

**ARKANSAS TEACHER RETIREMENT SYSTEM
BOARD OF TRUSTEES**

**Minutes
October 4, 2005**

The Board of Trustees of the Arkansas Teacher Retirement System held a regular meeting on Tuesday, October 4, 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

John Fortenberry, Chair
Robin Nichols, Vice Chair
Monty Betts
Winfred Clardy
Hazel Coleman
Lawrence Colston
Charles Dyer
Dr. Paul Fair
Beverly Leming
Linda Parsons
Ellen Terry
Jim Wood

Members of the Board Absent:

Robert H. "Bunny" Adcock, Jr.
Dr. T. Kenneth James
Gus Wingfield

Staff Present:

David Malone, Director
Julie Cabe, Deputy Director
Jo Ann Stewart, MPA
Wayne Greathouse, Deputy
Deputy Director/Finance
Phillip Director, Assoc. Director/Fiscal
Affairs
Gail Bolden, Data Processing
Michael Ray, Benefits and Counseling
Judy Brown, Payroll
Donna Hobbs, Personnel
Hugh Roberts, Investments
Michael Kaucher, Investments
Leslie Ward, Investments
Christa Clark, Attorney Specialist

Guests Present:

Mike Wickline, *Arkansas Democrat-Gazette*
Bobby Lester, ARTA
Mary Purselley, ARTA
Richard Hutchinson, AEA
Daniel Marzoni, AEA

I. Call to Order

John Fortenberry called the meeting to order at 9:02 a.m. with a quorum of the Board present.

II. Adoption of Agenda

Mr. Malone requested an additional item to the agenda under the Executive Director's report: Resolution No. 2005-35 – Sale of The Crescent Center located in Memphis, Tennessee. Hazel Coleman moved adoption of the agenda, as amended, Jim Wood seconded, and the Board unanimously approved the motion.

III. Approval of Minutes

Ms. Coleman moved approval of the minutes of the regular meeting on July 18, 2005, Linda Parsons seconded, and the Board unanimously concurred.

Monty Betts moved approval of the minutes of the special meeting on September 8, 2005, Ellen Terry seconded, and the Board unanimously concurred.

IV. Public Comment on Agenda Items

No public comment was made.

V. Report of Investment Committee

A. Mr. Malone reported that the draft of the minutes of the September 19, 2005, Investment Committee meeting was enclosed for the Board's review.

B. Mr. Malone reported that the committee approved recommending to the Board a revision to the guidelines of Wellington Management Company, LLP, which included permission for Wellington to use Exchange Traded Funds (ETFs) to equitize frictional cash. ETFs will not represent more than 2% of the portfolio. Mr. Malone explained that the language in the guidelines was presented to and approved by the Board at its July 18, 2005, meeting but stated that a section had been highlighted incorrectly, which resulted in focusing the discussion on American Depository Receipts (ADRs) and Government Depository Receipts (GDRs) instead of the intended revision regarding Exchange Traded Funds (ETFs). Following this explanation, upon a motion by Winfred Clardy and a second by Robin Nichols, the Board approved **Resolution 2005-30** (copy attached).

C. Mr. Malone stated that the committee reviewed the draft of the proposal of Rebsamen Insurance to insure the property holdings of the Retirement System for the period October 1, 2005, through September 30, 2006, and moved to recommend it to the full Board in October to ratify the action of the Executive Director in executing the documents to extend the appropriate insurance coverage for the properties. Since that time Rebsamen Insurance, Inc. received a better quote from Clarendon American Insurance Co., which resulted in lowering the rate from \$104,079 to \$102,405. Ms. Parsons moved approval of

Resolution No. 2005-31, as amended (copy attached), Ms. Terry seconded, and the Board unanimously approved the motion.

D. Charles Dyer moved approval of **Resolution No. 2005-32** (copy attached), as recommended by the Investment Committee, authorizing the Executive Director to honor the call of \$2,000,000.00 to offset the costs of tenant finish-out and contractual site work costs related to long term leases in the American Center I and II in Nashville, Tennessee, Ms. Coleman seconded, and the Board unanimously approved the motion.

E. Mr. Malone provided an update on property owned by the System and Cooper Realty Investments, Inc., noting the sale of The Forum Center in Memphis, Tennessee, approved by the Board at the July 18, 2005, board meeting. Mr. Malone also told the Board that the System is hoping to sell Two Financial Center, located in Little Rock, sometime next year and does not recommend selling The American Center in Nashville, Tennessee, because it is a good investment for the System. Mr. Malone reported that since the time of the committee meeting, the System had received a firm proposal for sale of The Crescent Center in Memphis. Following discussion, Dr. Fair moved approval of **Resolution No. 2005-35** (copy attached), approving the sale of The Crescent Center, Beverly Leming seconded, and the Board unanimously approved the motion.

Mr. Malone distributed an American Timberland Portfolio Review and Update dated September 30, 2005, prepared at the request of Dr. Fair. The System has been over allocated in this area and has entered into a plan to reduce the holdings by \$25 million a year over a five-year period. Mr. Malone reported that the System is in the second year of the five-year program to reduce timber holdings, and he is pleased with the progress to date.

VI. Ellen Terry moved approval of **Resolution No. 2005-33** (copy attached) regarding employer pick-up contributions. Following a lengthy discussion, which was led by Ms. Cabe, Ms. Coleman seconded the motion, and the Board unanimously concurred.

VII. Mr. Malone discussed the request to revise Policy No. 10-2 (Conditions Under Which a Retirant May Return to Covered Service Without Rescinding Retirement). The Department of Education has requested a revision to the policy concerning the waiver of earnings limitation to allow, under certain circumstances, the hiring of superintendents in school districts in academic or fiscal distress under Act 1467 of 2003. If approved, **Resolution No. 2005-34** (copy attached) would adopt emergency rules to revise the policy as requested. Mr. Colston moved approval of the resolution, and Mr. Dyer seconded. The motion was approved on the following vote:

Voting Yes: Betts, Colston, Dyer, Fair, Fortenberry, Leming, Nichols, Terry, Parsons, and Wood.

Voting No.: Clardy and Coleman.

Mr. Fortenberry called a recess at 10:08 a.m. and the meeting reconvened at 10:18 a.m.

Mr. Malone introduced two new ATRS staff members: Phillip McNeill, Associate Director of Fiscal Affairs and Christa Clark, Attorney Specialist.

VIII. Staff Reports

- A. Ms. Coleman moved approval of the ATRS Medical Board reports for July and September 2005. Ms. Nichols seconded, and the Board unanimously approved the motion.
- B. No other staff reports required action.

IX. Executive Director's Comments

Mr. Malone explained that the Governor had directed all state agencies to develop a disaster recovery plan and presented a copy of the current draft of the ATRS Disaster Recovery Plan for the Board's review.

Mr. Malone advised that the Policies Committee will meet at 10:00 a.m. on November 7.

X. Executive Session for Discussion of Personnel Matters

The Board entered into executive session to discuss personnel matters at 10:57 a.m. The session ended at 11:32 a.m., Mr. Fortenberry reported that no action was taken, and the meeting immediately adjourned

JoAnn Stewart, Recorder

David Malone, Executive Director

John Fortenberry, Board Chair

Date Approved

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**RESOLUTION
No. 2005-30**

WHEREAS, the Board of Trustees of the Arkansas Teacher Retirement System desires to establish Investment Guidelines for:

Wellington Management Company, LLP

WHEREAS, guidelines were originally adopted on February 3, 2004, and revised on April 5, 2004, and July 18, 2005; and

WHEREAS, the revised guidelines which are attached to this Resolution have been recommended by the System's consultant and staff and shall be effective on the date of funding;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of the Arkansas Teacher Retirement System hereby approves the revised guidelines as attached.

Adopted this 4th day of October, 2005

John Fortenberry, Chair
Arkansas Teacher Retirement System

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 WEST THIRD STREET
LITTLE ROCK, ARKANSAS 72201**

AMENDED

**RESOLUTION
No. 2005-31**

Real Estate Insurance Contracts

WHEREAS, Rebsamen Insurance, Inc. recommended the following insurance contracts for the period from October 1, 2005 to September 30, 2006:

- *Liberty Mutual – Property (\$5,000.00 deductible)
- *Clarendon American Insurance Co. – Primary Liability
- *St. Paul Travelers – (\$10MM) – Excess Liability

WHEREAS, the Investment Committee reviewed these recommendations and estimated cost of the policies at the Investment Committee meeting on September 19, 2005.

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees hereby ratifies the action of the Executive Director in executing the documents to extend the appropriate insurance coverage for the properties held for investment.

Adopted this 4th day of October, 2005

John Fortenberry, Chair
Arkansas Teacher Retirement System



**Property Casualty Renewal
October 1, 2005/2006**

Insurer / Line of Coverage	Premiums at Inception Date	
	2004/2005	2005/2006
	(All premiums shown are net of commission and include taxes, fees and Terrorism Risk Insurance Act charges)	
Liberty Mutual – Property (\$ 5,000 Ded.)	\$ 78,286	\$ 64,579
First Specialty – Primary Liability	34,258	33,488
Clarendon American Insurance Co. – Primary Liability	-	24,696
St. Paul Travelers (\$10MM) – Excess Liability	14,600	13,130
Total Premium	127,144	(using Clarendon #) 102,405

A.M. Best Insurance Company Ratings:

- ❖ Employers Insurance Co. of Wausau (*A Liberty Mutual Company*) – A (Excellent) XV
- ❖ First Specialty Insurance Corporation – A (Excellent) XV
- ❖ St. Paul Fire & Marine Insurance Company – A+ (Superior) XV
- ❖ Clarendon America Insurance Company – A- (Excellent) X

Notes:

- ❖ The property coverage is on a replacement cost basis. The 05.06 property quote includes a 4% inflationary increase in the real & personal property values.
- ❖ The business interruption values reflect current 100% occupancy revenues.

*See Attachment "A"

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**RESOLUTION
No. 2005-32**

WHEREAS, Arkansas Teacher Retirement System (ATRS) is a partner with Cooper Realty Investments Inc. (CRI) in the ownership of American Center I and II, in Nashville, Tennessee, and

WHEREAS, additional capital improvements and tenant finish-out need to be completed, and

WHEREAS, the estimated cost of completion of the work will cost the Partnership approximately Two Million Five Hundred Thousand Dollars (\$2,500,000), and

WHEREAS, ATRS's share of this cost will be Two Million Dollars (\$2,000,000.00).

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director be and he hereby is authorized to honor the call of Two Million Dollars (\$2,000,000.00) to offset the costs of tenant finish-out and contractual site work costs related to long term leases in the American Center I and II.

Adopted this 4th day of October, 2005

John Fortenberry, Chair
Arkansas Teacher Retirement System

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**RESOLUTION
No. 2005-33**

REGARDING EMPLOYER PICK-UP CONTRIBUTIONS

WHEREAS, the Board of Trustees (“Board”) of the Arkansas Teacher Retirement System (the “System”), pursuant to *Ark Code Ann.* § 24-7-301, is responsible for general administration and proper operation of the System and for making effective the provisions of the Arkansas Teacher Retirement System Act (“Act”);

WHEREAS, by resolution dated January 16, 2001, the Board adopted a resolution entitled “Resolution Regarding Employer Pick-Up Contributions.”

WHEREAS, *Ark. Code Ann.* § 24-7-406 was amended by Acts 23 and 47 of the Second Extraordinary Session of 2003, and Act 385 of 2005, of the Arkansas General Assembly;

WHEREAS, effective July 1, 2006, the January 16, 2001, resolution is revised in its entirety to provide as follows.

THEREFORE, BE IT RESOLVED, that each Employer (as defined in *Ark. Code Ann.* § 24-7-202), shall make all member contributions required by *Ark. Code Ann.* § 24-7-406, and that the employees of each such Employer may not elect to receive such contributions directly. This resolution shall apply to all teacher and nonteacher employees as defined in *Ark. Code Ann.* § 24-7-406.

FURTHER RESOLVED, that each Employer shall pick up the member contributions required by *Ark. Code Ann.* § 24-7-406 from the salary earned by the member after June 30, 2006, and those contributions shall then be treated as employer contributions in determining tax treatment under the provisions of the Internal Revenue Code and the Income Tax Act of 1929, §§ 26-51-101 *et seq.* If a member elects to make additional contributions, back contributions, conversion contributions, repayment contributions or purchased service contributions through payroll reductions, the employer shall pick up the amount required to make such contributions from the employee’s salary earned after the employee signs an irrevocable payroll authorization

prescribed by the board, and those contributions shall then be treated as employer contributions in determining tax treatment under the provisions of the Internal Revenue Code and the Income Tax Act of 1929, §§ 26-51-101 *et seq.*

Adopted this 4th day of October, 2005

John Fortenberry, *Chair*
Arkansas Teacher Retirement System

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**R E S O L U T I O N
No. 2005-34**

Regarding Waivers of the Earnings Limitation

WHEREAS, the adoption of Act 911 of 2005 by the 85th General Assembly to be effective July 1, 2005, necessitated the Executive Director and the ATRS staff to file and implement emergency amendments to Policy No. 10-2 (Conditions Under Which a Retirant May Return to Covered Service Without Rescinding Retirement) as authorized by Board Resolution 2005-10; and

WHEREAS, permanent rules and regulations implementing this legislation were adopted by the Board on July 18, 2005, by Board Resolution 2005-24; and

WHEREAS, the Arkansas Department of Education has requested that ATRS adopt an amendment to Policy No. 10-2, particularly that section on pages 10-2-3- and 10-2-4 dealing with waivers of the earnings limitation, to allow the Arkansas Department of Education, in emergency situations, to request of ATRS a waiver of the earnings limitation for a properly qualified retirant to serve as superintendent in a school district which has been reconstituted or reorganized pursuant to Act 1467 of 2003; and

WHEREAS, the Arkansas Department of Education has stated that there is an immediate need for such an amendment because the Arkansas Department of Education will not possibly otherwise be able to hire superintendents to administer those school districts that are in academic, fiscal or probationary status under Act 1467 of 2003 and are, therefore, in dire need of immediate assistance and guidance; and

WHEREAS, the Arkansas Department of Education has further stated that, without this amendment, the Arkansas Department of Education will be impeded in the ability to carry out the educational accountability provisions of Act 1467 of 2003, the Quality Education Act, thus directly impacting the education of children in said school districts.

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the Arkansas Teacher Retirement System determines, based on these facts and

circumstances, that an emergency exists, that these circumstances and facts constitute an imminent peril to the public health, safety, or welfare requiring the adoption of a rules upon fewer than 30 days notice, and adopts on an emergency basis revised Policy No. 10-2

(Conditions Under Which a Retirant May Return to Covered Service Without Rescinding Retirement) as presented on pages 24-28 of the agenda binder, to be effective October 4, 2005;

FURTHER RESOLVED, that the revised policy is to be effective for 120 days from October 4, 2005, or until the effective date of a permanent policy adopted by the Board, whichever is earlier;

FURTHER RESOLVED, that the Executive Director of ATRS or his designee is authorized to promulgate and implement these amendments;

FURTHER RESOLVED, that in promulgating these amendments, the Executive Director of ATRS or his designee is authorized to make technical corrections when necessary.

Adopted this 4th day of October, 2005

John Fortenberry, *Chair*

Arkansas Teacher Retirement System

Agency No. 088.00

**CONDITIONS UNDER WHICH A RETIRANT MAY RETURN TO COVERED
SERVICE WITHOUT RESCINDING RETIREMENT**

(Amended by Act 1293 of 1995; Act 384 of 1997; Act 30 of 1999;
Act 1146 of 2001; and Act 911 of 2005)
(A.C.A. §24-7-708)

AGE AND SERVICE RETIRANT

1. Except for a waiver provided in accordance with Act 30 of 1999 and Act 1146 of 2001, as amended by Act 911 of 2005, if a retirant returns to service - as an employee of a public employer whose employees are covered by ATRS¹ - without rescinding his/her retirement under Act 39 of 1989 (A.C.A. §24-7-717), then, for each twelve-month period ending June 30, the amount of his/her System annuity shall be subject to the limitations equivalent to twice the limitations imposed by the Social Security retirement test. The amount a retirant may earn and still collect full benefits depends upon whether he/she has reached "full retirement age (FRA)" as defined in P.L. 106-182.
 - A. Effective for years ending after December 31, 1999, pursuant to P.L. 106-182, which eliminated the Social Security retirement earnings test in and after the month a person attains "full retirement age (FRA)," a retirant reaching full retirement age may return to service without being subject to the earnings limitations. "Full retirement age (FRA)" will gradually increase from age 65 to age 67.²
 - B. Effective July 1, 1992, a retirant who is under age 65 may earn up to twice the Social Security earnings limitation amount without affecting his/her ATRS benefits. If his/her ATRS covered earnings exceed that amount, \$1 in benefits will be deducted for each \$2 earned above the earnings limitation amount.
 - C. For each year ending June 30, the Social Security retirement test to be considered shall be the test in effect for the calendar year beginning the January 1 immediately preceding June 30. The retirant's earnings shall be his or her remuneration for the employment for the year ending June 30.

¹ (Prior to July 1, 1991, the earnings limitation applied to retirants who were

- employees with ATRS, ASHERS, or ASERS from 7-1-71 through 6-30-77;
- employees with a public employer, whose employers are covered by a state-supported retirement plan or the University of Arkansas from 7-1-77 through 6-30-78;
- employees of a public employer whose employees are covered by a retirement plan supported wholly or in part by state contributions from 7-1-78 through 6-30-91.)

² Previously, a retirant aged 65 to 69 could earn up to twice the Social Security amount without affecting his/her ATRS benefits. If his/her ATRS covered earnings exceeded that amount, \$1 in benefits was to be deducted for each \$3 earned above the earnings limitation amount.

- D i. For those retirants exceeding the earnings limitation, the System will suspend payment of benefits in the fiscal year in which the earnings limitation is exceeded; however, if the System is not notified in a timely manner, the System may carry over suspension of benefits into the next fiscal year.
 - ii. In the case of hardship to the retirant or for the convenience of the System, upon request of the retirant, the System may negotiate an alternate method of repayment other than total suspension of retirement benefits for the recovery of the amount of benefits which exceeded the earnings limit.
 - iii. The amount recovered by ATRS will not exceed the amount of benefits paid during the year(s) in which the earnings limitation is/was exceeded.
 - iv. For questions not covered by this rule, see No. 9-6 (Error Corrections and Collection of Overpayments).
2. A. Employers and retirants must report immediately, upon acceptance of employment in a position covered by ATRS, a return to covered employment by a retirant. A Statement of Employment form must be completed immediately by employers and retirants upon acceptance of employment for each retirant hired in a position covered by ATRS.
- B. Employers will report monthly all retirants who have returned to full or part-time employment in an ATRS covered position and who have not rescinded their retirement. The monthly report will be filed on a Retired Member Returned To Service form, which will be furnished by ATRS.
- C. In the event that both the employee and the employer fail to notify the Teacher Retirement System of a retiree's return to service, and benefits are paid illegally due to such lack of notice, the Teacher Retirement System shall delay restoration of benefits until all funds paid illegally have been recovered either through direct payment by the retiree or through delay in restoration of benefits by the System.
3. A. Effective July 1, 1977, a retirant may receive remuneration as an employee from any private employer or as a member of the General Assembly without any effect on his/her annuity.³
- B. Effective July 1, 1991, an age and service retiree may be employed by a public employer whose employees are not covered by ATRS without any effect on his/her annuity.

³ (From 7-1-71 through 6-30-77 this "exemption" covered employees receiving remuneration "from any other public employer or private employer.")

4. During any period of employment in a position covered by the System (which is not covered by Act 39 of 1989 [A.C.A. § 24-7-717(a)–(e) Rescission of Termination]), an age and service retiree shall not accrue additional service credit in the Arkansas Teacher Retirement System.
5. A. Effective July 1, 1995, Act 1293 of 1995 provided that if a retirant is employed in a covered position by a state college, university, or vocational-technical school, his annuity shall not be subject to the limitations provided in No. 1 above.
- B. Effective July 1, 1997, Act 384 of 1997 repealed Act 1293 of 1995, making subject the ATRS earnings limitation the annuity of a retirant who is employed in a covered position by a state college, university, or vocational-technical school, as provided in No.1 above.

WAIVER OF EARNINGS LIMITATION

1. A. In accordance with Act 30 of 1999 and Act 1146 of 2001 as amended by Act 911 of 2005 and with rules and regulations adopted by the State Board of Education, the Arkansas Department of Education (ADE) may request of the ATRS Executive Director a waiver of the conditions subjecting annuities to the ATRS earnings limitation.
- B. All requests for waiver must originate with ADE and must be submitted for approval by ATRS within sixty (60) days of employment. If approved, the waiver shall be effective for one (1) year from the date of hire or until the end of the current fiscal year, whichever comes first, with the option to renew annually for up to a total of three (3) years as requested by ADE. Renewals must also be approved by the Executive Director of ATRS.
2. Effective July 1, 2005, under Act 911 of 2005, the ATRS Executive Director is authorized to take appropriate action on waivers of the ATRS earnings limitations requested by the Department of Education:
 - A. If the retiree is hired by a public school district due to a shortage of certified teachers in a critical academic area in which the retiree is certified; OR
 - B. If the retiree is hired as a superintendent due to a reconstitution or reorganization of a public school district as allowed in A.C.A. §6-15-419 – 201 et.seq., §6-15-401 et.seq., or §6-20-1901 et.seq. following an appropriate determination by the State Department of Education that:
 - i. The public school district has failed to meet standards of accreditation pursuant to A.C.A. §6-15-201 et.seq.; OR
 - ii. The public school district is in academic distress status for failing to meet the minimum level of academic achievement on the ACTAAP examinations pursuant to A.C.A. §6-15-401 et.seq.; OR

- iii. The public school district is in fiscal distress status pursuant to A.C.A. §6-20-1901 et. seq.; AND
 - iv. An appropriately qualified applicant, as determined by the State Department of Education, who is not an ATRS-covered retiree is not available to be employed.
3. Critical academic areas in which there is a shortage of certified teachers shall be determined annually by the State Department of Education.
 4. Employers shall maintain audit files identifying personnel granted a waiver and documenting the reasons for the waiver and will be responsible for reporting to ATRS, all retirees who have returned to employment under these provisions.
 5. Beginning July 1, 2005, under provisions of Act 911 of 2005, for any retired member employed in a position covered by the System pursuant to a waiver, the amount paid to the System shall be equal to the combined employee and employer contributions rate in effect at the time of the employment and shall be remitted by the employer. The contributions shall be paid on all salary earned in the fiscal year and shall not be collected from the employee. These amounts shall be recorded in the ADE Waiver Income Account.

DISABILITY RETIREE

Disability Retiree Employed Full-Time

1. When a disability retiree is employed in a position covered by the Teacher Retirement System as a full-time employee, the Teacher Retirement System is required to remove the retiree from the disability payroll. It is the responsibility of the employee and employing agency to report such employment to the retirement office immediately. The employing agency will report salary and service as described on page 10-2-2 under Age and Service Retiree, Nos. 2A and 2B above. Unless the retiree was a member of the noncontributory plan, it is also the responsibility of the employing agency to withhold employee contributions.
2. If the retiree completes a minimum of 120 days or more during a fiscal year in Arkansas, thus adding a year's service credit, the retiree can then again make application for disability or age and service retirement, and the benefits will be recomputed based on the additional year or years of service credit.
3. Full-time employment is defined as a member working at least 480 hours in a fiscal year.
4. If a disability retiree under age 60 becomes employed as a full-time employee by a public employer whose employees are covered by a retirement plan supported wholly or in part by state contributions his/her

disability retirement shall terminate. His/her credited service and accumulated contributions at the time of disability retirement shall be restored to his/her credit in the Member's Deposit Account, and the person shall immediately again become a member of the System, if eligible.

5. If a disability retiree returns to full-time employment and receives credited service but dies before completing 120 days of creditable service, a determination must be made by the System as to whether survivor or disability benefits will be payable.

Disability Retiree Employed Part-Time

1. Part-time employment is defined as a disability retiree working less than 480 hours in a fiscal year.
2. A disability retiree employed part-time will be subject to the same earnings limitation policy as age and service retirees (see above); however, a waiver of the earnings limitation is not available for disability retirees.
3. A disability retiree shall not be permitted to purchase or establish service credit when employed in a part-time position.
4. A disability retiree shall not be given service credit during the time in which he/she receives a disability annuity (Act 541 of 1977).

Amended: June 15, 2004
July 18, 2005



Gene Groseclos
Senior Vice President & General Counsel

September 29, 2005

Mr. David Malone
Arkansas Teacher Retirement System
1400 West Third Street
Little Rock, AR 72201

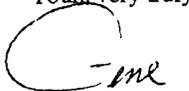
Re: Status Update Regarding Sale of Crescent Center – Memphis, Tennessee

Dear Mr. Malone,

Prior to the expiration of the Due Diligence period, Buyer requested and Seller agreed to a one hundred thirty thousand dollar (\$130,000) reduction of the sixty-three million dollar (\$63,000,000) purchase price because of an adjustment in the tax base year resulting from tax decreases which were granted for the years 2002, 2003 and 2004 as a result of our tax appeal. Due Diligence was concluded September 28th. Buyer has tendered an additional \$2.5 million bringing the total nonrefundable earnest money deposit to \$5 million. We are scheduled to close on or before October 28th. Buyer, at its option, may extend closing for an additional thirty (30) day period by tendering an additional nonrefundable earnest money deposit of \$1 million.

I trust the above updates the current status regarding the sale of Crescent Center. If you have any questions or concerns, give me a call.

Yours very truly,


Gene Groseclos

/ap

**ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201**

**RESOLUTION
No. 2005-35**

WHEREAS, The Arkansas Teachers Retirement System (“ATRS”) and Cooper Realty Investments, Inc. (“Cooper”) are the two general partners of Crescent Forum Partnership, an Arkansas general partnership, (the “Partnership”) which owns an office building located in Memphis, Tennessee, and known as The Crescent Center (the “Crescent Property”);

WHEREAS, the Board of Trustees of ATRS has been informed with respect to the proposed sale by the Partnership of the Crescent Property to IPC Crescent Center, LLC (“Purchaser”) or its assignee for the sale price of \$62,870,000.00 pursuant to the terms of that certain Real Property Purchase Agreement dated September 21, 2005, between the Partnership and Purchaser, and has approved such transaction and determined that such transaction by the Partnership would be in the best interest of the Partnership and ATRS.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees of ATRS approves the sale of the Crescent Property by the Partnership pursuant to the terms of the aforesaid Real Property Purchase Agreement and amendments thereto, if any.

BE IT FURTHER RESOLVED, that the execution by Cooper, as managing member of the Partnership, of any and all deeds, bills of sale, assignments and other instruments in the name of the Partnership with regard to the hereinabove described transactions, be and are hereby ratified, confirmed and approved;

BE IT FURTHER RESOLVED, that Cooper, as managing member of the Partnership, is hereby authorized to take or cause to be taken all such actions which it shall deem necessary, advisable or appropriate to carry out the purposes and intent of the preceding resolutions; and

BE IT FURTHER RESOLVED, that all acts, past, present or future, on the part of Cooper, as managing member of the Partnership, effectuating the purposes of these resolutions are hereby ratified, confirmed and approved.

Adopted this 4th day of October, 2005

John Fortenberry, Chair
Arkansas Teacher Retirement System



Gene Groseclos
Senior Vice President & General Counsel

September 29, 2005

Mr. David Malone
Arkansas Teacher Retirement System
1400 West Third Street
Little Rock, AR 72201

Re: Status Update Regarding Sale of Crescent Center – Memphis, Tennessee

Dear Mr. Malone,

Prior to the expiration of the Due Diligence period, Buyer requested and Seller agreed to a one hundred thirty thousand dollar (\$130,000) reduction of the sixty-three million dollar (\$63,000,000) purchase price because of an adjustment in the tax base year resulting from tax decreases which were granted for the years 2002, 2003 and 2004 as a result of our tax appeal. Due Diligence was concluded September 28th. Buyer has tendered an additional \$2.5 million bringing the total nonrefundable earnest money deposit to \$5 million. We are scheduled to close on or before October 28th. Buyer, at its option, may extend closing for an additional thirty (30) day period by tendering an additional nonrefundable earnest money deposit of \$1 million.

I trust the above updates the current status regarding the sale of Crescent Center. If you have any questions or concerns, give me a call.

Yours very truly,

A handwritten signature in black ink, appearing to read "Gene Groseclos", is written over a large, light-colored circular mark.

Gene Groseclos

/ap