

**Regular Meeting
Board of Trustees**

May 9, 2000

The Board of Trustees of the Arkansas Teacher Retirement System reconvened on Tuesday, May 9, 2000, at 8:30 a.m. The meeting was held in the ATRS Board Room, 1400 West Third, Little Rock, Arkansas.

Members of the Board Present:

Charles Dyer, Chair
Betty McGuire, Vice Chair
Winfred Clardy
Hazel Coleman
Paul Fair
John Fortenberry
Ann Harbison
Lynda Hogue
Linda Parsons
Charles Vondran

Members of the Board Absent:

Jimmie Lou Fisher
Mary Harris
Raymond Simon
Frank White
Gus Wingfield

Staff Present:

Gail Blair, Manager, Data Processing
Mike Brewer, Investments Administrator/AR Related
Angelo Coppola, Deputy Director
Dena Dixon, Manager, Membership & Payroll
Wayne Greathouse, Associate Director/Investments
Tammy Medlock, Administrative Assistant
Michael Ray, Manager, Benefits & Counseling
Bill Shirron, Executive Director
Bernice Smith, Manager, Accounting
George Snyder, Chief Financial Officer
Barbara Waldrop, Manager, Pre-Retirement Education

Others Present:

Rick Ashley, Hickory Square Shopping Center
Pat Colford, AR Employee Benefits Division
Darrel Dover, Dover & Dixon, P.A.
Stuart Hankins, Hickory Square Shopping Center
Richard Hutchinson, AR Education Association
Melanie Kennedy, AR Employee Benefits Division
James McGuire, Guest of Betty McGuire
Ken McRae, McRae Mortgage & Investments, Inc.
Evelyn Nelson, Retiree
Don Roberts, AR Retired Teachers Association
Herbert Rule, Rose Law Firm
Brian Scoggins, AR Development Finance Authority
Carol Stapleton, Legislative Council
Leonard Venable, Office of the State Treasurer

XIII. Roll Call

The minutes were recorded by Tammy Medlock of the Teacher Retirement staff.

XIV. Adoption of Agenda

Dr. Fair made a motion to adopt the agenda as amended. The motion carried.

XV. Public Comments on Agenda Items

XVI. Investment Committee Report – Wayne Greathouse

A. Loan Request - Peabody Hotel (Little Rock)

Mr. Vondran made a motion to approve the request as presented for \$28 million. The motion carried.

B. Loan Request - Hickory Square Shopping Center (Benton)

Mrs. McGuire made a motion to approve the request as presented for \$8.4 million. The motion carried.

XVII. Teacher Retirement System Reports

A. Medical Board Summary Reports – Michael Ray, Manager, Benefits & Counseling

Mrs. Coleman made a motion to adopt the Medical Board Summary reports as presented. The motion carried.

B. Personnel – Dr. Angelo Coppola, Deputy Director

Mrs. Parsons made a motion to adopt the personnel report as presented. The motion carried.

C. Membership & Payroll – Dena Dixson, Manager, Membership & Payroll

D. Arkansas-Related Investments – Wayne Greathouse, Associate Director-Investments

E. Investment Summaries – Wayne Greathouse, Associate Director-Investments

F. Financial Statements – Bernice Smith, Manager, Accounting

Mrs. Smith distributed copies of the March 31, 2000 balance sheets. She indicated the entry, "Securities Lending Collateral," is included in both the asset and liability side of the balance sheet, as required by GASB 24 guidelines. Mr. Shirron stated in order to arrive at the actual assets (value) of the system, collateral should be subtracted from total assets.

XVIII. Old Business

A. Election Results

Dr. Fair made a motion to approve the election of John Fortenberry to Position # 11 (Retirant Trustee) as presented on page 43 of the meeting brochure. The motion carried. Mr. Dyer will retain his position on the board having received no opposition in the election for Position # 5 (Member Trustee - Superintendent). The 6- year terms will begin July 1, 2000.

XIX. New Business

A. Policy Changes

1. Mrs. Harbison suggested the policies on pages 45-46 of the meeting brochure be amended as follows:

- ◆ #8 (page 45) "One (1) printed list and mailing labels of eligible voters and their addresses will be furnished to each candidate upon request."
- ◆ #6 (page 46) "One (1) printed list and mailing labels of eligible voters and their addresses will be furnished to each candidate upon request."

Mr. Fortenberry made a motion to adopt the policy changes pertaining to the Election Procedures for Member and Retirant Trustees as amended, with the exception of items 1-10 of the policies under the heading, "Ballots (Independent Contractor Conducts Election)." The motion was defeated

Ms. Harbison made a motion to adopt the policy changes as amended on pages 44-47 of the meeting brochure as amended. The motion carried.

2. Mrs. Parsons made a motion to adopt the policy changes for the Investment Committee presented on page 47 of the meeting brochure. The motion carried.

B. Authorization Resolution

Dr. Fair made a motion to adopt the revised authorization resolution (See Attachment B). The motion carried.

C. Travel Budget

Mr. Shirron stated it may be necessary to institute a rotation based on seniority of board members to attend meetings and conferences depending on funds in the system's budget for travel. He asked board members to consider alternatives to a rotation, such as limiting the number of conferences board members may attend, etc.

D. Discussion - Setting a "Normal Retirement Age"

In response to the elimination of Social Security's earnings limitation effective January 1, 2000, Mr. Shirron stated the board may want to consider setting a normal retirement age, i.e., an age by which members would be eligible for retirement benefits without terminating employment. He has asked the system's actuary to cost out setting the age at 65.

E. Broker Disclosure Form

Mr. Vondran made a motion to adopt the broker disclosure form presented by Mr. Shirron (See Attachment C). The motion carried.

XX. General Comments

In Other Business:

Payment of Insurance Premiums for New Retirees. Melanie Kennedy, of the state Employee Benefits Division, provided board members a summary of how premiums of new retirees are paid from their termination date until retirement benefits begin (See Attachment D).

As there was no further business to consider, Mrs. McGuire made a motion to adjourn. The motion carried and the Board adjourned at 10:15 a.m.

Charles Dyer, Chairman

Bill A. Shirron
Bill A. Shirron, Secretary to the Board

DATE

ASSET ALLOCATION POLICY

It shall be the goal of the Teacher Retirement System to maintain the following asset allocation ranges:

<i>Asset Category</i>	<i>Minimum</i>	<i>Target</i>	<i>Maximum</i>
Domestic Equity	35%	40.0%	60%
International Equity	0%	17.0% <u>17.5%</u>	25%
Domestic Fixed Income	10.0%	28.0% <u>25.0%</u>	40%
Alternatives*	0%	7.5% <u>10%</u>	12%
Timberland	0%	1.5%	3.0%
Arkansas Related	5%	5.0%	10%
Cash Equivalents	0%	1.0%	10%

*In determining the asset allocation for Alternatives, the actual invested amount not the commitments, is applicable; however, ~~in no case, without Board approval will the commitments exceed the maximum invested amount is the target amount for commitments due to the return of invested assets prior to the full drawdown of commitments and a 5% residual factor.~~

RESOLUTION

BE IT RESOLVED THAT, *Bill A. Shirron, Executive Director. Angelo Coppola, Deputy Executive Director, or G. Wayne Greathouse, Associate Director-Investments*, and they each are, authorized to execute, acknowledge and deliver such other agreements, documents and instruments as might be necessary or appropriate in connection with any investment approved by the Arkansas Teacher Retirement System Board of Trustees; and

BE IT FURTHER RESOLVED that the execution, acknowledgement (if appropriate) and delivery of such agreement, document or instrument by any one of these three named persons call constitute the valid, binding and enforceable act of the Arkansas Teacher Retirement System and that no third party dealing with the System need inquire further as to the authority of such person to act for and in behalf of the System.

*Charles Dyer, Chairman
Arkansas Teacher Retirement System
Board of Trustees*

Dated this ____ day of _____, 19____

Subscribed and sworn to before me this ____ day of _____, 19____.

SEAL

My commission expires _____

Arkansas Teacher Retirement System
1400 West Third Street
Little Rock, Arkansas 72201
(501) 682-1517

BROKER DISCLOSURE FORM

I, the undersigned, hereby certify to the Arkansas Teacher Retirement System (ATRS), under the penalties of perjury, that:

1. I am the broker or an authorized representative of a legal entity which is the broker, in connection with the loan described in the foregoing loan application (the "Loan").
2. If I am acting as an individual, the certifications below apply to me, personally. If I am acting as the authorized representative of a legal entity, the certifications below apply to such entity and use of "I", "me", "my" and similar terms shall be deemed to mean and include the entity (with appropriate changes of gender, tense and singular or plural case).
3. I certify that I will be compensated by the Applicant (the person or legal entity which will be the borrower of ATRS funds) for services rendered by me in connection with the obtaining of the Loan and I further certify that:

- (a) There is no agreement pursuant to which all, or any part of my compensation will be shared, directly or indirectly, with any Public Servant as that term is defined in *Ark. Code. Ann. § 10-4-302*.
- (b) If the broker is a legal entity, no Public Servant has any interest of any kind, directly or indirectly, as an officer, director, partner, shareholder, member, or otherwise, in said entity.
- (c) To the best of my knowledge, after specific inquiry made to the Applicant, there is no agreement of any kind between the Applicant and any Public Servant pursuant to which a Public Servant will be compensated by the Applicant for services rendered in connection with obtaining the Loan or for payment of any kind to any such Public Servant relating to the Loan or contingent upon the Loan closing and being funded.

4. I certify that statements made herein pertaining to the legal entity (if the broker is a legal entity) are made of my own personal knowledge.

DATED: _____
(Name of individual signing)

Subscribed and sworn to before me, a Notary Public, this ___ day of _____, 2000.

Notary Public

My Commission Expires:

SUMMARY

Public School Business Officer's Guide to
Health Insurance Premiums during Transition to Retirement

June Premium

The Public School is responsible for collecting employee premiums and employer contribution for retiring employee for the month of June. This should be submitted to the appropriate health plan along with the June billing.

The public school district business officer should indicate on the June billing the employee's date of retirement and date of annuity.

Premium After Month of June

The appropriate health plan will direct bill the retiree for the month or months due between the retirement date and the annuity date.

Example:

Employee's last day of employment is May 23, and the date of retirement is July 1. Retiree will receive first retirement check at the end of July, which will include a deduction for retiree's portion of the August health insurance premium.

The Public School District Business Officer should note on his/her copy of the "Billing" date of retirement (July 1) and the date of first annuity check (July 31) in order for health insurance carrier to direct bill the new retiree.

The district should collect the employee premium and employer contribution (\$114.00) for the employee for the month of June only.