

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

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

ATTENDEES

Board Members Present

Danny Knight, Chair
Shawn Higginbotham, Vice Chair
Kelsey Bailey
Anita Bell
Susan Ford
Keri Hamilton
Dr. Mike Hernandez
Michael Johnson
Bobby G. Lester
Chip Martin
Jeff Stubblefield
Susannah Marshall, Bank Commissioner
Hon. Larry Walter, State Treasurer

Board Members Absent

Jacob Oliva, Secretary, Department of Ed
Hon. Dennis Milligan, State Auditor.

Reporters Present

Mike Wickline, AR Dem Gaz

ATRS Staff Present

Mark White, Executive Director
Rod Graves, Deputy Director
Sarah C. Linam, Deputy Director
Tammy Porter, Ex. Assistant/Board Secretary
Curtis Carter, Chief Financial Officer
Dena Dixon, Int. Audit/Risk Mgmt.*
Braeden, Duke, Software Support Analyst
Vicky Fowler, Manager, Human Resources
Willie Kincade, Director of Operations
Mike Lauro, Information System Manager*
Jennifer Liwo, General Counsel
Manju, Director, Information Technology
Jerry Meyer, Manager, Real Assets
Logan Penter, Staff Attorney*
Whitney Sommers, Administrative Analyst
Leslie Ward, Manager, Private Equity
Brenda West, Internal Audit/Risk Mgmt.
Misty Yant, Manager, Accounting/Reporting*

Guest Present

Donna Morey, ARTA
PJ Kelly, Aon Hewitt Investment Consulting
Jack Dowd, Aon Hewitt Investment Consulting
Eric Munson, Treasurer's Office
Jason Kearney, Bureau of Legislative Research
Gar Chung – FIN News*
Dongles Appell*
ID#501-412-4800*

***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. Hon. Dennis Milligan and Mr. Oliva were absent.

II. Motion to Excuse Absent Board Members.

Ms. Marshall *moved to excuse* Hon. Milligan and Mr. Oliva from the February 5, 2024, meeting. Mr. Walther *seconded the motion*, and the Board *unanimously approved the motion*.

III. Adoption of Agenda.

Mr. Higginbotham *moved for adoption* of the Agenda. Ms. Bell *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 December 4, 2023, Minutes

Mr. Lester *moved for approval* of the Minutes of the Board of Trustees meeting of December 4, 2023. Mr. Stubblefield *seconded the motion*, and the Board *unanimously approved the motion*.

VI. Executive Director Report. Director Mark White gave his Director's report.

VII. Staff Empowerment.

A. Authority to Transact Business.

1. Resolution 2024-01.

Mr. Higginbotham *moved to adopt* Resolution 2024-01, Authority to Transact Business on behalf of the ATRS Board of Trustees. Mr. Bailey *seconded the motion*, and the Board *unanimously adopted the resolution*.

B. Specific Powers of Executive Director.

1. Resolution 2024.02.

Mr. Stubblefield *moved to adopt* Resolution 2024-02, Authorizing Specific Powers of Executive Director on behalf of the ATRS Board of Trustees. Ms. Ford *seconded the motion* and the Board *unanimously adopted the resolution*.

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

1. Resolution 2024-03.

Ms. Stubblefield *moved to adopt* Resolution 2024-03, Appointment of ATRS as Manager of LLC's. Ms. Ford *seconded the motion*, and the Board *unanimously adopted the resolution*.

VIII. Authority to Reimburse Trustee Expenses for 2024.

A. Resolution 2024-04.

Mr. Lester *moved to adopt* Resolution 2024-04, authorizing ATRS to reimburse ATRS Trustees for miscellaneous expenses and losses in salary resulting from Board of Trustees meeting attendance or other official Board duties. Mr. Martin *seconded the motion*, and the Board *unanimously adopted the resolution*.

IX. Authorization for Board Travel and Expense Reimbursement for 2024.

A. Resolution 2024-05

Mr. Johnson *moved to adopt* Resolution 2024-05, authorizing ATRS to reimburse ATRS Trustees for expenses used in traveling for official Board duties. Dr. Hernandez *seconded the motion*, and the Board *unanimously adopted the resolution*.

X. Adoption of 2024-2025 Employer Contribution Rate.

A. Resolution 2024-06.

Mr. Higginbotham *moved to adopt* Resolution 2024-06, Adoption Employer Contribution Rate at the rate of 15.00% for the fiscal year starting July 1, 2024 Ms. Bell *seconded the motion*, and the Board *unanimously adopted the resolution*.

XI. Adoption of 2024-2025 Member Contribution Rate.

A. Resolution 2024-07

Dr. Hernandez *moved to adopt* Resolution 2024-07, for Adoption of Member Contribution Rate at the rate of 7.00% for the fiscal

year starting July 1, 2024. Ms. Hamilton seconded the motion, and the Board unanimously adopted the resolution.

XII. Surcharge Rate for Outsourced Positions.

A. Resolution 2024-08

Mr. Martin moved to adopt Resolution 2024-08, Surcharge Rate of 4% applied to Outsourced Positions. Mr. Walther seconded the motion, and the Board unanimously adopted the resolution.

XIII. Actuarial Valuations, June 30, 2023. Director White presented the annual reports prepared by the Actuaries concerning the valuation of liability to active and inactive members along with the valuation of liabilities for annuities being paid to current retirees and current beneficiaries.

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

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

Mr. Walther moved to accept the Actuarial Valuations for Active & Inactive Member and Retirees & Beneficiaries as of June 30, 2023. Mr. Stubblefield seconded the motion, and the Board unanimously approved the motion.

XIV. Report of Member Interest Waived Under A. C. A. Section 24-7-205. Director White presented the member interest amount waived report. ATRS waives interest for members when there is a dispute between ATRS and the member as to whether ATRS made a mistake or otherwise did not do all that was required on the member's account. No member interest was waived for this reporting period.

XV. Report of Employer Interest and Penalties Waived Under A. C. A. Sec. 24-7-411. Director White presented the employer interest and penalties waived report. ATRS may also waive employer interest and penalties when reports or payments are late or have issues due to a new bookkeeper, inclement weather, sickness and other situations that justify a waiver. Two (2) employer penalties and interest amounts were waived for this reporting period in the amount of \$531.80.

XVI. Disability Review.

A. In the Matter of Disability Review Applicant, ATRS ID#391645.

Mr. Martin *moved to approve* the Disability Order of the Medical Committee finding Disability Retiree ID#391645 unqualified to received disability benefits. Mr. Lester *seconded the motion* and the Board *unanimously approved the motion*.

XVII. 2024 Board Election.

A. Certification of Ms. Keri Hamilton – Member Trustee Position #4.

1. Resolution 2024-09.

Mr. Stubblefield *moved to adopt* Resolution 2024-09, Certification of Ms. Keri Hamilton, Member Trustee Position #4. Ms. Bell *seconded the motion*, and the Board *unanimously adopted the resolution*

B. Certification of Mr. Kelsey Bailey – Member Trustee Position #7, Non-Certified

1. Resolution 2024-10.

Mr. Higginbotham *moved to adopt* Resolution 2024-10, Certification of Mr. Kelsey Bailey, Member Trustee Position #7, Non-Certified. Ms. Marshall *seconded the motion*, and the Board *unanimously adopted the resolution*.

XVIII. Approval of New ATRS Employer

A. In the Matter of the Arkansas School Band and Orchestra

1. Resolution 2024-12

Ms. Ford *moved to adopt* Resolution 2024-12, to approve Arkansas School Bands and Orchestra as a new member of ATRS. Mr. Johnson *seconded the motion*, and the Board *unanimously adopted the resolution*.

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

A. Arkansas Related and Investment Update.

1. **List of Fund Closings, Board Policies Report, and Highland Update.** The Investment Committee heard reports from Investment Consultants and closings from staff. Mr. Leslie Lane, Arkansas Capital Corporation provided an update on Highland.
- B. General Investment Consultant Report. *Aon Hewitt Investment Consulting.***
1. **Preliminary Performance Report for the Quarter Ending December 31, 2023** P.J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting provided the Committee with a Preliminary Performance Report for the quarter ended December 31, 2023. The report was for information purposes and no action was taken.
 2. **Asset Allocation Review and Recommendation.** P.J. Kelly and Katie Comstock of Aon Hewitt Investment Consulting provided the Committee with an Asset Allocation Review and Recommendation.
 - a. **Recommendation to approve for Board adoption a motion to revise Board Policy 4 (Investment Policy) to transition 5% of the Total Equity Target Asset Allocation to the Fixed Income Target Asset Allocation.**
 1. **Asset Allocation Review and Recommendation**
 2. **Proposed Revisions to Board Policy 4.**

Mr. Martin *moved to approve* for Board adoption a motion to revise Board Policy 4 (Investment Policy) to transition 5% of the Total Equity Target Asset Allocation to the Fixed Income Target Asset Allocation. Roll call was taken, and the Board *unanimously approved the motion.*
 - b. **Pending approval of the proposed revisions to Board Policy 4.**
 1. **Recommendation to approve for Board Adoption Resolution 2024-11 authorizing an**

investment for up to \$800 million dollars in Baird Advisors, Core Plus Bond Strategy.

Mr. Martin *moved to approve* for Board adoption Resolution 2024-11, authorizing and investment of up to \$800 million dollars in Baird Advisors, Core Plus Bond Strategy. Roll call was taken, and the Board *unanimously approved the motion*.

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

- 1. Performance Report for the Quarter Ending September 30, 2023.** Jack Dowd, of Aon Hewitt Investment Consulting provided the Committee with a performance report for the quarter ending September 30, 2023.

D. Private Equity Consultant Report. *Franklin Park*

- 1. Preliminary Private Equity Portfolio Review for the Quarter Ended September 30, 2023.** Michael Bacine of Franklin Park provided the Committee with the private equity portfolio review for the quarter ended September 30, 2023.

XVIII. Operations Committee Report. 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. Rule Promulgation Status Update. Jennifer Liwo, General Counsel gave the Committee a status update on the Rules Promulgation.

- 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.
8. Rule 0-1: ATRS Rule of Organization and Operation.
9. Rule 4: Election of Board of Trustees.
10. Rule 6: Membership and Employer Participation.
11. Rule 7: Service Credit, Contributions, Reporting, and Final Average Salary.
12. Rule 8: Free Service Credit, Purchasable Service Credit, and Purchase Accounts.
13. Rule 9: Retirement and Benefits.
14. Rule 10: Return to Service and Teacher Deferred Retirement Option Plan.
15. Rule 11: Survivors and Domestic Relations Orders.
16. Rule 12-1: Protection of "Qualified Trust" Status of ATRS Under Internal Revenue Code 401(a).
17. Rule 13-1: Administration Adjudications: Staff Determinations and Appeals.
18. Rule 14-1: Retirement Fund Asset Accounts.
19. Rule 15-1: Benefit Restoration Plan and Trust.
20. Rule 16: Cash and Savings Help (CASH) Program.
21. Rule 17-1: Manifest Injustice.

Mr. Lester *moved to approve* Rules Promulgation as presented to the Committee. The Board *unanimously approved the motion*

C. Update to ATRS Board Policy 4 – Statement of Investment Policy.

Mr. Lester *moved to approve* the Update to ATRS Board Policy 4 – Statement of Investment Policy. The Board *unanimously approved the motion*

XXI. Staff Reports.

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

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

XXII. Other Business: None

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

Meeting adjourned at 11:25 a.m.

Mr. Mark White
Executive Director

Mr. Danny Knight, Chair
Board of Trustees

Tammy Porter,
Recorder

Date Approved