

**MINUTES  
 ARKANSAS TEACHER RETIREMENT SYSTEM  
 BOARD OF TRUSTEES MEETING**

Dr. Richard Abernathy, Chair

**Thursday, January 8, 2009**

**1:00 p.m.**

**1400 West Third Street**

**Little Rock, AR 72201**

<b>ATTENDEES</b>	
<b>Board Members Present</b>	<b>Staff</b>
Dr. Richard Abernathy, Chair	Gail Bolden, Chief Operations Officer
Mike Creekmore as designee for Martha Shoffner	Judy Brown, Supervisor, Retiree Payroll
Dr. Paul Fair	Christa Clark, Chief Legal Counsel
John Fortenberry	Kim Godfrey, Deputy Legal Counsel
Beverly Leming	Wayne Greathouse, Director, Public Sectors
Bobby Lester	Manju, Data Processing
Susannah Marshall as designee for Candace Franks	Michael Ray, Director, Members Services
Steve Kelley as designee for Jim Wood	Jane Toledo, Secretary
Robin Nichols	
Linda Parsons	<b>Guests</b>
Janelle Riddle	Senator Steve Faris
	Laura Gilson, Bureau of Leg. Audit
<b>Board Members Absent</b>	Don Marzoni, AEA
Hazel Coleman, Vice Chair	Steve Singleton, ARTA
	Estella Smith, Bureau of Leg. Audit
<b>Reporters Present</b>	Phyllis Stewart, AEA
Mike Wickline, AR Dem. Gazette	

- I. **Call to Order.** Chair, Dr. Abernathy, called the Board of Trustees meeting to order at 1:00 p.m. Roll call was taken, and Board member, Ms. Coleman, was noted as absent. It was announced that Ms. Coleman had been ill and hospitalized.

The new Executive Director, George Hopkins, was welcomed by the Board of Trustees and made an opening statement.

Senator Steve Faris was welcomed to the Board of Trustees meeting and expressed that Senator Jeffress is looking forward to working with the Board and Trustees, Staff and Executive Director, Mr. Hopkins, during the upcoming legislative session.

II. **Approval of Agenda.**

**THE MOTION FOR APPROVAL OF THE AGENDA WAS MADE BY MR. LESTER, SECONDED BY MR. CREEKMORE, AND UNANIMOUSLY APPROVED BY THE BOARD OF TRUSTEES.**

III. **Executive Summary.** The Executive Summary was provided for reference with no questions or expansions on the written summary.

IV. **A. Legislative Initiative Discussion of Alternative Program to T-DROP Study.** Gail Bolden, Chief Operations Officer, presented a brief overview of this Alternative Program to T-DROP to the Board of Trustees. This is a proposal for an alternative program that ATRS has been looking at for a very long time to give members an alternative to T-DROP, to incent members from T-DROP, keep members working longer, provide better benefits to members, provide better flexibility and choices so a member is not locked into a 10 year program. ATRS Staff met with ATRS' Actuary and Outside Tax Counsel to discuss these issues. One of the major issues is how this alternative program would interact with the Return to Work proposal. Both would tend to incent members not to go into T-DROP and staff had concerns regarding the cost of multiple T-DROP alternatives being implemented at the same time.

It was the recommendation of the Policy/Legislative Committee to consider delaying implementation of this proposal until ATRS can determine the impact of the Return to Work initiative, if passed, in the 2009 actuarial report.

**THE MOTION TO ACCEPT THE RECOMMENDATION OF THE POLICY/LEGISLATIVE COMMITTEE TO TABLE THE LEGISLATIVE INITIATIVE DISCUSSION OF ALTERNATIVE PROGRAM TO T-DROP, WAS MADE BY MS. PARSONS, SECONDED BY MS. RIDDLE, AND UNANIMOUSLY APPROVED BY THE BOARD OF TRUSTEES.**

**B. Legislative Initiative Discussion of Permissive Authority for Board to Rebalance Gap Between Contributory and Noncontributory Service in Retirement Benefits.** Gail Bolden, Chief Operations Officer, presented a brief overview of this proposal to give retired members who retired at least 10 years a \$30 for each year of contributory service raise and \$20 per year of each non-contributory service raise. If less than 10 years raises would be given based on a percentage. The amount of this raise would also increase the base

benefit of the retirees benefit. An actuarial cost proposal was also reviewed which showed a cost of 1.87 actuarial unfunded years to ATRS' actuarial schedule which is currently at 21 years.

It is the recommendation of the Policy/Legislative Committee to approve submission of a shell bill pending a 30 day review by the Executive Director and Legal of Permissive Authority on this Legislative Initiative of Permissive Authority for Board to Rebalance the Gap Between Contributory and Noncontributory Service in Retirement Benefits.

**THE MOTION TO ACCEPT THE RECOMMENDATION OF THE POLICY/LEGISLATIVE COMMITTEE TO APPROVE SUBMISSION OF A SHELL BILL PENDING A 30 DAY REVIEW BY THE EXECUTIVE DIRECTOR AND LEGAL ON THIS LEGISLATIVE INITIATIVE OF PERMISSIVE AUTHORITY FOR BOARD TO REBALANCE THE GAP BETWEEN CONTRIBUTORY AND NONCONTRIBUTORY SERVICE IN RETIREMENT BENEFITS, THE MOTION WAS MADE BY MS. PARSONS, SECONDED BY DR. FAIR, AND UNANIMOUSLY APPROVED BY THE BOARD OF TRUSTEES.**

- C. Legislative Initiative Discussion of Technical Corrections.** Christa Clark, Chief Legal Counsel reviewed the Legislative initiative of technical corrections for the upcoming Legislative session to the Policy/Legislative Committee earlier this morning.

It was the recommendation of the Policy/Legislative Committee to accept the recommended technical corrections and to pull out two provisions from the technical correction bill as separate bills and to support the Technical Correction recommendations for the upcoming legislative session.

**THE MOTION TO ACCEPT THE RECOMMENDED REVISIONS AND PULL OUTS OF THE PROPOSED TECHNICAL CORRECTIONS MADE BY THE POLICY/LEGISLATIVE COMMITTEE, WAS MADE BY MS. PARSONS, SECONDED BY MR. LESTER, AND UNANIMOUSLY APPROVED BY THE BOARD OF TRUSTEES.**

- D. Legislative Initiative Discussion of Waiver of Receivables Due to Error.** Christa Clark, Chief Legal Counsel, reviewed this initiative to allow the Executive Director and Board of Trustees discretion to correct what would be a manifest injustice to the member if ATRS provides an incorrect amount, and there is clear evidence that the error is not the fault of the member. Board rules would govern the capped

dollar amounts that could be waived and any designees that would have the authority to waive such amounts. It was the recommendation the Policy/Legislative Committee to approve this initiative.

**THE MOTION TO ACCEPT THE RECOMMENDATION OF THE POLICY/LEGISLATIVE COMMITTEE TO APPROVE THE LEGISLATIVE INITIATIVE ON WAIVER OF AMOUNTS DUE TO ERROR WAS MADE BY MS. PARSONS, SECONDED BY MS. NICHOLS, AND UNANIMOUSLY APPROVED BY THE BOARD OF TRUSTEES.**

- E. Discussion of FOIA Exemption from Private Equities.** It is the recommendation of ATRS Staff, Ennis Knupp and the Policy/Legislative Committee as stated by Linda Parsons, Chair of the Policy/Legislative Committee, to pull the FOIA Exemption for Private Equity investments from the legislative Initiatives package.

**THE MOTION TO PULL THE FOIA EXEMPTION FOR PRIVATE EQUITIES INVESTMENTS FROM THE LEGISLATIVE INITIATIVES PACKAGE, WAS MADE BY MS. PARSONS, SECONDED BY MS. RIDDLE, AND UNANIMOUSLY APPROVED BY THE BOARD OF TRUSTEES.**

- F. Discussion of Board Composition.** It is the recommendation of ATRS Staff and the Policy/Legislative Committee to table further discussion of Board composition until further research on legal changes necessary to implement a reduction of members and/or reduction of the number of votes necessary for a quorum is completed.

**V. Other Business.**

**Resolution 2009-01.** George Hopkins, Executive Director, provided the Board with a proposed Resolution authorizing setting for the agency's policy regarding ATRS Trustees' out of pocket expenses, lost salary, and substitute teachers with regard to service on the Board of Trustees with appropriate documentation costs may be reimbursed. The law regarding this topic was also provided to the Board for review.

The annual Board Resolution regarding Board Travel, conference attendance and reporting will be discussed at the next scheduled meeting of the Board of Trustees in February.

**THE MOTION FOR ADOPTION OF RESOLUTION 2009-01 WAS MADE BY MR. LESTER, SECONDED BY MS. PARSONS, AND UNANIMOUSLY APPROVED BY THE BOARD OF TRUSTEES.**

- VI. **Executive Session for Personnel Issues.** Chair, Dr. Abernathy convened the Executive Session @ 1:25 p.m.

Chair, Dr. Abernathy, reconvened the Board of Trustees meeting at 1:35 p.m.

Executive Director, George Hopkins, made the announcement that after advising the Board in Executive Session, that subject to meeting all legal requirements and compliance with all legal technicalities, effective immediately, Gail Bolden has been named as ATRS' Deputy Director.

- VII. **Adjourn.**

**THE MOTION TO ADJOURN THE BOARD OF TRUSTEES MEETING WAS MADE BY MR. LESTER, SECONDED BY MS. NICHOLS, AND UNANIMOUSLY APPROVED BY THE BOARD OF TRUSTEES.**

Chair, Dr. Abernathy, adjourned the Board of Trustees meeting of the Board of Trustees at 1:36 p.m.

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Jane Toledo, Recorder

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George Hopkins, Executive Director

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Dr. Richard Abernathy, Chair  
Board of Trustees

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Date Approved