

**Regular Meeting
Board of Trustees**

August 15, 2000

The Board of Trustees of the Arkansas Teacher Retirement System reconvened on Tuesday, August 15, 2000, at 8:30 a.m. The meeting was held in the ATRS Board Room, 1400 West Third, Little Rock, Arkansas.

Members of the Board Present:

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

Members of the Board Absent:

Jimmie Lou Fisher
Raymond Simon
Gus Wingfield

Staff Present:

Bill Shirron, Executive Director
Gail Blair, Manager, Data Processing
Angelo Coppola, Deputy Director
Dena Dixon, Manager, Membership & Payroll
Wayne Greathouse, Associate Director/Investments
Tammy Medlock, Administrative Assistant
Michael Ray, Manager, Benefits & Counseling
Bernice Smith, Manager, Accounting
George Snyder, Chief Financial Officer

Others Present:

David Boerner, Plunkett Boerner & Associates
Hank Broyles, Broyles Mortgage
Bill Conrad, A.G. Edwards
Darrel Dover, Dover & Dixon, P.A.
Phil Herrington, Herrington, Inc.
Richard Hutchinson, AR Education Association
James McGuire, Guest of Betty McGuire
Evelyn Nelson, Retiree
Don Roberts, AR Retired Teachers Association
Carol Stapleton, Legislative Council
Jeff Stinson, Herrington, Inc.
Leonard Venable, Office of the State Treasurer

XI. Roll Call

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

XII. Adoption of Agenda

Mr. Shirron requested two items be added to the agenda under the Investment Committee Report: A. Hilton Inn, and B. Two Financial Center; and to add Mrs. Harbison's proposal for money manager rotation/board meeting schedule under "New Business", Item A." Dr. Fair made a motion to adopt the agenda as amended. The motion carried.

XIII. Public Comments on Agenda Items

XIV. Investment Committee Report – Wayne Greathouse

A. Hilton Inn (Dallas, Texas)

Mr. White made a motion for the system to participate as a partner in the project for \$4,750,000. The motion carried. Mrs. Hogue voted "No."

B. Two Financial Center (Little Rock)

Dr. Fair made a motion to approve the request for a first mortgage loan as presented for \$8.6 million. The motion carried.

XV. Teacher Retirement System Reports

A. Medical Board Summary Reports – Michael Ray, Manager, Benefits & Counseling

Mrs. McGuire made a motion to adopt the Medical Board Summary reports as presented on page 21-23 of the brochure. The motion carried.

B. Personnel – Dr. Angelo Coppola, Deputy Director

Mrs. Parsons made a motion to adopt the personnel report as presented on page 24 of the brochure. The motion carried.

C. Membership & Payroll – Dena Dixon, Manager, Membership & Payroll

D. Arkansas-Related Investments – Wayne Greathouse, Associate Director-Investments

E. Investment Summaries – Wayne Greathouse, Associate Director-Investments

F. Financial Statements – Bernice Smith, Manager, Accounting

Mrs. Smith distributed copies of the June 30, 2000 balance sheets.

XVI. Old Business

XVII. New Business

A. Money Manager Rotation Schedule

Dr. Fair made a motion to adopt Mrs. Harbison's proposal for money manager rotation and board meeting schedule as amended (Attachment B). The motion carried.

B. Report on Co-Op Video Teleconferences - Angelo Coppola

Dr. Coppola distributed his report on the retirement workshops presented on July 24, 26, and 28. He reported the system has scheduled bookkeeper workshops for September 19 & 21 at each of the co-ops.

C. Board Advisory Oversight of Retirement Village Project - Bill Shirron

Mr. Shirron recommended designating Mr. Fortenberry to attend all meetings related to the retirement village project.

D. Discussion: Board Resolution on Conference Attendance - Bill Shirron

Mr. Fortenberry made a motion that Board members be allowed attend any two of the following meetings: NCTR, SCTR, NEA Forum on Retirement, and NRTA Pension Review, and one educational meeting per year. The motion carried. Mr. Shirron stated this resolution would be presented for 2001.

E. Discussion: Policies & Procedures Committee - Dr. Paul Fair

Mr. Vondran made a motion to adopt Dr. Fair's proposal (page 59-60 of brochure) as amended. The motion did not carry.

XVIII. General Comments

In other business:

Executive Session. Mrs. Harris made a motion that the board convene in executive session. The motion carried.

As there was no further business to consider, Mrs. McGuire made a motion to adjourn. The motion carried and the Board adjourned at 11:30 a.m.

Charles Dyer, Chairman

Bill A. Shirron, Secretary to the Board

DATE

POLICY CHANGES

Stricken language will be deleted from policies; underlined language will be added.

ASSET ALLOCATION POLICY

It shall be the goal of the Teacher Retirement System to maintain the following asset allocation ranges:

<i>Asset Category</i>	<i>Minimum</i>	<i>Target</i>	<i>Maximum</i>
Domestic Equity*	35%	40.0%	60%
International Equity	0%	17.5%	25%
Domestic Fixed Income	10.0%	25.0%	40%
Alternatives**	0%	10%	17%
Timberland	0%	1.5%	3.0%
Arkansas Related	5%	5.0%	10%
Cash Equivalents	0%	1.0%	10%

* The Domestic Equity Asset Category shall be diversified by investment strategy and capitalization ("style"). The portfolio will be rebalanced at the next board meeting.

<i>Equity Style</i>	<i>Minimum</i>	<i>Target</i>	<i>Maximum</i>
Large Cap Growth	10%	12.0%	20%
Large Cap Value	10%	12.0%	20%
Mid Cap Growth	2%	4.0%	6%
Mid Cap Value	2%	4.0%	6%
Small Cap Growth	2%	4.0%	6%
Small Cap Value	2%	4.0%	6%

**In determining the asset allocation for Alternatives, the actual invested amount not the commitments, is applicable; however, the maximum invested amount is the target amount for commitments due to the return of invested assets prior to the full drawdown of commitments and a 5% residual factor.

Proposal #3

- ◆ ~~Alternative investment advisors, mezzanine funds and timberland will attend only the annual seminar.~~
- ◆ Current investment advisors will report to the Board at one (1) bi-monthly board meeting.
- ◆ New investment advisors will report to the Board at two (2) bi-monthly meetings during the first year.
- ◆ All investment advisors will be required to attend the annual Board seminar in June

EXAMPLE:

Nov00	Jan 01	Mar 01	May 01	July 01	Sept 01
<u>New Mgrs</u> Daruma	<u>New Mgrs</u> Phoenix	<u>New Mgrs</u> DLJ Mch Bank	<u>New Mgrs</u> Olympus	<u>New Mgrs</u> Daruma Phoenix	<u>New Mgrs</u> DLJ Olympus
<u>Other</u> Aeltus EBS Alliance	<u>Other</u> Invesco ICC Munder	<u>Other</u> Rothschild Kennedy Oppenheimer	<u>Other</u> Nic/Applegate TCW Scudder	<u>Other</u> Brinson Loomis Vanderbilt	<u>Other</u> Regions Hyperion Govett