

MINUTES

Regular Meeting Board of Trustees

May 14, 2001

The Board of Trustees of the Arkansas Teacher Retirement System met on Monday, May 14, 2001, at 10:30 a.m. The meeting was held in the ATRS Board Room, 1400 West Third Street, Little Rock, Arkansas.

Members of the Board Present:

Linda Parsons, Chair
Charles Vondran, Vice Chair
Winfred Clardy
Hazel Coleman
Charles Dyer
Dr. Paul Fair
John Fortenberry
Ann Harbison
Mary Harris
Linda Hogue
Betty McGuire
Gus Wingfield

Members of the Board Absent:

Jimmie Lou Fisher
Raymond Simon
Frank White

Members of the Staff Present:

Bill Shirron, Executive Director
Angelo Coppola, Deputy Director
Wayne Greathouse, Associate Director-Investments
Tammy Medlock, Administrative Assistant
George Snyder, Chief Fiscal Officer

Others Present:

Nicholas Bratt, Zurich Kemper
Bill Clark, CDI Contractors
Scott Coopridner, Holbein & Associates
Annette Couch, Retirement Communities of America
John Flake, Flake & Kelley
Doug Foreman, Trust Company of the West
Lloyd Garrison, Cromwell Architects

Others Present (cont'd):

Jack Gastler, Nicholas/Applegate
Richard Holbein, Holbein & Associates
Robert Horton, Smith Barney
Benjamin Johnson, State Street
Joe Johnson, Cromwell Architects
Henry Kelley, Flake & Kelley
Gene Levy, Cromwell Architects
John Lowman, Trust Company of the West
James McGuire, Guest of Betty McGuire
Jan Meyer, Flake & Kelley
Marc Mogul, Doughty Hanson
Brandon Rogers, Flake & Kelley
Kevin Sherman, Doughty Hanson
Ken Terry, Doughty Hanson
Jerry Thimme, Zurich Kemper
Greg Thompson, Cromwell Architects
Charles Trammell, Retirement Communities of America
Leonard Venable, Office of the State Treasurer
Michael Yee, Nicholas/Applegate

I. Roll Call

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

II. Adoption of Agenda

Mrs. Parsons noted that the next regular meeting dates of the board would be revisited during the meeting contingent upon action by the board. Mrs. Coleman made a motion to adopt the agenda as amended. The motion carried.

III. Minutes of March 12-13, 2001

Mrs. Coleman made a motion to adopt the minutes as presented. The motion carried.

IV. Next Regular Meeting Date(s)

The next regular meeting of the Board was tentatively scheduled for July 9-10, 2001. The annual board seminar is scheduled for June 10-13, 2001, in Springdale, Arkansas.

V. Retirement Village Update

Mr. Levy with Cromwell Architects reviewed the architectural plans for the retirement village in Little Rock. Mr. Kelley with Flake & Kelley distributed and discussed the timeline for the project. Mr. Trammell with Retirement Communities of America

reviewed the proposed financials for members to enter the village. He stated individuals on the retirement system's waiting would receive invitations to presentations that will be given around the state. Members will have the opportunity to pay a refundable \$1,000 to put them on a priority waiting list. When final information is in, individuals on the priority waiting list will be invited to visit the facility.

VI. Consultant's Report – Richard Holbein, Scott Coopridger

Mr. Holbein reviewed a revised rate of return report card for the period ending March 31, 2001, and a preliminary report card for the period ending April 30, 2001. He reported the fund regained 4% in April. When asked about Govett's performance, Mr. Coopridger indicated that Govett is in a volatile asset class, but added that the board made a good decision to allow them to expand their universe with small cap stocks effective January 1, 2001. Mr. Holbein suggested the board could start taking funds from volatile managers to rebalance under funded managers. He reported the managers for domestic equity have performed well for ATRS as a whole, citing that Oppenheimer was in the first quartile for returns over 9 years; Alliance was in the second quartile and Munder in the fourth. Mr. Holbein stated ATRS can expect returns from Hicks Muse in the mid-20's or high teens, rather than the mid-20's and 30's.

Mr. Dyer made a motion that Mr. Holbein draft a letter for Mr. Shirron's signature to send to Vanderbilt to advise them that their performance is not satisfactory and to explain the reason for this. The motion carried.

Mr. Holbein provided and reviewed the alternative allocations for states in the Southern Conference on Teacher Retirement. He reported ATRS had the third highest allocation of the 17 states in SCTR. He reported there are 58 plans in the National Council on Teacher Retirement with exposure in alternatives, and added that some states are prohibited from participating in this asset class.

VII. Investment Program Reports

- A. Nicholas/Applegate – Jack Gastler, Michael Yee
- B. TCW Group – Doug Forman, John Lowman
- C. Zurich Kemper – Nicholas Bratt, Jerry Thimme
- D. Doughty Hanson – Marc Mogul, Ken Terry, Kevin Sherman
- E. LJM2 – Presented by Richard Holbein (Attachment A)

The meeting recessed at 5:45 p.m.