

MINUTES

**Special Called Meeting
BOARD OF TRUSTEES**

January 23, 2003

The Board of Trustees of the Arkansas Teacher Retirement System met on Thursday, January 23, 2003 at 1:00 p.m. The meeting was held in the ATRS Board Room, Arkansas Teacher Retirement Building, 1400 West Third Street, Little Rock, Arkansas.

Members of the Board Present:

Linda Parsons, Chair
Winfred Clardy
Charles Dyer
Dr. Paul Fair
John Fortenberry
Ann Harbison
Mary Harris
Betty McGuire
Raymond Simon
Frank White
Gus Wingfield
Jim Wood

Members of the Board Absent:

Hazel Coleman
Charles Vondran

Members of the Staff Present:

David Malone, Executive Director
Debbie White
Wayne Greathouse
Michael Ray
Gail Blair
Dena Dixson
Bernice Smith

Others Present:

Thelma W. Banks, ARTA
Lloyd W. Black, Pres. ARTA
James W. Bradford, ARTA
Helen Brown, LRRT/ARTA
Louise Cammack, NLRRT/ARTA
Glenda W. Clay, LRRT/ARTA
Louise DiPietro, NLRRT/ARTA
Jerry Hall, No. Pul. RTA
Richard Hutchison, AEA
Acie L. Johnson, ARTA
Bobby G. Lester, Director, ARTA
Ivory Lyons, ARTA
Jim McGuire, Board spouse
Jonnell Mitchell, LRRT/ARTA
D. Don Roberts, ARTA
Edna Shoemaker, LRRT/ARTA
Rita White, ARTA
Mike Wickline, Arkansas Democrat Gazette

I. Roll Call

Ms. Parsons called the meeting to order. The minutes were recorded by Debbie White of the Teacher Retirement staff.

II. Adoption of Agenda

Ms. Parsons announced that agenda items would be considered which the Legislative Committee had recommended sending before the entire board.

III. Act to Change the Employer Contribution Rate of the ATRS-*Attachment 1, pg.3*
Attachment 2

Director Malone presented a proposal to ask for a change in the contribution rate from 12% to 14%. Ann Harbison made the motion to ask for the 14%; John Fortenberry seconded the motion, which was approved.

IV. Tax-Deferred Tuition Savings Program

A motion was made by Winfred Clardy to stand unopposed to a bill deleting ATRS from the Plan Review Committee, which oversees the Tax Deferred Tuition Savings Program. Motion was seconded by Dr. Paul Fair and was approved.

V. Definition of Salary-*Attachment 3*

Director Malone updated the Board that ATRS policy now reflects a change of interpretation of the law and unused sick leave shall be credited up to 110% of the previous year's salary, with four exceptions within the law. No action was needed or taken by the Board.

VI. Board Member Replacement Changes-*Attachment 4*

The bill which has been drafted amending the code of methodology for replacement of ATRS Board Members was presented upon recommendation of the Policy and Legislative Committees. No action was needed or taken by the Board.

VII. Proposed State Government Reorganization Plan

Director Malone provided information on possible shifts in state retirement plans. He advised that ATRS had met with representatives of the other retirement plans and also concluded that the ATRS system will not be detrimentally affected. Ann Harbison made a motion that ATRS recommend that present employees stay in their present system and a window be given for all future employees to be placed according to their agency/department. Betty McGuire seconded the motion, which was approved.

VIII. Update on Bills Introduced by the Legislature

Director Malone gave a report on a proposed bill allowing service credit for unused sick leave and a question about a military base employee purchasing credit in the ATRS. Staff recommends opposition to the bills because of the 30-year limitation of unfunded liabilities. No action was needed or taken.

IX. T-Drop Recommendations-*Attachments 1,5,6*

Recommended legislative and policy changes were reviewed and discussed. Director Malone advised that legal counsel had given their opinion that policy changes could be made within the present law. Actuarial studies, including vesting periods, were briefly revisited. A motion was made by Dr. Paul Fair that authority be granted to the Executive Director to proceed drafting bills and policy changes reflecting recommended changes, which shall be brought to the board at a future meeting for consideration. Second was by John Fortenberry. The motion carried by a majority vote.

X. COLA-*Attachement 7*

The Attorney General has issued an opinion that indicated the 3% COLA would be allowed within the present statute and could be given; however some clarification should be sought from the legislature on the proper construction of the statute in the future. Director Malone indicated the staff needs to go forward in re-structuring the statute for clarity. Charles Dyer made the motion to approve the Director's suggestion, second was by Ann Harbison and the motion carried.

XI. Vesting

Mr. Fortenberry made a motion to include 10-year vesting legislation for future hires, second was by Dr. Paul Fair. The majority voted in oppositon and the motion failed.

XII. General Comments

Director Malone mentioned the deadline of January 31, 2003 to file ethics statements.

XIII. Adjournment


As there was no other business to attend to, Mr. Clardy moved the meeting be adjourned at 2:30 pm.



Debbie White, Project Analyst



David R. Malone, Executive Director



Linda Parson, Chairman
2-10-03

Date