

MINUTES
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES
December 2, 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
Keri Hamilton
Dr. Mike Hernandez
Bobby Lester
Arthur "Chip" Martin
Jeff Stubblefield
Susannah Marshall, Bank Commissioner
Kelly Griffin, designee for Jacob Oliva, Sec,
Dept of Ed.
Jason Brady, designee for Hon, Dennis
Milligan, State Auditor
Hon. Larry Walther, State Treasurer

Reporters Present

Mike Wickline, AR Dem. Gaz.

**Via ZOOM*

ATRS Staff Present

Mark White, Executive Director
Rod Graves, Deputy Director
Sarah Linam, Deputy Director
Tammy Porter, Board Secretary
AnneMarie Berardi, Dir. Outreach/Engagement
Curtis Carter, Chief Financial Officer
Kevin Chadwick, Internal Auditor
Clementine Infante, Staff Attorney
Willie Kincade, Director of Operations
Mike Lauro, Information Systems Manager*
Jennifer Liwo, General Counsel
Jerry Meyer, Manager, Real Assets
Stephanie Lilly-Palmer, HR Director
Steve Patterson, Director of Operations
Logan Penter, Attorney Specialist
Joe Sithong, Information Systems Coordinator*
Amber Sevilla, Ex. Assistant to Director
Misty Yant, Manager, Accounting/Reporting*

Guest Present

PJ Kelly, Aon Hewitt Consulting
Jack Dowd, Aon Hewitt Consulting
Katie Comstock, Aon Hewitt Consulting
Judy Kermans, GRS – Actuaries
Heidi Berry, GRS – Actuaries
Derek Henning, GRS – Actuaries
Eric Munson, State Treasurer's office
Cyril Espanol, With Intelligence*
Mknapp*
Mustafa Elgabry, BlackRock*
Gar Chung/FIN-News*
Hannah D.*

- I. **Call to Order/Roll Call.** Mr. Danny Knight, Chair, called the Board of Trustees meeting to order at 11:01 a.m. Roll call was taken. All members were present.

II. Adoption of Agenda.

Mr. Martin moved for adoption of the Agenda. Mr. Lester 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. September 30, 2024, Minutes.

Mr. Brady moved for approval of the Minutes of the Board of Trustees meeting of September 30, 2024. Ms. Griffin seconded the motion, and the Board unanimously approved the motion.

B. October 31, 2024, Minutes.

Mr. Higginbotham moved for approval of the Minutes of the Board of Trustees meeting of October 31, 2024. Ms. Hamilton seconded the motion, and the Board unanimously approved the motion.

V. Executive Director Report. Mr. White, Executive Director, gave the Board a report on ATRS activity.

VI. Preliminary Active Actuarial Valuation – June 30, 2024. Judy Kermans, Heidi Berry, and Derek Henning of Gabriel, Roeder, Smith and Company. Judy Kermans, Heidi Berry and Derek Henning from Gabriel, Roeder, Smith and Company presented the Board with the Preliminary Actuarial Valuation for June 30, 2024.

VII. Statement of Financial Interest. Executive Director Mark White gave the Board a report on when Statement of Financial Interest are due.

VIII. Proposed 2025 Board of Trustees Schedule.

Mr. Martin moved to approve the 2025 Board of Trustees Schedule. Dr. Hernandez seconded the motion and the Board unanimously approved the motion.

IX. 2025 Board Election. Executive Director Mark White gave the Board a report on the 2025 Board Election.

- A. Election Timeline.**
- X. Report of Member Interest Waived Under A.C.A. Sec. 24-7-205. None this reporting period.** Executive Director Mark 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.
- XI. Report on Penalties and Interest 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. Four (4) employer penalties and interest amounts were waived for this reporting period in the amount of \$1,656.93.
- XII. Board Waiver of Penalties and Interest Greater than \$1,000 in a Fiscal Year**
- A. Resolution 2024-41.**
- Mr. Stubblefield moved to approve Resolution 2024-41. Ms. Bell seconded the motion, and the Board unanimously approved the motion.**
- B. Resolution 2024-42.**
- Ms. Griffin moved to approve Resolution 2024-42. Mr. Martin seconded the motion, and the Board unanimously approved the motion.**
- XIII. Manifest Injustice Report.** Executive Director Mark White provided the Board with the second report of 2024. This report was for information purposes only and not an action item.
- XIV. Manifest Injustice Claim Referral.** Executive Director Mark White provided the Board with the Manifest Injustice Claim Referral.
- Mr. Stubblefield *moved to approve* the Manifest Injustice Claim Referral presented to the Board. Dr. Hernandez *seconded the motion*, and the Board *unanimously approved the motion*.

XV. Executive Director Review.

A. In Re: EDR No. 2024-01

Mr. Johnson *moved to approve* Executive Director Review No, 2024-01. Dr. Hernandez *seconded the motion*, and the Board *unanimously approved the motion*.

XVI Audit Committee Report. Mr. Jeff Stubblefield, Vice Chair.

A. Audit Information Technology Division’s Network Infrastructure Management Process.

Mr. Stubblefield *moved to approve* the Audit Information Technology Division’s Network Infrastructure Management Process, and the Board *unanimously approved the motion*.

B. Audit of the Benefit Section’s Disability Retirement Application Process.

Mr. Stubblefield *moved to approve* the Audit of the Benefit Section’s Disability Retirement Application Process, and the Board *unanimously approved the motion*.

XVII Investment Committee Report. Mr. Arthur “Chip” Martin, Chair, gave a report on the Investment Committee meeting.

A. Arkansas Related and Investment Update.

- 1. List of Fund Closing.** Mr. Mark White gave the Board an update on fund closings.
- 2. Board Policy Report.** Mr. Mark White gave the Board a report on Board Policies.
- 3. Arkansas Related Update.**
 - a. Recommendation to approve for Board adoption Resolution 2024-35, authorizing the sale of ATRS owned property located on John Ashley Drive, North Little Rock, Arkansas.**

1. Resolution 2024-35

Mr. Martin *moved to adopt* Resolution 2024-35, authorizing the sale o ATRS owned property located on John Ashley Drive, North Little Rock Arkansas, and the Board *unanimously approved the motion.*

B. General Investment Consultant Report. *AON Hewitt Consulting*

- 1. Performance Report for the Quarter ended September 30, 2024.** Aon Hewitt Investment Consulting provided the Committee with a Performance Report for the quarter ended September 30, 2024. The report was for information purposes and no action was taken.
- 2. Preliminary Performance Report for the Month Ended October 31, 2024.** Aon Hewitt Investment Consulting provided the Committee with a Performance Report for the quarter ended October 31, 2024. The report was for information purposes and no action was taken.

C. Real Asset Consultant. *Aon Hewitt Consulting*

- 1. Performance Report for the Quarter Ended June 30, 2024.** Aon Hewitt Investment Consulting provided the Committee with a Performance Report for the quarter ended June 30, 2024. The report was for information purposes and no action was taken.
- 2. Recommendation to approve for Board adoption Resolution 2024-36, authorizing an investment of up to \$50 million dollars in Long Wharf Real Estate Partners VII, L.P.** Aon Hewitt Investment Consulting presented the Committee with the recommendation to authorize an investment of up to \$50 million dollars in Long Wharf Real Estate Partners VII, L.P.

Staff concurs with the recommendation.

Mr. Martin *moved to approve* Resolution 2024-36, authorizing an investment of up to \$50 million dollars in Long Wharf Real Estate Partners VII, L.P., and the Board *unanimously approved the motion.*

3. **Recommendation to approve for Board adoption a motion to revise Board Policy 6 (Real Assets Investment Policy) to adjust by 2% the target allocations of the Real Estate and Infrastructure subasset classes of the Real Asset portfolio.** Aon Hewitt Investment Consulting presented the Committee with the recommendation to revise Board Policy 6 (Real Assets Investment Policy) to adjust by 2% the target allocations of the Real Estate and Infrastructure subasset classes of the Real Asset portfolio.

Staff concurs with the recommendation.

Mr. Martin *moved to approve* the motion to revise Board Policy 6 (Real Assets Investment Policy) to adjust by 2% the target allocations of the Real Estate and Infrastructure subasset classes of the Real Asset portfolio, and the Board *unanimously approved the motion.*

4. **Recommendation to approve for Board adoption a motion to revise Board Policy 4 (Investment Policy) to adjust by 2% the target allocations of the Real Estate and Infrastructure subasset classes of the Real Asset portfolio.** Aon Hewitt Investment Consulting presented the Committee with the recommendation to revise Board Policy 4 (Investment Policy) to adjust by 2% the target allocations of the Real Estate and Infrastructure subasset classes of the Real Asset portfolio.

Staff concurs with the recommendation.

Mr. Martin *moved to approve* the motion to revise Board Policy 4 (Investment Policy) to adjust by 2% the target allocations of the Real Estate and Infrastructure subasset classes of the Real Asset portfolio, and the Board *unanimously approved the motion.*

5. **Recommendation to approve for Board adoption a motion to approved the 2025 Real Assets Commitment Pacing (Total Pacing \$750 Million Dollars).**
 - a. **Core Real Estate \$300 Million Dollars.**

- b. **Value Added and Opportunistic (Non-Core) Real Estate \$100 Million Dollars.**
- c. **Infrastructure \$350 Million Dollars.**

Staff concurs with the recommendation.

Mr. Martin *moved to approve* the motion for 2025 Real Assets Commitment Pacing (Total Pacing \$750 Million Dollars) and the Board *unanimously approved the motion.*

D. Private Equity Consultant Report. *Franklin Park.*

- 1. **Preliminary Private Equity Portfolio Review for the Quarter Ended June 30, 2024.** Michael Bacine provided the Preliminary Private Equity Portfolio Review for the Quarter Ended June 30, 2024.
- 2. **Recommendation to approve for Board adoption Resolution 2024-37, authorizing an investment of up to \$35 million dollars in Riverside Value Fund II, L.P.** Michael Bacine provided the Committee with the Recommendation to approve for Board adoption Resolution 2024-37, authorizing an investment of up to \$35 million dollars in Riverside Value Fund II, L.P.

Staff concurs with the recommendation.

Mr. Martin *moved to approve* Resolution 2024-37 authorizing an investment of up to \$35 million dollars in Riverside Value Fund II, L.P, and the Board *unanimously approved the motion.*

- 3. **Recommendation to approve for Board adoption Resolution 2024-38, authorizing an investment of up to \$35 million dollars in NovaCap International Technologies VII, L.P.** Michael Bacine provided the Committee with the Recommendation to approve for Board adoption Resolution 2024-38, authorizing an investment of up to \$35 million dollars in NovaCap International Technologies VII, L.P.

Staff concurs with the recommendation.

Mr. Martin *moved to approve* Resolution 2024-38, authorizing an investment of up to \$35 million dollars

in NovaCap International Technologies, VII, L.P., and the Board *unanimously approved the motion.*

4. **Recommendation to approve for Board adoption Resolution 2024-39, authorizing an investment of up to \$35 million dollars in Revelstoke Capital Partners Fund IV, L.P.** Michael Bacine provided the Committee with the Recommendation to approve for Board adoption Resolution 2024-39, authorizing an investment of up to \$35 million dollars in Revelstoke Capital Partners Fund IV, L.P.

Staff concurs with the recommendation.

Mr. Martin *moved to approve* Resolution 2024-39 authorizing an investment of up to \$35 million dollars in Revelstoke Capital Partners Fund, IV, L.P., and the Board *unanimously approved the motion.*

5. **Recommendation to approve for Board adoption Resolution 2024-40, authorizing an investment of up to \$35 million dollars in Peak Rock Capital Fund IV, L.P.** Michael Bacine provided the Committee with the Recommendation to approve for Board adoption Resolution 2024-40, authorizing an investment of up to \$35 million dollars in Peak Rock Capital Fund IV, L.P.

Staff concurs with the recommendation.

Mr. Martin *moved to approve* Resolution 2024-40, authorizing an investment of up to \$35 million dollars in Peak Rock Capital Fund IV, L.P., and the Board *unanimously approved the motion.*

6. **Recommendation to approve for Board adoption a motion to approve the 2025 Private Equity Pacing Schedule (Total Pacing \$400 Million Dollars.)**
 - a. Five to Seven Buyout/Growth/Turnaround \$40 Million Dollars Each Primarily in the U.S. (Total \$280 Million Dollars).

- b. Up to Two Debt/Distressed (Total up to \$80 Million Dollars Depending on the Total Commitment to Buyout/Growth/Turnaround Funds Discussed above).
- c. Franklin Park Corporate Finance Access Fund III, L.P. \$40 Million Dollars.
- d. Franklin Park Venture Fund XV \$40 Million Dollars.
- e. Franklin Park Venture Capital Opportunity Fund II, L.P. \$40 Million Dollars.

Staff concurs with the recommendation.

Mr. Martin *moved to approve* the 2025 Private Equity Pacing Schedule (Total Pacing \$400 Million Dollars), and the Board *unanimously approved the motion*.

XVIII. 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 2025 Legislative Package. Mr. Mark White, Executive Director, presented the Committee with an update on the 2025 Legislative Package.

C. Update on ATRS Board Policy 4 – Investment Policy.

Mr. Lester *moved to approve* the Update on ATRS Board Policy 4 – Investment Policy, and the Board *unanimously approved the motion*.

D. Update on ATRS Board Policy 6 – Real Asset Investment,

Mr. Lester *moved to approve* the Update on ATRS Board Policy 6 – Real Asset Investment, and the Board *unanimously approved the motion*.

XIX. Staff Reports.

- A. Medical Committee Report.** Mr. Willie Kincade reported that a total of 11 Disability Retirement Applications were approved.

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

- B. Financial Reports.** Mr. Curtis Carter, chief Financial Officer, provided the financial report for 2024. No action was taken.

1. Financial Statement Report.

2. Travel Report.

- C. Personnel Report.** The Personnel Report was presented the Board. No action was taken.

- D. Request for Qualifications for Securities Litigation and Class Action Monitoring.** Mark White, Executive Director and Jennifer Liwo, General Counsel presented the Board with request for Qualifications for Securities Litigation and Class Action Monitoring.

1. Recommendation for Securities Monitoring and Asset Recovery Litigation Policy.

Mr. Lester moved to approve the recommendation for Securities Monitoring and Asset Recovery Litigation Policy. Mr. Brady seconded the motion, and the Board unanimously approved the motion.

2. Recommendation for Selection of Securities Litigation and Class Action Monitoring Counsel.

Mr. Brady moved to approve the recommendation for Selection of Securities Litigation and Class Action Monitoring Counsel. Mr. Martin seconded the motion, and the Board unanimously approved the motion.

XX. Other Business: None.

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

Mr. Martin *moved to adjourn* the Board of Trustees meeting. Mr. Lester *seconded the motion*, and the Board *unanimously approved the motion*.

Meeting adjourned at 12:25 p.m.

Mr. Mark White,
Executive Director

Mr. Danny Knight,
Board Chair

Tammy Porter,
Board Secretary

Date