

**ARKANSAS TEACHER RETIREMENT SYSTEM  
BOARD OF TRUSTEES**

**Minutes  
October 4, 2004**

The Board of Trustees of the Arkansas Teacher Retirement System held a regular meeting on Monday, October 4, 2004, in the Board Room of the Arkansas Teacher Retirement System Building at 1400 West Third Street in Little Rock, Arkansas.

**Members of the Board Present**

Linda Parsons, Chair  
John Fortenberry, Vice Chair  
Monty Betts  
Winfred Clardy  
Hazel Coleman  
Lawrence Colston  
Charles Dyer  
Dr. Paul Fair  
Betty McGuire  
Robin Nichols  
Ellen Terry  
Gus Wingfield

**Members of the Board Absent:**

Bunny Adcock  
Dr. Ken James  
Jim Wood

**Staff Present:**

David Malone, Director  
Julie Cabe, Deputy Director  
Jo Ann Carroll, MPA

**Guests Present:**

Robert Horton, Smith Barney  
Kris Foss, PIMCO  
Brent Holden, PIMCO  
John Massad, Black Rock  
Stephen Cummings, Ennis Knupp  
Jay Gadberry, Morgan Stanley  
Wesley Brown, Arkansas News Bureau

I. Call to Order

Linda Parsons called the meeting to order at 1:03 p.m. with a quorum of the Board present.

II. Approval of Agenda

Mr. Malone reported that an offer had been received on the Bank of America property in Fayetteville and requested that this item be added to the agenda. Hazel Coleman moved adoption of the agenda as amended, Betty McGuire seconded, and the Board unanimously concurred.

## III. Consultant's Report

Stephen Cummings of Ennis Knupp & Associates presented the consultant's report and investment performance update for the period ending August 31, 2004, for the information of the Board. Mr. Cummings announced that Laurel Nicholson would join the Ennis Knupp team assigned to ATRS, replacing Lori Crosley, who has left the firm.

## IV. Review of Ennis Knupp Reports

Mr. Malone reviewed for the Board the Private Equity and Real Estate Strategy Review prepared by Ennis Knupp and presented to the Investment Committee on September 13. In order to balance private equity holdings of the System, the report recommends continuing investment with special emphasis on improving diversification. The report further recommends that the System increase investment in these areas on a structured basis with the assistance of a "customized fund of funds" manager in order to blend new allocations with those ATRS already owns. Ennis Knupp will be asked to provide suggestions of possible customized fund of funds managers at the November 15 meeting of the Investment Committee in hopes the Board can conduct interviews for the position at the December Board meeting.

## V. Ms. Parsons declared a recess at 1:53 p.m. The meeting resumed at 2:15 p.m. with manager reports from PIMCO and Black Rock. Western and State Street Fixed Index were also scheduled to report but were unable to attend.

## VI. Offer on Bank of America Property

Mr. Malone reported that an offer had been received on the Bank of America property in Fayetteville in the amount of \$4 million and requested authority to negotiate the price. He suggested counteroffering for \$4.4 million. Mr. Fortenberry moved authority for the director to counter the offer received on the Bank of America building, and if the counteroffer was not accepted, to accept any offer greater than \$4.25 million. Mr. Dyer seconded, and the Board unanimously approved the motion.

## VII. Director's Comments

Mr. Malone reminded the Board of the Policies Committee meeting at 10:00 a.m. on November 15, to be followed by a meeting of the Investment Committee at 1:00 p.m. He reported on securities litigation involving ATRS and presented an update on the Commission Recapture Program.

VIII. Adjournment

The meeting adjourned at 3:20 p.m.

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Katherine Corcoran, Recorder

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David Malone, Executive Director

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Linda Parsons, Board Chair

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Date Approved