

MINUTES
ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING
via Telephone Conference

Tuesday, March 23, 2010
11:00 a.m.
1400 West Third Street
Little Rock, AR 72201

ATTENDEES

Board Members Present

*Dr. Richard Abernathy, Chair
*David Cauldwell
*Mike Creekmore, designee for Hon. Martha Shoffner
*Dr. Paul Fair
*John Fortenberry
*Beverly Leming
*Bobby Lester
Robin Nichols
*Jeff Stubblefield

Board Members Absent

Hazel Coleman, Vice Chair
Candace Franks
Dr. Tom Kimbrell
Janelle Riddle
The Honorable Jim Wood
**present via Telephone Conference*

ATRS Staff Present

George Hopkins, Executive Director
Gail Bolden, Deputy Director
Susan Crosby, Senior Investment Analyst
Kay Daniel, Director's Assistant
Wayne Greathouse, Dir. Public Markets
Manju, Dir. Data Processing
Jerry Meyer, Dir. Real Estate
Leslie Ward, Dir. Private Equity
Brenda West, Dir. Operations
Amy Wells, Administrative Assistant

Guests Present

*Erika Gee, Attorney General's Office
*P. J. Kelly, Ennis Knupp

- I. **Call to Order/Roll Call.** Dr. Abernathy called the meeting to order at 11:00 a.m. Roll call was taken and the Board members absent were Hazel Coleman, Candace Franks, Dr. Tom Kimbrell, Janelle Riddle, and The Honorable Jim Wood.
- II. **Motion to Excuse Absences.** Dr. Abernathy did not entertain this motion because this was not a regularly scheduled meeting.
- III. **Approval of Agenda.**

Mr. Lester moved for adoption of the Agenda. Mr. Stubblefield seconded the motion. A roll call vote was taken and the Board unanimously approved the motion.

- IV. **Executive Summary.** The Executive Summary was provided for reference with no questions or expansions on the written summary.
- V. **Approval of Sale of Lot 7 in Combination with Lot 8 of Chenal Heights (Resolution 2010-09).** Mr. Hopkins gave an update on the Sale of Lot 8 to Pickering-Allwine. Pickering-Allwine has negotiated with ATRS staff to add Lot 7 to the purchase agreement with Lot 8. Lot 7 is a smaller lot than Lot 8, and the negotiated price is slightly higher than the appraisal price. ATRS staff recommended that the Board liquidate this lot in combination with Lot 8 to help unwind the remaining raw land owned by ATRS in Chenal Heights.

Dr. Fair *moved for adoption* of Resolution 2010-09, authorizing the sale of Lots 7 and 8 of Chenal Heights Prd under the terms and conditions set forth in the Amendment to Real Estate Purchase Agreement dated February 18, 2010, for the total price of \$1,200,000. Ms. Leming *seconded the motion*, and the Board *unanimously adopted the resolution*.

- VI. **Approval of Termination of Manager Contract of PIMCO PARS II Fund (Resolution 2010-10).** Mr. Hopkins gave an update of the manager transition at the PIMCO PARS II Fund management group. Concern has arisen over the departure of a key manager of the group, and both ATRS Staff and Ennis Knupp believe that new management no longer justifies the costs and incentive fees charged by this fund. ATRS currently has \$303 million dollars in PIMCO PARS II Fund, which can be terminated soon after notification. ATRS will need a fund ready to redeploy the liquidated funds within 60 days.

Ms. Leming *moved for adoption* of Resolution 2010-10, authorizing the termination of PIMCO PARS II and for ATRS staff to take the steps necessary to liquidate the investment in its entirety. Once the liquidation is complete, the realized funds from the liquidation should be redeployed at the earliest opportunity. Mr. Lester *seconded the motion*, and the Board *unanimously adopted the resolution*.

- VII. **Emergency Hiring of Passive Fixed Income Manager (Resolution 2010-11).** Mr. Hopkins explained that, due to the Board's approval of the termination of PIMCO PARS II Fund, the Board will also need to approve the hiring of a new passive fixed income manager. ATRS Staff and Ennis Knupp recommend that the Board hire State Street Global Advisors for this fund.

Ms. Leming *moved for adoption* of Resolution 2010-11, authorizing ATRS staff to retain fund manager State Street Global Advisors to manage a non-lending passive index fund and to notify the Office of State Procurement and the staff of the Legislative Review Committee of this emergency action.

Dr. Fair seconded the motion, and the Board unanimously adopted the resolution.

VIII. **Other Business.** Mr. Hopkins gave an update on the Southwest Power Pool sale. Southwest Power Pool chose an alternate site from another landowner for its headquarters. The Chenal Heights/Rahling Road lot did not offer the seclusion Southwest Power Pool preferred. ATRS staff will continue to entertain offers on the Chenal Heights/Rahling Road lot.

IX. **Adjourn.**

Mr. Lester moved to adjourn the Board of Trustees Meeting. Ms. Leming seconded the motion, and the Board unanimously approved the motion.

Meeting adjourned at 11:12 a.m.

George Hopkins,
Executive Director

Dr. Richard Abernathy, Chair
Board of Trustees

Amy Wells,
Recorder

Date Approved