

MINUTES

Arkansas Teacher Retirement System Board of Trustees Meeting April 7, 2003

The Board of Trustees of the Arkansas Teacher Retirement System met on Monday, April 7, 2003 at 1:00 p.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
Winfred Clardy
Hazel Coleman
Charles Dyer
Dr. Paul Fair
John Fortenberry
Ann Harbison
Mary Harris
Betty McGuire
Gus Wingfield
Jim Wood

Members of the Board Absent:

Raymond Simon
Frank White
Charles Vondran, Vice Chair

Members of the Staff Present:

David R. Malone, Executive Director
Julie Cabe, Deputy Director
Debbie White, MPA
Wayne Greathouse-Investments
Maria Palmer-Investments

Others Present:

Lloyd Black, ARTA
Dr. Bob Bowers, NCTR
Jay Gadberry, Morgan Stanley
Robert Horton, Smith Barney
P.J. Kelly, Ennis Knupp & Associates
Stephen Cummings, Ennis Knupp & Associates
Gary Campbell, Kennedy Capital Management
Dick Sinese, Kennedy Capital Management
Paul Doane, Oppenheimer Capital
Colin Glinsman, Oppenheimer Capital
Donald Curran, Oppenheimer Capital
Jim Stern, The Cypress Group, L.L.C.
Howard Gellis, Blackstone Mezzanine Partners

I. Roll Call

Debbie White of the Teacher Retirement staff recorded the minutes.

II. Adoption of Agenda

Linda Parsons, Chair, announced without objection, the approval and adoption of the agenda. The meeting did not immediately proceed due to travel delays of presenters. The meeting began at 1:30 p.m.

III. Adoption of Minutes – February 10 & 11, 2003

The Minutes shown as *attachment one (1)* in the agenda binder were unanimously approved. Dr. Fair made the motion and the second was by Mr. Wingfield.

IV. Ennis Knupp & Associates Report

Mr. P.J. Kelley and Mr. Stephen Cummings presented their findings from recent due diligence visits to Daruma's and Oppenheimer Capital's New York offices. They presented a summary and recommendations contained in their Fixed Income Review report. After a question and answer period, the Executive Director was asked for his recommendation, which was to adopt Proposed Alternative 2 on page 3.6 of their Fixed Income Review as follows:

Managers	Current Structure	Proposed Alt. 1	Proposed Alt. 2
Regions (Core)	32.0%	10.0%	
Loomis Sayles (Core Plus)	29.4%	-----	-----
Hyperion (Morgages)	20.0%	3.0	-----
Western (Core Plus)	18.6%	24.0	20.0%
Loomis Medium Grade	-----	15.0	15.0
New Core Plus Manager	-----	24.0	20.0
New Core Plus Manager	-----	24.0	20.0
Lehman Aggregate Index Fund	-----	-----	25.0
TOTAL FIXED INCOME	100%	100%	100%

Ann Harbison made a motion to approve the recommendation and adopt Alternative 2 with the percentage of indexing to be determined at a later date. Betty McGuire seconded the motion, which passed.

V. Investment Program Reports were presented by the following money managers:

- a. Blackstone Partners- Howard Gellis
- b. Kennedy Capital Management-Gary Campbell, Dick Sinese
- c. Oppenheimer Capital – Paul Doane, Colin Glinsman, Donald Curan
- d. The Cypress Fund II – Mr. Jim Stern

With no further business to be addressed, the Chair declared the meeting adjourned at 6: 15 p.m.



Debbie White, *Project Analyst*



David R. Malone, *Executive Director*

Linda Parsons, *Chair*

Date of Approval: _____