

**Regular Meeting  
Board of Trustees**

**March 13, 2001**

*The Board of Trustees of the Arkansas Teacher Retirement System convened on Tuesday, March 13, 2001, 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:**

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

**Members of the Board Absent:**

Mary Harris  
Raymond Simon  
Frank White

**Staff Present:**

Bill Shirron, Executive Director  
Angelo Coppola, Deputy Director  
Gail Blair, Manager, Data Processing  
Dena Dixon, Manager, Membership & Payroll  
Wayne Greathouse, Associate Director/Investments  
Tammy Medlock, Administrative Assistant  
Michael Ray, Manager, Benefits & Counseling  
Hugh Roberts, Retirement Fund Investments Supervisor  
George Snyder, Chief Fiscal Officer  
Barbara Waldrop, Manager, Preretirement Education

**Others Present:**

Lloyd Black, Arkansas Retired Teachers Association  
Norman Jones, Gabriel Roeder Smith & Company  
Judith Kermans, Gabriel Roeder Smith & Company  
James McGuire, Guest of Betty McGuire  
Don Roberts, Arkansas Retired Teachers Association  
DeWitt Smith, Cooper Realty Investments  
Leonard Venable, Office of the State Treasurer

## **VIII. Roll Call**

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

## **IX. Adoption of Agenda**

Mrs. Parsons noted the following topics would be added: Presentation by Representative Roger Smith, Co-Chair, Joint Retirement Committee (upon arrival), and a presentation by DeWitt Smith, Cooper Realty Investments, immediately following the Gain/Loss Report by the actuaries. Mrs. Coleman made a motion to adopt the agenda as amended. The motion carried.

## **X. Public Comments on Agenda Items**

### **XVI. Gain/Loss Report – Norman Jones & Judith Kermans, Gabriel Roeder Smith & Co.**

Mr. Jones reviewed the Gain/Loss report for the period ending June 30, 2000. He reported overall experience was favorable during the year.

Ms. Kermans reviewed benefit proposals for SB 233 and HB 1272. She reported 0.18% of payroll is the stand-alone cost of SB233, and that if the contribution rate remains at 12% of payroll, the proposal would increase the amortization period by 7 years to 29 years. Ms. Kermans reported HB1272 is narrowly focused and designed to address specific situations related to teacher shortages in critical areas. She stated the cost will depend on utilization, which is unknown, but if 100 teachers who otherwise would have gone into TDROP make use of HB1272 the cost to ATRS would be about 0.05% of payroll, and would not increase the amortization period above 30 years.

After much discussion and a presentation by Representative Roger Smith, Mr. Dyer made a motion the board go on record as supporting HB1272. The motion carried. Dr. Fair voted "no."

### **XVII. Property Updates – DeWitt Smith, Cooper Realty Investments (CRI)**

Mr. Smith provided the board with two audit reports for Two Financial Center in Little Rock, and the American Center in Nashville, Tennessee. Among other items, Mr. Smith reported through January 1, 2001, Two Financial Center has returned 9.84%; their original projections were 8.1% for the first 12 months. He reported Paine Webber has signed a 10-year lease with American Center, which will bring occupancy to 97%; their original projection was 95% leased. Both projects have adequate cash reserves for tenant improvements, leasing commissions, and additional cash so as not to diminish dividends to ATRS and CRI. These reserves will be distributed to ATRS and CRI as time goes on.

Mr. Smith reported two buildings in Memphis, Tennessee, the Crescent Center and the Forum I, will be presented at the next screening committee meeting for review and may be presented at the April Investment Committee meeting, and then possibly the May

board meeting if recommended by the Investment Committee. He urged board members to go look at the properties.

Mr. Clardy requested the staff provide a list of gross and net income from ATRS real estate at the Investment Committee meeting on March 20.

#### **XVIII. Investment Committee Report - Charles Vondran, Chair**

Mr. Vondran reviewed the minutes of the Investment Committee meeting held February 20, 2001. He distributed a copy of a letter from Peter Stormant of State Street, who responded to questions the Committee presented at the meeting. (Attachment A) Mr. Vondran asked the board to reference the new Investment Committee meeting schedule on page 36 of the brochure.

Mr. Shirron stated DLJ will present a review of private equity investments, much like the presentation given by State Street on February 20. Then the committee may be able to recommend one company or the other to track ATRS' private equity portfolio.

#### **XIX. Policies Committee Report – Dr. Paul Fair, Chair**

Dr. Fair reviewed the minutes of the Policies Committee meetings held February 2 and February 20, 2001. He stated they will be using the NCTR Board Member Handbook as a reference. Dr. Fair stated the statement on page 47 of the brochure will be discussed again at the next meeting of the Committee.

#### **XX. Teacher Retirement System Reports**

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

Mr. Vondran made a motion to adopt the Medical Board Summary report as presented on pages 48-49 of the brochure. The motion carried.

- B. Personnel – Dr. Angelo Coppola, Deputy Director
- C. Membership & Payroll
- D. Arkansas-Related Investments
- E. Investment Summaries
- F. Financial Statements (See Attachment B)

#### **XXI. New Business**

- A. Watson Wyatt Offer of Actuarial Services – Bill Shirron

Mr. Shirron reported that board policy requires an audit every 10 years of the systems actuary. Mr. Dyer made a motion to approve Mr. Shirron's recommendation that the system employ Watson Wyatt in a level two audit. The motion carried.

## XXII. Executive Director's Comments

**Victory Building.** Mr. Shirron reported the Victory Building is about 50% complete. A "topping out" ceremony will be held at 2:00 p.m. on Tuesday, March 20. Mrs. Parsons requested a copy of the Arkansas Business article about the Victory Building be mailed to board members. Mr. Shirron stated the contractor, CDI, will pay for any cost overruns, and any savings would be distributed 75% to CDI and 25% to ATRS.

**Retirement Village.** Mr. Shirron stated the retirement village in Little Rock is being re-designed and should be ready within 30-45 days, at which time prices for the units can begin to be determined. Mr. Shirron stated after five years after construction, no direct nursing home admissions will be accepted in order to reserve space for residents who may have to move from independent/assisted living within the village. He stated the agency is getting two bids for general contractor; one from CDI and another from a contractor in Memphis.

**2001 Legislative Session.** Mr. Shirron stated he expects the session to continue into April; however the tobacco settlement issue may cause the session to be extended.

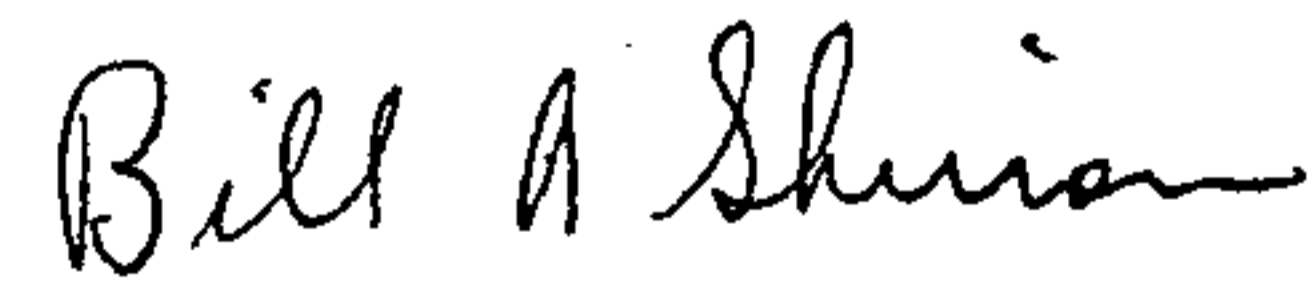
### In other business:

**Agenda Committee.** Mr. Shirron stated he will make a pro and con list for maintaining or doing away with the Agenda Committee.

**Resolution.** Mrs. Fisher made a motion that a resolution for Katherine Shirron be entered into the minutes at the next meeting of the Board of Trustees. The motion carried

*As there was no further business to consider, Mr. Clardy made a motion to adjourn. The motion carried and the Board adjourned at 11:45 p.m.*

  
Linda Parsons, Chair

  
Bill Shirron, Secretary to the Board

5-14-01  
Date