit or additional salary from ATRS under a settlement agreement or court order unless purchased at actuarial cost.~~

~~d. Service Provided After July 1, 1971~~

- ~~1. Actual service credited to a member with service after July 1, 1971, shall be as follows:~~

Number of Days Worked in a Fiscal Year	Service Credit Earned
1-39	None
40-79	0.25 year
80-119	0.50 year
120-159	0.75 year
160 days or over	1.00 year

~~e. Members Employed for Less Than Forty (40) Days~~

- ~~1. Unless otherwise provided by the law applicable to ATRS or the ATRS Rules, a member who is employed for less than forty (40) days during a fiscal year is ineligible for credited service or retirement benefits for that fiscal year.~~

~~f. Rollover Service Days~~

- ~~1. Beginning in the 2011-2012 fiscal year, a contributory member's service days shall be carried forward from previous fiscal years until at least forty (40) days of service are earned by the member.~~
- ~~2. Service days shall not be carried forward for a contributory member if the member earns at least forty (40) days of service in a fiscal year by using regular service days, accumulated service days, or both regular service and accumulated service days.~~

~~g. Full-Time Employees~~

- ~~1. A member who is employed full-time or employed in a position for which a regular or typical work day includes at least eight (8) working hours shall earn one (1) day of credited service if the member works for at least four (4) hours of the eight-hour working day.~~

~~h. Employees in Specialized Support Positions~~

~~1. Employment with Less Than Eight-Hour Working Days~~

- ~~A. Beginning July 1, 2011, a member employed in a specialized support position shall earn one (1) day of credited service if the:~~

~~i. Specialized support position is certified as a specialized support position to ATRS; and~~

- ~~ii. Covered employer reasonably determines that the member performed the regular and usual service expected of an employee in that position during the work day.~~

~~2. Employment with Unspecified Contractual Work Days~~

~~A. A member who is employed in a specialized support position and does not have a contractual obligation to work a specified number of days shall earn one (1) day of credited service for each day of service provided by the member.~~

~~B. A member described in this ATRS Rule 7 II.h.2.A shall earn one (1) day of credited service for each day of service provided by the member regardless of whether the member works for less than four (4) hours on a work day.~~

~~i. Employees in Non-Specialized Support Positions~~

~~1. The credited service earned by a member who is employed in a nonspecialized support position and does not work for at least four (4) hours each working day shall be calculated by dividing the total number of hours worked by the member in a fiscal quarter by four (4).~~

III. Member and Employer Contributions

~~a. Contributions — Generally~~

~~1. The Board shall annually set member and employer contribution rates for the following fiscal year.~~

~~2. ATRS shall notify annually each covered employer of the contribution rates set by the Board.~~

~~3. A member's and covered employer's contributions are due monthly, regardless of the member's concurrent membership status.~~

~~b. Member Contributions~~

~~1. Authority of the Board~~

~~A. The Board shall not set the member contribution rate at less than six percent (6%).~~

~~B. The Board may increase the member contribution rate to maintain actuarial soundness.~~

~~2. Contribution Rate~~

~~A. A contributory member shall contribute the percentage of his or her salary that is set by the Board.~~

~~B. A member's contribution is due monthly, regardless of the member's concurrent membership status.~~

~~3. Remittance of Member Contributions by Covered Employer~~

~~A. A covered employer shall remit member contributions by pick-up from the salary earned by each member.~~

~~B. Member contributions shall be treated as employer contributions under the applicable provisions of the Internal Revenue Code and the Income Tax Act of 1929, Arkansas Code § 26-51-101 et seq.~~

- C. ~~A covered employer may remit a member's contributions by implementing a:
 - i. ~~Reduction in the cash salary of the member;~~
 - ii. ~~Setoff against the member's future salary increases;~~
 - iii. ~~Both a reduction in the cash salary of the member and a setoff against the member's future salary increases.~~~~

~~c. Employer Contributions — Public School Employers and Covered Employers~~

~~1. Covered Employers and Public School Employers~~

- A. ~~A covered employer's employer contributions shall be the sum of the current employer contribution rate set by the Board for the fiscal year multiplied by the total gross salaries of all the covered employer's employees.~~
- B. ~~A public school employer shall pay up to fourteen percent (14%) of the employer contribution rate.~~
- C. ~~Up to fifteen percent (15%) of any additional employer contributions required from a public school employer shall be paid from additional funds appropriated by the state for the purpose of paying employer contributions to ATRS.~~

~~2. Employer Contributions Not Paid by the Department of Education~~

- A. ~~A covered employer shall pay annually, for its employees, employer contributions that are not required to be paid by the Department of Education.~~
- B. ~~The employer contribution rate shall be the current state contribution percent multiplied by the total covered salaries of the covered employer's employees in the fiscal year.~~

~~3. Employer Contributions Paid by the Department of Education~~

- A. ~~In accordance with rules established by the Board and the Department of Education's appropriations act, the Department of Education shall pay employer contributions due for eligible employees of covered employers, including without limitation the following:
 - i. ~~State agencies as allowed under the Transformation and Efficiencies Act, Acts 2019, No. 910;~~
 - ii. ~~Cooperative Education Services Areas;~~
 - iii. ~~Vocational Centers;~~
 - iv. ~~Arkansas Easter Seals; and~~
 - v. ~~A school operated by the Corrections School System.~~~~
- B. ~~The Department of Education shall pay the employer contributions for eligible employees of covered employers from the Public School Fund.~~

~~C. At the close of each quarterly report, ATRS shall report the amount of employer contributions due from the Department of Education.~~

~~D. The employer contributions due from the Department of Education shall be based on the salaries of the eligible employees reported to ATRS by each covered employer.~~

~~d. Employer Contributions — Participating Employers~~

~~1. The Board shall annually notify each participating employer of the employer contribution rate established by the Board for the upcoming fiscal year.~~

~~e. Employer Contributions — Surcharge Employers 1. A surcharge employer's employer contributions shall be a monthly surcharge on the total salaries paid to all the surcharge employer's embedded employees on an aggregate basis as provided under Arkansas Code § 24-7506(c).~~

IV. Employer Reports

~~a. Generally~~

~~1. A covered employer shall submit:~~

~~A. Reports and supporting documentation required by ATRS on a monthly and quarterly basis; and~~

~~B. Reports and supporting documentation electronically to ATRS on forms approved by ATRS.~~

~~b. Covered Employers~~

~~1. Youth Participant — Summer Work Programs~~

~~A. At the request of ATRS, a covered employer shall provide ATRS with a memorandum of understanding, partnership agreement, or another similar document related to the covered employer's actions as a passthrough fiscal agent for a youth participant in a summer work program.~~

~~B. A covered employer shall provide ATRS with all documents related to the agreement designating the covered employer as a pass-through fiscal agent before disbursing compensation to a youth participant.~~

~~C. A covered employer that acts as a pass-through fiscal agent shall not report a youth participant as an employee for ATRS purposes.~~

~~2. Twenty-Six (26) Week Payroll~~

~~A. A covered employer that uses a twenty-six week payroll system shall report an employee's salary, contributions, and actual working days through the current fiscal year ending June 30 if the employee is a member of ATRS and retiring.~~

~~B. If an employee is a member of ATRS and retiring effective July 1, a covered employer shall not:~~

~~i. Withhold contributions on a salary earned by the member after the close of payroll for the current fiscal year; and~~

~~A. A report and supporting documentation submitted by a covered employer shall not be considered untimely if:~~

~~i. The report and supporting documentation are received by ATRS on the tenth (10th) day of the month in which the report and supporting documentation are due; or~~

~~ii. In the case of a covered employer that obtains a waiver as provided under this ATRS Rule 7 IV.d.2. or is unable to electronically submit a report and supporting documentation, the report and supporting documentation are mailed and postmarked by the fourteenth (14th) day of the month.~~

~~a. If the fourteenth (14th) day of the month falls on a Saturday, Sunday, or holiday, the postmarked date shall be the next business day.~~

~~4. Failure to Submit Report or Remit Contributions and Penalties~~

~~A. Late Fee for Untimely Reports~~

~~i. A one hundred fifty dollar (\$150) late fee shall be assessed on a covered employer for each occurrence in which a report and supporting documentation is untimely submitted to ATRS.~~

~~B. Interest Penalty~~

~~i. If a covered employer does not remit member or employer contributions, including surcharge contributions, by the monthly due date, ATRS shall assess an interest penalty equal to ATRS' actuarially assumed rate of return on investments and daily interest accrual against the covered employer until the member or employer contributions, whichever is applicable, are paid.~~

~~ii. The Board or its designee, in its discretionary authority, may waive an interest penalty assessed against a covered employer if:~~

~~a. The delinquency is not a result of the covered employer's nondisclosure, fraud, or other misrepresentation; and~~

~~b. Based on the facts and circumstances, payment of the penalty interest would be unduly penal, burdensome, or manifestly unjust.~~

~~iii. The Board shall not instruct the Executive Director of ATRS (executive director) to waive one (1) or more interest penalties assessed against a covered employer if the amount will exceed one thousand dollars (\$1,000) for the fiscal year.~~

~~iv. A covered employer may submit an interest penalty waiver request for one (1) or more interest penalties exceeding one thousand dollars (\$1,000) for the fiscal year to the Board.~~

~~v. The executive director shall report each interest penalty waived under this ATRS Rule 7 IV.d.4.B to the Board.~~

~~5. Report to Chief Fiscal Officer of the State~~

- ~~A. ATRS may certify the names of each covered employer that fails to timely report and remit member or employer contributions, including surcharge contributions, to the Chief Fiscal Officer of the State.~~
- ~~B. After receiving the certification from ATRS, the Chief Fiscal Officer of the State may direct a transfer of funds on deposit in the State Treasury for the payment of delinquent member or employer contributions and an assessed interest penalty. (Arkansas Code § 19-5-106)~~

~~6. Refunds~~

~~A. Service History Conflicts~~

- ~~i. A conflict in a member's service history due to concurrent service shall be resolved at the end of the fiscal year and ATRS shall issue refunds as appropriate.~~

~~B. Overpayments and Underpayments~~

- ~~i. ATRS shall return overpayments of employee contributions and employer contributions resulting from erroneous contribution submissions or incorrect reporting of Salary Option 2 member salaries (first seven thousand eight hundred dollars (\$7,800)) to the appropriate covered employer.~~
- ~~ii. Contribution Overpayments~~
 - ~~a. ATRS shall send written notification to a covered employer of a contribution overpayment that is less than the de minimis amount that may be refunded.~~
 - ~~b. A contribution overpayment that is less than the de minimis amount shall not be refunded to the appropriate covered employer unless the covered employer submits a written request for a refund to ATRS within fourteen (14) days of receiving the written notice of the contribution overpayment from ATRS.~~
 - ~~c. If a covered employer does not submit a written request for a refund within fourteen (14) days of receiving the written notice of the contribution overpayment from ATRS, the amount of the contribution overpayment shall be forfeited to the trust assets of ATRS.~~

~~iii. Contribution Underpayments~~

- ~~a. ATRS shall not collect a contribution underpayment of less than the de minimis amount from a covered employer.~~

V. Final Average Salary

a. Salary Limitations

1. Authority of the Board
 - A. The Board may adopt rules to modify the definition of salary for the purpose of calculating ATRS retirement benefits. (Arkansas Code § 24-7202)
2. Salary—Multiple Covered Employers
 - A. ATRS shall include the salary received from each of a member's covered employers when calculating the member's final average salary.
3. Internal Revenue Code § 401(a)(17)
 - A. Regardless of any provision in a state statute, rule, or regulation to the contrary, remuneration, salary, or other compensation that exceeds the limitations set forth provided in the Internal Revenue Code of 1986, 26 U.S.C. § 401(a)(17), as it existed on January 1, 2011, shall not be used for the purposes of calculating the final average salary on which ATRS benefits are based.
 - B. The limitation on remuneration, salary, or compensation for an eligible employee shall not be less than the amount that was allowed to be considered by ATRS as in effect on July 1, 1993.
4. Excluded Remuneration, Salary, or Compensation
 - A. ATRS shall not consider remuneration, salary, or compensation paid by a covered employer to a member as a salary earned by the member if the:
 - i. Remuneration, salary, or compensation is paid as an incentive payment, bonus, separation payment, additional salary, or special payment in consideration for the member's agreement to retire, terminate employment, or not renew a contract with the covered employer;
 - ii. Offer described in this ATRS Rule 7 V.a.4.A.i. is extended by the covered employer to two (2) or more members;
 - iii. Remuneration, salary, or compensation is not offered as an additional salary or payment for the purchase of service credit that is part of a separation agreement resulting from the resolution of a claim of wrongful termination;
 - iv. Remuneration, salary, or compensation is not payment for accumulated, unused sick leave that:
 - a. Accrued in the years immediately preceding the member's termination of covered employment; and
 - b. Were in excess of the number of sick days that the covered employer allowed the member to carry forward;

- v. ~~Covered employer offers a voluntary early retirement incentive plan, staff reduction plan, or buyout plan that would require the member as a participant of the plan to retire or terminate his or her employment with the covered employer; and~~
 - vi. ~~Member voluntarily participates in the plan in exchange for the remuneration, salary, or compensation offered by the covered employer.~~
- B. ~~A covered employer shall not withhold a member's contributions or pay employer contributions from a remuneration, salary, or compensation paid to a member if the remuneration, salary, or compensation is subject to a salary limitation as provided by this ATRS Rule 7.~~
- C. ~~A covered employer that offers an early retirement plan, separation, plan, or contract nonrenewal plan and intends to pay remuneration, salary, or compensation that is subject to a salary limitation as provided by this ATRS Rule 7 shall notify ATRS before making a payment under the plan.~~
- D. ~~At the request of a covered employer, ATRS shall:~~
- i. ~~Review a potential plan or payment that may be subject to a salary limitation as provided by this ATRS RULE 7; and~~
 - ii. ~~Provide guidance to the covered employer concerning the applicability of the salary limitation to the plan or payment.~~
- E. ~~A covered employer may appeal ATRS' decision concerning the applicability of a salary limitation to a plan or payment to the Board using ATRS' appeal procedures provided in ATRS Rule 13.~~
5. ~~Conflict of Laws~~
- A. ~~The law applicable to ATRS and the ATRS Rules shall be controlling if a conflict exists between ATRS' calculation of final average salary and a covered employer's laws or policies concerning the compensation of final average salary.~~
- b. ~~Service Years Included in Computation of Final Average Salary~~
- 1. ~~Unused Leave~~
 - A. ~~If a member dies during active service on or after July 1, 2013, the member's paid or unpaid accrued, unused sick leave, shall be credited as service in the fiscal year of the member's death for the purpose of determining the member's retirement eligibility, final average salary, and eligibility for other ATRS benefits.~~
 - 2. ~~Full Service and Partial Service Years~~
 - A. ~~A partial service year shall be excluded from the calculation of a member's final average salary unless the:~~
 - i. ~~Partial service year is higher than a full service year; or~~
 - ii. ~~Member has less than the required number of years to calculate a~~

final average salary.

3. ~~Number of Service Years Used to Calculate Final Average Salary~~
 - A. ~~The Board shall set annually the applicable number of years to be used in computing final average salary for retirement benefits at not less three (3) years and not more than five (5) years.~~
 - B. ~~Unless otherwise provided by law applicable to ATRS or the ATRS Rules, effective July 1, 2018, ATRS shall calculate a member's final average salary using the five (5) years in which the member received the highest salary from a covered employer.~~
 - C. ~~Members with Insufficient Credited Service or Full Service Years~~
 - i. ~~If a member has less than the minimum number of years of credited service that would be used to calculate a final average salary, the member's final average salary shall be the total salary paid to the member for his or her years of credited service divided by the member's total credited years of service.~~
 - ii. ~~If a member does not have full service years for the total years of service used in the calculation of final average salary, the Board may establish by rule a fair base salary for a member's final average salary for purposes of comparing the member's highest salary years.~~
 - D. ~~Active Members with Three (3) Full Service Years as of July 1, 2018~~
 - i. ~~For an active member who has three (3) or more full service years as of July 1, 2018, ATRS shall:~~
 - a. ~~Treat the active member as if he or she was retiring or entering the Teacher Deferred Retirement Option Plan (TDROP) as of June 30, 2018; and~~
 - b. ~~Determine the benchmark final average salary using the highest salary from the member's three (3) full service years through fiscal year 2018.~~
 - ii. ~~A final average salary calculation using three (3) full service years shall be the benchmark comparison for a five-year final average salary calculation to which the active member may be entitled.~~
 - iii. ~~ATRS shall calculate the active member's final average salary using the five (5) years in which the active member received the highest salary from a covered employer if at the time of the active member's retirement using a five-year calculation of the final average salary is higher than using a three-year calculation.~~
 - E. ~~Inactive Members Who May Have Three (3) Full Service Years of July 1, 2018~~
 - i. ~~ATRS shall not use a benchmark final average salary for an inactive member unless the inactive member provides ATRS with~~

appropriate documentation showing that the inactive member was active in a reciprocal system or alternate retirement plan during the 2018 fiscal year.

F. Members with Reciprocal Service Credit

- i. For a member with reciprocal service credit, ATRS shall use the highest final average salary calculated, at the time of the member's retirement, by ATRS or a reciprocal system in which the member has at least two (2) years of service credit pursuant to Arkansas Code § 24-2-402.

HISTORY		
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Amended:	June 17, 2003	7-4
Amended:	April 6, 2004	7-4
Reaffirmed:	June 15, 2004	7-4
Amended:	July 18, 2005	7-1, 7-2, 7-3, 7-4
Amended:	April 26, 2007	7-4
Amended:	February 11, 2008	7-3, 7-4
Amended:	June 16, 2009	7-1, 7-2 (Emergency)
Amended:	October 5, 2009	7-1, 7-2 (Permanent)
Amended:	December 18, 2009	7-3, 7-4
Amended:	July 1, 2011	7-1, 7-2 (Emergency)
Adopted:	August 8, 2011	7-1, 7-2
Effective:	November 11, 2011	7-1, 7-2
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~~Effective: May 28, 2020 Rule 7~~

~~Effective: May 20, 2022 Rule 7~~

ATRS Rule 8
Free Service Credit, Purchasable Service Credit, and Purchase
Accounts

§ 8-101. Definitions.

As used in this rule:

(1) "Armed forces reserve" means one (1) of the reserve components of the United States Armed Forces;

(2) "Domestic federal service" means service rendered as a teacher or administrator in a school or similar institution located on a military base or installation that is administered by the United States Department of Defense;

(3) "Gap year" means a period of time:

(A) In which a member was an inactive member and either:

(i) Unemployed; or

(ii) Did not provide qualified service; and

(B) For which the Arkansas Teacher Retirement System may grant the member permissive service credit;

(4) "Out-of-state service" means service performed in a state other than Arkansas and in a position that would have been covered by the Arkansas Teacher Retirement System if the service had been actual service performed in Arkansas and covered by the system;

(5) "Overseas service" means service in:

(A) An American-related overseas school that is sponsored and approved by either the United States Department of State or the United States Department of Defense; or

(B) The Peace Corps or AmeriCorps VISTA, Volunteers in Service to America;

(6) "Permissive service credit" means service:

(A) That is credited under the system for the purpose of calculating a member's benefit;

(B) That has not previously been credited under the system; and

(C) For which a member contributes or pays the amount necessary to fund the benefit attributable to the service as required by the system;

(7) "Private school service" means:

(A) Service rendered in a private school, or agency that would have been covered by the system if the:

(i) Service had been rendered in a public school; and

(ii) Private school or agency;

(B) Has positions that would require the issuance of a teaching license in a public school based on a determination by the system; or

(C) Is recognized as a private education-related entity by resolution adopted by the Board of Trustees of the Arkansas Teacher Retirement System;

(8) "Qualified service" means the service described in 46 U.S.C. § 415(n)(3)(C)(i)-(iv), as it existed on January 1, 2023; and

(9) "Uniformed Services of the United States" means service in the:

- (A) United States Armed Forces;
- (B) Army National Guard;
- (C) Air National Guard when engaged in active duty for training, state active duty, inactive duty training, or full-time National Guard duty;
- (D) United States Commissioned Corps of the Public Health Service; and
- (E) Any other category of persons designated by the President of the United States in time of war or emergency.

§ 8-102. Free service credit - Military service.

(a)(1) A person may establish free military service credit with the Arkansas Teacher Retirement System at any time after becoming a member.

(2) Free military service credit established with the system is effective after the member completes five (5) years of actual service in the system, excluding military service credit.

(b) A member who by draft or voluntary enlistment entered the United States Armed Forces during a period that a federal military draft was in effect and obtained a refund of contributions from the system may establish free military service credit with the system if the member:

(1) Is honorably discharged from the United States Armed Forces; and

(2) Before retirement, repays the system the actuarial equivalent of the member's refunded service.

(c) A member who by draft or voluntary enlistment entered the United States Armed Forces during any period that a federal military draft was in effect and becomes an active member after an honorable discharge from the United States Armed Forces is eligible to establish free military service credit with the system, regardless of whether or not the member has five (5) or more years of credited service in the system at the time of the member's reemployment.

(d) A member who is first employed after serving in the United States Armed Forces during a period of time in which the military draft was in effect is eligible to establish free military service credit with the system if the member:

(1) Completes five (5) or more years of actual service in the system; and

(2) Receives an honorable discharge.

(d) The system shall provide a member with free military service credit after the member:

(1) Applies to establish free military service credit with the system by submitting a completed application form approved by the system; and

(2) Submits official military documentation listing the entry and discharge dates of the member's first enlistment or induction into the United States Armed Forces.

(e)(1) Free military service credited to a member before July 1, 1986, shall be considered contributory service.

(2) Free military service shall be credited to a member's account on a prorated basis if the member has both contributory and noncontributory service.

(f) Military service credited to a member shall not exceed five (5) years unless the member is entitled to service credit for service in the uniformed services of the United States.

(g) Military service shall be credited in order of the years that are chronologically closest to the member's service with a covered employer.

(h) A member shall not receive military service credit for military service years resulting

from the member's reenlistment or voluntary extension of his or her initial enlistment.

§ 8-103. Purchasable service credit — Military service.

(a) A member shall receive service credit for service in the United States Armed Forces that cannot be credited to the member under Arkansas Code § 24-7-602(a) if the member pays the Arkansas Teacher Retirement System the actuarial equivalent for the service credit.

(b)(1) Effective December 12, 1994, a member shall be treated as not having incurred a break in service with a covered employer if the member:

(A) Leaves employment with a school to voluntarily or involuntarily serve in the uniformed services of the United States; and

(B) Returns to employment with a school.

(2) A member described in § 8-103(b)(1) of this rule shall accrue benefits for the time he or she served in the uniformed services of the United States if:

(A) The member pays the employee contributions as provided in Arkansas Code § 24-7-406; and

(B) Employer contributions are paid for the time the member served in the uniformed services of the United States.

(c) A member's absence from his or her employment with a school due to his or her service in the uniformed services of the United States shall not exceed five (5) years.

(d) At the member's request, a member's payment for United States Armed Forces service credit shall be refunded by the system if the:

(1) Member ceased to be an active member before the United States Armed Forces service credit is established as credited service in the system; or

(2) United States Armed Forces service credit is not otherwise used to establish the member's eligibility for retirement under the system.

§ 8-104. Purchasable service credit — National Guard and armed forces reserve.

(a) A member may purchase up to five (5) years of service for his or her service in the National Guard or armed forces reserve.

(b) A member shall receive credit for service in the National Guard or armed forces reserve if the member:

(1) Applies to the Board of Trustees of the Arkansas Teacher Retirement System to purchase National Guard or armed forces reserve service credit by submitting a completed application form approved by the Arkansas Teacher Retirement System;

(2) Provides the system with satisfactory proof of his or her service in the National Guard or armed forces reserve;

(3) Pays the system, in full, the actuarial equivalent of the member's benefits for each year of National Guard or armed forces reserve service credit being purchased; and

(4) Has established at least five (5) years of actual service with the system, excluding National Guard or armed forces reserve service.

(c) The system shall not credit a member with more than five (5) years of service for service in the National Guard or armed forces reserve.

(d) At the member's request, a member's payment for National Guard or armed forces reserve service credit shall be refunded by the system if the:

(1) Member ceased to be an active member before the National Guard or armed

forces reserve service credit is established as credited service in the system; or
(2) National Guard or armed forces reserve service credit is not otherwise used to establish the member's eligibility for retirement under the system.

§ 8-105. Purchasable service credit — Domestic federal service.

(a) Beginning January 1, 2003, a member may purchase up to ten (10) years of domestic federal service that shall be credited if:

(1) The member:

(A) Has contributions left on deposit with another system and the domestic federal service credit being purchased is limited to service for which another system similar in purpose to the Arkansas Teacher Retirement System, except for Social Security, could not pay a benefit;

(B) Pays the system, in full, the actuarial equivalent of benefits for each year of domestic federal service credit being purchased; and

(C) Has established at least five (5) years of actual service, excluding federal domestic service; and

(2) All other requirements set by rules adopted by the Board of Trustees of the Arkansas Teacher Retirement System are met.

(b) A member may purchase a fraction of a year of domestic federal service that shall be credited if the:

(1) Member has at least one-fourth (1/4) of a year of domestic federal service in a fiscal year; and

(2) Fraction of a year of domestic federal service can be credited in accordance with Arkansas Code § 24-7-601.

(c) At the member's request, a member's payment for domestic federal service credit shall be refunded by the system if the:

(1) Member ceased to be an active member before the domestic federal service credit is established as credited service in the system; or

(2) Domestic federal service credit is not otherwise used to establish the member's eligibility for retirement under the system.

§ 8-106. Purchasable service credit — Out-of-state service.

(a)(1) Out-of-state service purchased before July 1, 1987, shall be credited as service in accordance with the law in effect before July 1, 1987.

(2) A member may purchase up to fifteen (15) years of out-of-state service if the out-of-state service is purchased on and after July 1, 1987.

(b) Out-of-state service shall be credited if:

(1) The member:

(A) Has contributions left on deposit with another system and the out-of-state service credit being purchased is limited to service for which another system similar in purpose to the Arkansas Teacher Retirement System, except for Social Security, could not pay a benefit;

(B) Pays the system, in full, the actuarial equivalent of benefits for each year of out-of-state service credit being purchased; and

(C) Has established at least five (5) years of actual service, excluding out-of-state service; and

(2) All other requirements set by rules adopted by the Board of Trustees of the Arkansas Teacher Retirement System are met.

(c) A member may purchase a fraction of a year of out-of-state service that shall be credited if the:

(1) Member has at least one-fourth (1/4) of a year of out-of-state service in a fiscal year; and

(2) Fraction of a year of out-of-state service can be credited in accordance with Arkansas Code § 24-7-601.

(d) At the member's request, a member's payment for out-of-state service credit shall be refunded by the system if the:

(1) Member ceased to be an active member before the out-of-state service credit is established as credited service in the system; or

(2) Out-of-state service credit is not otherwise used to establish the member's eligibility for retirement under the system.

§ 8-107. Purchasable service credit — Overseas service.

(a) A member may purchase service credit for service in an overseas school if:

(1) The member:

(A) Has at least five (5) years of service in a position covered by the Arkansas Teacher Retirement System; and

(B) Performs the minimum days of service at the overseas school required for a fiscal year of service credit;

(2) The overseas service credit is limited to service for which another system similar in purpose to the system, except Social Security, could not pay a benefit; and

(3) The actuarial equivalent of the member's benefits is paid to the system.

(b) The system shall not credit a member with more than ten (10) years of overseas service credit.

(c) At the member's request, a member's payment for overseas service credit shall be refunded by the system if the:

(1) Member ceased to be an active member before the overseas service credit is established as credited service in the system; or

(2) Overseas service credit is not otherwise used to establish the member's eligibility for retirement under the system.

§ 8-108. Purchasable service credit — General Assembly.

(a) A member of the Senate or House of Representatives of the General Assembly who is a member of the Arkansas Teacher Retirement System shall receive credited service and salary in the system for his or her full contract salary if the:

(1) School district requires the member's salary to be reduced during the member's attendance at:

(A) Regular or extraordinary sessions of the General Assembly; or

(B) Interim meetings of regular or special committees of the General Assembly;

(2) Member applies for General Assembly service credit by submitting to the system a completed application form approved by the system;

(3) Member pays the system the necessary member contributions; and

(4) Required employer contributions are paid to the system for the amount of the salary reduction during periods of the member's attendance at regular or extraordinary sessions of the General Assembly or sessions of legislative committees.

(b) A member of the Senate or House of Representatives who currently serves in the General Assembly or has served in the legislative committees for any year that is within five (5) years of July 6, 1977, shall receive credited service and salary for his or her full contract if the:

(1) Member applies for General Assembly service credit by submitting to the system a completed application form approved by the system;

(2) Member pays the employee contributions; and

(3) Required employer contributions are paid from the Public School Fund to the system for the portion of the contractual period in which the member's salary was reduced during the member's legislative service.

(c) A member of the Senate or House of Representatives of the General Assembly who is an employee and member of the system shall receive credited service and salary for his or her full contract salary if:

(1) Either the member or school district decides it is in the best interest of the member to take a leave of absence for up to one (1) full calendar year at a time in order for the member to attend his or her duties as a member of the General Assembly; and

(2) Both the required employee and employer contributions are paid to the system for the amount of the member's contract salary during periods in which the member attended sessions of the General Assembly or legislative committees.

(d) At the member's request, a member's payment for General Assembly service credit shall be refunded by the system if the:

(1) Member ceased to be an active member before the General Assembly service credit is established as credited service in the system; or

(2) General Assembly service credit is not otherwise used to establish the member's eligibility for retirement under the system.

§ 8-109. Purchasable service credit — Advanced degree service.

(a) A member who is a public school teacher or administrator and takes a leave of absence from a school in order to obtain an advanced degree at an institution of higher learning or to fulfill the requirements of a scholarship or grant shall receive credited service for the time of the member's actual enrollment in the institution if the member:

(1) Applies for advanced degree service credit by submitting to the system a completed application form approved by the Arkansas Teacher Retirement System; and

(2) Pays the actuarial equivalent of the member's benefits to the system for each year of service credit being purchased.

(b) At the member's request, a member's payment for advanced degree service credit shall be refunded by the system if the:

(1) Member ceased to be an active member before the advanced degree service credit is established as credited service in the system; or

(2) Advanced degree service credit is not otherwise used to establish the member's eligibility for retirement under the system.

§ 8-110. Purchasable service credit — Private school service.

(a) Employment with a Head Start program shall be considered private school service.

(b)(1) A member may purchase up to fifteen (15) years of private school service to be credited as certified service if:

(A) The member:

(i) Has contributions left on deposit with another system and the private school service credit being purchased is limited to service for which another system similar in purpose to the Arkansas Teacher Retirement System, except for Social Security, could not pay a benefit;

(ii) Pays the system, in full, the actuarial equivalent of benefits for each year of private school service credit being purchased; and

(iii) Has established at least five (5) years of actual service, excluding private school service; and

(B) All other requirements set by rules adopted by the Board of Trustees of the Arkansas Teacher Retirement System are met.

(2) At the member's request, a member's payment for certified private school service credit shall be refunded by the system if the:

(A) Member ceased to be an active member before the certified private school service credit is established as credited service in the system; or

(B) Certified private school service credit is not otherwise used to establish the member's eligibility for retirement under the system.

(c)(1) A member may purchase up to five (5) years of noncertified private school service that shall be credited as noncertified service if:

(A) The member:

(i) Applies for noncertified private school service credit by submitting to the system a completed application form approved by the system;

(ii) Has contributions left on deposit with another system and the noncertified service credit being purchased is limited to service for which another state-supported pension system or system similar in purpose to the system could not pay a benefit;

Pays the system, in full, the actuarial equivalent of benefits for each year of service credit being purchased; and

(iii) Has established at least five (5) years of actual service; and

(B) All other requirements set by rules adopted by the board are met.

(2) At the member's request, a member's payment for noncertified private school service credit shall be refunded by the system if the:

(A) Member ceased to be an active member before the noncertified private school service credit is established as credited service in the system; or

(B) Noncertified private school service credit is not otherwise used to establish the member's eligibility for retirement under the system.

(d)(1) A member may purchase up to five (5) years of private education-related entity private school service that shall be credited as noncertified service if:

(A) The member:

(i) Applies for private education-related entity private school service by submitting to the system a completed application approved by the system;

(ii) Has contributions left on deposit with another system and the

private education-related entity private school service credit being purchased is limited to service for which another state-supported pension system or system similar in purpose to the system could not pay a benefit;

(iii) Pays the system, in full, the actuarial equivalent of benefits for each year of service credit being purchased;

(iv) Has established at least five (5) years of actual service; and

(B) All other requirements set by rules adopted by the Board are met.

(2) At the member's request, a member's payment for private education-related entity private school service credit shall be refunded by the system if the:

(A) Member ceased to be an active member before the private education-related entity private school service is established as credited service in the system; or

(B) Private education-related entity private school service credit is not otherwise used to establish the member's eligibility for retirement under the system.

(e) A member may purchase a fraction of a year of private school service that shall be credited if the:

(1) Member has at least one-fourth (1/4) of a year of private school service in a fiscal year; and

(2) Fraction of a year of private school service can be credited in accordance with Arkansas Code § 24-7-601.

§ 8-111. Purchasable service credit — Federal retirement service.

(a) An active member may purchase up to ten (10) years of federal retirement service that shall be credited if the:

(1) Federal retirement service being purchased is limited to service for which the federal retirement system could not pay a benefit to the member;

(2) Member applies for federal retirement service by submitting to the Arkansas Teacher Retirement System a completed application form approved by the system;

(3) Member provides certification of his or her federal retirement service to the system on a form approved by the system;

(3) Member pays the system, in full, the actuarial equivalent of benefits for each year of service credit being purchased; and

(4) Member has established at least five (5) years of actual service, excluding federal retirement service.

(b)(1) A member shall complete at least one hundred sixty (160) working days before the member may establish one (1) year of federal retirement service credit.

(2) One (1) month of federal service shall be considered twenty (20) days of service.

(c) A member may purchase a fraction of a year of federal retirement service that shall be credited if the:

(1) Member has at least one-fourth (1/4) of a year of federal retirement service in a fiscal year; and

(2) Fraction of a year of federal retirement service can be credited in accordance with Arkansas Code § 24-7-601.

(d) Federal retirement service credit shall be considered contributory service.

(e) Purchased federal retirement service shall be credited to the fiscal year in which the service was rendered.

(f) If a member is not an active member before establishing federal retirement service with the system, the member's contribution payments and regular interest shall be refunded.

(g) At the member's request, a member's payment for federal retirement service credit shall be refunded by the system if the:

(1) Member ceased to be an active member before the federal retirement service is established as credited service in the system; or

(2) Federal retirement service credit is not otherwise used to establish the member's eligibility for retirement under the system.

(h) Purchase account payments made through employer pick-up are subject to restrictions specified in this rule, regulations, and the Internal Revenue Code.

§ 8-112. Purchasable service credit — Gap year service.

(a) A member may purchase permissive service credit for one (1) or more consecutive or nonconsecutive gap years if:

(1) The member:

(A) Has five (5) years of actual service in the system;

(B) Has left his or her position as a classroom teacher immediately before each nonconsecutive gap year or the initial gap year of consecutive gap years;

(C) Returns to his or her position as a classroom teacher after one (1) or more gap years;

(D) Accrues at least one-half (1/2) year of service credit after returning to his or her position as a classroom teacher;

(E) Was inactive during the gap year or gap years; and

(F) Is ineligible to receive free service credit for each gap year under another provision of the law applicable to the system; and

(2) Each gap year amounts to an entire fiscal year.

(b)(1) A member shall not:

(A) Be permitted to purchase permissive service credit unless the total gap year service for which permissive service credit is being purchased amounts to one (1) fiscal year;

(B) Purchase more than five (5) years of permissive service credit; or

(C) Purchase one (1) or more gap years after the member retires from the system.

(2) A member's purchased permissive service credit shall be credited in accordance with Arkansas Code § 24-7-601.

(c)(1) A member shall purchase permissive service credit for one (1) or more gap years at the actuarial cost.

(2) At the member's request, a member's payment for permissive service credit shall be refunded by the system if the:

(A) Member ceased to be an active member before the permissive service is established as credited service in the system; or

(B) Permissive service credit is not otherwise used to establish the member's eligibility for retirement under the system.

§ 8-113. Purchasable service credit — Contact Buyouts, Settlements, and Court Ordered Payments.

(a)(1) A member shall only earn service credit for actual, on-site work performed for a covered employer for the period specified in a contract buyout, settlement, or court ordered payment unless the member purchases service or salary that would have been received by the member if the member had been successful in his or her legal claim.

(2)(A) If a member is on call with a covered employer and not subject to either a contract buyout, settlement, or court ordered payment, the salary paid to the member as a regular employee shall be credited to the member.

(B) On call credit shall not be added to a member's salary with another covered employer.

(c) The Arkansas Teacher Retirement System shall not adjust a member's service history until the:

(1) Member or the member's covered employer provides a copy of the settlement, a file-marked court order, or a certified copy of the contract buyout to the system; and

(2)(A) Actuarial cost to purchase the service has been paid in full to the system.

(B) A member shall purchase service or salary at the actuarial cost for service and salary that the member would have earned if the member had not been terminated.

(d)(1) Service credit purchased under a settlement agreement or court order shall offset service credit that is earned through covered employment with another covered employer during the same period of time covered by the service credit purchased under the settlement agreement or court order.

(2) Service credit purchased under a settlement agreement or court order shall not be applied in a manner that allows a member to earn more than one (1) year of service credit in a fiscal year.

(e)(1) The system shall credit a member with additional salary credit purchased through a settlement agreement or court order only if the:

(A) Additional salary being purchased is being paid to the member in order to resolve a claim of wrongful termination or employment discrimination that culminated in a settlement agreement or court order; and

(B) Additional salary is salary that the member would have been paid but for the employment discrimination.

(2) Only qualifying additional salary credit purchased through a contract buyout may be used in the final average salary calculation.

(f) The system shall not permit a member to use unearned future service credit or nonqualified service credit purchased through a contract buyout settlement agreement with a school district to retire under age and service retirement before the member's employment contract with the school district would naturally have terminated.

§ 8-114. Cost of purchased service.

(a) A member shall purchase service using forms approved by the Arkansas Teacher Retirement System.

(b)(1) A member who purchases service shall receive credit for the purchased service if the actuarial equivalent of both the employee and employer contributions, as calculated by the system, are paid to the system.

(2) Service purchased at the actuarial cost shall be contributory.

(3) The requirement for service to be purchased at the actuarial cost shall not apply to free military service credit established with the system.

(c) The actuarial cost for service to be purchased shall not include adjustments to salary and service that are made in order to properly reflect the member's mandatory salary and service record.

(d) A salary earned for service purchased at the actuarial cost:

(1) Shall not be used to calculate a member's final average salary; and

(2) May be used to determine repaid refunds for service that is required to be reported within the refunded service.

(e)(1) A member's highest salary shall be used as the base year when calculating the actuarial cost for service being purchased by the member.

(2) A member's base year shall be the member's highest salary year unless the highest salary year is more than one hundred fifty percent (150%) greater than the next highest salary year.

(3) If a member's highest salary year is more than one hundred fifty percent (150%) greater than the next highest salary year, the highest two (2) salary years shall be added together and divided by two (2) to determine the base year to be used for calculating the actuarial cost for service being purchased.

(4) If a member does not have enough full service years to determine a base year for the purchase formula, a full year salary shall be used to determine the base year.

(5) A full year salary shall be calculated by dividing each partial year's service percentage into each partial year's salary.

§ 8-115. Purchase accounts.

(a)(1) A purchase account established before July 1, 2011, shall have an approved Purchase Account Commitment Statement or PACS on file with the Arkansas Teacher Retirement System detailing the member's payment plan.

(2) A PACS may be modified with the agreement of the member and the system.

(3) A modification of a PACS may include without limitation changes to the type of payment, the duration of the service purchase agreement, and a decrease of the service purchased policy.

(4) The service purchased under a PACS shall not be increased.

(5) The system shall cancel a service purchase agreement with a member if the member fails to comply with the terms of the agreement.

(6) Purchase account payments shall be applied to the member's account on the date the payment is received by the system.

(b)(1) The system shall accept participant rollover contributions and direct rollovers for the purchase of service credit from a qualified retirement plan.

(2) A depository trustee from a qualified retirement plan shall certify to the system that the rollover deposit account is qualified and eligible to receive rollover distributions before a distribution of a member's account monies.

(3)(A) If the depository trustee is unable to certify the rollover deposit account as qualified and eligible to receive rollover distributions, the system shall accept a certification from a public accountant who has an active certified public accountant's license.

(B) The system shall not accept a certification from a public accountant that certifies a rollover deposit account as qualified and eligible to receive rollover distributions if the public accountant has an interest in the rollover deposit account as a member, spouse, or designated beneficiary.

(c)(1) If a member with an active purchase account dies, the member's spouse, beneficiary, or legal representative shall have up to six (6) months from the member's date of death to pay the balance of the purchase account unless the deadline is extended by the Executive Director of the Arkansas Teacher Retirement System for good cause.

(2) If the member's purchase account is not paid in full within six (6) months of the member's date of death, the purchase account shall be closed and payments made towards the purchase account shall be considered as part of the member's residual account balance.

(d)(1) A purchase account that is paid in full after a final payment has been tendered shall not be cancelled.

(2) A member's purchase account may be cancelled if:

(A) The member submits a written cancellation request to the system; and

(B)(i) The system approves the cancellation request.

(ii) The system may approve a cancellation request and refund a member's purchase account if the purchase account:

(a) Is an account that has been paid only with after-tax contributions;

(b) Is an account that has been paid only with employer pick-up contributions and one (1) of the following applies:

(1) All payments on the irrevocable payroll authorization have been completed;

(2) The member terminates employment with the employer; or

(3) The member retires; or

(c) Is an account that has been paid only with rollover or transfer contributions and the rollover or transfer contributions may be rolled over or transferred to another qualified plan or refunded to the member after the deduction and payment of federal taxes.

(iii)(a) If a member's cancellation request is approved, the system shall refund the balance of the member's purchase account without interest to the member.

(b) The system shall refund interest to a member if a refund of interest is statutorily mandated under Arkansas Code § 24-7-612 or another applicable provision of the Arkansas Code.

§ 8-116. Purchase of refunded service.

(a) A member shall not purchase refunded service unless he or she purchases the total credited service forfeited by a refund.

(b)(1) A repayment of refunded contributions shall be made in inverse order if the member has received more than one (1) refund of contributions.

(2) The most recent refund account shall be paid in full before a member may purchase a previous refund account.

Authority: Arkansas Code §§ 24-1-107, 24-7-406, 24-7-601, 24-7-602, 24-7-607, 24-7-711, 24-7-719, and 24-7-735.

History

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	<u>February 1, 2010</u>	<u>8-2 under emergency rules</u>
	<u>June 7, 2010</u>	<u>8-2 Permanent</u>
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<u>Effective:</u>	<u>TBD</u>	<u>Rule 8</u>

ATRS RULE 8
FREE SERVICE CREDIT, PURCHASABLE SERVICE CREDIT, AND
PURCHASE ACCOUNTS

Arkansas Code §§ 24-1-107, 24-7-406, 24-7-601, 24-7-602, 24-7-607, 24-7-711,
24-7-719, and 24-7-735

I.—Definitions

- a. ~~“Armed forces reserve” means one (1) of the reserve components of the United States Armed Forces;~~
- b. ~~“Domestic federal service” means service rendered as a teacher or administrator in a school or similar institution located on a military base or installation that is administered by the United States Department of Defense;~~
- c. ~~“Out-of-state service” means service performed in a state other than Arkansas and in a position that would have been covered by the Arkansas Teacher Retirement System (ATRS) if the service had been actual service performed in Arkansas and covered by ATRS;~~
- d. ~~“Overseas service” means service in:~~
 - 1. ~~An American-related overseas school that is sponsored and approved by either the United States Department of State or the United States Department of Defense; or~~
 - 2. ~~The Peace Corps or AmeriCorps VISTA, Volunteers in Service to America;~~
- e. ~~“Private school service” means:~~
 - 1. ~~Service rendered in a private school, or agency that would have been covered by ATRS if the:~~
 - A. ~~Service had been rendered in a public school; and~~
 - B. ~~Private school or agency:~~
 - i. ~~Has positions that would require the issuance of a teaching license in a public school based on a determination by ATRS; or~~
 - ii. ~~Is recognized as a private education-related entity by resolution adopted by the Board of Trustees of the Arkansas Teacher Retirement System (Board); and~~
- f. ~~“Uniformed Services of the United States” means service in the:~~
 - 1. ~~United States Armed Forces;~~
 - 2. ~~Army National Guard;~~
 - 3. ~~Air National Guard when engaged in active duty for training, state active duty, inactive duty training, or full-time National Guard duty;~~

- ~~4. United States Commissioned Corps of the Public Health Service; and~~
- ~~5. Any other category of persons designated by the President of the United States in time of war or emergency.~~

~~II. Free Service Credit~~

~~a. Military Service Credit~~

~~1. Generally~~

- ~~A. A person may establish military service credit with ATRS at any time after becoming a member.~~
- ~~B. Military service credit established with ATRS is effective after the member completes five (5) years of actual service in ATRS, excluding military service credit.~~
- ~~C. ATRS shall provide a member with military service credit after the member:
 - ~~i. Completes and submits Form M-1 to ATRS; and~~
 - ~~ii. Submits official military documentation listing the entry and discharge dates of the member's first enlistment or induction into the United States Armed Forces.~~~~
- ~~D. Military service credited to a member before July 1, 1986, shall be considered contributory service.~~
- ~~E. Military service credited to a member shall not exceed five (5) years unless the member is entitled to service credit for service in the uniformed services of the United States. (Arkansas Code § 24-7-602(c)).~~
- ~~F. Military service shall be credited in order of the years that are chronologically closest to the member's service with a covered employer.~~
- ~~G. A member shall not receive military service credit for military service years resulting from the member's reenlistment or voluntary extension of his or her initial enlistment.~~
- ~~H. Free military service shall be credited to a member's account on a prorated basis if the member has both contributory and noncontributory service.~~

~~2. Federal Military Draft~~

~~A. New Members~~

- ~~i. A member who is first employed after serving in the United States Armed Forces during a period of time in which the military draft was in effect is eligible to receive free military service credit if the member:~~
- ~~ii. Completes five (5) or more years of actual service in ATRS; and~~
- ~~iii. Receives an honorable discharge.~~

~~B. Active Members~~

- ~~i. An active member who enters the United States Armed Forces during any period that a federal military draft was in effect and who becomes an active member after an honorable discharge from the United States Armed Forces may receive free military service credit regardless of whether the member has five (5) or more years of credited service at the time of his or her reemployment.~~
- ~~ii. An active member who enters the United States Armed Forces during a period that a federal military draft was in effect and obtains a refund of member contributions from ATRS may receive free military service credit if the member:
 - ~~a. Receives an honorable discharge from the United States Armed Forces; and~~
 - ~~b. Repays the actuarial equivalent of the member's refunded service to ATRS before retiring.~~~~

III. Purchasable Service Credit

~~a. Military Service Credit~~

~~1. Service in the United States Armed Forces~~

- ~~A. A member shall receive service credit for service in the United States Armed Forces that cannot be credited to the member under Arkansas Code § 24-7-602(a) if the member pays ATRS the actuarial equivalent for the service credit.~~

~~2. Service in the Uniformed Services of the United States~~

- ~~A. Effective December 12, 1994, a member shall be treated as not having incurred a break in service with a covered employer if the member:
 - ~~i. Leaves employment with a school to voluntarily or involuntarily serve in the uniformed services of the United States; and~~
 - ~~ii. Returns to employment with a school.~~~~
- ~~B. A member's absence from his or her employment with a school due to his or her service in the uniformed services of the United States shall not exceed five (5) years.~~
- ~~C. A member described in this ATRS Rule 8 III.a.2.A shall accrue benefits for the time he or she served in the uniformed services of the United States if:
 - ~~i. The member pays the employee contributions as provided in Arkansas Code § 24-7-406; and~~
 - ~~ii. Employer contributions are paid for the time the member served in the uniformed services of the United States.~~~~

~~b. Service in National Guard and Armed Forces~~

- ~~1. A member may purchase up to five (5) years of service for his or her service in the National Guard or armed forces reserve.~~
 - ~~2. A member shall receive credit for service in the National Guard or armed forces reserve if the member:

 - ~~A. Submits an application for National Guard or armed forces reserve service credit to the Board;~~
 - ~~B. Provides ATRS with satisfactory proof of his or her service in the National Guard or armed forces reserve;~~
 - ~~C. Pays ATRS, in full, the actuarial equivalent of the member's benefits for each year of National Guard or armed forces reserve service credit being purchased; and~~
 - ~~D. Has established at least five (5) years of actual service with ATRS, excluding National Guard or armed forces reserve service.~~~~
 - ~~3. ATRS shall not credit a member with more than five (5) years of service for service in the National Guard or armed forces reserve.~~
- ~~c. Domestic Federal Service~~
- ~~1. Beginning January 1, 2003, a member may purchase up to ten (10) years of domestic federal service that shall be credited if:

 - ~~i. The member:

 - ~~i. Has contributions left on deposit with another system and the domestic federal service credit being purchased is limited to service for which another system similar in purpose to ATRS, except for Social Security, could not pay a benefit;~~
 - ~~ii. Pays ATRS, in full, the actuarial equivalent of benefits for each year of domestic federal service credit being purchased; and~~
 - ~~iii. Has established at least five (5) years of actual service, excluding federal domestic service; and~~~~
 - ~~ii. All other requirements set by rules adopted by the Board are met.~~~~
 - ~~2. A member may purchase a fraction of a year of domestic federal service that shall be credited if the:

 - ~~A. Member has at least one-fourth (1/4) of a year of domestic federal service in a fiscal year; and~~
 - ~~B. Fraction of a year of domestic federal service can be credited in accordance with Arkansas Code § 24-7-601.~~~~
- ~~d. Out-of-State Service~~
- ~~1. Out-of-State Service — Purchased Before July 1, 1987

 - ~~A. Out-of-state service purchased before July 1, 1987, shall be credited as service in accordance with the law in effect before July 1, 1987.~~~~
 - ~~2. Out-of-State Service — Purchased on and after July 1, 1987~~

~~A. A member may purchase up to fifteen (15) years of out-of-state service.~~

~~B. Out-of-state service shall be credited if:~~

~~i. The member:~~

~~a. Has contributions left on deposit with another system and the out-of-state service credit being purchased is limited to service for which another system similar in purpose to ATRS, except for Social Security, could not pay a benefit;~~

~~b. Pays ATRS, in full, the actuarial equivalent of benefits for each year of out-of-state service credit being purchased; and~~

~~c. Has established at least five (5) years of actual service, excluding out-of-state service; and~~

~~ii. All other requirements set by rules adopted by the Board are met.~~

~~C. A member may purchase a fraction of a year of out-of-state service that shall be credited if the:~~

~~i. Member has at least one-fourth (1/4) of a year of out-of-state service in a fiscal year; and~~

~~ii. Fraction of a year of out-of-state service can be credited in accordance with Arkansas Code § 24-7-601.~~

~~e. Overseas Service~~

~~1. A member may purchase service credit for service in an overseas school if:~~

~~A. The member:~~

~~i. Has at least five (5) years of service in a position covered by ATRS; and~~

~~ii. Performs the minimum days of service at the overseas school required for a fiscal year of service credit;~~

~~B. The overseas service credit is limited to service for which another system similar in purpose to ATRS, except Social Security, could not pay a benefit; and~~

~~C. The actuarial equivalent of the member's benefits is paid to ATRS~~

~~2. ATRS shall not credit a member with more than ten (10) years of overseas service credit.~~

~~f. Service in the General Assembly~~

~~1. A member of the Senate or House of Representatives of the General Assembly who is a member of ATRS shall receive credited service and salary in ATRS for his or her full contract salary if the:~~

~~A. School district requires the member's salary to be reduced during the member's attendance at:~~

- i. ~~Regular or extraordinary sessions of the General Assembly; or~~
 - ii. ~~Interim meetings of regular or special committees of the General Assembly;~~
- B. ~~Member submits an application for General Assembly service credit to ATRS;~~
- C. ~~Member pays ATRS the necessary member contributions; and~~
- D. ~~Required employer contributions are paid to ATRS for the amount of the salary reduction during periods of the member's attendance at regular or extraordinary sessions of the General Assembly or sessions of legislative committees.~~
- 2. ~~A member of the Senate or House of Representatives who currently serves in the General Assembly or has served in the legislative committees for any year that is within five (5) years of July 6, 1977, shall receive credited service and salary for his or her full contract if the:~~
 - A. ~~Member submits an application for General Assembly service credit to ATRS and pays the employee contributions; and~~
 - B. ~~Required employer contributions are paid from the Public School Fund to ATRS for the portion of the contractual period in which the member's salary was reduced during the member's legislative service.~~
- 3. ~~A member of the Senate or House of Representatives of the General Assembly who is an employee and member of ATRS shall receive credited service and salary for his or her full contract salary if:~~
 - A. ~~Either the member or school district decides it is in the best interest of the member to take a leave of absence for up to one (1) full calendar year at a time in order for the member to attend his or her duties as a member of the General Assembly; and~~
 - B. ~~Both the required employee and employer contributions are paid to ATRS for the amount of the member's contract salary during periods in which the member attended sessions of the General Assembly or legislative committees.~~
- g. ~~Advanced Degree Service~~
 - 1. ~~Beginning June 28, 1985, a member who is a public school teacher or administrator and takes a leave of absence from a school in order to obtain an advanced degree at an institution of higher learning or to fulfill the requirements of a scholarship or grant shall receive credited service for the time of the member's actual enrollment in the institution if the member:~~
 - A. ~~Submits an application for the advanced degree service credit to ATRS; and~~
 - B. ~~Pays the actuarial equivalent of the member's benefits to the system for each year of service credit being purchased.~~

~~h. Private School Service~~

~~1. Head Start Programs~~

~~A. Employment with a Head Start program shall be considered private school service.~~

~~2. Certified Private School Service Credit~~

~~A. A member may purchase up to fifteen (15) years of private school service to be credited as certified service if:~~

~~i. The member:~~

- ~~a. Has contributions left on deposit with another system and the private school service credit being purchased is limited to service for which another system similar in purpose to ATRS, except for Social Security, could not pay a benefit;~~
- ~~b. Pays ATRS, in full, the actuarial equivalent of benefits for each year of private school service credit being purchased; and~~
- ~~c. Has established at least five (5) years of actual service, excluding private school service; and~~

~~ii. All other requirements set by rules adopted by the Board are met.~~

~~2. Noncertified Private School Service Credit~~

~~A. A member may purchase up to five (5) years of noncertified private school service that shall be credited as noncertified service if:~~

~~i. The member:~~

- ~~a. Submits an application to purchase noncertified private school service to ATRS;~~
- ~~b. Has contributions left on deposit with another system and the noncertified service credit being purchased is limited to service for which another state-supported pension system or system similar in purpose to ATRS could not pay a benefit;~~
- ~~c. Pays ATRS, in full, the actuarial equivalent of benefits for each year of service credit being purchased; and~~
- ~~d. Has established at least five (5) years of actual service; and~~

~~ii. All other requirements set by rules adopted by the Board are met.~~

~~B. A member may purchase a fraction of a year of private school service that shall be credited if the:~~

- ~~i. Member has at least one-fourth (1/4) of a year of private school service in a fiscal year; and~~
- ~~ii. Fraction of a year of private school service can be credited in accordance with Arkansas Code § 24-7-601.~~

~~3. Private Education-Related Entity Private School Service~~

~~A. A member may purchase up to five (5) years of private education-related entity private school service that shall be credited as noncertified service if:~~

~~i. The member:~~

- ~~a. Submits an application to purchase private education-related entity private school service to ATRS;~~
- ~~b. Has contributions left on deposit with another system and the private education-related entity private school service credit being purchased is limited to service for which another statesupported pension system or system similar in purpose to ATRS could not pay a benefit;~~
- ~~c. Pays ATRS, in full, the actuarial equivalent of benefits for each year of service credit being purchased;~~
- ~~d. Has established at least five (5) years of actual service; and~~

~~ii. All other requirements set by rules adopted by the Board are met.~~

~~—— i. Federal Retirement Service~~

~~1. An active member may purchase up to ten (10) years of federal retirement service that shall be credited if the:~~

- ~~A. Federal retirement service being purchased is limited to service for which the federal retirement system could not pay a benefit to the member;~~
- ~~B. Member submits an application to purchase federal retirement service to ATRS;~~
- ~~C. Member provides certification of his or her federal retirement service to ATRS on a form approved by ATRS;~~
- ~~D. Member pays ATRS, in full, the actuarial equivalent of benefits for each year of service credit being purchased; and~~
- ~~E. Member has established at least five (5) years of actual service, excluding federal retirement service.~~

~~2. A member shall complete at least one hundred sixty (160) working days before the member may establish one (1) year of federal retirement service credit.~~

~~3. One (1) month of federal service shall be considered twenty (20) days of service.~~

~~4. A member may purchase a fraction of a year of federal retirement service that shall be credited if the:~~

- ~~A. Member has at least one-fourth (1/4) of a year of federal retirement service in a fiscal year; and~~

~~B. Fraction of a year of federal retirement service can be credited in accordance with Arkansas Code § 24-7-601.~~

~~5. Federal retirement service credit shall be considered contributory service.~~

~~6. Purchased federal retirement service shall be credited to the fiscal year in which the service was rendered.~~

~~7. If a member is not an active member before establishing federal retirement service with ATRS, the member's contribution payments and regular interest shall be refunded.~~

~~8. Purchase account payments made through employer pick-up are subject to restrictions specified in this ATRS Rule 8, regulations, and the Internal Revenue Code.~~

~~IV. Cost of Service and Purchase Accounts~~

~~a. Generally~~

~~1. A member shall purchase service using ATRS approved forms.~~

~~2. A member who purchases service shall receive credit for the purchased service if the actuarial equivalent of both the employee and employer contributions, as calculated by ATRS, are paid to ATRS.~~

~~3. The requirement for service to be purchased at the actuarial cost shall not apply to free military service credit established with ATRS.~~

~~4. A salary earned for service purchased at the actuarial cost:~~

~~A. Shall not be used to calculate a member's final average salary; and~~

~~B. May be used to determine repaid refunds for service that is required to be reported within the refunded service.~~

~~b. Contract Buyouts, Settlements, and Court Ordered Payments~~

~~1. A member shall only earn service credit for actual, on-site work performed for a covered employer for the period specified in a contract buyout, settlement, or court ordered payment unless the member purchases service or salary that would have been received by the member if the member had been successful in his or her legal claim.~~

~~2. A member shall purchase service or salary at the actuarial cost for service and salary that the member would have earned if the member had not been terminated.~~

~~3. If a member is on call with a covered employer and not subject to either a contract buyout, settlement, or court ordered payment, the salary paid to the member as a regular employee shall be credited to the member.~~

~~4. On call credit shall not be added to a member's salary with another covered employer.~~

~~5. ATRS shall not adjust a member's service history until the:~~

~~A. Member or the member's covered employer provides a copy of the settlement, a file-marked court order, or a certified copy of the contract buyout to ATRS; and~~

~~B. Actuarial cost to purchase the service has been paid in full to ATRS.~~

~~c. Actuarial Cost of Service — Purchase Formula~~

~~1. A member's highest salary shall be used as the base year when calculating the actuarial cost for service being purchased by the member.~~

~~2. A member's base year shall be the member's highest salary year unless the highest salary year is more than one hundred fifty percent (150%) greater than the next highest salary year.~~

~~3. If a member's highest salary year is more than one hundred fifty percent (150%) greater than the next highest salary year, the highest two (2) salary years shall be added together and divided by two (2) to determine the base year to be used for calculating the actuarial cost for service being purchased.~~

~~4. If a member does not have enough full service years to determine a base year for the purchase formula, a full year salary shall be used to determine the base year.~~

~~5. A full year salary shall be calculated by dividing each partial year's service percentage into each partial year's salary.~~

~~6. The actuarial cost for service to be purchased shall not include adjustments to salary and service that are made in order to properly reflect the member's mandatory salary and service record.~~

~~7. Service purchased at the actuarial cost shall be contributory.~~

~~d. Purchase Accounts~~

~~1. Purchase Account Commitment Statement~~

~~A. A purchase account established before July 1, 2011, shall have an approved Purchase Account Commitment Statement (PACS) on file with ATRS detailing the member's payment plan.~~

~~B. A PACS may be modified with the agreement of the member and ATRS.~~

~~C. A modification of a PACS may include changes to the type of payment, the duration of the service purchase agreement, and a decrease of the service purchased policy.~~

~~D. The service purchased under a PACS shall not be increased.~~

~~E. ATRS shall cancel a service purchase agreement with a member if the member fails to comply with the terms of the agreement.~~

~~F. Purchase account payments shall be applied to the member's account on the date the payment is received by ATRS.~~

~~2. Rollover Payments~~

- ~~A. ATRS shall accept participant rollover contributions and direct rollovers for the purchase of service credit from a qualified retirement plan.~~
- ~~B. A depository trustee from a qualified retirement plan shall certify to ATRS that the rollover deposit account is qualified and eligible to receive rollover distributions before a distribution of a member's account monies.~~
- ~~C. If the depository trustee is unable to certify the rollover deposit account as qualified and eligible to receive rollover distributions, ATRS shall accept a certification from a public accountant who has an active certified public accountant's license.~~
- ~~D. A public accountant shall not certify a rollover deposit account as qualified and eligible to receive rollover distributions if the public accountant has an interest in the rollover deposit account as a member, spouse, or designated beneficiary.~~

~~3. Deceased Member~~

- ~~A. If a member with an active purchase account dies, the member's spouse, beneficiary, or legal representative shall have up to six (6) months from the member's date of death to pay the balance of the purchase account unless the deadline is extended by ATRS for good cause.~~
- ~~B. If the member's purchase account is not paid in full within six (6) months of the member's date of death, the purchase account shall be closed and payments made towards the purchase account shall be considered as part of the member's residual account balance.~~

~~4. Cancellation of Purchase Accounts~~

- ~~A. A purchase account that is paid in full after a final payment has been tendered shall not be cancelled.~~
- ~~B. A member's purchase account may be cancelled if:

 - ~~i. The member submits a written cancellation request to ATRS; and~~
 - ~~ii. ATRS approves the cancellation request.~~~~
- ~~C. ATRS may approve a cancellation request and refund a member's purchase account if the purchase account:

 - ~~i. Is an account that has been paid only with after tax contributions;~~
 - ~~ii. Is an account that has been paid only with employer pick-up contributions and one (1) of the following applies:

 - ~~a. All payments on the irrevocable payroll authorization have been completed;~~
 - ~~b. The member terminates employment with the employer; or~~
 - ~~c. The member retires; or~~~~
 - ~~iii. Is an account that has been paid only with rollover or transfer contributions and the rollover or transfer contributions may be rolled~~~~

~~over or transferred to another qualified plan or refunded to the member after the deduction and payment of federal taxes.~~

~~D. If a member's cancellation request is approved by ATRS, ATRS shall refund the balance of the member's purchase account without interest to the member.~~

~~E. ATRS shall refund interest to a member if a refund of interest is statutorily mandated under Arkansas Code § 24-7-612 or another applicable provision of the Arkansas Code.~~

V. Refunds

~~a. Purchase of Refunded Service~~

- ~~1. A member shall not purchase refunded service unless he or she purchases the total credited service forfeited by a refund.~~
- ~~2. A repayment of refunded contributions shall be made in inverse order if the member has received more than one (1) refund of contributions.~~
- ~~3. The most recent refund account shall be paid in full before a member may purchase a previous refund account.~~

~~b. Refund of Member and Employer Contributions~~

~~1. Overpayments~~

~~A. ATRS shall send written notification to a member or covered employer, as appropriate, of a contribution overpayment that is less than the de minimis amount that may be refunded.~~

~~B. ATRS shall not refund an overpayment of the member's contributions that is equal to or less than the de minimis amount unless the member submits a written request for a refund to ATRS within fourteen (14) days of receiving the written notice of the contribution overpayment from ATRS.~~

~~C. ATRS shall not refund an overpayment of employee contributions and employer contributions paid by the covered employer that is equal to or less than the de minimis amount unless the covered employer submits a written request for a refund to ATRS within fourteen (14) days of receiving the written notice of the contribution overpayment from ATRS.~~

~~D. If the member or covered employer does not submit a written request for a refund within fourteen (14) days of receiving the written notice of the contribution overpayment from ATRS, the amount of the contribution overpayment shall be forfeited to the trust assets of ATRS.~~

- ~~2. The total amount reported by the covered employer shall be credited to contributions.~~
- ~~3. The de minimis amount shall be periodically set by the Board, by board resolution, and shall remain the same amount until adjusted by the Board.~~
- ~~4. For refunded contributions, the rate of regular interest compounded annually after the first year of contributions shall be credited as follows:~~

Service	Regular Interest Rate
Before July 1, 1984	3%
For July 1, 1984 through June 30, 2009	6%
For July 1, 2010, through June 30, 2011	2%
For July 1, 2012, through June 30, 2017	1%
For July 1, 2017 and after	0.08%

5. ~~Payable regular interest shall be computed:~~
 - A. ~~On each member's individual account on June 30; and~~
 - B. ~~By multiplying the balance in the member's individual account as of July 1, including contributions and regular interest credit from previous years, plus one-half (1/2) of the contributions for the year ending June 30 by the annual applicable regular interest percentage rate.~~
6. ~~The Board, by board resolution, may change the regular interest rate on refunded contributions for subsequent years by stating the new regular interest rate, the date that the new regular interest rate is effective, and any other features necessary for implementing the regular interest rate.~~
7. ~~Regular interest shall not be paid on contributions made in the year in which a refund of contributions is paid to a member.~~
8. ~~ATRS shall issue a refund for a member's contributions that are closed on ATRS' books after receiving the member's properly completed refund application.~~
9. ~~If a second refund payment is required to complete the refund of contributions, the second payment shall be made when all quarters of service the member works are closed on ATRS' books.~~
10. ~~A rollover payment shall be made in one (1) payment when all quarters of service the member works are closed on ATRS' books.~~
11. ~~A refund is effective on the date on which ATRS first issues a payment of the refund.~~

HISTORY

Adopted:	February 3, 2004	8-4
Adopted:	June 15, 2004	8-1, 8-4, 8-5, 8-6
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Amended:	April 26, 2007	8-1, 8-4, 8-7
Adopted:	February 11, 2008	8-19
	October 6, 2008	8-7
	February 1, 2010	8-2 under emergency rules.
	June 7, 2010	8-2 Permanent

	July 1, 2011	8-1, 8-2, 8-4, 8-7, 8-19, 8-20 (Emergency)
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Amended:	April 2, 2012	8-2 (Emergency)
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ATRS Rule 9 Retirement and Benefits

§ 9-101. Definitions.

As used in this rule:

(1) "Act 808 Employee" means an employee of a state agency who:

(A) On April 8, 1987, was an active member of the Arkansas Teacher Retirement System;

(B) Qualified to retire before January 1, 1988, under the Early Retirement Incentive Law of 1987 (Acts 1987, No. 187); and

(C) Could elect to become a member of the Arkansas Public Employees' Retirement System and have his or her credited service in the Arkansas Teacher Retirement System transferred to the Arkansas Public Employees' Retirement System;

(2) "Annuity options" means one (1) or more options that:

(A) Concern how an annuity benefit shall be paid, in accordance with Arkansas Code § 24-7-706, to a member for his or her lifetime after the member's retirement; and

(B) Are available for a member's election at the time of the member's retirement;

(3) "Application" for the purposes of retirement eligibility means an application form and any other documents required by the Arkansas Teacher Retirement System to establish a member's eligibility to retire;

(4) "Covered employer" or "employer" means an employer who participates in the Arkansas Teacher Retirement System and whose employees are eligible for membership in the Arkansas Teacher Retirement System;

(5) "Dependent child" means a child of a member or retiree who:

(A) Is a minor; or

(C) Has been adjudged physically or mentally incapacitated by a court of competent jurisdiction;

(6) "Effective retirement date" means the first day of the month in which a member requests to receive retirement benefits and for which the member submits a timely retirement application;

(7) "Eligible employee" for the purposes of salary or compensation limitations concerning the calculation of a final average salary means a person who was a member of the Arkansas Teacher Retirement System before the first plan year beginning after December 31, 1995;

(8) "Full service year" means employment with a covered employer for one hundred sixty (160) days or more in a fiscal year;

(9) "Incapacitated child" means a child who has been adjudged physically or mentally incapacitated by a court of competent jurisdiction;

(10) "Marriage dissolution" means a final decree of divorce, separate maintenance, or annulment executed by a court of competent jurisdiction and filed of record in the Office of the Ex Officio Recorder;

(11) "Medical committee" means the committee of three (3) physicians appointed by the Board of Trustees of the Arkansas Teacher Retirement System for the purpose of

evaluating disability retirement applications;

(12) "Option beneficiary" means a person who:

(A) A member nominates by written designation, before or after the member's retirement, to receive annuity payments after the member's death in accordance with the annuity option selected by the member; and

(B) If eligible, shall receive annuity payments after the member's death in accordance with the annuity option selected by the member;

(13) "Partial service year" means employment with a covered employer for less than one hundred sixty (160) days in a fiscal year;

(14) "Person" means an individual, trust, estate, corporation, partnership, or other legal entity;

(15) "Residue" means a member's accumulated contributions, including regular interest standing in the member's credit at the time of his or her retirement;

(16) "Residue beneficiary" means a person who a member nominates by written designation to receive the member's residue, if any, under Arkansas Code § 247-709;

(17) "Receivable" means monies due to the Arkansas Teacher Retirement System from a member, former member, covered employer, contributor, retiree, beneficiary, or alternate payee under a qualified domestic relations order or QDRO as a result of an overpayment of any payment or benefit by the Arkansas Teacher Retirement System;

(18) "Retiree" means a retired member who receives an annuity from the Arkansas Teacher Retirement System;

(19) "Service" means employment rendered as an employee.

§ 9-102. State employee transfers to the Arkansas Public Employees' Retirement System.

(a) An Act 808 employee shall make the election to transfer to the Arkansas Public Employees' Retirement System on a form approved by the Arkansas Teacher Retirement System.

(b) The transfer from the Arkansas Teacher Retirement System to the Arkansas Public Employees' Retirement System shall be effective on the employee's effective date of retirement.

(c) The Arkansas Teacher Retirement System shall certify to the Arkansas Public Employees' Retirement System a record of the Act 808 employee's service credit in the Arkansas Teacher Retirement System.

(d)(1) If an Act 808 employee is a non-contributory member of the Arkansas Teacher Retirement System at the time of his or her retirement, the Act 808 employee shall retire under the non-contributory provisions of Acts 1987, No. 187 and shall be entitled to a refund of his or her Act 808 employee contributions made since January 1, 1978, to the Arkansas Teacher Retirement System.

(2) If an Act 808 employee was a contributory member of the Arkansas Teacher Retirement System at the time of his or her retirement, the Act 808 employee shall retire under the contributory provisions of Acts 1987, No. 187.

(e)(1) The Arkansas Public Employees' Retirement System shall pay the monthly benefits of an Act 808 employee who elects to transfer to the Arkansas Public Employees' Retirement System.

(2) The Arkansas Public Employees' Retirement System shall certify monthly to

the Arkansas Teacher Retirement System the amount of monthly benefits paid and the Arkansas Teacher Retirement System shall transfer its pro-rata portion to the Arkansas Public Employees' Retirement System.

(f) Upon receipt of a death certificate from the Arkansas Public Employees' Retirement System for a retiree who chose a straight life annuity and has a balance remaining in his or her account, the Arkansas Teacher Retirement System shall transfer the remaining balance in the retiree's account to the Arkansas Public Employees' Retirement System for refunding to the retiree's designated beneficiary.

§ 9-103. Retirement eligibility.

To be eligible for age and service retirement or disability retirement under the Arkansas Teacher Retirement System, a member shall:

(1) Satisfy the credited service requirements under one of the retirement statutes, Arkansas Code §§ 24-7-701—707;

(2) Be credited with all required covered employer and member contributions in the member's deposit account, with no amounts owed to the system;

(3) Pay all amounts owed to the system for underpayments or purchase service accounts; and

(4) Terminate employment with each of his or her covered employers or reach the normal retirement age.

§ 9-104. Age and service retirement — Effective retirement date.

(a) For a member who is inactive, vested, and immediately eligible to retire, retirement benefits shall be payable the month after the Arkansas Teacher Retirement System receives the member's application for age and service retirement.

(b)(1) If a member meets all eligibility requirements for age and service retirement and is approved for retirement, annuity benefits shall be effective on the month proposed in the member's application.

(2) If the member does not file an application at least one (1) calendar month before the proposed effective retirement date, then the proposed retirement effective date in the member's application shall not be used, and the member's effective retirement date shall be the following month.

(c) If a member has signed an employment contract for the fiscal year and has been paid in full without providing service for the full period of the employment contract, the member's effective retirement date shall not be before July 1 of the subsequent fiscal year.

(d) If a member has accrued a full year of service credit equal or greater to one hundred 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:

(A) Has attained the normal retirement age and is not separating from employment;

or

(B) Is not licensed or otherwise certified as a classroom teacher and vacating a classroom.

(e)(1) A member who attains the normal retirement age may:

(A) Apply for retirement benefits without terminating employment; and

(B) Begin drawing retirement benefits.

(2) The retirement benefits of a member who attains the normal retirement age shall not be affected if the member applies for and draws retirement benefits.

§ 9-105. Age and service retirement — Application.

(a) A copy of the age and service retirement application may be downloaded from the system's website or requested from the system.

(b)(1) If eligible, an active or inactive member who attains age sixty (60) and has five (5) or more years of actual and reciprocal service credit may voluntarily retire by filing a written application with the Arkansas Teacher Retirement System.

(2) If eligible, an active or inactive member who has not reached age sixty (60) and has twenty-five (25) or more years of actual and reciprocal service credit, including purchased or free credited service, may voluntarily retire by filing a written application with the system.

(c)(1) In order for a retirement application to be timely filed, there is a three-month "window" to apply for retirement benefits.

(2) An active member who is currently employed by a covered employer shall file his or her retirement application:

(A) No sooner than four (4) months before the active member's effective retirement date; and

(B) No later than one (1) month before the active member's effective retirement date.

(d)(1) The system's procedure for handling a retirement application received by the system from a member shall include the following:

(A) If a retirement application is received by the system before the three-month window begins for the member's anticipated effective retirement date, the system shall:

(i) Consider the retirement application untimely;

(ii) Reject the retirement application;

(iii) Notify the member of one (1) or more dates on which the member may timely file a retirement application; and

(iv) Notify the member of the procedure to use in order to timely file a retirement application.

(2) If a retirement application is received after the three-month window ends for the member's anticipated effective retirement date, the system shall:

(i) Consider the retirement application untimely; and

(ii) Provide the member with a new effective retirement date that begins on the first day of the month following the member's previously anticipated effective retirement date.

(e) Section 9-105(d) and (e) of this rule do not apply to a disability retirement application or an application for survivor benefits.

(g) The following table shows examples of the windows for filing a retirement application:

<u>EXAMPLE OF RETIREMENT FILING DATES</u>			
<u>Effective Date of Retirement</u>	<u>Retirement Application Must be Filed In:</u>	<u>Last Date of Employment</u>	<u>First Retirement Check</u>
<u>January 1</u>	<u>September, October or November</u>	<u>December 31</u>	<u>End of January</u>
<u>February 1</u>	<u>October, November or December</u>	<u>January 31</u>	<u>End of February</u>
<u>March 1</u>	<u>November, December or January</u>	<u>Feb 28/29 (Leap year)</u>	<u>End of March</u>
<u>April 1</u>	<u>December, January or February</u>	<u>March 31</u>	<u>End of April</u>
<u>May 1</u>	<u>January, February or March</u>	<u>April 30</u>	<u>End of May</u>
<u>June 1</u>	<u>February, March or April</u>	<u>May 31</u>	<u>End of June</u>
<u>July 1</u>	<u>March, April or May</u>	<u>June 30</u>	<u>End of July</u>
<u>August 1</u>	<u>April, May or June</u>	<u>July 31</u>	<u>End of August</u>
<u>September 1</u>	<u>May, June or July</u>	<u>August 31</u>	<u>End of September</u>
<u>October 1</u>	<u>June, July or August</u>	<u>September 30</u>	<u>End of October</u>
<u>November 1</u>	<u>July, August or September</u>	<u>October 31</u>	<u>End of November</u>
<u>December 1</u>	<u>August, September or October</u>	<u>November 30</u>	<u>End of December</u>

(h) The following table is the only window for filing a Teacher Deferred Retirement Option Participation application:

<u>Effective Date of Retirement</u>	<u>Retirement Application Must be Filed In:</u>
<u>July 1</u>	<u>March, April, or May</u>

§ 9-106. Age and service retirement — Additional documents.

(a) Unless an extension is granted by the Executive Director of the Arkansas Teacher Retirement System, in addition to a completed application for retirement, a member shall submit the following additional documents to the Arkansas Teacher Retirement System by the end of the sixth full calendar month immediately following the member's effective retirement date:

(1) For members who elect a straight life annuity:

(A) Proof of the member's birthdate from a birth certificate or other authenticating documents.; and

(B) Proof of the member's taxpayer identification number from a Social Security card or other authenticating documents.

(2) For members who elect an Option A or Option B annuity and designate their spouse as the beneficiary:

(A) Proof of the member's birthdate from a birth certificate or other authenticating documents;

(B) Proof of the member's taxpayer identification number from a Social Security card or other authenticating documents;

(C) Proof of the spouse's birthdate from a birth certificate or other authenticating documents;

(D) Proof of the spouse's taxpayer identification number from a Social Security card or other authenticating documents; and

(E) Proof of the marriage between the member and spouse from a marriage license or equivalent, marriage license recording document, or other legally acceptable proof of the existence of the marriage.

(3) For members who elect an Option A or Option B annuity and designate a dependent child as their beneficiary:

(A) Proof of the member's birthdate from a birth certificate or other authenticating documents;

(B) Proof of the member's taxpayer identification number from a Social Security card or other authenticating documents;

(C)(i) Proof of guardianship

(ii) Adequate proof of the existence of a guardianship due to the incapacity of the member's dependent child that preexists the member's official retirement date.

(iii) Authenticating documents may include the order appointing guardianship of the person, letters of guardianship, or other adequate proof of the existence of the guardianship;

(D) Proof of the dependent child's birthdate from a birth certificate or other authenticating documents; and

(E) Proof of the dependent child's taxpayer identification number from a Social Security card or other authenticating documents.

(4) For members who elect an Option C annuity:

(A) Proof of the member's birthdate from a birth certificate or other authenticating documents; and

(B) Proof of the member's taxpayer identification number from a Social Security card or other authenticating documents.

(b)(1) Unless an extension is granted by the executive director, a member shall submit by the end of the sixth full calendar month immediately following the member's effective retirement date all additional documents required by the system in order to begin issuing benefit payments to the member.

(2) If all additional documents required by the system are not submitted by the deadline or any extension granted by the executive director, the member's retirement application shall be void and without effect.

§ 9-107. Disability retirement — Application.

(a)(1) A member shall submit a completed application for disability retirement and all accompanying documentation required by the Arkansas Teacher Retirement System by the end of the sixth full calendar month immediately following the date of the member's disability retirement application.

(2) If a member does not submit all accompanying documentation by the end of the sixth full calendar month immediately following the date of the member's disability retirement application, the system shall:

(A) Submit the disability retirement application to the medical committee for review as complete; or

(B) Withdraw the application at the request of the member unless an extension is granted by the Executive Director of the Arkansas Teacher Retirement System.

(b)(1) Disability retirement benefits shall begin on the first of the month in which a member files a disability retirement application with the system if the:

(A) Member is eligible for disability retirement;

(B) Member is no longer employed by a covered employer at the time he or she files the disability retirement application; and

(C) Medical committee determines that the member has a disability.

(2) If the member is still employed by a covered employer at the time the member files the disability retirement application, then, once approved by the medical committee and then the Board of Trustees of the Arkansas Teacher Retirement System, the member's disability retirement shall begin on the first of the month following the last day of the member's covered employment.

(c) If a member's initial application for disability retirement is denied and the member elects and qualifies for age and service retirement, the member's effective retirement date shall be determined by the date the member's initial disability retirement application is filed.

(d)(1) A member may request a second review of his or her initial disability retirement application if the:

(A) Member's initial disability retirement application is denied; and

(B) Member submits additional medical documentation for the medical committee's consideration.

(2) A member may only request a second review one (1) time.

(3) If a member requests a second review, unless an extension is granted by the executive director, the member has until the end of the sixth full calendar month immediately following the date of the written notice of the medical committee's denial of the member's initial application for disability retirement to submit additional medical

documentation.

(4)(A) If a member's initial disability retirement application is denied after the second review, the member may file another subsequent disability retirement application and submit additional information for consideration if the member is active and eligible for disability retirement.

(B) If a member's initial disability retirement application is denied and the member is ineligible to apply for disability retirement benefits or is inactive, the member may apply for **age and service retirement** if the member meets the requirements **age and service retirement**.

(e) If a member dies after the disability application is received by the system, but before his or her disability retirement application is approved, then the:

(A) Member shall be considered as having died in active service; and

(B) Survivor benefits under Arkansas Code § 24-7-710 shall be paid, unless the member designated one (1) or more alternative residual beneficiaries.

(f)(1) If a disability retirement application is approved by the medical committee after May 31, 2011, the board shall allow the member to designate an Option A or Option B beneficiary at the time of retirement.

(2) An Option C beneficiary shall not be designated by a member who applies for disability retirement or a disability retiree.

(g)(1) The same rules that apply to an active member's surviving spouse under Arkansas Code § 24-7-710(b) shall apply to a disability retiree's surviving spouse if the disability retiree:

(A) Designates his or her spouse as Option A or Option B beneficiary at the time of retirement; and

(B) Dies before reaching sixty (60) years of age.

(2) The same rules that apply to a surviving spouse of an active member under Arkansas Code § 24-7-710(b) shall apply to the surviving spouse of a disability retiree if the disability retiree:

(A) Dies after disability retirement benefit payments to the disability retiree begin;

(B) Does not designate his or her spouse as an Option A or Option B beneficiary; and

(C) Does not designate a residue beneficiary.

(3) The same rules that apply to a surviving spouse of an active member under Arkansas Code § 24-7-710(b)(1)(B) shall apply to the surviving spouse of a disability retiree if the disability retiree:

(A) Dies after disability retirement benefit payments to the disability retiree began;

(B) Does not designate his or her spouse as an Option A or Option B beneficiary; and

(C) Designates his or her spouse as a residue beneficiary.

(4) The same procedures used under Arkansas Code § 24-7-710 that are used to determine when an active member's surviving spouse is entitled to begin receiving benefit payments shall be used to determine when benefit payments shall begin for a residue beneficiary who is the surviving spouse of a disability retiree and elects an Option A – 100% Survivor Annuity

(5) If a disability retiree designates his or her dependent child as an Option A or Option B beneficiary, and the disability retiree dies before reaching age sixty (60), then:

(A) The same rules that apply under Arkansas Code § 24-7-710(c) to an active member's surviving child shall apply to the disability retiree's Option A or Option B dependent child beneficiary until the date on which the disability retiree would have turned sixty (60) years of age; and

(B) On the date on which the disability retiree would have turned sixty (60) years of age, the Option A or Option B dependent child beneficiary shall receive the greater of the surviving child annuity under Arkansas Code § 24-7-710(c) or the Option A spouse annuity under Arkansas Code § 24-7-710(b).

§ 9-108. Disability retirement — Disability review.

(a) A deadline imposed by this rule may be extended as provided by this rule and Arkansas Code § 24-7-704.

(b)(1) A retiree shall submit to the Arkansas Teacher Retirement System a Social Security Administration (SSA) determination letter that finds the retiree disabled within thirty-six (36) months from:

(A) July 1, 2015, if the retiree's effective retirement date is before July 1, 2015; or

(B) The retiree's effective retirement date if the effective date of retirement is on or after July 1, 2015.

(2) A retiree may apply to the system for an extension of the thirty-six-month deadline if:

(A) The retiree demonstrates through an administrative or judicial confirmation of an active SSA claim that the claim is:

(i) Still under review; and

(ii) Part of a continuous claim without voluntary dismissal or withdrawal; and

(iii) The SSA disability claim was filed and remained active for at least twenty-four (24) months before the thirty-six-month deadline.

(c) The system shall suspend disability retirement benefit payments to a retiree if the retiree does not:

(1) Provide the system with a SSA determination letter finding the retiree disabled within the thirty-six-month deadline;

(2) Receive an extension of the thirty-six-month deadline to provide the system with a SSA determination letter finding the retiree disabled; or

(3) Apply to the medical committee for a review **by the end of the third full calendar month immediately following the system's suspension of** disability retirement benefit payments to the retiree due to the retiree's failure to provide a SSA determination letter finding the retiree disabled.

(d)(1) A retiree who attempts and is unable to receive a SSA determination letter finding the retiree disabled may apply for a review by the medical committee **if the member submits either an unfavorable SSA determination letter finding that the retiree is not disabled or documentation showing that the retiree applied for SSA benefits before the thirty-six-month deadline to submit a favorable SSA determination letter finding the retiree disabled expired.**

(2) A retiree may apply for a review by the medical committee:

(A) No earlier than **three (3) full calendar months** before the date on which the retiree's disability retirement benefit payment would otherwise be suspended; and

(B) No later **than by the end of the third full calendar month immediately following the system's suspension of** disability retirement benefit payments to the retiree.

(3) A review performed by the medical committee shall follow the standards and procedures in Arkansas Code § 24-7-704(a)(1)(E).

(4)(A) After a disability review is held due to the SSA finding that a member is not disabled, the medical committee's recommendations shall be submitted to the Board of Trustees of the Arkansas Teacher Retirement System for a final order.

(B) If a member is denied further disability benefits after a disability review by the medical committee, the member may:

(i) Offer additional medical information within thirty (30) days of the date of the disability review; and

(ii) Request that the board return the matter to the medical committee for reconsideration.

(C)(i) Disability retirement benefit payments to a member shall resume in the month immediately following the board's entry of an order finding the member eligible to receive disability retirement benefits if the board had previously entered an order finding the member ineligible to receive disability retirement benefits.

(ii) If the board enters an order finding a member eligible to receive disability retirement benefits, the member shall not be entitled to retroactive backpay of disability retirement benefits if the:

(a) Board had previously entered an order finding the member ineligible to receive disability retirement benefits;

(b) Member did not submit a favorable SSA determination letter within thirty-six (36) months of his or her effective date of disability retirement; and

(c) Member submits a favorable SSA determination letter after the board entered the order finding the member ineligible to receive disability retirement benefits.

(e) A member's option to request a second review of his or her initial disability retirement application does not apply to a retiree who seeks a disability review due to his or her inability to obtain a SSA determination letter finding him or her disabled.

(f) A retiree shall begin receiving regular retirement benefits as if the retiree voluntarily retired and a SSA determination letter shall not be required if the retiree

(1) Attains fifty-seven (57) years of age in the month the retiree's disability retirement benefits become effective; or

(2) Attains sixty (60) years of age.

§ 9-109. Disability retirement — Employment after disability retirement.

(a) A member's disability retirement is effective from the date the member files a disability retirement application with the Arkansas Teacher Retirement System and terminates employment with each of his or her covered employers.

(b)(1) A member is considered active if the member is using earned sick leave, Family Medical Leave Act leave, annual leave, and catastrophic leave.

(2) Worker's compensation, which may or may not include the use of leave granted

by an employer, shall not:

(A) Be considered leave by which a member is considered active; and

(B) Extend the date of active membership.

(c)(1) A member shall not receive disability retirement benefit payments if the member indirectly performs work for a covered employer as described in [Arkansas Code § 24-7-502](#).

(2) If a member is approved for disability retirement and continues to work either directly or indirectly for a covered employer, the member shall:

(A) Terminate direct or indirect employment with the covered employer by the proposed disability effective retirement date; or

(B) If the member is finalizing work for the covered employer, terminate employment no later than two (2) full calendar months after the medical committee's final decision.

(3) If the member does not terminate employment in accordance with the ATRS Rules and [Arkansas Code § 24-7-502](#), the member's disability retirement application shall be considered rescinded and the member may reapply for disability retirement if eligible.

(d)(1) A retiree under the age of sixty (60) may be employed by a covered employer and also receive disability retirement benefit payments if the retiree performs less than eighty (80) days of actual service during a fiscal year.

(2)(A) After receiving approval for disability retirement under the system, a retiree may choose to return to covered employment and relinquish his or her disability retirement.

(B) If a retiree chooses to return to covered employment, the member shall:

(i) Not receive disability retirement benefit payments;

(ii) Be considered an active member; and

(iii) Comply with [Arkansas Code § 24-7-738](#) (Acts 2017, No. 549).

(3) A retiree shall become an active member and his or her disability retirement shall be immediately terminated if:

(A) The retiree notifies the system in writing of his or her intent to perform more than eighty (80) days of actual service during a fiscal year; or

(B) The system receives written notification of the retiree's intent to perform more than eighty (80) days of actual service during a fiscal year through a termination and status sheet, membership data form, or any other reasonably reliable documentation.

(e) A disability retiree shall not be permitted to transfer his or her disability retiree status to that of an age and service retiree.

§ 9-110. Benefit formula and Compound Cost of Living Adjustment.

(a) The annuity formula for computing disability retirement benefits shall be the same annuity formula used to compute age and service retirement benefits.

(b)(1) The retirement benefits payable to a retiree shall be the total number of contributory years of credited service, multiplied by a factor that is not less than one and seventy-five hundredths percent (1.75%) and not more than two and fifteen hundredths percent (2.15%) of the final average salary as set by the Board of Trustees of the Arkansas Teacher Retirement System, plus the total number of noncontributory years of credited service multiplied by a factor that is not less than five-tenths percent (0.5%) and not more than one and thirty-ninth hundredths percent (1.39%) of the final average salary, as set

by the Board of Trustees of the Arkansas Teacher Retirement System.

(2) The board shall modify the standard multipliers for credited service of ten (10) years as necessary to maintain actuarial soundness.

(c)(1) The board by resolution may reverse a compound cost of living adjustment as needed to maintain the actuarial soundness of the system.

(3) A reversal may be phased in as the board determines appropriate.

§ 9-111. Final average salary — Salary limitations.

(a) The Board of Trustees of the Arkansas Teacher Retirement System may adopt rules to modify the definition of salary for the purpose of calculating retirement benefits available under the Arkansas Teacher Retirement System.

(b) The system shall include the salary received from each of a member's covered employers when calculating the member's final average salary.

(c)(1) Regardless of any provision in a state statute, rule, or regulation to the contrary, remuneration, salary, or other compensation that exceeds the limitations set forth provided in the Internal Revenue Code of 1986, 26 U.S.C. § 401(a)(17), as it existed on January 1, 2011, shall not be used for the purposes of calculating the final average salary on which benefits available under the system are based.

(2) The limitation on remuneration, salary, or compensation for an eligible employee shall not be less than the amount that was allowed to be considered by the Arkansas Teacher Retirement System as in effect on July 1, 1993.

(d)(1) A salary earned by a member before the member's death and paid after the member's death is subject to deductions by the system and the member's covered employer shall report the member's total salary and days of service in the covered employer's quarterly report.

(2) Gratuitous payments made by a covered employer to a member after the death of the member shall not be:

(A) Considered the salary of the member;

(B) Subject to contribution requirements; and

(C) Included in the covered employer's quarterly report to the system.

(e) The system shall not consider remuneration, salary, or compensation paid by a covered employer to a member as a salary earned by the member if the:

(1) Remuneration, salary, or compensation is paid as an incentive payment, bonus, separation payment, additional salary, or special payment in consideration for the member's agreement to retire, terminate employment, or not renew a contract with the covered employer;

(2) Offer described in § 9-111(d)(1) of this rule is extended by the covered employer to two (2) or more members;

(3) Remuneration, salary, or compensation is not offered as an additional salary or payment for the purchase of service credit that is part of a separation agreement resulting from the resolution of a claim of wrongful termination;

(4) Remuneration, salary, or compensation is not payment for accumulated, unused sick leave that:

(A) Accrued in the years immediately preceding the member's termination of covered employment; and

(B) Were in excess of the number of sick days that the covered employer

allowed the member to carry forward;

(5) Covered employer offers a voluntary early retirement incentive plan, staff reduction plan, or buyout plan that would require the member as a participant of the plan to retire or terminate his or her employment with the covered employer; and

(6) Member voluntarily participates in the plan in exchange for the remuneration, salary, or compensation offered by the covered employer.

(f)(1) A covered employer shall not withhold a member's contributions or pay employer contributions from a remuneration, salary, or compensation paid to a member if the remuneration, salary, or compensation is subject to a salary limitation as provided by this rule.

(2) A covered employer that offers an early retirement plan, separation, plan, or contract nonrenewal plan and intends to pay remuneration, salary, or compensation that is subject to a salary limitation as provided by this rule shall notify the system before making a payment under the plan.

(g)(1) At the request of a covered employer, the system shall:

(A) Review a potential plan or payment that may be subject to a salary limitation as provided by this rule; and

(B) Provide written guidance to the covered employer concerning the applicability of the salary limitation to the plan or payment.

(2) The system's written determination on the applicability of a salary limitation to a plan or payment shall be treated as a staff determination letter, which may be appealed by the covered employer using the procedures in ATRS Rule 13-1.

(3) The law, rules, and policies applicable to the system shall be controlling if a conflict exists between the system's calculation of final average salary and a covered employer's laws, rules, or policies concerning the compensation of final average salary.

§ 9-112. Final average salary — Service years.

(a) If a member dies during active service on or after July 1, 2013, the member's paid or unpaid accrued, unused sick leave, shall be credited as service in the fiscal year of the member's death for the purpose of determining the member's retirement eligibility, final average salary, and eligibility for other benefits under the Arkansas Teacher Retirement System.

(b)(1) A partial service year shall be excluded from the calculation of a member's final average salary unless the:

(A) Partial service year is higher than a full service year; or

(B) Member has less than the required number of years to calculate a final average salary.

(2) Anti-spiking calculations shall not be applied to a partial service year or a fiscal year immediately following a partial service year.

(c)(1) The Board of the Arkansas Teacher Retirement System shall set annually the applicable number of years to be used in computing final average salary for retirement benefits at not less three (3) years and not more than five (5) years.

(2) Unless otherwise provided by law, rules, or policies applicable to the Arkansas Teacher Retirement System, effective July 1, 2018, the Arkansas Teacher Retirement System shall calculate a member's final average salary using the five (5) years in which the member received the highest salary from a covered employer.

(d)(1) If a member has less than the minimum number of years of credited service that would be used to calculate a final average salary, the member's final average salary shall be the total salary paid to the member for his or her years of credited service divided by the member's total credited years of service.

(2) If a member does not have full service years for the total years of service used in the calculation of final average salary, the board may establish by rule a fair base salary for a member's final average salary for purposes of comparing the member's highest salary years.

(e)(1) For an active member who has three (3) or more full service years as of July 1, 2018, the Arkansas Teacher Retirement System shall:

(A) Treat the active member as if he or she was retiring or entering the Teacher Deferred Retirement Option Plan as of June 30, 2018; and

(B) Determine the benchmark final average salary using the highest salary from the member's three (3) full service years through fiscal year 2018.

(2) A final average salary calculation using three (3) full service years shall be the benchmark comparison for a five-year final average salary calculation to which the active member may be entitled.

(3) The Arkansas Teacher Retirement System shall calculate the active member's final average salary using the five (5) years in which the active member received the highest salary from a covered employer if at the time of the active member's retirement using a five-year calculation of the final average salary is higher than using a three-year calculation.

(4) The Arkansas Teacher Retirement System shall not use a benchmark final average salary for an inactive member unless the inactive member provides the Arkansas Teacher Retirement System with appropriate documentation showing that the inactive member was active in a reciprocal system or alternate retirement plan during the 2018 fiscal year.

(f) For a member with reciprocal service credit, the Arkansas Teacher Retirement System shall use the highest final average salary calculated, at the time of the member's retirement, by the Arkansas Teacher Retirement System or a reciprocal system in which the member has at least two (2) years of service credit pursuant to Arkansas Code § 24-2-402.

§ 9-113. Annuity options.

(a) Before the date the first benefit payment of an annuity becomes due, a member retiring with age or service may elect one (1) of the following annuity options:

(1) Option 1 – straight life annuity, which is a straight life annuity payable monthly for the life of the retiree.

(2)(A) Option 2 – reduced straight life annuity with option beneficiaries, under which a retiree shall receive the actuarial equivalent of his or her straight life annuity in a reduced annuity payable for the retiree's lifetime.

(B) Under Option 2, at the time of his or her retirement, a member may designate one (1) or more beneficiaries to receive one (1) of the following annuity options:

(i)(a) Option A – one hundred percent (100%) survivor annuity. Upon the death of the retiree, the retiree's reduced annuity shall be continued and paid throughout the life of the retiree's designated beneficiary.

(b) A member's eligible spouse, one (1) or more of the member's children who qualify as a dependent child, or both may be designated as an Option A beneficiary.

(c) If both a spouse and one (1) dependent child are designated as Option A beneficiaries, the retiree's reduced annuity shall be paid in equal shares to the spouse and the dependent child.

(d) If both a spouse and more than one (1) dependent child are designated as Option A beneficiaries, the spouse shall receive fifty percent (50%) of the retiree's reduced annuity and the remaining fifty percent (50%) shall be paid in equal shares to the dependent children.

(e) If more than one (1) dependent child is designated as an Option A beneficiary and a spouse is not designated as an Option A beneficiary, the retiree's reduced annuity shall be paid in equal shares to each dependent child.

(f) A dependent child's portion of the annuity shall not revert to the spouse or any other dependent children if the dependent child becomes ineligible to continue receiving annuity payments or predeceases the spouse or any other dependent children.

(g) A spouse's portion of the annuity shall not revert to any dependent child if the spouse becomes ineligible to continue receiving annuity payments or predeceases one (1) or more dependent children.

(ii)(a) Option B – fifty percent (50%) survivor annuity. Upon the death of the retiree, one-half (1/2) of the retiree's reduced annuity shall be continued and paid throughout the life of the retiree's designated beneficiary.

(b) A member's eligible spouse, one (1) or more of the member's children who qualify as a dependent child, or both may be designated as an Option B beneficiary.

(c) If both a spouse and one (1) dependent child are designated as Option B beneficiaries, one-half (1/2) of the retiree's reduced annuity shall be paid in equal shares to the spouse and the dependent child.

(d) If both a spouse and more than one (1) dependent child are designated as Option B beneficiaries, the spouse shall receive fifty percent (50%) of one-half (1/2) of the retiree's reduced annuity and the remaining fifty percent (50%) of one-half (1/2) of the retiree's reduced annuity shall be paid in equal shares to the dependent children.

(e) If more than one (1) dependent child is designated as an Option A beneficiary and a spouse is not designated as an Option B beneficiary, one-half (1/2) of the retiree's reduced annuity shall be paid in equal shares to each dependent child.

(f) A dependent child's portion of the annuity shall not revert to the spouse or any other dependent children if the dependent child becomes ineligible to continue receiving annuity payments or predeceases the spouse or any other dependent children.

(g) A spouse's portion of the annuity shall not revert to any dependent child if the spouse becomes ineligible to continue receiving annuity payments or predeceases one (1) or more dependent children.

(C)(i) Option C – annuity for ten (10) years certain and life thereafter. The

retiree shall receive a reduced annuity payable throughout the retiree's life.

(ii) If the retiree dies before receiving one hundred twenty (120) monthly annuity payments, the payments shall be continued for the remainder of the period of one hundred twenty (120) months and paid to one (1) or more of the retiree's designated beneficiaries in equal shares.

(iii) A member may designate one (1) or more beneficiaries under Option C.

(b) The following persons are eligible to be designated as an Option A or Option B beneficiary:

(1) The retiree's spouse if the retiree and his or her spouse have been married to each other for at least one (1) year before the first annuity benefit payment to the retiree;

(2) A retiree's dependent child who has been adjudged physically or mentally incapacitated by a court of competent jurisdiction, regardless of the age of the dependent child.

(c) If an Option 1 retiree dies within one (1) year of retirement, and his or her spouse qualifies for Option A benefits, the spouse may elect to cancel the Option 1 annuity in effect and elect Option A, one hundred percent (100%) survivor annuity, at that time.

(1) The election shall be effective the first day of the month following receipt of the election form from the Arkansas Teacher Retirement System.

(2) If the spouse elects Option A benefits, the residue, if any, shall not be paid until the Option A beneficiary's death.

(3) A spouse who is eligible to elect Option A benefits may elect to receive a lump-sum distribution of the retiree's residue in lieu of the spousal annuity if the spouse waives his or her right to the spousal annuity and the retiree did not designate one (1) or more dependent children as a beneficiary.

(d)(1) After his or her retirement, a retiree may designate his or her spouse as an Option A or Option B beneficiary if the retiree:

(A) Has been married to his or her spouse for one (1) year; and

(B) Either:

(i) Was married to his or her spouse for less than one (1) year upon his or her effective retirement date; or

(ii) Marries his or her spouse after his or her effective retirement date.

(2)(A) Upon meeting the one-year marriage requirement, the retiree shall have six (6) months to file a written nomination designating his or her spouse as either an Option A or Option B beneficiary.

(B) The designation shall be filed on a form approved by the system.

(e) After a retiree's effective retirement date, the retiree may designate an Option A or Option B dependent child beneficiary if the:

(1) Retiree previously designated his or her spouse as the Option A or Option B beneficiary;

(2) Spouse designated as the retiree's Option A or Option B beneficiary predeceases the retiree; and

(3) Dependent child has been adjudged physically or mentally incapacitated by a court of competent jurisdiction.

(f)(1) A member may request that the system remove an incapacitated child as his or her Option A or Option B beneficiary if:

(A) The member designated the incapacitated child as his or her Option A or Option B dependent child beneficiary; and

(B) One (1) of the following applies:

(i) A court finds that the incapacitated child is no longer incapacitated;

(ii) The incapacitated child is emancipated through marriage; or

(iii) The incapacitated child dies.

(2) The following forms of proof shall be submitted, as appropriate, with the member's request to remove an incapacitated child as his or her Option A or Option B:

(A) A file-marked copy of the court's order finding that the incapacitated child is no longer incapacitated;

(B) A copy of the incapacitated child's marriage license or equivalent, marriage license recording document, or other legally acceptable proof of the existence of the marriage; or

(C) A copy of the incapacitated child's death certificate.

(3) Once the proof required to remove an incapacitated child as the member's Option A or Option B beneficiary is submitted to the system, the member may:

(A) Elect to return to an Option 1; or

(B)(i) If the member is married, designate his or her spouse as the Option A or Option B beneficiary within six (6) months of the date on which the system receives the proof required under this rule.

(ii) The member's election shall be effective on the first day of the month following the date on which the system receives the election form.

(g)(1) A member may designate any person as a residue beneficiary.

(2) A retiree's residue, if any, shall be paid to the retiree's residue beneficiary if the:

(A) Retiree dies before receiving annuity benefit payments equal to the residue amount; and

(B) Option beneficiary dies before receiving annuity benefit payments equal to the residue amount.

(3) If a residue beneficiary is not nominated or does not survive the death of the option beneficiary, the residue shall be paid to the retiree's estate.

(4)(A) If a residue beneficiary survives the death of the retiree and the option beneficiary, but dies before payment of the residue can be issued by the system, the residue shall be paid to the residue beneficiary's estate.

(B) If more than one (1) residue beneficiary survives the death of the retiree and option beneficiary, but all the residue beneficiaries die before payment of the residue can be issued by the system, the residue shall be paid to the estate of the most recently deceased residue beneficiary.

§ 9-114. Change of marital status.

(a)(1) If the marital status of a retiree changes due to the death of the retiree's spouse or a marriage dissolution, the retiree may choose to:

(A) Cancel his or her designation of the former spouse as a beneficiary; or

(B) Designate a dependent child as a replacement beneficiary if the:

(i) Retiree previously designated the former spouse as his or her Option A or Option B beneficiary; and

(ii) Former spouse predeceases the retiree.

(2) If the retiree chooses to cancel the designation of his or her former spouse as his or her Option A or Option B beneficiary or chooses to designate a dependent child as a replacement Option A or Option B beneficiary, the retiree shall file with the Arkansas Teacher Retirement System a change of option beneficiary on a form approved by the system, and any change in the benefit amount shall become effective the month after the system receives the approved form.

(b)(1) If a member designates one (1) or more alternative residual beneficiaries in lieu of his or her spouse, the member shall submit the names of each alternative residue beneficiary to the system on a form approved by the system.

(2) If a member designates one (1) or more alternative residue beneficiaries in lieu of his or her spouse, each alternative residue beneficiary shall receive an appropriate lump-sum payment of the greater of either:

(A) The member's residue from the Teacher Deferred Retirement Option Plan (T-DROP); or

(B) The member's contributions.

§ 9-115. Final benefit check.

(a)(1)(A) In the case of a retiree, benefits are payable through the month in which the retiree's death occurs.

(B) If a final benefit payment is not delivered in the normal course of business, the benefit payment shall be sent in the following order until delivered:

(i) To the member's residue beneficiary, if any;

(ii) To the member's lump-sum death beneficiary, if any;

(iii) To the member's estate' if any; or

(iv) To the trust assets of the Arkansas Teacher Retirement System.

(2)(A) In the case of an option beneficiary, benefits are payable through the month in which the last option beneficiary's death occurs.

(B)(i) If an option beneficiary dies before receiving the last check, the Arkansas Teacher Retirement System shall pay the final check in the normal manner paid before death.

(ii) If payment of the final check in the normal course becomes impossible, the final option beneficiary's annuity check shall be returned the system.

(b) The Board of the Arkansas Teacher Retirement System shall direct a benefit payment amount forfeited to the trust assets of the system if the:

(1) Benefit payment cannot be made five (5) years after the benefit payment is due because the location of the member or the identity and location of the member's beneficiary or personal representative cannot be ascertained by mailing the benefit payment to the last known address of the member, beneficiary, or personal representative in ATRS' records; and

(2) Neither the member, beneficiary, or personal representative submitted paperwork or forms approved by the system updating his or her location or last known address to the system before the expiration of five (5) years from when the benefit payment is due.

§ 9-116. Correction of errors and collection of overpayments.

(a)(1) If a change or error in the records of the Arkansas Teacher Retirement System is discovered during the look-back period and results in either an overpayment or underpayment to the system, the Board of Trustees of the Arkansas Teacher Retirement System shall authorize the system's staff to:

(A) Correct the error in the records;

(B) Adjust a benefit or any other amount payable to the corrected amount as far as practice able; and

(C) Take all necessary and appropriate action, including without limitation the options allowed under Arkansas Code § 24-7-205(b).

(2)(A) The board or its designee may adjust the records of the system, a covered employer, and a member beyond the look-back period if the board determines that the time limitation imposed by the look-back period will result in a manifest injustice in a specific case.

(B) Before making an adjustment of benefits that causes a reduction of the benefits or pursuing any other collection action, the system shall provide notice to the person who is the subject of the adjustment and the notice shall:

(i) State the amount determined to be a receivable;

(ii) State the reasons underlying the determination;

(iii) Describe the process for disputing an adjustment of benefits; and

(iv) Suggest alternate methods for payment of the receivable.

(c)(1) The manifest injustice process shall not be used to address a change, omission, or error in the records of the system that may be corrected within the look-back period.

(2) The manifest injustice process may be used to correct a change, omission, or error in the records of the system discovered after the look-back period if the board determines that the time limitation imposed by the look-back period would cause a manifest injustice.

(d) If a member is subject to a qualified domestic relations order and is paid a benefit or payment by the system to which the member is not entitled, and it is discovered during the look-back period, then a receivable is created and the board or its designee, may collect the amount due to the system.

(e)(1) Appeals to dispute collections shall be made according to the procedures in ATRS Rule 13.

(2) During the appeal process, retirement benefits may continue to be paid.
Correction and Adjustment Limitations

(3) Actions that affect benefit rights shall not be corrected or adjusted further than a five-year look-back period unless a manifest injustice has occurred or an exception exists under Arkansas Code § 24-7-205(c).

(4) A determination by the system of a manifest injustice in a particular instance due to a technical error or error in judgment is discretionary and governed by Arkansas Code § 24-7-205.

(f)(1) The Executive Director of the Arkansas Teacher Retirement System may waive interest on required contributions in an amount not to exceed \$5,000.

(2) A request to excuse an interest amount exceeding \$5,000 shall be submitted to the board for review.

(3) The executive director shall report any amounts excused under § 9-116 of this

rule to the board.

(g)(1) The executive director may approve the correction of a change, omission, or error in the records of the system and implement a resolution that has a direct financial impact to the system of up to five thousand dollars (\$5,000) without obtaining board approval.

(2) Board approval shall be required to implement a resolution that has a direct financial impact to the system in excess of five thousand dollars (\$5,000).

(h) If required, a receivable under § 9-116 of this rule that is found by the board or its designee to be uncollectible or for which adjustment or payment has been waived shall be submitted to the Chief Fiscal Officer of the State for abatement pursuant to Arkansas Code §§ 19-2-301 — 19-2-307.

Authority: Arkansas Code §§ 24-7-202, 24-7-205, 24-7-502, 24-7-701 — 24-7-707, 24-7-709, 24-7-710, 24-7-727, 24-7-732, 24-7-734, and Acts 1987, No. 808.

History

<u>Effective:</u>	<u>July 2, 2002</u>	<u>9-3</u>
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ATRS RULE 9
RETIREMENT AND BENEFITS

Arkansas Code §§ ~~24-7-202, 24-7-205, 24-7-502, 24-7-701 — 24-7-707, 24-7709, 24-7-710, 24-7-727, 24-4-732, 24-7-734, and Acts 1987, No. 808~~

I. Definitions

- a. ~~"Act 808 Employee" means an employee of a state agency who:~~
- ~~1. On April 8, 1987, was an active member of the Arkansas Teacher Retirement System (ATRS);~~
 - ~~2. Qualified to retire before January 1, 1988, under the Early Retirement Incentive Law of 1987 (Acts 1987, No. 187); and~~
 - ~~3. Could elect to become a member of the Arkansas Public Employees Retirement System (APERS) and have his or her credited service in ATRS transferred to APERS;~~
- b. ~~"Annuity options" means one (1) or more options that:~~
- ~~1. Concern how an annuity benefit shall be paid, in accordance with Arkansas Code § 24-7-706, to a member for his or her lifetime after the member's retirement; and~~
 - ~~2. Are available for a member's election at the time of the member's retirement;~~
- c. ~~"Application" for the purposes of retirement eligibility means an application form and any other documents required by ATRS to establish a member's eligibility to retire;~~
- d. ~~"Covered employer" or "employer" means an employer who participates in ATRS and whose employees are eligible for membership under Arkansas Code §§ 247-202, 24-7-501, or other applicable law;~~
- e. ~~"Dependent child" means a child of a member or retiree who:~~
- ~~1. Is a minor;~~
 - ~~2. Is between eighteen (18) and twenty-three (23) years of age and continuously enrolled as a full-time student at an accredited secondary school, college, or university; or~~
 - ~~3. Has been adjudged physically or mentally incapacitated by a court of competent jurisdiction;~~
- f. ~~"Effective retirement date" means, for purposes of ATRS' retirement benefits, the first day of the month in which a member requests to receive retirement benefits and for which the member submits a timely retirement application;~~

- g. ~~"Incapacitated child" means a child who has been adjudged physically or mentally incapacitated by a court of competent jurisdiction;~~
- h. ~~"Marriage dissolution" means a final decree of divorce, separate maintenance, or annulment executed by a court of competent jurisdiction and filed of record in the Office of the Ex Officio Recorder;~~
- i. ~~"Medical committee" means the committee of three (3) physicians appointed by the Board of Trustees of the Arkansas Teacher Retirement System (Board) under Arkansas Code § 24-7-303 for the purpose of evaluating disability retirement applications;~~
- j. ~~"Option beneficiary" means a person who: 1. A member nominates by written designation, before or after the member's retirement, to receive annuity payments after the member's death in accordance with the annuity option selected by the member; and~~
 - 2. ~~If eligible, shall receive annuity payments after the member's death in accordance with the annuity option selected by the member;~~
- k. ~~"Person" means an individual, trust, estate, corporation, partnership, or other legal entity;~~
- l. ~~"Residue" means a member's accumulated contributions, including regular interest standing in the member's credit at the time of his or her retirement;~~ m. ~~"Residue beneficiary" means a person who a member nominates by written designation to receive the member's residue, if any, under Arkansas Code § 247-709;~~
- n. ~~"Receivable" means monies due to ATRS from a member, former member, covered employer, contributor, retiree, beneficiary, or alternate payee under a qualified domestic relations order (QDRO) as a result of an overpayment of any payment or benefit by ATRS; and~~
- o. ~~"Retiree" means a retired member who receives an annuity from ATRS.~~

~~II. Age and Service Retirement Eligibility~~

- a. ~~If eligible, an active or inactive member who attains age sixty (60) and has five (5) or more years of actual and reciprocal service credit may voluntarily retire by filing a written application with ATRS.~~
- b. ~~If eligible, an active or inactive member who has not reached age sixty (60) and has twenty-five (25) or more years of actual and reciprocal service credit, including purchased or free credited service, may voluntarily retire by filing a written application with ATRS.~~
- c. ~~To be eligible for retirement, a member shall:~~
 - 1. ~~Satisfy the credited service requirements under one of ATRS' retirement statutes, Arkansas Code §§ 24-7-701—707;~~

- ~~2. Be credited with all required covered employer and member contributions in the member's deposit account, with no amounts owed to ATRS;~~
- ~~3. Pay all amounts owed to ATRS for underpayments or purchase service accounts; and~~
- ~~4. Terminate employment with each of his or her covered employers or reach the normal retirement age.~~

III. Benefits

a. Benefits Formula

- ~~1. The retirement benefits payable to a retiree shall be the total number of contributory years of credited service, multiplied by a factor between one and seventy-five hundredths percent (1.75%) and two and fifteen hundredths percent (2.15%) of the final average salary as set by the Board, plus the total number of noncontributory years of credited service multiplied by a factor between five-tenths percent (0.5%) and one and thirty-ninth hundredths percent (1.39%) of the final average salary, as set by the Board.~~
- ~~2. The Board shall modify the standard multipliers for credited service of ten (10) years as necessary to maintain actuarial soundness. (Arkansas Code § 24-7705).~~

b. B. Effective Date of Retirement (Arkansas Code § 24-7-701)

- ~~1. If a member meets all eligibility requirements for retirement and is approved for retirement, annuity benefits shall be effective on the month proposed in the member's application.~~
- ~~2. If the member does not file an application at least one (1) calendar month before the proposed effective retirement date, then the proposed retirement effective date in the member's application shall not be used, and the member's effective retirement date shall be the following month.~~
- ~~3. If a member has signed an employment contract for the fiscal year and has been paid in full without providing service for the full period of the employment contract, the member's effective retirement date shall not be before July 1 of the subsequent fiscal year.~~
- ~~4. If a member has accrued a full year of service credit equal or greater to one hundred sixty (160) days in a fiscal year, the member's retirement date shall not begin earlier than July 1 of the subsequent fiscal year. year unless the member:

 - ~~A. Has attained the normal retirement age and is not separating from employment; or~~
 - ~~B. Is not licensed or otherwise certified as a classroom teacher and vacating a classroom.~~~~

c. Normal Retirement Age

- ~~1. A member who attains the normal retirement age may:~~

- A. ~~Apply for retirement benefits without terminating employment; and~~
- B. ~~Begin drawing retirement benefits.~~
- 2. ~~The retirement benefits of a member who attains the normal retirement age shall not be affected if the member applies for and draws retirement benefits.~~
- d. ~~Compound Cost of Living Adjustment (Arkansas Code § 24-7-727)~~
 - 1. ~~The Board may, by resolution, reverse a compound cost of living adjustment as needed to maintain the actuarial soundness of ATRS.~~
 - 2. ~~A reversal may be phased in as the Board determines appropriate.~~
- e. ~~Change of Marital Status (Arkansas Code § 24-7-706)~~
 - 1. ~~If the marital status of a retiree changes due to the death of the retiree's spouse or a marriage dissolution, the retiree may choose to:~~
 - A. ~~Cancel his or her designation of the former spouse as a beneficiary; or~~
 - B. ~~Designate a dependent child as a replacement beneficiary if the:~~
 - i. ~~Retiree previously designated the former spouse as his or her Option A or Option B beneficiary; and~~
 - ii. ~~Former spouse predeceases the retiree.~~
 - 2. ~~If the retiree chooses to cancel the designation of his or her former spouse as his or her Option A or Option B beneficiary or chooses to designate a dependent child as a replacement Option A or Option B beneficiary, the retiree shall file with ATRS a change of option beneficiary on an ATRS approved form, and any change in the benefit amount shall become effective the month after ATRS receives the approved form.~~
- f. ~~Alternative Residue Beneficiary Designation~~
 - 1. ~~If a member designates one (1) or more alternative residual beneficiaries in lieu of his or her spouse, the member shall submit the names of each alternative residue beneficiary on ATRS approved form to ATRS.~~
 - 2. ~~If a member designates one (1) or more alternative residue beneficiaries in lieu of his or her spouse, each alternative residue beneficiary shall receive an appropriate lump-sum payment of the greater of either:~~
 - A. ~~The member's residue from the Teacher Deferred Retirement Option Plan (T-DROP); or~~
 - B. ~~The member's contributions.~~
- g. ~~Final Benefit Payments and Lost Payees (Arkansas Code § 24-7-734)~~
 - 1. ~~Benefits are payable through the month in which the retiree's death occurs.~~
 - 2. ~~If a final benefit payment is not delivered in the normal course of business, the benefit payment shall be sent in the following order until delivered:~~

- A. ~~To the member's residue beneficiary, if any;~~
 - B. ~~To the member's lump-sum death beneficiary, if any;~~
 - C. ~~To the member's estate' if any; or~~
 - D. ~~To the trust assets of ATRS.~~
3. ~~The Board shall direct a benefit payment amount forfeited to the trust assets of ATRS if the:~~
- A. ~~Benefit payment cannot be made five (5) years after the benefit payment is due because the location of the member or the identity and location of the member's beneficiary or personal representative cannot be ascertained by mailing the benefit payment to the last known address of the member, beneficiary, or personal representative in ATRS' records; and~~
 - B. ~~Neither the member, beneficiary, or personal representative submitted paperwork or forms approved by ATRS updating his or her location or last known address to ATRS before the expiration of five (5) years from when the benefit payment is due.~~

~~IV—Retirement Application and Other Documents~~

~~a.—Generally~~

- 1. ~~A copy of the ATRS retirement application may be downloaded from the ATRS website or requested from ATRS.~~
- 2. ~~For a member who is inactive, vested, and immediately eligible to retire, retirement benefits shall be payable the month after ATRS receives the member's retirement application.~~

~~b.—Time Period for Filing Retirement Application~~

- 1. ~~In order for a retirement application to be timely filed, there is a three-month "window" to apply for retirement benefits.~~
- 2. ~~An active member who is currently employed by a covered employer shall file his or her retirement application:~~
 - A. ~~No sooner than four (4) months before the active member's effective retirement date; and~~
 - B. ~~No later than one (1) month before the active member's effective retirement date.~~

~~3.—Procedure for Handling Received Retirement Applications~~

- A. ~~ATRS' procedure for handling a retirement application received by ATRS shall be as follows:~~
 - i. ~~If a retirement application is received by ATRS before the threemonth window begins for the member's anticipated effective retirement date, ATRS shall:~~

- a. ~~Consider the retirement application untimely;~~
 - b. ~~Reject the retirement application;~~
 - c. ~~Notify the member of one (1) or more dates on which the member may timely file a retirement application; and~~
 - d. ~~Notify the member of the procedure to use in order to timely file a retirement application.~~
- ii. ~~If a retirement application is received after the three-month window ends for the member's anticipated effective retirement date, ATRS shall:~~
- a. ~~Consider the retirement application untimely; and~~
 - b. ~~Provide the member with a new effective retirement date that begins on the first day of the month following the member's previously anticipated effective retirement date.~~
4. ~~This ATRS Rule 9 IV.b. does not apply to a disability retirement application or an application for survivor benefits.~~
5. ~~The following table shows examples of the windows for filing a retirement application:~~

EXAMPLE OF RETIREMENT FILING DATES			
Effective Date of Retirement	Retirement Application Must be Filed In:	Last Date of Employment	First Retirement Check
January 1	September, October or November	December 31	End of January
February 1	October, November or December	January 31	End of February
March 1	November, December or January	Feb 28/29 (Leap year)	End of March
April 1	December, January or February	March 31	End of April
May 1	January, February or March	April 30	End of May
June 1	February, March or April	May 31	End of June
July 1	March, April or May	June 30	End of July
August 1	April, May or June	July 31	End of August

September 1	May, June or July	August 31	End of September
October 1	June, July or August	September 30	End of October
November 1	July, August or September	October 31	End of November
December 1	August, September or October	November 30	End of December

6. The following table is the only "window" for filing a T-DROP application:

Effective Date of Retirement	Retirement Application Must be Filed In:
July 1	March, April, or May

~~c. Retirement Application and Other Documents Required by ATRS~~

~~1. In addition to a complete retirement application, the following documents required by ATRS in order to begin making benefit payments shall be submitted to ATRS within six (6) months of the effective date of retirement unless an extension is granted by ATRS: A. Member elects a straight life annuity:~~

- ~~i. Proof of member's birthdate from a birth certificate or other authenticating documents.; and~~
- ~~ii. Proof of member's taxpayer identification number from a Social Security card or other authenticating documents.~~

~~B. Member elects Option A or Option B benefit with Spouse as the beneficiary:~~

- ~~i. Proof of the member's birthdate from a birth certificate or other authenticating documents.;~~
- ~~ii. Proof of the member's taxpayer identification number from a Social Security card or other authenticating documents.;~~ ~~iii. Proof of the spouse's birthdate from a birth certificate or other authenticating documents.;~~
- ~~iv. Proof of the spouse's taxpayer identification number from a Social Security card or other authenticating documents.;~~ ~~and~~
- ~~v. Proof of the marriage between the member and spouse from a marriage license or equivalent, marriage license recording document, or other legally acceptable proof of the existence of the marriage.~~

~~C. Member elects Option A or Option B benefit with a dependent child as the beneficiary:~~

- ~~i. Proof of the member's birthdate from a birth certificate or other authenticating documents;~~
 - ~~ii. Proof of the member's taxpayer identification number from a Social Security card or other authenticating documents;~~ ~~iii. Proof of Guardianship~~
 - ~~A. Adequate proof of the existence of a guardianship due to the incapacity of the member's dependent child that preexists the member's official retirement date.~~
 - ~~B. Authenticating documents may include the order appointing guardianship of the person, letters of guardianship, or other adequate proof of the existence of the guardianship;~~
 - ~~iv. Proof of the dependent child's birthdate from a birth certificate or other authenticating documents; and~~
 - ~~v. Proof of the dependent child's taxpayer identification number from a Social Security card or other authenticating documents.~~ ~~D. Member elects Option C annuity:~~
 - ~~i. Proof of the member's birthdate from a birth certificate or other authenticating documents; and~~
 - ~~ii. Proof of the member's taxpayer identification number from a Social Security card or other authenticating documents.~~
- ~~d. Submission Deadlines — Age and Service Retirement and Early Retirement Applications — Additional Documents~~
- ~~1. If a member files an age and service retirement application or early retirement application, all additional documents required by ATRS in order to begin making benefit payments shall be submitted within six (6) calendar months after the member's effective retirement date unless an extension is granted by ATRS.~~
 - ~~2. If all additional documents required by ATRS are not submitted by the sixmonth deadline or any extension granted by ATRS, the retirement application shall be void and without effect.~~

~~V. State Employee Transfers to APERS (Act 808) Rules~~

- ~~a. An Act 808 employee shall make the election to transfer to APERS on a form approved by ATRS.~~
- ~~b. The transfer from ATRS to APERS shall be effective on the employee's effective date of retirement.~~
- ~~c. ATRS shall certify to APERS a record of the Act 808 employee's service credit in ATRS.~~
- ~~d. If an Act 808 employee is a non-contributory member of ATRS at the time of his or her retirement, the Act 808 employee shall retire under the non-contributory~~

~~provisions of Acts 1987, No. 187 and shall be entitled to a refund of his or her Act 808 employee contributions made since January 1, 1978, to ATRS.~~

- ~~e. If an Act 808 employee was a contributory member of ATRS at the time of his or her retirement, the Act 808 employee shall retire under the contributory provisions of Acts 1987, No. 187.~~
- ~~f. APERS shall pay the monthly benefits of an Act 808 employee who elects to transfer to APERS.~~
- ~~g. APERS shall certify monthly to ATRS the amount of monthly benefits paid and ATRS shall transfer its pro-rata portion to APERS.~~
- ~~h. Upon receipt of a death certificate from APERS for a retiree who chose straight life annuity and has a balance remaining in his or her account, ATRS shall transfer the remaining balance in the retiree's account to APERS for refunding to the retiree's designated beneficiary.~~

VI. Disability Retirement Rules

- ~~a. Submission Deadlines and Commencement of Disability Retirement Benefit Payments~~
 - ~~1. A member has six (6) calendar months from the date of the member's disability retirement application to submit a completed application and all accompanying documentation required by ATRS.~~
 - ~~2. If a member does not submit all accompanying documentation required by ATRS within the six-month deadline, ATRS shall:~~
 - ~~i. Submit the disability retirement application to the medical committee for review as complete; or~~
 - ~~ii. Withdraw the application at the request of the member unless an extension is granted by ATRS.~~
 - ~~3. Disability retirement benefits shall begin on the first of the month in which a member files a disability retirement application with ATRS if the:~~
 - ~~A. Member is eligible for disability retirement under Arkansas Code § 24-7704 and the ATRS Rules;~~
 - ~~B. Member is no longer employed by a covered employer at the time he or she files the disability retirement application; and~~
 - ~~C. Medical committee determines that the member has a disability.~~
 - ~~4. If the member is still employed a covered employer at the time the member files the disability retirement application, then, once approved by the medical committee and then the Board, the disability retirement shall begin on the first of the month following the last day of the member's covered employment.~~
- ~~b. Effective Retirement Date and Employment After Disability Retirement~~
 - ~~1. Effective Retirement Date~~

- ~~a. A member's disability retirement is effective from the date the member files a disability retirement application with ATRS and terminates employment with each of his or her covered employers.~~

~~2. Leave~~

- ~~A. A member is considered active if the member is using earned sick leave, Family Medical Leave Act (FMLA) leave, annual leave, and catastrophic leave.~~
- ~~B. Worker's compensation, which may or may not include the use of leave granted by an employer, shall not:
 - ~~i. Be considered leave by which a member is considered active; and~~
 - ~~ii. Extend the date of active membership.~~~~

~~3. Direct or Indirect Employment~~

- ~~A. A member shall not receive disability retirement benefit payments if the member indirectly performs work for an ATRS covered employer as described in Arkansas Code § 24-7-704(a)(4)(B).~~
- ~~B. If a member is approved for disability retirement and continues to work either directly or indirectly for a covered employer, the member shall:
 - ~~i. Terminate direct or indirect employment with the covered employer by the proposed disability effective retirement date; or~~
 - ~~ii. If the member is finalizing work for the covered employer, terminate employment no later than two (2) full calendar months after the medical committee's final decision.~~~~
- ~~C. If the member does not terminate employment under the ATRS Rules and the termination requirement under Arkansas Code § 24-7-502, the member's disability retirement application shall be considered rescinded and the member may reapply if eligible.~~

~~4. Continued Employment Under Age Sixty (60)~~

- ~~A. A retiree under the age of sixty (60) may be employed by an ATRS covered employer and also receive ATRS disability retirement benefit payments if the retiree performs less than eighty (80) days of actual service during a fiscal year.~~

~~5. Return to Employment~~

- ~~A. After receiving ATRS approval for disability retirement a retiree may choose to return to covered employment with an ATRS covered employer and relinquish his or her disability retirement.~~
- ~~B. If a retiree chooses to return to covered employment, the member shall:
 - ~~i. Not receive disability retirement benefit payments;~~
 - ~~ii. Be considered an active member; and~~~~

~~iii. Comply with Arkansas Code § 24-7-738 (Acts 2017, No. 549).~~

~~C. A retiree shall become an active member and his or her disability retirement shall be immediately terminated if:~~

~~i. The retiree notifies ATRS in writing of his or her intent to perform more than eighty (80) days of actual service during a fiscal year; or~~

~~ii. ATRS receives written notification of the retiree's intent to perform more than eighty (80) days of actual service during a fiscal year through a termination and status sheet, membership data form, or any other reasonably reliable documentation.~~

~~c. Social Security Determination Letter~~

~~1. Deadlines—Generally~~

~~A. A deadline imposed by this ATRS Rule 9 VI may be extended as provided by this ATRS Rule 9 and Arkansas Code § 24-7-704.~~

~~2. Thirty-Six-Month Deadline~~

~~A. A retiree shall submit to ATRS a Social Security Administration (SSA) determination letter that finds the retiree disabled within thirty-six (36) months from:~~

~~i. July 1, 2015, if the retiree's effective retirement date is before July 1, 2015; or~~

~~ii. The retiree's effective retirement date if the effective date of retirement is on or after July 1, 2015.~~

~~B. A retiree may apply for an extension of the thirty-six-month deadline to submit the SSA determination letter to ATRS if:~~

~~i. The retiree demonstrates through an administrative or judicial confirmation of an active SSA claim that the claim is:~~

~~a. Still under review; and~~

~~b. Part of a continuous claim without voluntary dismissal or withdrawal; and~~

~~ii. The SSA disability claim was filed and remained active for at least twenty-four (24) months before the thirty-six-month deadline.~~

~~3. Suspension of Disability Retirement Benefit Payments~~

~~A. ATRS shall suspend disability retirement benefit payments to a retiree if the retiree does not:~~

~~i. Provide ATRS with a SSA determination letter finding the retiree disabled within the thirty-six-month deadline;~~

~~ii. Receive an extension of the thirty-six-month deadline to provide~~

~~ATRS with a SSA determination letter finding the retiree disabled; or
iii. Apply to the medical committee for a review within three (3) months
of ATRS suspending disability retirement benefit payments to the retiree
due to the retiree's failure to provide ATRS with a SSA determination
letter finding the retiree disabled.~~

~~4. Inability to Obtain SSA Determination Letter — Medical Committee Review~~

~~A. A retiree who attempts and is unable to receive a SSA determination
letter finding the retiree disabled may apply for a review by the medical
committee.~~

~~B. A retiree may apply for a review by the medical committee:~~

~~i. No earlier than three (3) months before the date on which the
retiree's disability retirement benefit payment would otherwise be
suspended; and~~

~~ii. No later than three (3) months after disability retirement benefit
payments to the retiree is suspended.~~

~~C. A review performed by the medical committee shall follow the standards
and procedures in Arkansas Code § 24-7-704(a)(1)(E).~~

~~D. A member's option to request a second review as provided by Arkansas
Code § 24-7-704(a)(1)(H) shall not apply to a retiree who seeks disability
review under Arkansas Code § 24-7-704(b)(3)(D).~~

~~5. Denial of Disability Review~~

~~1. After a disability review is held due to the SSA finding that a member is
not disabled, the medical committee's recommendations shall be
submitted to the Board for a final order.~~

~~2. If a member is denied further disability benefits after a disability review by
the medical committee, the member may:~~

~~i. Offer additional medical information within thirty (30) days of the
date of the disability review; and~~

~~ii. Request that the Board return the matter to the medical committee
for reconsideration.~~

~~6. SSA Determination Letter No Longer Required~~

~~A. A retiree shall begin receiving regular retirement benefits as if the retiree
voluntarily retired and a SSA determination letter shall not be required if
the retiree~~

~~i. Attains fifty-seven (57) years of age in the month the retiree's
disability retirement benefits become effective; or~~

~~ii. Attains sixty (60) years of age.~~

~~d. Denial of Disability Retirement~~

- ~~1. If a member's initial application for disability retirement is denied and the member elects and qualifies for voluntary retirement, the member's effective retirement date shall be determined by the date the member's initial disability retirement application is filed.~~
 - ~~2. A member may request a second review if the member's initial disability retirement application is denied and the member submits additional medical documentation for the medical committee's consideration.~~
 - ~~3. A member may only request a second review one (1) time.~~
 - ~~4. If a member requests a second review, unless an extension is granted by ATRS, the member has six (6) calendar months from the date of the letter notifying the member of the denial of his or her initial disability retirement application to submit additional medical documentation.~~
 - ~~5. If a member's initial disability retirement application is denied after the second review, the member may file another subsequent disability retirement application and submit additional information for consideration if the member is active and eligible for disability retirement under Arkansas Code § 24-7704.~~
 - ~~6. If a member's initial disability retirement application is denied and the member is ineligible to apply for disability retirement benefits under Arkansas Code § 24-7-704 or is inactive, the member may apply for age and service retirement or early voluntary retirement if the member meets the requirements for age and service retirement or early voluntary retirement.~~
- ~~e. Member Death Before Determination on Disability Retirement Application~~
- ~~1. If the member dies after the disability application is received by ATRS, but before his or her disability retirement application is approved, then the: A. Member shall be considered as having died in active service; and~~
 - ~~B. Survivor benefits under Arkansas Code § 24-7-710 shall be paid, unless the member designated one (1) or more alternative residual beneficiaries.~~
- ~~f. Disability Retirement Benefit Formula~~
- ~~1. The annuity formula for computing disability retirement benefits is shall be the same annuity formula used to compute voluntary age and service retirement benefits.~~
- ~~g. Beneficiary Designation After Approval of Disability Retirement~~
- ~~1. If a disability retirement application is approved by the medical committee after May 31, 2011, the Board shall allow the member to designate an Option A or Option B beneficiary at the time of retirement.~~
 - ~~2. An Option C beneficiary shall not be designated by a member who applies for disability retirement or a disability retiree. (Arkansas Code § 24-7-706(a)(3))~~
 - ~~3. The same rules that apply to an active member's surviving spouse under Arkansas Code § 24-7-710(b) shall apply to a disability retiree's surviving spouse if the disability retiree:~~

- ~~A. Designates his or her spouse as Option A or Option B beneficiary at the time of retirement; and~~
- ~~B. Dies before reaching sixty (60) years of age.~~
- ~~4. The same rules that apply to a surviving spouse of an active member under Arkansas Code § 24-7-710(b) shall apply to the surviving spouse of a disability retiree if the disability retiree:~~
 - ~~A. Dies after disability retirement benefit payments to the disability retiree begin;~~
 - ~~B. Does not designate his or her spouse as an Option A or Option B beneficiary; and~~
 - ~~C. Does not designate a residue beneficiary.~~
- ~~5. The same rules that apply to a surviving spouse of an active member under Arkansas Code § 24-7-710(b)(1)(B) shall apply to the surviving spouse of a disability retiree if the disability retiree:~~
 - ~~A. Dies after disability retirement benefit payments to the disability retiree began;~~
 - ~~B. Does not designate his or her spouse as an Option A or Option B beneficiary; and~~
 - ~~C. Designates his or her spouse as a residue beneficiary.~~
- ~~6. If a disability retiree designates his or her dependent child as an Option A or Option B beneficiary, and the disability retiree dies before reaching age sixty (60), then:~~
 - ~~A. The same rules that apply under Arkansas Code § 24-7-710(c) to an active member's surviving child shall apply to the disability retiree's Option A or Option B dependent child beneficiary until the date on which the disability retiree would have turned sixty (60) years of age; and~~
 - ~~B. On the date on which the disability retiree would have turned sixty (60) years of age, the Option A or Option B dependent child beneficiary shall receive the greater of the surviving child annuity under Arkansas Code § 24-7-710(c) or the Option A spouse annuity under Arkansas Code § 24-7-710(b).~~

~~VII. Annuity Options and Disposition of Residue After Retirement Rules~~

~~a. Option Annuity Election~~

- ~~1. Before the date the first benefit payment of an annuity becomes due, a member retiring with age or service may elect one (1) of the following annuity options:~~
 - ~~A. **Option 1** — Straight Life Annuity~~
 - ~~B. A straight life annuity payable monthly for the life of the retiree. Option 2~~
 - ~~— Reduced Straight Life Annuity with Option Beneficiaries~~

~~c. Persons Eligible as Option A or Option B Beneficiaries at the Time of Retirement~~

- ~~1. The following persons are eligible to be nominated by written designation as an Option A or Option B beneficiary:
 - ~~A. The retiree's spouse if the retiree and his or her spouse have been married to each other for at least one (1) year before the first annuity benefit payment to the retiree;~~
 - ~~B. A retiree's dependent child who has been adjudged physically or mentally incapacitated by a court of competent jurisdiction, regardless of the age of the dependent child.~~~~

~~d. Eligibility of a Spouse to Become an Option A or Option B Beneficiary after a Member's Retirement~~

- ~~1. After his or her retirement, a retiree may designate his or her spouse as an Option A or Option B beneficiary if the retiree:
 - ~~A. Has been married to his or her spouse for one (1) year; and~~
 - ~~B. Either:
 - ~~i. Was married to his or her spouse for less than one (1) year upon his or her effective retirement date; or~~
 - ~~ii. Marries his or her spouse after his or her effective retirement date.~~~~~~
- ~~2. Upon meeting the one-year marriage requirement, the retiree shall have six (6) months to file a written nomination designating his or her spouse as either an Option A or Option B beneficiary.~~
- ~~3. The designation shall be filed on a form approved by ATRS.~~

~~e. Eligibility of a Dependent Child to Become an Option A or Option B Beneficiary after a Member's Retirement~~

- ~~1. After a retiree's effective retirement date, the retiree may designate an Option A or Option B dependent child beneficiary if the:
 - ~~A. Retiree previously designated his or her spouse as the Option A or Option B beneficiary;~~
 - ~~B. Spouse designated as the retiree's Option A or Option B beneficiary predeceases the retiree; and~~
 - ~~C. Dependent child has been adjudged physically or mentally incapacitated by a court of competent jurisdiction.~~~~

~~f. Emancipation of Incapacitated Child Option Beneficiary~~

- ~~1. A member may request that ATRS remove an incapacitated child as his or her Option A or Option B beneficiary if:~~

~~A. The member designated the incapacitated child as his or her Option A or Option B dependent child beneficiary; and B. One (1) of the following applies:~~

- ~~i. A court finds that the incapacitated child is no longer incapacitated;~~
- ~~ii. The incapacitated child is emancipated through marriage; or~~
- ~~iii. The incapacitated child dies.~~

~~2. The following forms of proof shall be submitted, as appropriate, with the member's request to remove an incapacitated child as his or her Option A or Option B:~~

- ~~A. A file-marked copy of the court's order finding that the incapacitated child is no longer incapacitated;~~
- ~~B. A copy of the incapacitated child's marriage license or equivalent, marriage license recording document, or other legally acceptable proof of the existence of the marriage; or~~
- ~~C. A copy of the incapacitated child's death certificate.~~

~~3. Once the proof required to remove an incapacitated child as the member's Option A or Option B beneficiary is submitted to ATRS, the member may:~~

- ~~A. Elect to return to an Option 1; or~~
- ~~B. If the member is married, designate his or her spouse as the Option A or Option B beneficiary within six (6) months of the date on which ATRS receives the proof required under this ATRS Rule 9 VII.f.2.~~
- ~~C. The member's election shall be effective on the first day of the month following the date on which ATRS receives the election form.~~

~~g. **Residue Paid Upon Death of Option Annuitant**~~

- ~~1. A member may designate any person as a residue beneficiary.~~
- ~~2. A retiree's residue, if any, shall be paid to the retiree's residue beneficiary if the:
 - ~~A. Retiree dies before receiving annuity benefit payments equal to the residue amount; and~~
 - ~~B. Option beneficiary dies before receiving annuity benefit payments equal to the residue amount.~~~~
- ~~3. If a residue beneficiary is not nominated or does not survive the death of the option beneficiary, the residue remaining, if any, shall be paid to the retiree's estate.~~

~~h. **Final Benefit Check**~~

- ~~1. Benefits are payable through the month in which the last option beneficiary's death occurs.~~

- ~~2. If the option beneficiary dies before receiving the last check, ATRS shall pay the final check in the normal manner paid before death.~~
- ~~3. If payment of the final check in the normal course becomes impossible, the final option beneficiary's annuity check shall be returned to ATRS.~~

~~VIII. Error Corrections and Collection of Overpayments Rules~~

~~a. Payment Errors~~

- ~~1. If a change or error in ATRS' records discovered during the look-back period results in either an overpayment or underpayment to ATRS, the Board shall authorize ATRS to:
 - ~~A. Correct the error in the records;~~
 - ~~B. Adjust a benefit or any other amount payable to the corrected amount as far as practicable; and~~
 - ~~C. Take all necessary and appropriate action, including the options allowed under Arkansas Code § 24-7-205(b).~~~~
- ~~2. The Board or its designee may adjust the records of ATRS, a covered employer, and a member beyond the look-back period if the Board determines that the time limitation imposed by the look-back period will result in a manifest injustice in a specific case.¹~~

~~b. Benefit Participant Under QDRO~~

- ~~1. If a benefit participant under a QDRO pursuant to Arkansas Code §§ 9-18101—103, is paid any benefit or payment by ATRS to which the benefit participant is not entitled, and it is discovered during the look-back period, then a receivable is created and the Board or its designee, may collect the amount due to ATRS as provided by Arkansas Code § 24-7-205.~~

~~c. Notice of Benefit Adjustment~~

- ~~1. Before making an adjustment of benefits that causes a reduction of the benefits or pursuing any other collection action, ATRS shall provide notice to the person who is the subject of the adjustment.~~
- ~~2. The notice shall:
 - ~~A. State the amount determined to be a receivable;~~
 - ~~B. State the reasons underlying the determination;~~
 - ~~C. Describe the process for disputing an adjustment of benefits; and~~
 - ~~D. Suggest alternate methods for payment of the receivable.~~~~

~~d. Dispute and Appeal of Collections~~

¹ See ATRS Rule 17 – Manifest Injustice.

- ~~1. Appeals to dispute collections shall be made according to the procedures and requirements of ATRS Rule 13.~~
 - ~~2. During the appeal process, retirement benefits may continue to be paid.~~
- e. ~~Correction and Adjustment Limitations~~
- ~~1. Actions that affect benefit rights shall not be corrected or adjusted further than a five-year look-back period unless a manifest injustice has occurred or an exception exists under Arkansas Code § 24-7-205(c).~~
 - ~~2. A determination by ATRS of a manifest injustice in a particular instance due to a technical error or error in judgment is discretionary and governed by Arkansas Code § 24-7-205.~~
- f. ~~Waiver of Interest on Contributions~~
- ~~1. The Board authorizes the Executive Director of ATRS (executive director) to waive interest on required contributions in an amount not to exceed \$5,000.~~
 - ~~2. A request to excuse an interest amount exceeding \$5,000 shall be submitted to the Board for review.~~
 - ~~3. The executive director shall report any amounts excused under this section to the Board.~~
- g. ~~Uncollectible or Waived Receivables~~
- ~~1. If required, a receivable under this this ATRS Rule 9 VIII that is found by the Board or its designee to be uncollectible or for which adjustment or payment has been waived shall be submitted to the Chief Fiscal Officer of the State for abatement pursuant to Arkansas Code §§ 19-2-301 — 19-2-307.~~

~~HISTORY~~

Effective:	July 2, 2002	9-3
Amended:	June 15, 2004	9-2, 9-4, 9-7
Amended:	July 18, 2005	9-4, 9-8
Amended:	February 7, 2006	9-2, 9-7
Amended:	April 26, 2007	9-2, 9-7
Amended:	June 19, 2007	9-4
Amended:	June 16, 2009	(Emergency) 9-2
Amended:	October 5, 2009	(Permanent) 9-2
Adopted:	December 18, 2009	9-1, 9-4, 9-8
Amended:	July 1, 2011	(Emergency) 9-1, (Emergency) 9-2, 9-4, (Emergency) 9-7, (Emergency) 9-8
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~~Effective: May 28, 2020 Rule 9~~
~~Effective: May 20, 2022 Rule 9~~

ATRS Rule 10

Return to Service and Teacher Deferred Retirement Option Plan

§ 10-101. Definitions.

As used in this rule:

- (1) "CBA" means Cash Balance Account;
- (2) "Fiscal year" means the operating year for the State of Arkansas that begins on July 1 of each calendar year and ends on June 30 of the next calendar year;
- (3) "Plan participant" means a member who elects to participate in the Teacher Deferred Retirement Option Plan;
- (4) "Plan deposit" means a deposit made to each plan participant's Teacher Deferred Retirement Plan account;
- (5) "Plan interest" means one (1) or more interest rates per annum that are adopted by the Board of Trustees of the Arkansas Teacher Retirement System by the end of the first quarter of the fiscal year in which the interest rate shall apply in order for the appropriate interest to be credited to each plan participant's Teacher Deferred Retirement Option Plan account in the years following the board's adoption of the interest rate;
- (6) "Post 10-year T-DROP interest" means a rate per annum that is compounded annually and adopted by the board by the end of the first quarter of the fiscal year in which the interest rate shall apply in order for the interest to be credited on June 30 to the T-DROP account of a plan participant who has not retired and whose participation in T-DROP has ended;
- (7) "Quarter" means one-fourth (1/4) of a fiscal year as follows:
 - (A) 1st Quarter: July 1 through September 30;
 - (B) 2nd Quarter: October 1 through December 31;
 - (C) 3rd Quarter January 1 through March 31; and
 - (D) 4th Quarter: April 1 through June 30;
- (8) "Retiree" means a member receiving a retirement annuity from the Arkansas Teacher Retirement System;
- (9) "Salary" means the same as defined in Arkansas Code § 24-7-202 and does not include nonmandatory compensation that is taxable by the IRS;
- (10) "T-DROP" means the same as defined in Arkansas Code § 24-7-202;
- (11) "T-DROP Cash Balance Account" means a financial account established for a plan participant who elects to defer distribution of his or her Teacher Deferred Retirement Option Plan account balance at the time that he or she is eligible to receive a lump-sum distribution of the Teacher Deferred Retirement Option Plan account balance;
- (12) "T-DROP Cash Balance Account interest" means the interest rate per annum applicable to a plan participant's T-DROP Cash Balance Account, and compounded monthly into a plan participant's T-DROP Cash Balance Account; and
- (13) "Uniformed Services of the United States" means service in the:
 - (A) United States Armed Forces;
 - (B) Army National Guard;
 - (C) Air National Guard when engaged in active duty for training, state active duty, inactive duty training, or full-time National Guard duty;
 - (D) United States Commissioned Corps of the Public Health Service; and

(E) Any other category of persons designated by the President of the United States in time of war or emergency.

§ 10-102. Return to service.

(a) Unless otherwise provided by the Office of Personnel Management's Policy No. 65, effective July 1, 2009, a retiree who terminates employment under Arkansas Code § 24-7-502 or reaches the normal retirement age may:

(1) Accept employment with a covered employer; and

(2) Continue to receive a monthly retirement annuity without a limitation of his or her retirement annuity.

(b)(1) Both a retiree who returns to service with a covered employer and the covered employer who employs the retiree shall report the retiree's employment to the Arkansas Teacher Retirement System using forms and reports required by the system.

(2) A retiree who receives monthly retirement benefits and is employed by a covered employer shall not:

(A) Pay member contributions;

(B) Be responsible for employer contributions; or

(C) Accrue additional service credit.

(3) A covered employer that employs a retiree shall pay employer contributions on the salary paid to the retiree in an amount equal to the employer contribution rate applicable to an active member.

§ 10-102. Teacher Deferred Retirement Option Plan — Participation.

(a) In lieu of terminating employment and voluntarily retiring:

(1) An active member with at least thirty (30) years of service credit may elect to participate in TDROP and continue to work for a covered employer; and

(2) An active member with at least twenty-eight (28) years of service credit may elect to participate early in T-DROP and continue to work for a covered employer.

(b) The service credit of a plan participant shall be determined using the same rules that apply for determining the service credit of an active member.

(c) On call availability shall not be used for:

(1) T-DROP service credit requirements; or

(2) Monthly plan deposits to a plan participant's T-DROP account.

(d) An active member who elects to participate in T-DROP and continues his or her covered employment defers the receipt of retirement benefits.

(e)(1) Service credit in the Arkansas Teacher Retirement System, a reciprocal system, or a combination of service credit in the Arkansas Teacher Retirement System and the reciprocal system may be counted to meet the minimum service credit requirements for participation under T-DROP and the reciprocal system's deferred retirement option plan if the reciprocal system offers members of the reciprocal system a deferred retirement option plan.

(2) A retirement benefit payable by a reciprocal system shall be determined according to the law, rules, and regulations applicable to the reciprocal system.

(3)(A) The final average salary of a plan participant with reciprocal service credit shall be the highest final average salary calculated by the Arkansas Teacher Retirement System or a reciprocal system in which the plan participant has at least two (2) years of

service credit.

(B) Each reciprocal system shall calculate final average salary in accordance with the law applicable to the reciprocal system.

(C) A salary earned as a member of the Arkansas Judicial Retirement System or an alternate retirement plan shall not be used to calculate final average salary.

(f)(1) A reciprocal system shall credit a deferred retirement option plan account with plan deposits and plan interest according to the deferred retirement option program applicable

(2) The Arkansas Teacher Retirement System shall not pay a monthly plan deposit into a plan participant's T-DROP account for more than ten (10) consecutive years from the date on which the plan participant enters T-DROP.

§ 10-103. Teacher Deferred Retirement Option Plan — Benefits.

(a)(1) A plan participant shall elect an annuity option provided in Arkansas Code § 24-7-706 at the time the plan participant separates from service and either:

(A) Applies for retirement upon reaching the normal retirement age; or

(B) Is granted a monthly retirement benefit.

(2) Upon electing to retire, if a plan participant elects to cash out or annuitize his or her T-DROP account balance, the plan participant shall not be permitted to reenroll in T-DROP after his or her T-DROP account is distributed unless the plan participant cancels his or her election under Arkansas Code § 24-7-1302.

(b) A cost-of-living increase under Arkansas Code §§ 24-7-713 or 24-7-727 shall be applied to the T-DROP benefit that is used to calculate the plan deposit.

(2) A T-DROP benefit and the cost-of-living increase may be modified as provide by this rule and the law applicable to the Arkansas Teacher Retirement System.

(c) A plan participant's T-DROP benefit shall:

(1) Be the monthly straight life annuity benefit that the plan participant would have received if he or she voluntarily retired; and

(2) Not include a monthly benefit stipend otherwise provided under Arkansas Code § 24-7-713.

§ 10-104. Teacher Deferred Retirement Option Plan — Plan deposits.

(a)(1) During participation in T-DROP, the Arkansas Teacher Retirement System shall credit a plan participant's T-DROP account with plan deposits and plan interest.

(2) A plan participant's T-DROP plan deposit may be reduced as provided by the law and rules applicable to the system.

(3)(A) The system shall provide each plan participant with an annual statement of the plan participant's T-DROP account.

(B) The statement of plan deposits and plan interest shall not be final until the annual accounting has been reconciled for part-time plan participants.

(b) A plan participant's plan deposit shall be determined as follows:

(1) If a plan participant has at least thirty (30) years of credited service in the system, including combined service with a reciprocal system, the plan deposit shall be the plan participant's TDROP benefit, as calculated at the plan participant's entry into T-DROP, reduced by one percent (1%) for each year of credited service, including fractions of a year.

(2) If a plan participant enters T-DROP early, the plan participant's plan deposit shall be the plan participant's T-DROP benefit, as calculated at the plan participant's entry into T-DROP, reduced by:

(A) One percent (1%) for each year of credited service, including fractions of a year; and

(B) At least an additional one-half percent (.5%), but no more than one percent (1%), of the initially reduced plan deposit, for each month of credited service under thirty (30) years.

(c)(1) A plan participant's T-DROP account shall be credited with twelve (12) monthly plan deposits per fiscal year if the:

(A) Plan participant earns at least one hundred sixty (160) days of service credit in a fiscal year and does not terminate employment, retire, or die during the fiscal year; or

(B) Plan participant's covered employer does not terminate the employer-employee relationship.

(2) If a plan participant earns less than one hundred sixty (160) days of service credit in a fiscal year, the plan deposit shall be made in accordance with the part-time employment schedule as follows:

(A) If a plan participant earns at least fifteen (15) days of service credit in the first or fourth quarter of the fiscal year, the plan participant's T-DROP account shall be credited with three (3) monthly plan deposits for the quarter;

(B) If a plan participant earns less than fifteen (15) days of service credit in the first or fourth quarter of the fiscal year, the plan participant's T-DROP shall not be credited with a plan deposit for the three (3) months of that quarter;

(C) If a plan participant earns at least twenty-five (25) days of service credit in the second or third quarter of the fiscal year, the plan participant's T-DROP account shall be credited with three (3) monthly plan deposits for the quarter; and

(D) If a plan participant earns less than twenty-five (25) days of service credit in the second or third quarter of the fiscal year, the plan participant's T-DROP shall not be credited with a plan deposit for the three (3) months of that quarter.

§ 10-105. Teacher Deferred Retirement Option Plan — Plan interest.

(a)(1) A plan participant who has not retired shall receive plan interest at the end of each fiscal year.

(2) The plan interest rate shall be based on a:

(A) Fixed interest rate that is adopted by the Board of Trustees of the Arkansas Teacher Retirement System by the end of the first quarter of the fiscal year in which the interest rate shall apply; or

(B) Variable interest rate formula that is based on investment returns and other factors adopted by the board by the end of the first quarter of the fiscal year in which the interest rate shall apply.

(3) The board shall adopt a plan interest rate by the end of the first quarter of the fiscal year in which the plan interest shall apply if a variable interest rate formula is used.

(b)(1) If a plan participant continues covered employment after ten (10) consecutive years from the date of his or her entry into T-DROP, the plan participant's T-DROP account shall be credited with a post-ten-year T-DROP interest rate.

(2) The board shall set the post-10-year T-DROP interest rate:

(A) By the end of the first quarter of the fiscal year in which the interest rate shall apply; and

(B) At the same meeting in which the plan interest rate is set.

(3) The post-10-year T-DROP interest rate shall be credited to a plan participant's T-DROP account on June 30 of each year, or through the date of retirement, whichever occurs first.

(4) The post-10-year T-DROP interest rate for T-DROP shall be determined by the board and adopted by the by the end of the first quarter of the fiscal year in which the interest rate shall apply.

(c) In addition to the interest rate for the fiscal year, the board may adopt an incentive rate during the fiscal year if investment returns justify an incentive rate for the fiscal year.

§ 10-106. Teacher Deferred Retirement Option Plan — Suspension or cessation of plan deposits and plan interest.

(a) Monthly plan deposits to a plan participant's T-DROP account shall stop if the plan participant:

(1) Separates from service with a covered employer and is granted a monthly retirement benefit from either the Arkansas Teacher Retirement System or a reciprocal plan;

(2) Reaches normal retirement age and retires without separating from covered employment;

(3) Separates from covered employment and does not apply for retirement benefits; or

(4) Dies.

(b)(1) If a plan participant separates from covered employment and does not apply for retirement benefits, monthly plan deposits into the plan participant's T-DROP account shall be suspended beginning on the month in which the plan participant separates from covered employment.

(2) The plan participant's T-DROP account shall not be credited with a plan deposit for the duration of the plan participant's separation from covered employment.

(3) Monthly plan deposits into a plan participant's T-DROP account shall resume if the plan participant returns to covered employment before the end of the plan period.

(c) If a plan participant applies for retirement, the retirement benefits shall be paid according to the plan participant's T-DROP account balance:

(1) At the time of the plan participant's separation from covered employment; or

(2) In the month before the effective date of the plan participant's retirement benefits after the plan participant reaches the normal retirement age.

(d) A plan participant shall remain eligible for annual plan interest to be credited to his or her T-DROP account if the member:

(1) Does not separate from covered employment; and

(2) Remains on the covered employer's payroll without earning sufficient service credit for monthly plan deposits.

§ 10-107. Teacher Deferred Retirement Option Plan — Uniformed Services of the United States.

(a) A plan participant shall be treated as not having incurred a break in service with a covered employer if the plan participant leaves covered employment to voluntarily or involuntarily serve in the uniformed services of the United States and later returns to covered employment.

(b) A covered employer shall certify to the Arkansas Teacher Retirement System that reemployment of the plan participant complies with § 4312 of the Uniformed Services Employment and Reemployment Act of 1994 (USERA).

§ 10-108. Teacher Deferred Retirement Option Plan — Internal Revenue Code.

(a) The operation of T-DROP shall comply with § 415 and other applicable sections of the Internal Revenue Code, 26 U.S.C. § 1 et seq.

(b) Any provision concerning the operation of T-DROP that conflicts with § 415 and other applicable sections of the Internal Revenue Code, 26 U.S.C. § 1 et seq. is invalid.

§ 10-109. Teacher Deferred Retirement Option Plan — Rollover of account balance.

(a) A lump-sum distribution of a plan participant’s T-DROP account balance may be rolled over into the plan participant’s qualifying retirement plan.

(b) The Arkansas Teacher Retirement System shall rollover the T-DROP account lump-sum balance into only one (1) qualifying retirement plan.

§ 10-110. T-DROP Cash Balance Account Program — Internal Revenue Code.

(a)(1) In lieu of electing a lump-sum distribution of his or her T-DROP account balance, a plan participant may elect to transfer all or a part of his or her T-DROP account balance into a Cash Balance Account.

(2) If a plan participant elects to have only a part of his or her T-DROP account balance transferred into a CBA, the remaining balance of the T-DROP account shall be annuitized under the Arkansas Teacher Retirement System or paid as a lump-sum distribution.

(3) A CBA shall be credited monthly with T-DROP Cash Balance Account interest and debited monthly for withdrawals and distributions beginning on the month immediately following the establishment of the CBA.

(b) A CBA established on or after July 1, 2021, shall be credited with T-DROP Cash Balance Account interest as follows:

<u>T-DROP Cash Balance Account Program</u> <u>Years of Participation</u>	<u>Interest Rate</u>
<u>First fiscal year of participation</u>	<u>Two and one-half percent (2.5%)</u>
<u>Two (2) fiscal years of participation</u>	<u>Two and seventy-five hundredths percent</u> <u>(2.75%)</u>

<u>Three (3) fiscal years of participation</u>	<u>Three percent</u> <u>(3.00%)</u>
<u>Four (4) fiscal years of participation</u>	<u>Three and twenty-five hundredths percent</u> <u>(3.25%)</u>
<u>Five (5) fiscal years of participation</u>	<u>Three and one-half percent</u> <u>(3.50%)</u>
<u>Six (6) or more fiscal years of participation</u>	<u>Four percent</u> <u>(4.00%)</u>

(b) The Board of Trustees of the Arkansas Teacher Retirement System may:

(1) Increase the T-DROP Cash Account Balance interest rate for future fiscal years and on an ad hoc basis;

(2) Consider current market conditions, competing financial offerings to plan participants, bank rates for certificates of deposits, the status of the Arkansas Teacher Retirement System's return on investments, and the current state of participation in the T-DROP Cash Balance Account program when determining the T-DROP Cash Balance Account interest rate;

(3) By resolution periodically authorize a special ad hoc incentive payment for CBAs if the board determines that payment of the special ad hoc incentive is likely to encourage continued participation and increase future participation in the T-DROP Cash Balance Account program; and

(4) By resolution adopt a new T-DROP Cash Balance Account Interest Schedule (Schedule) for future CBAs.

(c) An ad hoc increase may be:

(1) Set as a single amount to be applied to each CBA; or

(2) Computed as a graduated amount based on the length of time the CBA has existed.

(d)(1) The T-DROP Cash Balance Account interest rate shall remain in effect until the board adopts a new Schedule with lower interest rates for future CBA accounts established by the end of the first quarter of the fiscal year in which the interest rate shall apply.

(2) A CBA established before the effective date of a board resolution adopting a new Schedule for future CBAs shall not be subject to the provisions of the new Schedule.

(e) If a plan participant dies with a CBA balance, the CBA balance shall be paid as provided under Arkansas Code § 24-7-1310.

(f)(1) If a plan participant's CBA has a balance, a plan participant may withdraw funds from his or her CBA up to six (6) times per quarter by using forms approved by the system.

(2) A plan participant may make more than six (6) withdrawals in a quarter with the approval of the Executive Director of the Arkansas Teacher Retirement System.

(3) A plan participant may request a recurring monthly distribution of a set amount

from his or her CBA until the CBA balance is depleted or the plan participant withdraws his or her request.

(4) Minimum distributions made to a plan participant shall comply with Arkansas Code § 24-7-730 and the Internal Revenue Code, 26 U.S.C. § 1 et seq.

Authority: Arkansas Code §§ 24-7502, 24-7-708, and 24-7-1301 et seq.

History

<u>Approved:</u>	<u>June 13, 1995</u>	<u>10-3</u>
<u>Amended:</u>	<u>June 30, 1997</u>	<u>10-3</u>
<u>Amended:</u>	<u>June 17, 2003</u>	<u>10-3</u>
<u>Amended:</u>	<u>June 15, 2004</u>	<u>10-2</u>
<u>Amended:</u>	<u>February 15, 2005</u>	<u>10-3</u>
<u>Amended:</u>	<u>July 18, 2005</u>	<u>10-2, 10-3</u>
<u>Amended:</u>	<u>October 4, 2005</u>	<u>10-2</u>
<u>Amended:</u>	<u>December 6, 2005</u>	<u>10-2</u>
<u>Amended:</u>	<u>April 26, 2007</u>	<u>10-3</u>
<u>Amended:</u>	<u>June 19, 2007</u>	<u>10-2</u>
<u>Amended:</u>	<u>February 11, 2008</u>	<u>10-2</u>
<u>Amended:</u>	<u>June 16, 2009</u>	<u>10-2 (Emergency)</u>
<u>Amended:</u>	<u>October 5, 2009</u>	<u>10-2 (Permanent)</u>
<u>Amended:</u>	<u>February 1, 2010</u>	<u>10-3 under emergency rules</u>
<u>Amended:</u>	<u>June 7, 2010</u>	<u>10-3 Permanent</u>
<u>Amended:</u>	<u>July 1, 2011</u>	<u>10-3 (Emergency)</u>
<u>Adopted:</u>	<u>August 8, 2011</u>	<u>10-3</u>
<u>Effective:</u>	<u>November 11, 2011</u>	<u>10-3</u>
<u>Approved by Board:</u>	<u>February 6, 2012</u>	<u>10-3</u>
<u>Amended:</u>	<u>April 2, 2012</u>	<u>10-3 (Emergency)</u>
<u>Effective:</u>	<u>May 29, 2012</u>	<u>10-3</u>
<u>Approved by Board:</u>	<u>July 26, 2013</u>	<u>10-2, 10-3</u>
<u>Amended:</u>	<u>October 9, 2013</u>	<u>10-2, 10-3</u>
<u>Effective:</u>	<u>November 8, 2013</u>	<u>10-2, 10-3</u>
<u>Approved by Board:</u>	<u>December 1, 2014</u>	<u>10-3</u>
<u>Amended:</u>	<u>May 18, 2015</u>	<u>10-3</u>
<u>Effective:</u>	<u>June 16, 2015</u>	<u>10-3</u>
<u>Approved by Board:</u>	<u>October 5, 2015</u>	<u>10-3</u>
<u>Amended:</u>	<u>February 1, 2016</u>	<u>10-3</u>
<u>Effective:</u>	<u>February 10, 2016</u>	<u>10-3</u>
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ATRS RULE 10
RETURN TO SERVICE AND TEACHER DEFERRED RETIREMENT OPTION
PLAN

~~Arkansas Code §§ 24-7-502, 24-7-708, and 24-7-1301 et seq.~~

I. Definitions

- a. ~~"Fiscal year" means the operating year for the State of Arkansas that begins on July 1 of each calendar year and ends on June 30 of the next calendar year;~~
- b. ~~"Plan participant" means a member who elects to participate in the Teacher Deferred Retirement Option Plan (T-DROP) under Arkansas Code § 24-7-1301 et seq.;~~
- c. ~~"Plan deposit" means a deposit made to each plan participant's T-DROP account pursuant to Arkansas Code § 24-7-1306;~~
- d. ~~"Plan interest" means one (1) or more interest rates per annum that are adopted by the Board of Trustees of the Arkansas Teacher Retirement System (Board) by the end of the first quarter of the fiscal year in which the interest rate shall apply in order for the appropriate interest to be credited to each plan participant's TDROP account in subsequent years following the Board's adoption of the interest rate;~~
- e. ~~"Post 10-year T-DROP interest" means a rate per annum that is compounded annually and adopted by the Board by the end of the first quarter of the fiscal year in which the interest rate shall apply in order for the interest to be credited on June 30 to the T-DROP account of a plan participant who has not retired and whose participation in T-DROP has ended;~~
- f. ~~"Quarter" means one-fourth (1/4) of a fiscal year as follows:~~
 - 1. ~~1st Quarter: July 1 through September 30;~~
 - 2. ~~2nd Quarter: October 1 through December 31;~~
 - 3. ~~3rd Quarter: January 1 through March 31; and~~
 - 4. ~~4th Quarter: April 1 through June 30;~~
- g. ~~"Retiree" means a member receiving a retirement annuity from the Arkansas Teacher Retirement System (ATRS);~~
- h. ~~"Salary" means the same as defined in Arkansas Code § 24-7-202 and does not include nonmandatory compensation that is taxable by the IRS;~~
- i. ~~"T-DROP Cash Balance Account" means a financial account established for a plan participant who elects to defer distribution of his or her T-DROP account balance at the time that he or she is eligible to receive a lump-sum distribution of the T-DROP account balance;~~
- j. ~~"T-DROP Cash Balance Account interest" means the interest rate per annum applicable to a plan participant's T-DROP Cash Balance Account, and~~

~~compounded monthly into a plan participant's T-DROP Cash Balance Account;
and~~

- k. ~~“Uniformed Services of the United States” means service in the:~~
- ~~1. United States Armed Forces;~~
 - ~~2. Army National Guard;~~
 - ~~3. Air National Guard when engaged in active duty for training, state active duty, inactive duty training, or full-time National Guard duty;~~
 - ~~4. United States Commissioned Corps of the Public Health Service; and~~
 - ~~5. Any other category of persons designated by the President of the United States in time of war or emergency.~~

II. ~~Return to Service~~¹

- a. ~~Unless otherwise provided by the Office of Personnel Management's Policy No. 65, effective July 1, 2009, a retiree who terminates employment under Arkansas Code § 24-7-502 or reaches the normal retirement age may:~~
- ~~1. Accept employment with a covered employer; and~~
 - ~~2. Continue to receive a monthly retirement annuity without a limitation of his or her retirement annuity.~~
- b. ~~A retiree who returns to service with a covered employer and a covered employer who employs a retiree shall report the retiree's employment to ATRS using forms and reports required by ATRS.~~
- c. ~~A retiree who receives monthly retirement benefits and is employed by a covered employer shall not:~~
- ~~1. Pay member contributions;~~
 - ~~2. Be responsible for employer contributions; or~~
 - ~~3. Accrue additional service credit.~~
- d. ~~A covered employer that employs a retiree shall pay employer contributions on the salary paid to the retiree in an amount equal to the employer contribution rate applicable to an active member.~~

III. ~~Teacher Deferred Retirement Option Plan (T-DROP)~~

- a. ~~Participation—Generally~~
- ~~1. In lieu of terminating employment and voluntarily retiring, an active member with at least thirty (30) years of service credit may elect to participate in TDROP and continue to work for a covered employer.~~

¹ Rules concerning a disability retiree's return to service are included in ATRS Rule 9.

2. ~~An active member with at least twenty-eight (28) years of service credit may elect to participate early in T-DROP and continue to work for a covered employer.~~
 3. ~~The service credit of a plan participant shall be determined using the same rules that apply for determining the service credit of an active member.~~
 4. ~~On call availability shall not be used for:~~
 - A. ~~T-DROP service credit requirements; or~~
 - B. ~~Monthly plan deposits to a plan participant's T-DROP account.~~
 5. ~~An active member who elects to participate in T-DROP and continues his or her covered employment defers the receipt of retirement benefits.~~
- b. ~~Participation — Reciprocal Systems~~
1. ~~Service credit in ATRS, a reciprocal system, or a combination of service credit in ATRS and the reciprocal system may be counted to meet the minimum service credit requirements for participation under T-DROP and the reciprocal system's deferred retirement option plan if the reciprocal system offers members of the reciprocal system a deferred retirement option plan.~~
 2. ~~A retirement benefit payable by a reciprocal system shall be determined according to the law, rules, and regulations applicable to the reciprocal system.~~
 3. ~~The final average salary of a plan participant with reciprocal service credit shall be the highest final average salary calculated by ATRS or a reciprocal system in which the plan participant has at least two (2) years of service credit. (Arkansas Code § 24-2-402)~~
 4. ~~Each reciprocal system shall calculate final average salary in accordance with the law applicable to the reciprocal system.~~
 5. ~~A salary earned as a member of the Arkansas Judicial Retirement System or an alternate retirement plan shall not be used to calculate final average salary.~~
 6. ~~A reciprocal system shall credit a deferred retirement option plan account with plan deposits and plan interest according to the deferred retirement option program applicable to the reciprocal system.~~
- c. ~~Limits on Participation~~
1. ~~ATRS shall not pay a monthly plan deposit into a plan participant's T-DROP account for more than ten (10) consecutive years from the date on which the plan participant enters T-DROP.~~
- d. ~~D. T-DROP Benefits~~
1. ~~A plan participant shall elect an annuity option provided in Arkansas Code § 24-7-706 at the time the plan participant:~~
 - A. ~~Separates from service; and~~

- B. Either:
 - i. Applies for retirement upon reaching the normal retirement age; or
 - ii. Is granted a monthly retirement benefit.
- 2. A plan participant's T-DROP plan deposit may be reduced as provided by the ATRS Rules and Arkansas Code § 24-7-1301 et seq.
- 3. A plan participant's T-DROP benefit shall:
 - A. Be the monthly straight life annuity benefit that the plan participant would have received if he or she voluntarily retired; and
 - B. Not include a monthly benefit stipend otherwise provided under Arkansas Code § 24-7-713.
- e. Plan Interest and Plan Deposits
 - 1. Generally
 - A. During participation in T-DROP, ATRS shall credit the T-DROP account of plan participant with plan deposits and plan interest.
 - 2. Plan Deposits
 - A. Determination of Plan Deposit
 - i. A plan participant's plan deposit shall be determined as follows:
 - a. If a plan participant has at least thirty (30) years of credited service in ATRS, including combined service with a reciprocal system, the plan deposit shall be the plan participant's TDRDP benefit, as calculated at the plan participant's entry into T-DROP, reduced by one percent (1%) for each year of credited service, including fractions of a year.
 - ii. If a plan participant enters T-DROP early, the plan participant's plan deposit shall be the plan participant's T-DROP benefit, as calculated at the plan participant's entry into T-DROP, reduced by:
 - a. One percent (1%) for each year of credited service, including fractions of a year; and
 - b. At least an additional one-half percent (.5%), but no more than one percent (1%), of the initially reduced plan deposit, for each month of credited service under thirty (30) years.
 - B. Crediting Plan Deposit
 - i. A plan participant's T-DROP account shall be credited with twelve (12) monthly plan deposits per fiscal year if the:
 - a. Plan participant earns at least one hundred sixty (160) days of service credit in a fiscal year and does not terminate employment, retire, or die during the fiscal year; or

A. ~~Plan Interest~~

- ~~i. A plan participant who has not retired shall receive plan interest at the end of each fiscal year.~~
- ~~ii. The plan interest rate shall be based on a:
 - ~~a. Fixed interest rate that is adopted by the Board by the end of the first quarter of the fiscal year in which the interest rate shall apply; or~~
 - ~~b. Variable interest rate formula that is based on investment returns and other factors adopted by the Board by the end of the first quarter of the fiscal year in which the interest rate shall apply.~~~~
- ~~iii. The Board shall adopt a plan interest rate by the end of the first quarter of the fiscal year in which the plan interest shall apply if a variable interest rate formula is used.~~

B. ~~Post-10-Year T-DROP Interest~~

- ~~i. If a plan participant continues covered employment after ten (10) consecutive years from the date of his or her entry into T-DROP, the plan participant's T-DROP account shall be credited with a post-tenyear T-DROP interest rate.~~
- ~~ii. The Board shall set the post-10-year T-DROP interest rate:
 - ~~a. By the end of the first quarter of the fiscal year in which the interest rate shall apply; and~~
 - ~~b. At the same meeting in which the plan interest rate is set.~~~~
- ~~iii. The post-10-year T-DROP interest rate shall be credited to a plan participant's T-DROP account on June 30 of each year, or through the date of retirement, whichever occurs first.~~
- ~~iv. The post-10-year T-DROP interest rate for T-DROP shall be determined by the Board and adopted by the by the end of the first quarter of the fiscal year in which the interest rate shall apply.~~

C. ~~Incentive Rate~~

- ~~i. In addition to the interest rate for the fiscal year, the Board may adopt an incentive rate during the fiscal year if investment returns justify an incentive rate for the fiscal year.~~

4. ~~Suspension or Cessation of Plan Deposits and Benefit Distributions~~

A. ~~Monthly plan deposits to a plan participant's T-DROP account shall stop if the plan participant:~~

- ~~i. Separates from service and is granted a monthly retirement benefit from ATRS or a reciprocal plan;~~

- ii. ~~Reaches normal retirement age and retires without separating from covered employment;~~
- iii. ~~Separates from covered employment and does not apply for retirement benefits; or~~
- iv. ~~Dies.~~

B. Separation from Covered Employment without Applying for Retirement Benefits

- i. ~~If a plan participant separates from covered employment and does not apply for retirement benefits, monthly plan deposits into the plan participant's T-DROP account shall be suspended beginning on the month in which the plan participant separates from covered employment.~~
- ii. ~~The plan participant's T-DROP account shall not be credited with a plan deposit for the duration of the plan participant's separation from covered employment.~~
- iii. ~~Monthly plan deposits into a plan participant's T-DROP account shall resume if the plan participant returns to covered employment before the end of the plan period.~~
- iv. ~~If a plan participant applies for retirement, the retirement benefits shall be paid according to the plan participant's T-DROP account balance:
 - a. ~~At the time of the plan participant's separation from covered employment; or~~
 - b. ~~In the month before the effective date of the plan participant's retirement benefits after the plan participant reaches the normal retirement age.~~~~
- v. ~~A plan participant shall remain eligible for annual plan interest to be credited to his or her T-DROP account if the member:
 - a. ~~Does not separate from covered employment; and~~
 - b. ~~Remains on the covered employer's payroll without earning sufficient service credit for monthly plan deposits.~~~~

C. Plan Participant's in Uniformed Services of United States

- i. ~~A plan participant shall be treated as not having incurred a break in service with a covered employer if the plan participant leaves covered employment to voluntarily or involuntarily serve in the uniformed services of the United States and later returns to covered employment.~~
- ii. ~~A covered employer shall certify to ATRS that reemployment of the plan participant complies with § 4312 of the Uniformed Services Employment and Reemployment Act of 1994 (USERA).~~

- f. ~~Compliance — Section 415 of the Internal Revenue Code~~
1. ~~The operation of T-DROP shall comply with U.S.C. § 415 and other applicable sections of the Internal Revenue Code, 26 U.S.C. § 1 et seq.~~
 2. ~~Any provision concerning the operation of T-DROP that conflicts with § 415 and other applicable sections of the Internal Revenue Code, 26 U.S.C. § 1 et seq. is invalid.~~
- g. ~~T-DROP Account Balance — Rollover~~
1. ~~A lump-sum distribution of a plan participant's T-DROP account balance may be rolled over into the plan participant's qualifying retirement plan.~~
 2. ~~ATRS shall rollover the T-DROP account lump-sum balance into only one (1) qualifying plan.~~
- h. ~~T-DROP Cash Balance Account Program~~
1. ~~Election Option~~
 - A. ~~In lieu of electing a lump-sum distribution of his or her T-DROP account balance, a plan participant may elect to transfer all or a part of his or her T-DROP account balance into a Cash Balance Account (CBA).~~
 - B. ~~If a plan participant elects to have only a part of his or her T-DROP account balance transferred into a CBA, the remaining balance of the TDROP account shall be annuitized under ATRS or paid as a lump-sum distribution.~~
 - C. ~~A CBA shall be credited monthly with T-DROP Cash Balance Account interest and debited monthly for withdrawals and distributions beginning on the month immediately following the establishment of the CBA.~~
 2. ~~T-DROP Cash Balance Account Interest Schedule~~
 - A. ~~A CBA established on or after July 1, 2012, shall be credited with TDROP Cash Balance Account interest as follows:~~

T-DROP Cash Balance Account Program Years of Participation	Interest Rate
First fiscal year of participation	Two and one-half percent (2.5%)
Two (2) fiscal years of participation	Two and seventy-five hundredths percent (2.75%)
Three (3) fiscal years of participation	Three percent (3.00%)

Four (4) fiscal years of participation	Three and twenty-five hundredths percent (3.25%)
Five (5) fiscal years of participation	Three and one-half percent (3.50%)
Six (6) or more fiscal years of participation	Four percent (4.00%)

B. ~~The Board may:~~

- i. ~~Increase the T-DROP Cash Account Balance interest rate for future fiscal years and on an ad hoc basis;~~

~~ii. Consider current market conditions, competing financial offerings to plan participants, bank rates for certificates of deposits, the status of ATRS' return on investments, and the current state of participation in the T-DROP Cash Balance Account program when determining the T-DROP Cash Balance Account interest rate; iii. Periodically authorize, by board resolution, a special ad hoc incentive payment for CBAs if the Board determines that payment of the special ad hoc incentive is likely to encourage continued participation and increase future participation in the T-DROP Cash Balance Account program; and iv. Adopt, by board resolution, a new T-DROP Cash Balance Account Interest Schedule (Schedule) for future CBAs. C. An ad hoc increase may be:~~

- ~~i. Set as a single amount to be applied to each CBA; or
ii. Computed as a graduated amount based on the length of time the CBA has existed.~~

~~D. The T-DROP Cash Balance Account interest rate shall remain in effect until the Board adopts a new Schedule with lower interest rates for future CBA accounts established by the end of the first quarter of the fiscal year in which the interest rate shall apply.~~

~~E. A CBA established before the effective date of a board resolution adopting a new Schedule for future CBAs shall not be subject to the provisions of the new Schedule.~~

~~F. If a plan participant dies with a CBA balance, the CBA balance shall be paid as provided under Arkansas Code § 24-7-1310.~~

~~3. Withdrawals~~

~~A. If a plan participant's CBA has a balance, a plan participant may withdraw funds from his or her CBA up to six (6) times per quarter by using forms approved by ATRS.~~

- B. A plan participant may make more than six (6) withdrawals in a quarter with the approval of the Executive Director of ATRS.
- C. A plan participant may request a recurring monthly distribution of a set amount from his or her CBA until the CBA balance is depleted or the plan participant withdraws his or her request.
- D. Minimum distributions made to a plan participant shall comply with Arkansas Code § 24-7-730 and the Internal Revenue Code, 26 U.S.C. § 1 et seq.

HISTORY

Approved:	June 13, 1995	10-3
Amended:	July 30, 1997	10-3
Amended:	June 17, 2003	10-3
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Amended:	February 15, 2005	10-3
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ATRS Rule 11
Survivors and Domestic Relations Orders

§ 11-101. Definitions.

As used in this rule:

(1) "Alternate payee" means a spouse, former spouse, child, or other dependent of a member under Arkansas law;

(2) "Application" for the purposes of retirement eligibility means an application form and any other documents required by the Arkansas Teacher Retirement System to establish a member's eligibility to retire;

(3) "Immediately eligible" for the purpose of survivor annuity benefits means a survivor of an active member who at the time of his or her death attained the normal retirement age and could have retired **from the system**;

(4) "Lump-sum death beneficiary" means one (1) or more persons or entities designated in writing by the member to receive payment of the lump-sum death benefit under Arkansas Code § 24-7-720;

(5) "Lump-sum death benefit" means a monetary amount set by the Board of Trustees of the Arkansas Teacher Retirement System, and paid by the system to one (1) or more lump-sum death beneficiaries; and

(6) "QDRO" means a court order that:

(A) Meets the definition of a qualified domestic relations order under Arkansas Code § 9-18-101; or

(B) Assigns a portion of a member's retirement benefit to **an alternate payee** upon the member's retirement or a refund of the member's contributions at the request of the member;

(7) "Qualifying member" means:

(A) For the purposes of eligibility for a lump-sum death benefit, a member or retiree to whom one (1) of the following categories apply:

(i) The member:

(a) Is deceased;

(b) Was an active member of the system before July 1, 2007;

and

(c) Has five (5) or more years of actual service, including actual service for the year immediately preceding his or her death;

(ii) The member:

(a) Is deceased;

(b) Was an active member of the system on or after July 1, 2007; and

(c) Has ten (10) or more years of actual service; or

(iii) The retiree:

(a) Dies before July 1, 2007; and

(b) Has accrued five (5) or more years of actual service, including actual service, for the year immediately preceding his or her death; or

(iv) The retiree:

(a) Dies on or after July 1, 2007; and

(b) Has accrued ten (10) or more years of actual service, including actual service for the year immediately preceding his or her death; or
(B) For the purpose of an eligible survivor qualifying for survivor annuity benefits under Arkansas Code § 24-7-710, a member who:
(i) Is an active member;
(ii) Has at least five (5) years of actual service and reciprocal service, including credited service for the year immediately preceding his or her death; and
(iii) Is active as provided in Arkansas Code § 24-7-710(f) and this rule.

§ 11-101. Survivors.

(a) The law in effect on the date of a qualifying member's death shall determine the:
(1) Eligibility of a qualifying member's spouse or child to receive survivor annuity benefits;
(2) Amount of the survivor annuity benefits to be received by an eligible survivor;
(3) The time at which an eligible survivor may begin receiving survivor annuity benefit payments; and
(4) Member's effective retirement date.
(b)(1) The Arkansas Teacher Retirement System shall send each survivor who is identified by the qualifying member to the system and who may be eligible for a survivor annuity benefit written notice of his or her potential eligibility at the survivor's last address on file with the system.
(2) Survivor annuity benefits shall not be paid to the survivor of a qualifying member until the survivor provides the system with sufficient proof of his or her eligibility to receive survivor annuity benefit payments.

§ 11-102. Survivors — Qualifying members.

(a) A member shall be considered active for the purpose of an eligible survivor qualifying for survivor annuity benefits under Arkansas Code § 24-7-710 if:
(1) The member has at least:
(A) Ten (10) days of service credit in each prior quarter of the fiscal year from the time the fiscal year began or the member was employed by a covered employer, whichever occurs last; and
(B) One (1) quarter with ten (10) days of service; or
(2) Either of the following apply to the member:
(A) The member has earned at least ten (10) days of service credit in the quarter of the member's death and in each quarter before the member's death, collectively; or
(B) Less than ten (10) working days have elapsed in the quarter of the member's death.
(b) A member shall also be considered active for an additional fiscal year following the last fiscal year in which the member renders actual service to a covered employer and obtains at least one-fourth (1/4) of a year of service credit.

§ 11-103. Survivors — Surviving spouse.

(a) An eligible survivor of a qualifying member may receive survivor annuity benefits after the death of the qualifying member.

(b) Unless a qualifying member designates one (1) or more alternative residue beneficiaries by written form approved by the Arkansas Teacher Retirement System, the survivor annuity benefits provided for in Arkansas Code § 24-7-710 shall be paid to the spouse of the qualifying member if the spouse:

(1) Survives the qualifying member; and

(2) Was married to the qualifying member for at least two (2) years immediately before the qualifying member's death.

(c)(1) A surviving spouse who is eligible to receive surviving spouse annuity benefits may file a waiver of his or her right to the surviving spouse annuity benefits with the system if, at the time of the qualifying member's death, the qualifying member does not have children who are eligible to receive dependent child survivor annuity benefits.

(2) If the surviving spouse files a waiver of his or her right to receive surviving spouse annuity benefits, then the surviving spouse may receive the qualifying member's accumulated contributions plus interest, if any, in a lump-sum distribution.

(d)(1) Pursuant to Arkansas Code § 24-7-710, surviving spouse annuity benefits are payable for the surviving spouse's lifetime, regardless of the remarriage of the surviving spouse.

(2) The surviving spouse may defer receipt of the surviving spouse annuity benefits, if applicable, under the deferred retirement provisions of Arkansas Code § 24-7-707.

(3) A surviving spouse shall submit the following documents to the system before a surviving spouse annuity benefit payment is issued to the surviving spouse:

(A) Proof of the qualifying member's death and date of death from the qualifying member's death certificate or another legally acceptable document;

(B) Proof of the surviving spouse's taxpayer identification number from a Social Security card or another authenticating document;

(C) Proof of the surviving spouse's date of birth from a birth certificate or another authenticating document; and

(D) Proof of the marriage between the qualifying member and surviving spouse from a marriage license or equivalent, marriage license recording document, or other legally acceptable proof of the existence of the marriage.

(4) A surviving spouse who is immediately eligible to receive a monthly survivor annuity benefit after the death of the qualifying member shall receive monthly survivor annuity benefits:

(A) Beginning the month after the death of the qualifying member if the survivor application is filed **by the end of the sixth full calendar month following the date** of the qualifying member's death; or

(B) Beginning the month in which the survivor application is filed with the system if at the time of the qualifying member's death the qualifying member:

(i) Accumulated at least twenty-five (25) years of credited service and was eligible to receive a voluntary retirement or early retirement annuity; or

(ii) Reached sixty (60) years of age and was eligible to receive a deferred retirement annuity.

(5) A surviving spouse who is not immediately eligible to receive a monthly survivor annuity benefit shall receive monthly survivor annuity benefits beginning the later of either the:

(A) Month following the date on which the qualifying member would have been eligible to receive retirement benefits had the qualifying member survived; or

(B) Date on which a survivor application is filed with the system.

§ 11-104. Survivors — Alternative residue beneficiary.

(a) A member may change his or her alternative residue beneficiary designation and designate his or her spouse as a residue beneficiary under Arkansas Code § 24-7-710 by documenting the change on a form provided and approved by the Arkansas Teacher Retirement System.

(b)(1) A qualifying member may designate one (1) or more alternative beneficiaries, also known as alternative residue beneficiaries, to receive a lump-sum payment of the qualifying member's residue in lieu of the qualifying member's surviving spouse by using a beneficiary form provided and approved by the system.

(2) A surviving spouse annuity benefit or any other type of monthly benefit shall not be paid to a qualifying member's surviving spouse if the qualifying member designates one (1) or more alternative residue beneficiaries to receive a lump-sum payment of the qualifying member's residue in lieu of the qualifying member's surviving spouse.

(3) A surviving spouse may elect Option A — 100% Survivor Annuity benefits if:

(A) The qualifying member:

(i) Designates only the surviving spouse as the primary residue beneficiary; and

(ii) Does not designate an alternative residue beneficiary as the primary residue beneficiary; or

(B)(i) The surviving spouse is ineligible for an annuity solely as a result of the qualifying member designating an alternative residue beneficiary and the alternative residue beneficiary waives his or her right to the residue.

(ii) An alternative residue beneficiary's waiver of his or her right to the residue is not required if the qualifying member does not have a residue with a payable balance.

(c)(1) A member's designation of his or her former spouse as the member's alternative residue beneficiary shall not be honored by the system with regard to the former spouse if the:

(A) Member remarries; and

(B) System receives proof of the member's remarriage in the manner required by the system before payment of the residue is issued to the former spouse.

(2) A member who remarries and desires to maintain his or her former spouse's designation as the member's alternative residue beneficiary shall file with the system a lump-sum death benefit beneficiary designation form that:

(A) Designates his or her former spouse as the member's alternative residue beneficiary; and

(B) Has a signature date of the member that is on or after the date of the member's remarriage.

(3) The system shall not be obligated to recoup or reimburse a member's current

spouse for any residue amount paid to the member's former spouse in accordance with a law, rule, or policy applicable to the system.

§ 11-105. Survivors — T-DROP plan participant.

(a)(1) A participant in the Teacher Deferred Retirement Option Plan may designate one (1) or more alternative residue beneficiaries to receive a lump-sum payment of his or her T-DROP benefits in lieu of his or her surviving spouse.

(2) A T-DROP plan benefit, surviving spouse annuity benefit, or any other type of monthly benefit shall not be paid to a plan participant's surviving spouse if the plan participant designates one (1) or more alternative residue beneficiaries to receive a lump-sum payment of his or her TDROP benefits in lieu of his or her surviving spouse.

(3) A surviving spouse may elect Option A — 100% Survivor Annuity benefits if:

(A) The plan participant:

(i) Designates only the surviving spouse as the primary residue beneficiary; and

(ii) Does not designate an alternative residue beneficiary as the primary residue beneficiary; or

(B)(i) The surviving spouse is ineligible for an annuity solely as a result of the plan participant designating an alternative residue beneficiary and the alternative residue beneficiary waives his or her right to the residue.

(ii) An alternative residue beneficiary's waiver of his or right to the residue is not required if the plan participant does not have a residue with a payable balance.

(b) A plan participant's T-DROP residue that otherwise would have been paid pursuant to Arkansas Code § 24-7-709 shall be calculated as the greater of either of the following:

(1) The accumulated contributions and regular interest credited to the retirement reserve account as of the member's effective retirement date reduced by the total amount of regular annuities paid, further reduced by amounts received from the T-DROP account in the form of a lump-sum or annuity benefit payments; or

(2) The T-DROP account as of the member's effective retirement date reduced by amounts received from the T-DROP account in the form of a lump-sum or annuity benefit payments.

§ 11-106. Survivors — Dependent children.

(a)(1) A child of a qualifying member is eligible to receive a survivor annuity benefit under Arkansas Code § 24-7-710 if the child qualifies as a dependent child.

(2) A qualifying member's child shall be eligible to qualify as a dependent child or maintain his or her status as a dependent child if:

(A) The qualifying member was the legal parent of the child at the time of the qualifying member's death; and

(B) The child meets all other requirements to qualify as a dependent child or maintain his or her status as a dependent child.

(b)(1) A child of a qualifying member qualifies as a dependent child if the child is:

(A) Is younger than eighteen (18) years of age; or

(B) Is at least eighteen (18) years of age and not older than twenty-two (22) years of age and continuously enrolled as a full-time student in an accredited secondary

school, college, university, or vocational-technical school; or

(C) Has been adjudged physically or mentally incapacitated by a court of competent jurisdiction.

(2) A dependent child who enrolls in an accredited college, university, or vocational-technical school shall remain eligible to receive a dependent child annuity during his or her period of deferred enrollment if the dependent child:

(A) Is not older than twenty-two (22) years of age; and

(B) Submits proof of his or her deferred to the Arkansas Teacher Retirement System in the manner required by the system.

(c) A qualifying member's dependent child shall not be eligible to qualify as a dependent child again and shall have his or her dependent child annuity terminated by the system if the dependent child dies or ceases to qualify as a dependent child of the qualifying member.

§ 11-107. Survivors — Dependent children — Full-time students.

(a) To be considered a full-time student, a dependent child shall:

(1) Take twelve (12) semester hours or eight (8) trimester hours in college;

(2) Take four (4) hours per day in a secondary or postsecondary school; or

(3) Engage full-time in a curriculum or field of study based upon verifiable indices from an accredited institution.

(b) After a dependent child reaches eighteen (18) years of age, in the absence of a parent or legal guardian, the dependent child may self-report his or her Certification of Attendance to the Arkansas Teacher Retirement System.

(c)(1) A qualifying member's child who is at least eighteen (18) years of age and not older than twenty-two (22) years of age and not a full-time student may continue to qualify as a dependent child and receive a survivor annuity benefit if a doctor certifies that the child is temporarily physically or mentally incapacitated and unable to attend school as a full-time student for the current semester or term due to the temporary physical or mental incapacitation.

(2) If a doctor does not certify the child as temporarily physically or mentally incapacitated and unable to attend school as a full-time student for the current semester or term due to the temporary physical or mental incapacitation and the child does not attend school as a full-time student in the following semester, the child shall no longer qualify as a dependent child and shall be ineligible to receive survivor annuity benefits.

§ 11-108. Survivors — Dependent children — Active military duty or training.

(a) A dependent child who qualifies under Arkansas Code § 24-7-710(c)(2)(B)(i) to receive survivor annuity benefit payments may have his or her payments temporarily suspended if he or she:

(1) Is called to active military duty or active military training; and

(2) Submits a copy of his or her military orders to the Arkansas Teacher Retirement System.

(b)(1) Survivor annuity benefit payments to a dependent child shall be temporarily suspended for the duration of the dependent child's participation in active military duty or active military training.

(2) Survivor annuity benefit payments to the dependent child shall be reinstated if

the dependent child:

(A) Is at least eighteen (18) years of age and not older than twenty-two (22) years of age;

(B) Immediately re-enrolls as a full-time student at an accredited secondary school, college, university, or vocational-technical school upon his or her return from active military duty or active military training; and

(C) Submits documentation of his or her re-enrollment as a full-time student to the system.

§ 11-109. Survivors — Dependent children — Incapacitated child.

A qualifying member's child who qualifies as a dependent child because he or she has been adjudged physically or mentally incapacitated by a court of competent jurisdiction and for whom a guardian has been appointed shall continue to be eligible to receive a dependent child survivor annuity benefit as long as the incapacity exists, regardless of the age of the child.

§ 11-110. Survivors — Dependent children — Return to work retirees.

(a) A dependent child annuity shall be payable to a surviving child of a retiree who dies after returning to work if the child qualifies as a dependent child and is eligible for a dependent child annuity under the law and rules applicable to the Arkansas Teacher Retirement System.

(b) The same rules applicable to the surviving child of qualifying member shall apply to the surviving child of a retiree who dies after returning to work.

§ 11-111. Survivors — Dependent children — Calculation and payment of survivor annuity.

(a) The amount of the survivor annuity benefit payable to a dependent child shall be the amount provided in Arkansas Code § 24-7-710.

(b) The highest of the following shall be used to calculate a dependent child's survivor annuity benefit:

(1) The total salary that the qualifying member would have received in the fiscal year in which the qualifying member died; or

(2) The qualifying member's highest salary in another fiscal year.

(c) The dependent child survivor annuity shall remain at the initial monthly amount, adjusted by an annual cost-of-living adjustment increase, as may be designated by the Board of Trustees of the Arkansas Teacher Retirement System.

(d) If more than one (1) dependent child of a qualifying member receives survivor annuity benefits, each dependent child's survivor annuity benefit shall:

(1) Remain at the initial monthly amount; and

(2) Not be readjusted if the survivor annuity benefit payments to one (1) or more of the dependent children terminates.

(e) A dependent child shall receive monthly survivor annuity benefits:

(1) Beginning the month after the qualifying member's death if the survivor application is filed with the Arkansas Teacher Retirement System by the end of the sixth full calendar month following the qualifying member's death; or

(2) If a survivor application is not filed with the system by the end of the sixth full

calendar month following the qualifying member's death, beginning the month in which the survivor application is filed with the system.

(f) A dependent child shall submit the following documents to the system before a survivor annuity benefit payment is issued to the dependent child:

(1) Proof of the qualifying member's death and date of death from the qualifying member's death certificate or another legally acceptable document;

(2) Proof of the dependent child's taxpayer identification number from a Social Security card or another authenticating documents;

(3) Proof that the dependent child is a child of the qualifying member from the dependent child's birth certificate or another legally acceptable document;

(4) Proof of the dependent child's date of birth from a birth certificate or another authenticating document;

(5) If applicable, a file-marked court order finding the dependent child physically or mentally incapacitated; and

(6) If applicable, proof of enrollment as a full-time student from an **accredited secondary school, college, university, or vocational-technical school.**

(g)(1) A deposit account designated to receive a survivor annuity benefit payment for the benefit of a dependent child who is under eighteen (18) years of age shall conform with:

(A) The Arkansas Uniform Transfers to Minors Act, Arkansas Code § 9-26201 et seq.; or

(B) A court order in a guardianship proceeding for the benefit of the dependent child.

(2) Each survivor annuity benefit payment is shall:

(A) Be made as a separate payment to the eligible dependent child in the appropriate deposit account; and

(B) Not be co-mingled with payments to other family members.

§ 11-112. Survivors — Disability retirees.

(a) If a member receives final approval for disability retirement and dies before receiving the first disability retirement benefit payment, the member's disability retirement benefits shall be paid to one (1) or more option beneficiaries, alternative residue beneficiaries, or other beneficiaries designated by the member.

(b) If a member's disability retirement application is received by the Arkansas Teacher Retirement System and the member dies before his or her disability application is approved, the member shall be considered to have died in active service and survivor annuity benefits under Arkansas Code § 24-7-710 may be paid if the member has not designated an alternative residue beneficiary.

§ 11-113. Survivors — Annuity benefits payable by reciprocal systems.

(a) If survivor annuity benefits are payable by more than one (1) reciprocal system to one (1) or more eligible survivors of a deceased qualifying member, the survivors shall not receive, as a percentage of the qualifying member's final pay or as a minimum dollar amount, more than the largest amount payable by a single, reciprocal system.

(b)(1) The Arkansas Teacher Retirement System shall prorate minimum benefits payable with any other reciprocal system that has a minimum benefit provision.

(2)(A) A reciprocal system shall pay the reciprocal system's proportionate share of

the minimum benefit amount.

(B) A reciprocal system's proportionate share of the minimum benefit amount shall be based on the ratio of the qualifying member's service in the reciprocal system to the qualifying member's total service in all other reciprocal systems.

(c) When a member elects to transfer from the Arkansas Teacher Retirement System to the Arkansas Public Employees' Retirement System under the provisions of Acts 1977, No. 793, the Arkansas Public Employees' Retirement System's law shall govern the survivors' eligibility for a payment of residue or survivor annuity benefits upon the member's death.

§ 11-114. Survivors — Lump-sum death benefit — Qualification.

(a) A member of the system who is active, retired, or a T-DROP plan participant and accrues the required amount of actual service at the time of his or her death may qualify for a lump-sum death benefit.

(b) For the purposes of eligibility for a lump-sum death benefit, a member shall be considered active for an additional fiscal year following the last fiscal year in which the member renders actual service to a covered employer and obtains at least a quarter (1/4) of a year of service credit.

§ 11-115. Survivors — Lump-sum death benefit — Amount and tax exemption.

(a)(1) The amount of the lump-sum death benefit may be set by a resolution or rules adopted by the Board of Trustees of the Arkansas Teacher Retirement System in an amount of up to ten thousand dollars (\$10,000) per member.

(2) The board may adjust the amount of the lump-sum death benefit each year and, as actuarially appropriate, prorate the amount of the lump-sum benefit based on the ratio of the member's contributory and noncontributory service credit.

(b)(1) Upon a qualifying member's death, the maximum lump-sum death benefit that the qualifying member qualifies to receive in accordance with the law, rules, and resolutions of the board applicable to the system shall be paid in equal shares to each person designated as a beneficiary by the qualifying member in the manner required by the system.

(2) If the qualifying member fails to designate a beneficiary or all the designated beneficiaries predecease the qualifying member, the lump-sum death benefit shall be paid to the qualifying member's estate.

(c)(1) Pursuant to Acts 2009, No. 1323, a lump-sum death benefit distribution made after June 30, 2009, shall be tax exempt, and no federal or state income tax shall be withheld by the Arkansas Teacher Retirement System.

(2) After June 30, 2009, a lump-sum death benefit shall not be eligible for a direct rollover.

§ 11-116. Survivors — Lump-sum death benefit — Beneficiary designations and authorized agents.

(a)(1) A member may designate one (1) or more natural persons, a duly formed legal entity, including a corporation, trust, partnership, or other legal entity, as his or her lump-sum death benefit beneficiary.

(2) If a member designates a funeral home as his or her lump-sum death benefit

beneficiary and the member is qualifying member who may receive a lump-sum death benefit at the time of his or her death, the Arkansas Teacher Retirement System shall not be obligated to do any of the following:

(A) Issue payment to the funeral home in an amount that exceeds the:

(i) Lump-sum death benefit amount that the member qualifies to receive in accordance with the laws, rules, and resolutions of the Board of Trustees of the Arkansas Teacher Retirement System; or

(ii) Share of the lump-sum death benefit amount that the funeral home would be entitled to receive if the member designates more than one (1) lump-sum death benefit beneficiary;

(B) Reimburse any person or entity for any amount received by the funeral home that exceeds the cost of the member's funeral service; or

(C) Recoup or assist any person or entity in recouping any amount received by the funeral home that exceeds the cost of the member's funeral service.

(3)(A) A member's designation of his or her former spouse as the member's lump-sum death benefit beneficiary shall not be honored by the system with regard to the former spouse if the:

(i) Member remarries; and

(ii) System receives proof of the member's remarriage in the manner required by the system before payment of the lump-sum death benefit is issued to the former spouse.

(B) A member who remarries and desires to maintain his or her former spouse's designation as the member's lump-sum death benefit beneficiary shall file with the system a lump-sum death benefit beneficiary designation form that:

(i) Designates his or her former spouse as the member's lump-sum death benefit beneficiary; and

(ii) Has a signature date of the member that is on or after the date of the member's remarriage.

(C) The system shall not be obligated to recoup or reimburse a member's current spouse for any lump-sum death benefit amount paid to the member's former spouse in accordance with this rule.

(b)(1) A completed lump-sum death benefit beneficiary form shall not be considered effective if the form is received by the Arkansas Teacher Retirement System after the member's death.

(2) A member's most recently completed, executed, and filed lump-sum death benefit beneficiary form shall supersede all previous lump-sum death benefit beneficiary forms completed, executed, and filed by the member.

(c)(1) A lump-sum death benefit beneficiary form that is signed by a member's authorized agent, including an attorney-in-fact, agent under a power of attorney, or any other legally recognized agent, shall not be processed until the document appointing the member's authorized agent is filed with and accepted by the system.

(2) Only a document that appoints and authorizes the member's authorized agent to transact retirement plan business on behalf of the member shall be effective for the system's purposes.

(3) Only a document that specifically authorizes a member's authorized agent to change the member's beneficiary designations shall be effective to allow the authorized

agent to change a beneficiary designation on the member's behalf with the system.

(d) A lump-sum death benefit beneficiary form signed by a guardian of the member's estate or another court-appointed conservator shall not be effective to allow the guardian or court-appointed conservator to change a beneficiary designation on the member's behalf with the system unless there is an accompanying court order specifically authorizing the guardian or court-appointed conservator to change a beneficiary designation on the member's behalf.

§ 11-117. Survivors — Lump-sum death benefit — Distribution, waiver, and assignment.

(a) A designated beneficiary shall submit the following forms and documents to the Arkansas Teacher Retirement System before a lump-sum death benefit payment is issued to the designated beneficiary:

(1) A written application on a form approved by the system; and

(2) The qualifying member's death certificate or other acceptable proof of the qualifying member's death.

(b) A lump-sum death benefit payment shall be made within a reasonable time to a qualifying member's designated beneficiary after the death of the qualifying member.

(c)(1) A designated beneficiary of a lump-sum death benefit may waive his or her right to receiving a payment of the lump-sum death benefit by submitting a waiver of his or her right to the lump-sum death benefit on a form that is acceptable to the system.

(2) If a designated beneficiary waives his or her right to the payment of a lump-sum death benefit, the system shall pay all or the balance of the lump-sum death benefit, whichever is applicable, to any other remaining designated beneficiaries.

(d) A designated beneficiary shall not assign his or her right to a payment of a lump-sum death benefit to another person or entity.

§ 11-118. Survivors — Lump-sum death benefit — Overpayments.

(a) The Arkansas Teacher Retirement System may deduct and reserves the right to deduct from a qualifying member's lump-sum death benefit any amount owed to the system by the qualifying member under Arkansas Code § 24-7-205.

(b) The system may collect and reserves the right to collect any overpayment or other amount owed to the system by a designated beneficiary.

§ 11-119. Survivors — Lump-sum death benefit — Transfers to minors.

The Arkansas Teacher Retirement System shall comply with all applicable laws relating to the distribution of a lumpsum death benefit including the Arkansas Uniform Transfers to Minors Act, Arkansas Code § 9-26-201 et seq.

§ 11-120. Qualified domestic relations order.

(a) The model qualified domestic relations order adopted by the Arkansas Teacher Retirement System pursuant to Arkansas Code § 9-18-103(b) shall be used by a member if a court intends to divide the member's retirement benefits or contributions between the member and an alternate payee.

(b)(1) The system shall promptly notify a member and the alternate payee upon receiving a QDRO.

(2)(A) Upon receiving a QDRO, the system shall determine within a reasonable time after receiving the QDRO whether the QDRO complies with the Arkansas Code, the system's rules, the system's model qualified domestic relations order, and other applicable laws.

(B) The system shall notify the member and the alternate payee in writing if the system determines that a QDRO submitted by the member or alternate payee does not comply with the Arkansas Code, the system's rules, the system's model qualified domestic relations order, or other applicable laws.

(C) The system shall accept a QDRO issued by a circuit court of the State of Arkansas or other court of competent jurisdiction regarding a member and an alternate payee if the QDRO complies with the Arkansas Code, the system's rules, the system's model qualified domestic relations order, and other applicable laws.

§ 11-121. Qualified domestic relations order — Limitations.

(a) A QDRO shall not require the Arkansas Teacher Retirement System to:

(1) Provide an alternate payee with any type or form of benefit or option not otherwise available to the member;

(2) Provide an alternate payee actuarial benefits not available to the member;

(3) Pay any benefits to an alternate payee that are required to be paid to another alternate payee under an existing QDRO;

(4) Provide any benefit that is an actuarial cost to the system and is not otherwise contemplated in the law and rules applicable to the system; or

(5) Violate any plan qualification requirement in the Internal Revenue Code, 26 U.S.C. § 401(a), or otherwise affect the system's requirement to operate as a governmental plan under the Internal Revenue Code, 26 U.S.C. § 414(d).

(b) The system shall not accept a QDRO for a member who does not have five (5) years of actual service with the system at the time the QDRO is issued by a court.

(c) No provision in the system's rules or in a QDRO accepted by the system shall require the system to violate any plan qualification requirement in the Internal Revenue Code, 26 U.S.C. § 401(a), or otherwise affect the system's requirement to operate as a governmental plan under the Internal Revenue Code, 26 U.S.C. § 414(d).

§ 11-122. Qualified domestic relations order — Computation of benefit payments.

(a)(1) The Arkansas Teacher Retirement System shall compute an alternate payee's monthly annuity benefit under a QDRO accepted by the system by using the benefit formula in effect at the time of the member's retirement.

(2) When computing an alternate payee's monthly retirement annuity benefit under a QDRO accepted by the system, the system shall include only service credit earned by the member during the marriage.

(b) If the QDRO issued by the circuit court assigns a marital portion or other part of a member's interest in his or her T-DROP plan deposits and interest, the benefits in the member's T-DROP account shall be computed as a separate calculation as provided by the model qualified domestic relations order adopted by the system.

§ 11-123. Qualified domestic relations order — Eligibility to receive benefits.

(a) The member or the alternate payee may file a QDRO with the Arkansas Teacher Retirement System before the member's retirement or termination of covered employment.

(b)(1) An alternate payee is eligible to receive benefit payments if the member retires or terminates employment with a covered employer and receives a refund of contributions.

(2) The alternate payee's portion of the member's retirement benefits or contributions shall be held in the member's account until the alternate payee is eligible to receive benefit payments under this rule.

(c) A benefit enhancement enacted by the General Assembly or the Board of Trustees of the Arkansas Teacher Retirement System after entry of a QDRO shall inure to the benefit of the member and shall not be assigned to the alternate payee.

§ 11-124. Qualified domestic relations order — Enrollment of alternate payee.

(a)(1) The alternate payee shall notify the Arkansas Teacher Retirement System of a change of his or her mailing address and verify annually his or her address with the system beginning one (1) year from the date of the letter notifying the alternate payee of the system's acceptance of the QDRO.

(2) If an alternate payee's address changes from the address provided on the QDRO accepted by the system or the address provided by the alternate payee during the system's enrollment of the alternate payee, the system shall not be obligated to determine the current post office address or any other address of the alternate payee.

(b) If the alternate payee is eligible to receive benefit payments and has not completed and submitted an enrollment form or all other required documents to the system, the following shall apply:

(1) The system shall notify the member in writing that the alternate payee has not completed and submitted an enrollment form or all other documents required in order for the system to issue a payment to the alternate payee;

(2) The system shall pay the alternate payee's portion of the member's retirement benefits or contributions to the member;

(3) The member shall hold as constructive trustee the alternate payee's portion of the member's retirement benefits or contributions upon receiving the alternate payee's portion of the member's retirement benefits or contributions; and

(4) The member shall be responsible for verifying with the system the amount of the alternate payee's portion of the member's retirement benefits or contributions to be held by the member as constructive trustee.

(c) If an alternate payee is eligible to receive benefit payments, the system shall:

(1) Not hold the alternate payee's portion of the member's retirement benefits or contributions in the member's account;

(2) Pay the alternate payee's portion of the member's retirement benefits or contributions when payment is due to the:

(A) Alternate payee if the alternate payee has completed and submitted to the system an enrollment form and all other documents required by the system in order to issue the payment; or

(B) Member to be held by the member as constructive trustee.

(d)(1) The system shall pay the member the total retirement benefit if the system

determines that the alternate payee's monthly retirement benefit is less than twenty dollars (\$20.00).

(2) The member shall be responsible for paying the alternate payee his or her portion of benefits if the system determines that the alternate payee's monthly retirement benefit is less than twenty dollars (\$20.00).

§ 11-125. Qualified domestic relations order — Benefit payments — Overpayments.

(a) The Arkansas Teacher Retirement System shall have the right to:

(1) Make any necessary correction to the monthly annuity benefit paid under a QDRO [accepted by the system](#); and

(2) Recover any overpayments owed to the system from either the member or the alternate payee.

(b)(1) If an amount that should not have been distributed to the member or alternate payee under the QDRO [accepted by the system](#) is received by the member or alternate payee, the member or alternate payee shall:

(A) Be responsible for holding the amount as a constructive trustee; and

(B) Notify the system immediately that he or she received the amount.

(c) The system shall not make restitution for:

(1) A payment that is issued to the alternate payee before the system receives notice of the alternate payee's change of address;

(2) A distributed amount that:

(A) The alternate payee is entitled to receive under the terms of a QDRO [accepted by the system](#); and

(B) Is received by the member as constructive trustee;

(3) A distributed amount that:

(A) The member is entitled to receive under the terms of a QDRO [accepted by the system](#); and

(B) Is received by the alternate payee as constructive trustee; [or](#)

(4) [An amount that was distributed before the system receives a court order voiding the QDRO accepted by the system.](#)

§ 11-126. Qualified domestic relations order — Benefit payments — Death of member or alternate payee.

(a)(1) Any benefit that would be due to the alternate payee under [a QDRO accepted by the Arkansas Teacher Retirement System](#) shall revert back to the member if the alternate payee dies before receiving the [first benefit payment issued to him or her by the system](#).

(2) [An alternate payee's portion of benefits payable to him or her under a QDRO accepted by the system shall not revert back to the member if the alternate payee dies after receiving the first benefit payment issued to him or her by the system.](#)

(b)(1) If a member dies before retirement, the alternate payee shall receive the same portion of the member's contributions, if any, as was assigned by the QDRO [accepted by the system](#).

(2) The alternate payee shall not receive monthly retirement annuity benefits from the system if the member has not received his or her retirement annuity at the time of his or her death.

§ 11-127. Qualified domestic relations order — Cancellation of retirement — Order voiding qualified domestic relations order.

(a)(1) If a member cancels his or her retirement, the Arkansas Teacher Retirement System may recoup any benefits paid to an alternate payee from the member, the alternate payee, or both the member and the alternate payee.

(2) If a member cancels his or her retirement, the system may recoup benefits paid to an alternate payee regardless of whether a court enters an order voiding the QDRO approved by system.

(b)(1) If a member does not cancel his or her retirement, the system shall not be required to:

(A) Reimburse the member for benefits that were paid to an alternate payee before an order voiding the QDRO approved by the system was entered by a court; or

(B) Recoup for the member any benefits that were paid to an alternate payee before an order voiding the QDRO approved by the system was entered by a court

(2) If a court enters an order voiding a QDRO approved by the system, the alternate payee's portion of benefits shall revert back to the member as of the date on which the court entered the order voiding the QDRO approved by the system.

§ 11-128. Lost payees and benefit forfeitures.

(a)(1) Each member and beneficiary of a deceased member is responsible for filing and shall file his or her respective current post office address and any subsequent change of address with the Arkansas Teacher Retirement System.

(2) Communication addressed to a member or beneficiary at the post office address last filed with the system, or, if no post office address has been filed with the system, the last post office address indicated on the records of the employer of the member or the beneficiary shall be:

(A) The official post office address used for the system's communication to the member or beneficiary; and

(B) Binding on the member or beneficiary for all system purposes.

(b) The system shall not be obligated to determine the current post office address or any other address for a member or beneficiary.

(c)(1) Member payments in the possession of the system shall be excluded from the definition of property as provided in the Unclaimed Property Act, Arkansas Code § 18-28-201 et seq.

(2) Arkansas Code § 24-7-734 supersedes any conflict with the Unclaimed Property Act, Arkansas Code § 18-28-201 et seq.

Authority: Arkansas Code §§ 9-18-101 — 9-18-103, 24-7-710, 24-7-713, 24-7-720, and 24-7-734

History

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~~ATRS RULE 11~~

~~SURVIVORS AND DOMESTIC RELATIONS ORDERS~~

~~Arkansas Code §§ 9-18-101 — 9-18-103, 24-7-710, 24-7-713, 24-7-720, and 24-7-734~~

I. Definitions

- a. ~~"Alternate payee" means a spouse, former spouse, child, or other dependent of a member under Arkansas law;~~
- b. ~~"Application" for the purposes of retirement eligibility means an application form and any other documents required by the Arkansas Teacher Retirement System (ATRS) to establish a member's eligibility to retire;~~
- c. ~~"Immediately eligible" for the purpose of survivor annuity benefits means a survivor of an active member who at the time of his or her death attained the normal retirement age and could have retired;~~
- d. ~~"Lump-sum death beneficiary" means one (1) or more persons or entities designated in writing by the member to receive payment of the lump-sum death benefit under Arkansas Code § 24-7-720;~~
- e. ~~"Lump-sum death benefit" means a monetary amount set by the Board of Trustees of the Arkansas Teacher Retirement System (Board), and paid by ATRS to one (1) or more lump-sum death beneficiaries as provided for under Arkansas Code § 24-7-720; and~~
- f. ~~"QDRO" means a court order that:~~
 1. ~~Meets the definition of a qualified domestic relations order under Arkansas Code § 9-18-101; or~~
 2. ~~Assigns a portion of a member's retirement benefit to the member's divorced spouse or an alternate payee upon the member's retirement or a refund of the member's contributions at the request of the member;~~
- g. ~~"Qualifying member" means:~~
 1. ~~For the purposes of eligibility for a lump-sum death benefit under Arkansas Code § 24-7-720, a member or retiree to whom one (1) of the following categories apply: A. The member:~~
 - i. ~~Is deceased;~~
 - ii. ~~Was an active member of ATRS before July 1, 2007; and~~
 - iii. ~~Has five (5) or more years of actual service, including actual service for the year immediately preceding his or her death;~~

~~B. The member:~~

- ~~i. Is deceased;~~
 - ~~ii. Was an active member of ATRS on or after July 1, 2007;~~
- ~~and~~
- ~~iii. Has ten (10) or more years of actual service; or C. The~~

~~retiree:~~

- ~~i. Dies before July 1, 2007; and~~
- ~~ii. Has accrued five (5) or more years of actual service, including actual service, for the year immediately preceding his or her death; or D. The retiree:~~

- ~~i. Dies on or after July 1, 2007; and~~
 - ~~ii. Has accrued ten (10) or more years of actual service, including actual service for the year immediately preceding his or her death;~~
- ~~or~~

~~2. For the purpose of an eligible survivor qualifying for survivor annuity benefits under Arkansas Code § 24-7-710, a member who:~~

- ~~A. Is an active member as defined in Arkansas Code § 24-7-202(2);~~
- ~~B. Has at least five (5) years of actual service and reciprocal service, including credited service for the year immediately preceding his or her death; and~~
- ~~C. Is active as provided in Arkansas Code § 24-7-710(f) and this ATRS Rule 11 II.a.~~

II. Survivors—Generally

~~a. Survivor Annuity Benefits—Member Qualification~~

~~1. A member shall be considered active for the purpose of an eligible survivor qualifying for survivor annuity benefits under Arkansas Code § 24-7-710 if: A.~~

~~The member has at least:~~

- ~~i. Ten (10) days of service credit in each prior quarter of the fiscal year from the time the fiscal year began or the member was employed by a covered employer, whichever occurs last; and~~
- ~~ii. One (1) quarter with ten (10) days of service; or B. Either of the following apply to the member:~~
 - ~~i. The member has earned at least ten (10) days of service credit in the quarter of the member's death and in each quarter before the member's death, collectively; or~~

c. ~~Payment of Surviving Spouse Annuity~~

1. ~~Pursuant to Arkansas Code § 24-7-710, surviving spouse annuity is benefits are payable for the surviving spouse's lifetime, regardless of the remarriage of the surviving spouse.~~
2. ~~The surviving spouse may defer receipt of the surviving spouse annuity benefits, if applicable, under the deferred retirement provisions of Arkansas Code § 24-7-707.~~
3. ~~A surviving spouse shall submit the following documents to ATRS before a surviving spouse annuity benefit payment is issued to the surviving spouse:~~
 - A. ~~Proof of the qualifying member's death and date of death from the qualifying member's death certificate or another legally acceptable document;~~
 - B. ~~Proof of the surviving spouse's taxpayer identification number from a Social Security card or another authenticating document;~~
 - C. ~~Proof of the surviving spouse's date of birth from a birth certificate or another authenticating document; and~~
 - D. ~~Proof of the marriage between the qualifying member and surviving spouse from a marriage license or equivalent, marriage license recording document, or other legally acceptable proof of the existence of the marriage.~~
4. ~~A surviving spouse who is immediately eligible to receive a monthly survivor annuity benefit after the death of the qualifying member shall receive monthly survivor annuity benefits:~~
 - A. ~~Beginning the month after the death of the qualifying member if the survivor application is filed with ATRS within three (3) months of the qualifying member's death; or~~
 - B. ~~Beginning the month in which the survivor application is filed with ATRS if at the time of the qualifying member's death the qualifying member:~~
 - i. ~~Accumulated at least twenty-five (25) years of credited service and was eligible to receive a voluntary retirement or early retirement annuity; or~~
 - ii. ~~Reached sixty (60) years of age and was eligible to receive a deferred retirement annuity.~~
5. ~~A surviving spouse who is not immediately eligible to receive a monthly survivor annuity benefit shall receive monthly survivor annuity benefits beginning the later of either the:~~
 - A. ~~Month following the date on which the qualifying member would have been eligible to receive retirement benefits had the qualifying member survived; or~~

~~B. Date on which a survivor application is filed with ATRS.~~

~~d. Alternative Residual Beneficiaries~~

~~1. Generally~~

~~A. A member may change his or her alternative residue beneficiary designation and designate his or her spouse as a residue beneficiary under Arkansas Code § 24-7-710 by documenting the change on a form provided and approved by ATRS.~~

~~2. Qualifying Member~~

~~A. A qualifying member may designate one (1) or more alternative beneficiaries, also known as alternative residue beneficiaries, to receive a lump-sum payment of the qualifying member's residue in lieu of the qualifying member's surviving spouse by using a beneficiary form provided and approved by ATRS.~~

~~B. A surviving spouse annuity benefit or any other type of monthly benefit shall not be paid to a qualifying member's surviving spouse if the qualifying member designates one (1) or more alternative beneficiaries to receive a lump-sum payment of the qualifying member's residue in lieu of the qualifying member's surviving spouse.~~

~~C. A surviving spouse may elect Option A — 100% Survivor Annuity benefits if the qualifying member:~~

- ~~i. Designates only the surviving spouse as the primary residue beneficiary; and~~
- ~~ii. Does not designate an alternative residue beneficiary as the primary residue beneficiary.~~

~~3. T-DROP Plan Participant~~

~~A. A Teacher Deferred Retirement Option Plan (T-DROP) participant (plan participant) may designate one (1) or more alternative residue beneficiaries to receive a lump-sum payment of his or her T-DROP benefits in lieu of his or her surviving spouse.~~

~~B. A T-DROP plan benefit, surviving spouse annuity benefit, or any other type of monthly benefit shall not be paid to a plan participant's surviving spouse if the plan participant designates one (1) or more alternative residue beneficiaries to receive a lump-sum payment of his or her T-DROP benefits in lieu of his or her surviving spouse.~~

~~C. A surviving spouse may elect Option A — 100% Survivor Annuity benefits if the plan participant:~~

- ~~i. Designates only the surviving spouse as the primary residue beneficiary; and~~
- ~~ii. Does not designate an alternative residue beneficiary as the primary residue beneficiary.~~

- D. ~~A plan participant's T-DROP residue that otherwise would have been paid pursuant to Arkansas Code § 24-7-709 shall be calculated as the greater of either of the following:~~
- i. ~~The accumulated contributions and regular interest credited to the retirement reserve account as of the member's effective retirement date reduced by the total amount of regular annuities paid, further reduced by amounts received from the T-DROP account in the form of a lump-sum or annuity benefit payments; or~~
 - ii. ~~The T-DROP account as of the member's effective retirement date reduced by amounts received from the T-DROP account in the form of a lump-sum or annuity benefit payments.~~

IV. ~~Dependent Children Benefits~~

- a. ~~A child of a qualifying member is eligible to receive a survivor annuity benefit under Arkansas Code § 24-7-710 if the child qualifies as a dependent child.~~
- b. ~~A child of a qualifying member qualifies as a dependent child if the child is:~~
 - 1. ~~Is younger than eighteen (18) years of age; or~~
 - 2. ~~Is between eighteen (18) years of age and twenty-three (23) years of age and continuously enrolled as a full-time student at an accredited secondary school, college, or university; or~~
 - 3. ~~Has been adjudged physically or mentally incapacitated by a court of competent jurisdiction.~~
- c. ~~Dependent Child— Full-time Student~~
 - 1. ~~To be considered a full-time student, the dependent child shall:~~
 - A. ~~Take twelve (12) semester hours or eight (8) trimester hours in college;~~
 - B. ~~Take four (4) hours per day in a secondary or postsecondary school; or~~
 - C. ~~Engage full-time in a curriculum or field of study based upon verifiable indices from an accredited institution.~~
 - 2. ~~After a dependent child reaches eighteen (18) years of age, in the absence of a parent or legal guardian, the dependent child may self-report his or her Certification of Attendance to ATRS.~~
 - 3. ~~Temporary Physical or Mental Incapacitation~~
 - A. ~~A qualifying member's child who is between eighteen (18) years of age and twenty-three (23) years of age and not a full-time student may continue to qualify as a dependent child and receive a survivor annuity benefit if a doctor certifies that the child is temporarily physically or mentally incapacitated to attend school for the current semester or term.~~
 - B. ~~If a doctor does not certify the child as temporarily physically or mentally incapacitated to attend school for the following semester or term and the~~

~~child does not attend school as a full-time student in the following semester, the child shall no longer qualify as a dependent child and shall be ineligible to receive survivor annuity benefits.~~

~~4. Active Military Duty or Training~~

- ~~A. A dependent child who qualifies under Arkansas Code § 24-7-710(c)(2)(B)(i) to receive survivor annuity benefit payments may have his or her payments temporarily suspended if he or she:~~
- ~~B. Is called to active military duty or active military training; and~~
- ~~C. Submits a copy of his or her military orders to the ATRS.~~
- ~~D. Survivor annuity benefit payments to the dependent child shall be suspended for the duration of the dependent child's participation in active military duty or active military training.~~
- ~~E. Survivor annuity benefit payments to the dependent child shall resume if the dependent child:~~
 - ~~i. Is between eighteen (18) and twenty-three (23) years of age;~~
 - ~~ii. Immediately re-enrolls as a full-time student upon his or her return from active military duty or active military training; and~~
 - ~~iii. Submits documentation of his or her re-enrollment as a full-time student to ATRS.~~

~~d. Dependent Child—Incapacitated Child~~

- ~~1. A qualifying member's child who qualifies as a dependent child because he or she has been adjudged physically or mentally incapacitated by a court of competent jurisdiction and for whom a guardian has been appointed shall continue to be eligible to receive a dependent child survivor annuity benefit as long as the incapacity exists, regardless of the age of the child. Arkansas Code § 24-7-710.~~

~~e. Dependent Child—Calculation and Payment of Survivor Annuity~~

- ~~1. The amount of the survivor annuity benefit payable to a dependent child shall be the amount provided in Arkansas Code § 24-7-710.~~
- ~~2. The highest of the following shall be used to calculate a dependent child's survivor annuity benefit:~~
 - ~~A. The total salary that the qualifying member would have received in the fiscal year in which the qualifying member died; or~~
 - ~~B. The qualifying member's highest salary in another fiscal year.~~
- ~~3. The dependent child survivor annuity shall remain at the initial monthly amount, adjusted by an annual cost-of-living adjustment increase, as may be designated by the Board.~~

4. ~~If more than one (1) dependent child of a qualifying member receives survivor annuity benefits, each dependent child's survivor annuity benefit shall:
 - A. ~~Remain at the initial monthly amount; and~~
 - B. ~~Not be readjusted if the survivor annuity benefit payments to one (1) or more of the dependent children terminates.~~~~

5. ~~A dependent child shall receive monthly survivor annuity benefits:
 - A. ~~Beginning the month after the qualifying member's death if the survivor application is filed with ATRS within three (3) months of the qualifying member's death; or~~
 - B. ~~If a survivor application is not filed with ATRS within three (3) months of the qualifying member's death, beginning the month in which the survivor application is filed with ATRS.~~~~

6. ~~A dependent child shall submit the following documents to ATRS before a survivor annuity benefit payment is issued to the dependent child:
 - A. ~~Proof of the qualifying member's death and date of death from the qualifying member's death certificate or another legally acceptable document;~~
 - B. ~~Proof of the dependent child's taxpayer identification number from a Social Security card or another authenticating documents;~~
 - C. ~~Proof that the dependent child is a child of the qualifying member from the dependent child's birth certificate or another legally acceptable document;~~
 - D. ~~Proof of the dependent child's date of birth from a birth certificate or another authenticating document;~~
 - E. ~~If applicable, a file-marked court order finding the dependent child physically or mentally incapacitated; and~~
 - F. ~~If applicable, proof of enrollment as a full-time student from an accredited secondary school, college, or university.~~~~

7. ~~A deposit account designated to receive a survivor annuity benefit payment for the benefit of a dependent child who is under eighteen (18) years of age shall conform with:
 - A. ~~The Arkansas Uniform Transfers to Minors Act, Arkansas Code § 9-26201 et seq.; or~~
 - B. ~~A court order in a guardianship proceeding for the benefit of the dependent child.~~~~

8. Each survivor annuity benefit payment is shall:
 - A. Be made as a separate payment to the eligible dependent child in the appropriate deposit account; and
 - B. Not be co-mingled with payments to other family members.

V. General Rules Regarding Survivor Annuities Annuity Benefits

- a. Survivor annuity benefits shall not be paid to the survivor of a qualifying member until the survivor provides ATRS with sufficient proof of his or her eligibility to receive survivor annuity benefit payments.
- b. ATRS shall send each survivor who is identified by the qualifying member to ATRS and who may be eligible for a survivor annuity benefit written notice of his or her potential eligibility at the survivor's last address on file with ATRS.¹
- c. If a member receives final approval for disability retirement and dies before receiving the first disability retirement benefit payment, the member's disability retirement benefits shall be paid to one (1) or more option, alternative residual, or other beneficiaries designated by the member.
- d. If a member's disability retirement application is received by ATRS and the member dies before his or her disability application is approved, the member shall be considered to have died in active service and survivor annuity benefits under Arkansas Code § 24-7-710 may be paid if the member has not designated an alternative residual beneficiary.
- e. Payments After Death of Member
 1. A salary earned by a member before the member's death and paid after the member's death is subject to ATRS deductions and the member's covered employer shall report the member's total salary and days of service in the covered employer's quarterly report.
 2. Gratuitous payments made by a covered employer to a member after the death of the member shall not be:
 - A. Considered the salary of the member;
 - B. Subject to contribution requirements; and
 - C. Included in the covered employer's quarterly report to ATRS
- f. Survivor Annuity Benefits Payable by One (1) or More Reciprocal Systems
 1. If survivor annuity benefits are payable by more than one (1) reciprocal system to one (1) or more eligible survivors of a deceased qualifying member, the survivors shall not receive, as a percentage of the qualifying member's final pay or as a minimum dollar amount, more than the largest amount payable by a single, reciprocal system.

¹ (See also ATRS Rule 11.VIII below).

2. ~~ATRS shall prorate minimum benefits payable with any other reciprocal system that has a minimum benefit provision.~~
 3. ~~A reciprocal system shall pay the reciprocal system's proportionate share of the minimum benefit amount.~~
 4. ~~A reciprocal system's proportionate share of the minimum benefit amount shall be based on the ratio of the qualifying member's service in the reciprocal system to the qualifying member's total service in all other reciprocal systems.~~
- g. ~~When a member elects to transfer from ATRS to APERS under the provisions of Acts 1977, No. 793, APERS' law shall govern the survivors' eligibility for a payment of residue or survivor annuity benefits upon the member's death.~~

VI. Lump-Sum Death Benefit Rules

- a. **Lump-Sum Death Benefits — Member Qualification**
 1. ~~A member who is active or retired and accrues the required amount of actual service at the time of his or her death may qualify for a lump-sum death benefit.~~
 2. ~~For the purposes of eligibility for a lump-sum death benefit under Arkansas Code § 24-7-720, a member shall be considered active for an additional fiscal year following the last fiscal year in which the member renders actual service to a covered employer and obtains at least a quarter (1/4) of a year of service credit.~~
- b. **Lump-Sum Death Benefit — Amount**
 1. ~~The amount of the lump-sum death benefit may be set pursuant to rules adopted by the Board in an amount of up to ten thousand dollars (\$10,000) per member.~~
 2. ~~The Board may adjust the amount of the lump-sum death benefit each year and, as actuarially appropriate, prorate the amount of the lump-sum benefit based on the ratio of the member's contributory and noncontributory service credit.~~
 3. ~~A lump-sum death benefit shall be paid as a single amount to the beneficiary designated by the qualifying member.~~
 4. ~~If the qualifying member fails to designate a beneficiary or a designated beneficiary does not survive the qualifying member, the lump-sum death benefit shall be paid to the qualifying member's estate.~~
- c. **Lump-Sum Death Benefit — Tax Exemption**
 1. ~~Pursuant to Acts 2009, No. 1323, a lump-sum death benefit distribution made after June 30, 2009, shall be tax exempt, and no federal or state income tax shall be withheld by ATRS.~~

2. ~~After June 30, 2009, a lump-sum death benefit shall not be eligible for a direct rollover.~~
- d. ~~Lump-Sum Death Benefit—Beneficiary Designations and Authorized Agents~~
1. ~~A member may designate one (1) or more natural persons, a duly formed legal entity, including a corporation, trust, partnership, or other legal entity, as his or her lump-sum death benefit beneficiary.~~
 2. ~~A completed lump-sum death benefit beneficiary form shall not be considered effective if the form is received by ATRS after the member's death.~~
 3. ~~A member's most recently completed, executed, and filed lump-sum death benefit beneficiary form shall supersede all previous lump-sum death benefit beneficiary forms completed, executed, and filed by the member.~~
4. ~~Authorized Agent and Guardian—Authority to Designate Beneficiary~~
- ~~A. Attorney-in-Fact and Power of Attorney~~
- i. ~~A lump-sum death benefit beneficiary form that is signed by a member's authorized agent, including an attorney-in-fact, agent under a power of attorney, or any other legally recognized agent, shall not be processed until the document appointing the member's authorized agent is filed with and accepted by ATRS.~~
 - ii. ~~Only a document that appoints and authorizes the member's authorized agent to transact retirement plan business on behalf of the member shall be effective for ATRS purposes.~~
 - iii. ~~Only a document that specifically authorizes a member's authorized agent to change the member's beneficiary designations shall be effective to allow the authorized agent to change a beneficiary designation on the member's behalf with ATRS.~~
- ~~B. Guardians and Court-Appointed Conservators~~
- i. ~~A lump-sum death benefit beneficiary form signed by a guardian of the member's estate or another court-appointed conservator shall not be effective to allow the guardian or court-appointed conservator to change a beneficiary designation on the member's behalf with ATRS unless there is an accompanying court order specifically authorizing the guardian or court-appointed conservator to change a beneficiary designation on the member's behalf.~~
- e. ~~Lump-Sum Death Benefit—Distribution, Waiver, and Assignment~~
1. ~~A designated beneficiary shall submit the following forms and documents to ATRS before a lump-sum death benefit payment is issued to the designated beneficiary:~~
 - A. ~~A written application on a form approved by ATRS; and~~

- B. ~~The qualifying member's death certificate or other acceptable proof of the qualifying member's death.~~
- 2. ~~A lump-sum death benefit payment shall be made within a reasonable time to a qualifying member's designated beneficiary after the death of the qualifying member.~~
- 3. ~~A designated beneficiary of a lump-sum death benefit may waive his or her right to receiving a payment of the lump-sum death benefit by submitting a waiver of his or her right to the lump-sum death benefit on a form that is acceptable to ATRS.~~
- 4. ~~If a designated beneficiary waives his or her right to the payment of a lumpsum death benefit, ATRS shall pay all or the balance of the lump-sum death benefit, whichever is applicable, to any other remaining designated beneficiaries.~~
- 5. ~~A designated beneficiary shall not assign his or her right to a payment of a lump-sum death benefit to another person or entity.~~
- f. ~~Lump-Sum Death Benefit — Overpayments~~
 - 1. ~~ATRS reserves the right to deduct from a qualifying member's lump-sum death benefit any amount owed to ATRS by the qualifying member under Arkansas Code § 24-7-205.~~
 - 2. ~~ATRS reserves the right to collect any overpayment or other amount owed to ATRS by a designated beneficiary.~~
- g. ~~Lump-Sum Death Benefit — Compliance~~

~~ATRS shall comply with all applicable laws relating to the distribution of a lumpsum death benefit including the Arkansas Uniform Transfers to Minors Act, Arkansas Code § 9-26-201 et seq.~~

VII. ~~Qualified Domestic Relations Orders (QDRO) for ATRS Members~~

- a. ~~QDRO — Adopted by ATRS~~
 - 1. ~~The model QDRO adopted by ATRS pursuant to Arkansas Code § 9-18-103(b) shall be used by a member if a court intends to divide the member's retirement benefits or contributions between the member and an alternate payee.~~
- b. ~~QDRO Issued by Court~~
 - 1. ~~ATRS shall accept a QDRO issued by a circuit court of the State of Arkansas or other court of competent jurisdiction regarding a member and an alternate payee, subject to the following:~~
 - A. ~~The alternate payee is eligible to receive benefit payments if the member:~~
 - i. ~~Retires; or~~

- i. ~~Notify ATRS of a change of the alternate payee's mailing address; and~~
 - ii. ~~Verify annually his or her address with ATRS beginning one (1) year from the date of the letter notifying the alternate payee of ATRS' acceptance of the QDRO.~~
- L. ~~The alternate payee's portion of the member's retirement benefits or contributions shall be held in the member's account until the alternate payee is eligible to receive benefit payments under this ATRS Rule 11 VII b.1.A.~~
- M. ~~If the alternate payee is eligible to receive benefit payments, ATRS shall:~~
 - i. ~~Not hold the alternate payee's portion of the member's retirement benefits or contributions in the member's account;~~ ii. ~~Pay the alternate payee's portion of the member's retirement benefits or contributions when payment is due to the:~~
 - a. ~~Alternate payee if the alternate payee has completed and submitted to ATRS an enrollment form and all other documents required by ATRS in order to issue the payment; or~~
 - b. ~~Member to be held by the member as constructive trustee.~~
- N. ~~If the alternate payee is eligible to receive benefit payments and has not completed and submitted an enrollment form or all other required documents to ATRS, the following shall apply:~~
 - i. ~~ATRS shall notify the member in writing that the alternate payee has not completed and submitted an enrollment form or all other documents required in order for ATRS to issue a payment to the alternate payee;~~
 - ii. ~~ATRS shall pay the alternate payee's portion of the member's retirement benefits or contributions to the member;~~
 - iii. ~~The member shall hold as constructive trustee the alternate payee's portion of the member's retirement benefits or contributions upon receiving the alternate payee's portion of the member's retirement benefits or contributions; and~~
 - iv. ~~The member shall be responsible for verifying with ATRS the amount of the alternate payee's portion of the member's retirement benefits or contributions to be held by the member as constructive trustee.~~
- O. ~~If an amount that should not have been distributed to the member or alternate payee under the QDRO is received by the member or alternate payee, the member or alternate payee shall:~~

- i. ~~Be responsible for holding the amount as a constructive trustee; and~~
 - ii. ~~Notify ATRS immediately that he or she received the amount. P.~~
~~ATRS shall not make restitution for:~~
 - i. ~~A payment that is issued to the alternate payee before ATRS receives notice of the alternate payee's change of address;~~
 - ii. ~~A distributed amount that:~~
 - a. ~~The alternate payee is entitled to receive under the terms of a QDRO; and~~
 - b. ~~Is received by the member as constructive trustee; or~~
 - iii. ~~A distributed amount that:~~
 - a. ~~The member is entitled to receive under the terms of a QDRO; and~~
 - b. ~~Is received by the alternate payee as constructive trustee.~~
- Q. ~~A benefit enhancement enacted by the General Assembly or the Board after entry of the QDRO shall inure to the benefit of the member and shall not be assigned to the alternate payee.~~
- R. ~~ATRS shall not accept a QDRO for a member who does not have five (5) years of actual service with ATRS at the time the QDRO is issued by a court.~~
- S. ~~ATRS shall pay the member the total retirement benefit if ATRS determines that the alternate payee's monthly retirement benefit is less than twenty dollars (\$20.00).~~
- T. ~~The member shall be responsible for paying the alternate payee his or her portion under the QDRO if ATRS determines that the alternate payee's monthly retirement benefit is less than twenty dollars (\$20.00).~~
- U. ~~The QDRO issued by the circuit court shall not require ATRS to provide any benefit that is an actuarial cost to ATRS and is not otherwise contemplated in the law and rules applicable to ATRS.~~
- V. ~~No provision in this ATRS Rule 11 or in a QDRO accepted by ATRS shall require ATRS to violate any plan qualification requirement in the Internal Revenue Code, 26 U.S.C. § 401(a), or otherwise affect ATRS' requirement to operate as a governmental plan under the Internal Revenue Code, 26 U.S.C. § 414(d).~~

VIII. ~~Lost Payees Rules~~

- a. ~~A member or beneficiary of a deceased member, whichever is appropriate, is responsible for filing a current post office address and any subsequent change of address with ATRS.~~

- b. ~~Communication addressed to a member or beneficiary at the last post office address last filed with ATRS, or, if no post office address has been filed with ATRS, the last post office address indicated on the records of the employer of the member or the beneficiary shall be:

 - 1. ~~The official post office address for ATRS communication to the member or beneficiary; and~~
 - 2. ~~Binding on the member or beneficiary for all ATRS purposes.~~
 - 3. ~~ATRS shall have no obligation to determine the current post office address or any other address for a member or beneficiary. (Arkansas Code § 24-7-734)~~~~
- c. **Unclaimed Property Act**
 - 1. ~~Member payments in the possession of ATRS shall be excluded from the definition of property as provided in the Unclaimed Property Act, Arkansas Code § 18-28-201 et seq.~~
 - 2. ~~Arkansas Code § 24-7-734 supersedes any conflict with the Unclaimed Property Act, Arkansas Code § 18-28-201 et seq.~~

HISTORY

Adopted:	August 10, 1993	11-3
Amended:	March 6, 1996	11-3
Amended:	February 10, 1998	11-3
Amended:	May 5, 1998	11-3
Amended:	October 7, 2003	11-3
Amended:	June 15, 2004	11-1, 11-2
Adopted:	July 18, 2005	11-5
Amended:	February 7, 2006	11-1, 11-2
Amended:	April 26, 2007	11-1, 11-2
Amended:	October 6, 2008	11-3
Amended:	June 16, 2009	(Emergency) 11-2
Amended:	October 5, 2009	(Permanent) 11-2
Amended:	December 18, 2009	11-1
Amended:	July 1, 2011	(Emergency) 11-1, (Emergency) 11-2
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Effective:	November 11, 2011	11-1, 11-2
Approved by Board:	August 6, 2012	11-1

Amended: ~~October 13, 2012~~ ~~11-1~~
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Effective: ~~May 28, 2020~~ ~~Rule 11~~
Effective: ~~May 20, 2022~~ ~~Rule 11~~

ATRS Rule 12

Protection of “Qualified Trust” Status of the Arkansas Teacher Retirement System under Internal Revenue Code § 401(a)

§ 12-101. Definition.

(a) As used in this rule, “Internal Revenue Code” means the same as defined in Arkansas Code § 24-7-202.

(b) The definition of “Internal Revenue Code” shall apply to the policies, rules, and regulations of the Arkansas Teacher Retirement System.

§ 12-102. Compliance with federal law.

(a) The Executive Director of the Arkansas Teacher Retirement System is authorized and directed to:

(1) Operate the Arkansas Teacher Retirement System in accordance with the requirements of the Internal Revenue Code and applicable United States Treasury regulations as may be necessary for the system to maintain its status and continue being operated as a qualified trust under 26 U.S.C. § 401(a);

(2) Interpret Arkansas Code §§ 24-7-101 et seq., and the policies, rules, and regulations of the system in a manner that is consistent with the requirements of the Internal Revenue Code and applicable United States Treasury regulations as may be necessary for the system to maintain its status and continue being operated as a qualified trust under 26 U.S.C. § 401(a).

(b)(1) The policies, rules, and regulations promulgated by the Board of Trustees of the Arkansas Teacher Retirement System shall be consistent with the requirements of the Internal Revenue Code and applicable United States Treasury regulations.

(2) Any policy, rule, or regulation found to be in conflict with an applicable provision of the Internal Revenue Code are void.

(3) In accordance with Arkansas Code § 24-7-305, the board by resolution may modify or eliminate a rule of the system if a requirement under the Internal Revenue Code becomes unnecessary, immaterial, or obsolete to the maintenance of the system’s status as a qualified trust.

Authority: Arkansas Code §§ 24-7-101 et seq., 24-7-202, and 24-7-305,

History

<u>Adopted:</u>	<u>July 18, 2005</u>	
<u>Approved by Board:</u>	<u>July 26, 2013</u>	
<u>Amended:</u>	<u>October 9, 2013</u>	
<u>Effective:</u>	<u>November 8, 2013</u>	
<u>Effective:</u>	<u>TBD</u>	

~~**RULE 12-1**~~
~~**PROTECTION OF “QUALIFIED TRUST” STATUS**~~
~~**OF ATRS UNDER**~~
~~**INTERNAL REVENUE CODE § 401(a)**~~

A.C.A. § 24-7-202(16)
Act 71 of 2005

DEFINITION

~~**Internal Revenue Code** or **Code**, as used in these policies, rules, and regulations, means the federal Internal Revenue Code of 1986, as amended, as it existed on January 1, 2013.~~

RULES (A.C.A. § 24-7-210)

1. ~~The Executive Director of the Arkansas Teacher Retirement System is authorized and directed to operate ATRS and interpret any provisions of A.C.A. §§ 24-7-101 *et seq.* and these policies, rules, and regulations consistent with the requirements under the federal Internal Revenue Code and applicable United States Treasury regulations necessary to permit ATRS to be operated as a “qualified trust” under section 401(a) of the Code.~~
2. ~~Policies, rules, and regulations promulgated by the Board shall be consistent with these directions.~~
3. ~~Any policies, rules, or regulations found to be in conflict with an applicable provision of the Code are void.~~
4. ~~The Board may modify or eliminate an ATRS Rule by resolution at any Board meeting if a Code requirement becomes unnecessary, immaterial, or obsolete to the maintenance of ATRS qualified trust status, for the purposes under Act 109 of 2013.~~

Adopted: ~~July 18, 2005~~
Approved by Board: ~~July 26, 2013~~
Amended: ~~October 9, 2013~~
Effective: ~~November 8, 2013~~

~~12-1-1~~

ATRS Rule 13
Administrative Adjudications and Informal Resolutions: Staff
Determinations and Manifest Injustice Referrals

§ 13-101. Definitions.

As used in this rule:

(1) "Manifest injustice" has the same meaning as provided in Arkansas Code § 24-7-202; and

(2) "Member" for the purposes of the staff determination and appeal process means any member of the Arkansas Teacher Retirement System as defined in Arkansas Code § 24-7-202 and includes:

(A) A beneficiary of a member;

(B) A retiree of the system;

(C) A guardian, an administrator, or an executor of a member, retiree, or beneficiary; or

(D) A public school.

§ 13-102. Staff determinations — Scope and purpose.

(a) This rule governs the practice and procedures of the Arkansas Teacher Retirement System concerning the adjudication of a claim that concerns any retirement plan or program administered by the system and arises as a result of a determination made by the staff or administration of the system.

(b)(1) The system's staff is responsible for administering the accounts of members of the system and may make determinations based on the law and rules applicable to the system that may be adverse to a member's claim.

(2) This rule outlines the procedure for a member to appeal the determination of the system's staff or administration concerning a claim of the member.

(c)(1) The rules concerning the staff determination and appeal process should be read in conjunction with the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(2) To the extent that the rules concerning the staff determination and appeal process conflict with the Arkansas Administrative Procedures Act, the terms and provisions of the Arkansas Administrative Procedures Act shall supersede the rules concerning the staff determination appeal process and control.

(d) The rules concerning the staff determination and appeal process do not apply to claims or causes of action that the system or the Board of Trustees of the Arkansas Teacher Retirement System may have against a member or any other person or entity, regardless of the origin or nature of the claim.

§ 13-103. Staff determinations — Extension of deadlines.

(a)(1) The Board of Trustees of the Arkansas Teacher Retirement System and the Executive Director of the Arkansas Teacher Retirement System may extend any deadline applicable to a member's appeal upon a showing of good cause unless a Hearing Officer has been assigned.

(2) Only the board may extend a deadline after the deadline has passed.

(3) If a hearing officer has been assigned, until the completion of the hearing, only

the hearing office may extend a deadline applicable to a member's appeal upon a showing of good cause.

(b) When compliance with the rules concerning the staff determination and appeal process is based on delivery having occurred, delivery shall be considered to have occurred on the earlier of either the:

(1) Date of the postmark, if posted with the United States Postal Service;

(2) Date of actual delivery by one of the following methods:

(A) Hand delivery;

(B) Electronic transmission; or

(C) Delivery service other than USPS.

§ 13-104. Staff determinations — Informal resolutions.

(a)(1) A member's claim may be resolved informally through correspondence or conference between the member and the staff of the Arkansas Teacher Retirement System.

(2) All reasonable efforts shall be made to informally resolve a member's claim with the member.

(b)(1) The executive director may implement a resolution of a member's claim that has a direct impact to the system of up to five thousand dollars (\$5,000).

(2) Board approval shall be required to implement a resolution that has a direct financial impact to the system in excess of five thousand dollars (\$5,000).

(c)(1) The system's staff and the member are strongly encouraged to engage in a good faith attempt to resolve claims informally based upon the proper application of the law, rules, and policies applicable to the system and to the specific facts of the member's claim.

(2) A member's claim shall not be resolved in a manner that contravenes the law, rules, and policies applicable to the system.

(d) If a claim is not resolved informally and a staff determination letter adverse to the member's claim is issued to the member, the member may request a review of the staff determination by the Executive Director of the Arkansas Teacher Retirement System.

(e) The manifest injustice referral process shall not be used with regard to a member if the manifest injustice referral concerns the same questions of the law and fact that are at issue in a claim concerning the member that is resolved through the staff determination and appeals process.

§ 13-105. Staff determinations — Notice of adverse determination.

(a)(1) If the staff of the Arkansas Teacher Retirement System make a determination that is adverse to a member's claim, the system shall send a staff determination letter to the member if the claim involves:

(A) An ambiguity in the interpretation of the specific facts of the member's claim that would impact the manner in which the law, rules, or policy applicable to the system are applied to the member's claim;

(B) An ambiguity in the interpretation of the law, rules, or policy applicable to the system; or

(C) An ambiguity concerning the proper application of the law, rules, or policy applicable to the system to the specific facts of the member's claim.

(2) A staff determination letter shall not be issued to a member unless the staff determination letter has been reviewed and approved by an attorney for the system.

(b) A staff determination letter that is issued to a member shall:

(1) Advise the member of the determination and the reasons for the determination;
and

(2) Advise the member of the procedure for requesting a review of the staff determination by the Executive Director of the Arkansas Teacher Retirement System;

(3) Advise the member of the deadline to request a review by the executive director; and

(4) Not include findings of fact and conclusions of law, separately stated.

(c) The written determination of system staff concerning an overpayment collection dispute or the applicability of a salary limitation to a plan or payment shall be treated as a staff determination letter.

(d) A staff determination letter is not and shall not be construed as a final decision or order of the system that may be appealed under the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(e) The system shall consider a member's claim as closed if the member does not request a review of the staff determination by the executive director within thirty (30) calendar days of the date of the staff determination letter.

§ 13-106. Staff determinations — Review by executive director.

(a)(1) A member shall submit a request for a review of a staff determination by the Executive Director of the Arkansas Teacher Retirement System in writing.

(2) A member shall not be required to resubmit any documents or information with his or her request for a review.

(b)(1) Unless an extension is granted by the Board of Trustees of the Arkansas Teacher Retirement System or the executive director, a member shall not be permitted to request a review of a staff determination by the executive director unless the member's request is received by the Arkansas Teacher Retirement System within thirty (30) calendar days of the date of the staff determination letter.

(2) If the last day to request a review of a staff determination by the executive director falls on an official state holiday or weekend, the member shall have until the next business day to request a review.

(b)(1) The executive director shall promptly send a letter to the member acknowledging the member's request for a review.

(2)(A) The member may submit for review by the executive director any additional relevant documents or information not previously submitted by the member to the system.

(B) The member shall submit the additional documents and information to the executive director within thirty-five (35) calendar days of the date of the executive director's acknowledgement letter.

(c)(1) Upon receiving a member's request for a review of a staff determination, the executive director shall independently review the facts and the law, rules, and policy applicable to the member's claim.

(2) The executive director shall consider the staff determination as well as any relevant documents and information provided by the member.

(3) The executive director may affirm, reverse, or modify the staff determination

before a final determination on the member's claim is made by the board.

(d)(1) The executive director shall send a review determination letter to the member within ninety (90) calendar days from the date on which the member's request for a review was received by the system.

(2) A review determination letter shall:

(A) Advise the member of the determination and the applicable law, rules, and policy used by the executive director to reach his or her determination;

(B) Advise the member of the procedure for appealing the review determination letter to the board;

(C) Advise the member of the deadline to appeal the review determination letter to the board; and

(D) Not include findings of fact and conclusions of law, separately stated.

(e) A review determination letter is not and shall not be construed as a final decision or order of the system that may be appealed under the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(d) The system shall consider a member's claim as closed if the member does not appeal the executive director's review determination within thirty (30) calendar days of the date of the review determination letter.

§ 13-107. Staff determinations — Appeals — Initiation of appeal to the Board of Trustees of the Arkansas Teacher Retirement System.

(a) A review determination of the Executive Director of the Arkansas Teacher Retirement System may be appealed by the member to the Board of Trustees of the Arkansas Teacher Retirement System.

(b)(1) A member shall appeal a review determination of the executive director in writing by filing a signed notice of appeal with the Arkansas Teacher Retirement System in the manner required by the system.

(2) A member shall file his or her signed notice of appeal with the system within thirty (30) calendar days of the date of the review determination letter.

(c) A member shall address and deliver his or her signed notice of appeal to the Board of Trustees of the Arkansas Teacher Retirement System, Member Appeals, ATTN: Legal Department, 1400 West Third Street, Little Rock, Arkansas, 72201.

§ 13-108. Staff determinations — Appeals — Assignment of hearing officer.

(a)(1) All member appeals of a review determination shall be assigned to a hearing officer.

(2) The executive director or his or her designee shall appoint a hearing officer from a list of qualified individuals approved by the executive director.

(3) The hearing officer shall conduct an administrative hearing, recommend factual and legal determinations, and prepare a proposed order for the board that includes findings of fact and conclusions of law, separately stated.

(b)(1) Following appointment, the hearing officer shall issue a written scheduling order to the member, executive director, and legal counsel for the system.

(2) The scheduling order shall contain include all information required under the Arkansas Administrative Procedures Act, § 25-19-201 et seq.

(3) The hearing officer, at his or her discretion, may include in the scheduling order reasonable deadlines for the submission and exchange of exhibits, witness lists, and

related materials before the hearing, including without limitation, any requested proposed findings of fact and conclusions of law.

(4) The hearing officer may continue any scheduled matter at his or her discretion for good cause shown by any party or counsel of record.

(d) Unless otherwise ordered, hearings shall be held at the Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201.

§ 13-109. Staff determinations — Appeals — Filing documents.

(a) Following the appointment of a hearing officer, all correspondence, documents, requests, submissions, filings and other documents relating to an appeal shall be mailed or hand delivered to the Arkansas Teacher Retirement System, Member Appeals, ATTN: Legal Department, 1400 West Third Street, Little Rock, Arkansas, 72201.

(b) Any party submitting or filing a document relating to an appeal shall simultaneously deliver a copy of the filing or document to the opposing party or, if applicable, opposing counsel.

(c) The Arkansas Teacher Retirement System shall be the responsible for ensuring that:

(1) Copies of all correspondence, documents, requests, submissions, filings, and other documents relating to an appeal are provided in a timely manner to the hearing officer; and

(2) A complete record of each appellate proceeding before a hearing officer and the Board of Trustees of the Arkansas Teacher Retirement System is prepared and maintained in a single, centralized location.

§ 13-110. Staff determinations — Appeals — Hearings.

(a) The hearing is an administrative hearing before the hearing officer and is not a hearing before the Board of Trustees of the Arkansas Teacher Retirement System.

(b)(1) All hearings shall be conducted according to [the rules concerning the staff determination appeal process](#) and the corresponding procedural provisions of the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(2) The hearing shall be informal and the formal rules of evidence shall not apply.

(3) In conducting a hearing, the hearing officer shall not be bound by the formal rules of evidence, and no informality in any proceedings or in the manner of taking of testimony shall invalidate any order or decision of the board.

(c) A member shall at all times have the right to counsel, provided that such counsel:

(1) Is duly licensed to practice law in the State of Arkansas; or

(2) Has been granted permission to appear *pro hac vice* by the hearing officer.

(d)(1) All hearings shall be conducted in an orderly manner.

(2) The hearing officer shall have the authority to maintain the decorum of the hearing and may clear the hearing room of witnesses who are not under examination.

(e) If a member fails to appear at the hearing, the member waives his or her right to present evidence and arguments to the hearing officer and the hearing officer may proceed with the hearing and prepare a proposed order for the board's consideration based on the evidence presented.

(f) The hearing officer shall have the authority to administer oaths and affirmations.

(g)(1) Each party shall be entitled to examine and cross-examine witnesses, present evidence, make arguments, and generally participate in the conduct of the proceeding.

(2) The hearing officer may question a witness during any portion of the direct or cross-examination of the witness.

(3)(A) Before giving testimony, each witness shall swear or affirm that the testimony about to be given shall be the truth, the whole truth, and nothing but the truth.

(B) All testimony considered by the hearing officer, except for matters officially noticed or entered by stipulation, shall be sworn testimony.

(h)(1) The hearing officer may admit into the record any evidence that in his or her judgment:

(A) Has a reasonable degree of probative value and trustworthiness; or

(B) Is of a type or nature commonly relied upon by reasonably prudent people in the conduct of their affairs.

(2) The hearing officer may exclude evidence that is irrelevant, immaterial, or unduly repetitious.

(3) Objections to evidentiary offers may be made and shall be noted of record.

(4) Documents received into evidence by the hearing officer shall be marked and filed as part of the record.

(i) Following the close of evidentiary submissions and witness testimony, the hearing officer may in his or her discretion allow summations and closing arguments by the parties.

(j)(1) The Arkansas Teacher Retirement System shall arrange for a court reporter to attend and record all hearings.

(2)(A) The system shall pay the cost for preparing a transcript of the hearing.

(B) Upon receiving the hearing transcript, the system shall promptly forward a copy of the transcript to the hearing officer and the member or, if applicable, the member's counsel.

§ 13-111. Staff determinations — Appeals — Post-hearing briefs.

(a)(1) Upon the completion of the hearing, the hearing officer may allow the parties to submit post-hearing briefs to be included as part of the record on appeal.

(2) The decision on whether or not to allow the submission of post-hearing briefs is within the sole discretion of the hearing officer.

(3) A hearing officer's decision to not allow post-hearing briefs shall have no effect on the validity of any order or decision issued by the Board of Trustees of the Arkansas Teacher Retirement System.

(b) If a hearing officer grants the member or the Arkansas Teacher Retirement System an opportunity to submit a post-hearing brief, the hearing officer shall provide the opposing party an opportunity to submit a response.

(c) The hearing officer shall have discretion to set reasonable deadlines for the parties to submit post-hearing briefs and responses, provided that the parties shall be allowed a minimum of fourteen (14) calendar days from the date of receipt of the hearing transcript before any initial post-hearing brief shall be due for filing.

§ 13-112. Staff determinations — Appeals — Proposed orders.

(a) After the hearing officer receives all evidence, arguments, and, if applicable, post-hearing briefs, the record before the hearing officer shall be officially closed.

(b)(1) After the record before the hearing officer is closed and the hearing officer has

considered all of the evidence, the hearing officer shall, as soon as practical, prepare a proposed order to be delivered to the Board of Trustees of the Arkansas Teacher Retirement System.

(2) The proposed order shall include:

(A) Findings of fact based exclusively on the evidence and testimony in the record of the hearing;

(B) Conclusions of law **that shall be separately stated from the findings of fact**; and

(C) A recommendation to the board.

(3)(A) The hearing officer shall provide the proposed order to the board via e-mail and via United States mail addressed to the Arkansas Teacher Retirement System, Member Appeals, ATTN: Legal Department, 1400 West Third Street, Little Rock, Arkansas, 72201.

(B) Upon receiving the proposed order, the system shall mail a copy of the proposed order to the member and, if applicable, the member's counsel via Certified, First Class, United States mail, with a copy to the Executive Director of the Arkansas Teacher Retirement System.

§ 13-113. Staff determinations — Appeals — Objections to proposed orders.

(a)(1) The member shall have the right to file a written statement of objections outlining any objections, exceptions, and arguments that the member determines should be considered by the Board of Trustees of the Arkansas Teacher Retirement System during the board's evaluation of the hearing officer's proposed order.

(2) A member shall not be permitted to introduce additional evidence or testimony in his or her statement of objections.

(b) A member's written statement of objections shall be delivered to the Arkansas Teacher Retirement System within twenty-one (21) calendar days of the member's receipt of the hearing officer's proposed order.

(c)(1) Counsel for the system may prepare a written response to any written statement of objections filed by the member.

(2) A copy of any response by the system shall be provided to the board and the member and, if applicable, the member's counsel, before the board meeting at which the hearing officer's proposed order is scheduled to be considered by the board.

§ 13-114. Staff determinations — Appeals — Consideration of proposed orders by the Board of Trustees of the Arkansas Teacher Retirement System.

(a) The Board of Trustees of the Arkansas Teacher Retirement System shall render a final determination on the hearing officer's proposed order.

(b)(1) The board's consideration of the hearing officer's proposed order shall be scheduled within a reasonable time to be heard, at a regular meeting of the board after the issuance of the proposed order.

(2) The board may call an emergency meeting to consider the hearing officer's proposed order if the situation warrants.

(3) The Arkansas Teacher Retirement System shall notify the member and, if applicable, the member's counsel in writing of the date, time, and location of the board meeting at which the board intends to consider the hearing officer's proposed order.

(c)(1) Before rendering a decision on the hearing officer's proposed order, the board may request that the member and, if applicable, the member's counsel make a brief statement to the board concerning facts and any arguments that the member wishes to present and respond to any questions from the board.

(2) The board's consideration of a brief statement and any responses to questions made by the member or, if applicable, the member's counsel shall not require the board to conduct another hearing and shall be based on the hearing previously conducted before the hearing officer.

(2) The chairman of the board shall have the final authority to set the amount of time any party may have to make a statement to the board.

(d)(1) Failure of a member to appear at the meeting of the board without prior notification shall result in the member waiving his or her right to be heard by the board.

(2)(A) A member may petition the board for another opportunity to address the board.

(B) The board may grant a member's petition for another opportunity to address the board if the board determines that the member's absence was for good cause.

(e)(1) After the board's consideration of the hearing officer's proposed order, the board shall either accept or reject all or part of the hearing officer's proposed order.

(2) The board may either accept the proposed order, reject the proposed order, or accept the proposed order as modified by the board.

(3) If the board rejects the proposed order or accepts the proposed order as modified by the board, the board may:

(A) Prepare its own written findings of fact and conclusions of law, **separately state**, and issue its own order based upon those findings and conclusions;

(B) Consider manifest injustice as a basis for any remedy; or

(C) Remand the matter in whole or in part to the hearing officer for reconsideration of additional findings of fact or conclusions of law or both additional findings of fact and conclusions of law.

(f) A quorum of votes of the board is necessary to approve any motion, resolution, or order under the board's consideration.

(g)(1) Following the board's decision on the hearing officer's proposed order, the board shall prepare a written final order on the member's appeal.

(2) The board's final order shall include findings of fact and conclusions of law, separately stated, that were relied upon by the board in formulating the final order.

(3) **The board's final order shall be a final decision or order of the system that may be appealed under the Arkansas Administrative Procedures Act, § 25-15-201 et seq.**

(4) A copy of the board's final order, including the board's findings of fact and conclusions of law, **separately stated**, shall be delivered by the Executive Director of the Arkansas Teacher Retirement System to the member and, if applicable, the member's counsel via Certified, First Class, United States.

§ 13-115. Staff determinations — Appeals — Settlement authority.

(a) **With the member's written consent or, if applicable, the written consent of the member's counsel, the Executive Director the Arkansas Teacher Retirement System may suspend his or her review of a member's claim being considered under the rules**

concerning the staff determination and appeal process if the member's claim may be more expediently resolved using the manifest injustice process.

(b) The executive director may settle any claim in a manner mutually agreeable to the Arkansas Teacher Retirement System and the member at any time before the Board of Trustees of the Arkansas Teacher Retirement System issues its final order on the member's appeal.

(c) In settling any claim, the executive director shall not exceed the authority previously granted to him or her by the board.

(d) The executive director shall report any settlement that occurs after the hearing officer issues a proposed order to the board.

§ 13-116. Staff determinations — Appeals — Rights of members under the Arkansas Administrative Procedures Act.

(a) A member who receives an adverse final order from the Board of Trustees of the Arkansas Teacher Retirement System retains certain rights under the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(b)(1) A member may file a petition for judicial review under the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(2) A petition for judicial review of a final or of the board shall be filed by the member within thirty (30) days after service of the board's final order on the member.

(3) A member shall file the petition for judicial review in Pulaski County Circuit Court or the circuit court of any county in which the member resides or does business.

§ 13-117. Staff determinations — Appeals — Ex parte communications.

(a) The Arkansas Administrative Procedures Act, § 25-15-201 et seq., prohibits direct or indirect communications between the members and staff of the Arkansas Teacher Retirement System and a hearing officer or a member of the Board of Trustees of the Arkansas Teacher Retirement System concerning any issue of fact or law at issue in a member's appeal unless there has been notice providing all parties with an opportunity to participate in the communication.

(b) A hearing officer and a member of the board shall not consider any ex-parte or off-the-record evidence or statements made to them by the member or a staff member of the system in connection with a pending appeal.

(c) This section does not preclude communications by and between the hearing officer, system staff, and the board concerning minor scheduling and procedural matters necessary to timely and efficiently process and handle member appeals under the rules concerning the staff determination and appeal process.

§ 13-118. Manifest injustice.

(a) The Board of Trustees of the Arkansas Teacher Retirement System may waive or modify the impact of a rule, provision, or law applicable to the Arkansas Teacher Retirement System that does not violate a federal law or jeopardize the tax qualified status of the system in order to prevent a manifest injustice to a member, benefit participant, covered employer, or the system.

(b)(1) The process of declaring a manifest injustice is a rare and extraordinary remedy that shall not be used as a routine method of addressing error, oversight, or simple

mistake.

(2) As an extraordinary remedy, manifest injustice shall be cautiously and carefully used to prevent unfairness, to preserve the integrity of the system, and to avoid or correct unduly harsh or unconscionable outcomes.

(c) In determining whether or not a manifest injustice exists, the system may consider:

(1) The degree of fault of the system, benefit participant, or employer;

(2) An ambiguity in the interpretation of the circumstances, rule, or law;

(3) The cost to the system of correcting the error that is far outweighed by the benefit afforded to the system, benefit participant, or employer;

(4) Whether or not an expedited decision is in the public interest;

(5) The fundamental fairness of a remedy in a particular situation; and

(6) Whether or not the status quo would result in an unconscionable outcome.

(d)(1) The manifest injustice process shall not be used to address a change, omission, or error in the records of the system that may be corrected within the look-back period.

(2) The manifest injustice process may be used to correct a change, omission, or error in the records of the system discovered after the look-back period if the board determines that the time limitation imposed by the look-back period would cause a manifest injustice.

§ 13-119. Manifest injustice — Referrals.

(a) A manifest injustice referral shall be made to the Executive Director of the Arkansas Teacher Retirement System.

(b)(1) The following persons or entities may submit a manifest injustice referral to the executive director:

(A) A member of the Board of Trustees of the Arkansas Teacher Retirement System;

(B) A staff member of the system, including without limitation the executive director;

(C) A benefit participant as defined by Arkansas Code § 24-7-202;

(D) A covered employer; or

(E) A guardian, fiduciary, or other interested party.

(2) A member of the Manifest Injustice Committee shall not be permitted to make a manifest injustice referral to the executive director.

(c)(1) The Arkansas Teacher Retirement System shall create and maintain a record of each manifest injustice referral submitted to the executive director and the resolution of the manifest injustice referral.

(2) The executive director shall submit all manifest injustice referrals to the committee.

(3) Each referral shall be given a number and a year designation by the committee.

§ 13-120. Manifest injustice — Authority of executive director.

(a) With the member's written consent or, if applicable, the written consent of the member's counsel, the Executive Director the Arkansas Teacher Retirement System may suspend his or her review of a member's claim being considered under the rules concerning the staff determination and appeal process if the member's claim may be

more expediently resolved using the manifest injustice process.

(b)(1) The executive director is authorized to implement a resolution of a manifest injustice after a determination is made that a manifest injustice exists using the rules concerning the manifest injustice process.

(2)(A) The executive director may implement a resolution of a manifest injustice of up to ten thousand dollars (\$10,000) of direct financial impact to the Arkansas Teacher Retirement System.

(B) However, the executive director shall provide the chair of the Board of Trustees of the Arkansas Teacher Retirement System with written notice of a manifest injustice determination and the proposed resolution before implementing the resolution if a resolution has a direct financial impact on the system in an amount exceeding five thousand dollars (\$5,000).

(c)(1) The executive director shall not waive a deadline that may apply in the law or rules applicable to the system.

(2) Only the Board of Trustees of the Arkansas Teacher Retirement System may waive a deadline.

(d)(1) The executive director shall provide a report to the board at least biannually that:

(A) Outlines the facts and circumstances of each manifest injustice referral;

(B) Describes findings and recommendations of the manifest injustice committee; and

(C) Provides and explains the resolution of the manifest injustice referral if a manifest injustice is found.

(2) The names of members or other information that is not material to the findings shall not be required in the report to the board.

§ 13-121. Manifest injustice — Manifest Injustice Committee.

(a) The Arkansas Teacher Retirement System's General Counsel and two (2) members of senior management designated by the Executive Director shall be the sole members of the Manifest Injustice Committee.

(b)(1) The committee shall review all manifest injustice referrals and shall meet on a reasonable schedule or as needed to review manifest injustice referrals.

(2) If a committee member has a conflict or otherwise cannot review or act on a manifest injustice referral due to absence, sickness, or work load, the committee member may appoint a representative from his or her supervised staff to review or act on the manifest injustice referral on the committee member's behalf.

(3) A majority vote of the committee shall constitute a recommendation on a manifest injustice referral.

(c)(1) The committee may request that a party to the manifest injustice referral provide information or input concerning the manifest injustice referral.

(2) A party to the manifest injustice referral is not required to provide any information or input requested by the committee.

(d)(1) The committee shall make a recommendation on the existence of a manifest injustice to the Executive Director of the Arkansas Teacher Retirement System based upon the committee's review of the manifest injustice referral.

(2) If the committee finds that a manifest injustice exists, then the committee shall propose and include in its recommendation a resolution of the manifest injustice.

§ 13-122. Manifest injustice — Review of recommendation.

(a)(1) The Executive Director of the Arkansas Teacher Retirement System shall review the manifest injustice referral and the Manifest Injustice Committee's basis for the recommendation.

(2)(A) The executive director may request that a party to the manifest injustice referral provide information or input concerning the manifest injustice referral.

(B) A party to the manifest injustice referral is not required to provide any information or input requested by the executive director.

(b)(1) The executive director may either accept the committee's recommendation or return the manifest injustice referral to the committee for further consideration if the executive director disagrees with the committee's recommendation.

(2)(A) The manifest injustice referral shall be considered reviewed and closed if the committee recommends that a manifest injustice exists and the executive director accepts the recommendation.

(B) If the committee recommends that a manifest injustice exists and the executive director accepts the recommendation, the executive director may either adopt the resolution suggested by the committee or an alternative resolution that the executive director is authorized to implement.

(C) A committee's recommendation that is accepted by the executive director and finds that a manifest injustice exists is not appealable under the rules concerning the staff determination appeal process or the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(3)(A) The manifest injustice referral shall be considered reviewed and closed if the committee recommends that a manifest injustice does not exist, the executive director accepts the recommendation, and the recommendation is not appealed to the Board of Trustees of the Arkansas Teacher Retirement System using the rules concerning the staff determination appeal process.

(B)(i) A committee's recommendation that is accepted by the executive director and finds that a manifest injustice does not exist may be appealed to the board using the rules concerning the staff determination appeal process if the manifest injustice referral involves:

(a) An ambiguity in the interpretation of the specific facts of the member's claim that would impact the manner in which the law, rules, or policy applicable to the system are applied to the member's claim;

(b) An ambiguity in the interpretation of the law, rules, or policy applicable to the system; or

(c) An ambiguity concerning the proper application of the law, rules, or policy applicable to the system to the specific facts of the member's claim.

(ii) A board member or staff member of the system shall not be permitted to appeal a committee's recommendation that is accepted by the executive director.

(iii) A committee's written recommendation shall not be considered a final decision or order of the system that may be appealed under the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(4)(A) If a manifest injustice referral is returned to the committee by the executive

director, the manifest injustice committee shall reconsider the manifest injustice referral and take into consideration any addition information provided by the executive director.

(B) The committee may maintain or amend its original recommendation after reconsidering a manifest injustice referral that is returned by the executive director.

(C)(i) If the committee maintains its original recommendation and the executive director does not accept the recommendation, the executive director may include the manifest injustice referral as an action item on the agenda of the board's next scheduled meeting for consideration and resolution by board.

(ii) If the manifest injustice referral was submitted by a person or entity who is not a board or staff member of the Arkansas Teacher Retirement System, the system shall send the person or entity written notice that:

(a) Provides the time and date on which the board intends to consider the manifest injustice referral;

(b) Advises the person or entity that the person or entity may present arguments to the board concerning the manifest injustice referral;

(c) Advises the person or entity that the system will send the person or entity a written final order of the board after the board meeting; and

(d) Advises that the board's final order shall be a final decision or order of the system that may be appealed by the person or entity under the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(D) If the board finds that a manifest injustice does exist, the board may implement a resolution suggested by the system's staff or an alternative resolution.

(E) A final order of the board concerning a manifest injustice referral shall be considered the final decision or order of the system that may be appealed under the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

Authority: Arkansas Code §§ 24-7-202, 24-7-205, and 25-15-201 — 24-15-219.

History

<u>Approved:</u>	<u>February 1, 2010</u>	<u>(Emergency), 13-1</u>
<u>Approved:</u>	<u>June 7, 2010</u>	<u>Permanent, 13-1</u>
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<u>Effective:</u>	<u>February 16, 2018</u>	<u>13-1</u>
<u>Effective:</u>	<u>TBD</u>	<u>Rule 13-1</u>

~~RULE 13-1~~

~~ADMINISTRATION ADJUDICATIONS: STAFF DETERMINATIONS AND APPEALS~~

~~A.C.A. §§ 25-15-201 to 219~~

~~I. Scope and Purpose~~

~~A. The purpose of this rule is to govern practice and procedure before ATRS and the Board of Trustees ("Board") involving any issue or claim ("claim(s)") arising as a result of any administrative decision or staff determination of ATRS relating to any retirement plan or program administered by ATRS. ATRS staff is responsible for administering ATRS members' accounts. Sometimes, the staff will make a determination based on ATRS rules and the rule of law that may be adverse to a member's claim. This rule outlines the procedure for a member to appeal a decision of ATRS.~~

~~B. This rule applies to any claim of a member. For purposes of this rule, "member" includes any member of ATRS as defined in A.C.A. § 24-7-702, as well as any beneficiary of a member; any retiree of ATRS; any guardian, administrator, or executor of a member, retiree, or beneficiary; or any public school (all such categories of persons shall be referred to within this rule as the "member").~~

~~C. This rule should be read in conjunction with the Arkansas Administrative Procedures Act. See A.C.A. §§ 25-15-201 -219 (the "APA"). To the extent any term or provision of this rule conflicts with any term or provision of the APA, the terms and provisions of the APA shall supersede this rule and control. This rule does not apply to claims or causes of action that ATRS or the Board may have against a member or any other person or entity, regardless of the origin or nature of the claim.~~

~~D. The Board and the ATRS Executive Director have the power to extend any deadline applicable to a member's appeal upon a showing of good cause, except when a Hearing Officer has been assigned, in which case such power shall rest with the Hearing Officer until the completion of the hearing.~~

~~E. When compliance with this Rule is based on "delivery", delivery is the earlier of either the date of the postmark, if posted with the United States Postal Service, or the date of actual delivery by one of the following methods:~~

- ~~i. Hand delivery; ii. Electronic transmission; or iii. Delivery service other than USPS.~~

~~II. Informal Resolution Encouraged~~

~~Claims by a member are usually settled by mutual agreement through correspondence or informal conference between the member and the staff of ATRS. The staff and the member are strongly encouraged to engage in a good faith attempt to mutually resolve claims based upon proper application of the laws, statutes, and rules which govern the operation and administration of ATRS plans and programs to the specific facts of the member's claim.~~

~~III. Staff Determinations~~

~~A. If the staff makes a determination that is adverse to a member's claim, ATRS shall issue a Staff Determination Letter to the member. The letter shall detail the reasons for the decision. The member may disagree with the staff determination based upon a factual dispute or a dispute regarding the application of the rules and law. All reasonable efforts will be made to informally resolve the issue with the member. For claims that are not resolved informally, a member may appeal the staff determination to the Executive Director.~~

~~B. The decision stated in the Staff Determination Letter issued in accordance with this rule will become a final administrative decision and final agency action on the thirty-first (31st) day following the date of the Staff Determination Letter unless the member requests a timely Executive Director review.~~

~~IV. Executive Director Review~~

~~A. The member may request a review of the staff determination by the Executive Director no later than close of business thirty (30) calendar days after the date of the Staff Determination Letter. If the last day to file the request falls on an official state holiday or weekend, then the request must be delivered to the Executive Director no later than close of business on the next business day. The Executive Director will promptly acknowledge the member's request for review.~~

~~B. The member shall not be required to resubmit any documents or information with the written request for Executive Director review. If the member believes that the Executive Director should review any relevant documents or information not previously submitted to ATRS, the member may submit such information to the Executive Director. Any additional information must be delivered to the~~

~~Executive Director within thirty-five (35) calendar days of the date of Executive Director's acknowledgment letter.~~

- ~~C. The Executive Director will conduct an independent review of the facts and the law, taking into consideration the staff determination as well as any relevant information provided by the member. After the review period, which may vary in length according to the facts of the member's claim, the Executive Director will issue an Executive Director Review Determination Letter to the member on the claim.~~
- ~~D. The Executive Director may affirm, reverse, or modify the staff determination at any time prior to the final determination of the Board. The Executive Director shall provide to the member the applicable statutes and rules used in reaching the decision and a summary of the factual basis and legal conclusions for the Executive Director's decision. Unless the member initiates a timely appeal of the Executive Director's decision in accordance with this rule, the decision of the Executive Director will become a final administrative decision and final agency action on the 31st day following the date of the Executive Director Review Determination Letter.~~

~~V. Appeals to the Board~~

~~A. Any decision of the Executive Director regarding a staff determination may be appealed to the Board. In order to initiate an appeal, the member must deliver to the address below a signed written Notice of Appeal to the Board within thirty (30) calendar days of the date of the Executive Director Review Determination Letter. The Notice of Appeal may be in the form of a letter addressed to:~~

~~**ATRS Board of Trustees
Member Appeals
ATTN: Legal Department
1400 West Third Street
Little Rock, Arkansas 72201**~~

- ~~B. All appeals from an Executive Director decision to the Board will be assigned to a Hearing Officer, who will conduct an administrative hearing, recommend factual and legal determinations, and prepare a proposed order to the Board that includes findings of fact and conclusions of law. The Executive Director or his designee shall appoint the Hearing Officer from a list of qualified individuals approved by the Executive Director.~~
- ~~C. Following appointment, the Hearing Officer shall issue a written scheduling order to the member, the Executive Director of ATRS, and the legal counsel of ATRS.~~

The scheduling order shall contain all information required under the Arkansas Administrative Procedures Act. (See A.C.A. § 25-15-208.) The Hearing Officer, at his or her discretion, may include in the scheduling order reasonable deadlines for the submission and exchange of exhibits, witness lists, and related materials prior to the hearing, including but not limited to, any requested proposed findings of fact and conclusions of law. Unless otherwise ordered, hearings shall be held at the offices of ATRS, 1400 West Third Street, Little Rock, Arkansas 72201.

D. The Hearing Officer may continue any scheduled matter at his or her discretion for good cause shown by any party or counsel of record.

VI. Filing of Documents

A. Following the appointment of a Hearing Officer, all correspondence, documents, requests, submissions, or filings of any type relating to an appeal shall be mailed or hand delivered to:

**Arkansas Teacher Retirement System
Legal Department 1400 West Third Street
Little Rock, Arkansas 72201**

B. Any party submitting or filing a document relating to an appeal shall simultaneously deliver a copy of the filing or document to the opposing party (or opposing counsel, if applicable). It shall be the responsibility of ATRS to ensure: (a) that copies of all correspondence, documents, requests, submissions, and filings relating to an appeal are provided in a timely manner to the Hearing Officer; and (b) that a complete record of each appellate proceeding before a Hearing Officer and the Board is prepared and maintained in a single, centralized location.

VII. Hearings

A. The hearing is an administrative hearing before the Hearing Officer, and is not a hearing before the Board. Hearings will be conducted according to this rule and the corresponding procedural provisions of the Arkansas Administrative Procedures Act (See A.C.A. § 25-15-213). The member shall at all times have the right to counsel, provided that such counsel: (a) is duly licensed to practice law in the State of Arkansas; or (b) has been granted permission to appear *pro hac vice* by the Hearing Officer. All hearings shall be conducted in an orderly manner. The Hearing Officer shall have the authority to maintain the decorum of the hearing and may clear the hearing room of witnesses not under examination.

B. If the member fails to appear at the hearing, the member waives his or her right to present evidence and argument to the Hearing Officer, and the Hearing Officer

may proceed with the hearing and prepare a proposed order to the Board based on the evidence presented.

~~C. The Hearing Officer shall have the authority to administer oaths and affirmations. Each party shall be entitled to examine and cross-examine witnesses, present evidence, make arguments, and generally participate in the conduct of the proceeding. The Hearing Officer may question a witness during any portion of the direct or cross-examination of such witness. All testimony to be considered by the Hearing Officer, except matters officially noticed or entered by stipulation, shall be sworn testimony. Before giving testimony, each person shall swear or affirm that the testimony about to be given shall be the truth, the whole truth and nothing but the truth.~~

~~D. The hearing shall be informal and formal rules of evidence shall not apply. In conducting a hearing, the Hearing Officer shall not be bound by the formal rules of evidence, and no informality in any proceedings or in the manner of taking of testimony shall invalidate any order or decision of the Board. The Hearing Officer may admit into the record any evidence that in the judgment of the Hearing Officer:~~

- ~~i. Has a reasonable degree of probative value and trustworthiness; or~~
- ~~ii. Is of a type or nature commonly relied upon by reasonably prudent people in the conduct of their affairs. The Hearing Officer may exclude evidence that is irrelevant, immaterial, or unduly repetitious. Objections to evidentiary offers may be made and shall be noted of record.~~
- ~~iii. Following the close of evidentiary submissions and witness testimony, the Hearing Officer may in his or her discretion allow summations and closing arguments by the parties.~~

~~E. ATRS shall arrange for a court reporter to attend and record all hearings. Documents received into evidence by the Hearing Officer shall be marked and filed as part of the record. ATRS shall be responsible for payment of the cost of the preparation of the transcript. Upon receipt of the transcript of the hearing, ATRS shall promptly forward a copy of the transcript to the Hearing Officer and the member (or counsel for the member, if applicable).~~

VIII. Post-hearing Briefs

~~A. Upon the completion of the hearing, the Hearing Officer may allow the parties to submit post-hearing briefs to be included as part of the record on appeal. The decision whether to allow the submission of post-hearing briefs is committed to the sole discretion of the Hearing Officer. A decision by the Hearing Officer to~~

not allow post-hearing briefs shall have no effect on the validity of any order or decision issued by the Board.

- B. If the Hearing Officer grants the member or ATRS an opportunity to submit a post-hearing brief, the Hearing Officer shall provide the opposing party an opportunity to submit a response. The Hearing Officer shall have discretion to set reasonable deadlines for the parties to submit post-hearing briefs and responses, provided that the parties shall be allowed a minimum of fourteen (14) calendar days from the date of receipt of the transcript of the hearing before any initial post-hearing brief shall be due for filing.

IX. Proposed Orders

Once the Hearing Officer receives all evidence, arguments, and post-hearing briefs (if any), the record before the Hearing Officer shall be officially closed. Once the record is closed and after considering all of the evidence, the Hearing Officer shall, as soon as practical, prepare a proposed order to be delivered to the Board of Trustees. The proposed order shall include findings of fact based exclusively on the evidence and testimony in the record of the hearing, conclusions of law, and a recommendation to the Board of Trustees. The Hearing Officer shall provide the proposed order to the Board at ATRS via facsimile and United States mail at the address listed in Section VI of this rule. Upon receipt of the proposed order, ATRS shall mail a copy of the proposed order to the member (and his or her counsel, if applicable) via Certified, First Class, United States mail, with a copy to the Executive Director.

X. Written Objections to Proposed Order

The member shall have the right to file a written statement of objections outlining any objections, exceptions, and/or arguments that the member desires the Board to consider in its evaluation of the Hearing Officer's proposed order. Any statement of objections by the member must be delivered to ATRS within twenty-one (21) calendar days of receipt of the Hearing Officer's proposed order. The member may not introduce additional evidence or testimony in the statement of objections. Counsel for ATRS may prepare a written response to any statement of objections filed by the member. A copy of any response by ATRS shall be provided to the member and the Board prior to the Board meeting at which the Hearing Officer's proposed order on the member's appeal is scheduled to be considered by the Board.

~~XI. Board Consideration of Proposed Order~~

~~A. The Board will make a final determination on the Hearing Officer's proposed order. The Board's consideration of the Hearing Officer's proposed order will be scheduled within a reasonable time to be heard, at a regular Board meeting after the issuance of the proposed order. The Board may call an emergency meeting to consider the Hearing Officer's proposed order if the situation warrants. ATRS shall notify the member or the member's counsel in writing of the date, time, and location of the Board Meeting.~~

~~B. Before rendering a decision on the Hearing Officer's proposed order, the Board may request that the member (and his or her attorney, if applicable) make a brief statement to the Board concerning the facts and any arguments the member wishes to present and respond to any questions from the Board. The Board's consideration of the matter will not require the Board to conduct another hearing, and will be based on the hearing previously conducted before the Hearing Officer. The Chairman of the Board will have final authority to set the amount of time any party may have to make a statement to the Board.~~

~~C. Failure of the member to appear at the meeting of the Board without prior notification will result in the member waiving his or her right to be heard by the Board. The member may petition the Board for another opportunity to address the Board, and, if the Board determines that the member's absence was for good cause, it may grant the petition.~~

~~D. After consideration by the Board of the Hearing Officer's proposed order, the Board has the final authority to accept or reject all or part of the Hearing Officer's proposed order. The Board may:~~

- ~~i. Accept the Proposed Order; ii. Reject the proposed order; or iii.~~

~~Accept the Proposed Order as modified by the Board.~~

~~E. If the Board elects to reject the Proposed Order or accept the Proposed Order as modified, the Board may:~~

- ~~i. Make its own Findings of Fact and Conclusions of Law and issue its own Order based upon those findings and conclusions and may consider manifest injustice as a basis for any remedy; or~~

- ~~ii. Remand the matter in whole or in part to the Hearing Officer for reconsideration or for additional findings of fact and/or additional conclusions of law.~~

F. ~~As in all matters before the Board, a quorum of votes is necessary to approve any motion, resolution, or order under consideration.~~

G. ~~Following a decision of the Board with respect to the Hearing Officer's proposed order, the Board shall cause to be prepared a written final order on the member's appeal. The Board's final order shall include separate findings of fact and conclusions of law relied upon by the Board in formulating the final order. A copy of the Board's final order (including the Board's findings of fact and conclusions of law) will be delivered via Certified, First Class, United States mail to the member (and any counsel) by the Executive Director.~~

~~XII. Authority to Settle~~

~~At any time prior to the issuance by the Board of a final order, the Executive Director is authorized to settle any claim in a manner mutually agreeable to ATRS and the member. In settling any claim, the Executive Director shall not exceed the authority previously granted to him or her by the Board. The Executive Director shall report to the Board any settlement that occurs after the Hearing Officer issues a proposed order.~~

~~XIII. Appeals Under the APA~~

~~Any member receiving an adverse ruling from the Board retains certain rights under the Arkansas Administrative Procedures Act (See A.C.A. §§ 25-15-201 to -219.) The member may file a petition for judicial review. Any petition for judicial review of a final Board administrative decision shall be filed in Pulaski County Circuit Court. See A.C.A. § 25-15-212 and § 24-7-211. Such action must be filed within thirty (30) days after service upon the member of the Board's final order. See *id.*~~

~~XIV. Communications With the Hearing Officer and Board of Trustees~~

A. ~~The Arkansas Administrative Procedures Act prohibits direct or indirect communications by the members and employees of ATRS with a Hearing Officer or the Board in connection with any issue of fact or law regarding an appeal, except upon notice that provides an opportunity for all parties to participate. Hearing Officers and the members of the Board will not consider any "ex parte" or "off-the-record" evidence or statements made to them by the member or any employee of ATRS in connection with a pending appeal.~~

B. ~~This Section does not preclude communications by and between the Hearing Officer, ATRS Staff, and/or the Board concerning minor scheduling and procedural matters necessary to the timely and efficient processing and handling of appeals under these rules.~~

~~Approved: February 1, 2010 (Emergency)~~
~~June 7, 2010 Permanent~~

~~Approved by Board: July 26, 2013~~

~~Amended: October 9, 2013~~

~~Effective: November 8, 2013~~

~~FINAL Approval by Board: February 5, 2018~~

~~Effective: February 16, 2018~~

ATRS Rule 14
Retirement Fund Asset Accounts

§ 14-101. Retirement fund asset accounts.

(a) In accordance with Arkansas Code § 24-7-405, the Board of Trustees of the Arkansas Teacher Retirement establishes the following accounts to manage the Arkansas Teacher Retirement System's fund assets and liabilities:

(1) The Members' Deposit Account is the account in which members' contributions, interest, purchases of service, refunds, transfers, and other related activity are reported in accordance with current accounting processes and procedures used by the system's fiscal department;

(2) The Employer Accumulation Account is the account in which employers' contributions and transfers are reported in accordance with current accounting processes and procedures used by the system's fiscal department;

(3) The Retirement Reserve Account is the account into which transfers for the payment of benefits to retirees and beneficiaries are reported in accordance with current accounting processes and procedures used by the system's fiscal department;

(4) The Income-Expense Account is the account in which all investment income is reported and from which interest credits and other expenses of the board are reported for the administration and operation of the system in accordance with current accounting processes and procedures used by the system's fiscal department; and

(5) The Teacher Deferred Retirement Option Plan Account is the account in which T-DROP participants' T-DROP account activity is reported in accordance with current accounting processes and procedures used by the system's fiscal department.

(b) The accounts established by the board may have subaccounts as deemed necessary by the system's staff to further classify and manage the assets of the system.

Authority: Arkansas Code § 24-7-405

History

<u>Adopted:</u>	<u>July 1, 2011</u>	<u>(Emergency)</u>
<u>Adopted:</u>	<u>August 8, 2011</u>	
<u>Effective:</u>	<u>November 11, 2011</u>	
<u>Effective:</u>	<u>TBD</u>	<u>Rule 14.1</u>

~~Retirement Fund Asset Accounts~~

~~A.C.A. § 24-7-405~~

1. ~~The Board of Trustees of the Arkansas Teacher Retirement System in accordance with A.C.A. § 24-7-405 establishes the following accounts to manage the system's fund assets and liabilities:~~
 - A. ~~The Members' Deposit Account is the account in which members' contributions, interest, purchases of service, refunds, transfers and other related activity are reported in accordance with current accounting processes and procedures used by the Arkansas Teacher Retirement System's fiscal department;~~
 - B. ~~The Employer Accumulation Account is the account in which employers' contributions and transfers are reported in accordance with current accounting processes and procedures used by the Arkansas Teacher Retirement System's fiscal department;~~
 - C. ~~The Retirement Reserve Account is the account into which transfers for the payment of benefits to retirants and beneficiaries are reported in accordance with current accounting processes and procedures used by the Arkansas Teacher Retirement System's fiscal department;~~
 - D. ~~The Income-Expense Account is the account in which all investment income is reported and from which interest credits and other expenses of the Board of Trustees are reported for the administration and operation of the system in accordance with current accounting processes and procedures used by the Arkansas Teacher Retirement System's fiscal department; and~~
 - E. ~~The Teacher Deferred Retirement Option Plan Account is the account in which T-DROP participants' T-DROP account activity is reported in accordance with current accounting processes and procedures used by the Arkansas Teacher Retirement System's fiscal department.~~
2. ~~The accounts established by the Board of Trustees may have subaccounts as deemed necessary by staff to further classify and manage the assets of the system.~~

Adopted: July 1, 2011 (Emergency)

Adopted: ~~August 8, 2011~~

Effective: ~~November 11, 2011~~

14-1-1

ATRS Rule 15
Benefit Restoration Plan and Trust

§ 15-101. Purpose, construction, and establishment of plan and trust.

(a) The Arkansas Teacher Retirement System Benefit Restoration Plan and Trust is established effective upon final adoption by the Board of Trustees of the Arkansas Teacher Retirement System pursuant to authority granted by Arkansas Code § 24-7-305.

(b)(1) The purpose of the plan is solely to restore the part of a participant's retirement benefit that would otherwise have been payable by the except for the limitations of 26 U.S.C. § 415(b).

(2) The plan is intended to be a "qualified governmental excess benefit arrangement" within the meaning of 26 U.S.C. § 415(m)(3) and shall be interpreted and construed consistently with that intent.

(3) This plan is deemed a portion of the employers' qualified plan solely to the extent required under, and within the meaning of, 26 U.S.C. § 415(m)(3) and Arkansas Code § 24-7-305.

(c)(1) The plan is an "exempt governmental deferred compensation plan" described in 26 U.S.C. § 3121(v)(3). 26 U.S.C. §§ 83, 402(b), 457(a) and 457(f)(1) do not apply to this plan.

(2) The system shall not hold any assets or income under this plan in trust for the exclusive benefit of participants or their beneficiaries.

(c) Whenever any actuarial present value or actuarial equivalency is to be determined under the plan to establish a benefit, it shall be based on reasonable actuarial assumptions approved by the board in its sole discretion, and will be determined in a uniform manner for all similarly situated participants.

§ 15-102. Definitions.

(a) The definitions in this rule are exclusive to the Arkansas Teacher Retirement System Benefit Restoration Plan and Trust unless stated otherwise.

(b) As used in this rule:

(1) "Actuary" means the actuary selected by the Board of Trustees of the Arkansas Teacher Retirement System from time to time;

(2) "Administrator" means the Arkansas Teacher Retirement System and includes any person with whom the system contracts to provide services to the plan;

(3) "Beneficiary" means an individual receiving joint and survivor benefits from the system;

(4) "Benefit restoration" means the benefit determined in accordance with § 15-1-104 of this rule;

(5) "Benefit Restoration Trust Fund" or "trust fund" means the Benefit Restoration Trust Fund established pursuant to § 15-1-106 of this rule which fund constitutes a valid trust under the laws of this State;

(6) "Employer" means any public school, other educational agency, or other eligible employer participating in the system as provided under Arkansas Code § 24-7-202;

(7) "Participant" means a retiree or beneficiary who is entitled to benefits under this plan;

(8) "Plan" means the Arkansas Teacher Retirement System Benefit Restoration Plan and Trust established pursuant to Arkansas Code § 24-7-305;

(9) "Plan year" means the twelve-calendar month period ending on December 31 of each year;

(10) "Retiree" means a member of the system who is receiving a retirement benefit from the system;

(11) "Retirement benefit" means the amount of retirement income payable to a retiree, or the benefit payable to a beneficiary, without regard to any limitations on that retirement income or benefit under 26 U.S.C. § 415(b); and

(12) "Retirement fund" means the trust fund established pursuant to Acts 1937, No. 266, approved March 17, 1937.

§ 15-103. Participation.

(a)(1) All retirees and beneficiaries of the Arkansas Teacher Retirement System are eligible to participate in the Arkansas Teacher Retirement System Benefit Restoration Plan and Trust if their retirement benefits from the system for a plan year are or have been since January 1, 2013, limited by 26 U.S.C. § 415(b).

(2) The Board of Trustees of the Arkansas Teacher Retirement System determine for each plan year which retirees and beneficiaries are eligible to participate in the plan.

(b)(1) Participation in the plan begins each plan year after a retiree or beneficiary has the benefit restoration in that plan year.

(2) Participation in the plan ends for any portion of a plan year in which the retirement benefit of a retiree or beneficiary is not limited by 26 U.S.C. § 415(b) or when all benefit obligations under the plan to the retiree or beneficiary have been satisfied.

§ 15-104. Payment of benefits.

(a)(1) A participant in the Arkansas Teacher Retirement System Benefit Restoration Plan and Trust shall receive a benefit equal to the amount of retirement income that would have been payable by the Arkansas Teacher Retirement System to, or with respect to, a participant, that could not be paid because of the application of the limitations on the participant's retirement income under 26 U.S.C. § 415(b).

(2) The benefit restoration under the plan shall be paid only if and to the extent the participant is receiving retirement benefits from the retirement fund.

(b) The benefit restoration shall be paid at the same time and in the same manner as the retirement benefit payable under the system

(2) The timing of the benefit restoration shall take into consideration the existence of monthly deductions from the retirement benefit.

(3) No election shall be directly or indirectly provided by the system at any time to the participant to defer compensation under this plan.

(c)(1) A participant's right to a restoration benefit shall be vested as of the participant's vesting under the retirement fund.

(2) Additionally, each member in the retirement fund who is receiving a retirement benefit under the retirement fund on the date of adoption of this plan shall be vested.

(3) A beneficiary's right to a restoration benefit shall be vested as of the date of the participant's death.

(d) Notwithstanding the § 15-1-103 of this rule, if the retirement fund is terminated and

employers are making no further contributions to the retirement fund, no further restoration benefits shall be payable after the date that the employers' contributions to the retirement fund cease unless the employers establish another plan to serve the same purpose or to make other arrangements to pay benefit amounts that would have been payable had the plan continued to receive employers' contributions to fully fund the plan.

§ 15-105. Contributions and funding.

(a)(1) The Arkansas Teacher Retirement System Benefit Restoration Plan and Trust is and shall remain unfunded and the rights, if any, of any person to any benefits under the plan are limited to those specified in the plan.

(2) The plan constitutes a mere unsecured promise by the employers to make benefit payments in the future.

(b)(1) The Executive Director of the Arkansas Teacher Retirement System, using authority delegated by the Board of Trustees of the Arkansas Teacher Retirement System shall determine the amount necessary to pay the benefit restoration under the plan for each plan year.

(2) The system shall provide an estimate of the benefit restoration on or before March 1 of each year, provided however, in 2013, the plan administrator will provide an estimate of the benefit restoration within ten (10) days of the effective date of this rule.

(c)(1) The required contribution will be the aggregate of the benefit restorations payable to all participants for the plan year and an amount determined by the executive director, through delegation, to be a necessary and reasonable expense of administering the plan.

(2)(A) The employers will contribute the amount determined to be necessary to pay the benefit restoration of the participants and administrative expenses of the plan, and these payments will be made before the employers' deposits are credited to the retirement fund.

(B) The employers' required contribution will be due at the same time as contributions to the retirement fund.

(C) Under no circumstances will the employers' contributions to fund the benefit restorations be credited to the retirement fund.

(3)(A) Any contributions not used to pay the benefit restoration for a current plan year, together with any income accruing to the trust fund, shall be used to pay the administrative expenses of the plan for the plan year.

(E) Any contributions not used to pay the benefit restoration for the current plan year that remain after paying administrative expenses of the plan for the plan year will be used to fund administrative expenses or benefits of participants in future plan years.

(d)(1) The system shall account separately for the amounts the executive director, using the authority delegated by the board, determines to be necessary to provide the benefit restoration under the plan for each participant.

(2) However, the separate accounting will not be deemed to set aside these amounts for the benefit of a participant.

(e) Benefits under this plan will be paid from the trust fund.

(f)(1) The consultants, independent auditors, attorneys, and actuaries performing services for the system may also perform services for this plan.

(2) However, any fees attributable to services performed with respect to this plan

will be payable solely from the trust fund.

§ 15-106. Trust fund.

(a)(1) The Benefit Restoration Trust Fund is established pursuant to Arkansas Code § 24-7-305, separate from the retirement fund, to hold employers' contributions to the trust fund.

(2) The trust fund is maintained solely to provide benefits under a qualified governmental excess benefit arrangement within the meaning of 26 U.S.C § 415(m) and pay administrative expenses of this arrangement.

(b) Contributions to the trust fund shall be held separate and apart from the funds comprising the retirement fund and shall not be commingled with assets of the retirement fund, and must be accounted for separately.

(c)(1) All assets held by the trust fund to assist in meeting the employers' obligations under the plan, including all amounts of employers' contributions made under the Arkansas Teacher Retirement System Benefit Restoration Plan and Trust, all property and rights acquired or purchased with these amounts and all income attributable to these amounts, shall be held separate and apart from other funds of the employers and shall be used exclusively for the uses and purposes of participants and general creditors as set forth in this plan.

(2) Participants do not have a preferred claim on, or any beneficial interest in, any assets of the trust fund.

(3) Any rights created under the plan are unsecured contractual rights of participants against the employers.

(4) Any assets held by the trust fund are subject to the claims of the employers' general creditors under federal and state law in the event of insolvency.

(d)(1) The trust fund is intended to be a grantor trust, of which the employers are the grantors, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code as defined by Arkansas Code § 24-7-202, and will be construed accordingly.

(2) Section 15-1-106(d) of this rule does not create an irrevocable trust of any kind.

(d) Income accruing to the trust fund under the plan constitutes income derived from the exercise of an essential governmental function upon which the trust fund is exempt from tax under 26 U.S.C. §§ 415(m)-(l) and 115.

§ 15-107. Administration.

(a)(1) The Board of Trustees of the Arkansas Teacher Retirement System has the exclusive authority to control and manage the operation and administration of the Arkansas Teacher Retirement System Benefit Restoration Plan and Trust.

(2) The board has the same rights, duties and responsibilities respecting the plan as it has with respect to the retirement fund.

(3) The administrator has the same duties and authority respecting the plan as the administrator has with respect to the retirement fund.

(b) The board has the power and authority, including without limitation discretion with respect to the exercise of that power and authority, necessary, advisable, desirable or convenient to enable it to:

(1) Establish procedures to administer the plan in a manner that is not inconsistent

with the plan and the Internal Revenue Code as defined by Arkansas Code § 24-7-202, and to amend or rescind these procedures;

(2) Determine, consistent with the plan, applicable law, rules or regulations, all questions of law or fact that may arise as to eligibility for participation in the plan and eligibility for distribution of benefits from the plan, and the status of any person claiming benefits under the plan;

(3) Make payments from the trust fund to participants pursuant to § 15-1-104;

(4) Contract with a third-party to perform designated administrative services under this plan; and

(5) Construe and interpret the plan as to administrative issues and to correct any defect, supply any omission or reconcile any inconsistency in the plan with respect to same, subject to and consistent with the Internal Revenue Code as defined by Arkansas Code § 24-7-202.

(c)(1) Any action by the board that is not found to be an abuse of discretion will be final, conclusive and binding on all individuals affected thereby.

(2) The board may take any such action in such manner and to such extent as the board in its sole discretion may deem expedient, and the board will be the sole and final judge of such expediency.

(d)(1) The board may delegate any of its authority to the administrator with respect to the trust fund.

(2) The board has delegated certain authority as set forth herein, to the executive director.

(e)(1) The board may obtain assistance and advice with regard to its responsibilities under the plan.

(2) If in doubt concerning the correctness of their action in making a payment of a benefit, the board may suspend payment until satisfied as to the correctness of the payment or the person to receive the payment.

(f) The administrator shall handle the day-to-day operation of the plan and may delegate certain functions to a third-party as required.

§ 15-108. Plan amendments.

The Board of Trustees of the Arkansas Teacher Retirement System, from time to time, may amend, suspend, or terminate any or all of the provisions of the Arkansas Teacher Retirement System Benefit Restoration Plan and Trust as may be necessary to comply with 26 U.S.C. § 415(m) and to maintain the plan's or the retirement fund's qualified status under the Internal Revenue Code as defined by Arkansas Code § 24-7-202.

§ 15-109. Nonassignability and exemption from taxation and execution.

The interests of participants under the Arkansas Teacher Retirement System Benefit Restoration Plan and Trust are exempt from any state, county, municipal or local tax, and are not subject to execution, garnishment, attachment, or any other process of law whatsoever, and are unassignable and nontransferable.

§ 15-109. Miscellaneous.

(a) The Board of Trustees of the Arkansas Teacher Retirement System, the employers, and the administrator, if any, do not guarantee that any particular federal or state income,

payroll, or other tax consequence will occur because of participation in the Arkansas Teacher Retirement System Benefit Restoration Plan and Trust.

(b) The board may hold the assets of the plan uninvested as it deems advisable for making distributions under the plan.

(c) In resolving any conflict between provisions of the plan, and in resolving any other uncertainty as to the meaning or intention of any provision of the plan, the prevailing interpretation shall be the interpretation that:

(1) Causes the plan to constitute a qualified governmental excess benefit arrangement under 26 U.S.C. § 415(m) and the trust fund to be exempt from tax under 26 U.S.C. §§ 115 and 415(m);

(2) Causes the plan and the Arkansas Teacher Retirement System to comply with all applicable requirements of the Internal Revenue Code as defined by Arkansas Code § 24-7-202; and

(3) Causes the plan and the system to comply with all applicable laws of this state.

(d) Neither the establishment or maintenance of the plan, nor any amendment to the plan, nor any act or omission under the plan or resulting from the operation of the plan shall be construed:

(1) As conferring upon any participant or any other person a right or claim against the board, trustees on the board, employers, or administrator, if any, except to the extent that the right or claim is specifically expressed and provided in the plan;

(2) As creating any responsibility or liability of the employers for the validity or effect of the plan;

(3) As a contract between the employers and any participant or other person;

(4) As being consideration for, or an inducement or condition of, employment of any Participant or other person, or as affecting or restricting in any manner or to any extent whatsoever the rights or obligations of the employers or any participant or other person to continue or terminate the employment relationship at any time; or

(5) As giving any Participant the right to be retained in any employer's service or to interfere with any Employer's right to discharge any Participant or other person at any time.

(e) Any benefit payment that should not have been made according to the terms of the plan and the benefits provided under the plan may be recovered as provided by law.

(f)(1) Any payment to any participant shall, to the extent of the payment, be in full satisfaction of the participant's claim for which the payment is being made.

(2) The board may condition the payment on the participant's delivery of a duly executed receipt and release in a form determined by the board.

(g)(1) The board, board trustees, administrator, if any, shall not incur any liability in acting upon any paper or document or electronic transmission believed by the board, board trustees, or administrator to be genuine or to be executed or sent by an authorized person.

(2) The plan shall hold harmless and indemnify the board, the board trustees, and the administrator, and the officers and employees thereof, from financial loss arising out of any claim, demand, suit or judgment by reason of alleged negligence or other act by that board member, trustee, officer or employee if:

(A) The board member, trustee, officer or employee at the time of the alleged negligence or act was acting in the discharge of his or her duties and within the scope of his or her employment;

(B) The damages did not result from a willful and wrongful act of gross negligence of the board member, trustee, officer or employee; and

(C) The board member, trustee, officer or employee shall, within five (5) days of the time he or she is served with any summons, complaint, process, notice, demand or pleading, deliver the original or a copy thereof to the administrator's legal advisor.

(3) The board may obtain insurance to provide coverage for any liabilities that may arise as described by this rule.

(h) The plan does not directly or indirectly waive any sovereign immunity protection of the board, board trustees, administrator, or officers and employees thereof.

(i) The laws of Arkansas apply in determining the construction and validity of this plan.

(j)(1) The only party necessary to any accounting, litigation or other proceedings relating to the plan is the administrator.

(2) The settlement or judgment in any case in which the administrator is duly served will be binding upon all affected participants in the plan, their beneficiaries, estates, and all persons claiming by, through, or under them.

(k) If any provision of the plan is held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the plan will continue to be fully effective.

Authority: Arkansas Code § 24-7-305.

History

<u>Approved by Board:</u>	<u>July 26, 2013</u>	
<u>Adopted:</u>	<u>October 9, 2013</u>	
<u>Effective:</u>	<u>November 8, 2013</u>	
<u>Effective:</u>	<u>TBD</u>	

~~RULE 15-1~~
~~BENEFIT RESTORATION PLAN AND TRUST~~

~~A.C.A. § 24-7-305~~

~~I. ESTABLISHMENT OF PLAN AND TRUST~~

~~A. Establishment Of Plan and Trust. The Arkansas Teacher Retirement System Benefit Restoration Plan and Trust (“this Plan”) is established effective upon final adoption by the Board pursuant to authority granted by Ark. Code Ann. §24-7-305.~~

~~B. Purpose.~~

~~i. The purpose of this Plan is solely to restore the part of a Participant’s Retirement Benefit that would otherwise have been payable by the Arkansas Teacher Retirement System (“ATRS”) except for the limitations of Code Section 415(b). This Plan is intended to be a “qualified governmental excess benefit arrangement” within the meaning of Code Section 415(m)(3) and must be interpreted and construed consistently with that intent. This Plan is deemed a portion of the Employers’ qualified plan solely to the extent required under, and within the meaning of, Code Section 415(m)(3) and Ark. Code Ann. §24-7-305.~~

~~ii. This Plan is an “exempt governmental deferred compensation plan” described in Code Section 3121(v)(3). Code Sections 83, 402(b), 457(a) and 457(f)(1) do not apply to this Plan. ATRS will not hold any assets or income under this Plan in trust for the exclusive benefit of participants or their beneficiaries.~~

~~II. DEFINITIONS AND CONSTRUCTIONS~~

~~A. Definitions. Definitions are exclusive to this plan unless stated otherwise. When a word or phrase is capitalized herein, it has the same meaning as defined below:~~

~~i. **Actuary** means the actuary selected by the Board from time to time.~~

- ii. ~~**Administrator** means ATRS and includes any person with whom ATRS contracts to provide services to the Plan.~~
- iii. ~~**ATRS** means the Arkansas Teacher Retirement System.~~
- iv. ~~**Beneficiary** means an individual receiving joint and survivor benefits from ATRS.~~
- v. ~~**Benefit Restoration** means the benefit determined in accordance with Section 4.01 of this Plan.~~
- vi. ~~**Board** means the Board of Trustees of ATRS.~~
- vii. ~~**Code** means the Internal Revenue Code as is defined under Ark. Code Ann. §24-7-202.~~
- viii. ~~**Employer** means any public school, other educational agency, or other eligible employer participating in ATRS as provided under Ark. Code Ann. §24-7-202(13).~~
- ix. ~~**Participant** means a Retiree or Beneficiary who is entitled to benefits under this Plan.~~
- x. ~~**Plan** means the Arkansas Teacher Retirement System Benefit Restoration Plan and Trust established pursuant to Ark. Code Ann. §24-7-305.~~
- xi. ~~**Plan Year** means the twelve calendar month period ending on December 31 of each year.~~
- xii. ~~**Retiree** means a member of ATRS who is receiving a Retirement Benefit from ATRS.~~
- xiii. ~~**Retirement Administrator** means ATRS.~~
- xiv. ~~**Retirement Benefit** means the amount of retirement income payable to a Retiree of ATRS, or the benefit payable to a Beneficiary, without regard to any limitations on that retirement income or benefit under Code Section 415(b).~~
- xv. ~~**Retirement Fund** means the trust fund established pursuant to Act 266 of 1937, approved March 17, 1937.~~

xvi. ~~State~~ means the State of Arkansas.

xvii. ~~Trust Fund~~ means the trust fund established pursuant to Section 6.1, below, which fund constitutes a valid trust under the law of the State.

xviii. ~~Trustees~~ mean the members of the Board.

~~B. Construction.~~

i. ~~Words used in this Plan in the masculine gender include the feminine gender where appropriate, and words used in this Plan in the singular or plural include the plural or singular where appropriate.~~

ii. ~~Whenever any actuarial present value or actuarial equivalency is to be determined under the Plan to establish a benefit, it will be based on reasonable actuarial assumptions approved by the Board in its sole discretion, and will be determined in a uniform manner for all similarly situated Participants.~~

~~III. PARTICIPATION~~

~~All Retirees and Beneficiaries of ATRS are eligible to participate in this Plan if their Retirement Benefits from ATRS for a Plan Year are or have been since January 1, 2013, limited by Code Section 415(b). The Board determines for each Plan Year which Retirees and Beneficiaries are eligible to participate in the Plan. Participation in the Plan begins each Plan Year once a Retiree or Beneficiary has a Benefit Restoration in that Plan Year. Participation in the Plan ends for any portion of a Plan Year in which the Retirement Benefit of a Retiree or Beneficiary is not limited by Code Section 415(b) or when all benefit obligations under the Plan to the Retiree or Beneficiary have been satisfied.~~

~~IV. PAYMENT OF BENEFITS~~

A. ~~Benefit Amount. A Participant in the Plan will receive a benefit equal to the amount of retirement income that would have been payable to, or with respect to, a Participant by ATRS that could not be paid because of the application of the limitations on his retirement income under Code Section 415(b). A Benefit Restoration under the Plan will be paid only if and to the extent the Participant is receiving Retirement Benefits from the Retirement Fund.~~

- ~~B. Time for Payment: Form of Benefit. The Benefit Restoration will be paid at the same time and in the same manner as the Retirement Benefit payable under ATRS, and the timing of the Benefit Restoration must take into account the existence of monthly deductions from the Retirement Benefit. No election is provided at any time to the Participant, directly or indirectly, to defer compensation under this Plan.~~
- ~~C. Vesting. A Participant's right to a Restoration Benefit shall be vested as of the Participant's vesting under the Retirement Fund. Additionally, each member in the Retirement Fund receiving a Retirement Benefit under the Retirement Fund on the date of adoption of this Plan shall be vested. A Beneficiary's right to a Restoration Benefit shall be vested as of the date of the Participant's death. Notwithstanding the foregoing, if the Retirement Fund is terminated and Employers are making no further contributions to the Retirement Fund, no further Restoration Benefits shall be payable after the date that the Employers' contributions to the Retirement Fund cease unless the Employers establish another plan to serve the same purpose or to make other arrangements to pay benefit amounts that would have been payable had the Plan continued to receive Employers' Contributions to fully fund the plan.~~

~~V. CONTRIBUTIONS AND FUNDING~~

- ~~A. Funding. The Plan is, and will remain, unfunded and the rights, if any, of any person to any benefits under the Plan are limited to those specified in the Plan. The Plan constitutes a mere unsecured promise by the Employers to make benefit payments in the future.~~
- ~~B. Contributions.~~
- ~~i. The Executive Director, using authority delegated by the Board will determine the amount necessary to pay the Benefit Restoration under the Plan for each Plan Year. The Retirement Administrator will provide an estimate of the Benefit Restoration on or before March 1 of each year, provided however, in 2013, the Plan Administrator will provide an estimate of the Benefit Restoration within ten (10) days of the effective date of this rule. The required contribution will be the aggregate of the Benefit Restorations payable to all Participants for the Plan Year and an amount determined by the Executive Director, through delegation, to be a necessary and reasonable expense of administering the Plan. The Employers will contribute the amount determined to be necessary to pay the Benefit Restoration of the Participants and administrative expenses of the Plan, and these payments will be made before the Employers' deposits are credited~~

~~to the Retirement Fund. The Employers' required contribution will be due at the same time as contributions to the Retirement Fund. Under no circumstances will the Employers' contributions to fund the Benefit Restorations be credited to the Retirement Fund. Any contributions not used to pay the Benefit Restoration for a current Plan Year, together with any income accruing to the Trust Fund, will be used to pay the administrative expenses of the Plan for the Plan Year. Any contributions not used to pay the Benefit Restoration for the current Plan Year that remain after paying administrative expenses of the Plan for the Plan Year will be used to fund administrative expenses or benefits of Participants in future Plan Years.~~

~~ii. ATRS will account separately for the amounts the Executive Director, using the authority delegated by the Board, determines to be necessary to provide the Benefit Restoration under the Plan for each Participant. But, this separate accounting will not be deemed to set aside these amounts for the benefit of a Participant. Benefits under this Plan will be paid from the Trust Fund.~~

~~iii. The consultants, independent auditors, attorneys, and actuaries performing services for ATRS may also perform services for this Plan; but, any fees attributable to services performed with respect to this Plan will be payable solely from the Trust Fund.~~

VI. TRUST FUND

~~A. Establishment of Trust Fund. A "Benefit Restoration Trust Fund" (the "Trust Fund") is established pursuant to Ark. Code Ann. §24-7-305, separate from the Retirement Fund, to hold Employers' Contributions to this Trust Fund. Contributions to this Trust Fund will be held separate and apart from the funds comprising the Retirement Fund and will not be commingled with assets of the Retirement Fund, and must be accounted for separately.~~

~~B. Trust Fund Purpose. The Trust Fund is maintained solely to provide benefits under a qualified governmental excess benefit arrangement within the meaning of Code Section 415(m) and pay administrative expenses of this arrangement.~~

~~C. Trust Fund Assets. All assets held by the Trust Fund to assist in meeting the Employers' obligations under the Plan, including all amounts of Employers' contributions made under the Plan, all property and rights acquired or purchased with these amounts and all income attributable to~~

~~these amounts, will be held separate and apart from other funds of the Employers and will be used exclusively for the uses and purposes of Participants and general creditors as set forth in this Plan. Participants have no preferred claim on, or any beneficial interest in, any assets of the Trust Fund. Any rights created under the Plan are unsecured contractual rights of Participants against the Employers. Any assets held by the Trust Fund are subject to the claims of the Employers' general creditors under federal and state law in the event of insolvency.~~

~~D. Grantor Trust. The Trust Fund is intended to be a grantor trust, of which the Employers are the grantors, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Code, and will be construed accordingly. This provision will not be construed to create an irrevocable trust of any kind.~~

~~E. Trust Fund Income. Income accruing to the Trust Fund under the Plan constitutes income derived from the exercise of an essential governmental function upon which the Trust is exempt from tax under Code Section 115, as well as Code Section 415(m)(1).~~

~~VII. ADMINISTRATION~~

~~A. Administrative Authority. The Board has the exclusive authority to control and manage the operation and administration of the Plan. The Board has the same rights, duties and responsibilities respecting the Plan as it has with respect to the Retirement Fund. The Administrator has the same duties and authority respecting the Plan as the Administrator has with respect to the Retirement Fund.~~

~~i. The Board has the power and authority (including discretion with respect to the exercise of that power and authority) necessary, advisable, desirable or convenient to enable it:~~

~~a. to establish procedures to administer the Plan not inconsistent with the Plan and the Code, and to amend or rescind these procedures;~~

~~b. to determine, consistent with the Plan, applicable law, rules or regulations, all questions of law or fact that may arise as to eligibility for participation in the Plan and eligibility for distribution of benefits from the Plan, and the status of any person claiming benefits under the Plan;~~

~~c. to make payments from the Trust Fund to Participants pursuant to Article IV of the Plan;~~

~~d. contract with a third party to perform designated administrative services under this Plan;~~

~~e. to construe and interpret the Plan as to administrative issues and to correct any defect, supply any omission or reconcile any inconsistency in the Plan with respect to same, subject to and consistent with the Code.~~

~~ii. Any action by the Board that is not found to be an abuse of discretion will be final, conclusive and binding on all individuals affected thereby. The Board may take any such action in such manner and to such extent as the Board in its sole discretion may deem expedient, and the Board will be the sole and final judge of such expediency.~~

~~iii. The Board may delegate any of its authority to the Administrator with respect to the Trust Fund. The Board has delegated certain authority as set forth herein, to the Executive Director.~~

~~B. Advice. The Board may obtain assistance and advice with regard to its responsibilities under the Plan.~~

~~C. Payment of Benefits. If in doubt concerning the correctness of their action in making a payment of a benefit, the Board may suspend payment until satisfied as to the correctness of the payment or the person to receive the payment.~~

~~D. Delegation by Administrator. The Administrator will handle the day-to-day operation of the Plan and may delegate certain functions to a third party as required.~~

~~VIII. PLAN AMENDMENTS~~

~~The Board, from time to time, may amend, suspend, or terminate any or all of the provisions of this Plan as may be necessary to comply with Code Section 415(m) and to maintain the Plan's or the Retirement Fund's qualified status under the Code.~~

~~IX. NONASSIGNABILITY AND EXEMPTION FROM TAXATION AND EXECUTION~~

~~The interests of Participants under this Plan are exempt from any state, county, municipal or local tax, and are not subject to execution, garnishment, attachment, or any other process of law whatsoever, and are unassignable and nontransferable.~~

~~X. MISCELLANEOUS~~

- ~~A. Federal and State Taxes. The Board, the Employers, and the Administrator, if any, do not guarantee that any particular Federal or State income, payroll, or other tax consequence will occur because of participation in this Plan.~~
- ~~B. Investment. The Board may hold the assets of the Plan uninvested as it deems advisable for making distributions under the Plan.~~
- ~~C. Conflicts. In resolving any conflict between provisions of the Plan, and in resolving any other uncertainty as to the meaning or intention of any provision of the Plan, the prevailing interpretation will be the one that (i) causes the Plan to constitute a qualified governmental excess benefit arrangement under the provisions of Code Section 415(m) and the Trust Fund to be exempt from tax under Code Sections 115 and 415(m), (ii) causes the Plan and ATRS to comply with all applicable requirements of the Code, and (iii) causes the Plan and ATRS to comply with all applicable State laws.~~
- ~~D. Limitation on Rights. Neither the establishment or maintenance of the Plan, nor any amendment to the Plan, nor any act or omission under the Plan (or resulting from the operation of the Plan) may be construed:~~
- ~~i. as conferring upon any Participant or any other person a right or claim against the Board, Trustees, Employers, or Administrator, if any, except to the extent that the right or claim is specifically expressed and provided in the Plan;~~
 - ~~ii. as creating any responsibility or liability of the Employers for the validity or effect of the Plan;~~
 - ~~iii. as a contract between the Employers and any Participant or other person;~~
 - ~~iv. as being consideration for, or an inducement or condition of, employment of any Participant or other person, or as affecting or restricting in any manner or to any extent whatsoever the rights or~~

~~obligations of the Employers or any Participant or other person to continue or terminate the employment relationship at any time; or~~

~~v. as giving any Participant the right to be retained in any Employer's service or to interfere with any Employer's right to discharge any Participant or other person at any time.~~

~~E. Erroneous Payments. Any benefit payment that should not have been made, according to the terms of the Plan and the benefits provided hereunder, may be recovered as provided by law.~~

~~F. Release. Any payment to any Participant will, to the extent thereof, be in full satisfaction of the Participant's claim being paid thereby, and the Board may condition the payment on the delivery by the Participant of the duly executed receipt and release in a form determined by the Board.~~

~~G. Liability.~~

~~i. The Board, Trustees, or Administrator, if any, will not incur any liability in acting upon any paper or document or electronic transmission believed by the Board, Trustees, or Administrator to be genuine or to be executed or sent by an authorized person.~~

~~ii. The Plan will hold harmless and indemnify the Board, the Trustees, and the Administrator, and the officers and employees thereof, from financial loss arising out of any claim, demand, suit or judgment by reason of alleged negligence or other act by that board member, trustee, officer or employee, provided that the board member, trustee, officer or employee at the time of the alleged negligence or act was acting in the discharge of his duties and within the scope of his employment and that the damages did not result from a willful and wrongful act of gross negligence of the board member, trustee, officer or employee, and provided further that the board member, trustee, officer or employee will, within five days of the time he is served with any summons, complaint, process, notice, demand or pleading, deliver the original or a copy thereof to the Administrator's legal advisor.~~

~~iii. The Board may obtain insurance to provide coverage for any liabilities that may arise as described by this Section.~~

~~iv. This Plan does not directly or indirectly waive any sovereign immunity protection of the Board, the Trustees, the Administrator, and the officers and employees thereof.~~

- ~~H. — Governing Laws. The laws of Arkansas apply in determining the construction and validity of this Plan.~~
- ~~I. — Necessary Parties to Disputes. The only party necessary to any accounting, litigation or other proceedings relating to the Plan is the Administrator. The settlement or judgment in any case in which the Administrator is duly served will be binding upon all affected Participants in the Plan, their beneficiaries, estates and upon all persons claiming by, through or under them.~~
- ~~J. — Severability. If any provision of the Plan is held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Plan will continue to be fully effective.~~

~~**Approved by Board:** July 26, 2013
Adopted: October 9, 2013
Effective: November 8, 2013~~

ATRS Rule 16 Cash and Savings Help Program

§ 16-101. Definitions.

As used in this rule:

(1) "CASH Program" has the same meaning as "buyout plan" as defined in Arkansas Code § 24-7-505; and

(2) "CASH Program payment" means the one-time lump-sum cash payment made to a member who elects to participate in the CASH Program.

§ 16-102. CASH Program.

(a) The Board of the Arkansas Teacher Retirement System by resolution shall establish and approve the category of members who are eligible to participate in the CASH Program, the CASH Program offering period, and the formula to be used during a CASH Program offering period.

(b)(1) In accordance with Arkansas Code § 24-7-505, this rule, and applicable resolutions of the board, the Arkansas Teacher Retirement System shall determine if a member is qualified to receive a CASH Program payment.

(2) Only qualifying members may receive a CASH Program payment.

(3) Any erroneous delivery of a CASH Program election form by the system to a member shall not establish the member's right to a CASH Program payment.

§ 16-103. CASH Program payment.

(a) The tender of a CASH Program payment by the Arkansas Teacher Retirement System to a member who elects to participate in the CASH Program shall:

(1) Cancel the member's membership in the system;

(2) Extinguish any credited service the member has accumulated in the system;

and

(3) Extinguish the member's right to any future retirement benefit that the member would have received from the system based on the member's service.

(b)(1) The opportunity for a CASH Program payment shall be available in accordance with the provisions of Arkansas Code § 24-7-505 and this rule and only for a specific and temporary period of time to a specific category of members.

(2) The Board of the Arkansas Teacher Retirement System may determine the category of members of the system to whom a CASH Program payment may be offered.

(c)(1) The CASH Program payment shall be calculated under a formula that is:

(A) Unique to the category of members to whom the CASH Program payment is available; and

(B) Applicable for the offering period exclusively.

(2)(A) The system shall not be obligated to extend a CASH Program payment offer or to make a future or similar CASH Program payment offer.

(B) The terms, rules, and rights for any CASH Program payment offer under a specific offering period shall not apply to a subsequent CASH Program payment offering.

(c) A CASH Program payment shall be tendered only for actual service credit that a member has in the system and shall not be tendered for reciprocal service credit that a member has in the system.

(d)(1) A CASH Program payment may be:

(A) Made by check and may be mailed to a member's address; or

(B)(i) At the member's direction, directly rolled over into a qualifying retirement plan under Arkansas Code § 24-7-719.

(ii) The system shall roll over a CASH Program payment into only one (1) qualifying retirement plan.

(2)(A) The system shall make reasonable efforts to contact all members who are eligible to participate in the CASH Program.

(B) However, the system shall not be obligated to:

(i) Contact a member to verify the accuracy of the member's last address of record on file with the system;

(ii) Confirm a member's receipt of a CASH Program offer;

(iii) Confirm a member's receipt of a CASH Program election form;

or

(iv) Confirm that the system has received a CASH Program election form submitted by a member.

§ 16-104. CASH Program — Offering period.

(a) The Board of the Arkansas Trustee Retirement System shall set the dates for any CASH Program offering period.

(b)(1) After the board sets a specific CASH Program offering period, only members who submit an election to participate in the CASH Program to the Arkansas Teacher Retirement System shall qualify to receive a CASH Program payment that is available during the CASH Program offering period set by the board.

(2) However, a member shall not qualify to receive a CASH Program payment that is available during a CASH Program offering period set by the board if the member submits his or her election to participate in the CASH Program after the CASH Program offering period deadline.

(c) The board by resolution may re-offer a previously expired CASH Program or may extend the duration of a current CASH Program offering period.

§ 16-105. CASH Program — Election form.

(a)(1) The CASH Program election form shall be made available to members using the Arkansas Teacher Retirement System's standard procedures.

(2) The system shall not be responsible for confirming the member's receipt of a CASH Program election form, regardless of the manner in which the member requested to be provided with the CASH Program election form.

(3) The member shall be solely responsible for obtaining and submitting to the system a CASH Program election form as required under this rule.

(b)(1) A member's election to participate in the CASH Program shall be submitted to the Arkansas Teacher Retirement System on a form approved by the system before the applicable CASH Program offering period deadline.

(2) A CASH Program election form is invalid and shall not be accepted by the system if it:

(A) Has not been completed in its entirety by the member or as required by this rule;

(B) Is postmarked after the CASH Program offering period deadline;

(C) Is submitted by facsimile and has a date-stamp that is after the CASH Program offering period deadline; or

(D) Is sent as an attachment to an e-mail and the e-mail is sent after the CASH Program offering deadline.

(c) A CASH Program election form shall include the following:

(1) The member's signature and the date on which the member signed the election form; and

(2) The member's signed statement that he or she understands that:

(A) The purpose and scope of the CASH Program and that the CASH Program election form cannot be withdrawn by the member after the Arkansas Teacher Retirement System tenders the CASH Program payment to the member; and

(B) A member who participates in the CASH Program plan shall receive a one-time lump-sum payment from the system that, upon the system's tender of payment, cancels the member's interest in any retirement benefit and all future rights in the system.

Authority: Arkansas Code §§ 24-7-505 and 24-7-707

Resolutions

<u>2017-18</u>	<u>May 10, 2017</u>	<u>Expand to include contributory service.</u>
<u>2018-35</u>	<u>October 1, 2018</u>	<u>Create offer period for FY2019</u>
<u>2019-30</u>	<u>June 3, 2019</u>	<u>Create offer period for FY 2020</u>

History

<u>Approved by Board:</u>	<u>July 26, 2013</u>	
<u>Adopted:</u>	<u>October 9, 2013</u>	
<u>Effective:</u>	<u>November 8, 2013</u>	
<u>Effective:</u>	<u>August 5, 2019</u>	
<u>Effective:</u>	<u>TDB</u>	<u>Rule 16</u>

~~ATRS Rule 16~~

~~CASH AND SAVINGS HELP (CASH) PROGRAM~~

~~A.C.A. §§ 24-7-505, 24-7-707~~

~~I. Purpose and Scope~~

- ~~A. The purpose of this rule is to allow members an opportunity to receive a one-time lump-sum cash payment in exchange for terminating their membership in ATRS. The benefit offering under this rule shall be known as the "CASH Program". The one-time lump-sum cash payment shall be known as "CASH Program payment". The tender of the CASH Program payment by ATRS extinguishes any service credit or future retirement benefit from ATRS to the member that would have been based upon the member's service, and for all purposes "buys out" the membership, the retirement benefit rights, and all future rights in the system of the member.~~
- ~~B. The opportunity for a CASH Program payment is available only under this rule and only for a specific and temporary period of time to a specific category of members. The CASH Program payment is calculated under a formula that is unique to that category of members and is applicable for the offering period exclusively.~~
- ~~C. ATRS is under no obligation to extend the offer or to make a future, similar offer. Terms, rules and rights for any CASH Program under a specific offering period do not apply to a subsequent CASH Program offering.~~
- ~~D. This CASH Program is only applicable to ATRS members for their ATRS service. Reciprocal service shall not be eligible for the CASH Program.~~
- ~~E. The ATRS Board may target a CASH Program offering to a certain category of members within ATRS.~~
- ~~F. A CASH Program payment may be made to a member by a check mailed to the member's address. A CASH Program payment may also be directly rolled over into a qualifying retirement plan under § 24-7-719, at the direction of the member. ATRS shall only roll over the CASH Program payment into one qualifying plan.~~
- ~~G. CASH Offering Period~~
 - ~~1. The Board shall set the dates for any offering period. To qualify for the CASH Program payment in a specific offering period, the member shall deliver the CASH Program Election Form to ATRS before the end of the offering period.~~

2. A CASH Program Election Form that is postmarked after the offering period deadline is invalid. If sent by facsimile, the date stamp shall be before the offering period deadline. If sent as an attachment to an email, the email shall be sent before the offering period deadline.
 3. The Board may re-offer a previously expired buyout plan or may extend the duration of a current offering through a resolution adopted by the Board at a meeting of the Board.
- H. While ATRS may make reasonable efforts to contact members eligible for the CASH Program, ATRS is under no duty to contact members, to verify the accuracy of the addresses, or to confirm receipt of the offer by the member, to confirm receipt of the election form by members, or to confirm receipt by ATRS of the CASH Program Election Form from members.

II. ~~CASH Program Election Form~~

- A. ~~To participate in the CASH Program, a member shall submit a CASH Program Election Form to ATRS during the offering period. The CASH Program Election Form shall be completed in its entirety by the member in order to be accepted as a valid CASH Program Election Form.~~ B. ~~The CASH Program Election Form shall include the following:~~
1. ~~A statement, signed by the member, that the member understands the purpose and scope of the CASH Program, and once ATRS tenders payment of CASH Program payment, the CASH Program Election Form may not be withdrawn.~~
 2. ~~A member who participates in the CASH Program plan shall receive a one-time lump sum payment from ATRS that cancels the member's interest in any retirement benefit and all future rights in ATRS effective upon tender of payment by ATRS.~~
 3. ~~The signature of the member; and~~
 4. ~~The date signed.~~
- C. ~~The CASH Program Election Form shall be made available to members using standard ATRS procedures.~~
- D. ~~ATRS is not required to accept any CASH Program Election Form that is not received during the offering period in the manner prescribed in this rule.~~
- E. ~~ATRS is not responsible for the member's receipt of a CASH Program Election Form, regardless of the manner in which it is requested.~~
- F. ~~The member is exclusively responsible for obtaining and submitting the CASH Program Election Form as required under this rule.~~
- G. ~~ATRS shall determine if the member is qualified to receive a CASH~~

~~Program payment. Only qualifying members may receive the CASH Program payment and any erroneous delivery of a CASH Program Election Form by ATRS to a member does not establish a right to payment.~~

~~III. CASH Program Offering~~

~~The applicable members, offering period, and CASH Program formula for a particular CASH Program offering will be established and approved by the Board through a properly adopted resolution.~~

HISTORY

~~Approved by Board: July 26, 2013
Adopted: October 9, 2013
Effective: November 8, 2013
Effective: August 5, 2019~~

RESOLUTIONS

2017-18	May 10, 2017	Expand to include contributory service.
2018-35	October 1, 2018	Create offer period for FY 2019.
2019-30	June 3, 2019	Create offer period for FY 2020.

ATRS Rule 13
Administrative Adjudications and Informal Resolutions: Staff
Determinations and Manifest Injustice Referrals

§ 13-101. Definitions.

As used in this rule:

(1) "Manifest injustice" has the same meaning as provided in Arkansas Code § 24-7-202; and

(2) "Member" for the purposes of the staff determination and appeal process means any member of the Arkansas Teacher Retirement System as defined in Arkansas Code § 24-7-202 and includes:

(A) A beneficiary of a member;

(B) A retiree of the system;

(C) A guardian, an administrator, or an executor of a member, retiree, or beneficiary; or

(D) A public school.

§ 13-102. Staff determinations — Scope and purpose.

(a) This rule governs the practice and procedures of the Arkansas Teacher Retirement System concerning the adjudication of a claim that concerns any retirement plan or program administered by the system and arises as a result of a determination made by the staff or administration of the system.

(b)(1) The system's staff is responsible for administering the accounts of members of the system and may make determinations based on the law and rules applicable to the system that may be adverse to a member's claim.

(2) This rule outlines the procedure for a member to appeal the determination of the system's staff or administration concerning a claim of the member.

(c)(1) The rules concerning the staff determination and appeal process should be read in conjunction with the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(2) To the extent that the rules concerning the staff determination and appeal process conflict with the Arkansas Administrative Procedures Act, the terms and provisions of the Arkansas Administrative Procedures Act shall supersede the rules concerning the staff determination appeal process and control.

(d) The rules concerning the staff determination and appeal process do not apply to claims or causes of action that the system or the Board of Trustees of the Arkansas Teacher Retirement System may have against a member or any other person or entity, regardless of the origin or nature of the claim.

§ 13-103. Staff determinations — Extension of deadlines.

(a)(1) The Board of Trustees of the Arkansas Teacher Retirement System and the Executive Director of the Arkansas Teacher Retirement System may extend any deadline applicable to a member's appeal upon a showing of good cause unless a Hearing Officer has been assigned.

(2) Only the board may extend a deadline after the deadline has passed.

(3) If a hearing officer has been assigned, until the completion of the hearing, only

the hearing office may extend a deadline applicable to a member's appeal upon a showing of good cause.

(b) When compliance with the rules concerning the staff determination and appeal process is based on delivery having occurred, delivery shall be considered to have occurred on the earlier of either the:

(1) Date of the postmark, if posted with the United States Postal Service;

(2) Date of actual delivery by one of the following methods:

(A) Hand delivery;

(B) Electronic transmission; or

(C) Delivery service other than USPS.

§ 13-104. Staff determinations — Informal resolutions.

(a)(1) A member's claim may be resolved informally through correspondence or conference between the member and the staff of the Arkansas Teacher Retirement System.

(2) All reasonable efforts shall be made to informally resolve a member's claim with the member.

(b)(1) The executive director may implement a resolution of a member's claim that has a direct impact to the system of up to five thousand dollars (\$5,000).

(2) Board approval shall be required to implement a resolution that has a direct financial impact to the system in excess of five thousand dollars (\$5,000).

(c)(1) The system's staff and the member are strongly encouraged to engage in a good faith attempt to resolve claims informally based upon the proper application of the law, rules, and policies applicable to the system and to the specific facts of the member's claim.

(2) A member's claim shall not be resolved in a manner that contravenes the law, rules, and policies applicable to the system.

(d) If a claim is not resolved informally and a staff determination letter adverse to the member's claim is issued to the member, the member may request a review of the staff determination by the Executive Director of the Arkansas Teacher Retirement System.

(e) The manifest injustice referral process shall not be used with regard to a member if the manifest injustice referral concerns the same questions of the law and fact that are at issue in a claim concerning the member that is resolved through the staff determination and appeals process.

§ 13-105. Staff determinations — Notice of adverse determination.

(a)(1) If the staff of the Arkansas Teacher Retirement System make a determination that is adverse to a member's claim, the system shall send a staff determination letter to the member if the claim involves:

(A) An ambiguity in the interpretation of the specific facts of the member's claim that would impact the manner in which the law, rules, or policy applicable to the system are applied to the member's claim;

(B) An ambiguity in the interpretation of the law, rules, or policy applicable to the system; or

(C) An ambiguity concerning the proper application of the law, rules, or policy applicable to the system to the specific facts of the member's claim.

(2) A staff determination letter shall not be issued to a member unless the staff determination letter has been reviewed and approved by an attorney for the system.

(b) A staff determination letter that is issued to a member shall:

(1) Advise the member of the determination and the reasons for the determination;
and

(2) Advise the member of the procedure for requesting a review of the staff determination by the Executive Director of the Arkansas Teacher Retirement System;

(3) Advise the member of the deadline to request a review by the executive director; and

(4) Not include findings of fact and conclusions of law, separately stated.

(c) The written determination of system staff concerning an overpayment collection dispute or the applicability of a salary limitation to a plan or payment shall be treated as a staff determination letter.

(d) A staff determination letter is not and shall not be construed as a final decision or order of the system that may be appealed under the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(e) The system shall consider a member's claim as closed if the member does not request a review of the staff determination by the executive director within thirty (30) calendar days of the date of the staff determination letter.

§ 13-106. Staff determinations — Review by executive director.

(a)(1) A member shall submit a request for a review of a staff determination by the Executive Director of the Arkansas Teacher Retirement System in writing.

(2) A member shall not be required to resubmit any documents or information with his or her request for a review.

(b)(1) Unless an extension is granted by the Board of Trustees of the Arkansas Teacher Retirement System or the executive director, a member shall not be permitted to request a review of a staff determination by the executive director unless the member's request is received by the Arkansas Teacher Retirement System within thirty (30) calendar days of the date of the staff determination letter.

(2) If the last day to request a review of a staff determination by the executive director falls on an official state holiday or weekend, the member shall have until the next business day to request a review.

(b)(1) The executive director shall promptly send a letter to the member acknowledging the member's request for a review.

(2)(A) The member may submit for review by the executive director any additional relevant documents or information not previously submitted by the member to the system.

(B) The member shall submit the additional documents and information to the executive director within thirty-five (35) calendar days of the date of the executive director's acknowledgement letter.

(c)(1) Upon receiving a member's request for a review of a staff determination, the executive director shall independently review the facts and the law, rules, and policy applicable to the member's claim.

(2) The executive director shall consider the staff determination as well as any relevant documents and information provided by the member.

(3) The executive director may affirm, reverse, or modify the staff determination

before a final determination on the member's claim is made by the board.

(d)(1) The executive director shall send a review determination letter to the member within ninety (90) calendar days from the date on which the member's request for a review was received by the system.

(2) A review determination letter shall:

(A) Advise the member of the determination and the applicable law, rules, and policy used by the executive director to reach his or her determination;

(B) Advise the member of the procedure for appealing the review determination letter to the board;

(C) Advise the member of the deadline to appeal the review determination letter to the board; and

(D) Not include findings of fact and conclusions of law, separately stated.

(e) A review determination letter is not and shall not be construed as a final decision or order of the system that may be appealed under the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(d) The system shall consider a member's claim as closed if the member does not appeal the executive director's review determination within thirty (30) calendar days of the date of the review determination letter.

§ 13-107. Staff determinations — Appeals — Initiation of appeal to the Board of Trustees of the Arkansas Teacher Retirement System.

(a) A review determination of the Executive Director of the Arkansas Teacher Retirement System may be appealed by the member to the Board of Trustees of the Arkansas Teacher Retirement System.

(b)(1) A member shall appeal a review determination of the executive director in writing by filing a signed notice of appeal with the Arkansas Teacher Retirement System in the manner required by the system.

(2) A member shall file his or her signed notice of appeal with the system within thirty (30) calendar days of the date of the review determination letter.

(c) A member shall address and deliver his or her signed notice of appeal to the Board of Trustees of the Arkansas Teacher Retirement System, Member Appeals, ATTN: Legal Department, 1400 West Third Street, Little Rock, Arkansas, 72201.

§ 13-108. Staff determinations — Appeals — Assignment of hearing officer.

(a)(1) All member appeals of a review determination shall be assigned to a hearing officer.

(2) The executive director or his or her designee shall appoint a hearing officer from a list of qualified individuals approved by the executive director.

(3) The hearing officer shall conduct an administrative hearing, recommend factual and legal determinations, and prepare a proposed order for the board that includes findings of fact and conclusions of law, separately stated.

(b)(1) Following appointment, the hearing officer shall issue a written scheduling order to the member, executive director, and legal counsel for the system.

(2) The scheduling order shall contain include all information required under the Arkansas Administrative Procedures Act, § 25-19-201 et seq.

(3) The hearing officer, at his or her discretion, may include in the scheduling order reasonable deadlines for the submission and exchange of exhibits, witness lists, and

related materials before the hearing, including without limitation, any requested proposed findings of fact and conclusions of law.

(4) The hearing officer may continue any scheduled matter at his or her discretion for good cause shown by any party or counsel of record.

(d) Unless otherwise ordered, hearings shall be held at the Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201.

§ 13-109. Staff determinations — Appeals — Filing documents.

(a) Following the appointment of a hearing officer, all correspondence, documents, requests, submissions, filings and other documents relating to an appeal shall be mailed or hand delivered to the Arkansas Teacher Retirement System, Member Appeals, ATTN: Legal Department, 1400 West Third Street, Little Rock, Arkansas, 72201.

(b) Any party submitting or filing a document relating to an appeal shall simultaneously deliver a copy of the filing or document to the opposing party or, if applicable, opposing counsel.

(c) The Arkansas Teacher Retirement System shall be the responsible for ensuring that:

(1) Copies of all correspondence, documents, requests, submissions, filings, and other documents relating to an appeal are provided in a timely manner to the hearing officer; and

(2) A complete record of each appellate proceeding before a hearing officer and the Board of Trustees of the Arkansas Teacher Retirement System is prepared and maintained in a single, centralized location.

§ 13-110. Staff determinations — Appeals — Hearings.

(a) The hearing is an administrative hearing before the hearing officer and is not a hearing before the Board of Trustees of the Arkansas Teacher Retirement System.

(b)(1) All hearings shall be conducted according to [the rules concerning the staff determination appeal process](#) and the corresponding procedural provisions of the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(2) The hearing shall be informal and the formal rules of evidence shall not apply.

(3) In conducting a hearing, the hearing officer shall not be bound by the formal rules of evidence, and no informality in any proceedings or in the manner of taking of testimony shall invalidate any order or decision of the board.

(c) A member shall at all times have the right to counsel, provided that such counsel:

(1) Is duly licensed to practice law in the State of Arkansas; or

(2) Has been granted permission to appear *pro hac vice* by the hearing officer.

(d)(1) All hearings shall be conducted in an orderly manner.

(2) The hearing officer shall have the authority to maintain the decorum of the hearing and may clear the hearing room of witnesses who are not under examination.

(e) If a member fails to appear at the hearing, the member waives his or her right to present evidence and arguments to the hearing officer and the hearing officer may proceed with the hearing and prepare a proposed order for the board's consideration based on the evidence presented.

(f) The hearing officer shall have the authority to administer oaths and affirmations.

(g)(1) Each party shall be entitled to examine and cross-examine witnesses, present evidence, make arguments, and generally participate in the conduct of the proceeding.

(2) The hearing officer may question a witness during any portion of the direct or cross-examination of the witness.

(3)(A) Before giving testimony, each witness shall swear or affirm that the testimony about to be given shall be the truth, the whole truth, and nothing but the truth.

(B) All testimony considered by the hearing officer, except for matters officially noticed or entered by stipulation, shall be sworn testimony.

(h)(1) The hearing officer may admit into the record any evidence that in his or her judgment:

(A) Has a reasonable degree of probative value and trustworthiness; or

(B) Is of a type or nature commonly relied upon by reasonably prudent people in the conduct of their affairs.

(2) The hearing officer may exclude evidence that is irrelevant, immaterial, or unduly repetitious.

(3) Objections to evidentiary offers may be made and shall be noted of record.

(4) Documents received into evidence by the hearing officer shall be marked and filed as part of the record.

(i) Following the close of evidentiary submissions and witness testimony, the hearing officer may in his or her discretion allow summations and closing arguments by the parties.

(j)(1) The Arkansas Teacher Retirement System shall arrange for a court reporter to attend and record all hearings.

(2)(A) The system shall pay the cost for preparing a transcript of the hearing.

(B) Upon receiving the hearing transcript, the system shall promptly forward a copy of the transcript to the hearing officer and the member or, if applicable, the member's counsel.

§ 13-111. Staff determinations — Appeals — Post-hearing briefs.

(a)(1) Upon the completion of the hearing, the hearing officer may allow the parties to submit post-hearing briefs to be included as part of the record on appeal.

(2) The decision on whether or not to allow the submission of post-hearing briefs is within the sole discretion of the hearing officer.

(3) A hearing officer's decision to not allow post-hearing briefs shall have no effect on the validity of any order or decision issued by the Board of Trustees of the Arkansas Teacher Retirement System.

(b) If a hearing officer grants the member or the Arkansas Teacher Retirement System an opportunity to submit a post-hearing brief, the hearing officer shall provide the opposing party an opportunity to submit a response.

(c) The hearing officer shall have discretion to set reasonable deadlines for the parties to submit post-hearing briefs and responses, provided that the parties shall be allowed a minimum of fourteen (14) calendar days from the date of receipt of the hearing transcript before any initial post-hearing brief shall be due for filing.

§ 13-112. Staff determinations — Appeals — Proposed orders.

(a) After the hearing officer receives all evidence, arguments, and, if applicable, post-hearing briefs, the record before the hearing officer shall be officially closed.

(b)(1) After the record before the hearing officer is closed and the hearing officer has

considered all of the evidence, the hearing officer shall, as soon as practical, prepare a proposed order to be delivered to the Board of Trustees of the Arkansas Teacher Retirement System.

(2) The proposed order shall include:

(A) Findings of fact based exclusively on the evidence and testimony in the record of the hearing;

(B) Conclusions of law **that shall be separately stated from the findings of fact**; and

(C) A recommendation to the board.

(3)(A) The hearing officer shall provide the proposed order to the board via e-mail and via United States mail addressed to the Arkansas Teacher Retirement System, Member Appeals, ATTN: Legal Department, 1400 West Third Street, Little Rock, Arkansas, 72201.

(B) Upon receiving the proposed order, the system shall mail a copy of the proposed order to the member and, if applicable, the member's counsel via Certified, First Class, United States mail, with a copy to the Executive Director of the Arkansas Teacher Retirement System.

§ 13-113. Staff determinations — Appeals — Objections to proposed orders.

(a)(1) The member shall have the right to file a written statement of objections outlining any objections, exceptions, and arguments that the member determines should be considered by the Board of Trustees of the Arkansas Teacher Retirement System during the board's evaluation of the hearing officer's proposed order.

(2) A member shall not be permitted to introduce additional evidence or testimony in his or her statement of objections.

(b) A member's written statement of objections shall be delivered to the Arkansas Teacher Retirement System within twenty-one (21) calendar days of the member's receipt of the hearing officer's proposed order.

(c)(1) Counsel for the system may prepare a written response to any written statement of objections filed by the member.

(2) A copy of any response by the system shall be provided to the board and the member and, if applicable, the member's counsel, before the board meeting at which the hearing officer's proposed order is scheduled to be considered by the board.

§ 13-114. Staff determinations — Appeals — Consideration of proposed orders by the Board of Trustees of the Arkansas Teacher Retirement System.

(a) The Board of Trustees of the Arkansas Teacher Retirement System shall render a final determination on the hearing officer's proposed order.

(b)(1) The board's consideration of the hearing officer's proposed order shall be scheduled within a reasonable time to be heard, at a regular meeting of the board after the issuance of the proposed order.

(2) The board may call an emergency meeting to consider the hearing officer's proposed order if the situation warrants.

(3) The Arkansas Teacher Retirement System shall notify the member and, if applicable, the member's counsel in writing of the date, time, and location of the board meeting at which the board intends to consider the hearing officer's proposed order.

(c)(1) Before rendering a decision on the hearing officer's proposed order, the board may request that the member and, if applicable, the member's counsel make a brief statement to the board concerning facts and any arguments that the member wishes to present and respond to any questions from the board.

(2) The board's consideration of a brief statement and any responses to questions made by the member or, if applicable, the member's counsel shall not require the board to conduct another hearing and shall be based on the hearing previously conducted before the hearing officer.

(2) The chairman of the board shall have the final authority to set the amount of time any party may have to make a statement to the board.

(d)(1) Failure of a member to appear at the meeting of the board without prior notification shall result in the member waiving his or her right to be heard by the board.

(2)(A) A member may petition the board for another opportunity to address the board.

(B) The board may grant a member's petition for another opportunity to address the board if the board determines that the member's absence was for good cause.

(e)(1) After the board's consideration of the hearing officer's proposed order, the board shall either accept or reject all or part of the hearing officer's proposed order.

(2) The board may either accept the proposed order, reject the proposed order, or accept the proposed order as modified by the board.

(3) If the board rejects the proposed order or accepts the proposed order as modified by the board, the board may:

(A) Prepare its own written findings of fact and conclusions of law, **separately state**, and issue its own order based upon those findings and conclusions;

(B) Consider manifest injustice as a basis for any remedy; or

(C) Remand the matter in whole or in part to the hearing officer for reconsideration of additional findings of fact or conclusions of law or both additional findings of fact and conclusions of law.

(f) A quorum of votes of the board is necessary to approve any motion, resolution, or order under the board's consideration.

(g)(1) Following the board's decision on the hearing officer's proposed order, the board shall prepare a written final order on the member's appeal.

(2) The board's final order shall include findings of fact and conclusions of law, separately stated, that were relied upon by the board in formulating the final order.

(3) **The board's final order shall be a final decision or order of the system that may be appealed under the Arkansas Administrative Procedures Act, § 25-15-201 et seq.**

(4) A copy of the board's final order, including the board's findings of fact and conclusions of law, **separately stated**, shall be delivered by the Executive Director of the Arkansas Teacher Retirement System to the member and, if applicable, the member's counsel via Certified, First Class, United States.

§ 13-115. Staff determinations — Appeals — Settlement authority.

(a) **With the member's written consent or, if applicable, the written consent of the member's counsel, the Executive Director the Arkansas Teacher Retirement System may suspend his or her review of a member's claim being considered under the rules**

concerning the staff determination and appeal process if the member's claim may be more expediently resolved using the manifest injustice process.

(b) The executive director may settle any claim in a manner mutually agreeable to the Arkansas Teacher Retirement System and the member at any time before the Board of Trustees of the Arkansas Teacher Retirement System issues its final order on the member's appeal.

(c) In settling any claim, the executive director shall not exceed the authority previously granted to him or her by the board.

(d) The executive director shall report any settlement that occurs after the hearing officer issues a proposed order to the board.

§ 13-116. Staff determinations — Appeals — Rights of members under the Arkansas Administrative Procedures Act.

(a) A member who receives an adverse final order from the Board of Trustees of the Arkansas Teacher Retirement System retains certain rights under the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(b)(1) A member may file a petition for judicial review under the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(2) A petition for judicial review of a final or of the board shall be filed by the member within thirty (30) days after service of the board's final order on the member.

(3) A member shall file the petition for judicial review in Pulaski County Circuit Court or the circuit court of any county in which the member resides or does business.

§ 13-117. Staff determinations — Appeals — Ex parte communications.

(a) The Arkansas Administrative Procedures Act, § 25-15-201 et seq., prohibits direct or indirect communications between the members and staff of the Arkansas Teacher Retirement System and a hearing officer or a member of the Board of Trustees of the Arkansas Teacher Retirement System concerning any issue of fact or law at issue in a member's appeal unless there has been notice providing all parties with an opportunity to participate in the communication.

(b) A hearing officer and a member of the board shall not consider any ex-parte or off-the-record evidence or statements made to them by the member or a staff member of the system in connection with a pending appeal.

(c) This section does not preclude communications by and between the hearing officer, system staff, and the board concerning minor scheduling and procedural matters necessary to timely and efficiently process and handle member appeals under the rules concerning the staff determination and appeal process.

§ 13-118. Manifest injustice.

(a) The Board of Trustees of the Arkansas Teacher Retirement System may waive or modify the impact of a rule, provision, or law applicable to the Arkansas Teacher Retirement System that does not violate a federal law or jeopardize the tax qualified status of the system in order to prevent a manifest injustice to a member, benefit participant, covered employer, or the system.

(b)(1) The process of declaring a manifest injustice is a rare and extraordinary remedy that shall not be used as a routine method of addressing error, oversight, or simple

mistake.

(2) As an extraordinary remedy, manifest injustice shall be cautiously and carefully used to prevent unfairness, to preserve the integrity of the system, and to avoid or correct unduly harsh or unconscionable outcomes.

(c) In determining whether or not a manifest injustice exists, the system may consider:

(1) The degree of fault of the system, benefit participant, or employer;

(2) An ambiguity in the interpretation of the circumstances, rule, or law;

(3) The cost to the system of correcting the error that is far outweighed by the benefit afforded to the system, benefit participant, or employer;

(4) Whether or not an expedited decision is in the public interest;

(5) The fundamental fairness of a remedy in a particular situation; and

(6) Whether or not the status quo would result in an unconscionable outcome.

(d)(1) The manifest injustice process shall not be used to address a change, omission, or error in the records of the system that may be corrected within the look-back period.

(2) The manifest injustice process may be used to correct a change, omission, or error in the records of the system discovered after the look-back period if the board determines that the time limitation imposed by the look-back period would cause a manifest injustice.

§ 13-119. Manifest injustice — Referrals.

(a) A manifest injustice referral shall be made to the Executive Director of the Arkansas Teacher Retirement System.

(b)(1) The following persons or entities may submit a manifest injustice referral to the executive director:

(A) A member of the Board of Trustees of the Arkansas Teacher Retirement System;

(B) A staff member of the system, including without limitation the executive director;

(C) A benefit participant as defined by Arkansas Code § 24-7-202;

(D) A covered employer; or

(E) A guardian, fiduciary, or other interested party.

(2) A member of the Manifest Injustice Committee shall not be permitted to make a manifest injustice referral to the executive director.

(c)(1) The Arkansas Teacher Retirement System shall create and maintain a record of each manifest injustice referral submitted to the executive director and the resolution of the manifest injustice referral.

(2) The executive director shall submit all manifest injustice referrals to the committee.

(3) Each referral shall be given a number and a year designation by the committee.

§ 13-120. Manifest injustice — Authority of executive director.

(a) With the member's written consent or, if applicable, the written consent of the member's counsel, the Executive Director the Arkansas Teacher Retirement System may suspend his or her review of a member's claim being considered under the rules concerning the staff determination and appeal process if the member's claim may be

more expediently resolved using the manifest injustice process.

(b)(1) The executive director is authorized to implement a resolution of a manifest injustice after a determination is made that a manifest injustice exists using the rules concerning the manifest injustice process.

(2)(A) The executive director may implement a resolution of a manifest injustice of up to ten thousand dollars (\$10,000) of direct financial impact to the Arkansas Teacher Retirement System.

(B) However, the executive director shall provide the chair of the Board of Trustees of the Arkansas Teacher Retirement System with written notice of a manifest injustice determination and the proposed resolution before implementing the resolution if a resolution has a direct financial impact on the system in an amount exceeding five thousand dollars (\$5,000).

(c)(1) The executive director shall not waive a deadline that may apply in the law or rules applicable to the system.

(2) Only the Board of Trustees of the Arkansas Teacher Retirement System may waive a deadline.

(d)(1) The executive director shall provide a report to the board at least biannually that:

(A) Outlines the facts and circumstances of each manifest injustice referral;

(B) Describes findings and recommendations of the manifest injustice committee; and

(C) Provides and explains the resolution of the manifest injustice referral if a manifest injustice is found.

(2) The names of members or other information that is not material to the findings shall not be required in the report to the board.

§ 13-121. Manifest injustice — Manifest Injustice Committee.

(a) The Arkansas Teacher Retirement System's General Counsel and two (2) members of senior management designated by the Executive Director shall be the sole members of the Manifest Injustice Committee.

(b)(1) The committee shall review all manifest injustice referrals and shall meet on a reasonable schedule or as needed to review manifest injustice referrals.

(2) If a committee member has a conflict or otherwise cannot review or act on a manifest injustice referral due to absence, sickness, or work load, the committee member may appoint a representative from his or her supervised staff to review or act on the manifest injustice referral on the committee member's behalf.

(3) A majority vote of the committee shall constitute a recommendation on a manifest injustice referral.

(c)(1) The committee may request that a party to the manifest injustice referral provide information or input concerning the manifest injustice referral.

(2) A party to the manifest injustice referral is not required to provide any information or input requested by the committee.

(d)(1) The committee shall make a recommendation on the existence of a manifest injustice to the Executive Director of the Arkansas Teacher Retirement System based upon the committee's review of the manifest injustice referral.

(2) If the committee finds that a manifest injustice exists, then the committee shall propose and include in its recommendation a resolution of the manifest injustice.

§ 13-122. Manifest injustice — Review of recommendation.

(a)(1) The Executive Director of the Arkansas Teacher Retirement System shall review the manifest injustice referral and the Manifest Injustice Committee's basis for the recommendation.

(2)(A) The executive director may request that a party to the manifest injustice referral provide information or input concerning the manifest injustice referral.

(B) A party to the manifest injustice referral is not required to provide any information or input requested by the executive director.

(b)(1) The executive director may either accept the committee's recommendation or return the manifest injustice referral to the committee for further consideration if the executive director disagrees with the committee's recommendation.

(2)(A) The manifest injustice referral shall be considered reviewed and closed if the committee recommends that a manifest injustice exists and the executive director accepts the recommendation.

(B) If the committee recommends that a manifest injustice exists and the executive director accepts the recommendation, the executive director may either adopt the resolution suggested by the committee or an alternative resolution that the executive director is authorized to implement.

(C) A committee's recommendation that is accepted by the executive director and finds that a manifest injustice exists is not appealable under the rules concerning the staff determination appeal process or the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(3)(A) The manifest injustice referral shall be considered reviewed and closed if the committee recommends that a manifest injustice does not exist, the executive director accepts the recommendation, and the recommendation is not appealed to the Board of Trustees of the Arkansas Teacher Retirement System using the rules concerning the staff determination appeal process.

(B)(i) A committee's recommendation that is accepted by the executive director and finds that a manifest injustice does not exist may be appealed to the board using the rules concerning the staff determination appeal process if the manifest injustice referral involves:

(a) An ambiguity in the interpretation of the specific facts of the member's claim that would impact the manner in which the law, rules, or policy applicable to the system are applied to the member's claim;

(b) An ambiguity in the interpretation of the law, rules, or policy applicable to the system; or

(c) An ambiguity concerning the proper application of the law, rules, or policy applicable to the system to the specific facts of the member's claim.

(ii) A board member or staff member of the system shall not be permitted to appeal a committee's recommendation that is accepted by the executive director.

(iii) A committee's written recommendation shall not be considered a final decision or order of the system that may be appealed under the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(4)(A) If a manifest injustice referral is returned to the committee by the executive

director, the manifest injustice committee shall reconsider the manifest injustice referral and take into consideration any addition information provided by the executive director.

(B) The committee may maintain or amend its original recommendation after reconsidering a manifest injustice referral that is returned by the executive director.

(C)(i) If the committee maintains its original recommendation and the executive director does not accept the recommendation, the executive director may include the manifest injustice referral as an action item on the agenda of the board's next scheduled meeting for consideration and resolution by board.

(ii) If the manifest injustice referral was submitted by a person or entity who is not a board or staff member of the Arkansas Teacher Retirement System, the system shall send the person or entity written notice that:

(a) Provides the time and date on which the board intends to consider the manifest injustice referral;

(b) Advises the person or entity that the person or entity may present arguments to the board concerning the manifest injustice referral;

(c) Advises the person or entity that the system will send the person or entity a written final order of the board after the board meeting; and

(d) Advises that the board's final order shall be a final decision or order of the system that may be appealed by the person or entity under the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

(D) If the board finds that a manifest injustice does exist, the board may implement a resolution suggested by the system's staff or an alternative resolution.

(E) A final order of the board concerning a manifest injustice referral shall be considered the final decision or order of the system that may be appealed under the Arkansas Administrative Procedures Act, § 25-15-201 et seq.

Authority: Arkansas Code §§ 24-7-202, 24-7-205, and 25-15-201 — 24-15-219.

History

<u>Approved:</u>	<u>February 1, 2010</u>	<u>(Emergency), 13-1</u>
<u>Approved:</u>	<u>June 7, 2010</u>	<u>Permanent, 13-1</u>
<u>Approved by Board:</u>	<u>July 26, 2013</u>	<u>13-1, 17-1</u>
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<u>Effective:</u>	<u>February 16, 2018</u>	<u>13-1</u>
<u>Effective:</u>	<u>TBD</u>	<u>Rule 13-1</u>

~~RULE 17-1~~

~~MANIFEST INJUSTICE~~

~~I. BACKGROUND AND PURPOSE.~~

~~The 89th General Assembly provided the ATRS Board the extraordinary remedy of waiving any rule, provision, or law that does not violate a federal law or rule in order to prevent a manifest injustice to a member, benefit participant, ATRS employer, or ATRS. Act 303 of 2013 grants that authority to the Board, and is codified at A.C.A. § 24-7-205 as follows:~~

~~"(e) The board or its designee may waive or modify the impact of a rule, provision, or law that does not violate federal law or jeopardize the taxqualified status of the system to correct or prevent a **manifest injustice** (emphasis added) that would affect the system, benefit participant, or employer in a particular instance."~~

~~The definition of manifest injustice can be found at Ark. Code. Ann 24-7202(40)(A) as follows:~~

~~"(40)(A) "Manifest injustice" means an obvious unfairness that has a direct and observable unconscionable effect that will occur as a result of a technical error or error of judgment, when the error made by the system, a benefit participant, or employer, and the disparity of outcome to the parties, when taken together and supported by clear and convincing evidence, show a great harm to the integrity of the system as a whole, the benefit participant, or an employer, unless the system is afforded the discretion to resolve the matter in a fair manner.~~

~~(B) In determining manifest injustice the system may consider:~~

- ~~(i) The degree of fault of the system, benefit participant, or employer;~~
- ~~(ii) An ambiguity in the interpretation of the circumstances, rule, or law;~~
- ~~(iii) The cost to the system of correcting the error that is far outweighed by the benefit afforded to the system, benefit participant, or employer;~~

- ~~(iv) Whether or not an expedited decision is in the public interest;~~
- ~~(v) The fundamental fairness of a remedy in a particular situation; and~~
- ~~(vi) Whether or not the status quo would result in an unconscionable outcome."~~

II. GENERAL

~~The process of declaring a manifest injustice is a rare and extraordinary remedy that shall not be used as a routine method of addressing error, oversight, or simple mistake. As an extraordinary remedy, manifest injustice shall be cautiously and carefully used to prevent unfairness, to preserve the integrity of ATRS, and to avoid or correct unduly harsh or unconscionable outcomes.~~

III. DELEGATION TO ATRS EXECUTIVE DIRECTOR.

- ~~A. The ATRS Executive Director is hereby given authority to implement a resolution of a manifest injustice once a determination is made that a manifest injustice exists using the review process set forth herein. The Executive Director may implement a resolution of a manifest injustice of up to \$10,000 of direct financial impact to ATRS. The Executive Director is specifically prohibited from waiving any deadlines that may apply in the ATRS Rules or law. Any waiver of a deadline is exclusively a Board remedy and not a remedy available to the ATRS Executive Director. Provided however, if any resolution that has a direct financial impact of more than \$5,000, then ATRS Executive Director shall provide the Chair of the ATRS Board of Trustees written notice about the manifest injustice determination and proposed resolution prior to implementing the resolution.~~
- ~~B. The Executive Director is specifically prohibited from waiving any deadline that may apply in the ATRS Rules or law. A waiver of a deadline is exclusively a Board remedy and not a remedy available to the Executive Director.~~
- ~~C. The Executive Director shall provide a report to the Board at least biannually that outlines the facts and circumstances of each manifest injustice referral, sets forth the findings and recommendations of the Manifest Injustice Committee, and sets forth and explains the resolution of the manifest injustice, if a manifest injustice is found. Members' names or other information that is not material to the findings shall not be required in the report to the Board.~~

IV. ~~MANIFEST INJUSTICE COMMITTEE.~~

- A. ~~The ATRS General Counsel, Assistant Director of Fiscal Affairs, and Member Services Administrator shall act as a 3-person Manifest Injustice Committee (the "Committee") to review all manifest injustice referrals.~~
- i. ~~The Committee will meet on a reasonable schedule or as needed to review any referral.~~
 - ii. ~~A majority vote of the Committee shall constitute a recommendation on the referral.~~
 - iii. ~~The Committee shall make an initial recommendation to the Executive Director based upon its review of the referral regarding whether or not a manifest injustice exists. If a manifest injustice exists, then the Committee shall propose a resolution of the manifest injustice to the Executive Director.~~
- B. ~~If the Committee determines that no manifest injustice exists in a referral, then the Executive Director shall review the referral and the Committee's basis for the recommendation. The Executive Director may either accept the recommendation or return the referral to the Committee for further consideration.~~
- i. ~~If the Executive Director accepts the recommendation from the Committee, the discretionary review is officially ended and the matter is to be considered officially closed.~~
 - ii. ~~If the referral is returned to the Committee, the Committee shall consider the matter again in light of any additional information provided by the Executive Director. If the Committee's recommendation remains that no manifest injustice exists, the matter shall be considered officially closed, unless referred to the Board.~~
- C. ~~If the Committee determines that a manifest injustice does exist, then the Executive Director may implement the resolution suggested by the Committee or adopt an alternate resolution that falls within the Executive Director's delegated authority.~~
- D. ~~If the Executive Director disagrees with the Committee's determination that a manifest injustice exists, then the Executive Director may return the referral~~

~~for further consideration. If the Committee maintains the determination that a manifest injustice exists after the return of the referral, and the Executive Director continues to disagree, then the Executive Director may place the item on the Board agenda for the Board to consider and resolve, with input from both the Committee and Executive Director concerning the referral.~~

- ~~E. If a member of the Committee has a conflict or otherwise cannot act on a manifest injustice referral due to absence, sickness, or work load, a Committee member may appoint a representative from their Staff for a committee meeting.~~
- ~~F. A party may not administratively appeal a determination of a referral of manifest injustice, regardless of whether the determination occurs from the Executive Director's decision or through the Board's decision.~~

~~V. The Executive Director may suspend an Executive Director Review if a manifest injustice determination might resolve the issue within the Executive Director review. The Executive Director review shall not be suspended absent the consent of the affected party/parties in the Executive Director review.~~

~~VI. REFERRALS.~~

~~A. A referral of a potential or alleged manifest injustice may be made to the Executive Director by any:~~

- ~~i. ATRS Trustee; ii. ATRS Staff member, including the Executive Director; iii. Benefit Participant; iv. Beneficiary;~~
- ~~v. ATRS covered Employer; or vi. Other interested party such as guardian or fiduciary.~~

~~B. A referral shall be made to the Executive Director in order to create and preserve an appropriate record with ATRS.~~

- ~~i. Each referral shall be given a number and a year designation. For _____ example: "2013-MI-1, 2013-MI-2, 2013-MI-3" and so forth.~~

- ~~ii. The Executive Director shall submit all referrals to the Committee.~~

- VII.** ~~The Committee or the Executive Director may request that a party to a manifest injustice referral provide information or input concerning the referral. A party is not required to provide information.~~
- VIII.** ~~A Board decision on a manifest injustice referral is a final discretionary decision and is not subject to further review.~~

~~**Approved by Board:** July 26, 2013~~

~~**Adopted:** October 9, 2013~~

~~**Effective:** November 8, 2013~~

INVESTMENT INTRODUCTION

A.C.A. § 24-2-613

This investment rule has been prepared within the context of applicable Arkansas laws and is intended to allow for sufficient flexibility in the investment process to capture opportunities, yet ensure that both prudence and care are maintained in the execution of the investment program. While safety of principal is given primary consideration, the Board may take appropriate levels of risk to earn higher levels of investment return.

The Board has arrived at this policy through careful study of the rates of return and risks associated with various investment strategies in relation to the current and projected liabilities of the ATRS System. This rule has been chosen as the most appropriate for achieving the financial objectives of the System.

The Board has adopted a long-term investment horizon so that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets. The assets of the System will be invested in a manner that provides the safeguards and diversity to which a prudent investor would adhere. All transactions undertaken on behalf of the System will be in the sole interest of its members.

The System shall manage those assets not specifically allocated to investment managers. Notwithstanding the provisions of this investment rule, the Board may direct a specific investment activity and shall be fully responsible for any such action.

Adopted: October 7, 2003

STANDARD OF CARE

Prudent Investor Rule set forth in A.C.A. §§ 24-2-610-619 as amended by
Act 151 of 2004

~~The standard of care for the Board and Executive Director of the assets of the ATRS System is: When investing and reinvesting trust assets and in acquiring, retaining, managing, and disposing of investments of the trust assets, the reasonable care, skill, and caution exercised by a prudent investor should be used after considering the purposes, terms, distribution requirements, and other circumstances of the trust.~~

~~Investment and management decisions respecting individual assets shall be evaluated not in isolation but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust. The investments of the trust shall be diversified unless the trustees reasonably determine that, because of special circumstances, the purposes of the trust are better served without diversifying. The trust assets shall be invested and managed solely in the interest of the members and benefit recipients of the trust.~~

~~Investment and management functions may be delegated to an agent that a prudent trustee of comparable skills could properly delegate under the circumstances. When making such delegation, trustees shall establish the scope and terms of the delegation, consistent with the purposes and terms of the trust, and shall monitor the agent's performance and compliance with the terms of the delegation. In performing a delegated function, an agent owes a duty to the trust to exercise reasonable care to comply with the terms of the delegation.~~

~~The standard of care set forth herein shall be applied by each party serving in a fiduciary capacity for the trust.~~

~~**Adopted:** October 7, 2003~~

ASSET ALLOCATION

A.C.A. § 24-2-410

~~The Board of Trustees is responsible for the prudent investment of funds and to maintain a proper allocation of the System's investment assets. The Board of Trustees, in conjunction with its advisors, shall set and adjust the System's asset allocation ranges as necessary to provide an optimal allocation to obtain its target returns.~~

REBALANCING

~~The asset allocation ranges established by the Board represent the Board's judgment of a portfolio mix that provides the greatest risk/return value. Allowing the portfolio to exceed the Board limits strays from the financial discipline, which the Board believes will—over time—provide the appropriate risk-adjusted return to the Retirement System.~~

~~The Executive Director is responsible to rebalance among the allowable asset classes and individual portfolios at such time that any of the asset classes falls outside of the designated range. The Executive Director will monitor the asset values by classification and for each investment manager on a monthly basis, based on month-end data provided by the custodian bank. The Executive Director shall submit a report to the Board detailing the movement of funds necessary to carry out that rebalancing at the next scheduled meeting following the completion of such transactions.~~

~~Whenever the minimum or maximum range on any major asset class has been exceeded, a transfer of funds will occur so as to bring the actual allocation within the prescribed range. Since many alternative, timberland, and real estate investments are not liquid and valuations may be estimates or appraisals and may be time-lagged, the Executive Director shall use best efforts to use commitments, capital calls, capital contributions, and distributions to rebalance such investments.~~

~~Normal plan cash flows should be used to the extent possible to rebalance. Interest, dividends, and plan contributions should be used to the extent possible to fund asset classes that are below their target. Withdrawals should be made from asset classes that are above their target.~~

Adopted: ~~October 7, 2003~~

Amended: ~~February 11, 2008~~

~~RULE 5-4~~ **~~INVESTMENT GOALS~~**

~~A.C.A. §§ 24-2-610-619~~

~~The overall goal is to achieve, over a period of years, the greatest rate of return for ATRS by balancing risk at a prudent investor level to grow and preserve capital sufficient to pay benefits to members.~~

~~The Board may adopt or amend by motion or resolution at any board meeting the ATRS investment policies, investment procedures, and investment asset allocation targets consistent with the Board's fiduciary obligations under the prudent investor rule. ATRS sets performance goals that are approved by the Board after considering recommendations by the General Consultant and ATRS staff.~~

~~**Adopted:** October 7, 2003~~

~~**Approved by Board:** October 5, 2015~~

~~**Amended:** February 1, 2016~~

~~**Effective:** February 10, 2016~~

~~RULE 5-6~~

~~INVESTMENT CONSULTANTS~~

~~A.C.A. § 24-7-303 and §§ 24-2-610-619~~

~~To achieve the overall goal of ATRS as it pertains to investments, one or more investment consultants may be retained by the Board.~~

~~The scope of duties, together with the terms and conditions of engagement, of any investment consultant will be set forth in a contract approved by the Board.~~

~~Unless otherwise provided by contract, the investment consultants will:~~

- ~~▪ Assist the board in developing investment policy and making modifications thereto based on broad economic conditions and statutory changes.~~
- ~~▪ Provide general economic information and information on the market environment.~~
- ~~▪ Be responsible for the development and articulation of investment strategy, which will be a topic in quarterly reports to the Board.~~
- ~~▪ Assist the Board and Executive Director in the selection and supervision of investment managers.~~
- ~~▪ Provide recommendations on asset allocation, portfolio structure, retention, or removal of investment managers and various other topics that better equip the Board to make investment decisions for the Retirement System.~~
- ~~▪ Monitor and report periodically to the Board on the performance of the investments, the performance of the investment managers, any material changes within the investment management firms employed by the Board, and such other matters that are called for by this investment policy.~~

~~**Adopted:** October 7, 2003~~

~~**Approved by Board:** October 5, 2015~~

~~**Amended:** February 1, 2016~~

~~**Effective:** February 10, 2016~~

INVESTMENT MANAGERS

A.C.A. § 24-7-303 and §§ 24-2-610-619

~~Investment managers may be employed pursuant to procedures established by the Executive Director with advice from the Investment Consultant and as approved by the Board.~~

~~Investment managers will be given discretion to execute transactions on behalf of the System within the parameters set forth in their respective investment strategies.~~

~~The assets of the System allocated to the investment managers shall be diligently managed, which may include selling investments and realizing losses, if such action is considered advantageous to longer term return maximization.~~

~~Investment managers shall file with the Investment Consultant such reports and information as may be requested, and they may be requested to report in person to the Board.~~

~~**Adopted:** October 7, 2003~~

SOFT DOLLARS

A.C.A. ~~§ 24-7-303 and §§ 24-2-610~~

~~“Soft dollars” or “soft commissions” include any third-party or broker services an investment manager receives in addition to execution, whether these arrangements are explicit or implicit.~~

~~Commissions paid by investment managers for the purchase of equity securities are ATRS System assets and must be used for the sole benefit of the System members. Whenever possible, investment managers should seek to execute trades at the lowest possible commission rate but not to the detriment of best execution, which can result in a higher cost to the System.~~

~~So that the Board may fulfill its obligation to ensure that System assets are being used appropriately, equity investment managers shall provide a comprehensive quarterly report to the Investment Consultant on brokerage activity, commissions, services, and such other information as may be requested by the Investment Consultant or the Board. The Investment Consultant shall provide a periodic report to the Board summarizing such equity investment managers’ reports and highlighting any questionable or problem areas.~~

~~**Adopted:** October 7, 2003~~

ATRS Board Policy 1

BOARD GOVERNANCE

A.C.A. § 24-7-301 et seq., A.C.A. § 24-7-401 et seq.,
and A.C.A. § 25-16-901 et seq.

I. Board Plan Administration

- A. The authority and responsibility for the administration, management, and control of the Arkansas Teacher Retirement System (“ATRS” or “System”), and for the construing and carrying out the provisions of the plan is vested in the Board of Trustees of the Arkansas Teacher Retirement System (~~hereinafter the “Board”~~) (“Board”). The Board is responsible for the governance of ATRS. It is accountable for establishing policies and for supervising the implementation of those policies in compliance with all applicable legal mandates.
- B. The function of the Board is to make certain contributions that lead the Retirement System toward the desired performance and ensure that it occurs. The Board’s specific contributions are unique to its trusteeship role and necessary for appropriate governance and management. Board decisions are to be based on facts and expert opinions.
- C. The Board will approach its task with a style that emphasizes outward vision rather than an internal preoccupation; encouragement of diversity of viewpoints; strategic leadership more than administrative detail; clear distinction of Board and staff roles; future rather than past or present; and proactive rather than reactive.
- D. Consequently, the contributions of the Board shall be:
 1. The link between the Retirement System and its members.¹
 2. Written governing policies that, at the broadest levels, address:
 - a. **Governance Process**
Specification of how the Board conceives, carries out, and monitors its own task.
 - b. **Board-Staff Relationship**
How authority is delegated and its appropriate use is monitored.
 - c. **Ends**
Retirement system products, impacts, benefits, costs, and outcomes (~~what good for which needs at what cost~~).

d. **Limitations**

Constraints on executive authority that establish the prudence and ethics boundaries within which executive activity, decisions, and organizational matters shall be carried out.

3. The assurance of Executive Director performance against Ends and Limitations policies above.

II. Board Guiding Principles

- A. The Board ~~of Trustees~~ is dedicated to the proposition that its paramount purpose is that of providing an adequate and equitable retirement plan for the members of the teaching profession, to protect this group in the event total and permanent disability causes them to be unable to continue employment in their profession, and to provide in part for their dependents in case of death.
- B. The Board is responsible for the prudent investment of System funds. The two paramount considerations in fund investment are safety and yield, with yield being of first importance, provided such investments comply with legally mandated safeguards.
- C. The Board should be fully informed of its financial liabilities, not only to the retirees and beneficiaries, but also to active members of the teaching profession, and to make those liabilities known to members of the state legislature, to other state officials, and to education-related organizations.
- D. The Board should provide all interested citizens with information regarding ~~ATRS's~~ the System's procedures for investing ~~system~~ the System's funds, as well as the budgeting, control, and disbursement of those funds.
- E. The Board will actively promote the enactment of state and federal legislation that may improve the economic welfare of ATRS members.
- F. The Board endorses programs of counseling and information designed to assist members who are approaching retirement.
- G. The Board should be knowledgeable of the most current information regarding effective, efficient governance and operation of state retirement systems that could augment prudent decisions for the benefit of members. To this end, Board members are encouraged to participate actively in regional and national retirement organization programs that offer such information and training.

III. Board Code ~~of~~ Conduct

The Board expects of itself and its members ethical and business-like conduct.

- A. Board members, as fiduciaries, shall discharge their duties solely in the best interest of ATRS members for the exclusive purpose of providing optimum benefits.
- B. Board members must avoid any conflict of interest with respect to their fiduciary responsibility. Board members must not use their positions to obtain favorable treatment for themselves, family members, or close employees.
- C. Board members who desire specific information from firms employed by ATRS should make the request through the Executive Director.
- D. Board members shall not, directly or indirectly, solicit or accept any gift of value as defined by the Arkansas Ethics Commission.
- E. Board members shall decline any offer and shall not have any contact with anyone associated with a firm that the Board is considering employing after requests for proposals (RFP's) or requests for qualifications (RFQ's) have been sent.
- F. Board members shall not attempt to exercise individual authority over the operation of the ~~retirement system~~ System or staff members except as explicitly set forth in Board policies. Board members' interaction with the staff, public, press, or other entities must recognize the inability of any Board member or Board members to speak for the Board.
- G. Board members shall report violations of any of these policies of conduct in writing to the ~~Board~~ Chair.

IV. Board Member Development

The Board is responsible for its own readiness for Board work and the performance of that work.

- A. The Board determines appropriate issues for Board work and appropriate issues to be addressed, as well as the education and data required to address those issues wisely.
- B. The Board determines the need and mechanisms for Board development.
 - 1. Among the mechanisms will be membership in the National Council on Teacher Retirement, Board-approved consultants, and seminars provided by employees of ATRS.
 - 2. The Board's annual plan will include expected outcomes, costs, and scheduling of the Board development effort.
 - 3. The Board will set forth the educational experiences it determines appropriate for a new Board member.

- C. The Board may enlist assistance from the Executive Director in any phase of its own development.

V. Board Meetings

The Board shall hold regular meetings at least quarterly. Additional meetings may be called by the Chair or scheduled by action of the Board in a regular meeting. The Board shall adopt its own rules of procedure, which shall be subject to the following:

- A. The Board shall elect a Chair and Vice Chair from its own membership. The election will be in the odd numbered years at the first regular meeting after the beginning of the fiscal year. The Chair and Vice Chair shall be elected for a term of two years and may be reelected for two additional two-year terms. The Chair and Vice Chair shall be either an active member or retiree trustee. A Board member must have served at least one full year as a member of the Board to be eligible for election to the position of Chair or Vice Chair.
- B. In the event a vacancy of the Chair or Vice Chair occurs for any reason other than completion of a term, the Board shall fill said vacancy by election from the existing Board members for the remainder of the unexpired term at its next regular meeting. A trustee elected to fill an unexpired term of the Chair or Vice Chair shall be eligible for two additional two-year terms.
- C. Quorum: Eight trustees shall constitute a quorum at any meeting of the Board.
- D. Each trustee shall be entitled to one vote on each question before the Board, and at least eight affirmative votes shall be required for a decision by the Board at any meeting.
- E. *Robert's Rules of Order* shall be followed in the conduct of all meetings except when a departure from Robert's is authorized by action of the Board.

F. Agenda

The Board shall adopt an agenda at the beginning of each meeting. By a majority vote of the Board, items may be added to the agenda before it is adopted.

1. The Executive Director shall prepare a tentative agenda and submit it to all trustees at least ten (10) days prior to a regularly scheduled meeting. The meeting agenda and materials will be submitted to trustees no later than three (3) days before the regularly scheduled meeting.

2. Trustees who want item(s) to be considered for the agenda should notify the Executive Director no later than seven (7) days prior to a regularly scheduled meeting.
3. Members or individuals who wish to have an item placed on the agenda at a regularly scheduled Board meeting should submit their request in writing to the Executive Director no later than twenty (20) days prior to the meeting.
4. Members or individuals who wish to make comments during a regularly scheduled Board meeting should indicate on forms provided the subject on which they intend to speak.
5. A time limit of five (5) minutes will be allowed members and individuals for presentation, unless extended by majority vote of the Board.

G. Minutes

The Board shall keep an official record of the proceedings of each meeting, the final draft of which must be approved by the Board and signed by the Chair and the Executive Director. The Board minutes are to contain only the action of the Board, information required by case law, and the vote thereon.

H. Public Meetings

All meetings of the Board shall be public and in compliance with the Freedom of Information Act. Representatives of the Little Rock news media shall be notified of each meeting.

VI. Duties ~~Of~~ Chair ~~And~~ Vice Chair

A. Duties of the Chair

The duty of the Chair is to ensure the integrity of the Board's process and to represent the Board to outside parties.

1. The Chair will see that the Board operates consistent with its own rules and those legitimately imposed on it from outside ATRS.
 - a. Meeting discussion content will be only those issues that, according to Board policy, clearly belong to the Board to decide.
 - b. Deliberation will be timely, fair, orderly, and thorough, but also efficient, limited in time, and kept to the point.
2. The authority of the Chair consists only in making decisions on behalf of the Board that fall within and are consistent with Board policies.

- a. The Chair is empowered to chair Board meetings with all the commonly accepted power of that position (e.g., ruling, recognizing, etc.).
- b. The Chair may also:
 - i. Convene meetings of the Board, or committees thereof, as prescribed by law.
 - ii. Certify actions taken by the Board.
 - iii. Serve as the official spokesperson for the Board.
 - iv. Appoint Board members to committees.
 - v. Perform other duties specifically requested by the Board that are deemed necessary and appropriate for the Board to fulfill its duties and responsibilities under law.

B. Duties of the Vice Chair

The duties of the Vice Chair are to act as temporary chair in the absence of the regular chair.

VII. Reimbursement ~~Of~~ Expenses

- A. The Board, by majority vote of the total membership cast at the first regularly scheduled meeting of each calendar year, may authorize expense reimbursement for each trustee for performing official Board duties. Official Board duties are defined as follows:
 - 1. Attending regular and called Board meetings.
 - 2. Attending committee meetings of the Board or any specially appointed committee comprised in whole or in part of Board members.
 - 3. Attending conferences approved by the Board of Trustees.
 - 4. Attending legislative committee meetings when acting as spokesperson for the Board.
 - 5. Attending legislative sessions at the request of the Board or Executive Director.
- B. Board members are subject to the same reimbursable expenses as state employees.
- C. Board officers are authorized payment for personal expenses, not otherwise reimbursed, incurred in the performance of their ATRS related duties. Such reimbursement is to cover (1) any losses in salary or compensation that would otherwise result from their attendance at Board or committee meetings, and will be paid to the officer's employer; and (2)

the costs of communication (long-distance telephone calls, postage, etc.) with other trustees or staff members.

VIII. Procurement of Services

- A. ATRS shall utilize an equitable and open system-method of awarding contracts to providers of all contractual, management, and consultant services, including, but not limited to: (1) construction architects, engineers, and contractors; (2) building managers; (3) real estate, legal, and investment consultants; and (4) actuaries and auditors.
- B. The system-method of awarding contracts will assure that all bona fide providers of such services will have equal opportunity to submit competitive bids or competitive proposals for consideration.
 - 1. Consistent with the Prudent Investor Rule and pursuant to A.C.A. § 242-61824-2-618, ATRS has a statutory goal to recruit and hire emerging managers and emerging investment funds.
 - 2. For purposes of this Rule, "emerging managers" and "emerging investment funds" means a managing group or fund that is predominately owned by black or African American, Hispanic American, American Indian or Native American, Asian, or Pacific Islander.
 - 3. Each investment consultant retained by ATRS to recommend investment managers or investment funds shall submit an annual report to ATRS consistent with the requirements in A.C.A. § 24-2-618 that addresses the goal of ATRS to recruit and hire emerging managers and emerging investment funds.
- C. The Executive Director shall develop procurement procedures and a plan for implementing the process of awarding contracts.
- D. The Board ~~of Trustees~~ shall approve all procedures and contracts related to the procurement of services.

IX. Board Self-Evaluation

The Board will regularly evaluate its own performance, taking whatever action is necessary to govern with excellence. The Board will review these policies of conduct at least annually and discuss the degree to which it complies.

X. Board Committee Principles

The Board may establish committees to help carry out its responsibilities.

- A. Board committees may not speak or act for the Board except when formally given such authority.

- B. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation.
- C. Board committees may not exercise authority over staff.
- D. All members of the Board shall be notified as to the time and place of all committee meetings. A Board member may attend any committee meeting, but only committee members may vote on committee matters.
- E. Appointments to committees shall be made before the next regular meeting after the Board elects the ~~Board~~-Chair.
- F. A quorum of each committee and the number of affirmative votes needed for a motion to carry shall be a majority of the designated size of the committee.
- G. Board committees shall elect their own Chair and Vice Chair unless otherwise indicated by Board policy.
- H. The Executive Director shall serve as secretary and ex officio nonvoting member of Board committees or shall delegate another member of the staff to serve in this capacity.
- I. Committees shall report to the Board following each of their meetings.

XI. Investment Committee Charter

- A. There shall be an Investment Committee composed of eight members. The ~~Board~~-Chair shall appoint five members from the Board, and the ~~Board~~-Chair shall serve as an ex officio voting member. The remaining two members shall be the State Treasurer and the State Bank Commissioner upon their acceptance of the position.
- B. The committee shall meet on call by the committee chair and/or the Executive Director, but not less than on a quarterly basis.
- C. The purposes of the committee shall be:
 - 1. To consider investment policies and procedures for recommendation to the Board for adoption.
 - 2. To consider asset allocations for recommendation to the Board for adoption.
 - 3. To consider all investment proposals for approval or rejection, unless the Board assigns the proposals to other committees.
 - 4. To monitor all phases of the investment program and to recommend any changes that need to be made to the full Board.
- D. The agenda will be set by the committee chair after conferring with the Executive Director and will be furnished in advance when practical.

- E. The committee may act by majority consent of all the committee members.
- F. The actions taken by the committee shall be reported at the next regularly scheduled meeting of the Board.
- G. All public Board disclosures and the Code of Ethics are applicable to all members of this committee.

XII. Operations Committee Charter

- A. There shall be an Operations Committee composed of up to eight members. The ~~Board~~ Chair shall appoint five members from the Board, and the ~~Board~~ Chair shall serve as an ex officio voting member. The remaining two members shall be the State Auditor and the Commissioner of Education upon their acceptance of the position.
- B. The committee shall meet on call by the committee chair and/or the Executive Director.
- C. The purposes of the committee shall be:
 - 1. To receive and consider proposals for the adoption of new or revised policy to recommend to the Board for adoption.
 - 2. To receive and consider legislative proposals to recommend to the Board for adoption.
 - 3. To suggest and develop legislative proposals for the benefit of ATRS and its members to recommend to the Board for adoption.
 - 4. To make recommendations to the Board for initiating, supporting, or opposing legislation.
 - 5. To recommend and oversee the Board and Executive Director evaluation process.
 - 6. To recommend and oversee the Board's training and conference schedules.
- D. All matters that are not within the jurisdiction/purposes of the Investment or Audit Committees shall be within the jurisdiction/purposes of the Operations Committee.
- E. The agenda will be set by the committee chair after conferring with the Executive Director and will be furnished in advance when practical.
- F. The committee may act by majority consent of all the committee members.
- G. The actions taken by the committee shall be reported at the next regularly scheduled meeting of the Board.

- H. All public Board disclosures and the Code of Ethics are applicable to all members of this committee.

XIII. Audit Committee Charter

- A. There shall be an Audit Committee composed of three (3) members of the ~~ATRS Board of Trustees~~Board appointed by the ~~Board~~Chair and two at-large members from the public with extensive auditing experience approved by the Board. The at-large members must be independent and have no affiliation with ATRS.
- B. At-large members may serve two (2) four-year terms. If the initial term of an at-large member is for less than four (4) years they may serve two (2) more four-year terms. An at-large member's four-year term shall begin on the first of the month immediately following the Board's approval and appointment of the at-large member.
- C. The committee shall meet as needed on call by either the committee chair or the ATRS Internal Auditor. Actions taken by the committee shall be reported to the ATRS Board of Trustees.
- D. The committee has authority to conduct or authorize investigations into any matters within its scope of responsibility and to seek any information it requires from employees, all of who are directed to cooperate with the committee's request. In the event the committee has difficulty obtaining the necessary information from an employee or employees, the committee may seek assistance from the Executive Director or the Board of Trustees as the circumstances dictate.
- E. The committee may invite members of management, auditors, employees, or others to attend meetings and provide pertinent information as necessary.
- F. The committee will assist the Board of Trustees in fulfilling the Board's oversight responsibility relating to:
1. The financial reporting processes
 2. The system of internal controls
 3. The internal audit process
 4. ATRS's compliance with laws and regulatory requirements and ethics policies
- G. Meeting agendas will be prepared and provided in advance to committee members , along with appropriate briefing material when practical.
- H. The committee may act by majority consent of all the members of the committee.

- I. Minutes of the meeting will be prepared and presented at the next scheduled Audit Committee meeting for review and approval. J. The committee will carry out the following responsibilities:
 1. **Financial Statements**
 - a. Review with management and auditors the results of audits which have significant findings and recommendations, together with management's responses to findings and follow up on corrective actions.
 2. **Internal Control**
 - a. Review the risk assessment to consider the effectiveness of ATRS's internal controls.
 - b. Review with management and auditors any significant findings and recommendations on internal controls over financial reporting, together with management's responses.
 3. **Internal Audit**
 - a. Review with management and the Internal Auditor the charter, activities, staffing, and organizational structure of the internal audit function.
 - b. Review and approve the audit plan and all major changes to the plan.
 - c. Review Internal Audit's reports and follow up on findings and recommendations.
 4. **Compliance**
 - a. Review the findings of any examinations by regulatory agencies, and any auditor observations.
 5. **Reporting Responsibilities**
 - a. Regularly report to the Board of Trustees on the committee's activities and issues that arise with respect to the quality or integrity of ATRS's financial statement, compliance with legal or regulatory requirements, and the performance of the internal audit function.
 6. **Other Responsibilities**
 - a. Perform other activities related to this charter or the audit functions as requested by the Board of Trustees.
 - b. Resolve any disagreements between management and the Internal Auditor regarding financial reporting.

- c. Review and assess the adequacy of the committee charter, and propose recommended changes as needed, and request Board of Trustees approval for recommended changes.
 - d. Approve administrative decisions regarding the appointment and removal of the Internal Auditor. Approval of appointment or termination of the Internal Auditor by the Audit Committee is not final until confirmed by the Board of Trustees.
 - e. Perform an annual employee evaluation of the Internal Auditor of ATRS. The audit committee shall:
 - i. Meet in executive session, with or without the Internal Auditor, for the purpose of conducting, reviewing, and discussing an employee evaluation of the internal auditor;
 - ii. Gather information as it deems necessary, including input from the Executive director or other persons with direct knowledge of the Internal Auditor's performance, for the purpose of conducting a fair and thorough annual employee evaluation of the Internal Auditor;
 - iii. Report to the Board of Trustees when the Committee has completed the annual evaluation that the evaluation has been completed. If a Trustee requests by motion and second to learn the specific results of the Internal Auditor evaluation, and the majority of the Board votes in favor of such motion, the Board of Trustees may meet in executive session to hear the Committee's findings and recommendation on the employee evaluation.
- K. The committee may periodically evaluate itself and report the results to the Board of Trustees. The effective date for the start of any evaluation process and frequency of evaluations may be determined by the committee.

HISTORY

Adopted: June 12, 2002 as Rule 1-1 through 1-19
 Amended: October 7, 2003
 Amended: December 3, 2007
 Amended: June 16, 2009
 Amended: September 12, 2012
 Amended: March 6, 2013
 Amended: April 1, 2013
 Amended: July 1, 2018

Amended: October 7, 2019 as Board Policy 1

Amended: September 27, 2021

Amended: September 25, 2023

1 "Members" as used in the Board policies means plan participants of the Arkansas Teacher Retirement System.

ATRS Board Policy 3 EXECUTIVE DIRECTOR

A.C.A. § 24-7-303

I. Board - Executive Director Relationship

A. Employment of Executive Director

Employment of the Executive Director will be by the Board.

1. Employment will be based on the Board's judgment that a candidate's knowledge, skill, and character would indicate reasonable assurance of excellent performance.
2. Criteria will be based on:
 - a. General characteristics set forth by the Board to predict successful Executive Director performance, and
 - b. Specific characteristics set forth by the Board to predict successful Executive Director performance in view of the [Arkansas Teacher Retirement System's \("ATRS" or "System"\)](#) strategic challenges in the future.
3. Prior to selecting an Executive Director, the Board will make explicit provisions for:
 - a. Providing notice of the vacancy,
 - b. Screening nominations or applications, and
 - c. The selection process.

B. Executive Director's Job Description

1. The Executive Director is the Board's official link to the operation of the [Retirement System](#). The Executive Director is accountable for all organizational performance and entitled to exercise all authority delegated by official Board action.
2. The Executive Director's job description may be stated as performance in these areas:
 - a. Organizational accomplishment of the provisions of ATRS Board Policy 2 - Board Objectives.
 - b. Organizational operation within the boundaries of prudence and ethics established in Board policies on Executive Director Limitations.

- c. Serving as secretary to the Retirement Board and an ex officio nonvoting member of its committees and maintaining an accurate record of the proceedings.
- d. Serving as liaison between the (a) Actuary, (b) Investment Consultants, and (c) Investment Managers and the Retirement Board, helping to interpret the intent of the Board to the consultants, and coordinating their reports and recommendations to the Board.

C. Delegation to the Executive Director

Authority for implementing policy and the development of supporting procedures is delegated to the Executive Director.

1. The waiver of a deadline is an exclusive remedy of the Board. However, the authority to extend a deadline before the deadline has passed is delegated to the Executive Director when an extension by the ~~system~~System is permitted under the Arkansas Code.
2. The Executive Director may implement a resolution of a member issue, claim, or referral that has a direct financial impact to the System of no more than five thousand dollars (\$5,000). The Executive Director shall not be required to obtain Board approval before implementing a resolution of a member issue, claim, or referral that has a direct financial impact to the System of no more than five thousand dollars (\$5,000). The Executive Director shall obtain Board approval before implementing a resolution of a member issue, claim, or referral that has a direct financial impact to the System in excess of five thousand dollars (\$5,000).
- 2.3. All Board authority delegated to staff is delegated through the Executive Director, so that all authority and accountability of staff is considered to be within the authority and accountability of the Executive Director.
- 3.4. Board Objectives policies direct the Executive Director to achieve certain results; Executive Director Limitations policies constrain the Executive Director to act within Board adopted policies, legal requirements, and acceptable boundaries of prudence and ethics. With respect to Board Objectives and Executive Director Limitations, the Executive Director is authorized to establish further procedures, make decisions, and take actions provided they are consistent with Board policies.
- 4.5. The Board may change its policies, thereby shifting the boundary between the Board and the Executive Director domains. The Board

and Executive Director will respect and support the parameters of delegation as they exist and as they may be changed in the future.

D. Monitoring Executive Performance

Monitoring executive performance is synonymous with monitoring organizational performance against policies on Board Objectives and Executive Director Limitations. Any evaluation of Executive Director performance, formal or informal, may be derived only from these monitoring data.

1. The purpose of monitoring is simply to determine the degree to which Board policies are being fulfilled. Information that does not meet this purpose will not be considered to be monitoring. Monitoring will be as automatic as possible, using a minimum of Board time so that meetings can be used to create the future rather than to review the past.
2. A given policy may be monitored in one or more of three ways:
 - a. Internal Report: Compliance information prepared by the Executive Director for the Board.
 - b. External Report: Compliance information prepared by a disinterested, external auditor, inspector, or consultant who is selected by and reports directly to the Board. Such reports must assess executive performance only against policies of the Board, not those of the external party unless the Board has previously indicated that party’s opinion to be the standard.
 - c. Direct Board Inspection: Compliance information prepared by a Board member, a committee, or the Board as a whole. This is a Board inspection of documents, activities, or circumstances directed by the Board that allows a “prudent person” test of policy compliance.
3. Upon the choice of the Board, any policy may be monitored by any method at any time. For regular monitoring, however, each Board Objectives and Executive Director Limitations policy will be classified by the Board according to the following frequency and method:

Ends Policies - Financial Perspective

<i>Policy</i>	<i>Method</i>	<i>Responsibility</i>	<i>Frequency</i>	<i>Month Expected</i>
Sustain actuarial soundness	External Report	Actuary	Annual	Dec.

Manage contributions effectively	Internal Report	Executive Director	Annual	June
Maximize investment returns	External Report	Investment Consultant	Quarterly	Apr., July, Oct., Jan.
Ensure budget credibility	Internal Report	Executive Director	Annual	June

Ends Policies - Customer Perspective

<i>Policy</i>	<i>Method</i>	<i>Responsibility</i>	<i>Frequency</i>	<i>Month Expected</i>
Promote comparable contribution rates, benefits and services	Internal Report	Executive Director	Annual	June
Increase awareness of trust fund stewardship	Internal Report/ External Audit Report	Executive Director/ Independent Auditor	Annual	June
Promote retirement education and communications	Internal Report	Executive Director	Annual	June
Improve overall service level	Internal Report	Executive Director	Annual	June

Ends Policies - Internal-Business Process Perspective

<i>Policy</i>	<i>Method</i>	<i>Responsibility</i>	<i>Frequency</i>	<i>Month Expected</i>
Administer retirement laws timely, accurately and consistently	Internal Audit Report	Internal Auditor	Annual	June
Provide member benefits and services (1) at a level that promote member satisfaction and (2) in a cost effective manner	Internal Report	Executive Director	Annual	June

Process improvement	Internal Report	Executive Director	Annual	June
Effectively manage new projects and initiatives	Internal Report	Executive Director	Annual	June
Promote effective communication	Internal Report	Executive Director	Annual	June

Ends Policies - Learning and Growth Perspective

<i>Policy</i>	<i>Method</i>	<i>Responsibility</i>	<i>Frequency</i>	<i>Month Expected</i>
Foster a positive, innovative work environment	Internal Report	Executive Director	Annual	June
Employ and retain highly capable employees	Internal Report	Executive Director	Annual	June
Recruit and retain a diverse work force	Internal Report	Executive Director	Annual	June
Enhance training and development opportunities	Internal Report	Executive Director	Annual	June

Ends Policies - Executive Director Limitations

<i>Policy</i>	<i>Method</i>	<i>Responsibility</i>	<i>Frequency</i>	<i>Month Expected</i>
General Executive Constraints	Internal Report	Executive Director	Annual	June
Communication and Counsel to the Board	Direct Board Inspection	Board	Annual	June
Code of Ethics	Internal Report	Executive Director	Annual	June
Compensation and Benefits	Internal Audit Report	Internal Auditor	Annual	June
Staff Treatment	Internal Report	Executive Director	Annual	June
Operations	Internal Report	Executive Director	Annual	June

Risk Management	Internal Report	Executive Director	Annual	June
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* Each Regular Session of the Arkansas General Assembly, all actuarial census data is sent to an independent actuary hired by the State Legislature for use in reviewing the ~~system~~ System and preparing cost analysis reports for legislation affecting ATRS.

II. Executive Director Limitations

A. General Executive Constraints

The Executive Director shall not cause or allow any acts, decisions, activities, or circumstances that are imprudent, in violation of commonly accepted business and professional ethics, or a breach of fiduciary responsibility.

1. Communication and Counsel to the Board

With respect to providing information and counsel to the Board, the Executive Director may not permit the Board to be uninformed. Accordingly, the Executive Director may not:

- a. Let the Board be unaware of relevant trends, anticipated adverse media coverage, and material external or internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.
- b. Fail to submit the required monitoring data in a timely, accurate, and understandable fashion, directly addressing provisions of the Board policies being monitored. See ATRS Board Policy 3 - Monitoring Executive Performance.
- c. Fail to marshal as many alternatives as needed for fully informed Board choices.
- d. Fail to provide requested information that would assist the Actuary, Investment Consultant, and Real Estate Manager in their efforts to make reports and recommendations directly to the Board without modification.
- e. Present information in unnecessarily complex or lengthy form.
- f. Fail to provide a mechanism for official Board, officer, or committee communications.
- g. Fail to deal with the Board as a whole, except for fulfilling individual requests for information.

- h. Fail to report actual or anticipated noncompliance with any policy of the Board.

B. Code of Ethics

The Executive Director may not fail to require employees of the ~~Retirement~~ System to adhere to an appropriate code of ethics that will assure:

1. Confidentiality of member records.
2. No conflict of interest, or appearance thereof, with respect to their fiduciary responsibilities.
3. Adherence to applicable professional codes of ethics and standards of professional conduct.
4. No solicitation or acceptance of gifts, favors, or other items of value as defined by the Arkansas Ethics Commission.
5. No ATRS associate shall participate in any activities regarding the candidacy of any person for a position as a Board member or officer of the Board.

C. Compensation and Benefits

With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the Executive Director may not cause or allow jeopardy to fiscal integrity or public image.

Accordingly, the Executive Director may not:

1. Change their own compensation and benefits.
2. Promise or imply permanent or guaranteed employment within ATRS or through its investments or contractors.
3. Establish compensation or benefits for ATRS employees that are not within state-approved salary schedules or benefit provisions.
4. Promote, hire, terminate, or change the assignment of regular, fulltime personnel for positions classified under the Arkansas Uniform Classification and Compensation Act (A.C.A. § 21-5-201 et seq.) as SE1, IT5, GS9, or higher, or persons designated as a part of the senior management team, without prior notification to the Board Chair.

D. Operations

Budgeting for any fiscal period shall not deviate materially from priorities in the Board Objectives policies, risk fiscal jeopardy, or fail to show a generally acceptable level of foresight. The proposed biennial budget

shall be presented to the Board for review and approval prior to its submission to the General Assembly for adoption.

1. Accordingly, the Executive Director may not cause or allow budgeting that:
 - a. Contains too little detail to enable accurate projection of revenues and expenses, separation of capital and operational items, cash flow and subsequent audit trails, and disclosure of planning assumptions.
 - b. Does not provide for Board prerogatives and Board development.
 - c. With respect to the actual, ongoing condition of the **Retirement** System's operating budget, the Executive Director may not cause or allow the development of financial jeopardy.
2. Accordingly, the Executive Director may not:
 - a. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
 - b. Allow actual operating budget allocations to deviate materially from Board priorities in Ends policies.
 - c. Fail to promulgate procedures to assure an equitable and open ~~system-method~~ of awarding contracts to providers of contractual and consultant services.
 - d. Fail to establish and maintain a ~~System-system~~ of internal controls designed to assure that the policies and procedures of the **Retirement** System are being followed and that assets belonging to ATRS are properly received, are protected while in the custody of ATRS, are used only for appropriate purposes, and reduce the opportunity for errors and dishonesty.

E. Staff Treatment

The Executive Director may not cause or allow conditions that are inhumane, unfair, or undignified. Accordingly, the Executive Director may not:

1. Discriminate among employees on other than clearly job-related individual performance or qualifications.
2. Employ or promote a family member.
3. Adversely affect the stability of the staff or terminate senior executives without previous discussion with the Board.

4. Fail to take reasonable steps to protect employees from unsafe or unhealthy conditions.

F. Risk Management 1. Emergency Executive Succession

To protect the Board from sudden loss of Executive Director services, the Executive Director shall assure that at least one other senior executive is familiar with Board and Executive Director issues and processes.

2. Business Continuity Planning

The Executive Director may not fail to have a Business Continuity Plan, in place and tested, to assure that the critical business processes of the Retirement System (i.e., the payment of monthly benefits and the investment and protection of assets) can continue notwithstanding the loss of use of all or part of the home office or computer facilities.

3. Asset Protection

The Executive Director may not allow assets to be unprotected, inadequately maintained, or unnecessarily risked as would be determined by a prudent person.

Accordingly, the Executive Director may not:

- a. Allow uninsured personnel access to material amounts of funds.
- b. Subject physical plant and equipment to improper wear and tear or insufficient maintenance.
- c. Unnecessarily expose the Board, employees, or the Retirement System to claims of liability.
- d. Receive, process, or disburse funds under controls insufficient to meet the Board-appointed auditor's standards.
- e. Acquire, encumber, or dispose of real property without Board authorization.
- f. May not allow investment assets to be unprotected. Such protection shall include:
 - i. Timely deposit of cash as provided for by law and Board policy.
 - ii. Transfer of securities to the State Treasurer or the Treasurer's designated subcustodian for safekeeping.
- g. Allow investment assets to be unprotected through the failure to have a well-qualified and trained staff.

4. Insurance

The Executive Director may not allow the ~~Retirement~~-System to be uninsured against known perils. Accordingly, insurance policies will be maintained with coverages that would be considered prudent in the following areas:

- a. Facility Liabilities
- b. Crime
- c. Difference in Conditions
- d. Directors and Officers
- e. Fiduciary
- f. General Liability
- g. Kidnap, Ransom, and Extortion
- h. Pollution Legal Liability
- i. Property
- j. Surety Bonds
- k. Travel Accident

HISTORY

Adopted: April 26, 2007 as Rule 3-1 through 3-11

Amended: June 19, 2007

Amended: December 18, 2009

Amended: October 4, 2010

Amended: April 12, 2012

Amended: June 3, 2019 as Board Policy 3

Amended: December 6, 2021

Amended: December 5, 2022

[Amended: September 25, 2023](#)

ATRS Board Policy 4

STATEMENT OF INVESTMENT POLICY

A.C.A. § 24-7-305

I. Board - Investment Policies and Procedures

A. Statement of Investment Policy

1. This Investment Policy has been prepared within the context of applicable Arkansas laws and is intended to allow for sufficient flexibility in the investment process to capture opportunities, yet ensure that both prudence and care are maintained in the execution of the investment program. While safety of principal is given primary consideration, the Arkansas Teacher Retirement System Board of Trustees, ~~hereinafter "Board"~~ ("Board") may take appropriate levels of risk to earn higher levels of investment return.
2. The Board has arrived at this policy through careful study of the rates of return and risks associated with various investment strategies in relation to the current and projected liabilities of the Arkansas Teacher Retirement System, ~~hereinafter, "the System"~~ ("the System"). This policy has been chosen as the most appropriate for achieving the financial objectives of the System. The policy will be reviewed periodically as circumstances dictate.
3. The Board has adopted a long-term investment horizon so that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets. The assets of the System will be invested in a manner that provides the safeguards and diversity to which a prudent investor would adhere. All transactions undertaken on behalf of the System will be in the sole interest of the ~~members of the System~~ System's plan beneficiaries.
4. To achieve the overall investment goal of the System, one or more investment consultants may be retained by the Board as investment advisors. The scope of duties, together with the terms and conditions of engagement, of any investment consultant will be set forth in a contract approved by the Board. Throughout this document, investment advisors are referred to as investment consultants.
5. The System shall manage those assets not specifically allocated to investment managers. No investment shall be made without an investment consultant's recommendation. The System shall not approve any material changes in any direct investment without first receiving written ~~advice/recommendation~~ advice or a written

recommendation from a third-party investment consultant and, if needed, outside legal counsel, and, without thereafter receiving written approval by the Investment Committee and Board.

B. Divestment of Direct Holdings Held with Certain Financial Services Providers

1. The System shall divest from all direct holdings that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002. Divestment shall occur as soon as practicable, but no later than three hundred sixty-five (365) calendar days after the financial services provider's inclusion on the list published on the Treasurer of State's website.
2. However, in order to prevent financial harm to the System and to ensure that the System's fiduciary duty is met, the System shall not divest from an investment that it has with a financial services provider included on the list published on the Treasurer of State's website under § 25-1-1002 if the investment is locked into a maturity date and an early divestment would result in a financial penalty and cause a negative financial impact to the System.

C. Investments in Countries of Concern

1. In order to comply with Arkansas Code § 25-1-1201 et seq. and also to ensure that System funds are not invested in the development of technologies and products that may threaten the national security of the United States, the System shall not directly hold any equity interest or debt financing interest in any entity that is:
 - a. Owned in whole or with a majority ownership by the government of the People's Republic of China; or
 - b. Subject to any investment restrictions imposed by the United States Department of the Treasury because the entity is located in a country of concern and is engaged in activities that may contribute to a threat to the national security of the United States.
2. For any prohibited investment held by the System as of the adoption of this section, the Executive Director, in cooperation with the investment consultant and other necessary parties, shall divest the System of any excluded holdings as soon as divestment is practicable and would not result in a financial penalty or cause a material negative impact to the System.

B-D. Standard of Care

1. ~~The standard of care for the Board and Executive Director of the assets of the System is: when~~When investing and reinvesting trust assets and in acquiring, retaining, managing and disposing of investments of the trust assets, there shall be exercised the reasonable care, skill, and caution that a prudent investor would use after considering the purposes, terms, distribution requirements, and other circumstances of the trust. Investment and management decisions respecting individual assets shall be evaluated not in isolation but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust. The investments of the trust shall be diversified unless the Board reasonably determines that, because of special circumstances, the purposes of the trust are better served without diversifying. The trust assets shall be invested and managed solely in the interest of the members and benefit recipients of the trust. The trust assets shall be invested in a manner to only incur costs that are appropriate and reasonable in relation to the assets and purposes of the investment. Compliance with the standard of care is determined in light of facts and circumstances at the time of action, not in hindsight.
2. Investment and management functions may be delegated to an investment agent that a prudent trustee of comparable skills could properly delegate under the circumstances. When making such delegation, the Board shall establish the scope and terms of the delegation, consistent with the purposes and terms of the trust, and shall monitor the investment agent performance and compliance with the terms of the delegation. In performing a delegated function, an investment agent owes a duty to the System and the trust to exercise reasonable care to comply with the terms of the delegation. The assets of the System allocated to the investment managers shall be diligently managed, which may include selling investments and realizing losses, if such action is considered advantageous to longer-term return maximization. In addition, the Executive Director may delegate certain duties to the System's investment staff without relieving the Executive Director from the ultimate responsibility.
3. Each party serving in a fiduciary capacity for the trust shall discharge his or her duties solely in the pecuniary interest of the participants and beneficiaries and in compliance with Arkansas Code § 24-2-801 et seq. A fiduciary's evaluation of an investment, or evaluation or exercise of any right appurtenant to an investment, shall take into account only pecuniary factors.

~~3.4.~~ Each party serving in a fiduciary capacity for the trust shall apply the standard of care set forth herein.

~~C.E.~~ Asset Allocation

1. The Board is responsible for the prudent investment of funds and to maintain a proper allocation of the System's investment assets. The Board, in conjunction with its investment consultants, shall set and adjust the System's asset allocation ranges as necessary to provide an optimal allocation to obtain its target returns. The general investment consultant shall notify the Executive Director and the Board when an asset liability modeling study should be undertaken. It shall be the goal of the System to maintain the following asset allocation targets and ranges:

Asset Category	Minimum*	Target	Maximum*
Total Equity	48.0%	53.0%	58.0%**
Fixed Income	13.0%	15.0%	17.0%
Opportunistic/Alternatives	N/A	5.0%	N/A
Real Assets***	N/A	15.0%	N/A
Private Equity	N/A	12.0%	N/A
Cash Equivalents	0.0%	0.0%	5.0%

* Due to the illiquid nature of opportunistic/alternatives, real assets, and private equity, it is not prudent to set rebalancing ranges for these asset classes

**Additional allocations to total equity may be made beyond the maximum range to serve as a placeholder for unfunded and uncommitted opportunistic/alternatives, real assets, and private equity

***Real assets includes real estate, timber, agriculture, and infrastructure

~~D.F.~~ Rebalancing

1. The asset allocation ranges established by the Board represent the Board's judgment of a portfolio mix that provides the greatest risk/return value. Allowing the portfolio to exceed the Board limits strays from the financial discipline, which the Board believes will - over time - provide the appropriate risk-adjusted return to the System.
2. The Executive Director is responsible for rebalancing the allowable asset classes and the individual portfolios if any of the asset classes falls outside of the designated range. The general investment consultant shall provide guidance and advice to the Executive Director to best achieve the rebalancing.

3. Rebalancing among individual investment manager portfolios within asset classes may also be necessary to ensure the appropriate level of diversification is achieved by investment style, market capitalization or risk levels (see total asset class guidelines) and/or to take advantage of market conditions, fund manager expertise, opportunities, or other circumstances that could be beneficial to ATRS.
4. The Executive Director may rebalance across all equity managers, all equity holdings, all fixed income managers, and all fixed income holdings. A Board approved transition manager may be used for rebalancing. Rebalancing including the use of a Board approved transition manager, as needed, may be initiated by the Executive Director after recommendation from the appropriate investment consultant and positive notice to the Board Chair. The Executive Director and general investment consultant will monitor the asset values by classification for each asset manager on a monthly basis, based on month-end data provided by the custodial bank. The Executive Director and general investment consultant shall regularly inform the Board on the rebalancing pacing and strategy.
5. Whenever the minimum or maximum range of total equity or fixed income has been exceeded, a transfer of funds or other appropriate action will occur to bring the actual allocation within the prescribed range within a time frame determined to be prudent by the Executive Director in consultation with the general investment consultant.
6. Normal plan cash flows should be used to the extent possible to rebalance. Interest, dividends, and plan contributions should be used to the extent possible to fund asset classes that are below their target. Withdrawals should be made from asset classes that are above their target.

E.G. Investment Manager Selection

1. The System may hire and retain individual investment managers to implement the System's investment strategy.
- ~~1.2. In order to implement its investment strategy, the System will use individual investment managers.~~ Arkansas Code § 24-2-610 et seq. requires ATRS to always operate under the prudent investor rule. The prudent investor rule requires all investment decisions to be made based on the experience of management, rates of return, appropriate risk, reasonable cost, and all other relevant factors that should be used by prudent investors.
- 2.3. It is the policy of the Board to include, whenever appropriate, qualified minority-owned and women-owned business enterprises in the System's investment manager selection process and to objectively

evaluate all qualified investment manager candidates regardless of race, gender or disability.

3.4. The Board will evaluate all qualified investment manager candidates with emphasis on demonstrated professional performance, organizational depth, institutional investment management capability, and reasonableness of fee structure regardless of the amount of investment assets under management or the age of the investment management firm.

5. The Board ~~will use~~ shall only hire and retain professional consultants that do not use discriminatory practices in the creation and maintenance of their investment manager databases and will require the investment consultants to affirm their use of non-discriminatory practices when recommending investment manager candidates to the Board.

4.6. The Board shall only hire and retain investment managers and professional consultants that agree to provide services to the System in a manner that complies with Arkansas Code § 24-2-601 et seq., 24-2-801 et seq., 25-1-1001 et seq., and 25-1-1201 et seq.

F.H. Goals

1. Recognizing the purpose of the System is to remain actuarially sound and pay member benefits, the overall investment goal is to achieve, over a period of years, the greatest rate of return for the System with due consideration given to preserving capital and its purchasing power, and to maintain an appropriate level of risk consistent with the obligations of a prudent investor. The return of the System should exceed, net of fees, a policy benchmark comprised of the respective asset class benchmarks weighted by the asset class policy targets over a full market cycle (approximately five years). During periods of transition to and from nonmarketable and illiquid asset classes such as private equity and real assets, actual allocations may be used over extended periods to reflect these changes in the policy targets. Periodic performance reports will provide a detailed description of the policy benchmark composition over time.
2. The System's actuary sets an expected return based on the Board's policy decisions. Market cycles may result in the System earning a return materially above or below the actuarial rate of return for extended periods of time. Therefore, the actuarial rate of return will not be used for performance comparison purposes.

G-I Total Equity

1. The total equity exposure of the portfolio shall be well diversified with broad exposures to small, mid, and large capitalization companies and growth and value style sectors across U.S. and non-U.S. markets.
2. The goal for total equity shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the aggregate global equity market as measured by the Morgan Stanley Capital International (MSCI) All Country World Index (ACWI) Investable Market Index (IMI) over a full market cycle (approximately five years). Because the total equity portfolio was previously segregated into domestic and global equity components, the total equity portfolio has a bias to domestic equity relative to the MSCI ACWI IMI. Therefore, to ensure appropriate performance measurement, the benchmark for total equity will be appropriately weighted between the Dow Jones U.S. Total Stock Market Index and the MSCI ACWI IMI Index to reflect the current domestic / global asset mix until the domestic allocation is in line with the global opportunity set as defined by the MSCI ACWI IMI. The manager structure of the total equity portfolio should resemble the weighted average of their respective benchmarks and avoid any material biases due to a concentration of managers or management styles. To achieve this goal, the Board may employ various actively managed and passive mandates. The structure of the equity component will be analyzed annually to ensure proper diversification is achieved.

H-J Fixed Income

1. The manager structure of the aggregate fixed income portfolio's risk exposure should resemble the aggregate domestic fixed income market as measured by the Barclays U.S. Universal Bond Index. To help achieve this goal, the Board will employ investment managers that invest assets in a broad array of sectors (government, mortgage backed, credits, asset backed, and commercial mortgage backed bonds), maturities, and credit qualities so that the overall portfolio structure is not materially different from that of the domestic and global fixed income markets. To provide a broad base of low-cost diversification and readily available liquidity, the Board may allocate a portion of the fixed income assets to a passive investment portfolio that approximates the return of the broad fixed income market.
2. The goal for fixed income investments shall be to achieve a total rate of return that will exceed, net of all costs and fees, the return of the Barclays U.S. Universal Bond Index over a full market cycle (approximately five years).

I.K. Opportunistic/Alternative Investments

1. The Opportunistic/Alternatives asset class may include investments in direct hedge funds, hedge fund of funds, commodities, currency mandates, and other alternative strategies that are not closely correlated or related to the traditional asset classes (fixed income, equities, private equity, and real assets). Unique investments that do not fit within the other asset class categories may also be included in the Opportunistic/Alternative category at the Board's discretion. Because this category may include illiquid investments made through closed end investment partnerships, it may take a period of time to reach and maintain the target allocation of 5%. Assets will be invested in the total equity asset class when the opportunity/alternative allocation is below its long-term target of 5%. The benchmark for the category will be a weighted average of the benchmarks of the underlying strategies.
2. The goal of the credit, global macro, and other liquid alternative investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the appropriate institutional quality hedge fund index over a full market cycle (approximately five years). Appropriate benchmarks will be determined as investments are added to the portfolio.

J.L. Real Assets

1. The Real Asset category may include real estate, timber, agriculture, and infrastructure. While no fixed targets are set, the following general parameters have been identified:
 - 10% Real Estate
 - 2% Timber
 - 1% Agriculture
 - 2% Infrastructure

The total target of the asset class will be 15%. Because this category may include illiquid investments made through closed end investment partnerships, it will take a period of time to reach these targets. Assets will be invested in the total equity asset class until the total target is attained.

The System may initiate investments in real estate as governed by the Real Asset Statement of Investment Policy. The System's goal for real estate is to not materially exceed the System's approved target asset allocation for total real estate investments as determined by the Board at the beginning of each fiscal year. Should the real estate target asset

allocation be exceeded, the Executive Director, working with the Real Estate Consultant, shall develop a pacing and strategy plan to address the over allocation.

ATRS' Real Estate portfolio is benchmarked on a net of fee basis against the NCREIF Fund Index Open-end Diversified Core Equity Index ("NFIODCE"). Once ATRS' Real Estate portfolio reaches its full target allocation for a ~~five-year~~five-year period, it is expected to meet or exceed the NFIODCE over rolling ~~five-year~~five-year periods.

The System may initiate direct ownership in timberland or indirect investments in fund of funds, partnerships, corporations, or real estate investment trusts ("REITs") investing in investment grade properties of like kind.

2. The goal of the timberland investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Timberland Property Index ("NTPI") over a ~~five-year~~five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the timber portfolio's performance compared to the opportunity cost of investing in timber.

The goal of the agriculture investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the NCREIF Farmland Index ("NFI") over a ~~five-year~~five-year rolling period. The Consumer Price Index plus 300 basis points will be used as a secondary measurement to gauge the agriculture portfolio's performance compared to the opportunity cost of investing in agriculture.

The goal of the infrastructure investments shall be to achieve a total rate of return that will exceed, net of all fees and costs, the return of the Consumer Price Index (CPI) plus 5 percentage points over a full market cycle (approximately ten years). The Consumer Price Index plus 5 percentage points will be used as the benchmark to reflect the opportunity cost of investing in infrastructure. Similar infrastructure programs of institutional investors will also be used as a secondary benchmark to the extent such data is made available.

The ATRS Total Real Asset Benchmark is weighted by the allocations based on Net Asset Values across the various sub-categories, and thus defined as Real Estate benchmark, Timber benchmark, Agriculture benchmark and Infrastructure benchmark. The net of fee return for ATRS' Total Real Asset Portfolio is expected to meet or exceed the Total Real Asset Benchmark over rolling five year periods.

K. Private Equity

1. The System may initiate investments in private equity as governed by the Private Equity Statement of Investment Policy. Private equity investments may include domestic and foreign private equity partnerships, venture capital, and mezzanine financing partnerships that are intended to diversify the assets and reduce the likelihood of material losses in any individual investment classification. The investment consultant responsible for private equity shall advise the Executive Director and Board on the Private Equity Statement of Investment Policy and the structure of private equity investments best suited for the System.
2. The System's goal for private equity investments is to achieve a total rate of return that will exceed, net of all costs and fees, the return of the public equity markets, as measured by the Dow Jones U.S. Total Stock Market Index, plus a liquidity premium of 2 percentage points per year over a full market cycle for private equity (approximately ten years).

L. Cash Equivalents

1. The System may hold direct ownership in short-term investments or may permit or require managers to hold cash or cash equivalents to meet liquidity needs of the investment manager or of the System.
2. The System's cash management goal shall be to preserve capital and maintain liquidity.

M. Arkansas-Related Investments

1. The System may initiate Arkansas-related mortgage loans, promissory notes, direct real estate investments, or purchase insured certificates of deposit or ~~short term~~ short-term securities of Arkansas financial institutions to meet the goals of the mandated requirements. Arkansas-related investments are categorized according to the appropriate asset class for each investment. In addition, Arkansas related investments include, but are not limited to, investments managed by an Arkansas related manager, Arkansas related investments held by other fund managers, Arkansas timberland, partnerships based in Arkansas, and partnerships holding Arkansas properties.

N. Commingled or Mutual Funds

1. If a commingled fund or mutual fund is utilized, the portfolio will be governed by the prospectus or similar document for the fund. In those cases, the System will utilize the prudent investor rule and advice of the investment consultant in selecting and evaluating funds initially and in monitoring them on an on-going basis.

O. Derivatives

1. Derivatives may be used to reduce the risk in a portfolio and provide desired market and security level positions as an alternative to purchasing cash securities. Excessive leverage shall not be created through the use of derivatives in a manner that substantially increases the System's portfolio risk. Each investment manager's derivative usage shall be specified in the investment management agreement or specific guidelines.
2. The use of futures and options shall be matched by cash or cash equivalent securities, and all short futures positions shall be matched by equivalent long security positions, unless otherwise stated in the investment manager guidelines or authorizing fund documents.

P. Loaning of Securities

1. The lending agent will evaluate the credit-worthiness of potential borrowers of securities, and will loan securities only to financially sound borrowers. The lending agent will maintain a diversified list of such borrowers in order to mitigate the counterparty risk that is inherent in securities lending.
2. Collateral levels should be based on the nature of the loaned security and will generally be between 102% and 105% of the market value of the borrowed security. Marking to market will be performed every business day subject to de minimis rules of change in value, and borrowers will be required to deliver additional assets as necessary to maintain overcollateralization of securities loans.

Q. Securities Lending Reinvestment Guidelines

1. The cash collateral portfolio will be managed on an amortized cost basis (maintain a \$1 net asset value) and have investment guidelines that are 2a-7-like in nature (money market fund guidelines) to ensure that only a moderate amount of risk is taken on the reinvestment of the cash collateral. This will control the amount of credit and duration risk that can be taken by the short duration fixed income manager, which will help to mitigate losses due to insufficient collateral relative to the amount on loan. In addition, guidelines for the cash collateral portfolio will be created in conjunction with the lending strategy and with input from the securities lending agent.
2. The collateral pool should also maintain a reasonable level of overnight liquidity in order to allow for the smooth recall of securities over time.

R. Investment Manager Reporting

1. The System will require all investment managers, managing partners, and general partners to provide on at least a quarterly and an annual basis, reporting appropriate for the investment.

S. Roles

1. The Executive Director and investment consultant are jointly responsible for the initial selection of investment managers and any increase or decrease in an investment manager's funding. The Executive Director and investment consultant are jointly responsible for monitoring existing investment managers on performance, stability, and compliance. The Executive Director and investment consultant may also recommend termination of an investment manager when circumstances justify termination. Reasons for termination include, but are not limited to, relative performance, relative stability, costs, strategic allocation of assets, or other relevant factors that a prudent investor would use.

T. Proxies

- ~~1. 4.—All shares held directly or indirectly by or on behalf of the System shall be voted on solely in the pecuniary interest of the System's plan beneficiaries, in compliance with Arkansas Code § 24-2-801 et seq.~~
- ~~2. Unless an economically practicable alternative is unavailable, the System shall not: (A) Follow the recommendations of a proxy advisory firm or other service provider unless the firm or service provider has a practice of and provides a written commitment to adhere to the practice of following proxy voting guidelines that are consistent with the System's obligation to act based only on pecuniary factors, or (B) Entrust the System's plan assets to a fiduciary unless the fiduciary has a practice of and provides a written commitment to adhere to the practice of following guideline when engaging with portfolio companies and voting shares or proxies that match the obligation of the System's obligation to act based only on pecuniary factors.~~
3. The System authorizes the investment manager to vote all proxies related to stocks in which it invests the System's assets. The System requires the investment manager to vote all proxies in a manner that complies with Arkansas Code § 24-2-801 et seq. The System ~~expects~~ requires the investment manager to cast votes solely in the best interest of plan beneficiaries.

U. Soft Dollars

1. Commissions paid by investment managers for the purchase of equity securities are System assets and must be used for the sole benefit of the System members. Whenever possible, investment managers should seek to execute trades at the lowest possible commission rate but not to the detriment of best execution, which can result in a higher cost to the System. So that the Board may fulfill its obligation to ensure that System assets are being used appropriately, relevant equity investment managers shall provide periodic reports to the general investment consultant on brokerage activity, commissions, services, and such other information as may be requested by the investment consultant or Board. The investment consultant shall provide a periodic report to the Board summarizing such equity investment managers' reports and highlighting any questionable or problem areas.

HISTORY

Amended: October 4, 2010

Amended: February 7, 2011

Amended: June 3, 2013

Amended: October 7, 2013

Amended: February 17, 2014

Amended: June 1, 2015

Amended: April 21, 2016

Amended: November 13, 2017

Amended: April 1, 2019

Amended: February 3, 2020 as Board Policy 4

Amended: December 7, 2020

Amended: June 7, 2021

Amended: September 25, 2023

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 June 7, 2023. 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 thirteen disability applications were considered. Of the thirteen applicants, eleven were approved, ATRS ID: 368771; 442995; 289140; 323054; 161833; 384654; 245277; 159464; 141897; 194442; 310688. One applicant had more information requested, ATRS ID: 371891. One applicant was denied, ATRS ID: 186654.

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 July 12, 2023. Those members present were Dr. Eddie Phillips, Dr. Hoyte Pyle, and Dr. Jim Morse. Anne Marie Lehman Berardi & Jennifer Liwo of the Teacher Retirement System were also in attendance.

A total of fifteen disability applications were considered. Of the fifteen applicants, fourteen were approved, ATRS ID: 230601; 312881; 235892; 472380; 108487; 506860; 356997; 315465; 387667; 180302; 394675; 314668; 262923; & 255864. One applicant had more information requested, ATRS ID: 176857.

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 8:30 a.m. on August 17, 2023. Those members present were Dr. Eddie Phillips, and Dr. Hoyte Pyle. Anne Marie Lehman Berardi & Jennifer Liwo of the Teacher Retirement System were also in attendance.

A total of nine disability applications were considered. Of the nine applicants, six were approved, ATRS ID: 392428; 299945; 166214; 432287; 243422; 196657. One applicant had more information requested, ATRS ID: 192018. Two applicants were denied, ATRS ID: 439275; 390294.

Respectfully Submitted,



Eddie Phillips, CMO
Medical Committee Chairman

Respectfully Submitted,



Anne Marie Lehman Berardi
Retirement Benefits Counselor



8/7/23 approved
Ⓟ

**TRUSTEE APPLICATION – UNEXPIRED TERM
ATRS Board Position #7
(Active Member – Non-licensed Trustee)**

In accordance with Ark. Code Ann. § 24-7-302(b)(2), the ATRS Board voted on July 17, 2023, to use the authority of Board appointment to fill the vacancy of elected trustee Position #7. The Board intends to act upon this vacancy at a future Board meeting in September. The appointed trustee will serve through June 30, 2024. ATRS will hold a regular election for Position #7 in April 2024. The winner of the April 2024 election will serve in Position #7 until June 30, 2027.

CANDIDATE QUALIFICATIONS:

- 1) Must be an active member with a minimum of 5 years of actual service in ATRS; and
- 2) Must be employed in a position not requiring state licensure.

Name Kelsey D. Bailey ✓ Social Security Number (Last 4) [REDACTED] ✓
Employer Little Rock School District ✓ Position Chief Deputy Finance & Operations Officer ✓
Home Address [REDACTED] ✓
Phone (Work) 501-447-1010 ✓ (Home or Cell) [REDACTED] ✓
E-mail address [REDACTED] ✓

The applicant must attach a statement of 75 words or less demonstrating his or her reasons for seeking the position. The statement may include the applicant's personal, educational, and professional qualifications and experience, as it applies to serving the members of ATRS.

**THIS APPLICATION (including attachment) MUST BE RECEIVED BY ATRS ON OR BEFORE
CLOSE OF BUSINESS (4:30 p.m.) ON MONDAY, AUGUST 7, 2023.**

Send application and attached statement to:

Email: markw@artrs.gov

OR

Mail:
Arkansas Teacher Retirement System
ATTN: Mark White
1400 W. Third Street
Little Rock, AR 72201

... a 1 month



LITTLE ROCK
SCHOOL DISTRICT

75 words ✓

August 3, 2023

TO: Mark White
FROM: Kelsey Bailey, Chief Deputy Finance & Operations Officer
SUBJECT: ATRS Board Position #7

I would like to express my interest in the vacant Board Position #7. I feel that I could be a contributing member due to my past and current work experiences. I've worked for Little Rock School District for the past 14 years as CFO & COO. I have a BBA in Accounting & MBA. I'm also president of the AASBO & AAEA Board Member. It would be a great privilege to serve in this role.



Approved
8/3/2023

**TRUSTEE APPLICATION – UNEXPIRED TERM
ATRS Board Position #7
(Active Member – Non-licensed Trustee)**

In accordance with Ark. Code Ann. § 24-7-302(b)(2), the ATRS Board voted on July 17, 2023, to use the authority of Board appointment to fill the vacancy of elected trustee Position #7. The Board intends to act upon this vacancy at a future Board meeting in September. The appointed trustee will serve through June 30, 2024. ATRS will hold a regular election for Position #7 in April 2024. The winner of the April 2024 election will serve in Position #7 until June 30, 2027.

CANDIDATE QUALIFICATIONS:

- 1) Must be an active member with a minimum of 5 years of actual service in ATRS; and
- 2) Must be employed in a position not requiring state licensure.

Name Katoya C Clemons ✓
Employer Searcy Public Schools Social Security Number (Last 4) [REDACTED]
Position SPED Paraprofessional
Home Address [REDACTED]
Phone (Work) 5012688315 (Home or Cell) [REDACTED]
E-mail address [REDACTED]

The applicant must attach a statement of 75 words or less demonstrating his or her reasons for seeking the position. The statement may include the applicant's personal, educational, and professional qualifications and experience, as it applies to serving the members of ATRS.

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Send application and attached statement to:

Email: markw@atrs.gov

OR

Mail:
Arkansas Teacher Retirement System
ATTN: Mark White
1400 W. Third Street
Little Rock, AR 72201

Fwd: [EXTERNAL] Re: [EXTERNAL] #7 revised. Thank you

Subject: Fwd: [EXTERNAL] Re: [EXTERNAL] #7 revised. Thank you
From: Mark White <markw@artrs.gov>
Date: 7/26/2023, 2:05 PM
To: Tammy Porter <tammyp@artrs.gov>

Here's her revised statement which is less than 75 words.

Thanks,

Mark



Mark White
Executive Director
Arkansas Teacher Retirement System
<http://www.artrs.gov/>

markw@artrs.gov
501.621.8853

"Intelligence and virtue being the safeguards of liberty and the bulwark of a free and good government, the State shall ever maintain a general, suitable and efficient system of free public schools."
Arkansas Constitution Art. 14, § 1.

----- Forwarded Message -----

Subject: [EXTERNAL] Re: [EXTERNAL] #7 revised. Thank you
Date: Wed, 26 Jul 2023 11:24:04 -0500
From: Katoya Clemons [REDACTED]
To: Mark White <markw@artrs.gov>

Hello! I'm Katoya Clemons and I'm interested in the board position. I am currently a Para and Tutor in the state. My reasons in applying is because I believe in fresh new input and ideas, inside and out of the classroom. I would love to have input on our retirement and other beneficial subjects for our teachers and staff members. Thank you for your time.

Katoya Clemons

On Wed, Jul 26, 2023, 10:50 AM Mark White <markw@artrs.gov> wrote:

65 words
✓



Approved
7/21/23

**TRUSTEE APPLICATION – UNEXPIRED TERM
ATRS Board Position #7
(Active Member – Non-licensed Trustee)**

In accordance with Ark. Code Ann. § 24-7-302(b)(2), the ATRS Board voted on July 17, 2023, to use the authority of Board appointment to fill the vacancy of elected trustee Position #7. The Board intends to act upon this vacancy at a future Board meeting in September. The appointed trustee will serve through June 30, 2024. ATRS will hold a regular election for Position #7 in April 2024. The winner of the April 2024 election will serve in Position #7 until June 30, 2027.

CANDIDATE QUALIFICATIONS:

- 1) Must be an active member with a minimum of 5 years of actual service in ATRS; and
- 2) Must be employed in a position not requiring state licensure.

Name Cathy A. Crymes ✓ Social Security Number (Last 4) [REDACTED] ✓

Employer OR State University - Beebe ✓ Position Payroll Accountant II ✓

Home Address [REDACTED] ✓

Phone (Work) 501-882-8931 ✓ (Home or Cell) [REDACTED] ✓

E-mail address [REDACTED] ✓

The applicant must attach a statement of 75 words or less demonstrating his or her reasons for seeking the position. The statement may include the applicant's personal, educational, and professional qualifications and experience, as it applies to serving the members of ATRS.

THIS APPLICATION (including attachment) MUST BE RECEIVED BY ATRS ON OR BEFORE CLOSE OF BUSINESS (4:30 p.m.) ON MONDAY, AUGUST 7, 2023.

Send application and attached statement to:

Email: markw@artrs.gov

OR

Mail:
Arkansas Teacher Retirement System
ATTN: Mark White
1400 W. Third Street
Little Rock, AR 72201

15 words ✓

My reasons for applying is to be a servant to ARTRS members. My husband of forty years and myself have three children in the Arkansas education field and it would be an honor to be a part of their futures. I myself am very thankful to be a part of ARTRS as well, I have worked in the higher education field for fifteen years and hold a Bachelor's Degree.

Thank you for considering my application.

Cathy Crymes



Approved
7/21/23 ✓

**TRUSTEE APPLICATION – UNEXPIRED TERM
ATRS Board Position #7
(Active Member – Non-licensed Trustee)**

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CANDIDATE QUALIFICATIONS:

- 1) Must be an active member with a minimum of 5 years of actual service in ATRS; and
- 2) Must be employed in a position not requiring state licensure.

Name Robert "Jake" Haak ✓ Social Security Number (Last 4) [REDACTED] ✓
 Employer Rogers Public Schools Position CFO
 Home Address [REDACTED]
 Phone (Work) 479-636-3910 ✓ (Home or Cell) [REDACTED]
 E-mail address [REDACTED] ✓

The applicant must attach a statement of 75 words or less demonstrating his or her reasons for seeking the position. The statement may include the applicant's personal, educational, and professional qualifications and experience, as it applies to serving the members of ATRS.

THIS APPLICATION (including attachment) MUST BE RECEIVED BY ATRS ON OR BEFORE CLOSE OF BUSINESS (4:30 p.m.) ON MONDAY, AUGUST 7, 2023.

Send application and attached statement to:

Email: markw@artrs.gov

OR

Mail:
Arkansas Teacher Retirement System
ATTN: Mark White
1400 W. Third Street
Little Rock, AR 72201

75 words ✓

As a product of Arkansas Schools, from private to public, the individuals that poured into me and so many other students deserve the best retirement system we can offer.

ATRS has been and is the best retirement system for its members and leads as an example to many states throughout our nation.

It would be an honor to serve with the current trustees, but my main reason for applying is to serve our ATRS members.



Approved #7 7/20/23

**TRUSTEE APPLICATION – UNEXPIRED TERM
ATRS Board Position #7
(Active Member – Non-licensed Trustee)**

In accordance with Ark. Code Ann. § 24-7-302(b)(2), the ATRS Board voted on July 17, 2023, to use the authority of Board appointment to fill the vacancy of elected trustee Position #7. The Board intends to act upon this vacancy at a future Board meeting in September. The appointed trustee will serve through June 30, 2024. ATRS will hold a regular election for Position #7 in April 2024. The winner of the April 2024 election will serve in Position #7 until June 30, 2027.

CANDIDATE QUALIFICATIONS:

- 1) Must be an active member with a minimum of 5 years of actual service in ATRS; and
- 2) Must be employed in a position not requiring state licensure.

Name Shawnequa Junearick ✓ Social Security Number (Last 4) [REDACTED] ✓
Employer Little Rock School District Position Procurement Supervisor ✓
Home Address [REDACTED] ✓
Phone (Work) 501-447-2268 ✓ (Home or Cell) [REDACTED] ✓
E-mail address [REDACTED] ✓

The applicant must attach a statement of 75 words or less demonstrating his or her reasons for seeking the position. The statement may include the applicant's personal, educational, and professional qualifications and experience, as it applies to serving the members of ATRS.

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Email: markw@artrs.gov

OR

Mail:
Arkansas Teacher Retirement System
ATTN: Mark White
1400 W. Third Street
Little Rock, AR 72201

SHAWNEQUA JUNEARICK

70 words ✓

July 20, 2023

I find that I am an excellent candidate this trustee seat.

I am an active member of ATRS and a former member of APERS. I have an MBA and BBA from Strayer University with a concentration in Human Resource Management. I also hold an AAS in Accounting. I am currently working for LRSD as Procurement Supervisor. I have several years of customer service and finance experience.

Sincerely

Shawnequa Junearick, MBA

59

59
11
70



Approved
8/7/2023
φ.

**TRUSTEE APPLICATION – UNEXPIRED TERM
ATRS Board Position #7
(Active Member – Non-licensed Trustee)**

In accordance with Ark. Code Ann. § 24-7-302(b)(2), the ATRS Board voted on July 17, 2023, to use the authority of Board appointment to fill the vacancy of elected trustee Position #7. The Board intends to act upon this vacancy at a future Board meeting in September. The appointed trustee will serve through June 30, 2024. ATRS will hold a regular election for Position #7 in April 2024. The winner of the April 2024 election will serve in Position #7 until June 30, 2027.

CANDIDATE QUALIFICATIONS:

- 1) Must be an active member with a minimum of 5 years of actual service in ATRS;
- and 2) Must be employed in a position not requiring state licensure.

Name Robyn Keene Social Security Number (Last 4) [REDACTED]
Employer Conway Public Schools Position CFO
Home Address [REDACTED] Phone (Work) 501-450-4800, ext 0106
(Home or Cell) [REDACTED] E-mail address [REDACTED]

The applicant must attach a statement of 75 words or less demonstrating his or her reasons for seeking the position. The statement may include the applicant's personal, educational, and professional qualifications and experience, as it applies to serving the members of ATRS.

THIS APPLICATION (including attachment) MUST BE RECEIVED BY ATRS ON OR BEFORE CLOSE OF BUSINESS (4:30 p.m.) ON MONDAY, AUGUST 7, 2023.

Send application and attached statement to:

Email: markw@artrs.gov

OR

Mail:
Arkansas Teacher Retirement System
ATTN: Mark White
1400 W. Third Street
Little Rock, AR 72201

TS Woods

I am interested in the ATRS Board Position #7 on the ATRS Board of Directors. I have been an ATRS member for 20+ years and currently serve as the Chief Financial Officer of the Conway Public Schools. Prior to becoming the CFO for CPS, I served as Director of Financial Services for AAEA for 9 years including involvement with legislative policy and served as facilitator of the AAEA Finance Legislative Committee during Arkansas Legislative Sessions.

Robyn Keene




approved
to 8/3/2023

**TRUSTEE APPLICATION – UNEXPIRED TERM
ATRS Board Position #7
(Active Member – Non-licensed Trustee)**

In accordance with Ark. Code Ann. § 24-7-302(b)(2), the ATRS Board voted on July 17, 2023, to use the authority of Board appointment to fill the vacancy of elected trustee Position #7. The Board intends to act upon this vacancy at a future Board meeting in September. The appointed trustee will serve through June 30, 2024. ATRS will hold a regular election for Position #7 in April 2024. The winner of the April 2024 election will serve in Position #7 until June 30, 2027.

CANDIDATE QUALIFICATIONS:

- 1) Must be an active member with a minimum of 5 years of actual service in ATRS; and
- 2) Must be employed in a position not requiring state licensure.

Name Jeremy Lasiter ✓ Social Security Number (Last 4) [REDACTED] ✓
Employer Bryant Public Schools Position Director of Legal Affairs ✓
Home Address [REDACTED] ✓
Phone (Work) 501-847-5600 ✓ (Home or Cell) [REDACTED] ✓
E-mail address [REDACTED]

The applicant must attach a statement of 75 words or less demonstrating his or her reasons for seeking the position. The statement may include the applicant's personal, educational, and professional qualifications and experience, as it applies to serving the members of ATRS.

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CLOSE OF BUSINESS (4:30 p.m.) ON MONDAY, AUGUST 7, 2023.**

Send application and attached statement to:

Email: markw@artrs.gov

OR

Mail:
Arkansas Teacher Retirement System
ATTN: Mark White
1400 W. Third Street
Little Rock, AR 72201

71 Woods

✓
-f

Personal Statement – Jeremy Lasiter

I have been an active member of ARTRS since 2008, when I became General Counsel for the Arkansas Department of Education. In 2015, I became Director of Human Resources & Legal Affairs for Bryant Public Schools. My experience advising and advocating for public school employees at the state and district levels makes me uniquely qualified to serve ARTRS members as a trustee. Thank you for your favorable consideration of my application.



Approved
8/7/23
φ

**TRUSTEE APPLICATION – UNEXPIRED TERM
ATRS Board Position #7
(Active Member – Non-licensed Trustee)**

In accordance with Ark. Code Ann. § 24-7-302(b)(2), the ATRS Board voted on July 17, 2023, to use the authority of Board appointment to fill the vacancy of elected trustee Position #7. The Board intends to act upon this vacancy at a future Board meeting in September. The appointed trustee will serve through June 30, 2024. ATRS will hold a regular election for Position #7 in April 2024. The winner of the April 2024 election will serve in Position #7 until June 30, 2027.

CANDIDATE QUALIFICATIONS:

- 1) Must be an active member with a minimum of 5 years of actual service in ATRS; and
- 2) Must be employed in a position not requiring state licensure.

Name Dexter Miller ✓ Social Security Number (Last 4) [REDACTED] ✓
Employer DESE/ Arkansas River Ed. Coop. ✓ Position Digital Learning Coordinator ✓
Home Address [REDACTED] ✓
Phone (Work) 870-338-6461 ✓ (Home or Cell) [REDACTED] ✓
E-mail address [REDACTED] ✓

The applicant must attach a statement of 75 words or less demonstrating his or her reasons for seeking the position. The statement may include the applicant's personal, educational, and professional qualifications and experience, as it applies to serving the members of ATRS.

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CLOSE OF BUSINESS (4:30 p.m.) ON MONDAY, AUGUST 7, 2023.**

Send application and attached statement to:

Email: markw@artrs.gov

OR

Mail:
Arkansas Teacher Retirement System
ATTN: Mark White
1400 W. Third Street
Little Rock, AR 72201

75 words
✓

Greeting,

I am Dexter Miller, B.B.A, and I am writing to express my interest in joining the ATRS Board. I'm currently serving as the Digital Learning Coordinator for the Department of Elementary and Secondary Education, I bring 20 years of leadership experience, expertise, and skills to ATRS. As a Helena Regional Medical Center Board Chairman and Phillips County Commissioner Board Member, I am confident that my contributions will be a valued asset to your board.

Approved
8/13/2023

**TRUSTEE APPLICATION – UNEXPIRED TERM
ATRS Board Position #7
(Active Member – Non-licensed Trustee)**

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CANDIDATE QUALIFICATIONS:

- 1) Must be an active member with a minimum of 5 years of actual service in ATRS; and
- 2) Must be employed in a position not requiring state licensure.

Name Claudia Moran Social Security Number (Last 4) [REDACTED]
 Employer North Little Rock School District Position Occupational Therapist
 Home Address [REDACTED]
 Phone (Work) (501) 416-8317 (Home or Cell) [REDACTED] 7
 E-mail address [REDACTED]

The applicant must attach a statement of 75 words or less demonstrating his or her reasons for seeking the position. The statement may include the applicant's personal, educational, and professional qualifications and experience, as it applies to serving the members of ATRS.

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Email: markw@artrs.gov

OR

Mail:

Arkansas Teacher Retirement System
 ATTN: Mark White
 1400 W. Third Street
 Little Rock, AR 72201

After receiving my Masters in Occupational Therapy at UNC, Chapel Hill, I returned home and have been working in the North Little Rock School District for 27 years. Both of my parents were educators and active members of ATRS. I served as a public school representative on the public school and state insurance subcommittee. I value the opportunity to advocate for all active members of the teacher retirement system, while insuring funding is utilized appropriately.

7570028



Approved
8/8/2023
tj

**TRUSTEE APPLICATION – UNEXPIRED TERM
ATRS Board Position #7
(Active Member – Non-licensed Trustee)**

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CANDIDATE QUALIFICATIONS:

- 1) Must be an active member with a minimum of 5 years of actual service in ATRS; and
- 2) Must be employed in a position not requiring state licensure.

Name "Mr B" - Bernard Sulliban III ✓ Social Security Number (Last 4) [REDACTED] ✓
Employer Fayetteville Public Schools ✓ Position Special Ed. Paraprofessional ✓
Home Address [REDACTED]
Phone (Work) 479-527-3670 (Home or Cell) [REDACTED]
E-mail address [REDACTED]

The applicant must attach a statement of 75 words or less demonstrating his or her reasons for seeking the position. The statement may include the applicant's personal, educational, and professional qualifications and experience, as it applies to serving the members of ATRS.

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Send application and attached statement to:

Email: markw@artrs.gov

OR

Mail:
Arkansas Teacher Retirement System
ATTN: Mark White
1400 W. Third Street
Little Rock, AR 72201

65 words ✓

Subject: Fwd: [EXTERNAL] ARTRS doc
From: Mark White <markw@artrs.gov>
Date: 8/7/2023, 4:42 PM
To: Tammy Porter <tammyp@artrs.gov>

Let's use the following as his statement, Word says this is 65 words:

Attached is my application for the Classified Board Position 7. ✓

I am grateful for the opportunity to be considered for appointment to the ARTRS Board, and strive to assist in the Board's business of our collective responsibility for our colleagues' retirement efficacy to the best of my ability.

Thank you so much for your time & service,

"Mr B", Special Ed Paraprofessional

Classified PPC, member

Thanks,

Mark



Mark White
Executive Director
Arkansas Teacher Retirement System
<http://www.artrs.gov/>

markw@artrs.gov
501.621.8853

"Intelligence and virtue being the safeguards of liberty and the bulwark of a free and good government, the State shall ever maintain a general, suitable and efficient system of free public schools."
Arkansas Constitution Art. 14, § 1.

----- Forwarded Message -----

Subject:[EXTERNAL] ARTRS doc
Date: Mon, 7 Aug 2023 21:22:35 +0000 (UTC)
From: Bernard Sulliban [REDACTED]
To: markw@artrs.gov <markw@artrs.gov>



Approved
8/7/23
tj.

**TRUSTEE APPLICATION – UNEXPIRED TERM
ATRS Board Position #7
(Active Member – Non-licensed Trustee)**

In accordance with Ark. Code Ann. § 24-7-302(b)(2), the ATRS Board voted on July 17, 2023, to use the authority of Board appointment to fill the vacancy of elected trustee Position #7. The Board intends to act upon this vacancy at a future Board meeting in September. The appointed trustee will serve through June 30, 2024. ATRS will hold a regular election for Position #7 in April 2024. The winner of the April 2024 election will serve in Position #7 until June 30, 2027.

CANDIDATE QUALIFICATIONS:

- 1) Must be an active member with a minimum of 5 years of actual service in ATRS; and
- 2) Must be employed in a position not requiring state licensure.

Name Kendra Thompson ✓ Social Security Number (Last 4) [REDACTED] ✓
Employer Northwest Technical Institute ✓ Position Surgical Technology Instructor ✓
Home Address [REDACTED] ✓
Phone (Work) 479-751-8824 ✓ (Home or Cell) [REDACTED] ✓
E-mail address [REDACTED] ✓

The applicant must attach a statement of 75 words or less demonstrating his or her reasons for seeking the position. The statement may include the applicant's personal, educational, and professional qualifications and experience, as it applies to serving the members of ATRS.

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CLOSE OF BUSINESS (4:30 p.m.) ON MONDAY, AUGUST 7, 2023.**

Send application and attached statement to:

Email: markw@artts.gov

OR

Mail:
Arkansas Teacher Retirement System
ATTN: Mark White
1400 W. Third Street
Little Rock, AR 72201

Don Raines - HR Manager
an exam - certification,
not license - but is
going to check & call
me back.

8/7/23 Don Raines stated Ms. Thompson's
position does not require licensure, only certification. 883

73 words
✓

August 4, 2023

To Whom This May Concern:

I would like to have the opportunity to sit on the board and be the next generation voice for the teachers of our state. I feel that I have a broad variety of knowledge to offer on the board. I am a surgical technologist of nearly twenty years, and an educator for the previous seven years and I take pride in my state, my school, and my profession.

Thank you for your consideration.

Kendra Thompson



Approved
7/20/23

**TRUSTEE APPLICATION – UNEXPIRED TERM
ATRS Board Position #7
(Active Member – Non-licensed Trustee)**

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CANDIDATE QUALIFICATIONS:

- 1) Must be an active member with a minimum of 5 years of actual service in ATRS; and
- 2) Must be employed in a position not requiring state licensure.

Name Alan T. Wilbourn ✓ Social Security Number (Last 4) [REDACTED] ✓

Employer Fayetteville Public Schools ✓ Position Exec Dir. of Communications ✓

Home Address [REDACTED] ✓

Phone (Work) 479-973-8654 ✓ (Home or Cell) [REDACTED] ✓

E-mail address alan.wilbourn@faysd.net ✓

The applicant must attach a statement of 75 words or less demonstrating his or her reasons for seeking the position. The statement may include the applicant's personal, educational, and professional qualifications and experience, as it applies to serving the members of ATRS.

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Mail:
Arkansas Teacher Retirement System
ATTN: Mark White
1400 W. Third Street
Little Rock, AR 72201



**FAYETTEVILLE
PUBLIC SCHOOLS**
Since 1871

73 words ✓

I would be very honored to be considered for the vacant position on the ATRS Board. I have served Fayetteville Public Schools for 32 years as an administrator, and I have always been impressed with the commitment and steadfast stewardship of ATRS by its board of directors. Tens of thousands of Arkansans depend on ATRS for their retirement savings, including me. Therefore, I am confident I would be a keenly interested board member.

Alan T. Wilbourn
Executive Director of Communications & Public Relations