

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

BOARD OF TRUSTEES MEETING

August 18, 2010

Revised AGENDA

The Meeting of the Board of Trustees 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, August 18, 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 Board of Trustees may vote to hold an executive session, which will not be open to the public, to discuss certain matters. The Board of Trustees reserves the right to consider agenda items out of their listed order.

This meeting is available to the public through "Go to Meeting" over the internet or in person. Please see www.psprs.com from computer link to the meeting.

The Agenda for the meeting is as follows:

1. Call to Order; Roll Call; Opening remarks.....Mr. Brian Tobin
Board Interim Chair
2. Approval of the 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 upon the request of any Board of Trustees member.
 - a. Acceptance of Transfer Between State Retirement Systems of Chad Southwick.
 - b. Acceptance of Transfer Between State Retirement Systems of William Gatewood.
 - c. Acceptance of Transfer Between State Retirement Systems of Jennifer Parks.
 - d. Acceptance of Transfer Between State Retirement Systems of Brett Klein.
 - e. Acceptance of Transfer Between State Retirement Systems of Karen Freund.
 - f. Acceptance of Transfer Between State Retirement Systems of A. Anthony Nelssen.
 - g. Acceptance of Transfer Between State Retirement Systems of Bernardino Mesa.
 - h. Acceptance of Transfer Between State Retirement Systems of Carlos Contreras.
 - i. Acceptance of Transfer Between State Retirement Systems of Sue Ann Earley.
 - j. Acceptance of Transfer Between State Retirement Systems of Mark Wagner.
 - k. Acceptance of Transfer Between State Retirement Systems of Teresa Waddell.
 - l. Acceptance of Transfer Between State Retirement Systems of Timothy Mitten.
 - m. Acceptance of Transfer Between State Retirement Systems of Richard Anemone
 - n. Acceptance of Transfer Between State Retirement Systems of Grace Marin-Woolsey.
 - o. Acceptance of Transfer Between State Retirement Systems of Steve Petraglia.
 - p. Acceptance of Transfer Between State Retirement Systems of Larry Carter.
 - q. Acceptance of Transfer Between State Retirement Systems of Anthony Lopez.
 - r. Acceptance of Transfer Between State Retirement Systems of Gary Cordes.
 - s. Acceptance of Transfer Between State Retirement Systems of Bruce Campbell.
 - t. Acceptance of Transfer Between State Retirement Systems of Benjamin Butt Jr.
 - u. Acceptance of Transfer Between State Retirement Systems of Ana Valencia.
 - v. Acceptance of Transfer Between State Retirement Systems of Sheena Broek.
 - w. Acceptance of Transfer Between State Retirement Systems of Doreena Wiegert.
 - x. Acceptance of Transfer Between State Retirement Systems of John Day.

- y. Acceptance of Transfer Between State Retirement Systems of Michael Johnson.
- z. Acceptance of Transfer Between State Retirement Systems of Michael Borrello.
- aa. Acceptance of Transfer Between State Retirement Systems of Samantha Beatty.
- bb. Acceptance of Transfer Between State Retirement Systems of Charles Sabalos.
- cc. Acceptance of Transfer Between State Retirement Systems of Michael Tucker.
- dd. Acceptance of Transfer Between State Retirement Systems of Kevin Jex.
- ee. Acceptance of Transfer Between State Retirement Systems of Katherine Kragnes.
- ff. Acceptance of Transfer Between State Retirement Systems of Jamie Buckler.
- gg. Acceptance of Transfer Between State Retirement Systems of Sandra Trotter.
- hh. Acceptance of Transfer Between State Retirement Systems of Adaliz Cruz.
- ii. Acceptance of Elected Officials' Retirement Plan of normal benefit of Paul Arredondo.
- jj. Acceptance of Elected Officials' Retirement Plan of survivor benefit of Jean Copple.
- kk. Acceptance of Elected Officials' Retirement Plan of normal benefit of Joseph Haughey.
- ll. Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Grace Jenkins.
- mm. Acceptance of Elected Officials' Retirement Plan of normal benefit of Ellen Solper.
- nn. Acceptance of Elected Officials' Retirement Plan of termination of benefit of L Waldo De Witt.
- oo. Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Suzanne Lupke.
- pp. Acceptance of Elected Officials' Retirement Plan of termination of benefit of William Gastelum.
- qq. Acceptance of Elected Officials' Retirement Plan of survivor benefit of Margaret Nelssen.
- rr. Acceptance of Elected Officials' Retirement Plan of survivor benefit of Hope Gastelum.
- ss. Acceptance of Elected Officials' Retirement Plan of termination of benefit of Robert Corcoran.
- tt. Acceptance of Elected Officials' Retirement Plan of survivor benefit of Martha Gillette.
- uu. Acceptance of Elected Officials' Retirement Plan of normal benefit of Ronald Green.
- vv. Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Eva Merrill.
- ww. Acceptance of Elected Officials' Retirement Plan of normal benefit of Patricia Nolan.
- xx. Acceptance of Elected Officials' Retirement Plan of survivor benefit of Alva Peeler.
- yy. Acceptance of Elected Officials' Retirement Plan of termination of benefit of Jack Peeler.
- zz. Acceptance of Elected Officials' Retirement Plan of termination of benefit of Carol Urich.
- aaa. Acceptance of Elected Officials' Retirement Plan of termination of benefit of William Holohan.
- bbb. Acceptance of Settlement of Judge Stewart.

- 3. Approval of the Minutes of the June 23, 2010 and June 28, 2010 Public Meetings of the PSPRS Board of Trustees.....Mr. Brian Tobin
- 4. Investments – Presentation, Discussion and Appropriate **Action** regarding Recommendations that were made in the Investment Committee Meeting that was held on Wednesday, August 18, 2010 commencing at 10:00 a.m.....Ms. Lori Roediger
.....Chair, Investment Committee
..... Mr. Ryan Parham
..... Chief Investment Officer
.....Mr. Allan Martin
.....Partner, New England Pension Consultants

- a. Presentation by the Investment Department Staff, New England Pension Consultants (NEPC) and Franklin Templeton Investments representatives and discussion and possible **Action** regarding an investment of up to \$70,000,000 in Franklin Templeton Emerging Markets Debt Opportunities Fund or appropriate feeders, blockers or parallel funds of same. Mr. Martin Anderson
..... Mr. Allan Martin
..... Ms. Claire Husson-Citanna, CFA
..... Portfolio Manager, Franklin Templeton Investments
- b. Presentation by Investment Department Staff and Jefferies Asset Management, LLC representatives and discussion and possible **Action** regarding a possible investment of up to \$40,000,000 in a separate account or a commingled fund (or any appropriate feeder, blocker or parallel fund of same) employing the Jefferies Commodity Program - Diversified II strategy. Mr. Martin Anderson
.....Mr. Adam De Chiara
.. Portfolio Manager/Commodity Division & Co-Vice President, Jefferies Asset Management
.....Mr. Michael Hammond
..... Associate, Jefferies Asset Management
- c. Presentation by Investment Department Staff and JMI Equity representative and discussion and possible **Action** regarding an investment of up to \$40,000,000 in JMI Equity Fund VII, L.P. or appropriate feeders, blockers or parallel funds of same. Mr. Ryan Parham
..... Mr. Mark Steed
..... Senior Analyst
..... Mr. Paul Barber
..... Managing Director, JMI Equity
- d. Presentation by Investment Department Staff regarding increasing the previously approved investment (managed by Fischer Francis Trees and Watts (“FFTW”) or its subsidiaries or affiliates) in an actively managed U.S. Inflation-Linked Bonds (TIPS) strategy investment vehicle from “up to \$50,000,000” to “up to “90,000,000.” Mr. Ryan Parham
..... Mr. Martin Anderson
- e. Presentation by Investment Department Staff and NEPC representatives and discussion and possible **Action** regarding the approval of a revision to the Appendix I *Asset Allocation Policy* of the PSPRS Amended and Restated Statement of Investment Policies adding “3-month LIBOR +3%” as the benchmark for the Global Tactical Asset Allocation (GTAA).
..... Mr. Ryan Parham
..... Mr. Allan Martin
- f. Report by Staff and discussion regarding the Month End and Fiscal Year-to-Date performance/portfolio update. Mr. Martin Anderson
- g. Report by Investment Department Staff and discussion regarding the Fiscal Year-Ended June 30, 2010, performance for the Arizona PSPRS Trust and the individual Plans comprising the Trust: Public Safety Personnel Retirement System (PSPRS), Elected Officials’ Retirement Plan (EORP), and Corrections Officer Retirement Plan (CORP)...
..... Mr. Martin Anderson
- h. Report by NEPC representative(s) for the Fourth Fiscal Quarter (Second Calendar Quarter) Performance Update.Mr. Allan Martin

- i. Report by Compliance Auditor and discussion regarding investment compliance, holdings and transactions as of July 31, 2010. Ms. Bridget Feeley
- 5. Other Business - Presentation, Discussion and Appropriate **Action** Regarding Recommendations that were made during the Operations, Governance Policy and Audit Committee Meeting that was held on Wednesday, August 18, 2010 at 10:00 a.m.....Mr. Brian Tobin
Chairman of the Operations, Governance Policy and Audit Committee
 - a. Status report regarding the System's need for lobbying and government affairs representation and possible **Action** to retain one or more lobbying firms for that purpose.....Mr. James Hacking
Administrator
 - b. Discussion regarding Fiscal Year 2011 proposed legislative initiatives.....
.....Ms. Tracey Peterson
Chief Operating Officer
 - c. Discussion and Appropriate **Action** regarding the format for distribution of PSPRS Board and Committee meeting materials.....Ms. Gail Nova
Administration Manager
 - d. Review, Discussion and Appropriate **Action** regarding the July and August 2010 bills for legal services performed in June and July, 2010.....Mr. Jim Hacking
 - e. Written update on the progress of the Local Board Training Program with Discussion and Appropriate **Action**.....Mr. Robert Ortega
Local Board Training Coordinator
 - f. Presentation, Discussion and Possible **Action** regarding compliance and internal audit.....Ms. Bridget Feeley
Internal Audit and Compliance Officer
- 6. Discussion, review and possible **Action** to approve an RFP for Legal Services document as the first step in the initiation of a formal RFP process.....Mr. Jim Hacking
- 7. Report on the agenda and planning for the September 15 and 16, 2010 Annual Meeting of the Board of Trustees.....Mr. Brian Tobin
- 8. Discussion and Appropriate **Action** Regarding Board of Trustee member requests to participate in training, educational and due diligence opportunities.....Mr. Brian Tobin

Regarding the following two agenda items, Pursuant to A.R.S. §§ 38-431.03(A)(2), (3),(4) and (7), notice is hereby given to the Trustees of the PSPRS Board and the general public that the PSPRS Board may vote to go into Executive Session, which will not be open to the public.

- 9. Discussion with and Appropriate Instruction by the Board of Trustees 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 Campbell, Swink, Miller, Martin, Welker, ApexCapital, Staeck, BNY Mellon, Pivotal Group, Desert Troon, Seldin, Parker, Loftus, JP Morgan Chase,

Toyota, Goldman Sachs, issues related to updated IRS determination letters for PSPRS, CORP and EORP, Jacobs and Countrywide matters and Appropriate Action Regarding same.....Mr. Marc Lieberman
Partner, Kutak Rock

The Board of Trustees may vote to go into Executive Session to discuss matters pursuant to A.R.S §§ 38-431.03(A)(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 (and appropriate instruction to 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 (and appropriate instruction to counsel) 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 Campbell, Swink, Miller, Martin, Cross, Jacobs,Welker, ApexCapital, Staeck, BNY Mellon, Pivotal Group, Desert Troon, Seldin, Parker, Loftus, JP Morgan Chase, Toyota, Goldman Sachs, issues related to updated IRS determination letters for PSPRS, CORP and EORP, and Countrywide matters, pursuant to A.R.S. §§ 38-431.03(A)(2), (3), (4), and (7).

10. Call to the Public:

This is the time for the public to comment. Members of the Board of Trustees 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 Board of Trustees’ reaction to any public comment is limited to addressing criticism or recommending that the Board of Trustees or Staff respond or study such comment or schedule the subject matter for further consideration at a later date after appropriate notice.

11. Set the Next Meeting Date

12. Adjournment

A copy of the agenda background material that is provided to the Board of Trustees (with the exception of materials relating to possible executive session) is available for public inspection at the PSRS offices located at 3010 East Camelback Road, Suite, 200, Phoenix, Arizona. The agenda is subject to revision up to 24 hours prior to the meeting.