

**Regular Meeting
Board of Trustees**

May 15, 2001

The Board of Trustees of the Arkansas Teacher Retirement System convened on Tuesday, May 15, 2001, 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:

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

Members of the Board Absent:

Jimmie Lou Fisher
Ann Harbison
Ray Simon
Frank White

Staff Present:

Bill Shirron, Executive Director
Nona Comer, Supervisor, Accounting
Angelo Coppola, Deputy Director
Suzanne Davenport, Supervisor, Accounting
Dena Dixon, Manager, Membership & Payroll
Wayne Greathouse, Associate Director/Investments
Tammy Medlock, Administrative Assistant
Michael Ray, Manager, Benefits & Counseling
George Snyder, Chief Fiscal Officer

Others Present:

David Boerner, Plunkett Boerner & Associates
Hank Broyles, Broyles Commercial Funding
John Cooper, Cooper Realty Investments
Darrell Dover, Dover & Dixon
John Dye, The Benton Company
Richard Hutchinson, Arkansas Education Association
Terry McFarland, Cooper Realty Investments
James McGuire, Guest of Betty McGuire

Others Present:

Matt McKee, Cooper Realty Investments
Colin Paynes, Pinnacle Point LLC
Don Roberts, Arkansas Retired Teachers Association
Brian Scoggins, Arkansas Development Finance Authority
DeWitt Smith, Cooper Realty Investments
Bill Swihart, Pinnacle Point LLC
Leonard Venable, Office of the State Treasurer
Phil Zanone, Cooper Realty Investments
Drew County Retired Teachers Association Group

VIII. Roll Call

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

IX. Adoption of Agenda

The agenda was adopted by common consent.

X. Public Comments on Agenda Items

XVI. Investment Committee Report - Charles Vondran, Chair

Mr. Vondran reviewed the minutes of the Investment Committee meetings held March 20, and April 17, 2001. He reported the Brandon Square loan approved March 20 was declined after the meeting. Referring to page 29 of the brochure, Mr. Vondran noted that board members who attend the screening committee may vote.

A. The Crescent Center & The Forum I (Memphis, TN) Partnership with Cooper Realty Investments (CRI)

Purchase price \$55,095,033; ATRS investment of \$14.4 million (80%); CRI investment of \$3.6 million (20%); CRI obtains \$42 million loan from American General Life Insurance and as a corporation guarantees 40% with no recourse to ATRS.

Mr. Dyer made a motion to approve the transaction. The motion carried. Mrs. Harris and Mrs. Hogue cast "No" votes.

B. Pinnacle Point Office Complex Loan Request

Loan Request - \$8,585,000; 5-year call; 20-year amortization; 7% interest rate

Mr. Fortenberry made a motion to approve the request as presented. The motion carried.

XVII. Policies Committee Report – Dr. Paul Fair, Chair (Attachment B)

A. Policies Committee - Policies and/or Guidelines

Mrs. McGuire made a motion to adopt the policies as presented. The motion carried.

B. Board of Trustees Attendance Requirements

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

C. Board of Trustees – Filling Position Vacancies

The policy revision was amended to read as follows: “When a vacancy occurs in the office of a member or retirant trustee, the vacancy will be filled during the next annual ATRS election to complete the unexpired term, utilizing approved election requirements and procedures for that position.”

Dr. Fair made a motion to adopt the policy change as amended. The motion carried.

D. Board of Trustees – Regular Board Meeting Schedule

Mrs. McGuire made a motion to adopt the policy change as presented. The motion failed.

E. Investment Committee – Membership Terms

Mrs. Coleman made a motion to approve the policy change as presented. The motion carried.

F. Procurement Policy – Bids and Proposals

Dr. Fair made a motion to adopt the first two paragraphs to be included as policy as presented, and the remaining text to be adopted as guidelines for carrying out the policy. The motion carried.

XVIII. Teacher Retirement System Reports

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

Mr. Vondran made a motion to adopt the Medical Board Summary report as presented on pages 37-38 of the board brochure. The motion carried.

- B. Personnel – Dr. Angelo Coppola, Deputy Director (Attachment C)

Dr. Coppola presented a revised Personnel report. Mr. Dyer made a motion to adopt the report as presented. The motion carried.

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

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

Mr. Greathouse reported the Arkansas-related investments report also contains real estate partnerships. Mr. Shirron stated he would suggest at the next Investment Committee that a new asset class be established for Arkansas Loans and Real Estate. Mr. Greathouse noted corrections needed to be made on page 43 (Item 14 under “Office Buildings”) and page 44 (Item 28 under “Real Estate”). He indicated the corrected pages would be sent to the board.

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

Mr. Greathouse noted on page 45 that there were calls for alternative investments in the amount of \$50 million and returns totaling \$25 million.

- F. Financial Statements – Suzanne Davenport, Records Management Coordinator

XIX. New Business

- A. Election Update – Bill Shirron

- B. Renewal of Consultant’s Contract

Mr. Shirron stated the consultant’s contract would be renewed unless the board took action.

Mr. Vondran made a motion to re-employ Richard Holbein as ATRS investment consultant. The motion did not receive the required eight votes to pass.

Mr. Vondran made a motion that the Executive Director start a search for a consultant. The motion carried.

XX. Executive Director’s Comments

Victory Building. Mr. Shirron reported the Victory Building is over 50% complete. Dr. Coppola indicated a tour of the building could be arranged for board members as a group by contacting him or Mrs. Medlock.

Aegon Building. Mr. Shirron reported he has been in communication with State Building Services regarding the Aegon Building. He has agreed, pending board approval, that ATRS will lease, for an unspecified time, the building from the state and make the necessary improvements (approximately \$9 million). The lease can be terminated upon ATRS receiving its investment back at a return of 8%.

Legislative Update. Mr. Shirron stated the staff is writing policies for implementation of new legislation. The Department of Education is drafting guidelines to implement Act 1145 (HB1272).

In other business:

Closing Statements. At the request of several members of the board, Mr. Shirron stated copies of closing statements for loans would be forwarded to all board members.

Updated Meetings Schedule. Board members will receive an updated meeting schedule.

As there was no further business to consider, Mr. Vondran made a motion to adjourn. The motion carried and the Board adjourned at 11:40 p.m.

Linda Parsons
Linda Parsons, Chair

Bill A Shirron
Bill Shirron, Secretary to the Board

6-19-01
Date

Charles A. Vondran
Chairman – Investment Committee
Arkansas State Teachers Retirement
Board of Trustees
509 North Jackson St.,
McCrary, AR 72101

Charles,

Thank you for your questions and your feedback. I enjoyed the opportunity to speak in front of the committee and I am happy to follow up on any additional questions that you might have.

I would like to begin to answer your question about your second quarter 2000 ranking by emphasizing the point that I mentioned during my presentation on February 19th. We don't want to place too much emphasis on a single quarter because there are going to be times when the returns look very high or very low compared with the median. While quarterly rankings are meaningful, longer time periods are even more valuable. Even in the June quarter end where your ranking against the Public Funds Greater than \$1 Billion Universe was so low, the three year ranking was 65 and the four year ranking was 50. That being said, we are happy to go into any level of detail to explain the ranking that we did come up with for the quarter.

To recap the quarter in question, we reported a return for the Total Plan of -2.35% while the SSU PF Greater than \$1 Billion universe returned as follows:

5th Percentile	0.27
25th Percentile	-0.29
Median	-0.77
75th Percentile	-1.16
95th Percentile	-2.16

The -2.35% return for the Total Plan placed it below the 95th percentile as the bottom observation in the Public Funds Greater than \$1 Billion Universe.

As is usually the case with a rank that is very high or low relative to its peers, there were many factors that led to it.

First, the allocation for your plan was not particularly favored for the quarter. The second quarter of 2000, much like the fourth quarter that we discussed at the last meeting, was not a strong quarter for the equity markets, domestically or internationally. During this time the Fed was still raising interest rates and we were just starting to see the effects of the market slowing down. Value stocks were starting to outperform growth stocks but at this point in the cycle they were merely less negative than growth. Mid Cap and Small Cap stocks were also more negative than larger cap stocks, especially on the growth side. The international equity markets also followed this trend for the quarter, as most of the large developed international equity markets were negative (Japan, UK, Germany, and Hong Kong chief among them). Emerging international markets were very hard hit as well with more than half the countries posting double digit negative returns for the quarter.

The main allocation difference, that the ATRS plan had, relative to the universe, at this time, was 10% less than the universe in U.S. Fixed Income. With U.S. Fixed Income being the only asset class that was positive for the quarter, this put the plan at an immediate disadvantage. In a quarter where equity markets were so out of favor having a 4% allocation to convertible bonds, which tend behave similarly to equities, also detracted from performance.

In addition to allocation not being favored for the quarter, selection in U.S. Equities also detracted from performance. The Total U.S. Equity Pool, which represents almost half the plan, underperformed the median U.S. Equity return by 50 basis points for the quarter. The only positive U.S. Equity style for the quarter was Small Cap Value and, unfortunately, the two small cap managers hired by the plan, had not started yet. The styles that were most out of favor were Mid Cap Growth and Small Cap Growth and that held true for your portfolio as well, with TCW detracting the most value for the quarter with a -12.87% return.

One other variable which contributed to the quarter was the return of Alternative Investments. Representing approximately 10% of the plan on June 30, they returned -2.25% for the quarter. The major contributors to this negative return were the two Hicks Muse funds, the Doughty Hanson European fund and the Cinven international fund. One thing worth noting about the returns of this asset class is that many of the partnerships are still in the early stages of their investing and they don't really have significant positive or negative performance yet. In some follow up conversations that I have had with Richard Holbein, he has expressed some concern that these investments are also not showing all of the value that they could be. We have some concern about that as well and we are in the process of trying to reconcile some of the history with the GP's. I will certainly keep you posted on this progress, regardless of what we turn up.

In summary, there were three main factors to the low rank for the quarter:

1. Unfavored asset allocation with less weight in U.S. Fixed Income and more weight in Convertibles.
2. Below median U.S. Equity performance.
3. Flat or slightly negative Alternative Investment returns.

Again, we don't want to overemphasize one quarter. Some of the things that worked against your plan this quarter added significant value in the fourth quarter and allowed you to beat the median in similar market conditions. I hope that this information is helpful to you, Charles. I would be happy to discuss this with you even further at your convenience. Please feel free to let me know if you have any questions or concerns.

Peter Storrent
Vice President
State Street Analytics
(617) 985-8833

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AR TEACHER RETIREMENT SYSTEM

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ATRS0001

ATRS BALANCE SHEET

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As of September 30, 2000

Description	Current Amount
ASSETS	
Current Assets	
Money Manager Accounts	10,439,718.63
Bank Checking	762,513.12
State Treasury Account	4,013,677.30
Petty Cash	75.00
Current Assets	15,215,984.05
Investments	
Int'l/Global Equities	979,923,082.58
Domestic Fixed	2,216,621,936.69
Domestic Equity	3,162,256,631.28
Alternative Investments	795,285,310.56
Arkansas Related	198,296,748.08
Real Estate	60,332,929.07
Securities Lending	696,315,667.15
Market Valuation	574,413,101.22
Investments	8,683,495,406.63
Accounts Receivable	
A/R Emplr Contrib	2,995,927.99
Other Accounts Receivable	586,378.74
A/R Late Report Penalties	6,028.21
A/R Late Report Interest	494.57
Benefits Receivable	30,034.51
A/R Investments	328,422,735.06
Accounts Receivable	332,041,599.08
Equipment	
Office Furniture/Equipment	1,321,879.53
Computer Equipment	803,797.32
Accumulated Depreciation	650,592.91
Equipment	1,475,083.94
Other Assets	
Escrow Deposits	270,000.00
Refundable Deposits	1,125.00
Other Assets	271,125.00
ASSETS	9,032,499,198.70
LIABILITIES	
Liabilities and Reserves	
T-Drop	193,340,185.27
Accounts Payable	504,961,331.44
Escrow Account	34,902.85
Members Deposit Account	430,932,013.66
Employers Accumulation Acct	684,218,625.84
Reserve Accounts	2,685,593,292.62
Interest Reserve MDA	3,968,276,732.28
Securities Lending Collatera	696,315,667.15
Income - Expense	15,746,333.27
Capital Adj (PAM only)	3,199.26
Profit Or Loss	146,923,084.94
Liabilities and Reserves	9,032,499,198.70
LIABILITIES	9,032,499,198.70

AR TEACHER RETIREMENT SYSTEM
INCOME STATEMENT

Description For the Period Ending September 30, 2000 For the Three Months Ending September 30, 2000

Description	For the Period Ending September 30, 2000	For the Three Months Ending September 30, 2000
INCOME		
Contributions	7,177,338.97	9,356,953.01
Other Income	14,691.37	86,044.11
Investment Income	17,293,912.51	47,008,718.27
Gain/Loss On Investments	20,393,842.56	167,425,205.92
Gain/Loss-Market Valuation	(252,650,266.78)	(271,147,306.65)
INCOME	(207,770,481.37)	(47,270,385.34)

Description	For the Period Ending September 30, 2000	For the Three Months Ending September 30, 2000
INCOME		
Contributions		
Employee Contributions	5,425,397.69	7,192,130.69
Employer Contributions	1,751,941.28	2,164,822.32
Contributions	7,177,338.97	9,356,953.01
Other Income		
Interest - P/S Contributions	6,871.74	30,496.38
PY Refunds To Account	2,997.76	24,458.82
Prior Year Cancelled Warrant		19,865.99
Accum Discount/Amort Prem	(.01)	(.05)
Miscellaneous Income	4,821.88	11,222.97
Other Income	14,691.37	86,044.11
Investment Income		
Dividends	743,789.70	6,902,790.15
Interest Income	10,767,998.52	29,796,589.75
Int. Inc.-Alternative Inv.	4,553,097.00	7,018,421.00
Interest On Mortgage Loans	970,308.23	2,285,281.84
Rental Income On Real Estate	258,719.06	1,005,635.53
Investment Income	17,293,912.51	47,008,718.27
Gain/Loss On Investments		
Gain/Loss-Int'l/Global Equit	(8,527,645.69)	(12,131,270.37)
Gain/Loss-Domestic Equity	16,832,739.83	141,302,548.80
Gain/Loss On All Investments	3,936,771.22	13,640,912.22
Gain/Loss-Int'l/Fixed	8,998,008.15	25,011,133.19
Gain/Loss-Domestic Fixed	(846,030.95)	(398,117.92)
Gain/Loss On Investments	20,393,842.56	167,425,205.92
Gain/Loss-Market Valuation		
Gain/Loss On Mrkt Valu-Dom	(174,691,166.32)	(6,488,539.50)
Gain/Loss On Mrkt Valu-Int'l	(77,959,100.46)	(264,658,767.15)
Gain/Loss-Market Valuation	(252,650,266.78)	(271,147,306.65)
INCOME	(207,770,481.37)	(47,270,385.34)

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AR TEACHER RETIREMENT SYSTEM
EXPENSE STATEMENT

SCHEDULE B

R554081

Description	For the Period Ending September 30, 2000	Year to Date
EXPENSE		
REFUNDOS	918,900.83	1,102,196.50
Age & Service Benefits	22,174,312.48	66,297,475.04
Disability Benefits	1,519,698.04	4,573,663.43
Option Ben Deceased Retiree	559,673.47	1,672,473.59
Survivor Benefits Active Mbr	386,038.58	1,161,223.84
Reciprocal Service Benefits	627,818.05	1,868,768.01
Act 808 -Early Retirement Be	349,912.13	1,051,722.52
Death Benefits Active Member	30,845.37	200,303.55
T-Drop Benefits Refunds	56,117.54	14,350,518.71
TOTAL BENEFITS	25,704,415.66	91,176,148.69
Equipment Depreciation		
Regular Salaries	134,239.84	494,058.37
Extra Help Salaries	5,315.79	15,359.46
Employer Matching	25,752.28	122,931.82
Investment Counsel	116,644.34	561,579.90
Actuary Study	3,500.00	10,500.00
Operating Expense	111,405.39	332,233.80
Equipment Expense	1,764.44	2,262.63
Professional Svs And Fees	8,055.24	18,798.06
Purchase Data Processing Svc	3,847.90	185,325.65
TOTAL ADMIN EXPENSES	394,414.74	1,743,049.69
Loss On Office Furn/Equip		
OTHER EXPENSES	1,748,571.07	5,631,304.72
LOSS ON MARKET VALUATION		
TOTAL EXPENSE	28,766,302.30	99,652,699.60
TOTAL INCOME (SCHEDULE A)	207,770,481.37	47,270,385.34
TOTAL EXPENSE (SCHEDULE B)	28,766,302.30	99,652,699.60
UNDISTRIBUTED NET INCOME	236,536,783.67	146,923,084.94

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AR TEACHER RETIREMENT SYSTEM

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ATRS0001

ATRS BALANCE SHEET

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As of August 31, 2000

Description	Current Amount
ASSETS	
Current Assets	
Money Manager Accounts	2,208,409.07-
Bank Checking	2,356,161.53
State Treasury Account	4,111,354.19
Petty Cash	75.00
Current Assets	<u>4,259,181.65</u>
Investments	
Int'l/Global Equities	982,687,678.76
Domestic Fixed	2,178,933,084.62
Domestic Equity	3,176,528,263.10
Alternative Investments	786,497,438.30
Arkansas Related	199,074,572.63
Real Estate	56,511,135.62
Securities Lending	696,315,667.15
Market Valuation	827,063,368.00
Investments	<u>8,903,611,208.18</u>
Accounts Receivable	
A/R Emplr Contrib	2,995,927.99
Other Accounts Receivable	586,378.74
A/R Late Report Penalties	6,178.21
A/R Late Report Interest	516.19
Benefits Receivable	30,034.51
A/R Investments	201,287,453.45
Accounts Receivable	<u>204,906,489.09</u>
Equipment	
Office Furniture/Equipment	1,309,536.53
Computer Equipment	793,797.32
Accumulated Depreciation	650,592.91-
Equipment	<u>1,452,740.94</u>
Other Assets	
Escrow Deposits	20,000.00
Refundable Deposits	5,875.00
Other Assets	<u>25,875.00</u>
ASSETS	<u>9,114,255,494.86</u>
LIABILITIES	
Liabilities and Reserves	
T-Drop	192,215,195.16
Accounts Payable	350,191,957.16
Escrow Account	23,789.62
Members Deposit Account	431,024,985.44
Employers Accumulation Acct	685,275,537.06
Reserve Accounts	2,685,478,780.62
Interest Reserve MDA	3,968,366,351.39
Securities Lending Collatera	696,315,667.15
Income - Expense	15,746,333.27
Capital Adj (PAM only)	3,199.26
Profit Or Loss	89,613,698.73
Liabilities and Reserves	<u>9,114,255,494.86</u>
LIABILITIES	<u>9,114,255,494.86</u>

R554080A
SCHEDULE A

AR TEACHER RETIREMENT SYSTEM
INCOME STATEMENT

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Description	For the Period Ending August 31, 2000	For the Two Months Ending August 31, 2000
Contributions	969,057.24	2,179,614.04
Other Income	32,676.63	71,352.74
Investment Income	19,920,362.47	29,714,805.76
Gain/Loss On Investments	86,491,461.40	147,031,363.36
Gain/Loss-Market Valuation	153,831,471.29	(18,497,039.87)
INCOME	261,245,029.03	160,500,096.03

R554080A

AR TEACHER RETIREMENT SYSTEM

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SCHEDULE A

INCOME STATEMENT

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Description	For the Period Ending August 31, 2000	For the Two Months Ending August 31, 2000
Contributions		
Employee Contributions	724,148.41	1,766,733.00
Employer Contributions	244,908.83	412,881.04
Contributions	969,057.24	2,179,614.04
Other Income		
Interest - P/S Contributions	14,374.42	23,624.64
PY Refunds To Account	3,460.48	21,461.06
Prior Year Cancelled Warrant	10,000.00	19,865.99
Accum Discount/Amort Prem	(.01)	(.04)
Miscellaneous Income	4,841.74	6,401.09
Other Income	32,676.63	71,352.74
Investment Income		
Dividends	7,303,479.56	6,159,000.45
Interest Income	9,827,039.79	19,028,591.23
Int. Inc.-Alternative Inv.	1,460,351.00	2,465,324.00
Interest On Mortgage Loans	973,382.69	1,314,973.61
Rental Income On Real Estate	356,109.43	746,916.47
Investment Income	19,920,362.47	29,714,805.76
Gain/Loss On Investments		
Gain/Loss-Int'l/Global Equit	(2,067,196.25)	(3,603,624.68)
Gain/Loss-Domestic Equity	69,883,301.69	124,469,808.97
Gain/Loss On Alt Investments	9,511,349.00	9,704,141.00
Loss-Int'l/Fixed	11,866,551.74	16,013,125.04
Loss-Domestic Fixed	(2,702,544.78)	447,913.03
Loss On Investments	86,491,461.40	147,031,363.36
Gain/Loss-Market Valuation		
Gain/Loss On Mkt Valu-Dom	282,035,557.16	168,202,626.82
Gain/Loss On Mkt Valu-Int'l	(128,204,085.87)	(186,699,666.69)
Gain/Loss-Market Valuation	153,831,471.29	(18,497,039.87)
INCOME	261,245,029.03	160,500,096.03

AR TEACHER RETIREMENT SYSTEM

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SCHEDULE B

EXPENSE STATEMENT

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Description	For the Period Ending August 31, 2000	Year to Date
REFUNDS	62,910.29	183,295.67
Age & Service Benefits	22,098,385.65	44,123,162.56
Disability Benefits	1,537,766.74	3,053,965.39
Option Ben Deceased Retiree	558,811.00	1,112,800.12
Survivor Benefits Active Mbr	386,668.58	775,185.26
Reciprocal Service Benefits	627,515.13	1,240,949.96
Act 808 -Early Retirement Be	349,912.13	701,810.39
Death Benefits Active Member	74,911.86	169,458.18
T-Drop Benefits Refunds	563,424.79	14,294,401.17
TOTAL BENEFITS	26,197,395.88	65,471,733.03
Equipment Depreciation		
Regular Salaries	213,613.87	359,818.53
Extra Help Salaries	6,952.16	10,043.67
Employer Matching	54,904.76	97,179.54
Investment Counsel	444,935.56	444,935.56
Actuary Study	3,500.00	7,000.00
Operating Expense	192,782.06	220,828.41
Equipment Expense	498.19	498.19
Professional Svs And Fees	2,781.91	26,853.30
Purchase Data Processing Svc	95,109.28	181,477.75
TOTAL ADMIN EXPENSES	1,015,077.79	1,348,634.95
Loss On Office Furn/Equip		
OTHER EXPENSES	270,788.38	3,882,733.65
LOSS ON MARKET VALUATION		
TOTAL EXPENSE	27,546,172.34	70,886,397.30
TOTAL INCOME (SCHEDULE A)	261,245,029.03	160,500,096.03
TOTAL EXPENSE (SCHEDULE B)	27,546,172.34	70,886,397.30
UNDISTRIBUTED NET INCOME	233,698,856.69	89,613,698.73

AR TEACHER RETIREMENT SYSTEM
EXPENSE STATEMENT w/DETAILS

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SCHEDULE B

R554081B

Description	For the Period Ending August 31, 2000	Year to Date
EXPENSE		
Refunds T-Drop Payable		
Refunds-Emple Contrib (MDA)	55,647.92	138,933.71
Refunds-Emplr Contrib (EAA)	677.63	10,543.62
Refunds-Interest Dividend Pa	6,584.74	33,818.34
Refunds-Res For Inactive Mch		
Refunds-Ret Reserve Acct		
Refunds-Emple Contr - CY		
Refunds-Emplr Contr - CY		
Refunds-Survivor Ben Acct		
TOTAL REFUNDS	62,910.29	183,295.67
Age & Service Benefits	22,098,385.65	44,123,162.56
Disability Benefits	1,537,766.74	3,053,965.39
Option Ben Deceased Retiree	558,811.00	1,112,800.12
Survivor Benefits Active Mbr	386,668.58	775,185.26
Reciprocal Service Benefits	627,515.13	1,240,949.96
Act 808 -Early Retirement Be	349,912.13	701,810.39
Death Benefits Active Member	74,911.86	169,458.18
T-Drop Benefits Refunds	563,424.79	14,294,401.17
TOTAL BENEFITS	26,197,395.88	65,471,733.03
Equipment Depreciation		
Regular Salaries	213,613.87	359,818.53
Extra Help Salaries	6,952.16	10,043.67
Emplor Matching Social Sec	16,033.39	26,897.43
Emplr Match St Employ Ins	15,659.74	31,036.84
Emplr Match Unemploy Comp		
Emplr Match Workman's Comp		
ATRS Matching Fund	23,211.63	39,245.27
Investment Counsel	444,935.56	444,935.56
Actuary Study	3,500.00	7,000.00
Printing	819.03	819.03
Telephone	59,376.14	59,622.77
Postage		
Board/Staff Travel Exp	12,778.42	17,750.30
Office Space	100,549.51	100,625.41
Equipment Leasing	1,062.04	1,592.66
Maint/State Vehicle Exp.	3,398.85	6,626.13
Misc.Opt. Exp./med exams	14,798.07	33,792.11
Equipment Expense	498.19	498.19
Professional Services And Fe	2,781.91	26,853.30
Purchase Data Processing Svc	95,109.28	181,477.75
TOTAL ADMIN EXPENSE	1,015,077.79	1,348,634.95

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CHANGES IN ASSETS

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DESCRIPTION	For the Two Months Ending August 31, 2000
MEMBER CONTRIBUTION	1,790,357.64
EMPLOYER CONTRIBUTIONS	412,881.04
ORDINARY-FIXED INCOME	19,914,242.84
ORDINARY-EQUITY	6,179,416.73
ALTERNATIVE INVESTMENT	2,465,324.00
SECURITIES LENDING	408,905.72
OTHER INVESTMENT INCOME	751,521.91
TOTAL ORDINARY	<u>29,719,411.20</u>
GAIN/LOSS - FIXED	16,461,038.07
GAIN/LOSS - EQUITY	120,866,184.29
GAIN/LOSS - ALT INVESTMENTS	9,704,141.00
GAIN/LOSS - SECURITIES LENDING	
TOTAL GAIN/LOSS	<u>147,031,363.36</u>
ACC. DISC/AMORT. PREMIUM	(.04)
OTHER INCOME	43,122.70
TOTAL RETURNS	176,793,897.22
RECEIPTS	178,997,135.90
BENEFITS PAID - MONTHLY	65,471,733.03
BENEFITS PAID - REFUNDS	183,295.67
TOTAL BENEFITS PAID	<u>65,655,028.70</u>
TOTAL ADMINISTRATIVE EXP.	1,348,634.95
OTHER EXPENSE	<u>3,882,733.65</u>
DISBURSEMENTS	<u>70,886,397.30</u>
ADDITIONS TO ASSETS	108,110,738.60