

MINUTES

**ARKANSAS TEACHER RETIRMENT SYSTEM
EMERGENCY MEETING OF THE BOARD of TRUSTEES
1400 West Third Street
Little Rock, AR 72201**

**Monday, October 20, 2008
1:30 p.m.**

ATTENDEES	
Board of Trustee Members Present	Staff
Dr. Richard Abernathy	Gail Bolden, Chief Operations Officer
Mike Creekmore as designee for Martha Shoffner	Christa Clark, Chief Legal Counsel
Dr. Paul Fair	Paul Doane, Executive Director
John Fortenberry	Suzanne Davenport, Chief Financial Officer
Steve Kelly as designee for Jim Wood	Jane Toledo, Secretary
Susannah Marshall as designee for Candace Franks	
Robin Nichols, Chair	Guests
Janelle Riddle	Lawrence Colsten
	Laura Gilson, Legislative Research
	Mike Mertens, AAEA
Board Members Present by Dial-In	Estella Smith
Monty Betts	
Beverly Leming	Reporters
	Andrew Demillo, Associated Press
Board of Trustee Members Absent	Mike Wickline, AR Dem. Gazette
Hazel Coleman	
Bobby Lester	
Linda Parsons	

- I. **Call to Order/Roll Call.** Chair, Robin Nichols, called the meeting of the Board of Trustees to order at 1:42 p.m. Roll call was taken and the absences of Hazel Coleman, Vice Chair, Bobby Lester and Linda Parsons were noted.

Approval of the Agenda. Chair, Ms. Nichols, added Item V(a). CEO Report to the Agenda, and Ms. Riddle also requested the addition of a discussion of ATRS' Proposed Fitness Center.

THE MOTION FOR APPROVAL OF THE AGENDA, AS AMENDED, WAS MADE BY DR. ABERNATHY, SECONDED BY MS. RIDDLE, AND UNANIMOUSLY APPROVED BY THE BOARD, AS AMENDED.

II. Motion to Convene to Executive Session.

THE MOTION THE CONVENE AN EXECUTIVE SESSION WAS MADE BY MR. BETTS, SECONDED BY DR. ABERNATHY, AND UNANIMOUSLY APPROVED BY THE BOARD.

III. Executive Session to Discuss Personnel Matters. Chair, Robin Nichols, called the Executive Session to order at 1:45 p.m.

IV. Adjourn Executive Session. Chair, Robin Nichols, reconvened the Board of Trustees meeting at 3:15 p.m.

V. Board Response to Legislative Audit Committee Re: Audit Findings.

A draft of the Board's Response to the Department of Legislative Audit's Joint Committee was reviewed and discussed.

THE MOTION TO DEVELOP AND IMPLEMENT AN ATRS TRAVEL POLICY FOR BOARD AND STAFF AND REVISITING/MODIFYING THE EXISTING THE BOARD TRAVEL POLICY WAS MADE BY DR. ABERNATHY, SECONDED BY DR. FAIR, AND UNANIMOUSLY APPROVED BY THE BOARD.

The Executive Director and Chief Legal Counsel were requested to draft an ATRS Travel Policy for Board and Staff review at the next scheduled Board of Trustees meeting in scheduled in December.

The following revisions to the response to DLA's Joint Committee by the Board were requested:

The second paragraph, second sentence ending "was within his role and travel allowances" was revised to read "was within his role and budgeted travel allowance."

The fourth paragraph, first sentence ending "approved a policy that now requires Board members to make a verbal/written report to the Board following member travel" was previously approved per a motion of the Board at the February, 2008 meeting. This language will be incorporated into the ATRS Travel Policy for the Board's review at the December 8th meeting.

The Joint Audit Committee suspended consideration of the Agency's response to paragraphs 2, 3 and 4 and therefore, the Board will not respond to those items.

THE MOTION TO ADOPT THE AMENDED BOARD'S RESPONSE, AS NOTED ABOVE, WAS MADE BY DR. ABERNATHY, SECONDED BY DR. FAIR, AND UNANIMOUSLY APPROVED BY THE BOARD.

- a. **CEO Report.** Paul Doane, CEO informed the Board of the upcoming grand opening of LM Glassfiber's production facility in Little Rock (one of ATRS' Arkansas Related Investments) is scheduled for Tuesday, October 28, 2008. CEO will be attending Advent International's Annual Advisory Board meeting scheduled for October 27 through October 28, 2008 in Boston, MA and is scheduled to attend meeting with Consultant, Franklin Park, on several private equity due diligence visits on October 27th and 28th. The upcoming PERAC meeting will be attended on behalf of the State of Massachusetts. A thank you note was sent on behalf of ATRS and the Board to thank Mr. Warren Stephens and Mr. Warren Simpson for sharing their insight with the Board relating to the current market situation. The deadline for responses to the Hedge Fund of Funds RFPs was October 20th and the Consultant, Ennis Knupp, and staff are currently reviewing the responses. The ATRS Portfolio Performance Report as of September 30, 2008 was provided by Ennis Knupp and distributed to the Board for review. The actuarial firm of Gabriel Roeder is working on the Actuarial Report due in December and the cost of the alternative to T-DROP proposal for the Policy/Legislative Committee's review at the next scheduled meeting on November 18, 2008. The CEO and COO are working with Gail Stone of APERS regarding the upcoming legislative session and will be speaking with other legislative personnel. A written report of the NCTR meeting was provided to the Board for review. The CEO has met with four potential candidates for the non-board members to be assigned to the Investment Committee with expected interviews at the next scheduled meeting of the Investment Committee in November. There has been some interest in one of ATRS' parcels of vacant properties in Little Rock and is in the process of obtaining and appraisal and bid. The RFPs have been sent out for an election vendor process. Mr. Greathouse, Director of Public Sectors is proceeding with the RFP process in to select a Master Custodian due June of 2009. Board members who would like key access ATRS building were instructed to contact Ms. Bolden to obtain a "fob". The issue of a compliance audit has been a topic of discussion at recent NCTR conferences. NCTR could be of assistance in identifying firms to perform ATRS' pending compliance audit to assure

statutes and policies are compliant prior to obtaining a voluntary IRS Determination Letter. The Board is expected to make a decision regarding this matter in December. ATRS' COO, Gail Bolden, was featured in the recent Arkansas Business in an article regarding office security.

Discussion of ATRS' Proposed Fitness Center. A request was made for the results of survey, and the interest expressed to utilize same, for the next Board meeting. Considering the economic downturn money should not be spent on something that is not absolutely necessary and ATRS should not move forward with that type of expense at this time.

VI. Adjourn Board Meeting.

THE MOTION TO ADJOURN THE BOARD OF TRUSTEES MEETING WAS MADE BY DR. FAIR, SECONDED BY MS. RIDDLE, AND UNANIMOUSLY APPROVED BY THE BOARD.

Chair, Ms. Nichols, adjourned the Board of Trustees meeting at 3:35 p.m.

Jane Toledo, Recorder

Paul Doane, Executive Director

Robin Nichols, Chair
Board of Trustees

Date Approved