

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

**Monday, June 3, 2024
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
Dr. Mike Hernandez
Michael Johnson
Bobby G. Lester
Chip Martin
Jeff Stubblefield
Susannah Marshall, Bank Commissioner
Jason Brady, designee for Hon. Dennis Milligan
Kelly Griffin, designee for Sec. Jacob Oliva
Eric Munson, designee for Hon. Larry Walter,
State Treasurer

Board Members Absent

Keri Hamilton

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
Kevin Chadwick, Internal Audit/Risk Mgmt.
Dena Dixson, Int. Audit/Risk Mgmt.
Braeden, Duke, Software Support Analyst
Vicky Fowler, Manager, Human Resources
Willie Kincade, Director of Operations
Jennifer Liwo, General Counsel
Manju, Director, Information Technology
Jerry Meyer, Manager, Real Assets
Logan Penter, Staff Attorney*
Joe Sithong, Information System Coordinator*
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
Katie Comstock, Aon Hewitt Consulting
Iftikhar Ahmed, Aon Hewitt Consulting
PJ Kelly, Aon Hewitt Consulting
Justin Mitchell*
Gar Chung – FIN News*
Cyril Espanol, Journalist*

***ZOOM**

- I. **Call to Order/Roll Call.** Mr. Danny Knight, Chair, called the Board of Trustees meeting to order at 12:11 p.m. Roll call was taken. Ms. Hamilton was absent.

II. Adoption of Agenda.

Mr. Lester *moved for adoption of the Agenda. Ms. Bell seconded the motion, and the Board unanimously approved the motion.*

III. Executive Summary. The Executive Summary was provided for reference with no questions or expansions on the written summary.

IV. Approval of Prior Meeting Minutes.

A. April 15, 2024, Minutes.

Mr. Brady *moved for approval of the Minutes of the Board of Trustees meeting of April 15, 2024 as amended. Mr. Johnson seconded the motion, and the Board unanimously approved the motion.*

B. May 21, 2024, Minutes.

Mr. Martin *moved for approval of the Minutes of the Board of Trustees meeting of May 21, 2024. Mr. Stubblefield seconded the motion, and the Board unanimously approved the motion.*

V. 2024 Board of Trustees Election Results.

A. Resolution 2024-17

Mr. Lester *moved to adopt Resolution 2024-17, for the 2024 Board of Trustees Election Results. Dr. Hernandez seconded the motion, and the Board unanimously adopted the Resolution.*

VI. Report of Member Interest Waived under A.C.A. Section 24-7-205. None

VII. Report of Employer Penalties and Interest Waived Under A.C.A. Section 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. This was for information only. No action was taken.

VIII. Board Waiver of Penalties and Interest Greater than \$1,000 in a Fiscal Year.

A. In Re: Employer 00219

Mr. Stubblefield moved to approve the Board Waiver of Penalties and Interest Greater than \$1,000 in a Fiscal Year for Employer 00219. Ms. Ford seconded the motion, and the Board unanimously approved the motion.

IX. Manifest Injustice Report. Director White provided the Board with the Manifest Injustice Report. This was for information only and no action was taken.

X. Audit Committee Report. Mr. Stubblefield gave a report on the Audit Committee Meeting.

A. Internal Audit Follow-up Report: Implementation of Legislation Enacted by the 92nd General Assembly.

Mr. Stubblefield moved to approve the Internal Audit Follow-up Report: Implementation of Legislation Enacted by the 92nd General Assembly, and the Board unanimously approved the motion.

B. Internal Audit Follow-up Report: Application of IRS 415 Limit.

Mr. Stubblefield moved to approve the Internal Audit Follow-up Report: Application of IRS 415 Limit, and the Board unanimously approved the motion.

C. Internal Audit Follow-up Report: History Adjustments.

Mr. Stubblefield moved to approve the Internal Audit Follow-up Report: History Adjustments, and the Board unanimously approved the motion.

D. 2024-2025 Audit Plan.

1. Audit Plan for FY 2025.

Mr. Stubblefield moved to approve the Audit Plan for FY 2025, and the Board unanimously approved the motion.

2. Update Internal Charter.

Mr. Stubblefield *moved to approve* the Update Internal Charter, and the Board *unanimously approved the motion.*

E. Appointment of ATRS Internal Auditor, Effective June 23, 2024.

Mr. Stubblefield *moved to approve* the Appointment of ATRS Internal Auditor, Effective June 23, 2024, and the Board *unanimously approved the motion.*

F. Update on ATRS Board Policy 1: Board Governance.

Mr. Stubblefield *moved to approve* the Update on ATRS Board Policy 1 - Board Governance, and the Board *unanimously approved the motion.*

XI. 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.** None to report for this period.
- 2. Board Policies Report.** The report was provided for reference with no questions or expansions on the written summary.
- 3. ESG Oversight Committee Established by Act 411 of 2023 Update and Recommendation.** Mark White, Executive Director, gave an update on the ESG Oversight Committee and a Recommendation for identification and divestment of entities identified by the ESG Oversight Committee

Resolution 2024-18

Mr. Martin *moved to approve* for Board adoption of Resolution 2024-18, ESG Oversight Committee Identification and Divestment, and the Board *unanimously approved the motion.*

- B. Update to Board Policy 1 - Board Governance.** Mark White, Executive Director, and Jennifer Liwo, General Counsel, gave the Committee a recommendation for an update to Board Policy 1 – Board Governance.

Mr. Martin *moved to approve the recommendation to Board Policy 1 – Board Governance, and the Board unanimously approved the motion.*

C. General Investment Consultant Report *Aon Hewitt Consulting*

1. **Preliminary Performance Report for the Quarter Ending March 31, 2024.** Katie Comstock and P.J. Kelly of Aon Hewitt Investment Consulting provided the Committee with a Preliminary Performance Report for the month ending March 31, 2024. The report was for information purposes and no action was taken.
2. **Preliminary Performance Report for the Month Ended April 30, 2024.** Katie Comstock and P.J. Kelly of Aon Hewitt Investment Consulting provided the Committee with a Preliminary Performance Report for the month ending April 30, 2024. The report was for information purposes and no action was taken.

D. Private Equity Consultant Report. *Franklin Park*

1. **Private Equity Portfolio Review for the Quarter Ended December 31, 2023.** Michael Bacine gave the Committee a report on the quarter ended December 31, 2023.
2. **Recommendation to approve for Board adoption Resolution 2024-22 authorizing an investment of up to \$40 million dollars in Franklin Park Corporate Finance Access Fund III, L.P.** Michael Bacine of Franklin Park presented the Committee with the recommendation to authorize an investment of up to \$40 million dollars in Franklin Park Corporate Finance Access Fund III, L.P.

Director White stated that staff concurs with the recommendation.

- a. **Resolution 2024-22**

Mr. Martin *moved to approve* the recommendation for Board adoption of Resolution 2024-22, authorizing an investment of up to \$40 million dollars in Franklin Park Corporate Finance Access Fund III, L.P, and the Board *unanimously approved* the motion.

3. **Recommendation to approve for Board adoption Resolution 2024-23 authorizing an investment of up to \$40 million dollars to Franklin Park Venture Capital Opportunity Fund II, L.P.** Michael Bacine of Franklin Park provided the Committee with the recommendation to authorize an investment of up to \$40 million dollars to Franklin Park Venture Capital Opportunity Fund II, L.P.

Director White stated that staff concurs with the recommendation.

a. **Resolution 2024-23.**

Mr. Martin *moved to approve* the recommendation for Board adoption of Resolution 2024-23, authorizing of up to \$40 million dollars to Franklin Park Venture Capital Opportunity Fund II, L.P., and the Board *unanimously approved* the motion.

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

- 1, **Performance Report for the Quarter Ended December 31, 2023.** Chae Hong of Aon Hewitt Investment Consulting gave the Committee a report on the quarter ended December 31, 2023.
- 2, **Recommendation to approve for Board adoption Resolution 2024-19 authorizing an investment of up to \$50 million dollars in Kayne Anderson Real Estate Partners VII, LP.** Iftikhar Ahmed of Aon Hewitt Investment Consulting provided the Committee with the recommendation to authorize an investment of up to \$50 million dollars in Kayne Anderson Real Estate Partners VII, LP.

Director White stated that staff concurs with the recommendation.

a. **Resolution 2024-19.**

Mr. Martin *moved to approve* the recommendation for Board adoption of Resolution 2024-19, authorizing an investment of up to \$50 million dollars in Kayne Anderson Real Estate Partners VII, LP, and the Board *unanimously approved* the motion.

3. **Recommendation to approve for Board adoption Resolution 2024-20 authorizing an investment of up to \$50 million dollars in Macquarie GIG Energy and Climate Opportunities Fund, SCSp.** Iftikhar Ahmed of Aon Hewitt Investment Consulting provided the Committee with the recommendation to authorize an investment of up to \$50 million dollars in Macquarie GIG Energy and Climate Opportunities Fund, SCSp.

Director White stated that staff concurs with the recommendation.

a. **Resolution 2024-20.**

Mr. Martin *moved to approve* the recommendation for Board adoption of Resolution 2024-20, authorizing an investment of up to \$50 million dollars in Macquarie GIG Energy and Climate Opportunities Fund, SCSp., and the Board *unanimously approved* the motion.

4. **Recommendation to approve for Board adoption Resolution 2024-21 authorizing an investment of up to \$50 million dollars in KKR Global Infrastructure Investors V, LP.** Iftikhar Ahmed of Aon Hewitt Investment Consulting provided the Committee with the recommendation to authorize an investment of up to \$50 million dollars in KKR Global Infrastructure Investors V, LP.

Director White stated that staff concurs with the recommendation.

a. **Resolution 2024-21.**

Mr. Martin *moved to approve* the recommendation for Board adoption of Resolution 2024-21, authorizing an

investment of up to \$50 million dollars in KKR Global Infrastructure Investors V, LP., and the Board *unanimously approved* the motion.

XII. 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.

C. Preliminary ATRS Legislative Package.

B. Update to ATRS Policy 1 - Board Governance.

Mr. Lester *moved to approve* the update to ATRS Board Policy 1 – Board Governance as presented to the Board, and the Board *unanimously approved the motion.*

C. Update to ATRS Board Policy 2 – Board Objectives. This was a discussion item and no action was taken.

XIII. Unreported Service: Employer Contributions Due.

A. In Re: ATRS ID #462613

1. Resolution 2024-24

Mr. Higginbotham *moved to adopt* Resolution 2024-24, Unreported Service: Employer Contributions Due. Ms. Bell *seconded the motion*, and the Board *unanimously approve the motion.*

XIV. Board of Trustees Disability Review.

A. In the Matter of Disability Review Applicant, ATRS ID#146792.

Mr. Stubblefield *moved to approve* the Disability Order of the Medical Committee. Mr. Brady *seconded the motion* and the Board *unanimously approved the motion*.

XV. Staff Reports.

- A. Medical Committee Report.** Mr. Kincade reported that a total of Ten (10) Disability Retirement Applications were approved.

Mr. Lester *moved to approve* the Medical Committee Report. Mr. Bailey *seconded the motion* and the Board *unanimously approved the Motion*.

- B. Litigation Update.** Director White and Jennifer Liwo, General Counsel provided the Board with an update on potential litigation.

Mr. Brady *moved* that the Board decline the Plaintiff's settlement offer and the Executive Director continue efforts to pursue mediation on reasonable terms, with any settlement to be subject to approval by the Board and any other appropriate or legislative review required by law. Mr. Lester *seconded the Motion*, and the Board *unanimously approved the motion*.

- C. Recommendation to approve Resolution 2024-25 for Procurement of External Legal Counsel for Collections.**

1. Resolution 2024-25

Mr. Martin *moved to adopt* Resolution 2024-25, for Procurement of External Legal Counsel for Collections. Ms. Marshall *seconded the motion*, and the Board *unanimously approved the Motion*.

XVI. Other Business: None

XVII. Adjourn.

Meeting adjourned at 12:47 a.m.

Mr. Mark White
Executive Director

Mr. Danny Knight, Chair
Board of Trustees

Tammy Porter,
Recorder

Date Approved