

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

FUND MANAGER MEETING

January 27, 2010

REVISED AGENDA

The Meeting of the Fund Manager of the Public Safety Personnel Retirement System (PSPRS or System) will be held in the main public conference room of the administrative offices of PSPRS, 3010 East Camelback Road, Suite 200, Phoenix, Arizona, 85016, commencing at 1:00 p.m. on Wednesday, January 27, 2010. The meeting will continue until on or before 5:00 p.m. or until the matters set forth in this agenda are otherwise addressed. The Fund Manager may vote to hold an executive session, which will not be open to the public, to discuss certain matters. The Fund Manager reserves the right to consider agenda items out of their listed order.

1. Call to Order

2. **Consent Agenda** (Documentation concerning the matters on the consent agenda may be reviewed at the PSPRS office). Any matter on the Consent Agenda will be removed from the Consent Agenda and discussed as a regular agenda item, and **Action** taken, upon the request of any Fund Manager member or advisor. The Fund Manager may approve, modify or reject approval of any of the following items:

- a. Approval of the Minutes of the Fund Manager Meeting on December 16, 2009.
- b. Acceptance of Transfer Between State Retirement Systems of Shawn Maag.
- c. Acceptance of Transfer Between State Retirement Systems of Samuel Hamill.
- d. Acceptance of Transfer Between State Retirement Systems of Mark Hafkey.
- e. Acceptance of Transfer Between State Retirement Systems of Michael Shrauner.
- f. Acceptance of Transfer Between State Retirement Systems of Julian Garcia.
- g. Acceptance of Transfer Between State Retirement Systems of Nancy O'Brien.
- h. Acceptance of Transfer Between State Retirement Systems of Kathleen Kennedy.
- i. Acceptance of Transfer Between State Retirement Systems of Sheena Broek.
- j. Acceptance of Transfer Between State Retirement Systems of Stephen Rubin.
- k. Acceptance of Transfer Between State Retirement Systems of Steven Haynes.
- l. Acceptance of Transfer Between State Retirement Systems of Dwain Pickens.
- m. Acceptance of Transfer Between State Retirement Systems of Robert Settembre.
- n. Acceptance of Transfer Between State Retirement Systems of Tanarit Plabprasit.
- o. Acceptance of Transfer Between State Retirement Systems of Angelita Flores.
- p. Acceptance of Transfer Between State Retirement Systems of Rex Marsalla.
- q. Acceptance of Transfer Between State Retirement Systems of Frederic Roberts.
- r. Acceptance of Transfer Between State Retirement Systems of Carolyn Holliday.
- s. Acceptance of Transfer Between State Retirement Systems of Stephen Faulstich.
- t. Acceptance of Transfer Between State Retirement Systems of Salvatore Salese.
- u. Acceptance of Transfer Between State Retirement Systems of Joseph Buckley.
- v. Acceptance of Transfer Between State Retirement Systems of Robert Lemons.
- w. Acceptance of Elected Officials' Retirement Plan of termination of benefit of Shirley Novkov.
- x. Acceptance of Elected Officials' Retirement Plan of normal benefit of Katherine Blaylock.
- y. Acceptance of Elected Officials' Retirement Plan of normal benefit of Beverly Frame.
- z. Acceptance of Elected Officials' Retirement Plan of normal benefit of John Kelly.
- aa. Acceptance of Elected Officials' Retirement Plan of normal benefit of Steven Leal.
- bb. Acceptance of Elected Officials' Retirement Plan of normal benefit of Juanita Mann.
- cc. Acceptance of Elected Officials' Retirement Plan of normal benefit of Lawrence Nelson.
- dd. Acceptance of Elected Officials' Retirement Plan of normal benefit of Ema Shoop.

- ee. Acceptance of EORP disability of Judge Cathy Holt.
- ff. Adoption of the investment plan for Credit Opportunities (which was presented to the Fund Manager on May 21, 2009) into the PSPRS Amended and Restated Statement of Investment Policies.
- gg. Adoption of the investment plan for Private Equity (which was presented to the Fund Manager on September 23, 2009) into the PSPRS Amended and Restated Statement of Investment Policies.
- hh. Adoption of the investment plan for Real Assets (which was presented to the Fund Manager on September 23, 2009) into the PSPRS Amended and Restated Statement of Investment Policies.
- ii. Adoption of the investment plan for Equities (which was presented to the Fund Manager on December 16, 2009) into the PSPRS Amended and Restated Statement of Investment Policies.
- jj. Approval of the BNY Mellon settlement agreement.
- kk. Approval of First Amendment to Arizona Sudan Act Compliance Policy and First Amendment to Arizona Iran Act Compliance Policy.

3. Investments - Stocks, Bonds and Others

- a. Report by the Chair of the Investment Subcommittee, Mike Galloway, regarding the discussions that were held and the recommendations that were made in the Investment Subcommittee meeting that was held on Wednesday, January 27, 2010 at 10:00 a.m., with discussion, and possible **Action** by the Fund Manager to approve, disapprove, or suggest modification regarding the following items:
 - 1. Presentation by Staff, StepStone Group and representatives of Sterling Group Capital and discussion regarding a possible investment of up to \$35 million in Sterling Group Partners III or any appropriate feeder, blocker or parallel fund of same.
 - 2. Presentation by Staff, ORG Real Property and representatives of Alcion Capital Master Fund GP II, LLC and discussion regarding a possible investment of up to \$25 million in Alcion Real Estate Partners Master Fund II, L.P or any appropriate feeder, blocker or parallel fund of same.
 - 3. Presentation by New England Pension Consultants ("NEPC") and discussion regarding Global Tactical Asset Allocation investments ("GTAA").
 - 4. Presentation by Staff, NEPC and representatives of DB Advisors and/or Deutsche Asset Management and/or their affiliates ("Advisors") and discussion regarding a possible investment of up to \$120,000,000 in separate accounts or commingled funds (or appropriate feeders, blockers or parallel funds) managed by Advisors and employing a GTAA strategy called the "integrated global alpha platform strategy."
 - 5. Presentation by Staff, NEPC and representatives of Bridgewater and/or its affiliates ("Bridgewater") and discussion regarding a possible investment of up to \$120,000,000 in separate accounts or commingled funds (or appropriate feeders, blockers or parallel funds) managed by Bridgewater and employing a GTAA strategy called the "pure alpha strategy."

6. Presentation by Staff, NEPC and representatives of BlackRock/Barclays Global Investors Global Markets Strategy Group and their affiliates (“BlackRock”) and discussion regarding a possible investment of up to \$120,000,000 in separate accounts or commingled funds (or appropriate feeders, blockers or parallel funds) managed by BlackRock and employing GTAA strategies. Such investment may be made in Global Ascent Ltd. (and or its subsidiaries, affiliates, or parallel funds).
7. Presentation by Staff and discussion regarding investing an additional \$50 million in capital in DTR1, LLC to enable that company to address and pay down immediate lender and line of credit demands by its various lenders, including Wachovia/Wells Fargo.
8. Presentation by Staff and/or legal counsel and discussion regarding compliance with Arizona Sudan Act, Arizona Iran Act and Terrorism Country Divestment Act, and presentation of proposed First Amendment to Arizona Sudan Act Compliance Policy and First Amendment to Arizona Iran Act Compliance Policy (see Consent Agenda Item 2(ee)).
9. Report by Staff and discussion regarding the Month Ended and Fiscal Year-to-Date performance/portfolio update.
10. Report by Compliance Auditor and discussion regarding investment compliance, holdings and transactions as of December 31, 2009
11. Update by Staff and discussion on new, proposed or possible investment data and analytic resources.
12. Report by Staff and/or legal counsel and discussion regarding recent developments and legal issues (including settlement discussions) involving the Trust’s custodians, lenders, securities lending agents, vendors, investments or investment managers or partners (as well as any investments managed by the Trust’s investment managers or partners). The Fund Manager may vote to discuss this matter in Executive Session pursuant to A.R.S. §§ 38-431.03(A)(3),(4) and (7), as set forth in item 5(a) and (b).

4. Other Business

- a. Report by the Chair of the Operations, Governance Policy and Audit Committee, Brian Tobin, regarding discussions that were held and the recommendations that were made in the Operations, Governance Policy and Audit Committee meeting that was held on Wednesday, January 27, 2010 at 11:00 a.m., with discussion, and possible **Action** by the Fund Manager to approve, disapprove or suggest modification regarding the following items:
 1. Status report by Tracey Peterson and discussion regarding preparation for the System’s proposed in-house Fiduciary and General Counsel and efforts to bring Marc Lieberman (and a paralegal) on staff to fill that position followed by possible **Recommendations**.
 2. Discussion of an action plan developed by Tracey Peterson to analyze the Cancer Insurance Plan, including costs associated with the analysis of the Plan, and use of the System’s actuary, Gabriel Roeder Smith & Company (“GRS”), for same and possible **Recommendations**.
 3. Report and discussion regarding the status of the search process to select an Executive Search firm to conduct a national search for a new Administrator and possible **Recommendations**.

4. Presentation by Karen Lewis and discussion of the Quarterly 2010 fiscal year-to-date report of the System's budget and possible **Recommendations**.
 5. Quarterly Operations update by Tracey Peterson and discussion followed by possible **Recommendations** .
 6. Review and discussion of the January 2010 bill for legal services performed in December 2009 and **Recommendations**.
 7. Update by Bridget Feeley and discussion regarding compliance and internal audit with possible **Recommendations**.
- b. Presentation by the System lobbyists (Representatives of P3 and HighGround) with respect to status of the System's FY 2010 legislative initiatives with discussion and possible **Action** to approve, disapprove or modify same by the Board.
 - c. Discussion and possible **Action** to approve disapprove or modify the Assumed Earnings Rate for the fiscal year beginning July 1, 2009, including consideration of the letter from GSR regarding same.
 - d. Discussion and possible **Action** regarding the formation of a third committee or any other committees.
 - e. Discussion regarding Fund Manager requests to participate in training, educational and due diligence opportunities with possible **Action** to approve, disapprove, or suggest alternative training and education seminars and/or due diligence opportunities.
 - f. Discussion and possible **Action** to approve, disapprove or modify the proposed extensions of the Trust's securities class representation agreements with Barrack, Rodos & Bacine, Berman Devalerio, Entwistle & Cappucci, LLP, and Grant & Eisenhoffer P.A.
 - g. Discussion and possible **Action** regarding questions raised by Mr. Ferguson regarding access to executive session minutes and approval of minutes, and legal counsel's recommendation that the executive session minutes be tape recorded.
 - h. Discussion and possible **Action** after consultation with legal counsel for legal advice regarding the status of IRS determination letters for PSPRS, CORP and EORP. The Fund Manager may vote to discuss this matter in Executive Session pursuant to A.R.S. § 38-431.01(A)(3), as set forth in item 5(c).
 - i. Discussion and possible **Action** after consultation with legal counsel for legal advice regarding legal counsel's proposal to file updated IRS determination letters for the System's two Defined Contribution Plans. The Fund Manager may vote to discuss this matter in Executive Session pursuant to A.R.S. § 38-431.01(A)(3), as set forth in item 5(d).
 - j. Discussion with the Fund Manager and instruction to legal counsel regarding ongoing or threatened legal action involving the Arizona PSPRS Trust, the System, or the System's sister plans (EORP or CORP), including Kilcline, Campbell, Martone, AOC Opt Out, Swink, Hosea, Miller, Cross, ApexCapital, Staeck, Apex/Sossaman, BNY Mellon, Pivotal Group, Desert Troon, Wachovia/Wells Fargo, Biltmore Bank, National Bank of Arizona, Loftus, and JP Morgan Chase matters and possible **Action** regarding same. The Fund Manager may vote to discuss these matters in Executive Session pursuant to A.R.S. §§ 38-431.03(A)(1), (2), (3), (4), and (7), as set forth in items 5(a) and (b).

5. Executive Session for Legal Matters in Accordance with A.R.S. §§ 38-431.03(A)(1), (2), (3), (4), & (7). The Fund Manager may vote to go into Executive Session to discuss matters pursuant to A.R.S. §§ 38-431.03(A)(1), (2), (3), (4), and (7) including to obtain legal advice from the Board's attorney on any matter listed on the agenda, including:

- a. Discussion and consultation with legal counsel regarding legal issues, and settlement discussions, if any, arising in connection with the Arizona PSPRS Trust's real estate, private equity, hedge and other investments, including those managed by the Pivotal Group, ApexCapital Management, and Desert Troon Limited, pursuant to A.R.S. §§ 38-431.03(A)(3), (4) and (7).
- b. Discussion and consultation with legal counsel and Staff regarding ongoing or threatened legal action involving the Arizona PSPRS Trust, the System or the System's sister plans (EORP or CORP), including contemplated internal investigation and interview guidelines, investment related matters, EEOC charges, and cases, including Kilcline, Campbell, Martone, AOC Opt Out, Swink, Hosea, Miller, Cross, Staeck, ApexCapital, Apex/Sossaman, BNY Mellon, Pivotal Group, Desert Troon, Wachovia/Wells Fargo, Biltmore Bank, National Bank of Arizona, Loftus, and JP Morgan Chase matters, pursuant to A.R.S. §§ 38-431.03(A)(1), (3), (4), and (7).
- c. Discussion and consultation with legal counsel for legal advice regarding status of IRS determination letters for PSPRS, CORP and EORP, pursuant to A.R.S. §§ 38-431.03(A)(3).
- d. Discussion and consultation with legal counsel for legal advice regarding IRS determination letters for the System's various Defined Contribution Plans, pursuant to A.R.S. § 38-431.01(A)(3).

6. Call to the Public:

This is the time for the public to comment. Members of the Fund Manager may not discuss items that are not specifically identified on the agenda, except to address criticism from the public. Therefore, pursuant to A.R.S. § 38-431.01(H), the Fund Manager's reaction to any public comment is limited to addressing criticism or recommending that the Fund Manager or Staff respond or study such comment or schedule the subject matter for further consideration at a later date after appropriate notice.

7. Set Next Meeting Date

8. Adjournment