

**ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES**

**Minutes
February 14, 2005**

The Board of Trustees of the Arkansas Teacher Retirement System held a regular meeting on Monday, February 14, 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
Monty Betts
Winfred Clardy
Lawrence Colston
Charles Dyer
Dr. Paul Fair
Betty McGuire
Robin Nichols
Gus Wingfield

Members of the Board Absent:

Bunny Adcock
Hazel Coleman
Dr. T. Kenneth James
Ellen Terry
Jim Wood

Staff Present:

Julie Cabe, Deputy Director
Jo Ann Carroll, MPA

Guests Present:

Stephen Cummings, Ennis Knupp
Laurel E. Nicholson, Ennis Knupp
Nathan Vinn, Ennis Knupp
Joe Lawrence, Alliance Capital
David P. Handke, Jr., Alliance Capital
David Jerome, Alliance Capital
Paul Doane, Oppenheimer Capital
Colin Glinsman, Oppenheimer Capital
Deirdre Guice, Oppenheimer Capital

Bill Hazel, Eubel, Brady & Suttman
Andrew Richey, ICC
Michael E. Nyeholt, Capital Guardian
Terry Ragsdale, Capital Guardian
William Conrad, A. G. Edwards
Jim McGuire, Trustee spouse

I. Call to Order

Linda Parsons called the meeting to order at 1:07 p.m. with a quorum of the Board present.

II. Approval of Agenda

Robin Nichols moved adoption of the agenda, Charles Dyer seconded, and the Board unanimously concurred approval of the agenda.

III. Public Comments on Agenda Items

There were no comments.

IV. Consultant's Report – Ennis Knupp & Associates

Stephen Cummings and Laurel E. Nicholson of Ennis Knupp & Associates (Ennis Knupp) presented the Fourth Quarter 2004 Performance Report stating that the Total ATRS Fund trailed its performance benchmark by 0.6 percentage points during the fourth quarter. Ms. Nicholson advised that the Fund's private equity investments were the main cause of the underperformance, which, along with real estate and non-U.S. equity, trailed the benchmark. Ms. Nicholson reported that the year had finished fairly strong, with a total return for 2004 of 12.5 percent, and a total fund of 8.648 billion.

Mr. Cummings called to the Board's attention to a Memorandum from Ennis Knupp regarding a benchmark change by Nicholas Applegate. He stated the change had become necessary because Credit Suisse First Boston had stopped calculating the CSFB Convertible Securities Index as of December 31, 2004, and, as a result, Nicholas Applegate needed to replace the Index as a benchmark for ATRS' convertible portfolio.

V. Report on Potential Real Estate Firms

There was discussion regarding the three companies, ING Clarion Partners, Prudential, Real Estate Investors, and UBS Realty, recommended to the Board by the Investment Committee at its January 10, 2005, meeting as candidates in the selection of a Real Estate Manager(s) for the System. Following the discussion, Ms. Parsons advised that the matter was on the February 15, 2005, Agenda and would be addressed at that meeting.

VI. Manager Reports

The following U.S. equity managers presented their annual report to the Board:

1. Alliance Capital, *Joe Lawrence, David P. Handke, Jr., David Jerome*
2. Oppenheimer, *Paul Doane, Colin Glinsman, Deidre Guice*
3. Eubel, Brady & Suttman, *Bill Hazel*
4. ICC, *Andrew Richey*
5. Capital Guardian, *Michael E. Nyeholt and Terry Ragsdale*

VI. Executive Director's Comments

None.

VII. Adjournment

With no further business to be heard by the Board, the meeting was adjourned without objection at 4:32 p.m.

JoAnn Carroll, Recorder

David Malone, Executive Director

Linda Parsons, Board Chair

Date Approved