

## Minutes

### Arkansas Teacher Retirement System Board of Trustees

April 8, 2003

The Board of Trustees of the Arkansas Teacher Retirement System met in regular session on Tuesday, April 8, 2003 at 10:00 a.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  
Hazel Coleman  
Charles Dyer  
Dr. Paul Fair  
John Fortenberry  
Ann Harbison  
Mary Harris  
Betty McGuire  
Frank White  
Gus Wingfield  
Jim Wood

#### **Others Present:**

Lloyd W. Black, ARTA  
Louise Cammack, NLRRTA  
Rebecca J. Davidson, ARTA  
Darrell Dover, Attorney  
Jean F. Pate, ARTA  
Jim McGuire, Trustee Spouse  
Linda Riley, ARTA  
Ralph B. Riley, ARTA  
Jeff Siebold, Affiliated Appraisers  
Carroll Stegall, Woodland Heights  
Barton Westerland, Woodland Heights

#### **Members of the Board Absent:**

Charles Vondran, Vice Chair  
Raymond Simon

#### **Members of the Staff Present:**

David R. Malone, Executive Director  
Julie Cabe, Deputy Director  
Debbie White, Project Analyst  
Gail Blair  
Dena Dixson  
Wayne Greathouse  
Donna Hobbs  
Michael Ray  
Hugh Roberts  
Bernice Smith  
George Snyder  
Barbara Waldrop

X. Roll Call

Debbie White of the Teacher Retirement System recorded the minutes of the meeting.

XI. Adoption of Agenda

Linda Parsons, Chair, announced, without objection her approval and adoption of the agenda and the meeting proceeded immediately.

XII. Public Comments on Agenda Items

No comments were stated.

XIII. Legislative Update, David R. Malone, Executive Director

The Executive Director presented the latest status on legislative bills concerning ATRS. He stated that revisions to T-Drop policy and procedures would be presented for final action at the next board meeting.

A motion was made by Dr. Paul Fair to authorize the Executive Director to notify the school districts of the System's intent to set the employer contribution rate at 13% effective July 1. Mr. Fortenberry seconded the motion, which was unanimously approved.

XIV. Investment Committee Update and Recommendations:

- A. Investment Policy- Ann Harbison made a motion authorizing the Executive Director, Deputy Director and Dr. Bob Bowers to make grammatical and legal changes to the Investment Policy and publish the policy for comment for the required 30-day period. Hazel Coleman seconded the motion, which was approved.
- B. The Greens At Moore, Phase II- Gus Wingfield made the motion to go forward with Phase II of the project. Charles Dyer seconded the motion, which passed.

C. Lending Procedures/Arkansas Related- Ann Harbison made a motion to adopt the Lending Procedures, with a second by Dr. Paul Fair. During discussion, Mr. Fortenberry suggested the policy should be amended in the following places: 1) *page 67, paragraph one of the agenda binder* changed to delete names and replace the wording with position titles: "All projects shall be submitted to the Retirement Fund Investment Supervisor, for basic underwriting, and then will be presented to the screening committee for consideration. The screening committee is composed of the Retirement Fund Investment Supervisor, Associate Director of Investments, Trustee Chairman of the Investment Committee and appointed Trustees" 2) *fourth paragraph* delete name of Hugh Roberts and replace with position title, Retirement Fund Investment Supervisor, 3) *page 67, deletion of the second and third sentences of the second paragraph*, 4) *page 68, end of first paragraph*, changed to read "appointed by the Chairman of the Board" (not the Investment Committee), 5) *page 68, fifth paragraph*, changed to read "Before proceeding further, a loan in the amount of \$5 million or less must receive the approval of the Investment Committee; a loan in an amount over \$5 million must receive approval form the Board following a recommendation by the Investment Committee. If the loan is appropriately approved, a Commitment Letter will be sent to the borrowers outlining all the provisions of the loan agreement". Ms. Harbison accepted the amendments and the motion was unanimously approved.

D. Management Agreement for Two Financial Center – Charles Dyer made a motion to approve the contract with Cooper Realty Investments, Inc. for a 3-year period, Betty McGuire seconded the motion, but after a discussion of the time period of the contract, the motion failed.

E. Management Contract with Irwin Saviers Ballard, LLC – Mr. Fortenberry made the motion, with second by Charles Dyer to approve the contract. The motion was unanimously approved.

#### XV. Teacher Retirement System Reports

A. Medical Board Summary Reports-Michael Ray  
Medical Board reports dated February 19, 2003 & March 19, 2003 were presented. Betty McGuire made a motion to accept the reports, second by Frank White and the motion passed.

B. Personnel Report-Donna Hobbs  
Donna Hobbs reported that three new employees had been hired: Julie Cabe, Chris Ausbrooks and Caton Easter.

- C. Membership & Payroll
- D. Arkansas Related Investments
- E. Financial Statements-In addition to the regular staff financial sheets, SB298 (*attachment 16 of agenda binder*), the ATRS Appropriation Bill, was presented.
- F. Investment Summaries

XVI. Old Business

- A. Resolution No. 2003-01 – Executive Authorization (*attachment 14 of agenda binder*). Mr. Dyer made the motion to approve, seconded by Mr. Wingfield and the motion passed.
- B. Resolution No. 2003-02 – Board Expense Reimbursement (*attachment 15 of agenda binder*). Dr. Fair made the motion, with second by Betty McGuire to approve the resolution. The motion passed.
- B. Riley Acquisition – Charles Dyer made a motion to approve the Executive Director's recommendation to accept Mr. Kilgore's offer to purchase the property for \$13,210,515 with ATRS accepting responsibility of the trust deposits. Frank White seconded the motion. After a brief comment period from Mr. Bart Westland, a resident of Woodland Heights, Mr. Dyer called for a vote on the motion. The vote indicated passage of the motion.

XVII. New Business

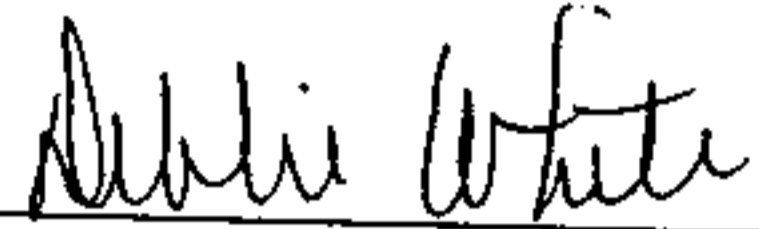
- A. Professional Service Contracts- The Executive Director presented a list of the current professional service contracts. After a brief discussion it was decided that trustees who have questions and comments would report those to the Executive Director.
- B. RFQ's- The Executive Director recommended that requests for qualifications for routine legal services go out for next year with a possible recommendation by July 1<sup>st</sup> based on those requests. He also advised that he would be talking with the Attorney General's office about the possibility of an AG staff attorney to provide some routine legal services. The Executive Director also stated he would be requesting proposals for an outside law firm who would be responsible and advise ATRS on potential lawsuits due to fraud in order to better protect the System's holdings. Frank White made a motion to authorize the Executive Director to prepare RFQ's as recommended and to also include in the instructions that Trustees should not be contacted during the RFQ process. Charles Dyer seconded the motion, which was unanimously approved.

XVIII. Executive Director's Comments

The Executive Director gave a brief legal update, advising the Board that a counter suit had been sent regarding the Holman matter.

XIX. Adjournment

With no further business, the Chair moved to adjourn and the meeting dismissed at 12:20 p.m.



Debbie White, Project Analyst



David R. Malone, Executive Director



Linda Parsons, Chair

Date of Approval: 6-17-03