

**ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES**

**Minutes
December 6, 2004**

The Board of Trustees of the Arkansas Teacher Retirement System held a regular meeting on Monday, December 6, 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
Lawrence Colston
Charles Dyer
Dr. Paul Fair
Betty McGuire
Ellen Terry
Robin Nichols

Members of the Board Absent:

Hazel Coleman
Dr. T. Kenneth James
Jim Wood
Bunny Adcock
Gus Wingfield

Staff Present:

David Malone, Director
Julie Cabe, Deputy Director
Jo Ann Carroll, MPA
Wayne Greathouse, Deputy Director/Finance

Guests Present:

Estella Smith, Bureau of Legislative Research
Stephen Cummings, Ennis Knupp
Laurel E. Nicholson, Ennis Knupp
Lan Qian, Ennis Knupp
Nathan Vinn, Ennis Knupp
Steve Wilde, UBS
Bruno Bertocci, UBS

Mike Nyeholt, Capital Guardian
Christopher Reed, Capital Guardian
Robert Ronus, Capital Guardian
Mike Wickline, *Arkansas Democrat-Gazette*
Jim McGuire, Trustee spouse

I. Call to Order

Linda Parsons called the meeting to order at 12:34 p.m. with a quorum of the Board present.

II. Approval of Agenda

Betty McGuire moved adoption of the agenda, John Fortenberry seconded, and the Board unanimously concurred approval of the agenda.

III. Consultant's Report – Ennis Knupp & Associates

Stephen Cummings and Laurel E. Nicholson of Ennis Knupp & Associates (Ennis Knupp) presented the preliminary performance update for the period ending October 31, 2004, that showed returns of 1.4%, which slightly trailed its performance benchmark of 1.7%.

Mr. Malone reported that the current total fund is 8.426 billion and continued growth is expected during the month of December.

IV. Interview with Alternative Managers

The Investment Committee voted on November 15, 2004, to invite Pantheon Ventures of San Francisco and Credit Suisse First Boston Customized Fund Investment Group of New York, two "customized fund of funds" managers, to the December Board meeting for interviews. These companies gave information on how they would blend new allocations with those ATRS already owns.

David B. Braman, Gary E. Hiatt, and Lucy Nichols represented Pantheon Ventures of San Francisco. Mr. Braman, Mr. Hiatt, and Ms. Nichols provided background information on the company and reported the company focuses on private equity and has wide-ranging global coverage, as well as strong representation of various public fund clients.

Michael W. Arpey and Kelly M. Williams represented Credit Suisse First Boston Customized Fund Investment Group (CFIG) of New York, whose parent company is Credit Suisse. Mr. Arpey and Ms. Williams advised their company is a fund of fund manager leader and pointed out the strong fiduciary background of staff members, heavy experience and representation of clients in the pension fund area, and ability to create detailed due diligence reports.

V. Selection of Alternative Fund of Funds Manager

Mr. Malone led a discussion of each company and their proposed investment strategies. Following the discussion, Mr. Fortenberry moved that the Board employ CFIG, and Lawrence Colston seconded. Following a discussion, the Board voted unanimously to employ CFIG.

VI. Manager Reports

UBS presented its manager report.

Ms. Parsons declared a recess at 3:35 p.m. The meeting resumed at 4:03 p.m. with a manager report from Cap Guardian. Wellington Management was also scheduled to report but was unable to attend.

VII. Report on Potential Real Estate Firms

Mr. Malone reminded the trustees of their request to Ennis Knupp to prepare a report detailing several managers that operate open-end real estate funds for management of the ATRS real estate program. Nathan Vinn of Ennis Knupp & Associates discussed each of the company recommended for consideration.

Following discussion of the report, Ms. Nichols moved that the Investment Committee invite ING Clarion – Lion Properties Fund, Prudential – PRISA I, RREEF – America Fund II, and USA – RESA to the Investment Committee meeting for interviews on January 10, 2005, at 1:00 p.m., and to limit the interviews to 30 minutes each. Ms. McGuire seconded, and the motion passed.

VIII. Executive Director's Comments

Mr. Malone did not have any other business to discuss.

IX. Adjournment

With no further business to be heard by the Board, the meeting was adjourned without objection at 4:55 p.m.

JoAnn Carroll, Recorder

David Malone, Executive Director

Linda Parsons, Board Chair

Date Approved