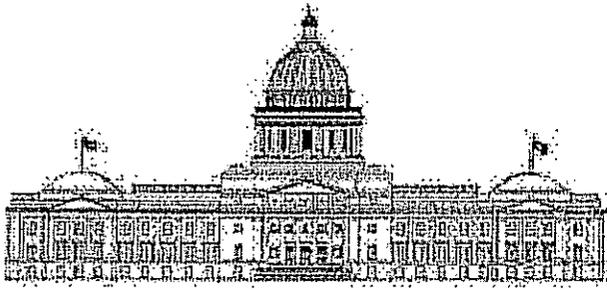


ARKANSAS REGISTER

Transmittal Sheet



Charlie Daniels
 Secretary of State
 State Capitol Room 026
 Little Rock, Arkansas 72201-1094
 (501) 682-3527

For Office Use Only: Effective Date _____ Code Number 088.10.08--001

Name of Agency ARKANSAS TEACHER RETIREMENT SYSTEM

Department LEGAL

Contact CHRISTA CLARK E-mail christac@artsr.gov Phone (501) 682-1266

Statutory Authority for Promulgating Rules A.C.A. 24-7-301 and 24-7-302

Rule Title: Board Composition (No.4-1), Board Elections (No. 4-2), Schedule for Trustee Elections (No. 4-3)

Intended Effective Date		Date
<input type="checkbox"/> Emergency	Legal Notice Published	<u>01/06/08</u>
<input type="checkbox"/> 10 Days After Filing	Final Date for Public Comment	<u>02/06/08</u>
<input checked="" type="checkbox"/> Other <u>02/25/08</u>	Reviewed by Legislative Council	<u>03/21/08</u>
	Adopted by State Agency	<u>02/11/08</u>

Electronic Copy of Rule Provided (per Act 1648 of 2001)

Electronic Copy of Rule to be e-mailed from: _____

Contact Person

CERTIFICATION OF AUTHORIZED OFFICER
 I Hereby Certify That The Attached Rules Were Adopted
 In Compliance with Act 434 of 1967 As Amended.

Christa Clark

 Signature

682-1266

christac@artsr.gov

Phone Number

E-mail Address

CHIEF LEGAL COUNSEL

Title

05/08/08

Date

BY _____
 Email Address _____
 MAY 20 11:17
 FILED
 AR. REGISTER

BOARD OF TRUSTEES COMPOSITION AND ELECTIONS

A.C.A. § 24-7-301

(as amended by Acts 418 of 1997, 866 of 1999, and 97 of 2007)

A.C.A. § 24-7-301 provides that the general administration and responsibility for the proper operation of the Arkansas Teacher Retirement System and for making effective the provisions of the Teacher Retirement laws are vested in the Board of Trustees of 15 persons. The Bank Commissioner, the Treasurer of the State, the Auditor of the State, and the Commissioner of the Department of Education serve as ex officio trustees. Eleven (11) members serve as elected trustees, seven (7) who are active members of the System with at least five (5) years of actual service in force, one (1) who is a member of a racial ethnic group and is either an active or retirant member, and three (3) who are retirant members.

For these purposes, participants in the Teacher Deferred Retirement Plan (T-DROP) will be considered active members. The active and retirant trustees shall be elected in accordance with such rules and regulations as the Board shall from time to time adopt to govern such elections.

ACTIVE MEMBER TRUSTEES

1. There shall be four (4) active member trustees each of whom must be employed in a position requiring state teaching licensure or employed by an ATRS-covered agency in a position between Grades 17-23. Such a trustee shall NOT be employed as a school administrator (superintendent, assistant superintendent, principal, vice principal, president, chancellor or director of a state institution of higher education, community/technical college, or vocational center/cooperative), or employed in a position Grade 24 and above with an ATRS covered agency. One (1) active member trustee will be elected from each of the four (4) congressional districts of the State of Arkansas.

Active members employed in positions requiring state licensure, but not administrators' licenses, will elect these trustees. Such members must NOT be employed in positions as school administrators (superintendent, assistant superintendent, principal, vice principal, president, chancellor, or director of a state institution of higher education, community/technical college, or vocational center/cooperative) or employed by an ATRS-covered agency in a position Grade 24 and above.

2. There shall be two (2) active member trustees each of whom must be employed in a position requiring school administrator licensure

(superintendent, assistant superintendent, principal, vice principal, president, chancellor, or director of a state institution of higher education, community/technical college, or vocational center/cooperative), or employed by an ATRS-covered agency in a position Grade 24 and above, one (1) of which must be a superintendent.

These trustees will be elected by members employed as school administrators (superintendent, assistant superintendent, principal, vice principal, president, chancellor, or director of a state institution of higher education, community/technical college, or vocational center/cooperative) or employed by an ATRS-covered agency in a position Grade 24 and above.

3. There shall be one (1) active member trustee who is employed in a position that does not require state teaching licensure or is employed by an ATRS-covered agency in a position Grade 16 and below.

This member trustee shall be elected by members who are employed in positions not requiring state teaching licensure or are employed by an ATRS-covered agency in a position Grade 16 and below.

MINORITY TRUSTEE

There shall be one (1) member trustee of a minority racial ethnic group who is either an active or a retired member of the System. This member trustee shall be elected by the active and retired membership of the System.

RETIRANT MEMBER TRUSTEES

There shall be three (3) retirant member trustees who receive an annuity paid by the System. These trustees shall be elected by the retired membership of the System. Retirant trustees must reside in Arkansas.

TERM OF OFFICE AND VACANCIES

1. The term of office of each member and retirant trustee elected after July 1, 1997, shall be six (6) years.
2. Each trustee shall continue to serve as trustee until his or her term expires.
3. In a year in which a six (6) year term of an active member or retirant member trustee expires, the position shall be filled under the regular election schedule in ATRS Policy No. 4-3.

RULES ON TERM OF OFFICE

1. An active member trustee shall be ineligible to serve after becoming inactive or retiring.
2. An active member trustee shall be ineligible to serve if he or she changes employment category during his or her term of office and the employment category is a requirement of the trustee position, i.e., an administrator becomes a classroom teacher.
3. A retirant member trustee shall be ineligible to serve after becoming active.
4. An absence that is excused by a majority of the members of the Board shall not constitute a vacancy. Attendance on either day of a two-day Board meeting is sufficient to meet the attendance requirement.
5. The Board of Trustees or its designee will notify the Board member after the second consecutive absence.

RULES ON VACANCIES

A vacancy will occur if the trustee position becomes vacant due to one of the following:

1. A member or retirant trustee is absent for three (3) consecutive regular Board meetings and the absences are not excused by the Board;
2. A trustee is ineligible due to a change in status under A.C.A. § 24-7-302(a)(2)(A-B) resulting in three (3) consecutive absences at regular Board meetings prior the expiration of the trustee's term; or
3. Resignation or death of a trustee which will result in three (3) consecutive absences at regular Board meetings prior to the expiration of the trustee's term.
4. If a vacancy occurs, it will be filled during the next annual ATRS election held by the system, utilizing approved election requirements and procedures for that position. (Revised May 15, 2001.)

BOARD POSITIONS

Position #1 (1st Congressional District)
Position #2 (2nd Congressional District)
Position #3 (3rd Congressional District)
Position #4 (4th Congressional District)
Position #5 (Administrator - Superintendent only)

Position #6 (Administrator)
Position #7 (Nonlicensed)
Position #8 (Minority)
Position #9 (Retirant)
Position #10 (Retirant)
Position #11 (Retirant)

POSITION QUALIFICATIONS AND VOTER ELIGIBILITY IN EACH ELECTION

1. Positions #1-#4 (Active Member Trustees from Congressional Districts)

A. Qualifications for candidacy:

- i. Must be an active member of ATRS (includes T-DROP participants);
- ii. Must have five (5) years of actual service in ATRS;
- iii. Must be employed in a position requiring a state teaching license or employed by an ATRS-covered agency in a position between Grades 17-23. Such candidate shall not be employed as a school administrator (superintendent, assistant superintendent, principal, vice principal, president, chancellor, or director of a state institution of higher education, community/technical college, or vocational center/cooperative) or employed in a position Grade 24 and above with an ATRS-covered agency;
- iv. Must be employed in the congressional district from which he/she is seeking election; and
- v. If a candidate holds two or more positions, i.e., works as a teacher and bus driver, eligibility shall be determined by his/her primary employment.

B. Eligible voters include:

Active ATRS members (includes T-DROP participants) who are employed in the congressional district. Such members must also be employed in positions that require a state teaching license or employed by an ATRS-covered agency in a position between Grades 17-23. Such members must not be employed in positions as school administrators (superintendent, assistant superintendent, principal, vice principal, president, chancellor, or director of a state institution of higher education, community/technical college, or vocational center/cooperative) or employed in an ATRS-covered position Grade 24 and above.

2. Position #5 (Administrator - Superintendent only)

A. Qualifications for candidacy:

- i. Must be an active member of ATRS (includes T-DROP participants);

- ii. Must have five (5) years of actual service in ATRS;
- iii. Must be employed as an Arkansas school superintendent.

B. Eligible voters include:

Active ATRS members (includes T-DROP participants) employed as school administrators (superintendent, assistant superintendent, principal, vice principal, president, chancellor, or director of a state institution of higher education, community/technical college, or vocational center/cooperative), or employed by an ATRS-covered employer in a position Grade 24 or above.

3. Position #6 (Administrator)

A. Qualifications for candidacy:

- i. Must be an active member of ATRS (includes T-DROP participants);
- ii. Must have five (5) years of actual service in ATRS;
- iii. Must be employed as a school administrator (superintendent, assistant superintendent, principal, vice principal, president, chancellor, or director of a state institution of higher education, community/technical college, or vocational center/cooperative), or employed by an ATRS-covered employer in a position Grade 24 or above.

B. Eligible voters include:

Active ATRS members (includes T-DROP participants) employed as school administrators (superintendent, assistant superintendent, principal, vice principal, president, chancellor, or director of a state institution of higher education, community/technical college, or vocational center/cooperative) or employed by an ATRS-covered employer in a position Grade 24 or above.

4. Position #7 (Nonlicensed)

A. Qualifications for candidacy:

- i. Must be an active member of ATRS (includes T-DROP participants);
- ii. Must have five (5) years of actual service in ATRS;
- iii. Must be employed in a position that does not require a state teaching license (includes school secretaries, school bus drivers, school cafeteria and maintenance workers) or employed by an ATRS-covered agency in a position Grade 16 and below.

B. Eligible voters include:

Active ATRS members (includes T-DROP participants) employed in positions that do not require a state teaching license (includes school secretaries, school bus drivers, school cafeteria and maintenance workers) or employed by an ATRS-covered agency in a position Grade 16 and below.

5. Position #8 (Minority)

A. Qualifications for candidacy:

- i. Must be an active member of ATRS (includes T-DROP participants) or a retirant member receiving an annuity paid by ATRS;
- ii. Must have five (5) years of actual service in ATRS;
- iii. Must be of a racial ethnic minority group.

B. Eligible voters include:

Active ATRS members (includes T-DROP participants), and retirant members receiving an annuity paid by ATRS.

6. Positions #9-#11 (Retirant Member Trustees)

A. Qualifications for candidacy:

- i. Must be a retirant member receiving an annuity paid by ATRS; and
- ii. Must be a resident of Arkansas.

B. Eligible voters include:

ATRS retirant members receiving an annuity paid by ATRS.

Survivors of ATRS members who receive benefits from the System are not eligible to participate in the election of Board of Trustee members. (Revised November 18, 1997.)

Amended: April 26, 2007
February 11, 2008

ELECTION PROCEDURES FOR ELECTED TRUSTEES

A.C.A. § 24-7-302

ADVERTISEMENT OF VACANCY

During the month of November prior to the year in which a trustee is to be elected, a notice of such election shall be submitted to the Arkansas Association of Educational Administrators (AAEA), the Arkansas Education Association (AEA), the Arkansas State Employees Association (ASEA), the Arkansas Retired Teachers Association (ARTA), and the ATRS website. The System shall also publish a Public Notice in the Arkansas Democrat-Gazette, which will run for at least five (5) days. This announcement shall include the trustee position number and description of the position for which the election is to be held, a listing of counties if election is for a congressional district, voter qualifications/eligibility to vote, the procedure for nominating a candidate, and an announcement indicating that nominating petitions can be obtained from the Teacher Retirement System.

NOMINATIONS

1. Nomination for election shall be upon petition signed by not less than twenty-five (25) voters eligible to vote in the specified election. The petition must include the last four digits of the Social Security number of the nominee and each signer in order for the Retirement System to verify the petition. Nominating petitions and a candidate information form must be filed with the Executive Director of the Teacher Retirement System not later than January 31 of the year in which the member's or retirant trustee's term expires.
2. Should only one qualified candidate file a timely and verified petition, that person shall be declared by the Board of Trustees as elected to fill the vacant trustee position.

BALLOTS

1. The Board of Trustees shall employ an independent contractor to conduct all or part of the election process. ATRS will provide the contractor with compatible media containing the addresses of eligible voters and any other materials required to conduct the scope of the election process for which the contractor has been employed.
2. The order of candidates listed on the ballot(s) will be determined by a drawing from the petitions received by the Retirement System. The drawing will be

conducted by representatives of the Retirement System's staff and witnessed by a representative of the group(s) from which a trustee will be elected, i.e., administrator, certified, noncertified, minority, or retiree. A letter to document and verify the drawing will be signed by all in attendance.

3. Ballots will be mailed directly to the homes of eligible voters in accordance with the ATRS policies governing the schedule for active and retirant trustee elections.
4. The date the ballot is to be mailed, the word, "Ballot," and the deadline for receipt of the ballot will be printed on the ballot, along with a brief statement from each candidate. The ballot shall be returned to the contractor. Instructions on the ballots will inform voters that the ballots are not to be copied nor returned to the Retirement System office, which would render them invalid.
5. Neither the voters' addresses nor Social Security numbers will be requested, and no space will be provided for them on the ballot.
6. The System's return address will be printed on the ballots in order for undeliverable pieces to be returned for correction of the System's records.
7. In the event the post office provides corrected addresses for undeliverable ballots, ATRS will correct its records and then remail the ballot to the voter. However, should the undeliverable ballot be received by the System less than (5) days prior to the deadline for returning ballots, the System will correct its records and will not remail the ballot to the voter.
8. The independent contractor will be instructed that ballots will be mailed no earlier, nor later, than the scheduled date ballots are to be mailed. If one of the scheduled dates is on a weekend or holiday, ballots will be mailed on the next regular work day following such weekend or holiday.
9. Should it be determined by the Board of Trustees or its agent that the independent contractor has mailed ballots earlier or later than the contracted date, ATRS will assess the contractor a penalty of not less than five thousand dollars (\$5,000.00) in each instance and for each election the ballots are mailed early or late.
10. The System has final approval of the ballot and accompanying instructions.

CAMPAIGN MATERIALS

1. One (1) set of mailing labels of eligible voters and their addresses will be made available to each candidate upon request.

2. The mailing labels will be printed by the election contractor from eligible voter data provided by the System.
3. Campaign materials sent to voters will be mailed by the election contractor from its place of business. All postage incurred for mailing such materials shall be the responsibility of the candidate requesting the labels. The System shall review and preapprove campaign materials prior to submission to the election contractor for mailing.

Approved: May 10, 2000

Amended: February 11, 2008

SCHEDULE FOR ELECTED TRUSTEE ELECTIONS

A.C.A. § 24-7-302

REGULAR ELECTION SCHEDULE

The regular election schedule will be as follows:

- ◆ Deadline for nomination: January 15
- ◆ Drawing for ballot position: February 1
- ◆ Ballots mailed: March 15
- ◆ Deadline for ballots to be returned: April 15
- ◆ Results certified: April 20

If no candidate receives a majority of votes, a run-off will be held between the two candidates receiving the highest number of votes. The schedule for the run-off will be as follows:

- ◆ Run-off ballots mailed: May 1
- ◆ Deadline for ballots to be returned: June 1
- ◆ Results certified: June 5

If one of the above fixed dates is on a weekend or holiday, the above procedures will occur on the next regular work day following such weekend or holiday.

If a candidate receives a majority of the votes cast on the first ballot, he/she will be considered qualified to assume office on July 1. If a run-off is necessary, the candidate receiving the majority of the votes cast will be considered qualified and will assume office on July 1.

CHALLENGE PROCEDURES

A challenge of any ATRS trustee election shall be directed to the ATRS Executive Director within 10 calendar days of the certification of the results of the election in question. The Executive Director will issue a recommendation in writing within 10 calendar days. The Executive Director's recommendation may be appealed to the Board of Trustees within 10 additional days. The Board of Trustees will take action on the appeal within 10 days of its receipt. The challenger will pay expenses incurred by the Retirement System as a result of an election being challenged, unless the Board upholds the challenger's assertion.

TERMS FOR POSITIONS CREATED BY ACT 418 OF 1997

The terms of Position No. 6 (Administrator), Position No. 7 (Nonlicensed), and Position No. 8 (Minority), shall commence on January 1, 1998, and shall expire June 30, 2003.

Amended: April 26, 2007
February 11, 2008

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

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT Arkansas Teacher Retirement System
DIVISION Administration
PERSON COMPLETING THIS STATEMENT Christa S. Clark, ATRS Chief Counsel
TELEPHONE NO. 501-682-1266 **FAX NO.** 501-682-1944 **EMAIL:** christac@artrs.gov

To comply with Act 1104 of 1995, please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE

**Board of Trustees Composition 4-1; Board Election Procedures 4-2;
Schedule for Trustee Elections 4-3**

1. Does this proposed, amended, or repealed rule or regulation have a financial impact?
Yes _____ No XX
2. If you believe that the development of a financial impact statement is so speculative as to be cost prohibited, please explain.
3. If the purpose of this rule or regulation is to implement a federal rule or regulation, please give the incremental cost for implementing the regulation. Please indicate if the cost provided is the cost of the program.

N/A

<u>Current Fiscal Year</u>	<u>Next Fiscal Year</u>
General Revenue _____	General Revenue _____
Federal Funds _____	Federal Funds _____
Cash Funds _____	Cash Funds _____
Special Revenue _____	Special Revenue _____
Other (Identify) _____	Other (Identify) _____
Total _____	Total _____

4. What is the total estimated cost by fiscal year to any party subject to the proposed, amended, or repealed rule or regulation? Identify the party subject to the proposed regulation, and explain how they are affected.

<u>Current Fiscal Year</u>	<u>Next Fiscal Year</u>
\$ <u>0</u>	\$ _____

5. What is the total estimated cost by fiscal year to the agency to implement this regulation?

<u>Current Fiscal Year</u>	<u>Next Fiscal Year</u>
\$ <u>0</u>	\$ _____