

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

BOARD OF TRUSTEES

(Formerly known as the Fund Manager) (Statute reference SB 1006, Chapter 200, Laws 2010)
MEETING

MINUTES

April 29, 2010

*Trustees
Present:*

Mr. Brian Tobin, Trustee, Interim Chairman
Mr. Tim Dunne, Trustee
Ms. Lori Roediger, Trustee
Mr. Gregory Ferguson, Trustee
Mr. Alan Maguire, Trustee

*Others
Present:*

Mr. Jim Hacking, Administrator
Ms. Tracey Peterson, Assistant Administrator, COO
Mr. Ryan Parham, Assistant Administrator, CIO
Mr. Marty Anderson, Chief Equities Analyst
Mr. Paul Corens, Alternatives Investment Analyst
Ms. Michele Weigand, Investment Contracts Paralegal
Ms. Gail Nova, Administration Manager
Ms. Bridget Feeley, Internal Audit and Compliance Officer
Mr. Paul Hemmes, Training/Audio Visual Specialist
Mr. Allan Martin, Managing Partner, New England Pension
Consultants ("NEPC")
Mr. Marc Lieberman, Partner, Kutak Rock LLP

1. Call to Order

The meeting was called to order by Interim Chairman Brian Tobin at 11:09 a.m.

Chairman Tobin welcomed Mr. Alan Maguire who was appointed by Governor Brewer to the PSPRS Board of Trustees. It was stated by Chairman Tobin that the Trustees of the Board thank past Chairman Mike Galloway for his time spent on behalf of the members. Ms. Roediger welcomed Mr. Maguire and said Mr. Galloway's enthusiasm will be missed.

A letter was read by Chairman Tobin from Mr. Brian Delfs, a past member of the Board of Trustees, and past Special Adviser, stating that it has been a pleasure to serve PSPRS the last seven years. The experience has enriched his life. Future assistance was offered and the Trustees of the Board were thanked for their friendship.

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 Trustee of the Board, member, or advisor. The Board of Trustees may approve, modify or reject approval of any of the following items:

- a. Approval of the Minutes of the Board of Trustees Meeting on March 31, 2010.
- b. Acceptance of Transfer Between State Retirement Systems of Michele Widhalm.
- c. Acceptance of Transfer Between State Retirement Systems of David Holyfield.
- d. Acceptance of Transfer Between State Retirement Systems of Craig Church.

- e. Acceptance of Transfer Between State Retirement Systems of Ronald Thomas.
- f. Acceptance of Transfer Between State Retirement Systems of William Rogers.
- g. Acceptance of Transfer Between State Retirement Systems of Michael Rogers.
- h. Acceptance of Transfer Between State Retirement Systems of Patrick Connor.
- i. Acceptance of Transfer Between State Retirement Systems of Hiram Renfro.
- j. Acceptance of Transfer Between State Retirement Systems of James Milligan.
- k. Acceptance of Transfer Between State Retirement Systems of Cheryl Van Horn.
- l. Acceptance of Transfer Between State Retirement Systems of Martin Broderick.
- m. Acceptance of Transfer Between State Retirement Systems of Lane Spalla.
- n. Acceptance of Transfer Between State Retirement Systems of Robert Gamez.
- o. Acceptance of Transfer Between State Retirement Systems of Sandra Acuna.
- p. Acceptance of Transfer Between State Retirement Systems of Jon States.
- q. Acceptance of Transfer Between State Retirement Systems of Robert Blaylock.
- r. Acceptance of Transfer Between State Retirement Systems of Brett Mierendorf.
- s. Acceptance of Transfer Between State Retirement Systems of Javier Cota
- t. Acceptance of Transfer Between State Retirement Systems of Rochelle Thomas.
- u. Acceptance of Elected Officials' Retirement Plan of termination of benefit of Eula Bohme.
- v. Acceptance of Elected Officials' Retirement Plan of normal/split benefit of Arthur Newton.
- w. Acceptance of Elected Officials' Retirement Plan of normal/split benefit of Jan Newton.
- x. Acceptance of Elected Officials' Retirement Plan of normal benefit of Richard Trujillo.
- y. Acceptance of Elected Officials' Retirement Plan of normal benefit of Randy Ellexson.
- z. Acceptance of Elected Officials' Retirement Plan of death benefits of Gayle Cooper.

Mr. Maguire made a standing request to remove approval of the minutes and approval of any invoices from the Consent Agenda.

MOTION 4-97-10	At 11:13 a.m.
Motion:	To approve the consent agenda.
Moved by:	Lori Roediger
Seconded by:	Alan Maguire
Discussion:	None
In Favor:	Unanimous
Motion Passes:	Passes

MOTION 4-98-10	At 11:15 a.m.
Motion:	To approve the Minutes of the Board of Trustees Meeting of March 31, 2010.
Moved by:	Lori Roediger
Seconded by:	Alan Maguire
Discussion:	Mr. Maguire stated there are three issues to consider in the future. The minutes are to be in chronological order; names and titles of the speakers are to be stated; and more details are to be included as backup information to support decisions.
In Favor:	Unanimous
Motion Passes:	Passes

3. Investments - Stocks, Bonds and Others

- a. Discussion with the Board of Trustees and its advisors, and possible **Action** by the Trustees of the Board to approve, disapprove, or suggest modification regarding the following items:

3.a.1 Presentation by Staff, NEPC and representatives from BNY Mellon Beta Management, a

subsidiary of BNY Mellon Bank (Mellon) and discussion regarding retaining Mellon to act as a Derivatives Overlay Manager for up to \$600 million notional value derivative overlay.

Mr. Parham reported that the Investment Department Staff and NEPC recommend to the Board of Trustees the approval of BNY Mellon Beta Management as the overlay provider for the Plans. The Trustees of the Board previously approved alpha engines in a portable alpha program and were considering at that time allowing each of the alpha managers to manage respectively their beta portions of those portable alpha programs. He noted that after a substantial amount of due diligence by Staff and NEPC, a sole provider is ultimately more cost effective and in this case, because it is BNY Mellon, it also provides a seamless interface with our custodian which happens to be BNY Mellon. He said that, given that the Board of Trustees has approved a commitment of up to \$600 million dollars for the alpha strategies, the commitment for the beta exposure should also be up to \$600 million dollars. He noted it is Staff's intent to deploy only up to 80% of the actual notional value of the alpha because we know that the potential alpha exposure engines do have some beta that resides within them.

Mr. Allan Martin referred to the memo that was prepared by NEPC and is included in the meeting material, containing NEPC's recommendation that Mellon Beta Management be retained as the overlay manager for PSPRS. He stated that, as Mr. Parham had described, this is part of the implementation of the global equity portfolio structure approved at the December Trustees meeting and that two managers, Crestline Investors, Inc. and FrontPoint Multi-Strategy Fund GP, LLC, have since been hired as alpha managers. He noted that the overlay management is operationally intense involving the movement of securities and coordination of cash flows and that there are not many firms capable of doing this. He said NEPC went out and surveyed all of those firms that have the capability of performing this function. NEPC concluded that BNY Mellon was the best qualified in terms of coordinating ability and, in addition, Mellon is the Plans' custodian. He said Staff and NEPC conducted a half-a-day visit with BNY Mellon staff in their San Francisco headquarters; this resulted in this recommendation to retain Mellon as the Plans overlay manager.

Ms. Roediger asked Mr. Lieberman how the negotiation on this matter was going with BNY Mellon. Mr. Lieberman responded that negotiations are still in process but that it has not been a difficult negotiation. That may be due to the fact that Mellon is our custody agent and the Mellon representatives are familiar with our particular Arizona laws.

Ms. Roediger asked Staff if operationally, they felt confident dealing with BNY Mellon. Mr. Parham responded that there is a synergy that Staff recognized immediately; but also the price was attractive. Mr. Parham noted that Mellon turned out to be significantly less expensive than the other institutional providers with the same type of capabilities. It is icing on the cake that they have a seamless interface with the Fund's custodian.

Mr. Maguire commented that in the future he would like to see information regarding the competitive alternatives that were considered as well as the pricing so that the Board would know what the alternatives were before acting on the recommendation.

Mr. Martin commented that the information is available and will be forwarded. Mr. Parham acknowledged that going forward the requested information would be provided in the write ups included in the meeting materials.

Mr. Maguire asked if a formal RFP request was sent to the firms and if they had responded in a formal fashion. Mr. Martin responded that there are only a limited number of qualified providers – BGI, Clifton Group, Frank Russell, State Street, NISA, and BNY Mellon Beta Management. He said NEPC has data on all of these managers as a historic matter because NEPC does

these kinds of reviews continually; therefore NEPC has the data on hand to do the evaluation and only needed to get their updated pricing. Mr. Maguire asked if this was done through a formal procurement process. Mr. Martin responded that this was done through knowledge of the five vendors, since NEPC has current information available on all five. NEPC did contact all five to get an update on pricing and volumes. However, NEPC did not conduct an advertised search in the public domain where we would have had to entertain all possible contenders. Mr. Maguire asked if that decision was brought to the Board of Trustees. Mr. Hacking responded that it was not and that this was merely the historical practice. Mr. Maguire noted concern about this practice and said that we need to think about how we do this in the future.

MOTION 4-99-10	At 11:37 a.m.
Motion:	To approve BNY Mellon Beta Management as the Overlay Manager with a commitment of up to \$600 million notional value for derivative overlay.
Moved by:	Lori Roediger
Seconded by:	Tim Dunne
Discussion:	
In Favor:	Unanimous
Motion Passes:	Passes

- 3.a. Mr. Maguire requested the format of the agendas be revised so that the subsidiary headings do not conflict with the specific items since the specific overrides, as a general rule, and does not provide the information the public would need to know as to whether it was an action item or discussion. Mr. Lieberman will incorporate, when needed, the word “action” to avoid any confusion or conflict as to which concept is controlling.
4. a. 6. Presentation by the System lobbyists (Representatives of P3 and HighGround) with respect to status of the System’s FY 2010 legislative initiatives.

Mr. Doug Cole, Senior Vice President of Government Affairs, of HighGround, Inc. and Mr. John Kaites, Manager of the Public Policy Partners summarized the progress of the PSPRS sponsored bills. SB 1006, the PSPRS Board of Trustees Expansion and Name Change bill, was signed by the Governor on April 28. The bill changes the name of the Board from the Fund Manager to the Board of Trustees, increases the Board from 5 to 7 members, increases the terms of the new appointees from 3 to 5 years, and precludes the Board from having former Board members as Special Advisers. SB 2004 which amends the provisions of the Plans that relate to Domestic Relations Orders (DRO’s) is on the Governor’s desk awaiting her signature. She has until midnight Saturday, May 1 to sign the bill. HB 2067, the PSPRS Omnibus Amendments and HB 2068 the EORP Omnibus Amendments, have been signed by the Governor.

Both Mr. Cole and Mr. Kaites praised Ms. Dianne McCallister of the Public Policy Partners staff for her work during this legislative session. Mr. Kaites mentioned that since the Board created a new process for drafting PSPRS sponsored bills, a draft of proposed legislation can be presented to the Board at either the August or September meeting. Mr. Maguire, Mr. Hacking, and Mr. Tobin thanked the lobbyist firms and complimented them for the work accomplished on behalf of PSPRS.

- 3.a.2. Presentation by Staff and Albourne and discussion regarding a possible increase to the committed capital approved for our current commodities hedge fund managers including: BlueGold from up to \$8 million to up to \$12 million; GeoSphere from up to \$14 million to up

to \$20 million; Helios/Sunbeam from up to \$14 million to up to \$20 million; and Viridian from up to \$8 million to up to \$12 million. These increases will be added to our Real Assets asset class exposure.

Mr. Parham reported that this recommendation is an incremental increase in the exposure that was originally approved by the Trustees for the commodities hedge funds, which are housed within the Real Assets asset class. This action is consistent with the improvement to, and the size of, the total equity portfolio as the equity markets have recovered.

Mr. Martin concurred that the increase in the Real Assets exposure is consistent with the growth in the equity portfolio. This will maintain the weight of Real Assets relative to equities. He said Albourne recommended the specific managers and NEPC is comfortable with their recommendation.

Ms. Roediger asked on a percentage basis if the Fund was staying the same as far as commitment to those sectors. Mr. Parham said there was a slight increase but within the range for Real Assets and within the range of the Plan for allocation to commodities.

MOTION 4-100-10	At 11:43 a.m.
Motion:	To increase the commitments for our current commodities hedge fund managers as follows: BlueGold from up to \$8 million to up to \$12 million; GeoSphere from up to \$14 million to up to \$20 million; Helios/Sunbeam from up to \$14 million to up to \$20 million; and Viridian from up to \$8 million to up to \$12 million with the increased commitments reflected in the Real Assets asset class.
Moved by:	Alan Maguire
Seconded by:	Lori Roediger
Discussion:	
In Favor:	Unanimous
Motion Passes:	Passes

- 3.a.3.** Presentation by Investment Department Staff, Albourne representative(s) and representatives of Pine River Capital Management LP and discussion regarding a possible investment of up to \$30 million in the Nisswa Fixed Income Fund MBS Relative Value (or any appropriate feeder, blocker or parallel fund of same) with the investment to be included in the Credit Opportunities asset class.

Mr. Parham reported that Staff and Albourne recommend an investment of up to \$30 million in the Nisswa Fixed Income Fund MBS Relative Value. He said that in the Credit Opportunities asset class, we are just about deployed to the target and that this is an additional allocation to the Mortgage Backed securities space. He noted that early on, most of the allocations were to the mortgage back securities space and that Staff felt we had achieved the desired allocation. However, as the markets have recovered, Staff recognizes that those allocations came late in 2008 and early 2009 and that this particular hedge fund has the peculiar ability to give us exposure to a different vintage environment. He said the funding would come out of Equity assets and would add to our Credit Opportunities exposure. The Equity portfolio would move to the lower end of its range.

Mr. Martin summarized the history of the PSPRS deployment to the Credit Opportunities asset class. He said this investment is an opportunity that fits within the overall portfolio guidelines. He commented that Albourne had done the work and that NEPC is comfortable with the strategy.

MOTION 4-101-10	At 11:48 a.m.
Motion:	To approve an investment of up to \$30 million in the Nisswa Fixed Income Fund MBS Relative Value (or any appropriate feeder, blocker or parallel fund of same) to reside in the Credit Opportunities asset class.
Moved by:	Tim Dunne
Seconded by:	Lori Roediger
Discussion:	
In Favor:	Unanimous
Motion Passes:	Passes

- 3.a.4.** Presentation by Staff and discussion with advisers and legal counsel regarding the approval of a new Appendix V *Securities Lending Policy*, replacing and superseding the previous Appendix V of the PSPRS Amended and Restated Statement of Investment Policies.

This item was tabled at the request of Mr. Maguire. It will be scheduled for the May Board meeting. Mr. Lieberman will provide the policies that he looked at from other major funds for comparison in developing the new policy.

- 3.a.5.** Pursuant to Board of Trustees motion, presentation by Staff and discussion regarding the benchmark to be used through fiscal year 2011 for the Private Equity portfolio.

Mr. Parham reported that when the Russell 3000 plus 100 basis points was established as the benchmark for the Private Equity portfolio, the Board of Trustees, NEPC, StepStone, Albourne and the Investment Department Staff agreed that this was probably not the ultimate optimum benchmark. However, they also agreed that, given the newness of the portfolio and the fact that investments were just beginning to be made in this asset class, the Russell 3000 plus 100 was an appropriate benchmark to be used in the short term. He noted that Albourne, StepStone, NEPC, and Staff all concur that this benchmark should be used for one more year.

Mr. Maguire requested and was given clarification of the projected end date for the use of this temporary benchmark.

MOTION 4-102-10	At 12:00 p.m.
Motion:	To approve the Russell 3000 plus 100 basis points as the benchmark for the Private Equity portfolio for fiscal year 2011, which ends June 30, 2011.
Moved by:	Alan Maguire
Seconded by:	Lori Roediger
Discussion:	Mr. Tobin explained that this item was brought to the Board because the validity of the benchmark had been discussed in prior meetings and that Staff is working through the nuances as the Fund moves into Private Equities. Mr. Parham added that, as a result of a previous motion of the Trustees of the Board, he had an obligation to present this for discussion and approval at this Board of Trustee meeting.
In Favor:	Unanimous
Motion Passes:	Passes

- 3.a.6.** Report by Staff and discussion regarding the Month End and Fiscal Year-to-Date performance/portfolio update.

Mr. Anderson reported the Fund experienced a positive performance led by the equity markets. He said the portfolio achieved equity index like performance, which is not surprising given how the asset classes are structured. He noted that the lack of a beta overlay to compliment the portable alpha program worked against the total fund performance. He explained that in a strongly up equity market, you would expect to have the portable alpha program adding value over and above an equity market return supplied through the beta overlay. So the Investment Department Staff is looking forward to getting that overlay in place. He reported that there was strong performance in the fixed income markets, but that the GTAA strategies encountered difficulties and that the alternatives lagged in a couple of areas. Fiscal Year-to-Date the portfolio return was 19.87% and that return is 87 basis points above the benchmark return for the same period of time.

Mr. Martin reported that NEPC presents a quarterly report to the Board of Trustees, which includes a full analysis of performance relative to peer groups and an attribution of performance. This will be presented at the next meeting. Per Mr. Maguire's request, Mr. Martin will provide copies of their last four quarterly reports for distribution to the Board of Trustees.

- 3.a.7.** Report by Internal Auditor and Compliance Officer, Bridget Feeley and discussion regarding investment compliance, holdings, and transactions as of March 31, 2010.

Ms. Feeley reported that, as of March 31, on an overall basis the portfolio is in compliance with the asset allocation and with the valuation, with the exception that we have not yet determined an allocation for the GTAA portion of the portfolio that was approved partially in January and partially in February and implemented in March. The current allocation does not include this asset class. It is being reported as part of the U.S. Equities allocation. Both with and without the allocation to GTAA the portfolio is within the ranges for all of the asset classes.

- 3.a.8.** 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 Board of Trustees 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 5 (b).

There was no discussion or question for Staff and/or Legal Counsel.

4. Other Business

- 4.a.** Discussion with the Board of Trustees and its advisors, and possible **Action** by the Board of Trustees to approve, disapprove, or suggest modification regarding the following topics:

- 4.a.1.** Discussion and possible **Action** regarding the results of the analysis of the Fire Fighter and Peace Officer Cancer Insurance Plan that was done by the actuary, Gabriel, Roeder, Smith & Company ("GRS"), and the recommendations to make benefit enhancements and set the premium for fiscal year 2011.

Ms. Tracey Peterson summarized proposed changes to the Fire Fighter and Peace Officer Cancer Insurance Plan. The actuarial firm of Gabriel Roeder Smith provided a letter stating that the cost of the existing program is about \$26 per person. The current premium is \$100. With

the proposed benefit enhancements and co-pay amount, it has been determined that the future estimated costs would be about \$45 per person. But no one is sure how the Plan will be utilized by the covered group. This is due to the fact that a large group of the Peace Officers was recently added to the Plan and we have only had two years of utilization experience. Therefore, it is proposed that the premium be set for July 1, 2010 at \$75 per person. Training will be offered to local boards regarding use of this Program and this topic will be revisited next year.

Mr. Ferguson noted that the reserve is ten million dollars and the revenue per year is two million dollars. This Plan is self insured and is administered by PSPRS. Mr. Hacking stated that the recommended premium amount is flexible and could be set lower, if the Board prefers. The Plan and the premium will be reviewed again next year.

MOTION 4-103-10	At 12:17 p.m.
Motion:	To change the Plan to include benefit enhancements as proposed by the staff and to reduce the premium from \$100 to \$75 per person.
Moved by:	Greg Ferguson
Seconded by:	Lori Roediger
Discussion:	None
In Favor:	Unanimous
Motion Passes:	Passes

4.a.2. Discussion regarding utilization of services of a bank for processing of benefit and refund disbursements.

In order to gain efficiencies, Ms. Peterson presented a proposal to move payroll processing and all operating bank accounts to BNY Mellon which currently has the trust and custody accounts. This will make all processes more efficient by not having to process in-house 13,700 pieces of paper each month. It would also permit reallocation of staff to local board training, and scanning, free up use of temporary staff, and add to our security against a disaster or business disruption. It costs approximately \$236,013 to process benefit payments in-house and with BNY Mellon the cost would be \$246,456. BNY Mellon would also process the 1099s as part of its service. Members would have a choice of receiving a SurePay notice or not receiving one.

Mr. Maguire requested seeing the BNY Mellon business continuity plan and stated PSPRS needs a facility for back up payments.

MOTION 4-104-10	At 12:28 p.m.
Motion:	To continue investigation of this option.
Moved by:	Alan Maguire
Seconded by:	Lori Roediger
Discussion:	None
In Favor:	Unanimous
Motion Passes:	Passes

4.a.3. Written Quarterly Operations Report by Tracey Peterson.

Mr. Maguire requested clarification of information on the first page of the report indicating that 124 represented the number of the new members that were added in the third quarter.

4.a.4. Review and discussion of the April 2010 bill for legal services performed in March.

Mr. Hacking summarized the amounts in the invoice for the administrative, investment and pension components of the billing. One item was questioned by Mr. Hacking and raised in discussion by Ryan Parham, CIO, with Marc Lieberman, PSPRS' Legal Counsel from Kutak Rock. The matter relates to charges of over thirty thousand dollars for a lawsuit that has not yet been filed. Mr. Maguire indicated that, in the future, he wishes to see the detailed billing from Kutak Rock showing attorney, hours, and purpose. Also, he requested a cumulative amount be shown for each particular matter contained in the monthly billing. Mr. Hacking informed the board that a monthly tracking report will be provided.

MOTION 4-105-10	At 12:27 p.m.
Motion:	To approve the April 2010 bill for legal services performed in March.
Moved by:	Lori Roediger
Seconded by:	Tim Dunne
Discussion:	Mr. Maguire stated he does not approve the motion since the billing lacks the supporting detail.
In Favor:	Dunne, Ferguson, Roediger
Opposed:	Maguire
Motion Passes:	Passes

4.a.5. Update by Bridget Feeley and discussion regarding compliance and internal audit.

Ms. Feeley's update was dispensed by item **3.a.7**.

4.a.6. Presentation by the System lobbyists (Representatives of P3 and HighGround) with respect to status of the System's FY 2010 legislative initiatives. See above; handled out of agenda order. See after **3.a.1**.

4.a.7. Discussion regarding Board of Trustees requests to participate in training, educational and due diligence opportunities.

An explanation of this standing agenda item was provided to Mr. Maguire by Mr. Hacking. This agenda item permits the Board members to avail themselves of educational opportunities that enhance their ability to perform their fiduciary responsibilities. There is a list of pre-approved educational opportunities. But other educational opportunities must be brought to the Board for approval in advance.

Mr. Maguire stated that he routinely speaks on fiduciary responsibilities at trustee events around the country and has done so for about ten years. He indicated he is willing to share his expertise with the other members of the Board.

4.a.8. Discussion with the Board of Trustees 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 the Campbell, Swink, Hosea, Miller, Martin, ApexCapital, Staeck, BNY Mellon, Pivotal Group, Desert Troon, Seldin, Parker, Loftus, JP Morgan Chase, Toyota, Goldman Sachs, and Countrywide matters and possible **Action** regarding same. The Board of Trustees 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).

6. Call to the Public:

Mr. Jim Mann, Executive Director of the Fraternal Order of Police welcomed Mr. Maguire to the Board and spoke of what the Fraternal Order of Police and their lobbyists accomplished this legislative

session with the passage of SB 1124, the CORP Reverse DROP Extension bill. Reverse DROP was due to expire July 2011; but as a result of SB 1124, it will be extended to 2016. This is applicable only to the Corrections Officers Retirement Plan.

At this time, Interim Chairman Tobin acknowledged on behalf of the Board and the staff, the service of Judge Robert Carter Olson who had been a member of the Board and a Special Adviser.

5. Executive Session for Legal Matters in Accordance with A.R.S. §§ 38-431.03(A) (1), (2), (3), (4), & (7). The Board of Trustees 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 the Campbell, Swink, Hosea, Miller, Martin, Cross, ApexCapital, Staeck, BNY Mellon, Pivotal Group, Desert Troon, Seldin, Parker, Loftus, JP Morgan Chase, Toyota, Goldman Sachs, and Countrywide matters, pursuant to A.R.S. §§ 38-431.03(A)(3), (3), (4), and (7).

MOTION 4-106-10	At 12:47 p.m.
Motion:	To end Open Session and enter Executive Session for the purpose of discussing the Seldin case and legal issues pertinent to the Trust.
Moved by:	Alan Maguire
Seconded by:	Lori Roediger
Discussion:	None
In Favor:	Unanimous
Motion Passes:	Passes

MOTION 4-107-10	At 1:17 p.m.
Motion:	To adjourn the meeting.
Moved by:	Alan Maguire
Seconded by:	Lori Roediger
Discussion:	None
In Favor:	Unanimous
Motion Passes:	Passes

6. 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.

See end of item 4.a.8: Call to the Public.

7. Set Next Meeting Date

The next meeting is scheduled for May 26, 2010 at 1:00 p.m.

8. Adjournment

The meeting was adjourned at 1:17 p.m.

Brian Tobin, Trustee, Interim Chairman

Lori Roediger, Trustee

Tim Dunne, Trustee

Tim Dunne, Trustee

Alan Maguire, Trustee