

**ARKANSAS TEACHER RETIREMENT SYSTEM  
BOARD OF TRUSTEES**

**Minutes  
February 15, 2005**

The Board of Trustees of the Arkansas Teacher Retirement System (ATRS) held a regular meeting on Tuesday, February 15, 2005, in the Board Room of the Arkansas Teacher Retirement System Building at 1400 West Third Street in Little Rock, Arkansas.

**Members of the Board Present**

Linda Parsons, Chair  
John Fortenberry, Vice Chair  
Bunny Adcock  
Monty Betts  
Winfred Clardy  
Lawrence Colston  
Charles Dyer  
Dr. Paul Fair  
Betty McGuire  
Robin Nichols  
Gus Wingfield  
Jim Wood

**Guests Present:**

Stephen Cummings, Ennis Knupp  
Laurel E. Nicholson, Ennis Knupp  
Nathan Vinn, Ennis Knupp  
Tom Gay, Attorney General's Office  
Leon Wigginton, ARTA  
Jim McGuire, Trustee spouse

**Members of the Board Absent:**

Hazel Coleman  
Dr. T. Kenneth James  
Ellen Terry

**Staff Present:**

David Malone, Executive Director  
Julie Cabe, Deputy Director  
Jo Ann Carroll, MPA  
Wayne Greathouse, Investments  
Hugh Roberts, Investments  
Donna Bumgardner, MPA, Investments  
Donna Hobbs, Personnel  
Judy Brown, Payroll  
Suzanne Davenport, Accounting  
Gail Bolden, Data Processing  
Nona Comer, Accounting  
Carolyn Abbott, Preretirement

I. Call to Order

Linda Parsons called the meeting to order at 8:36 a.m. with a quorum of the Board present.

II. Adoption of Agenda

Mr. Malone requested that three (3) additional items be added to the Agenda under the Executive Director report: (1) Request for authority to extend the Management Contract with Flake & Kelly Management, Inc. on the Victory Building, (2) Offers to purchase The Camden Center Property on Woodlane Street, Little Rock, Arkansas, and (3) Gabriel, Roeder, Smith Annual Actuarial Valuation of Annuities Being Paid to Retirees and Beneficiaries, June 30, 2004.

Robin Nichols moved adoption of the agenda, as amended, Gus Wingfield seconded, and the Board unanimously approved the motion.

III. Public Comment on the Agenda

No public comment was made on the Agenda.

IV. Approval of Minutes

John Fortenberry moved approval of the minutes of the regular meeting on December 6, 2004, Jim Wood seconded, and the Board unanimously concurred.

Ms. Parsons noted a correction to the December 7, 2004, minutes advising that "Lem Wiggington" should be "Leon Wiggington." With this correction noted, Monty Betts moved approval of the minutes of the regular meeting on December 7, 2004, as amended, Betty McGuire seconded, and the Board unanimously concurred.

V. Authority to Transact Business – Resolution No. 2005-01

Winfred Clardy moved approval of **Resolution No. 2005-01**, Dr. Paul Fair seconded, and the Board unanimously concurred.

VI. Board of Trustees 2005 Travel Reimbursement – Resolution No. 2005-02

Dr. Fair moved approval of **Resolution No. 2005-02**, Mr. Clardy seconded, and the Board unanimously concurred.

Ms. Parsons called a recess at 8:47 and the meeting resumed at 9:03 a.m.

VII. Report of Investment Committee

A. Mr. Fortenberry reported on the January 10, 2005, meeting of the Investment Committee.

B. Mr. Fortenberry reported that at its meeting on January 10, 2005, the committee had voted to recommend ING Clarion Partners, Prudential Real Estate Investors, and UBS Realty, to the Board for its consideration in the selection of a Real Estate Manager(s) for the System. Following discussion, Mr. Fortenberry moved approval to employ two (2) managers, Prudential Real Estate Investors (**Resolution No. 2005-03**) and UBS Realty (**Resolution No. 2005-04**), Mr. Betts seconded, and the Board unanimously agreed. [**Resolution No. 2005-05, was not adopted**] Additional discussion followed and the Board agreed to allow Mr. Malone flexibility to work with each company concerning the amount of funds, as

well as timing of the placement of the funds, in each respective company's investment queue.

Mr. Malone advised that after hearing the reports from Alliance Capital and Oppenheimer Capital on February 14, 2005, the Board requested Stephen Cummings to meet with representatives of each respective company and report to the Investment Committee at the committee's March 21, 2005, meeting.

#### VIII. Report of Policies Committee

- A. Dr. Fair reported that the draft of the minutes of the January 20, 2005, Policies Committee meeting was enclosed for the Board's review. He pointed out the list of items contained in paragraph VIII., 1-5, for future consideration by the committee and advised that some of the items, such as committee rotation, were suggested for the Board's seminar agenda.
- B. Ms. Nichols moved approval of **Resolution No. 2005-06**, to adopt the amended Teacher Deferred Retirement Option Plan (T-DROP) policies attached to the Resolution, to provide that plan interest paid on T-DROP accounts under A.C.A. § 24-7-1307 be set at the beginning, rather than at the end, of each fiscal year to comply with IRS Code with § 415, effective March 1, 2005. Ms. McGuire seconded, and the Board unanimously approved.
- C. Ms. McGuire moved approval of **Amended Resolution No. 2004-13**, to correct the reference to the "2004-2005" fiscal year period referred to in Resolution No. 2004-13, adopted by the Board on April 6, 2004, so that the Resolution would contain the correct fiscal year period of "2003-2004." Mr. Clardy seconded, and the Board unanimously agreed.
- D. Ms. Nichols moved approval of **Resolution No. 2005-07**, to accept the recommendation of the Policies Committee at its meeting on January 20, 2005, to adopt the Executive Director Evaluation Form, a copy of which was attached to the Resolution. Dr. Fair seconded, and the Board unanimously concurred.

#### IX. Report of Legislative Committee

- A. Ms. McGuire reported on the January 10, 2005, meeting of the Legislative Committee and reviewed the minutes of the meeting.
- B. Ms. McGuire reported on the January 31, 2005, meeting of the Legislative Committee and reviewed the minutes of the meeting (approved by the Committee at its February 14, 2005, meeting).

Mr. Malone and Ms. Cabe provided a summary of the 2005 proposed legislation in the ATRS' legislative packet and other legislation affecting or of interest to ATRS, as well as the sponsors of the legislation and the status of the legislation.

X. Staff Reports

Mr. Fortenberry moved approval of the ATRS Medical Board reports for December 2004 and January 2005. Dr. Fair seconded, and the Board unanimously approved the motion.

The other departments gave staff reports, which did not require action.

XI. Executive Director's Comments:

A. Update on 2005 Board Election

Mr. Malone advised that the deadline for nominations had passed and, in regard to the position for Congressional District #4, Ms. Beverly Leming of Malvern, Arkansas, was the only qualified candidate to file a timely and verified petition. In accordance with Board policy, Ms. Leming is declared as elected and will assume her position on July 1.

In regard to Position #10 – Retirant Trustee, Mr. Malone advised there are two verified candidates: Mr. Clardy and Bill Burnett of Jonesboro, Arkansas. He advised further that ballots would be mailed to retiree members on March 15, 2005.

B. Mr. Malone told the Board that the Property Management Contract with Flake and Kelly Management, Inc., for management of the Victory Building, was expiring and requested the Board to authorize him to extend the contract. Ms. McGuire moved approval of a motion to authorize the Executive Director to execute a contract to extend the Property Management Contract between ATRS and Flake and Kelley Management, Inc. concerning the management of the Victory Building, Ms. Nichols seconded, and the Board unanimously agreed.

C. Mr. Malone reported that he had received two offers from the Board of Registration for Professional Engineers and Land Surveyors to purchase the property on Woodlane Street known as "The Camden Center." One offer is for the purchase of the entire property with on-site parking located at 623 Woodlane Street, Little Rock, Arkansas, and the 31-space parking lot located at Seventh and Victory Streets, Little Rock, Arkansas, for a purchase price of \$430,000.00 for the two combined properties. The other

Offer is for the purchase of only the office building, known as "The Camden Center," with on-site parking located at 623 Woodlane Street, Little Rock, Arkansas, for a purchase price of \$300,000.00.

Mr. Malone reminded the Board that a previous appraisal set the value of the property for less than the System had paid for the property in 1997, and reported that he had obtained a second, independent appraisal from Ronald Bragg, MAI, which showed the value of the property to be very close to the amount of the first appraisal. Following discussion, Dr. Fair moved approval of a motion to grant the Executive Director authority to: (1) Make a counter-offer to the Board of Registration for Professional Engineers and Land Surveyors to sell the office building, known as "The Camden Center Property," with on-site parking located at 623 Woodlane Street, Little Rock, Arkansas, and the 31-space parking lot located at Seventh and Victory Streets, Little Rock, Arkansas, for a purchase price for the two combined properties of \$450,000.00; (2) alternatively, to authorize the Executive Director to sell only the office building, known as "The Camden Center," with on-site parking located at 623 Woodlane Street, Little Rock, Arkansas, for a purchase price of \$300,000; and (3) to authorize the Executive Director to list for sale the 31-space parking lot located at Seventh and Victory Streets, Little Rock, Arkansas, for a purchase price of \$150,000 and negotiate a purchase price, if not sold as part of the combined purchase as set forth above, Ms. McGuire seconded, and the Board unanimously approved.

- C. Mr. Malone distributed a copy of Gabriel, Roeder, Smith & Company's Annual Actuarial Valuation of Annuities Being Paid to Retirees and Beneficiaries, as of June 30, 2004.

A discussion regarding the date for the Board retreat followed and the trustees present stated that July 17, 18, 19, 20 appeared to be the best time to hold the retreat because new members would be able to attend and vote. Mr. Malone advised that he would contact the trustees who were absent from the meeting to see if their schedules would accommodate the suggested meeting dates.

## XII. Executive Session for Discussion of Personnel Matters

Mr. Malone advised he would not request an executive session.

XIII. Adjournment

At 10:34 a.m., Mr. Clardy moved approval to adjourn, Ms. Nichols seconded, and the Board unanimously concurred.

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JoAnn Carroll, Recorder

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David Malone, Executive Director

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Linda Parsons, Board Chair

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Date Approved