

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
BOARD OF TRUSTEES INVESTMENT COMMITTEE MEETING**

**December 19, 2012**

**MINUTES**

Mr. Richard J. Petrenka, Chairman, Trustee  
Mr. Lauren Kingry, Trustee, Vice Chairman  
Mr. William Davis, Trustee – Excused at 12:06 p.m.  
Mr. Ryan Parham, Chief Investment Officer  
Mr. Martin Anderson, Deputy Chief Investment Officer  
Mr. Andrew Carriker, Chief Investment Counsel  
Mr. Anton Orlich, Lead Portfolio Manager  
Mr. Shan Chen, Lead Portfolio Manager  
Mr. Mark Steed, Lead Portfolio Manager  
Mr. Mark Selfridge, Lead Portfolio Manager  
Mr. Paul Corens, Lead Portfolio Manager  
Ms. Michele Weigand, Senior Contracts Specialist  
Mr. Allan Martin, Partner, NEPC,LLC

1. Call to Order, Roll Call, Opening remarks.....Mr. Richard Petrenka  
Committee Chairman

The meeting was called to order by Chairman Petrenka at 11:07 a.m.

2. Review, discussion and possible approval of Investment Committee Minutes from  
November 28, 2012.....Mr. Richard Petrenka

<b>MOTION:12-13-12</b>	At 11:07 a.m.
<b>Motion:</b>	To approve the Investment Committee Minutes from November 28, 2012 as presented.
<b>Moved by:</b>	Mr. Kingry
<b>Seconded by:</b>	Mr. Davis
<b>Discussion:</b>	None
<b>In Favor:</b>	Unanimous
<b>Motion:</b>	Passes

3. Report by Investment Department Staff and discussion regarding the Month Ended and  
Fiscal Year-to-Date performance/portfolio of the portfolio. ....Mr. Mark Selfridge  
Lead Portfolio Manager

The portfolio for the month ended November 30, 2012 was up 1.16% as compared to the benchmark which was up 0.59%. In November the Credit Opportunities portfolio increased by 1.96% while the benchmark for that asset class was up 0.61%. Total Equities increased by 1.24% while the benchmark increased by 1.27%. Private Equity

was up 2.46% and the benchmark was up 0.85%. Fixed Income was positive at 0.38% but the benchmark was down 0.01%.

For the Year-to-Date, the Fund was up 4.68% versus the benchmark which was up 4.57%. Total Equity was 6.74% and the benchmark was 7.23%. Private Equity was up 3.49%; its benchmark was up 5.59%. Fixed Income was up 3.17% as compared to its benchmark which was up 3.12%.

Mr. Martin stated that PSPRS has taken a more conservative approach in that it has a smaller equity portfolio than most public funds. He indicated that this reflects our desire to have more stability over time and less risk. The goal is to try to make an 8% annual return regardless of market conditions.

4. Manager Selection Report by Investment Department Staff and possible discussion regarding an investment of up to \$45 million in TowerBrook Investors IV, L.P., with an additional \$15 million reserved for potential co-investment .....Mr. Ryan Parham  
Chief Investment Officer

Mr. Parham told the Committee members that this investment will be placed in the Private Equity portfolio. He added that this is the Trust's second investment with TowerBrook, with whom the Trust has had a good experience so far in its first investment with them. The investment has been approved by StepStone and NEPC. Discussion was held regarding how TowerBrook invests the money in each fund, and how they manage each investment, each cycle, and their obligations.

5. Report by Investment Department Staff highlighting investment managers in Asia.  
.....Mr. Marty Anderson  
Deputy Chief Investment Officer  
Mr. Paul Corens  
Lead Portfolio Manager

Messrs. Anderson and Corens reviewed investments with the Pacific Alliance Group, Trustbridge Private Equity, Baring Asia, Och-Ziff, J.P. Morgan AIRRO and the AIRRO India Sidecar Fund. An overview of the Asian market was presented which included general Asian themes, investments of our Asia partners, Trust portfolio exposure and future opportunities. The staff reported that during their trip to Asia they met with over twenty managers. Staff has focused on private markets for lesser developed emerging market economies and on public markets as these economies mature.

6. Report by Investment Department Staff about current Risk reporting infrastructure and proposals for further development of same.....Mr. Ryan Parham

Most of the future Risk reports will be either quarterly, semi-annually or annually. Investment Department staff will interface with NEPC's risk system and risk professionals. PSPRS will soon post a position opening for a risk professional.

7. Report by Investment Department Staff and/or legal counsel, and discussion by them with the Committee (and possible recommendation by the Committee to the Board of Trustees) about recent legal developments and issues (including settlement discussions and public record requests) involving the investments of the Arizona PSPRS Trust, the System or the System's sister plans (EORP or CORP) (collectively, the "Plans"). Such

discussion (and recommendations) may include legal issues (and disputes involving) the Trust's custodians, lenders, securities lending agents, investment contracts, vendors, advisors, investment managers or joint venture partners (as well as any investments managed by the Trust's' investment managers or joint venture partners). The Committee may vote to discuss these matters, including public record requests, in Executive Session pursuant to A.R.S. §§ 38-431.03(A)(2),(3), (4), and (7) as set forth in item 9. Matters discussed may include claims or potential claims by, against or involving (or issues concerning) BNY Mellon, Stroh Ranch Development, Timbervest, The Pivotal Group, Bank of America, and/or Millard and Scott Seldin. Discussion in Executive Session may also include the Trust's negotiations regarding disposition of its joint venture real estate portfolios, as authorized by A.R.S. § 38-431.03(A)(7).

8. **Executive Session for Legal Matters.** Discussion with legal counsel (and possible recommendation to the Board of Trustees) about legal developments and issues (including settlement discussions) involving public record requests and the Plans' investments, including legal matters concerning the Plans' custodians, lenders, securities lending agents, investment contracts, vendors, advisors, investment managers or joint venture partners (as well as any investments managed by the Plans' investment managers or joint venture partners). The Investment Committee may vote to discuss these matters, wholly or in part, in Executive Session pursuant to A.R.S. §§ 38-431.03(A)(2),(3),(4), and (7). Matters discussed may include claims or potential claims by, against or involving (or issues concerning) BNY Mellon, Stroh Ranch Development, Timbervest, The Pivotal Group, Bank of America, and/or Millard and Scott Seldin. Discussion may also include the Trust's negotiations regarding disposition of its joint venture real estate portfolios, as authorized by A.R.S. § 38-431.03(A)(7).

The meeting remained in open session.

9. Schedule next meeting. (*Calendared for January 16, 2013*)

Most meetings will be held on the third Wednesday of each month with the exception of the month of May to allow staff and Trustees the opportunity to attend NEPC's client conference.

10. Call to the Public:

This is the time for the public to comment. Members of the Committee may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for a later date for further consideration and possible recommendations to the Board of Trustees.

The Call to the Public went unanswered.

11. Adjournment

<b>MOTION:12-14-12</b>	At 12:26 p.m.
<b>Motion:</b>	To adjourn the meeting.
<b>Moved by:</b>	Mr. Kingry
<b>Seconded by:</b>	Mr. Petrenka
<b>Discussion:</b>	None
<b>In Favor:</b>	Unanimous
<b>Motion:</b>	Passes

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Mr. Richard Petrenka, Trustee, Chairman