

Minutes

Arkansas Teacher Retirement System Board of Trustees Special Called Meeting

August 25, 2003

The Board of Trustees of the Arkansas Teacher Retirement System held a special called meeting on Monday, August 25, 2003 at 4:00 p.m. The meeting was conducted by dial-in telephone conference, which was recorded by AT & T Special Call Services. The Executive Director, Mr. David Malone, served as host during the call.

Members of the Board Who Participated:

Linda Parsons, Chair
John Fortenberry, Vice-Chair
Monty Betts
Winfred Clardy
Hazel Coleman
Charles Dyer
Dr. Paul Fair
Ann Harbison
Betty McGuire
Robin Nichols
Ellen Terry
Gus Wingfield

Staff Who Participated:

David R. Malone, Executive Director
Julie Cabe, Deputy Director
Debbie White
Wayne Greathouse
Hugh Roberts
George Snyder

Members of the Board Who Did Not Participate:

Bunny Adcock
Ray Simon
Jim Wood

I. Roll Call

Linda Parsons asked the host, Mr. Malone, to call the roll. With 12 (twelve) board members participating, a quorum was declared and the meeting called to order. Debbie White of the ATRS staff recorded the Minutes.

- II. Ms. Parsons asked the Executive Director to review the status of the counter offer for the Parking Lot near the Arkla Building. He stated that ATRS had received a counter offer from the seller for \$665,000 plus interest, with a five (5) year period of payment, not three (3) as the Director's memo (*Attachment 1 of these Minutes*) previously stated. There was some discussion regarding the buyer and seller's cost at closing for the title insurance. Betty McGuire made a motion to approve the purchase as stipulated in the most recent offer. (*Attachment 2 of these Minutes*). Hazel Coleman seconded the motion, which was unanimously approved with twelve (12) votes.

A brief discussion followed, with a request that Tom Ferstl issue a statement that it was his recommendation that no appraisal was necessary for the parking lot property prior to acceptance of the offer, due to the nature of the real estate/parking situation in that area of town.

III. Woodland Hills Nursing Center

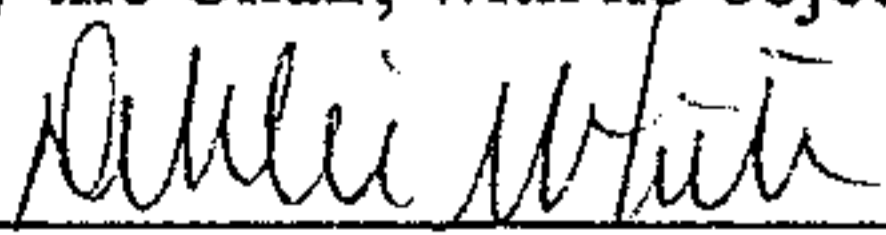
The Executive Director advised that the management agreement with Allen Kilgore should be terminated because of ATRS's unhappiness with Mr. Kilgore. Dr. Fair made a motion to authorize the Executive Director to terminate the management contract with Allen Kilgore for the Woodland Hills Nursing Center. Ann Harbison seconded the motion, which was unanimously approved.

With the termination of the Kilgore management contract approved, the Executive Director recommended that Joey Wiggins, who was recently hired to manage the North property, be contracted with to also manage Woodland Hills (South). Charles Dyer moved to grant the Executive Director the authority to execute a contract with Joey Wiggins for the management of Woodland Hills. Ellen Terry seconded the motion, which was unanimously approved.

Following a recommendation from the Executive Director, a motion was made by Winfred Clardy to authorize the Executive Director to contract with John Gill for legal representation in Kilgore/Nursing Home matters. Charles Dyer seconded the motion, which was unanimously approved.

IV. Adjournment

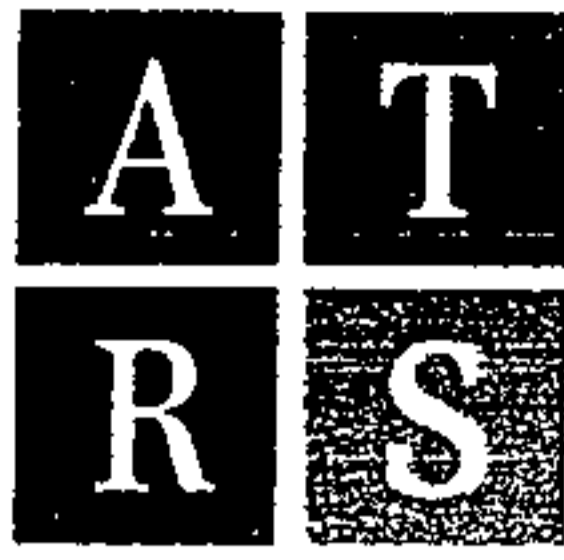
With no other business to be addressed, the meeting was declared adjourned by the Chair, with no objection, and the call ended.


Debbie White, Project Analyst


Linda Parsons, Chair


David R. Malone, Executive Director

10-6-03
Date of Approval



Arkansas
Teacher
Retirement
System

David R. Malone, Executive Director
1400 West Third, Little Rock, AR 72201
Phone (501) 682-1827 or (800) 666-2877
Fax (501) 371-2161
david.malone@atrs.state.ar.us

TO: Members of the Board

FROM: David R. Malone *DRM*
Executive Director

DATE: August 22, 2003

We need to have a brief telephone meeting of the Board to deal with business that is moving very quickly. The Chair has agreed to call such a meeting at 4:00p.m. on Monday, August 25, 2003. Deb will get the phone numbers to you.

We need to discuss and vote on:

1) A counter to our counteroffer to purchase the parking lot near the ARKLA building ATRS owns was received today. We have until Tuesday at 5:00p.m. for a response to the owner's offer of \$665,000.00 payable over three years. I have attached the counteroffer. The Board had a rather full discussion of this issue at the last regular meeting, and the investment committee discussed it further in a meeting on August 11th, when we offered \$640,000.00. Tom Ferstl has gone back and forth with the owner to try to reach an agreed upon price. You will recall they began at a flat \$750,000.00. Tom and I believe the latest offer of \$665,000.00 is the best we are going to be able to negotiate. We recommend it to you. I have attached a plat so you can see the location of the proposed purchase.

2) We need to take several actions with regard to the South nursing home:

(a) We need to give Kilgore notice of termination of the management agreement on the South nursing home. I indicated earlier that this may become necessary and the time has now come. I do not think Board action is needed on this matter, but I am trying to keep you informed as we go along, and to do so before you read about it in the newspapers.

(b) We need to authorize a contract with Joey Wiggans' company to manage the South nursing home on essentially the same terms as the North nursing home. Under Board policy we need your authority to enter into a contract.

(c) Our negotiations with Mr. Kilgore have been tedious, and Mr. Kilgore has indicated he may sue ATRS. We need to have the authority to employ an attorney to represent us if he does so. I recommend we hire John Gill since he knows the background of the nursing homes and he would have a shorter learning curve on the essential facts. Under Board policy we need your authority to enter into a contract if it becomes necessary.

GREEN = lots we already own

YELLOW = ARK-LA BUILDING

BLUE = Lot we need to purchase

PINK = land we can pick up by closing alley



attach. 2

SRB

Seller's Counter to the Real Estate Contract

Page 1 of 2
Form Serial # 20008



Copyright 2003
Arkansas REALTORS Association

counter offer
 The Real Estate Contract (Form Serial Number 20009 with buyer's counter typed at bottom of counter)
 dated (Month) August (Day) 18th (Year) 2003
 between the Buyer, ARKANSAS Teacher Retirement
 and the Seller, Leonard White Jr, Trust
 covering the real property known as 4th & Rock St. Parking Lot, Little Rock, AR
 (the "Property"), is not accepted in its present form; therefore, the following counter offer is hereby submitted:
This is a counter to the buyers counter of August 18, 2003
at 1:55 P.M. The buyer will pay \$665,000 for the
property, payable as follows: \$133,000.00 at closing and
\$133,000.00 per year on August 1st in 2004, 2005, 2006
and 2007, plus simple interest on the unpaid balance
annually at the rate of 5% per annum. Buyer to pay
for cost of title insurance. Buyer to pay all buyer + seller
closing costs. All other terms in the initial offer made by
buyer dated August 8, 2003 shall remain exactly as set
forth therein.

OTHER TERMS: All other terms as provided in the initial Real Estate Contract are incorporated herein by reference and shall remain exactly as set forth therein, solely except those amended above.

RIGHT TO ACCEPT OTHER OFFERS: Seller reserves the right to accept any other offer prior to actual receipt by Listing Agent Firm of an executed and accepted copy of this Seller's Counter to the Real Estate Contract.

EXPIRATION OF COUNTER: This counter offer expires if not accepted on or before
 (Month) August (Day) 26th (Year) 2003 at 5:00 (am) (pm)

SIGNATURES APPEAR ON PAGE 2 OF 2