INVESTMENT ADVISORY COUNCIL
WEDNESDAY, April 8, 2009

MEETING NO. 365

Members present:	Thomas Barnes[1] Michael Freeman Stanley (Bud) Morten William Murray Denise L. Nappier, Treasurer Sharon Palmer[2] David Roth Joseph (Joe) D. Roxe, Chairman Carol Thomas Peter Thor
Absent:	Thomas Fiore, representing Robert Genuario David (Duke) Himmelreich
Others present:	Howard G. Rifkin, Deputy Treasurer Linda Hershman, Assistant Deputy Treasurer/Chief of Staff Lee Ann Palladino, Acting Chief Investment Officer Joanne Dombrosky, Principal Investment Officer Gregory Franklin, Assistant Treasurer-Investments David Holmgren, Principal Investment Officer Wayne Hypolite, Executive Assistant David Johnson, Principal Investment Officer Donald Kirshbaum, Investment Officer Catherine LaMarr, General Counsel Shelagh McClure, Director of Compliance Meredith Miller, Assistant Treasurer-Policy Linda Tudan, Chief Executive Assistant Winifred (Winnie) Scalora, Administrative Assistant
Guests:	Bradley Atkins, Franklin Park Associates, LLC Scott Booth, The Townsend Group Steven Case, Mercer Investment Consulting William Fogarty, State Street Bank & Trust Brad Freeman, Freeman & Spogli Co Mary P. Guinan, Private Citizen Maykala Hariharan, Rogerscasey Robin Kaplan-Cho, Connecticut Education Association Harvey Kelly, Leumas Advisors Jacqueline Lyons, State Street Bank & Trust Julie Naunchek, CSEA-Retiree Council #400

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[1] Left at 10:35 a.m.
[2] Arrived at 9:10 a.m.

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Brett Nelson, Ennis Knupp & Associates
Kristine O'Connor, Franklin Park Associates, LLC
Robert Parkinson, Ennis Knupp & Associates
John Roth, Freeman Spogli & Co
Claire Shaugnessy, Rogerscasey
Anne Marie Schultz, Oliver Wyman
Paul Tellefsen, State Street Bank & Trust
William Wardlaw, Freeman Spogli & Co
Shari Young, Ennis Knupp & Associates

With a quorum present, Chairman Joseph Roxe called the Investment Advisory Council ("IAC") meeting to order at 9:07 a.m.

Executive Session

A motion was made by Carol Thomas, seconded by William Murray, that the Investment Advisory Council adjourn the Regular Session at 9:10 a.m. and enter into Executive Session to consider pending litigation. The motion was passed unanimously. Howard G. Rifkin, Deputy Treasurer; Lee Ann Palladino, Acting Chief Investment Officer; Catherine LaMarr, General Counsel; Shelagh McClure, Director of Compliance; and Bradley Atkins, Chief Executive Officer of Franklin Park, participated in the Executive Session.

A motion was made by Ms. Thomas, seconded by Michael Freeman, that the Investment Advisory Council adjourn the Executive Session at 9:35 a.m. and enter into Regular Session. The motion was passed unanimously.

Chairman Roxe noted that no votes were taken during the Executive Session.

Approval of Minutes of the March 11, 2009 IAC Meeting

Chairman Roxe asked for comments on the Minutes of the March 11, 2009 IAC meeting. **There being no comments, a motion was made by Mr. Murray, seconded by Ms. Thomas, that the Minutes of the March 11, 2009 IAC meeting be accepted as drafted. The motion was passed unanimously with the exception of David Roth who abstained because he was absent from the last meeting.**

Comments by the Treasurer

Treasurer Denise Nappier began her opening comments by welcoming Chairman Roxe on behalf of the Office of the Treasurer ("OTT") and the entire IAC. With his extensive background and investment expertise, Treasurer Nappier stated that she looked forward to the leadership and advice that the new IAC Chair would provide on Treasury matters. She then commented about the financial markets' improved performance and added that the stock markets posted gains during March 2009, the S&P 500 registered its highest monthly gain since March 2000 and the Dow Jones registered its highest monthly gain of 8.7% since 2002. Treasurer Nappier stated that the February performance results would be reviewed at today's meeting but she looked forward to sharing the full results of the March 2009 performance at next month's IAC meeting.

Turning to today's agenda, Treasurer Nappier stated that two semi-finalists for the Private Investment Fund ("PIF") consulting mandate, Ennis Knupp & Associates ("Ennis Knupp") and the incumbent consultant, Franklin Park Associates, LLC ("Franklin Park"), would provide presentations to the IAC. She added that both firms demonstrated their expertise at the semi-finalist interviews, which included strength within the industry, staff that exhibited the appropriate levels of skill and expertise, experience with public pension funds and a commitment to corporate citizenship and diversity. Treasurer Nappier briefly commented on the seven firms that applied for the PIF consulting mandate and noted that all seven firms were interviewed by Pension Fund Management ("PFM") investment professionals and three of the firms were interviewed by the internal OTT Search Committee.

Treasurer Nappier stated that Freeman Spogli & Co ("Freeman Spogli") would provide a presentation on a PIF opportunity in FS Equity Partners VI, L.P. ("FS VI"). She added that this fund was created by Freeman Spogli to primarily make controlled acquisitions of established, middle market U.S. companies within the retailing, direct marketing and distribution industries, as well as companies that provide services to retailers and consumer product businesses. Treasurer Nappier noted that the Connecticut Retirement Plans and Trust Funds ("CRPTF") invested in FS Equity Partners V ("Fund V") with a $75 million commitment. She added that Fund V generated a net internal rate of return ("IRR") and return on investment, as of September 30, 2008, of 13.2% and 1.3x respectively. Treasurer Nappier said she is considering an investment of $75 million to FS VI.

Regarding the Real Estate Fund ("REF"), Treasurer Nappier stated that The Townsend Group would provide the December 31, 2008 real estate report. Finally, she stated that Meredith Miller, Assistant Treasurer-Policy, would provide a report on Corporate Governance.

Treasurer Nappier finished her remarks by publicly thanking former Chair, James T. Larkin, for his leadership and service to the IAC.

Chairman Roxe then read the following resolution on behalf of the IAC and the OTT regarding the service of former IAC Chairman Larkin:

WHEREAS, the protection and growth of the assets of the Connecticut Retirement Plans and Trust Funds (CRPTF) is essential to the future financial security of government workers and retirees of our state, as well as to the economic strength of the State of Connecticut; and

WHEREAS, the Investment Advisory Council and the Office of the State Treasurer wish to recognize James T. Larkin for his outstanding contributions as a member of the Investment Advisory Council from March 2004 through March 2009, and especially for his vital leadership as Chairman of the Council from August 2007 through March 2009; and

WHEREAS, during his tenure, Chairman Larkin led the Council to approve a forward looking and comprehensive set of revisions to the Investment Policy Statement, enabling the Treasury to become more strategic in its investments, as part of a well diversified and successful investment program to increase return and maintain a prudent risk exposure; and

WHEREAS, his commitment to serve the people of Connecticut was demonstrated in his long-standing support for fully funding the State's pension obligations and for his leadership of the Investment Advisory Council in publicly endorsing the Treasurer's efforts to reduce the unfunded liability portion of the Teachers' Retirement Fund, resulting in the sale of $2 billion in Pension Obligation Bonds, which strengthened the financial health of the Teachers' Retirement Fund; and

WHEREAS, Mr. Larkin's business experience in Africa led to his critical support of legislation permitting the divestment of state pension funds in companies doing business in Sudan, an initiative based in a prudent investment perspective that recognized the long term investment risk posed by businesses operating in regions where human rights atrocities and genocide occurred; and

WHEREAS, the work of the Council has benefited from the overall diligence, keen business insight, resourcefulness and unsurpassed resolve he exhibited in meeting the obligations of Council membership and leadership, as have those participating in the Connecticut Retirement Plans and Trusts Funds; and

WHEREAS, his sincerity, integrity and camaraderie will be greatly missed by his colleagues.

NOW THEREFORE BE IT

RESOLVED, that the Investment Advisory Council and the Office of the Treasurer, for themselves and on behalf of the people of Connecticut, express gratitude and appreciation and acknowledge the substantial contributions of Jim Larkin during his service as Chair and as a member of the Council.

Given the 8th day of April, 2009

A motion was made by Peter Thor, seconded by Mr. Roth, to adopt this resolution. The motion was passed unanimously. The resolution was then signed by Chairman Roxe and Treasurer Nappier.

<u>CRPTF Final Performance for the Month of February 2009 and the Pension Fund Management Division's Operating Results for the Quarter ended December 31, 2008</u>

Lee Ann Palladino, Acting Chief Investment Officer, reported that the CRPTF, valued at $18.1 billion as of February 28, 2009, had risen $1.2 billion, to $19.3 billion as of April 3, 2009. As of February 28, 2009, Ms. Palladino stated that CRPTF's largest plans, the Teachers' Retirement Fund ("TERF") valued at $10.2 billion, the State Employees' Retirement Fund ("SERF"), at $6.5 billion, and the Municipal Employees Retirement Fund ("MERF") at $1.2 billion represented 56%, 36% and 7% of the CRPTF's assets respectively. She also noted that the three plans accounted for 99% of assets under management and that the CRPTF included 14 plans and trusts.

Ms. Palladino then spoke about the current market environment's impact on each of the plans given their particular strategic asset allocation. She reported that SERF, TERF and MERF all outperformed their customized benchmarks by 475, 514 and 575 basis points respectively. Ms. Palladino outlined that the out performance versus their benchmarks was due to 1) individual Combined Investment Funds ("CIF") outperforming their benchmarks as was the case with that the High Yield Debt Fund, the Inflation Linked Bond Fund, the REF and the PIF; 2) the fact that over the past year the Plans were under weighted in the Emerging Market Equity Fund, over weighted in the Core Fixed Income Fund; and 3) the allocation to the Liquidity Fund ("LF") was increased in May 2008, and the plans were positioned at the high end of the range.

In response to an IAC member's question, Ms. Palladino said that tactical asset allocation, which was typically done on a quarterly basis, could not be done more often than once per month. In conclusion, she stated that rebalancing of the funds had been occurring over the past 18 months and that tactical asset allocation was determined based on the ranges and around the policy level. Ms. Palladino then provided insight into the ranking of nine of the 11 funds from a tactical allocation perspective, adding that the Alternative Investment Fund was not yet implemented and the LF was based on an absolute value of how much liquidity was needed for each fund in particular.

Chairman Roxe provided positive feedback on the report. Treasurer Nappier added that the Financial Accounting Board recently changed its provisions regarding the value of assets under their mark-to-market rule in order to provide financial institutions and investors more leeway in valuing distressed assets. In response to a question from an IAC member, Ms. Palladino stated that market value positions were received for nearly all PIF and REF investments for the last quarter of 2008 and additional market value resets were expected during March 2009. She said that $142 million of market value declines were posted for the PIF and $71 million was posted for the REF, equating to monthly declines of 7.8% and 7.46% respectively, as reported for the month ended February 28, 2009. Treasurer Nappier also commented on the Public-Private Investment Program ("PPIP") affecting mortgage securities and the bank mortgage loan portfolios.

Ms. Palladino reported on PFM Division's operating results as of December 31, 2008. She stated that the CIF was at $20.2 billion with a net realized loss of $1.2 billion and an unrealized loss of $4.4 billion totaling $5.6 billion.

Presentations by and Consideration of Finalists for Private Investment Fund Consultants

Ms. Palladino provided opening remarks and introduced the following firms that would provide presentations for PIF Consulting: Ennis Knupp & Associates ("Ennis Knupp") and Franklin Park Associates, LLC ("Franklin Park"). Ms. Palladino stated that the current contract with Franklin Park was due to expire September 30, 2009 and she then commented on the search and vetting processes that led to the selection of Ennis Knupp and Franklin Park as the semi-finalists. Finally, she stated that both candidates were found to be capable of meeting the requirements of the CRPTF's mandate. Discussion ensued about information the candidates provided with respect to their other clients, track records, market outlooks, fees and performance. Deputy Treasurer Rifkin commented that all of these issues were covered during the due diligence and interview processes.

Presentation by Ennis Knupp & Associates

Ennis Knupp provided a presentation to the IAC on its firm's private investment consulting services. Ennis Knupp was represented by Brett Nelson, Partner and Head of Global Private Equity, Robert Parkinson and Shari Young, Senior Investment Analysts. Mr. Nelson began by providing a brief overview of Ennis Knupp commenting on its history, goals, clients, ownership, employees, top results and corporate citizenship. He also provided an overview of the organization and the breadth of its advisory services. Mr. Parkinson explained Ennis Knupp's integrated approach to alternative investing and provided a client list.

Mr. Nelson then provided a global private equity overview on Ennis Knupp and discussed its private equity team, client list and value position. Ms. Young commented on Ennis Knupp's deal flow and how it ensured access to top-tier funds. She also spoke about its representative list of premier global general partners, its investment philosophy and provided an overview of its investment process. Mr. Parkinson then explained Ennis Knupp's legal review process. The Ennis Knupp team then discussed its customized client service approach, what services they would provide to the CRPTF and presented a comparable retirement system case study. Mr. Nelson commented on Ennis Knupp's track record and performance as of March 31, 2008. He then explained how Ennis Knupp would design a co-investment program for the CRPTF and the benefits of such a program. The Ennis Knupp team commented on the current private equity environment, the difficult credit environment and its view on attractive market opportunities. In conclusion, Mr. Nelson stated that Ennis Knupp's proposed consulting approach for the CRPTF included policy development and strategic planning, due diligence, reporting and monitoring, education, specialized PIF initiatives and communication.

Mr. Parkinson responded to questions posed by Treasurer Nappier regarding the impact that changes to the mark-to-market valuation would have on portfolio companies held within the CRPTF's private equity funds and Ennis Knupp's views on the PPIP initiative by the federal government. In response to Bud Morten's question about Ennis Knupp's track record, Mr. Nelson stated that its performance results included both discretionary and nondiscretionary private investment advisement that were predominantly deployed to public pension plans, other contributions included a strong management team and a thorough due diligence. He also stated that 90% to 95% of the advisement was nondiscretionary in response to Treasurer Nappier's question. Discussion then ensued about the way Ennis Knupp calculated the percentage of its successful recommendations that were accepted by clients and, finally, about secondary opportunities within private investments.

Presentation by Franklin Park Associates, LLC

Franklin Park provided a presentation to the IAC on its firm's private investment consulting services. Franklin Park was represented by Bradley Atkins, CFA, CEO and Founder; Karl Hartmann, Esquire, COO; and Kristine O'Connor, CPA, CFO. Mr. Atkins began his remarks with a brief history of Franklin Park and commented on its growth since being hired by the State of Connecticut in 2004. He further added that Franklin Park's business model has been consistent since that point in time and the firm was still fully and solely dedicated to helping institutional investors manage their private equity programs. Mr. Atkins commented on Franklin Park's combined experience of its managing directors and noted that the founders began working together prior to its inception, and that the firm was fully independent and 100% employee owned with no conflicts.

With respect to Franklin Park's client list, Mr. Atkins stated that nine institutional investors are on a retainer basis including the State of Connecticut along with three other state pension plans. He commented that Franklin Park's client base was well diversified both in size and type including smaller public plans and endowments in addition to the larger pension plans. Since its inception, Mr. Atkins said that Franklin Park's client base was grown carefully, adding a few clients per year to insure sufficient resources were in place to manage its client mandates. Additionally, he said that Franklin Park also worked with a few institutions on a project basis, researching both domestic and international markets, analytics on private equity trends and strategies.

Mr. Atkins then provided an outline of Franklin Park's investment process and commented on its portfolio planning process; manager access; investment, operational and legal due diligence, and monitoring. He commented on Franklin Park's philosophy on the importance of constraining its clients' risk exposure to any one market segment along with equal weighting vintage years to be sure there was no overexposure to any one market cycle. Regarding manager access, Mr. Atkins stated that Franklin Park used an ongoing proactive sourcing approach to reach managers with continuous manager research; he provided examples of oversubscribed funds accessed by Franklin Park and explained the firm's manager evaluation process.

Ms. O'Connor provided an overview on Franklin Park's due diligence process and commented on identifying operational risk which, during the current economic climate, had become a higher priority. She added that the operational due diligence was internally audited on a continuous basis in addition to the external audit. Attorney Hartman commented on Franklin Park's legal due diligence and noted that it was all done in house with the focus placed on both the legal as well as the operational due diligence, which was important in view of the fact that private equity was largely an unregulated asset class. He added that the legal due diligence combined characteristics of both the investment and operational due diligence, and stressed the importance of the added value of Franklin Park's in-house legal capabilities.

Ms. O'Connor explained Franklin Park's portfolio oversight process and noted that oversight was just as critical as due diligence and the investment selection processes. She then highlighted the major components of Franklin Park's proactive portfolio oversight process and said that the firm used state of the art technology, which was accessible by clients to allow for transparency. Attorney Hartman provided examples of monetary recoveries that Franklin Park had achieved over the past five years while monitoring the CRPTF's portfolio. He also commented on Franklin Park's administrative and governance resources that allowed for more transparency from managers and, therefore, provided enhanced quality to the CRPTF's portfolio. In conclusion, Mr. Atkins commented on Franklin Park's capabilities to provide best-in-class due diligence, portfolio operations expertise and attentive client service.

In response to Ms. Thomas' question, Mr. Atkins replied that the net IRR for the 2006 vintage year for the CRPTF was negative 5.9%. Mr. Morten asked about Franklin Park's outlook for the various sectors of the private equity universe. Mr. Atkins first commented on the variables that impacted venture capital returns and its marketplace. Regarding corporate finance, Mr. Atkins discussed each sub-asset class, which included buyout, mezzanine debt and distressed debt. He continued that investment activity for the past 18 months had slowed by about 50% to 60% and activity was focused on strategies with less dependence on leverage. Looking forward, Mr. Atkins stated that Franklin Park's view was that a few sub-asset classes would benefit from the current economic recession, in particular, mezzanine debt, not highly leveraged strategies and turnaround investments. Chairman Roxe asked for comments on the current market environment and whether it was a good time to invest. Mr. Atkins responded by saying that Franklin Park advised its clients not to be tactical in private equity because the market can't be timed when you are making 10-year commitments, but added that because of the effect of the current market on pricing, leverage and risk there was potential for above-average returns. He also said that the CRPTF had benefited from this strategic approach of investing in private equity as the CRPTF was exposed to lower than average market value declines on existing investments due to the CRPTF's well-diversified portfolio, noting its level of impairment was less than its peers. Further discussion ensued regarding the CRPTF's exposure and expected returns. Finally, Ms. O'Connor and Mr. Atkins responded satisfactorily to Treasurer Nappier's questions regarding mark-to-market valuations, the opportunities that may be presented through the PPIP and Franklin Park's perspective on infrastructure financing.

Roll Call of Reactions for the Finalists for the Private Investment Fund Consultants

The IAC members discussed each of the firm's negotiable fees. Each IAC member provided feedback on the presentations of Ennis Knupp and Franklin Park. Mr. Morten preferred Ennis Knupp. Mr. Thor, Ms. Thomas and Mr. Murray preferred Franklin Park but also provided positive feedback on Ennis Knupp. Sharon Palmer, Mr. Roth and Mr. Freeman said they would be comfortable with either. Chairman Roxe leaned towards Ennis Knupp but he added that he was not familiar with Franklin Park. He said that there was no strong consensus among the IAC for either candidate and his belief was that the IAC would support the Treasurer in whatever decision she made; the IAC agreed.

Chairman Roxe asked for a motion to waive the 45-day comment period for Ennis Knupp and Franklin Park. **A motion was made by Ms. Thomas, seconded by Mr. Freeman to waive the 45-day comment period for Ennis Knupp and Franklin Park. The motion was passed unanimously.**

Real Estate Fund Review as of December 31, 2008

Scott Booth, Principal of The Townsend Group ("Townsend"), reported on the REF for the quarter ended December 31, 2008. He stated that, relative to peer performance tracked by Townsend, the REF performed 66% to 75% better. Over the longer term, Mr. Booth stated that the REF was in a position of strength because it had unfunded commitments of $454 million, which would allow for capitalization on the dislocation of the market. He reported that the market value of the REF as of December 31, 2008 was $818.5 million or 4.1% of the CRPTF total plan assets and added that the return was negative 13.6% net for the quarter, positive 7.3% and 8.5% respectively, for the five-year horizon and since inception. Mr. Booth then elaborated on the performance and attribution of the funds within the REF for the quarter. Finally, he commented on the portfolio composition and diversification risk factors within the REF.

In closing, David Johnson, Principal Investment Officer, commented on the core portfolio noting that it was valued at less than $20 million three years ago and was at $396 million currently. He added that the core portfolio was constructed, producing 8% returns, and that this disciplined and conservative strategy allowed the REF to position itself well during the current market downturn. Finally, Mr. Johnson provided more detailed information on the performance of individual fund managers for the quarter ended December 31, 2008. Mr. Johnson and Mr. Booth satisfactorily responded to several questions from IAC members regarding defaults, unfunded commitments, leasing risks and the liquidity within the REF. Mr. Morten requested performance data reporting according to vintage year and further discussion ensued about return expectations and current real estate investing.

Corporate Governance and MacBride Compliance Report

Meredith Miller, Assistant Treasurer, provided a report on Corporate Governance and MacBride Compliance for the quarter ended December 31, 2008. Ms. Miller stated that there were 499 domestic proxies cast on behalf of the CRPTF of which 33.3% of the proxy issues were voted against management. She also reported that there were 353 international proxies cast of which 12.2% were voted against management. Ms. Miller said that the corporate governance issues that the Treasurer chose to engage in, as a shareholder, included executive compensation, board of directors' independence, classified boards and diversity, climate risk and sustainability issues. She added that each of these issues was viewed as critical to a company's financial performance and the long-term economic interests of the CRPTF.

In preparation for the 2009 proxy season, Ms. Miller reported that the CRPTF filed a total of 25 resolutions on which she elaborated. She stated that the OTT continued to focus on executive pay issues, Say on Pay and climate change issues. Ms. Miller then commented on two settlements related to advancements made by the OTT in the area of severance. She then discussed Treasurer Nappier's continued work on the issue of compensation consultant independence. In closing, Ms. Miller reported that, with respect to MacBride Compliance, there were no violations of the state law during the quarter ended December 31, 2008.

<u>Presentation of FS Equity Partners VI, L.P.</u>

Mr. Atkins provided opening remarks about Freeman Spogli and FS VI. He highlighted its partners, past successes, history and prior investment experience. Mr. Atkins noted that Freeman Spogli's best returns were made during prior economic recessions and commented that investing in the retail space was quite risky in this market climate. Finally, Mr. Atkins added that that Freeman Spogli's record was attractive on both an aggregate and fund basis, but the volatility of its returns were relatively high. Mr. Atkins then responded to Mr. Morten's questions regarding Freeman Spogli's risk profile on a qualitative and quantitative level.

Presentation by Freeman Spogli & Co

Freeman Spogli made a presentation to the IAC on FS VI, a PIF opportunity. Freeman Spogli was represented by Brad Freeman, Founding Partner, John Roth and William Wardlaw, Partners. Mr. Freeman began by providing highlights on the Freeman Spogli management team. Mr. Roth explained Freeman Spogli's targeted approach within its investment strategy, which he added provided a competitive advantage. He then commented on the type of investments Freeman Spogli targeted and noted that they were predominately middle market in size and demographically focused on middle market consumers. He also commented on Freeman Spogli's style and cited that it only made one or two controlled investments per year and then worked with those companies intensely.

Mr. Wardlaw provided feedback on the CRPTF's current investment in Fund V, commented on its positive performance thus far and noted that seven of the eight companies it invested in achieved double digit earnings before interest, taxes, depreciation and amortization ("EBITDA") year-over-year for the quarter ended December 31, 2008. He further stated that all the earnings were from organic growth and not from acquisitions. Finally, Mr. Wardlaw stated that for the 2008 calendar year, four of the eight companies achieved double EBITDA year-over-year, three were flat-to-slightly down and one was down. He added that this was no small feat during the current economic crisis and that Fund V's solid momentum continued through the first quarter of 2009. Finally, Mr. Wardlaw commented on FS VI, which just had its first closing, and noted that its terms were very similar to those of Fund V and that Freeman Spogli would commit 5% of the capital for FS VI.

The Freeman Spogli team responded to several questions posed by Mr. Morten regarding leveraged buyouts, the current high cost of debt and differentiated products. Ms. Palmer commented on Freeman Spogli's levels of diversity and charitable giving. Mr. Freeman underscored its importance and said that the owners of the firm made substantial personal charitable contributions, but he recognized the importance of being seen to do it as a firm as well and stated he would do a better job in the future. The Freeman Spogli team then provided in-depth responses to IAC members' questions regarding its distributions and how the change in behavior of consumers had impacted its investment strategy.

Roll Call of Reactions for FS Equity Partners VI, L.P.

Each IAC member provided feedback on FS VI. Messrs. Morten and Thor commented on Freeman Spogli's track record. Ms. Palmer noted that while the Freeman Spogli team may have had an excellent rate of charitable giving on an individual basis, this did not reflect on the firm's record. Messrs. Morten, Roth, Thor, Murray and Freeman; Mss. Palmer and Thomas; and Chairman Roxe endorsed the investment in FS VI.

Chairman Roxe asked for a motion to waive the 45-day comment period for FS Equity Partners VI, L.P. **A motion was made by Mr. Freeman, seconded by Ms. Thomas to waive the 45-day comment period for FS VI. The motion was passed unanimously.**

<u>Other Business</u>

Lee Ann Palladino, Acting Chief Investment Officer, provided a review of the IAC budget for the quarter ended December 31, 2008. She noted that, due to the State travel ban, the education/travel line item was underutilized. Ms. Palladino then reminded IAC members that they needed to complete "The 2008 Statement of Financial Interests", which must be postmarked or filed online by May 1, 2009.

The preliminary agenda for the May 13, 2009 IAC meeting was discussed.

Chairman Roxe invited IAC members to submit agenda items for the May 13, 2009 meeting.

<u>Comments by the Chairman</u>

Chairman Roxe commented on today's meeting and thanked the IAC members for their insightful questions and noted that much was covered at today's meeting.

There being no further business, the meeting was adjourned at 2:08 p.m.

An audio tape of this meeting was recorded.

Respectfully submitted,

Denise L Nappier

DENISE L NAPPIER
SECRETARY

Reviewed by

JRoxe

JOSEPH D. ROXE
CHAIRMAN