

## MINUTES

### Regular Meeting Board of Trustees

May 8, 2000

The Board of Trustees of the Arkansas Teacher Retirement System met on Monday, May 8, 2000, at 8:00 a.m. The meeting was held in the ATRS Board Room, 1400 West Third Street, Little Rock, Arkansas.

#### Members of the Board Present:

Charles Dyer, Chair  
Betty McGuire, Vice Chair  
Winfred Clardy  
Hazel Coleman  
Dr. Paul Fair  
John Fortenberry  
Ann Harbison  
Lynda Hogue  
Linda Parsons  
Charles Vondran  
Frank White  
Gus Wingfield

#### Members of the Board Absent:

Mary Harris  
Jimmie Lou Fisher  
Raymond Simon

#### Members of the Staff Present:

Angelo Coppola, Deputy Director  
Wayne Greathouse, Associate Director/Investments  
Tammy Medlock, Administrative Assistant  
Bill Shirron, Executive Director  
George Snyder, Chief Financial Officer

#### Others Present:

Chris Bertelsen, Phoenix Investment Management  
Rich Carr, Brinson Partners  
Dodge Carter, Olympus Real Estate Fund III  
Larry Christenson, Phoenix Investment Management  
Greg Colvin, DLJ  
David Deniger, Olympus Real Estate Fund III  
Dan Doctoroff, Oak Hill Capital Partners  
John Flake, Flake & Kelley Management  
Lloyd Garrison, CDI Contractors  
Howard Gellis, Blackstone Mezzanine Partners  
Mariko Gordon, Daruma Asset Management  
Calum Graham, Govett  
Peter Grauer, DLJ Merchant Banking Partners  
B. E. Hahn, Retiree  
Jeff Harding, Rothschild Asset Management  
Gabriel Haynes, Smith Graham & Company

**Others Present:**

Bill Hazel, Eubel Brady & Suttman  
Richard Holbein, Holbein & Associates  
Martin Johnson, SBK Investments  
Colin Kreidewolf, Govett  
Gene Levy, Cromwell Architects  
Ed Love, AR Administrators Association  
Tom McGarrity, Brinson Partners  
James McGuire, Guest of Betty McGuire  
Noreen McKee, Daruma Asset Management  
Don McLaughlin, Rothschild Asset Management  
Keith Mitchell, Govett  
Jan Meyer, Flake & Kelley Management  
Evelyn Nelson, Retiree  
Jack Pulliam, ATRS Staff  
Sheridan Riley, Scudder Kemper Investments  
Brandon Rogers, Flake & Kelley Management  
Larry Schloss, - DLJ Merchant Banking Partners  
David Spaulding, Cypress Group  
Robert Suttman, Eubel Brady & Suttman  
Kent Taylor, Cromwell Architects  
Jerry Thimme, Scudder Kemper Investments  
Leonard Venable, Office of the State Treasurer  
Steve Wilde, Brinson Partners  
Jeff Yates, Flake & Kelley Management

**I. Roll Call**

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

**II. Adoption of Agenda**

Mrs. McGuire made a motion to adopt the agenda as amended. The motion carried.

**III. Minutes of February 7-8, 2000**

Mrs. Coleman made a motion to approve the minutes of February 7-8, 2000 as presented. The motion carried.

**IV. Next Regular Meeting Date(s)**

The next regular meeting of the Board is tentatively scheduled for August 14-15, 2000, rather than August 7-8, 2000, as noted on the agenda. The annual board seminar is scheduled for June 25-28, 2000 in Hot Springs.

**V. Asset Allocation Policy Changes**

Mrs. Parsons made a motion to approve the asset allocation policies as presented by Mr. Holbein (See Attachment A). The motion carried.

**VI. Victory Building**

Mr. White made a motion for the system to obtain another projection of the anticipated returns for the Victory Building. The motion was defeated. Mrs. Parsons made a motion to proceed with construction of the Victory Building contingent upon Mr. Shirron obtaining another return projection on the project. The motion carried.

**VII. Olympus Real Estate Fund III (Private Equity)**

Dr. Fair made a motion to place \$100 million with the Olympus Real Estate Fund III. The motion carried.

**VIII. Phoenix Investment Management (Small Cap Value)**

Mr. White made a motion to place \$100 million with Phoenix Investment Management. The motion carried.

**IX. Daruma Asset Management (Small Cap Value)**

Ms. Harbison made a motion to place \$100 million with Daruma Asset Management. The motion carried.

**X. DLJ Merchant Banking Partners III (Private Equity)**

Ms. Harbison made a motion to place \$200 million with DLJ Merchant Banking Partners III. The motion carried.

**XI. Consultant's Report**

Mrs. Coleman made a motion to adopt the Uniform Presentation Formats for Investment Advisors, presented in the Consultant's Presentation dated May 8, 2000. The motion carried. By common consent the board requested the annualized return for each manager since their hire date be included in Mr. Holbein's report. Mr. Holbein indicated figures in the System's investment advisors' performance reports would be based on calendar years. His report will show performance based on fiscal years.

**XII. Investment Program Reports**

- A. Cypress Group - David Spaulding, Jim Stern
- B. Oak Hill Capital Partners - Dan Doctoroff
- C. Eubel Brady & Suttman - Robert Suttman, Bill Hazel
- D. Rothschild Asset Management - Don McLaughlin, Jeff Harding
- E. Govett - Calum Graham, Keith Mitchell, Colin Kreidewolf
- F. Brinson Partners - Steve Wilde, Rich Carr, Tom McGarrity
- G. Kennedy Capital - Dick Sinise, Dick Anderson

- H. Scudder Kemper Investments - Jerry Thimme, Sheridan Riley
- I. Blackstone Mezzanine Partners - Howard Gellis

**In other Business:**

**DLJ Real Estate Fund.** Mr. Wingfield made a motion to authorize Mr. Shirron to appropriate an additional \$25 million to the DLJ Real Estate Fund. The motion carried.

**Rebalancing the ATRS Portfolio.** Mr. Shirron stated he and Mr. Holbein would determine the best method of rebalancing the System's portfolio when extreme gains and/or losses occur, and will present it to the board at the annual seminar in June.

**Govett and Brinson.** By common consent, the board agreed to have Mr. Holbein notify both Govett and Brinson in writing of the board's displeasure with their performance. Mr. Shirron and Mr. Holbein will have a proposal to present to the board for an international manager search.

Dr. Fair made a motion to recess until 8:30 a.m., May 9, 2000. The motion carried and the Board recessed at 6:20 p.m.

\_\_\_\_\_  
Charles Dyer, Chairman

*Bill Shirron*  
\_\_\_\_\_  
Bill A. Shirron, Secretary to the Board

\_\_\_\_\_  
DATE