

# PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

## FUND MANAGER MEETING

February 24, 2010

### MINUTES

*Members Present:* Mr. Mike Galloway, Chair  
Mr. Tim Dunne, Member arrived at 1:00 PM  
Ms. Lori Roediger, Member  
Mr. Brian Tobin, Member

*Others Present:* Mr. Gregory Ferguson, Member  
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, Investment Analyst  
Mr. Mark Selfridge, Investment Analyst  
Mr. Mark Steed, Investment Analyst  
Mr. Shan Chen, Investment Analyst  
Ms. Michele Weigand, Investment Contracts Paralegal  
Ms. Gail Nova, Administrator Manager  
Ms. Bridget Feeley, Internal Audit and Compliance Officer  
Mr. Paul Hemmes, Training/Audio Visual Specialist  
Mr. Allen Martin, NEPC  
Mr. Jay Rose, StepStone Group  
Mr. Marc Lieberman, Kutak Rock  
Judge R. Carter Olson - Excused  
Mr. Brian Delfs

#### 1. Call to Order

The meeting was called to order by Chairman Galloway at 12:10 PM.

2. **Consent Agenda** (Non-privileged 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 January 27, 2010.
- b. Acceptance of Transfer Between State Retirement Systems of Barbara Snider.
- c. Acceptance of Transfer Between State Retirement Systems of Robert Churchey.
- d. Acceptance of Transfer Between State Retirement Systems of Aninna Thornburg.
- e. Acceptance of Transfer Between State Retirement Systems of Timothy Sumner.
- f. Acceptance of Transfer Between State Retirement Systems of Deborah Dyson.
- g. Acceptance of Transfer Between State Retirement Systems of Michael Green.
- h. Acceptance of Transfer Between State Retirement Systems of James Bower.
- i. Acceptance of Transfer Between State Retirement Systems of Gerard Stuart.
- j. Acceptance of Transfer Between State Retirement Systems of Christine Britt.
- k. Acceptance of Transfer Between State Retirement Systems of Robert Costello.
- l. Acceptance of Transfer Between State Retirement Systems of James Bower.

- m. Acceptance of Transfer Between State Retirement Systems of Dwayne Evans.
- n. Acceptance of Transfer Between State Retirement Systems of Charles Blalock.
- o. Acceptance of Transfer Between State Retirement Systems of David Enriquez.
- p. Acceptance of Transfer Between State Retirement Systems of Douglas Schuster.
- q. Acceptance of Elected Officials' Retirement Plan of termination of benefit of Glen Stapley.
- r. Acceptance of Elected Officials' Retirement Plan of normal benefit of Lindsay Ellis.
- s. Acceptance of Elected Officials' Retirement Plan of survivor benefit of Marian Stapley.
- t. Acceptance of Elected Officials' Retirement Plan of termination of benefit of Edith Roylston.
- u. Acceptance of Elected Officials' Retirement Plan of survivor benefit of Phoebe Lynch.

<b>MOTION 2-73-10</b>	At 12:11 PM.
<b>Motion:</b>	To approve the Consent Agenda
<b>Moved by:</b>	Greg Ferguson
<b>Seconded by:</b>	Lori Roediger
<b>Discussion:</b>	None
<b>In Favor:</b>	Unanimous
<b>Motion Passes:</b>	Passes

### 3. Investments - Stocks, Bonds and Others

- a. Report by the Chair of the Investment Committee, Mike Galloway, regarding the discussions that were held and the recommendations that were made in the Investment Subcommittee meeting that was held on Wednesday, February 24, 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 Millennium Technology Ventures L.L.C. and discussion regarding a possible investment of up to \$20 million in Millennium Technology Value Partners II or any appropriate feeder, blocker or parallel fund of same.

Mrs. Roediger reported that the Investment Committee recommends investment in Millennium.

Mr. Steed gave a brief overview of Millennium Technology Value Partners II investment strategy. Samuel Schwerin and Daniel Burstein presented Millennium Technology Value Partners II and discussed the investment process and strategy for the fund.

<b>MOTION 2-74-10</b>	At 12:20 PM.
<b>Motion:</b>	To approve up to \$20 million in Millennium Technology Value Partners II.
<b>Moved by:</b>	Lori Roediger
<b>Seconded by:</b>	Greg Ferguson
<b>Discussion:</b>	None
<b>In Favor:</b>	Unanimous
<b>Motion Passes:</b>	Passes

- 2. Presentation by Staff, ORG Real Property, fiduciary counsel and representatives of Timbervest Management, LLC and discussion among them and the trustees and special advisers regarding:
  - i. increasing the allocation previously approved on March 25, 2009 to the ORG AZ Secondary Opportunity Fund L.P. ("ORG Fund") from \$40 million to \$65 million; and

- ii. granting a waiver of the \$8 million per investment cap in the ORG Fund for purposes of facilitating a possible investment by the Trust in the ORG Fund of up to \$25 million to enable the ORG Fund to purchase fully called secondary interests in Timbervest Partners, L.P.

Mr. Galloway explained that under the existing rules for the ORG Fund, Staff obtains approval for a secondary investment from a member of the Investment Committee prior to the Fund committing to that investment and there is a cap on the secondary investment of \$8 million. This investment in Timbervest has a unique twist and the investment is desirable, however it is over the \$8 million cap and because of the size of this investment, it is desirable to increase the commitment to the ORG AZ Secondary Opportunity Fund L.P.

Ed Schwartz, ORG Real Property gave a brief overview of their due diligence of the investment. Joel Shapiro gave a brief summary of the firm and its investment strategy.

Mrs. Roediger reported that the Investment Committee recommends this investment for approval by the full Fund Manager.

<b>MOTION 2-75-10</b>	At 12:17 P.M.
<b>Motion:</b>	To approve under agenda item 2 i and ii allowing the change to the per investment cap and allowing investment in Timbervest.
<b>Moved by:</b>	Lori Roediger
<b>Seconded by:</b>	Brian Tobin
<b>Discussion:</b>	Mr. Dunne asked if this investment complimented our existing timber investment. Mr. Schwartz acknowledged that this investment does compliment that strategy.
<b>In Favor:</b>	Unanimous
<b>Motion Passes:</b>	Passes

- 3. Presentation by Staff, New England Pension Consultants (“NEPC”) and representatives of Crestline Investors, Inc. (“Crestline”) and discussion regarding a possible investment of up to \$150 million in separate accounts or commingled funds (or any appropriate feeder, blocker or parallel fund of same) affiliated with or managed by Crestline or Crestline Partners.

Mr. Anderson gave a brief overview of Crestline’s investment strategy. Don Stracke, NEPC, discussed their process to arrive at their recommendations in this asset class. Rhoni Seguin and Douglas Bratton of Crestline Investors, Inc. presented their hedge fund of funds strategy and gave a brief presentation of the highlights of their organization, their client base, their investment philosophy, and their returns.

<b>MOTION 2-76-10</b>	At 12:34 PM.
<b>Motion:</b>	To approve up to \$150 million in Crestline Partners.
<b>Moved by:</b>	Lori Roediger
<b>Seconded by:</b>	Brian Tobin
<b>Discussion:</b>	None
<b>In Favor:</b>	Unanimous
<b>Motion Passes:</b>	Passes

- 4. Presentation by Staff, NEPC and representatives of FrontPointPartners L.L.C. and discussion regarding a possible investment of up to \$150 million in FrontPoint Multi-Strategy Fund or any appropriate feeder, blocker or parallel fund of same.

Mrs. Roediger reported that the Investment Committee recommends to the full Fund Manager an investment of up to \$150 million in FrontPoint.

Mr. Anderson gave a brief overview of the investment strategy. Dan Waters of FrontPoint Partners discussed their portable alpha strategy, the opportunities and presented a summary of the MultiStrategy Fund.

<b>MOTION 2-77-10</b>	At 1:37 PM.
<b>Motion:</b>	To approve FrontPoint Partners L.L.C of up to \$150 million for their Multi-Strategy Fund subject to due diligence.
<b>Moved by:</b>	Lori Roediger
<b>Seconded by:</b>	Greg Ferguson
<b>Discussion:</b>	None
<b>In Favor:</b>	Unanimous
<b>Motion Passes:</b>	Passes

5. Presentation by Staff, StepStone Group and representatives of Littlejohn Management Holdings, L.L.C. and discussion regarding a possible investment of up to \$40 million in Littlejohn Fund IV, L.P. or any appropriate feeder, blocker or parallel fund of same.

Mr. Steed gave a brief overview of Littlejohn Management Holdings investment strategy and their track record. Angus Littlejohn and Michael Klein of Littlejohn Management Holdings presented the Littlejohn Fund IV and discussed their firm’s capabilities, their investment strategy and process.

<b>MOTION 2-78-10</b>	At 12:26 PM.
<b>Motion:</b>	To approve the investment of up to \$40 million in Littlejohn Management Holding, L.L.C.
<b>Moved by:</b>	Lori Roediger
<b>Seconded by:</b>	Greg Ferguson
<b>Discussion:</b>	None
<b>In Favor:</b>	Unanimous
<b>Motion Passes:</b>	Passes

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 \$200 million 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).

Mrs. Roediger reported that the Investment Committee recommends the full Fund Manager approve this investment of up to \$200 million in separate accounts or commingled funds managed by BlackRock.

Mr. Anderson gave a brief overview of the GTAA strategy BlackRock’s Global Ascent strategy. Lee Wanie, Client Relationship Officer and Thomas Dobler, Managing Director, both of BlackRock presented their GTAA strategy, discussed their track record and their firm’s history and capacity to manage this strategy.

<b>MOTION 2-79-10</b>	At 1:30 PM.
<b>Motion:</b>	To approve investment in the BlackRock Global Ascent and/or its subsidiaries, affiliates, or parallel funds of up to \$200 million.
<b>Moved by:</b>	Lori Roediger
<b>Seconded by:</b>	Tim Dunne
<b>Discussion:</b>	None
<b>In Favor:</b>	Unanimous
<b>Motion Passes:</b>	Passes

7. Presentation by Staff and NEPC and discussion regarding increasing the allocation (from up to \$120 million to up to \$200 million) approved on January 27, 2010 to 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.”

Mr. Parham requested the allocation to Bridgewater, originally approved at up to \$120 million be increased to up to \$200 million since the Fund is now closing and they do have capacity to expand our commitment and the correlation between the Bridgewater and Blackrock strategies justifies this increase.

<b>MOTION 2-80-10</b>	At 1:40 PM.
<b>Motion:</b>	To approve the increase from \$120 million to up to \$200 million for the Bridgewater GTAA strategy with all due diligence necessary.
<b>Moved by:</b>	Greg Ferguson
<b>Seconded by:</b>	Lori Roediger
<b>Discussion:</b>	None
<b>In Favor:</b>	Unanimous
<b>Motion Passes:</b>	Passes

8. Presentation by Staff and discussion regarding a partial restructure of DTR1, LLC (“DTR1”) and its subsidiaries (DTR1A, LLC and DTR1B, LLC), as follows:
  - i. abandonment by Desert Troon Limited, LLC (“DTL”) of its interest in several entities and associated properties currently owned by the parties indirectly through DTR1 [DTR10, LLC (DTC headquarters and parking facility), DTD Devco 1, LLC (Skyline Ranch Marketplace), DTD Devco 7, LLC (Glendale Promenade), DTD Devco 3, LLC (Power Ranch Marketplace I), DTD Devco 2, LLC (Power Marketplace II), and DTD Devco 6, LLC (Shops at Palmilla)] and transfer of all interest in such entities to DTR1C, LLC (“DTR1C”), an entity wholly owned by the Arizona PSPRS Trust (“Trust”) and managed by DTL;
  - ii. contribution by the Trust of \$5 million in additional capital to DTR1C, LLC (the Trust’s wholly owned entity) to fund that entity’s increased obligations arising as a result of the transfer to that entity of the properties referenced in item (i) above;
  - iii. payment by the Trust of up to \$50 million (as previously authorized by the trustees for purposes of contribution to DTR1) to satisfy portions of debt (including that owed Wachovia Bank) encumbering the properties referenced in item (i) above;
  - iv. transfer to DTR1B, LLC of all assets owned by the Trust and DTL in the Torreon Community, with all net proceeds from such assets being divided between the Trust and DTL on a 90%/10% basis respectively, instead of a 50%/50% basis;
  - v. payment by DTL of approximately \$5 million to DTR1, earmarked for investment in DTR1B, such that the first \$5 million in funds needed by DTR1B shall be paid

- by DTL and with the interests of the Trust and DTL in DTR1B thereafter being allocated on a 90%/10% basis, respectively; and
- vi. reduction from \$392 million to \$357 million of the Trust's total commitment to DTR1 and its two subsidiaries, DTR1A and DTR1B.

Mr. Parham gave a brief introduce and overview of the legacy portfolio and the Wachovia debt line. The net effect of the proposed restructuring is that Desert Troon will abandoned their equity in these assets, deed their interests to the Trust and they will be transferred into DTR1C and the System will then own them 100% and it will then be the Systems responsibility to pay off the debt. Like assets will also be aligned.

<b>MOTION 2-81-10</b>	At 1:48 PM.
<b>Motion:</b>	To full adoption all items under agenda item number 8 modifying ii to "up to" instead of "of" \$5 million dollars in additional capital.
<b>Moved by:</b>	Lori Roediger
<b>Seconded by:</b>	Tim Dunne
<b>Discussion:</b>	None
<b>In Favor:</b>	Unanimous
<b>Motion Passes:</b>	Passes

9. Report by Staff and discussion regarding the Month Ended and Fiscal Year-to-Date performance/portfolio update.

Mr. Anderson reported that January was a down month for the equity markets. He provided a brief summary of the Trust's performance noting on a relative basis we were down 1.86%. However, we beat the index benchmark by 6 bps. Year-to-date the Trust is up 14.16% and 124 points basis points ahead of our benchmark index.

10. Report by NEPC regarding Report for the Fourth Calendar Quarter Performance Update.

Allan Martin of NEPC presented a brief overview of the Report for the Fourth Calendar Quarter Performance, which was included in the mailing to the Fund Manager.

Allan Martin of NEPC presented a brief overview of the Report for the Fourth Calendar Quarter Performance, which was included in the mailing to the Fund Manager.

11. Report by Compliance Auditor and discussion regarding investment compliance, holdings and transactions as of January 31, 2010.

Ms. Feeley reported that she had reviewed the portfolio as of January 31, 2010 and there were no compliance issues noted.

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 D(1).

This item was not discussed.

#### 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 meetings that were held on Friday, February 19, 2010 at 5:00 p.m., and Wednesday, February 24, 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. Presentations by the executive search firms chosen by the Operations, Governance Policy and Audit Committee with discussion and possible **Action** to approve the Committee's recommendations to retain one or more of such firms.

The Operations, Governance Policy, and Audit Committee chose, in no particular order, EFL Associates, Hudepohl & Associates, and Alliance Resource Consulting to meet with the Fund Manager. The first to present was Ms. Mary Hobson of EFL Associates. Ms. Hobson gave a summary of the company's background, staff procedures, processes, and current work load and search timeframe.

Ms. Sherrill Uyeda of Alliance Resource Consulting discussed their processes, key strengths, recruitment phases, timeline, billing proves, current work load and costs with the board.

Hudepohl & Associates was represented by Mr. Gary Hudepohl who reviewed with the Fund Manager their qualifications, processes, staff backgrounds, company history, keys to successful searches, and the search process.

Chairman Galloway polled the Fund Manager regarding preference of search firm.

<b>MOTION 2-82-10</b>	At 4:12 P.M.
<b>Motion:</b>	To approve Alliance Resource Consulting to conduct the search for an administrator.
<b>Moved by:</b>	Brian Tobin
<b>Seconded by:</b>	Tim Dunne
<b>Discussion:</b>	The search process can be customized at the request of the Fund Manager.
<b>In Favor:</b>	Unanimous
<b>Motion Passes:</b>	Passes

- 2. Presentation by staff and legal counsel, and possible discussion and **Action** thereon, regarding adoption of the proposed Policy Regarding Review of PSPRS Local Board Actions, to be compliant with A.R.S. § 38-847(H).

Mr. Tobin summarized this policy.

<b>MOTION 2-83-10</b>	At 4:32 P.M.
<b>Motion:</b>	To approve the Policy Regarding Review of the PSPRS Local Board Actions
<b>Moved by:</b>	Tim Dunne
<b>Seconded by:</b>	Greg Ferguson
<b>Discussion:</b>	None
<b>In Favor:</b>	Unanimous
<b>Motion Passes:</b>	Passes

- 3. Report by Jim Hacking, PSPRS IT staff regarding Brazen Technology exit strategy, the IT department's plan for going forward, the status of our systems and possible **Action** to approve the Committee's recommendations concerning such matters.

Mr. Hacking stated that Brazen has been very helpful and before phasing out of using their services,

the blueprint of our systems must be updated. Following the completion of the systems documentation, Brazen will be used for specialized needs and going forward the PSPRS IT staff will maintain our systems.

4. Discussion between the committee, staff and the IT department regarding second off site back up and possible **Action** to approve the Committee's recommendations concerning such matters.

This item was tabled until the March meeting.

5. Update by Karen Lewis regarding the FY 2009, 2010 budget as of January 31, 2010 with departmental projections to the end of the fiscal year to be followed by discussion and possible **Action** to approve the Committee's recommendations concerning such matters.

As reported by Karen Lewis, Accounting Manager, we are overall 4.62% under budget as of January 31, 2010. An amended budget is to be brought back to the committee meeting in March. It is projected that, based on trends as of today, we will come in under budget by about \$400,000.

6. Review, discussion, and possible **Action** regarding approval of the February 2010 bill for legal services performed in January 2010.

Mr. Tobin stated that the committee approved the payment of the January, 2010 legal bill.

7. Written update and discussion on the progress of the Local Board Training Program and possible **Action** to approve the Committee's recommendations concerning such matters.

It was reported by Mr. Tobin that the Local Board Training report was presented to the committee.

8. Update by Bridget Feeley regarding compliance followed by possible discussion and possible **Action** to approve Ms. Feeley's advice concerning such matters.

There were no issues to report.

- b. Presentation by the System lobbyists (Representatives of P3 and/or HighGround) and Jim Hacking 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.

John Kaites of Public Policy Partners and Doug Cole of HighGround, Inc. summarized the status of the six bills introduced to state legislature this session. Discussion was held regarding House Bill 2388 PSPRS; Fund Manager; Membership; Term that is proposed to be attached to Senate Bill 1004-Retirement Systems & Plans; Amendments.

- c. Discussion regarding the Best Practices for Use of Lobbyists Policy, communication of legislative changes between the Administrator, the Fund Manager and the Operations, Governance Policy and Audit Committee and other interested parties with possible **Action** concerning such matters

This agenda item was tabled until the March 2010 meeting.

- d. Report (per the trustee's earlier request) regarding the mechanics of the employee DC plan and whether the value of such plan was included in the December 22, 2008 McLagan salary and bonus recommendations and possible **Action** on the Administrator's recommendations (or as recommended by the Operations and Audit Committee) regarding staff salaries, bonuses and/or

the employee DC program.

Discussion is to be held when we plan the FY 2010-2011 budget.

- e. Report by assistant administrator about i) a possible discrepancy between actuarial cost figures calculated by various System actuaries relative to the cost of crediting prior service for certain Scottsdale Fire Fighters and (ii) discussion and possible **Action** whether employers or employee groups requesting actuarial studies should contract directly with the System's actuary for same.

This agenda item was tabled until the March 2010 meeting.

- f. **Action** to approve the Chair's appointment of Mr. Dunne as a member of the Investment Committee and Mr. Ferguson as a member of the Operations, Governance Policy and Audit Committee.

<b>MOTION 2-84-10</b>	At 4:52 P.M.
<b>Motion:</b>	To approve the addition of Mr. Greg Ferguson to the Operations, Governance Policy and Audit Committee and to approve the addition of Mr. Tim Dunne to the Investment Committee.
<b>Moved by:</b>	Brian Tobin
<b>Seconded by:</b>	Tim Dunne
<b>Discussion:</b>	None
<b>In Favor:</b>	Unanimous
<b>Motion Passes:</b>	Passes

- g. Discussion and possible **Action** to establish a separate committee of the Fund Manager to conduct interviews in order to choose a new Administrator.

<b>MOTION 2-85-10</b>	At 4:32 P.M.
<b>Motion:</b>	To name a committee to work with the search consultant to determine a reasonable number of candidates to give to the Fund Manager to review at a later meeting. The committee members: Rich Crandall, Arizona State Representative District 19; Donna Buelow, Pension Administrator of the City of Phoenix; Paul Matson, Director of Arizona State Retirement System; Pat Cantelme, Past Chair of the PSPRS Fund Manager; Barb Lang, Treasure's Office of the City of Phoenix; Mike Ong, Arizona Legislative Council; Joe Clure, Phoenix PLEA Treasurer; Gordon Clark, City of Tucson Firefighter; Brian Tobin Vice Chair of the Fund Manager; Mike Galloway, Chair of the Fund Manager. Also on the committee, but not as voting members: Marc Lieberman, Kutak Rock; Ryan Parham, PSPRS Chief Investment Officer, and Tracey Peterson, PSPRS Chief Operating Officer. They are directed to deliver to the Fund Manager a small workable number of candidates.
<b>Moved by:</b>	Tim Dunne
<b>Seconded by:</b>	Brian Tobin
<b>Discussion:</b>	None
<b>In Favor:</b>	Unanimous
<b>Motion Passes:</b>	Passes

- h. Discussion regarding Information Exchange Among Arizona Public Pension Plans held on February 18, 2010 at ASRS and possible **Action**.

Mr. Galloway reported that he and Susanne Dobel had attended the Arizona State Retirement System's Board Meeting, February 18, 2010. The purpose of the meeting was to provide an opportunity to get to

know other state retirement systems and share ideas in a less formal setting. PSPRS will host this meeting next year. For the next 90 days someone from PSPRS will partner with the City of Phoenix to exchange ideas that will benefit both organizations.

Mr. Galloway suggested establishing brochures to explain benefits to the retirees.

- i. Discussion regarding Fund Manager and Special Adviser 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.

Discussion was held regarding educational opportunities and those that have been previously approved by the Fund Manager with Motion: 6/144/09: To approve standing authorization for members of the Fund Manager and Advisers to attend Executive Education Program on Portfolio Management at Wharton and NCPERS Conferences.

- 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, Seldin, Toyota Motor Corporation and affiliates 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).

No Executive Session was held.

**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), and including specifically, Seldin and Toyota Motor Corporation and its affiliates.
- 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, Seldin, Toyota Motor Corporation and affiliates and JP Morgan Chase matters, pursuant to A.R.S. §§ 38-431.03(A)(1), (3), (4), and (7).

## **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**

The next meeting will be held on March 31, 2010 at 1 P.M.

**8. Adjournment**

<b>MOTION 2-86-10</b>	At 5:20 P.M.
<b>Motion:</b>	To adjourn the meeting.
<b>Moved by:</b>	Lori Roediger
<b>Seconded by:</b>	Greg Ferguson
<b>Discussion:</b>	None
<b>In Favor:</b>	Unanimous
<b>Motion Passes:</b>	Passes

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**Mike Galloway, Chairman**

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**Brian Tobin, Vice Chairman**

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**Gregory Ferguson, Member**

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**Tim Dunne, Member**

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**Lori Roediger, Member**