

Minutes

Called Meeting Arkansas Teacher Retirement System Board of Trustees

February 1, 2001

The Arkansas Teacher Retirement System Board of Trustees met in a called meeting on Thursday, February 1, 2001, at 9:00 a.m. The meeting was held in Room 300, Arkansas Teacher Retirement Building, 1400 West Third, Little Rock, Arkansas.

Members of the Board Present:

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

Members of the Board Absent:

Charles Dyer
Jimmie Lou Fisher
Lynda Hogue
Ray Simon

Members of the 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
Jack Pulliam, Pre-Retirement Education
Michael Ray, Manager, Benefits & Counseling
Bernice Smith, Manager, Accounting
George Snyder, Chief Fiscal Officer
Barbara Waldrop, Manager, Pre-Retirement Education

Others Present:

Joe Black, Arkansas Retired Teachers Association
Dr. Bobbie Davis, Department of Education
Richard Hutchinson, Arkansas Education Association
James McGuire, Guest of Betty McGuire
Jonelle Mitchell, Arkansas Retired Teachers Association
Dr. Don Roberts, Arkansas Retired Teachers Association
Leonard Venable, Office of the State Treasurer

I. Roll Call

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

II. Review of Legislation - Bill Shirron, Executive Director

Mr. Shirron provided the Board with cost analyses of various retirement bills for consideration. (Attachment A)

HB 1052. *Requires employer contributions under T-DROP to continue to be paid to the member's DROP account or the member as salary supplement.* Mr. Clardy made a motion that the Board oppose HB 1052. The motion carried.

HB 1078. *Authorizes non-teaching school district employees who are PERS members to have serve after July 1, 2001 covered under ATRS.* Mrs. Coleman made a motion to amend HB 1078 to provide that these members vest in ATRS before becoming eligible for the death benefit and health insurance subsidy. The motion carried.

HB 1077. *Increases the amount of private school service that can be purchased in ATRS from 10 to 15 years.* Mr. Clardy made a motion that the Board oppose HB 1077. The motion carried.

HB 1272. *Repeals earnings limits for employees who terminate at least 30 days.* Mrs. Coleman made a motion that the Board oppose HB 1272. The motion carried.

HB 1312. *To establish service credit in ATRS for unused sick leave.* Dr. Fair made a motion that the Board oppose HB 1312. The motion carried.

HB 1318. *Creates the Arkansas Consolidated Public Retirement Commission and abolishes the various Boards of Trustees of the various public retirement systems.* Mr. Shirron reported the bill was withdrawn on January 30.

HB 1345. *Authorizes the public retirement with DROP plans to allow employees to make contributions to DROP accounts.* No action was taken by the Board on HB 1345.

SB 25. *Provides members of ATRS with free service credit for National Guard Service.* Dr. Fair made a motion that the Board oppose SB 25. The motion carried.

SB 16. *Prohibits state supported retirement system from purchasing real property as an investment and for other purposes.* No action was taken by the board. Mr. Shirron stated at the January 16, 2001 regular meeting of the board that he would oppose SB 16, and no action was taken by the board at that time.

SB 30. *Allows public retirees to participate in State Employees' health insurance if they were previously covered under a spouse's or dependent's health insurance.* Mr. Fortenberry made a motion that the board endorse SB 30. The motion carried.

SB 214. *Allows teachers and administrative officers of state supported colleges and universities may choose between participation in ATRS or in an alternate retirement plan.* Mr. Shirron stated the actuary reports there is no effect on ATRS; however it could be interpreted to expand the number of people who have a choice. Mr. Shirron

stated he would amend SB 214 to clarify who could choose. No action was taken by the Board.

SB 167. *Increase lump sum death benefits for active and retired members.* Mr. Shirron recommended the board lower the amount of the death benefit from \$25,000 to \$15,000 for contributory members, and \$10,000 for non-contributory members. In addition he recommended ATRS withdraw SB 195 (increases cost-of-living-adjustment from 3% to 4%) in order for the retirement committee to approve SB 171 (\$200 additional monthly benefit), which he said, would help more people. Mr. Vondran made a motion to accept Mr. Shirron's recommendation as presented and the motion carried.

SB 170. *Defines "normal retirement age" and amends ATRS laws regarding termination and normal retirement age.* This bill was previously approved by the Board in the legislative package presented November 16, 2001.

SB 172. *Eliminates the earnings limits for retirees who return to employment more than one year after the effective date of retirement.* Mr. Fortenberry made a motion that the Board oppose SB 172. The motion carried.

SB 194. *Allows retirants of ATRS to become an active member in order to participate in T-DROP.* Mrs. Harris made a motion that the Board support SB 194. The motion did not carry with a vote of 6-5. Mr. Vondran made a motion that the board support SB 194. The motion did not carry with a vote of 7-4.

SB 209. *Allows member trustees of the ATRS Board to continue to serve after reaching normal retirement age.* This bill was previously approved by the Board in the legislative package presented November 16, 2001.

In other business

HB 1481. *The Arkansas Prepaid Tuition Program Act of 2001.* Dr. Fair made a motion that the Board oppose HB 1481. The motion carried.

Expanding T-DROP Provisions. Mr. Shirron recommended the board consider expanding T-DROP eligibility provisions by providing an unreduced benefit at age 60 with 5 years of service. Mrs. Coleman made a motion that the board request an actuarial cost study for this proposal. The motion carried.

Service Reinstatement of Refunded Contributory Members. Mr. Shirron stated that this will not be introduced this session, but that there is increasing interest in it. He stated the actuary has indicated the proposal would increase costs (See page 11 of Attachment A). No action was taken by the Board.

Investment Committee and Agenda Committee meeting dates (Attachment B). Mr. Shirron recommended the Investment Committee meet the third Tuesday of each month and that the Agenda Committee meet before the Investment Committee every other month. Wingfield made adopt Mr. Shirron's recommendation. The motion carried.

Mr. Shirron stated the first ATRS Policies Committee meeting was scheduled to meet that afternoon, Thursday, February 1, at 12:15 p.m.

As there was no further business to consider, Dr. Fair made a motion to adjourn. The motion carried and the meeting adjourned at 11:10 a.m.

Linda Parsons
Linda Parsons, Chair

Bill A Shirron
Bill Shirron, Secretary to the Board

3-12-01
Date



GABRIEL, ROEDER, SMITH & COMPANY
Consultants & Actuaries

1000 Town Center • Suite 1000 • Southfield, Michigan 48075 • 248-799-9000 • 800-521-0498 • fax 248-799-9020

January 31, 2001

Mr. Bill Shirron
Executive Director
Arkansas Teacher Retirement System
1400 West Third
Little Rock, Arkansas 72201

Re: House Bill 1052 Related to Contributions During T-DROP

Dear Mr. Shirron:

Arkansas code section 24-7-1303 states that upon participation in T-Drop, both member and employer contributions cease.


House Bill 1052 provides that employer contributions shall continue to be paid to individuals who are in T-DROP and that such contributions shall either be paid to the member as salary, or paid into the member's T-DROP account. The member would select on a year-by-year basis whether to receive the amounts as salary or to cause them to be credited to the T-DROP account.

There are potential income tax consequences related to the individual having an annual choice of receiving the monies in cash or of deferring receipt. We suggest that legal counsel be asked to comment on this matter.

Since ATRS is currently not receiving employer contributions on behalf of people in T-DROP, the employers would have to provide funding for this benefit. In the first year, the required funding amount would be roughly \$11,000,000 (12% of the estimated pay of people in T-DROP as of 6/30/2000). Some of this amount would be paid to members as salary. The remainder would be paid into T-DROP. The split between the two is unknowable. In future years, the required funding amount would depend on the number of people in T-DROP and on their pays. It cannot be absorbed into the present contribution to ATRS.

This bill would have roughly the same financial effect on individuals, and the same cost to the employers, as a prior bill that lowered the T-DROP reduction to 0.3% for all years of contributory service. The latter would be easier to administer.

Sincerely,


Brian B. Murphy

JAK:lr
Enclosures

CC: Norman L. Jones
Judith A. Kermans



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1000 Town Center • Suite 1000 • Southfield, Michigan 48075 • 248-799-9000 • 800-521-0498 • fax 248-799-9020
January 31, 2001

Mr. Bill Shirron
Executive Director
Arkansas Teacher Retirement System
1400 West Third
Little Rock, Arkansas 72201

Re: House Bill 1078-Non-Teaching School Employees Covered Under APERS

Dear Mr. Shirron:

This Bill provides that those non-teaching school employees who are currently covered by APERS may elect to transfer from APERS into ATRS. The bill establishes transfer dates and provides that the individuals shall receive service credit under ATRS only for that service rendered after the date of transfer into ATRS.

In addition to the basic % multiplier applied to final average compensation and service, ATRS also provides a non-proportional \$75 per month benefit to its retirees that is designed to offset the cost of retiree health insurance.

As written, the bill could be interpreted to permit immediate retirement from the ATRS following the transfer of membership into ATRS. Although such individuals would receive only a very small retirement benefit from ATRS, most of them would qualify for the \$75 per month subsidy, generating a windfall for the individual and an extra cost to ATRS. In order to reduce the cost effect on ATRS, I would suggest that the Bill be amended such that either i.) the individual be required to meet the conditions for retirement under ATRS based upon service credited following the transfer into ATRS, or ii.) a monthly financial transfer from APERS to ATRS in the amount of the \$75 per month health subsidy be made. A similar (but opposite) transfer from ATRS to APERS is currently in effect for those individuals who retired from APERS under Act 808 of 1987.

Please let us know if additional financial analysis of this bill is needed.

Sincerely,

Brian B. Murphy

JAK:lr
Enclosures

CC: Norman L. Jones
Judith A. Kernans



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January 31, 2001

Mr. Bill Shirron
Executive Director
Arkansas Teacher Retirement System
1400 West Third
Little Rock, Arkansas 72201

Re: House Bill 1077 related to Private School Service

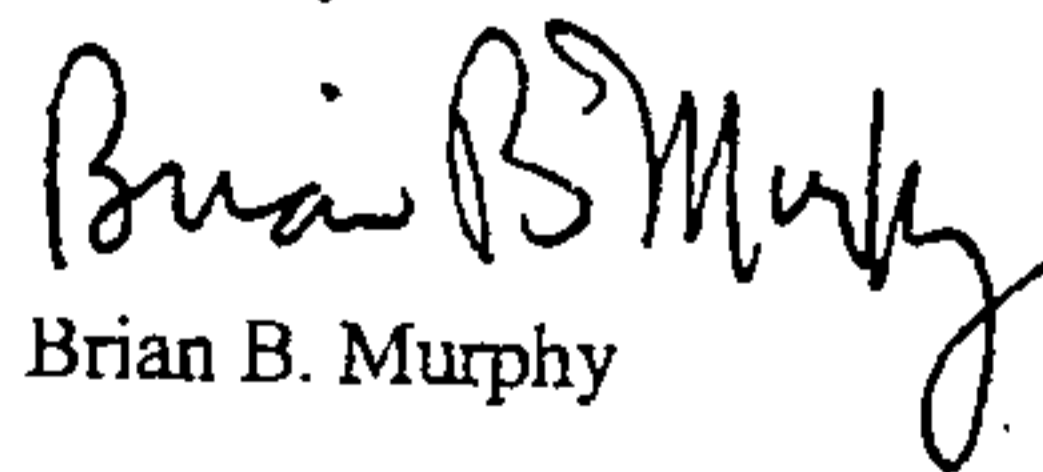
Dear Mr. Shirron:

Arkansas Code Section 24-7-607 provides that under certain conditions, individuals may purchase up to 10 years of private school service.

House Bill 1077 increases the number of years of Private School service that may be purchased from the previous 10 years to 15 years.

The cost of this provision depends upon future utilization, currently estimated to be light. For purposes of legislative planning, we assign a cost of 0.02% of payroll to this Bill. It will not raise the amortization period above 30 years.

Sincerely,


Brian B. Murphy

JAK:lr
Enclosures

CC: Norman L. Jones
Judith A. Kermans



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January 31, 2001

Mr. Bill Shirron
Executive Director
Arkansas Teacher Retirement System
1400 West Third
Little Rock, Arkansas 72201

Re: House Bill 1272 Related to Working After Retirement

Dear Mr. Shirron:

House Bill 1272 amends section 24-7-502 to allow members of ATRS to retire and to return to work within 30 days. These members would not be allowed to accrue additional service and would not contribute to the System. It also repeals Arkansas Code Section 24-7-708 related to the earnings limitation for individuals who return to work following retirement.

Therefore, HB 1272 provides that virtually anyone eligible for retirement, including early retirees, can work and draw benefits at the same time. This represents a change in the benefit objective of the System, which is a policy matter. Retirement benefits would now essentially be used to enhance an individual's working salary. I advise the ATRS Board to consider the consequences of such a change.

Incorporation of such a provision into the Arkansas law would necessarily add to the cost of providing benefits under the Arkansas Teacher Retirement System. Benefits that would formerly have been not paid in the first place, or that were subject to the earnings limitation, or subject to the T-DROP reduction would now be paid in full, immediately.

House Bill 1272 could not be financed within 30 years with the present 12% of payroll contribution rate.

As an aside, if the bill becomes law, people may find themselves in a higher federal income tax bracket due to receiving both retirement benefits and working pay at the same time. From an income tax standpoint, it would be more efficient to lower the T-DROP reduction rather than to permit people to work and draw benefits at the same time.

Sincerely,


Brian B. Murphy

JAK:lr

Enclosures

CC: Norman L. Jones
Judith A. Kermans



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January 31, 2001

Mr. Bill Shirron
Executive Director
Arkansas Teacher Retirement System
1400 West Third
Little Rock, Arkansas 72201

Re: House Bill 1312 Related to Unused Sick Leave

Dear Mr. Shirron:

House Bill 1312 adds section 24-7-610 which provides that up to one year of service credit can be granted for unused sick leave. The bill provides the ATRS Board some latitude in administering the provision.

The financial effect of this provision depends upon the manner in which the Board administers the provision. If it has the effect of increasing service credit at retirement by 6 months on average, the cost of the Bill would be 0.7% of payroll, an amount that would cause the amortization period to exceed 30 years. Even half that amount, however, would not fit within 30 years.

Granting retirement service credit for unused sick leave is often seen as a way of rewarding employees who do not take sick time. Whether or not this should be done through the retirement system is a policy matter and not an actuarial matter. However, as written, the bill provides that unused sick leave would be used to determine eligibility for retirement. This provision could be difficult to administer (because the retirement eligibility date would be a moving target), and is inconsistent with other initiatives that are being made at this time to encourage teachers to stay in service. I advise that the bill be rewritten to consider unused sick leave for determining benefit amount only, and not for determining benefit eligibility. I also recommend that the unused sick leave credits not be applied until the time of actual retirement, as opposed to allowing an individual to elect T-DROP and have the unused sick leave affect the T-DROP amount prior to retirement.

Sincerely,

Brian B. Murphy

JAK:lr
Enclosures

CC: Norman L. Jones
Judith A. Kermans



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January 31, 2001

Mr. Bill Shirron
Executive Director
Arkansas Teacher Retirement System
1400 West Third
Little Rock, Arkansas 72201

Re: House Bill 1345 Related to Contributions during T-DROP

Dear Mr. Shirron:

House Bill 1345 provides that ATRS may permit individuals to make voluntary additional contributions to their T-DROP accounts.

Since the contributions are voluntary and come from the employee, there is no direct cost to ATRS in providing this benefit. (There may be indirect costs related to administration.)

However, our understanding of federal income tax law suggests that these contributions will have to be made with after tax monies. (We are aware of one plan, however, that has obtained permission to treat voluntary contributions as 414(h) contributions.) Also, there may be an effect on the individual's 403(b) account. We suggest that legal counsel review these matters before the Bill becomes law.

Sincerely,

Brian B. Murphy
Brian B. Murphy

JAK:lr
Enclosures

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January 31, 2001

Mr. Bill Shirron
Executive Director
Arkansas Teacher Retirement System
1400 West Third
Little Rock, Arkansas 72201

Re: Senate Bill 25 Related to National Guard Service

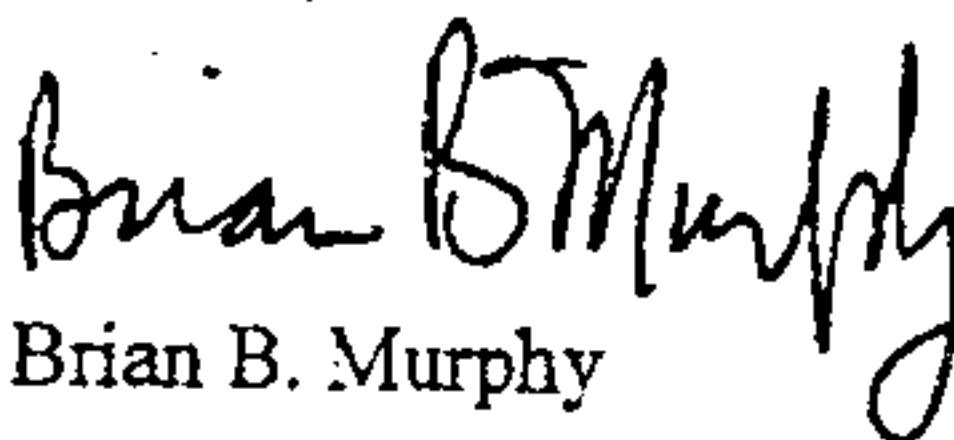
Dear Mr. Shirron:

Senate Bill 25 amends Arkansas Code Title 24, Chapter 7, Subchapter 6 to provide that under certain circumstances an individual may receive free credit for up to 3 years of National Guard Service and that under certain conditions, individuals may purchase up to 5 years of service in the U.S. military.

SB 25 provides further that members shall receive one year of service credit for every 5 years of service with the Arkansas National Guard, and that no service credit can be provided if the service is credited under any other retirement plan (presumably including ATRS).

The cost of this provision depends upon future utilization, currently estimated to be light. For purposes of legislative planning, we assign a cost of 0.03% of payroll to this Bill. It will not raise the amortization period above 30 years.

Sincerely,


Brian B. Murphy

JAK:lr
Enclosures

CC: Norman L. Jones
Judith A. Kermans



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January 31, 2001

Mr. Bill Shirron
Executive Director
Arkansas Teacher Retirement System
1400 West Third
Little Rock, Arkansas 72201

Re: Senate Bill 172 Related to Earnings Limitation

Dear Mr. Shirron:

Arkansas Code Section 24-7-708 provides that if a retirant returns to work in a position covered by ATRS, then the person's system annuity is subject to an earnings limitation. The earnings limitation is twice the limitation imposed by the Social Security retirement test (\$10,680 in 2001). The Social Security earnings limitation no longer applies after normal retirement age (currently age 65). The same section also provides conditions under which the limitation can be waived.

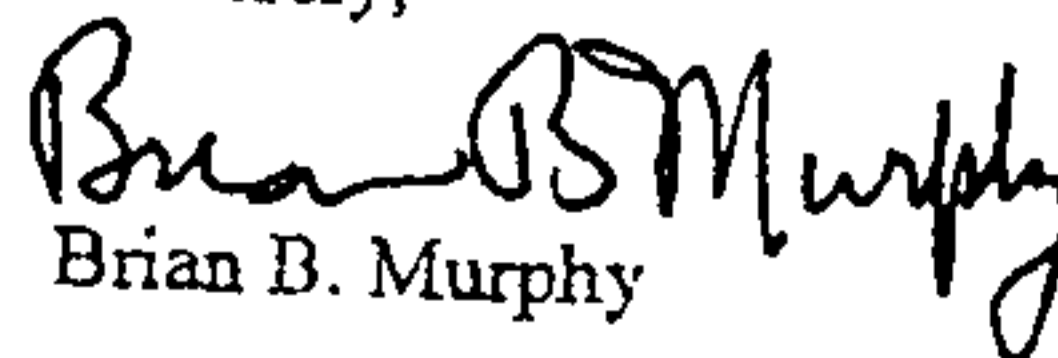
Senate Bill 172 amcnds Section 24-7-708 to provide the following:

1. Removes the limitation for everyone who is 65 or older.
2. Removes the earnings limitation for any retiree who returns to work in a *full time* position after having been retired at least one year.
3. Removes the earnings limitation for any retiree who has been retired 3 years or more, regardless of whether the reemployment is full time or part time.

This bill greatly expands the potential number of people who would be allowed to work and draw a retirement benefit at the same time. For example, a person could retire, teach part time for a year, and then return to full time teaching in the second year and draw full retirement and full pay at the same time. This represents a change in the benefit objective of the System, which is a policy matter. Retirement benefits would now essentially be used to enhance an individual's working salary. I advise the ATRS Board to consider the consequences of such a change.

The cost of this proposal depends directly on utilization, which is unknowable. If 500 additional Teachers returned to work under these provisions the cost to ATRS would be on the order of \$3,500,000 annually, which would be about 0.25% of total payroll. Such a change would not fit within the present financing program of ATRS.

Sincerely,


Brian B. Murphy

JAK:lr
Enclosures

CC: Norman L. Jones
Judith A. Kermans



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January 31, 2001

Mr. Bill Shirron
Executive Director
Arkansas Teacher Retirement System
1400 West Third
Little Rock, Arkansas 72201

Re: Senate Bill 194 Related to TDROP for Retirees

Dear Mr. Shirron:


Senate Bill 194 amends Arkansas Code Section 24-7-717 to provide that:

- 1) A retirant may rescind the decision to terminate active membership, and may become an active member upon reemployment for purposes of TDROP eligibility. This implies that retirement benefits would be suspended.
- 2) Upon meeting the eligibility conditions for TDROP, the re-employed retiree may participate in TDROP.
- 3) If reemployment terminates prior to the end of the fiscal year in which the reemployed retiree has worked 3 years,
 - i) Payment of the suspended annuity resumes.
 - ii) Member contributions that may have been made during reemployment are returned to the member.
 - iii) Accumulated funds in the TDROP account are forfeited.
- 4) If reemployment terminates subsequent to the end of the fiscal year in which the reemployed retiree has worked three years, the former member shall again become a retired member and shall receive an annuity along with any accumulated funds in the TDROP account.

This bill increases the number of people who may participate in TDROP. However, in so doing, the affected individuals' retirement benefits will be at least temporarily suspended and will be reduced during the period of TDROP participation. We estimate that this legislation will have a very minimal cost impact on ATRS and that it will fit within a 30-year amortization period.

Separately, we recommend that the legislation be clarified so that it specifies how the annuity payable in 4) above is calculated. For example, what final average earnings, and what service credit would be used?

Sincerely,


Brian B. Murphy

JAK:lr
Enclosures

CC: Norman L. Jones
Judith A. Kermans



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January 31, 2001

Mr. Bill Shirron
Executive Director
Arkansas Teacher Retirement System
1400 West Third
Little Rock, Arkansas 72201

Re: Senate Bill 214 Related to Alternate Retirement Plan for State Colleges

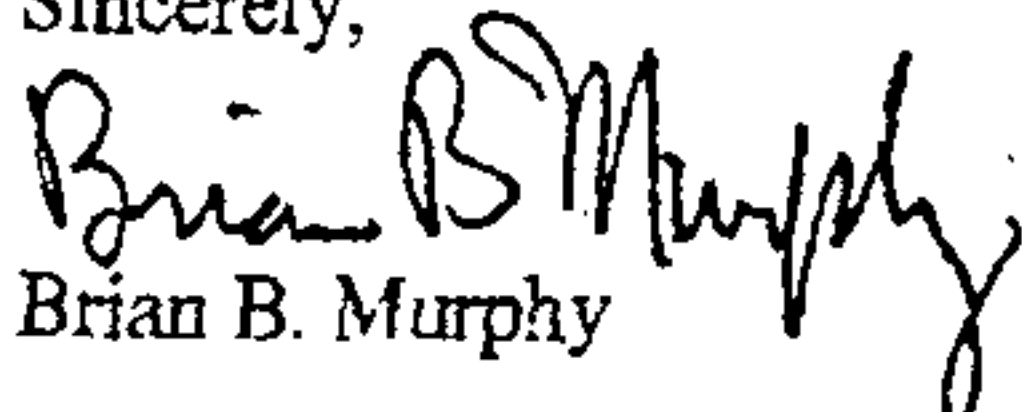
Dear Mr. Shirron:

Arkansas Code Section 24-7-801 currently provides that teachers and administrative officers of state supported colleges and universities may choose between participation in ATRS or in an Alternate Retirement Plan. PERS covers other employees of colleges and universities. Senate Bill 214 provides that employees covered by PERS may choose between PERS and an "Alternate Retirement Plan". It further amends Code Section 24-7-808 to allow for a phase in of member contributions to the Alternate Plan to the full 6% over a four-year period.

Based upon the above interpretation, we find that the bill has no effect on ATRS.

However, the above is not the only possible interpretation of the bill. Should the bill be interpreted to expand the number of people who can choose between ATRS and an Alternate Plan, then the Bill would have a negative impact on ATRS. This impact would be difficult to quantify without additional information. ATRS would not receive contributions for individuals opting out of ATRS, a part of which is used to fund liabilities. Depending on the number of people affected, adopting the bill could cause the financing period to exceed 30 years.

Sincerely,


Brian B. Murphy

JAK:lr
Enclosures

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Judith A. Kermans



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January 31, 2001

Mr. Bill Shirron
Executive Director
Arkansas Teacher Retirement System
1400 West Third
Little Rock, Arkansas 72201

Re: Service Reinstatement of Refunded Contributory Members

Dear Mr. Shirron:

Presently, when a non-contributory member terminates employment and subsequently returns to work, his or her service credit can be reinstated as non-contributory service without any type of "repayment" being required. However, in the case of a contributory member who terminates employment, and withdraws contributions, the member must repay those contributions in order to have the service credit reinstated.

You have asked for comments on the effect of allowing former contributory members to have service reinstated as non-contributory if they do not wish to make the necessary repayment.

It is difficult to judge whether or not this is a major cost issue. Adopting this change could lead to the re-computation of some retirement benefits currently in payment status. Essentially, it would provide a back door approach for contributory members to withdraw money from the system at will. In addition, it may be followed by requests for conversion of non-contributory service to contributory service.

The proposal would clearly increase costs. If a more complete study is needed, please let me know.

Sincerely,

Brian B. Murphy

JAK:lr
Enclosures

CC: Norman L. Jones
Judith A. Kermans

**Board of Trustee and Committees
Meeting Dates
2001**

Board of Trustees Regular Meeting Schedule

<u>Meeting Date</u>	<u>Agenda Committee Meeting Date</u>
Mar 12-13	Feb 20
May 14-15	Apr 17
Jul 9-10	Jun 19
Sep 10-11	Aug 21
Nov 5-6	Oct 16
Jan 14-15	Dec 18

- First day of board meeting tentatively begins at 1:00 pm; second day begins at 8:30 a.m.

Investment Committee Meeting Schedule

<u>Meeting Date</u>	<u>Deadline for Agenda Items</u>	<u>Other Meetings Scheduled</u>
Feb 20	Feb 9	Agenda & Policies Committee
Mar 20	Mar 9	Policies Committee
Apr 17	Apr 6	Agenda & Policies Committee
May 22	May 11	Policies Committee
Jun 19	Jun 8	Agenda & Policies Committee
Jul 17	Jul 6	Policies Committee
Aug 21	Aug 10	Agenda & Policies Committee
Sep 18	Sep 7	Policies Committee
Oct 16	Oct 5	Agenda & Policies Committee
Nov 20	Nov 9	Policies Committee
Dec 18	Dec 7	Agenda & Policies Committee

- Investment Committee tentatively meets at 9:00 a.m., Room 300, ATRS Building
- Agenda Committee meets at 8:30 a.m.
- Policies Committee meets following Investment Committee

Note: All meetings held in Room 300, ATRS Building

MINUTES

Regular Meeting Board of Trustees

March 12, 2001

The Board of Trustees of the Arkansas Teacher Retirement System met on Monday, March 12, 2001, at 1:15 p.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
Linda Hogue
Betty McGuire
Gus Wingfield

Members of the Board Absent:

Mary Harris
Raymond Simon
Frank White

Members of the Staff Present:

Bill Shirron, Executive Director
Angelo Coppola, Deputy Director
Tammy Medlock, Administrative Assistant
Hugh Roberts, Retirement Fund Investment Supervisor
George Snyder, Chief Fiscal Officer

Others Present:

Dick Anderson, Kennedy Capital
Scott Coopriker, Holbein & Associates
Jay Gadberry, Morgan Keegan
Deirdre Guice, Oppenheimer Capital
Jeff Harding, Rothschild Asset Management
Richard Holbein, Holbein & Associates
James McGuire, Guest of Betty McGuire
Don McLaughlin, Rothschild Asset Management

Others Present (Continued):

Richard Sinise, Kennedy Capital
Leonard Venable, Office of the State Treasurer
James Webb, Wachovia Timberland Investment Management

I. Roll Call

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

II. Adoption of Agenda

Mr. Vondran made a motion to adopt the agenda as presented. The motion carried.

III. Minutes of January 15-16, 2001 and February 1, 2001

Mrs. Fisher made motion to adopt the minutes as presented. The motion carried.

IV. Next Regular Meeting Date(s)

The next regular meeting of the Board was tentatively scheduled for May 14-15, 2001.

V. Discussion with Consultant

Mr. Vondran distributed a document with Mr. Holbein's answers to board members' questions before the discussion.

VI. Consultant's Report – Richard Holbein, Scott Coopriider

Mr. Holbein reviewed the investment performance summary as of December 31, 2000. He stated the system's fixed income allocation would do well if the market continues as it has through February.

VII. Investment Program Reports

- A. Rothschild Asset Management – Don McLaughlin, Jeff Harding
- B. Kennedy Capital – Richard Sinise, Dick Anderson
- C. Oppenheimer – Deirdre Guice
- D. Wachovia Timberland – James Webb
- E. Westbrook Partners – Bill Walton, Paul Kaziliones, Joe Russo, Rachel Brannon

In other Business:

NCTR Trustee Workshop. Mr. Shirron reported NCTR is sponsoring a workshop for trustees, July 28-31, 2001, in Portland, Oregon. Board members who want to attend should contact Tammy for a registration form. Registrations should be returned to Tammy by May 15, 2001, in

order for the system to pay attendees' registration fees. Trustees will pay the registration fees for their spouse/guest to attend.

The meeting adjourned at 5:10 p.m.