

MINUTES

Regular Meeting Board of Trustees

April 8, 2002

The Board of Trustees of the Arkansas Teacher Retirement System met on Monday, April 8, 2002, at 9:00 a.m. The meeting was held in the ATRS Board Room, 1400 West Third Street, Little Rock, Arkansas.

Members of the Board Present:

Linda Parsons, Chair
Charles Vondran, Vice Chair
Winfred Clardy
Hazel Coleman
Charles Dyer
Dr. Paul Fair
Jimmie Lou Fisher
John Fortenberry
Ann Harbison
Mary Harris
Betty McGuire
Louis Midkiff

Members of the Board Absent:

Raymond Simon
Gus Wingfield
Frank White

Members of the Staff Present:

Wayne Greathouse, Interim Executive Director
Michael Ray, Interim Deputy Director
Tammy Medlock, Administrative Assistant

Others Present:

Nicholas Bratt, Zurich Scudder
Wesley Brown, Arkansas News Bureau
Irene Cheng, Zurich Scudder
Steve Cummings, Ennis Knupp + Associates
Mark Egan, Reams Asset Management Company
James Flick, Western Asset Management
William Forsyth, Reams Asset Management Company
Jay Gadberry, Morgan Stanley
Robert Horton, Salomon Smith Barney
Dave Keil, Ennis Knupp + Associates
Laird Landman, Metropolitan West Asset Management
Shirley Matheny, Retiree
James McGuire, Guest of Betty McGuire
David Russell, Ennis Knupp + Associates
Claudia Schloss, Western Asset Management

Others Present (Cont'd):

Chris Scibelli, Metropolitan West Asset Management
Jerry Thimme, Zurich Scudder
Leonard Venable, Office of the State Treasurer
Mike Wickline, Arkansas Democrat-Gazette

I. Roll Call

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

II. Adoption of Agenda

Mrs. Coleman made a motion to adopt the agenda as presented. The motion carried.

III. Minutes of February 11-12, 2002, March 7, 2002, and March 22, 2002

Mr. Vondran made a motion to adopt the Execution, Acknowledgement and Delivery Resolution presented on page 51 of the meeting brochure as amended (*Attachment A*). The motion carried.

Mr. Fortenberry made a motion to amend the February 19, 2002 minutes of the Investment Committee presented on page 33 of the meeting brochure to read, "*Recommends improving Woodland Heights to use in conjunction with the Retirement Village. Ferstl's company could conduct a feasibility study for an estimated \$8,000-\$9,000. Dr. Fair made a motion to allow Mr. Ferstl's company to conduct a feasibility study on expanding the Woodland Heights facility. The motion carried.*" The motion carried.

By common consent, the Board agreed to clarify in the Investment Committee minutes of March 22, 2002, presented on page 47 of the meeting brochure, Item "V. Riley Properties," that the authority given by the Committee to Mr. Ferstl to sign documents, was given subsequently given to Mr. Greathouse in the called board meeting of the same date.

Mr. Fortenberry made a motion to adopt the minutes as amended. The motion carried.

IV. Next Regular Meeting Date – June 12, 2002, The Peabody- Little Rock (Board Seminar)

V. Consultant's Presentations - David Russell, Steve Cummings, Dave Keil – Ennis Knupp + Associates

A. Memo Regarding MetWest Contact with Board (*Attachment B*)

B. Memo RE: Suggested Format (*Attachment C*)

By common consent the board directed Mr. Cummings to include in the reporting format that managers provide a report on trading activities. Mr. Fortenberry made a motion to adopt the manager guidelines and format as amended. The motion carried.

C. Memo RE: Proposed Reclassification of Managers within the Asset Allocation – Specifically Moving the Mezzanine Financing from Fixed Income to Alternatives, and

Distinguishing Diversified Real Estate from Arkansas-Related Investments (*Attachment D*)

By common consent the board agreed to classify Blackstone Mezzanine Partners and DLJ Mezzanine investments as part of the alternative asset class, and that the alternatives asset class should be segmented to identify different strategies.

Mr. Cummings and Mr. Greathouse will identify and define the various segments of the real estate investments, and bring the revised plan back to the Board at the next regular meeting.

D. Ennis Knupp's U.S. Equity Review and Recommendations (*Attachment E*)

VI. Fixed Income Manager Interviews

- A. Metropolitan West Asset Management
- B. Reams Asset Management Company
- C. Western Asset Management

Mr. Vondran made a motion to employ Western Asset Management. The motion carried.

VII. Zurich Scudder Presentation

In other business:

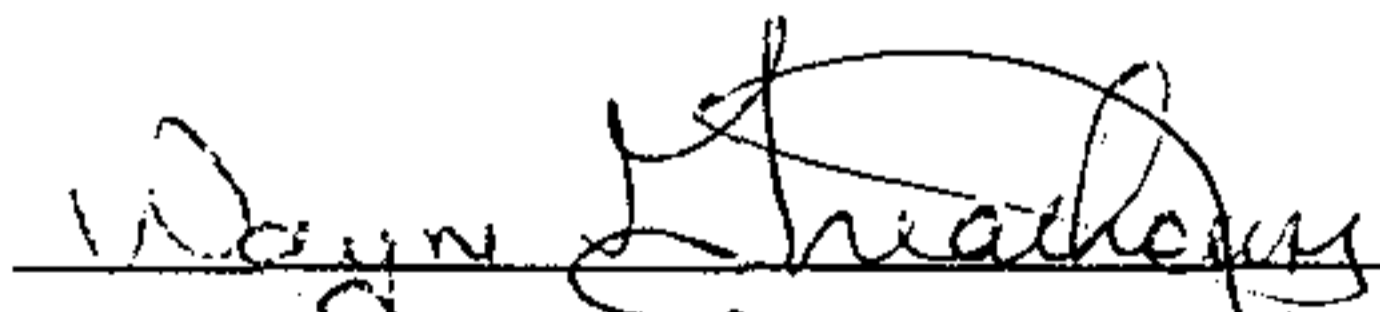
Asset Liability Study. Ennis Knupp deferred discussion on the Asset Liability Study until the June meeting.

Monthly Manager Reports. Mrs. Coleman made a motion to adopt Ennis Knupp's version of the monthly manager reports (*Attachment F*). The motion carried.

The meeting recessed at 6:00 p.m.



Linda Parsons, Chairman



Wayne Greathouse, Interim Executive Director
Secretary to the Board

June 13, 2002

Date