

# **ARKANSAS TEACHER RETIREMENT SYSTEM**

**July 21, 2025**

1400 West Third Street

## **BOARD ROOM**

Little Rock, AR 72201

### **Board of Trustees - Called Meeting**

**12:30 p.m.**

#### **Trustees**

Danny Knight, Chair

Dr. Mike Hernandez, Vice Chair

Kelsey Bailey

Anita Bell

Susan Ford

Keri Hamilton

Michael Johnson

Bobby G. Lester

Chip Martin

Jeff Stubblefield

Vacant

#### **Ex Officio Trustees**

Susannah Marshall, State Bank Commissioner

Jacob Oliva, Secretary, Dept. of Education

Honorable Dennis Milligan, State Auditor

Honorable John Thurston, State Treasurer

**AGENDA**  
**ARKANSAS TEACHER RETIREMENT SYSTEM**  
**BOARD OF TRUSTEES - CALLED**

**July 21, 2025**

**12:30 p.m.**

**1400 West Third Street**

**Little Rock, AR 72201**

- I. **\*Call to Order/Roll Call.** page 1.
- II. **\*Motion for Excused Absences.**
- III. **\*Adoption of Agenda.** page 2.
- IV. Executive Summary. (Attachment No. 1) page 4.
- V. Investment Committee Report. *Mr. Arthur "Chip" Martin, III, Investment Committee Chair*
  - A. Arkansas Related and Investment Update.
    - 1. **\*Recommendation to approve for Board adoption Resolution 2025-29 authorizing a change in terms to the promissory note to Highland LP and associated entities dated September 25, 2023.** (Attachment No. 2) page 7.
      - a. **\*Resolution 2025-29.** (Attachment No. 3) page 10.
  - B. Private Equity.
    - 1. **\*Recommendation to approve for Board adoption Resolution 2025-31 authorizing an investment of up to \$35 million dollars in Novacap International Technologies VII-B, LP, with Imminent Need.** (Attachment No. 4) page 11.
      - a. **\*Resolution 2025-31.** (Attachment No. 5) page 14.
- VI. **\*Application of Methodist Family Health, Inc. to Participate as a Covered Employer.** *Mr. Mark White, Executive Director and Ms. Jennifer Liwo, General Counsel* (Attachment No. 6) page 16.
  - A. **\*Resolution 2025-28.** (Attachment No. 7) page 21.

\* Action Item

2025-07-18 13:31:10.263718

- VII. Litigation Update. *Mr. Mark White, Executive Director*
- VIII. **\*Litigation Settlement Approval.** *Mr. Mark White, Executive Director*
- IX. **\*Authority to Transact Business - Revision to Resolution 2025-01.**
  - A. Resolution 2025-30. (Attachment No. 8) page 23.
- X. **\*Executive Session - Appointment of Trustee for Position 6 - Member Trustee Administrator.**
- XI. Other Business.
- XII. **\*Adjourn.**

## EXECUTIVE SUMMARY

TO: Board of Trustees - Called  
FROM: ATRS Staff  
RE: Executive Summary  
DATE: July 21, 2025

### **V. Investment Committee Report. *Mr. Arthur "Chip" Martin, III, Investment Committee Chair***

#### **A. Arkansas Related and Investment Update.**

1. **\*Recommendation to approve for Board adoption Resolution 2025-29 authorizing a change in terms to the promissory note to Highland LP and associated entities dated September 25, 2023. page 7.**

Representatives of Arkansas Capital Corporation will provide the Board an update and recommendation for the promissory note with Highland LP and associated entities dated Septemebr 25, 2023.

- a. **\*Resolution 2025-29. page 10.**

#### **B. Private Equity.**

1. **\*Recommendation to approve for Board adoption Resolution 2025-31 authorizing an investment of up to \$35 million dollars in Novacap International Technologies VII-B, LP, with Imminent Need. page 11.**

In December 2024, the Board approved an investment of up to \$35 million dollars in Novacap Technologies VII, LP, a fund that will make control buyout investments in middle market technology, media and telecommunications platform companies based primarily in Canada and the U.S. Negotiations of the partnership agreement and ATRS's side letter have been ongoing and were recently finalized. Due to significant demand by investors, the general partner reached the regulatory limit for the number of limited partners allowed for the partnership. In order to accommodate all investors, the general partner is forming a second, parallel vehicle called Novacap International Technologies VII-B, LP. ATRS will need to commit to this new vehicle that will have the same terms and exposure to portfolio investments as the original fund.

Due to the fact that there is no scheduled meeting of the Arkansas Legislative Council before the fund's anticipated closing date this week, Imminent Need is requested. ATRS staff concurs with

Franklin Park's recommendation to commit up to \$35 million dollars in Novacap International Technologies VII-B, LP, with Imminent Need.

**a.       \*Resolution 2025-31. page 14.**

**VI.       \*Application of Methodist Family Health, Inc. to Participate as a Covered Employer. *Mr. Mark White, Executive Director and Ms. Jennifer Liwo, General Counsel* page 16.**

Methodist Family Health, Inc. has applied for covered employer status under ATRS in order to enable its eligible employees to become members of ATRS. ATRS staff has reviewed the application and recommends that the Board approve Methodist Family Health, Inc.'s application for the following reasons: (1) Methodist Family Health, Inc.'s employees qualify for membership under Ark. Code Ann. 24-7-202(21)(D), (2) ATRS' status as a governmental plan is unlikely to be impaired if Methodist Family Health, Inc.'s application is granted, (3) It is unlikely that there will be a substantial adverse impact on ATRS' actuarial soundness if Methodist Family Health, Inc.'s application is granted, and (4) It is unlikely that granting Methodist Family Health, Inc.'s application will raise constitutional questions or concerns. ATRS staff recommends that the Board adopt Resolution 2025-28.

**A.       \*Resolution 2025-28. page 21.**

**VII.      Litigation Update. *Mr. Mark White, Executive Director***

On April 4, 2024, the Board approved ATRS to file an action seeking certain corporate records related to the acquisition of New Relic, Inc. by Francisco Partners and TPG, announced on July 31, 2023. That action has now concluded, and the System's securities litigation counsel recommend that ATRS take no further action in this matter. ATRS staff concurs with this recommendation. No Board action is necessary unless the Board wishes to direct counsel to pursue these claims.

**VIII.     \*Litigation Settlement Approval. *Mr. Mark White, Executive Director***

ATRS is the Lead Plaintiff in a pending class action securities lawsuit against Olaplex Holdings, Inc. and other related parties. The case relates to purchases of Olaplex common stock in or traceable to the Company's September 30, 2021 Initial Public Offering (IPO). Following a court-ordered mediation, the parties have tentatively agreed to settle the case at an overall amount recommended by the independent mediator. The System's securities litigation counsel recommend that the Board approve settlement and authorize the Executive Director to take all steps necessary to resolve the case. ATRS staff concurs with this recommendation.

**IX.       \*Authority to Transact Business - Revision to Resolution 2025-01.**

June 30, 2025, Mr. Willie Kincade retired. Resolution 2025-01 listed Mr. Kincade, Director of Operations as an ATRS Authorized signer giving him authority to transact

ATRS business. Upon Mr. Kincade's retirement, Mr. Steve Parkinson was placed in the position of Director of Operations. Resolution 2025-01 needs to be revised to remove Mr. Kincade and add Mr. Steve Parkinson as an authorize signer giving him authority to transact ATRS business.

**A. Resolution 2025-30. page 23.**

**X. \*Executive Session - Appointment of Trustee for Position 6 - Member Trustee Administrator.**

Executive Session for Appointment for Position #6

**XI. Other Business.**



## EMPOWERING ENTREPRENEURS

July 16, 2025

Mr. Mark White  
Executive Director  
Arkansas Teacher Retirement System  
1400 West Third Street  
Little Rock, AR 72201

Re: Update for Highland LP Investment

Dear Mr. White:

As a consultant to Arkansas Teacher Retirement System ("ATRS"), Arkansas Capital Corporation ("ACC") delivers this letter as an update related to prior ATRS investments into Highland LP.

### **Background**

Highland LP (the "Fund") invests in biomass-related industries in the United States. The Fund owns, directly or through subsidiaries, Highland LLC, Highland Pellets Holdco LLC, Highland Pellets Subholdco LLC, Highland Pellets, LLC, Highland Port LLC, Highland Pellets South LLC, Highland FR LLC, Highland Grenada LLC and Highland Maine LLC.

- Highland Pellets, LLC and Highland FR LLC are the main operational assets of the Fund. They comprise two wood pellet production plants in Pine Bluff, Arkansas, which produce pellets under offtake agreements for a major UK utility customer (through 2026) and a major Danish utility customer (through 2027).
- Highland Port LLC owns approximately 54 acres of development property at the Port of Pine Bluff.
- Highland Pellets South LLC owns approximately 350 acres of development property in Ogemaw, Arkansas.
- Highland Grenada LLC, a wholly owned subsidiary of Highland LLC, owns a 120-acre brownfield former Georgia Pacific OSB plant in Grenada, MS, along with certain conditional development grants from the state of MS. The site continues to be actively marketed for both white pellets and biocarbon.

- Highland Maine LLC, a wholly owned subsidiary of Highland LLC, is focused on developing the site for industrial applications as opposed to energy production. Ongoing development work continues.

ACC staff and ATRS staff conducted an interview with Highland LP on July 7, 2025, to discuss the companies operational progress. Additionally ACC staff received financial statements from management of Highland LP.

### **Production Update**

The company appears to have reached a point where it can predictably achieve production numbers at or near nameplate capacity.

They have achieved nameplate capacity at the Highland FR production facility which was acquired in September 2023 to satisfy the offtake agreements with a Danish company.

Highland Pellets LLC is the larger production facility and remains on track to produce target production levels. The Osorno Group recommendations appear to have been implemented and addressed the production issues that had been a challenge previously. The production variances now appear to be related to planned maintenance downtime or weather related challenges.

The company is implementing a bonus structure for employees that aligns everybody's interest around continuing to achieve targeted production levels. These production levels and cost improvements have enabled the company to be positive cash flow, which has been a positive improvement.

### **Offtake Agreement Update**

The extension of the off-take agreement term for Highland Pellets LLC beyond 2026 is key to securing future financing and assuring investors of long- term revenue. The company remains in active offtake agreement negotiations with counterparties for post 2026 production. Highland Pellets LLC anticipated they would know pricing and volume details for the offtake agreement by now but counterparties are still awaiting UK government confirmation on the public policy that impacts the companies incentives for this activity. Conversations with the counterparties continue to be had and all indications are the parties want to continue to purchase from the facility.



Management continues to explore additional opportunities for the plants products and believes that the focus on power and fuel security in the United States is opening opportunities for wood pellets in solving data center demand issues. The company is working to explore domestic US markets which could open new opportunities for price and volume opportunities.

The offtake agreement is a key component to predict future cash flows for the facility and needs to be in place for additional future financing to be secured. The current offtake expires December 31, 2026.

### **Summary**

We previously reported that management believed they had a pathway for refinancing of debt and/or an equity raise targeting the 3<sup>rd</sup> quarter of 2025. Based on the timing delays for the offtake agreement management believes that timeline is no longer achievable.

The company continues to work on the offtake agreement extension. Once the offtake agreement is in place we will notify the ATRS Board.

Company management continues to explore avenues to achieve positive returns on the ATRS investment and believes the carbon capture and sequestration credits can provide additional returns. These credits would require the company to make additional investments at the facility but would provide a cash stream from the monetization of any credits earned. They understand they need to explore other financing options beyond ATRS for this investment. They have started discussions with the state on environmental considerations to enable them to move forward with this opportunity.

### **Recommendation**

Highland received a \$40 million loan in September 2023 that matures in September 2025. The Note balance will be \$61,064,266 as of September 2025. As was noted above, Highland believed they had a pathway to pay off that note but due to uncertainties in the EU markets for wood pellets they will not be able to do so at this time. Management has presented a reasonable strategy that they believe will allow them to retire this note. We would recommend that the ATRS board authorize the Executive Director to work with counsel as necessary to negotiate an extension, or extensions, of that note while they pursue this strategy.

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

**RESOLUTION**  
**No. 2025-29**

**Authorizing Change in Terms to 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 change in terms to the promissory note to Highland LP and associated entities (Highland) dated September 25, 2023.

**THEREFORE, BE IT RESOLVED**, that the ATRS Executive Director is authorized to work with legal counsel as necessary to negotiate an extension or extensions of the Promissory Note to Highland dated September 25, 2023; and

**FURTHER, BE IT RESOLVED**, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this extension or extensions, if acceptable terms are reached.

**Adopted this 21st day of July 2025**

---

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



# Arkansas Teacher Retirement System Novacap International Technologies VII-B, L.P.

July 2025

## Update

- ATRS' board approved a commitment of up to \$35 million to Novacap International Technologies VII, L.P. in December 2024
- Novacap International Technologies VII, L.P. will make control buyout investments in middle market technology, media and telecommunications companies based in North America, primarily in Canada and the U.S.
- Negotiations of the partnership agreement and ATRS' side letter with the manager has been ongoing and recently was finalized
- Given the significant demand from investors, the manager reached the maximum regulatory limit for the number of LPs that are permitted in a single partnership
- To accommodate all investors, the manager is forming a second, parallel vehicle called Novacap International Technologies VII-B, L.P.
- ATRS will need to commit to Novacap International Technologies VII-B, L.P., which will have the same terms and will include exposure to the same investment portfolio as Novacap International Technologies VII, L.P.

*Disclaimer: The information contained in this memorandum is confidential and may contain proprietary information and trade secrets. It is intended only for the use of Franklin Park's clients and, subject to applicable law, may not be reproduced, transmitted or used in whole or in part for any other purpose. Franklin Park makes no guarantee regarding the performance of the Fund discussed in this report.*



## Recommendation

- 
- **Franklin Park recommends a commitment by ATRS of up to \$35 million to Novacap International Technologies VII-B, L.P., subject to satisfactory negotiation of final documentation.**
- 

*Disclaimer: The information contained in this memorandum is confidential and may contain proprietary information and trade secrets. It is intended only for the use of Franklin Park's clients and, subject to applicable law, may not be reproduced, transmitted or used in whole or in part for any other purpose. Franklin Park makes no guarantee regarding the performance of the Fund discussed in this report.*

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

**RESOLUTION**  
**No. 2025-31**

**Approving Investment in Novacap International  
Technologies VII-B, 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 **Novacap International Technologies VII-B, LP**, a buyout fund that will invest in middle market technology, media and telecommunications platform companies in North America with add-on acquisitions made globally; and

**WHEREAS**, the ATRS Board approves an investment of up to **\$35 million dollars (\$35,000,000.00)** in **Novacap International Technologies VII-B, LP**, and the Board, after its review of the timing in which the closing of the investment in **Novacap International Technologies VII-B, 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 **\$35 million dollars (\$35,000,000.00)** in **Novacap International Technologies VII-B, LP** and agrees to immediately move to close and subscribe the approved ATRS limited partnership interest in **Novacap International Technologies VII-B, 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 21st day of July 2025**

---

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

# Memorandum

**Date:** July 21, 2025

**To:** Board of Trustees of the Arkansas Teacher Retirement System

**From:** Executive Director, Mark White

**Re:** Methodist Family Health, Inc. – Application for Covered Employer Status Under the Arkansas Teacher Retirement System

---

Methodist Family Health, Inc. (“MFH”) has applied for covered employer status under the Arkansas Teacher Retirement System (“ATRS” or “the System”) for approximately thirteen (13) employees who provide educational services for MFH’s comprehensive psychiatric and behavioral healthcare programs. The educational services provided by MFH are governed by the Arkansas Department of Education pursuant to IDEA and other state and federal laws. I recommend that the Board of Trustees of the Arkansas Teacher Retirement System (“Board of Trustees”) accept MFH’s application, for the reasons explained below.

## **I. Questions Presented**

1. Is MFH eligible for covered employer status under ATRS?
2. Will the participation of MFH employees in ATRS impair ATRS’ legal status as a governmental plan under the Internal Revenue Code (IRC), 26 U.S.C. § 1 et seq., or the Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C. § 1001 et seq., or subject ATRS to additional federal requirements?
3. Will the participation of MFH employees in ATRS have a substantial adverse impact on ATRS’ actuarial soundness?
4. Should the Board of Trustees vote to approve the participation of MFH as a covered employer under ATRS?

## **II. Applicant Information**

On or about May 8, 2025, MFH applied for covered employer status under ATRS in order to enable its employees to become members of the System. With regard to its participation in ATRS, MFH has proposed an effective start date that aligns with the start of the 2025-2026 school year.



Established in 1899, MFH is an incorporated, non-profit corporation formed for the sole and exclusive purpose of benefiting and supporting the charitable purposes of various subsidiary entities falling under the United Methodist umbrella (collectively “United Methodist”). United Methodist’s charitable purposes are limited to religious, charitable, scientific, literary, and educational purposes. MFH’s principal office is located in Little Rock, Arkansas.

MFH provides comprehensive psychiatric and behavioral healthcare to children and families in Arkansas. In addition to the healthcare services offered, MFH also provides educational classroom within its hospitals and psychiatric residential treatment centers and day treatment schools. The educational classrooms are governed by the Arkansas Department of Education. It is likely that if MFH did not provide their educational programs, these programs would need to be provided by the Arkansas Department of Education.

MFH’s Board of Directors currently has eighteen (18) members. Selected annually by the Board of Directors, MFH’s officers include the Chairperson of the Board, Vice Chairperson, President and Chief Executive Officer, Secretary, Assistant Secretary, Treasurer, Chief Information Officer, and Vice President and Chief Financial Officer (collectively “Officers”). MFH has standing committees, which include the Executive Committee, Finance Committee, Nominating Committee, and Audit Committee. The members of each committee are elected annually by the Board of Directors. The Board of Directors may establish other committees as they deem necessary. From the information provided by MFH, no governmental agency has input or authority over the selection or election of MFH’s Board of Directors or officers.

MFH’s Board of Directors are prohibited from receiving salary or other compensation for the services they render as directors, but they may be reimbursed for expenditures, such as travel expenses, that are made for the performance of their duties. The Officers are paid a salary for their services as authorized by the Board of Directors. A director on the Board of Directors may receive salary payments if they are also an Officer. At the beginning of the 2025-2026 school year, MFH will have approximately thirteen (13) employees who will be working in their educational programs.

For year ending June 30, 2022, through year ending June 30, 2024, MFH’s funding from Medicaid, including through Arkansas’s PASSE (Provider-Led Arkansas Shared Savings Entity) Medicaid program for clients with complex behavioral health, developmental, or intellectual disabilities, ranged between 45% and 76%. Other funding from state agencies and governmental entities ranged from 14% to 25%, and funding from commercial and self-pay sources ranged from 10% to 33%. From MFH’s Combined Statement of Financial Position, MFH’s total net assets was \$47,537,506.00 for year ending June 30, 2022, \$54,457,774.00 for year ending June 30, 2023, and \$54,874,857.00 for year ending June 30, 2024.

Should MFH dissolve, assets will be distributed in the following order to: (1) United Methodist, (2) the Arkansas Conference of the United Methodist Church, (3) as provided by the circuit court in Pulaski County, Arkansas. All assets must be distributed exclusively for charitable or educational purposes. Assets are prohibited from being distributed to any director, officer, or private individual.

### III. Applicable Law

#### A. Arkansas Law

An employer that would prefer to participate in and have its employees become members of ATRS may apply to participate as a covered employer of the System. Rule 6, § 6-110(a). The employer must be a permissible employer in that they are either an education-related agency, an enterprise privatized by a public school district, or an educational nonprofit corporation licensed and regulated by the Division of Developmental Disabilities Services of the Department of Human Services. *See* Ark. Code Ann. § 24-7-202(21)(D)-(F); Rule 6, § 6-109(a).

An employer that applies for covered employer status with ATRS may offer membership in ATRS to its employees if the employees' employment qualifies as "*employment with a school*" as defined by Ark. Code Ann. § 24-7-202(21).

One of the definitions for "*employment with a school*" is "[e]mployment in a position with an education-related agency or organization if the employee is or has been a member of the Arkansas Teacher Retirement System for a minimum of five (5) years and elects to become or remain a member of the Arkansas Teacher Retirement System." Ark. Code Ann. § 24-7-202(21)(D).

The employment with the education-related agency or organization must be related to: "(a) Training public school employees or school board members; (b) Teaching public school students; or (c) Adult education programs." *Id.* Additionally, the employment cannot "*be related in any manner to private schools.*" *Id.* Finally, the participation of an education-related agency's or organization's employees in ATRS cannot have a substantial adverse impact on the actuarial soundness of the System. Rule 6, § 6-111(a)(2)(A).

#### B. Federal Law

Both the Internal Revenue Code and ERISA define "governmental plan", in relevant part, as "*a plan established and maintained for its employees by the Government of the United States, by the government of any State or political subdivision thereof, or by any agency or instrumentality of any of the foregoing.*" 26 U.S.C. § 414(d) and 29 U.S.C. § 1002(32).

In determining whether a retirement plan is a governmental plan within the meaning of the IRC, the Internal Revenue Services (IRS) noted the following non-determinative factors:

1. Whether there is specific legislation creating the organization;
2. The source of funds for the organization;
3. The manner in which the organization's trustees or operating board are selected; and
4. Whether the applicable governmental unit considers the employees of the organization to be employees of the applicable governmental unit.

*Rev. Rul. 89-49.*

The Department of Labor (DOL), which has the authority to interpret the definition of “governmental plan” as applicable to ERISA<sup>1</sup>, has issued advisory opinions indicating that the participation of a de minimis number of private employees in an otherwise governmental plan will not adversely affect governmental plan status.<sup>2</sup>

#### IV. Analysis

MFH can be considered an education-related agency or organization given that it has charitable and educational purposes. MFH provides its clients with the opportunity to engage in educational programs that are governed by the Arkansas Department of Education. These educational programs are provided pursuant to the State’s obligation under Article 14 of the Arkansas Constitution to provide “all public school children with an opportunity for an adequate education,” Ark. Code Ann. § 6-20-2302(b); the State’s obligations under the Children With Disabilities Act of 1973, Ark. Code Ann. § 6-41-201 et seq.; the State’s obligations under the Individuals with Disabilities Education Act (IDEA), 20 U.S.C. § 1400 et seq.; and other obligations under state and federal law. The Arkansas Department of Education and local public school districts would be required to provide MFH’s educational programs if MFH did not provide these programs itself. MFH’s largest funding sources are state agencies and governmental entities, including the Medicaid program.

Allowing MFH employees to become members of the System likely will not impact ATRS’ status as a government plan under federal law, nor will it have a material impact on the actuarial soundness of the System, as the number of participating employees will be de minimis.

For the foregoing reasons, MFH appears to meet the requirements set for in Arkansas law to qualify as an ATRS employer.

---

<sup>1</sup> The DOL has the authority to interpret Title I of ERISA, which includes 29 U.S.C. § 1002(32), the definition of governmental plan.

<sup>2</sup> See Advisory Opinion 1999-07A finding that the continued accrual of benefits in the Employee’s Retirement System of the City of Milwaukee (“Plan”) by three-hundred (300) former governmental employees whose employment had been transferred to a private enterprise would not adversely affect the governmental plan status of the Plan because the former governmental employees would comprise a de minimis portion of the plan’s participants.

See Advisory Opinion 1999-15A (“It would not be consonant with the intended scope and purpose of the “governmental plan” exception to treat the Fund as failing to fall within the exception in ERISA § 4(b)(1) because of the participation of one Fund employee, particularly inasmuch as the activities of that employee on which participation is based relate exclusively to conducting the affairs of the Fund. However, if a benefit arrangement is extended to cover more than a de minimis number of private sector employees, the Department may not consider it a governmental plan under Title I of ERISA.”). Also see Advisory Opinion 2000-08A (“It is the view of the Department of Labor that the participation by a de minimis number of private-sector employees in an otherwise governmental plan will not adversely affect the plan’s status as a governmental plan. However, if a benefit arrangement were to cover more than a de minimis number of private sector employees, the Department may not consider it a governmental plan under Title I of ERISA.”).

## **V. Conclusion**

I recommend that the Board of Trustees vote to approve MFH's application for covered employer status under ATRS as:

1. The MFH employees qualify for membership under Ark. Code Ann. § 24-7-202(21)(D);
2. ATRS' status as a governmental plan is unlikely to be impaired if MFH's application is granted;
3. It is unlikely that there will be a substantial adverse impact on ATRS' actuarial soundness if MFH's application is granted; and
4. It is unlikely that granting MFH's application will raise constitutional questions or concerns.

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

**RESOLUTION**  
**No. 2025-28**

**Approving Application of Methodist Family Health, Inc. to Participate as a Covered Employer**

---

**WHEREAS**, the Board of Trustees of the Arkansas Teacher Retirement System (“Board”) is authorized to review applications from education-related agencies or organizations that wish to become covered employers under the Arkansas Teacher Retirement System (“ATRS” or “System”); and

**WHEREAS**, employment with an education-related agency or organization may be considered “employment with a school” as provided by A.C.A. § 24-7-202(21)(D); and

**WHEREAS**, persons who have been members of ATRS for a minimum of five (5) years and become employed in a position with an education-related agency or organization may elect to continue as a member of ATRS if their employment with the education-related agency or organization is: (a) related to training public school employees or school board members, teaching public school students, or providing adult education programs; and (b) not related in any manner to private schools; and

**WHEREAS**, the education-related agency or organization must apply to ATRS to become eligible as a covered employer and agree to be responsible for all required employer contributions as it relates to an eligible ATRS member under their employment who wishes to continue membership in ATRS; and

**WHEREAS**, the Board has a fiduciary duty to ensure that the approval of an application of an education-related agency or organization will not in any way impair any legal status of ATRS, its status as a governmental plan pursuant to the Internal Revenue Code and the Employee Retirement Income Security Act of 1974, or have a substantial adverse impact on the actuarial soundness of ATRS; and

**WHEREAS**, a private letter ruling from the Internal Revenue Service is not available according to IRS Rev. Proc. 2021-3, § 3 regarding the potential impact of the approval of an application of an education-related agency or organization to become a covered employer; and

**WHEREAS**, previous IRS rulings may provide guidance to the Board in evaluating an application to become a covered employer as discussed in the attached Memorandum dated July 21, 2025; and

**WHEREAS**, the ATRS Board has reviewed and evaluated the application of Methodist Family Health, Inc. and finds that it should be approved.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board approves the application of Methodist Family Health, Inc. to participate as a covered employer under ATRS in order for its eligible employees to continue as members of ATRS; and

**FURTHER, BE IT RESOLVED**, that as a covered employer under ATRS, Methodist Family Health, Inc. shall make all contributions required by A.C.A. § 24-7-406 for an eligible ATRS member under their employment who wishes to continue membership in ATRS; and

**FURTHER, BE IT RESOLVED**, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement.

**Adopted this 21st day of July, 2025.**

---

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

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

**RESOLUTION**  
**No. 2025-30**

**Authority to Transact Business**  
**Revision to Resolution 2025-01**

***BE IT RESOLVED***, That effective this 21<sup>st</sup> day of July, 2025, **MARK WHITE**, Executive Director, **SARAH C. LINAM**, Deputy Director, **ROD GRAVES**, Deputy Director, and **STEVE PARKINSON**, Director of Operations, each are authorized to execute, acknowledge and deliver such agreements, documents, and instruments as might be necessary or appropriate in connection with the purchase, sale, pledge, transfer, or other transaction of any kind whatsoever involving any investment approved by the Arkansas Teacher Retirement System Board of Trustees or approved by the Investment Committee of said Board; and

***WHEREAS***, This authority shall continue until after the first regular scheduled Board meeting in 2026; and

***FURTHER RESOLVED***, That the execution, acknowledgment and/or delivery of such agreement, document, or instrument by any one of the four (4) named persons shall constitute the valid, binding and enforceable act of the Arkansas Teacher Retirement System by its Board of Trustees.

**Adopted this 21<sup>st</sup> day of July, 2025.**

---

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