INVESTMENT ADVISORY COUNCIL
Wednesday, August 10, 2011

MEETING NO. 387

Members present:	Thomas Fiore, representing Benjamin Barnes Michael Freeman Laurence N. Hale David (Duke) Himmelreich** William Murray Denise L. Nappier, Treasurer* Sharon Palmer Joseph (Joe) D. Roxe, Chairman Peter Thor
Absent:	Thomas Barnes Stanley (Bud) Morten Carol Thomas
Others present:	Christine Shaw, Chief of Staff Lee Ann Palladino, Interim Chief Investment Officer Joanne Dombrosky, Principal Investment Officer Gregory Franklin, Assistant Treasurer Adrian Kingshott, Principal Investment Officer Donald Kirshbaum, Investment Officer-Policy Catherine LaMarr, General Counsel Shelagh McClure, Director of Compliance Reginald Tucker, Investment Officer Linda Tudan, Executive Assistant Winifred (Winnie) Scalora, Administrative Assistant
Interns:	Nina Kraus Drew Thompson
Guests:	Virgilio Abesamis, III, Callan Associates Inc. Gary Carter, Private Citizen Mary Dunleavy, State Street Bank & Trust Will Greene, Loop Capital Markets Erik Knutzen, NEPC Louis Laccavole, SOC Teachers' Retirement Board Heidi Milne, ArcLight Capital Partners, LLC Tania Naaman, BNY Mellon Kevin Norton, BNY Mellon Anthony Pellecchia, Callan Associates Inc. Daniel Revers, ArcLight Capital Partners, LLC Paul Sachs, Mercer Sentinel Group

* In at 9:15 a.m.
** In at 9:20 a.m.

Mike Scotto, Hewitt EnnisKnupp, Inc.
Christopher Smith, Service Employees International Union
Nick Stanojev, BNY Mellon
Cynthia Steer, Russell Investments
M. Craig teDuits, State Street Bank & Trust
Kevin Vandolder, Hewitt EnnisKnupp, Inc.
Freeman Wood, Mercer Sentinel Group

With a quorum present, Chairman Joseph D. Roxe called the Investment Advisory Council ("IAC") meeting to order at 9:01 a.m. He then welcomed Laurence Hale to the IAC, and he commented on Mr. Hale's extensive background.

Approval of Minutes of the June 8, 2011 IAC Meeting

Chairman Roxe asked for comments on the Minutes of the June 8, 2011 IAC meeting. **There being no comments, a motion was made by Michael Freeman, seconded by William Murray, that the Minutes of the June 8, 2011 IAC meeting be accepted as drafted. The motion was passed, with the exception of Laurence Hale and Sharon Palmer who abstained due to their absence from the last meeting.**

Interim Chief Investment Officer's Update on the Market, Connecticut Retirement Plans and Trust Funds Final Performance for the Month Ended May 31 and Fiscal Year ended June 30, 2011, and Passive Panel Discussion

Lee Ann Palladino, Interim Chief Investment Officer, provided an update on the capital market environment, its impact on the performance of the Connecticut Retirement Plans and Trust Funds ("CRPTF") and the economic outlook. Ms. Palladino first reported on the performance for the CRPTF for the month ended May 31 and the fiscal year ended June 30, 2011. She stated that the cumulative results for all of the Plans and Trusts for Fiscal Year 2011 ("FY 2011") increased 20.75% as of June 30th, the highest return that the CRPTF has earned over the last 23 years. Next, Ms. Palladino commented on the six plans and discussed the performance of the plans over the past year, three years and five years. She also spoke of longer-term horizons, and noted that the CRPTF was a long-term investor with a diversified portfolio designed to mitigate risk. Ms. Palladino added that the Teachers' Retirement Fund's long-term performance was close to meeting the 8.5% investment return assumption, in spite of the recent recession, and that it outperformed the benchmark for all time horizons. With respect to the current one-year returns, she said that positive returns were reported for all asset classes, with especially strong returns over the one-year horizon. Regarding the Trusts, Ms. Palladino reported that six of the eight trusts had an allocation of 25% equity, 70% fixed income and 5% cash. She then said that over the past fiscal year, the Trusts' performance was driven by the 25% allocation to the Mutual Equity Fund, Emerging Market Debt Fund and High Yield Debt Fund, with all three providing double digit returns. However, she added that the long-term results were driven by their allocation to fixed income markets, which outperformed the equity markets' S&P 500 return of 2.94 % over the five-year horizon. Ms. Palladino then commented on the Soldiers' Sailors' and

Marines' Fund and the Arts Endowment Fund. Chairman Roxe noted that it was very unusual for fixed income to outperform equity markets, and is a sign of the troubles which have faced equities for the past decade.

Ms. Palladino then shared her observations concerning the capital markets and the downgrade of U.S. debt by Standard & Poor's ("S&P") which caused a ripple effect and shifted the credit risk spectrum downward. Ms. Palladino added that this downgrade was merely a reflection of the risk that was already in the market and that it did not actually change the market environment, but it did cause investors to change their risk appetite given that the fiscal health of the U.S. is highly correlated to the economic growth of the U.S. She commented on the ways investors were redirecting their investment strategies, and she added that they purchased U.S. Treasury notes to improve credit quality. Ms. Palladino concluded that the economic situations in the U.S. and Euro zone had caused downward pricing pressure, global confidence was shaken and risk assets would continue to be more volatile.

Comments by the Treasurer

Treasurer Denise Nappier welcomed Laurence Hale, and she commented on the talents and expertise he brought to the IAC. She noted that Mr. Hale replaced David Roth, and praised Mr. Roth's insights and contributions during his two terms. Treasurer Nappier then welcomed Kevin Vandolder, Principal of Hewitt EnnisKnupp ("Hewitt"), the CRPTF's new general investment consultant. Mr. Vandolder thanked the Treasurer for the opportunity to serve her Office, and he said a few words about the economic outlook and how Hewitt will consult with the CRPTF.

Treasurer Nappier then reported that the CRPTF expected to post roughly a 21% return for the 2011 fiscal year-end. She added that this robust return was due primarily to the rebound of the domestic and emerging equities markets. Additionally, Treasurer Nappier reported that with $1.2 billion in net benefit payments and fees paid out, returns generated net growth of $3.3 billion to end the fiscal year at $25.2 billion. She next commented on the current capital market environment and the effects it has had on the CRPTF since the beginning of the new fiscal year on July 1, 2011.

Treasurer Nappier then commented on recent media reports regarding the administration of retirement benefits and an alleged violation whereby pension benefits were awarded in a manner that was not consistent with the Internal Revenue Service ("IRS") Code. She stated that this matter must be corrected expeditiously.

With respect to investment decisions, Treasurer Nappier announced that she had decided to make a commitment to JFL Equity Investors III, L.P. She noted that successful contract negotiations were nearing completion. Treasurer Nappier also reported that she decided to hire BlackRock Financial Management, Inc., RhumbLine Advisers and State Street Global Advisors for the passive money manager panel, contingent upon successful contract negotiations. In rendering these decisions, she considered the feedback from the IAC, as well as the due diligence conducted by investment staff and consultants.

Commenting on the agenda, Treasurer Nappier stated that ArcLight Energy Partners Fund V, L.P., an alternative investment fund ("AIF") real assets opportunity primarily focused on North American investments in energy infrastructure assets, would be presented for consideration.

Next, Treasurer Nappier stated that two candidate consulting firms to assist the Office of the Treasurer ("OTT") in the procurement of a global master custodian would be presented for consideration: Callan Associates Inc. ("Callan") and Mercer Sentinel Group ("Mercer Sentinel"). She also noted that the agenda includes recommendations for semi-finalist candidates to serve as legal advisors on behalf of the OTT and the CRPTF.

Chairman Roxe said that Treasurer Nappier covered several complicated subjects and he opened the floor for comments and questions. David Himmelreich asked if there were any statutory limitations now that U.S. Debt has been downgraded in terms of what could be held in the portfolio. Treasurer Nappier responded that short-term U.S. debt was not downgraded so there was no current affect on the Short-Term Investment Fund ("STIF"). Ms. Palladino added that all of the investment guidelines for the pension fund managers have been reviewed and everything was in order. In response to Mr. Murray's question regarding the IRS issue, Peter Thor discussed the Section 415 matter and gave examples of potential resolutions. Treasurer Nappier added that the IRS allows pension funds to voluntarily correct errors in order to prevent or limit penalties. Discussion continued with respect to Section 415 of the IRS Code.

Passive Money Manager Panel Discussion

Joanne Dombrosky, Principal Investment Officer, presented a multi-dimensional decision and cost analysis on the use of passive investment vehicles. Ms. Dombrosky's presentation was in response to the Chairman's question at the prior IAC meeting as to which passive investment vehicle was least expensive. She said that the answer is dependent on the length of the investment holding period, the specific area of the market involved and other factors. Ms. Dombrosky presented a comparative cost analysis which demonstrated these factors followed by discussion on the investment of passive investment vehicles over different time horizons and invested across a variety of equity and fixed income market indices. Her analysis was on the three types of passive investment vehicles: commingled trust funds ("CTFs"), separate accounts and exchange traded funds ("ETFs"), and included both fixed and variable costs. Ms. Dombrosky then commented on the importance of non-cost considerations including: the expediency of investing; liquidity; investable minimums and maximums; market impact; availability of securities; legal, tax and operational issues; the fact that ETFs were not available for all indices; and the size of the ETF. In conclusion, she said that the optimal decision for passive investment is dynamic and involves multi-dimensional analysis. She said the least cost solution will vary by index, investment vehicle, investment horizon, and in some cases the lowest cost option may not be the best option. Chairman Roxe provided positive comments on Ms. Dombrosky's presentation and on her detailed research.

<u>Consideration of Recommended Various Legal Counsel and Services</u>

Catherine LaMarr, General Counsel, provided an overview of the recommended Legal Counsel to furnish advice and assist the OTT in connection with investments, real estate, corporate governance, compliance, tax, bankruptcy, asset recovery, STIF fiduciary matters, and special insurance/risk management counsel. The proposed contracts will replace the pool of counsel currently under contract to furnish similar services. Ms. LaMarr stated that the committee received applications from highly qualified candidates. She noted that nearly 50 proposals were reviewed by the selection committee, and added that, in addition to the specific experience and expertise required, the committee also focused on fee proposals, placing great emphasis on alternative fee structures. Ms. LaMarr stated that the engagement agreements will have five year terms.

Next, Ms. LaMarr commented on the several categories of services that Treasurer Nappier recommended. She then provided a brief synopsis on each firm, and she noted that firms providing investment or general litigation counsel would also be considered for STIF. In response to Mr. Murray's inquiry, Ms. LaMarr said that the OTT spent about $30 million for all legal services (including pension investments, bond counsel, in-house counsel and other services) during the first twelve years of the Nappier administration, and that during this same time frame the OTT recovered, in class action filings alone, more than $32 million. She added that annual legal expenses averaged approximately $2 million. Chairman Roxe commented on the large number of candidates that were interviewed and noted the firms would not be maintained on a retainer basis. In response to Chairman Roxe, Ms. LaMarr said that currently the OTT had 24 law firms under contract and this time is proposing to enter into 21 agreements.

Roll Call of Reactions for the Recommended Various Legal Counsel and Services

Chairman Roxe, along with the members of the IAC, agreed that it was the consensus of the body to support the Treasurer's proposal to engage various legal counsel.

<u>Presentations by and Consideration of Semi-Finalists for the Master Custodian Consultant</u>

Gregory Franklin, Assistant Treasurer, delivered opening remarks and introduced the following firms that provided presentations as semi-finalists for the Master Custodian Consultant: Callan and Mercer Sentinel. Mr. Franklin stated that at the February 9, 2011 IAC meeting, the IAC endorsed the search process for a Master Custodian Consultant and that Treasurer Nappier then extended the existing master custodian contract through June 30, 2013. With respect to the Response for Proposal, he stated that four firms responded; after staff completed its preliminary due diligence, three firms were presented to Treasurer Nappier; and of those, she selected Callan and Mercer Sentinel to present today. Mr. Franklin added that the firms were evaluated and compared in three major areas: 1) organization, management and relevant experience; 2) consulting activities; and 3) fee proposal and other criteria specific to the CRPTF. In order to evaluate respondents, he said that both qualitative and quantitative analyses were performed. Finally, Mr. Franklin stated that both Callan and Mercer Sentinel qualify and possess the necessary skill sets to provide the CRPTF with consulting services that will be utilized to perform a master custodian search. In response to Chairman Roxe, Mr. Franklin said that one firm would be chosen.

Prior to the introduction of the custodian consultants, Chairman Roxe reminded IAC members that the purpose of the IAC was to review and advise the Treasurer with respect to investments and contractual engagements. He further discussed the protocol of the IAC during presentations at the IAC meetings.

Presentation by Callan Associates Inc.

Callan, represented by Virgilio Abesamis III, Executive Vice President, and Anthony Pellechia, Senior Vice President, made a presentation to the IAC on Callan's expertise and resources for custody consultant services. Mr. Pellechia described Callan's client services and outlined its distinguishing characteristics. He said that Callan, established in 1973, was an experienced, independent and employee-owned firm that was fully resourced for each of its clients' unique needs and circumstances. Mr. Pellechia stated that Callan has its own proprietary systems and databases and that it did not outsource. With respect to the proposed consulting team for CRPTF, he stated that he and Mr. Abesamis would be running the project directly. Next, Mr. Pellechia provided an overview of Callan's commitment to diversity. In closing, Mr. Pellechia commented on Callan's experience working with large institutions including public funds, corporate ERISA and endowments and foundations. Mr. Abesamis spoke about his accounting background and Callan's core competencies including its database of completed searches, knowledge of provider community and bottom-up knowledge. He next commented about Callan's depth of experience and work products.

Mr. Thor expressed his concern with respect to Callan's team being heavily dependent on the expertise of the lead consultants and its acquisition of Evaluation Associates Investments ("EAI"), an investment consulting business. Mr. Pellechia addressed the issue regarding EAI by stating that most of EAI's clients were private sector plans that would be transferred to Mercer and there were approximately ten that may transition to Callan. Mr. Pellechia stated these clients would be managed by Callan's New Jersey office, which had significant capacity to take on EAI. In response to Chairman Roxe, Mr. Pellechia stated that both he and Mr. Abesamis of the San Francisco office would support the CRPTF's project. Mr. Abesamis clarified that 100% of his time and 50% of Mr. Pellechia's time would be allocated for the CRPTF's project, and he added that Callan has never overextended their resources due to potential reputational risk. In response to Chairman Roxe, Mr. Abesamis highlighted Callan's experience and its last association with the OTT when it assisted on the previous custody search project.

Presentation by Mercer Sentinel Group

Mercer Sentinel, represented by Paul Sachs and Freeman Wood, Principals, made a presentation to the IAC on its firm's expertise and resources for custody consultant services. Mr. Wood commented on Mercer Sentinel's key differentiators for meeting the CRPTF's needs. As a specialized global team, he said that Mercer Sentinel has dedicated experts on four continents with deep industry experience and extensive backgrounds in custody, fund administration, internal controls and governance. Next, Mr. Sachs commented on the impact of broader trends on global custodian business models and he described how Mercer Sentinel's research process would provide value for the CRPTF. He elaborated on both macro and micro trends that affected the global custody industry. In closing, Messrs. Sachs and Wood commented about the necessity for custodians to continually reinvest in their technology. They further elaborated on the importance of consultants having managers in off-shore sites to monitor the risks within the global market. Mr. Sachs noted that Mercer Sentinel did have on-site staff in Asia and Europe with a strong understanding of the risks of in those markets.

In response to Chairman Roxe, Mr. Wood said that both he and Arti Sharma, Principal and leader of Mercer Sentinel Group's business development efforts in North America, would co-lead the project for the CRPTF. Chairman Roxe then posed a question regarding the complicated nature of master custodian business. Mr. Wood replied that there had been significant consolidation within the custodian industry and further elaborated that custodians have different strengths and weaknesses. In response to Chairman Roxe's final question, Mr. Sachs stressed the importance for a custodian to understand the needs of the CRPTF. Finally, Mr. Wood stated that, from a global perspective, it was important to understand past negotiating techniques that custodians used with other clients.

Roll Call of Reactions for the Master Custodian Consultant

Chairman Roxe requested the IAC members to provide input on the Master Custodian Consultant semi-finalists: Callan and Mercer Sentinel. In response to Thomas Fiore, Mr. Franklin stated that Callan was engaged by CRPTF in 2004, Mr. Abesamis led the project, and the CRPTF was satisfied with their service. In response to Mr. Himmelreich's question about splitting the custodial roles, Treasurer Nappier said that she would hire only one consultant. Chairman Roxe expressed concern that the co-lead for Mercer did not attend today's meeting.

Messrs. Fiore, Himmelreich, Murray, Freeman and Thor, Ms. Palmer, Mr. Hale and Chairman Roxe preferred Callan. Mr. Thor added that the decision was difficult because they both had a strong knowledge base, but he noted Callan's prior experience working with the CRPTF and its lower fee. Ms. Palmer concurred and believed that Callan would be more responsive to the OTT staff. Chairman Roxe stated that it was the consensus that the IAC favored Callan.

Chairman Roxe asked for a motion to waive the 45-day comment period for the Master Custodian Consultant Semi-finalists: Callan and Mercer Sentinel. **A motion was made by Mr. Himmelreich, seconded by Mr. Murray, to waive the 45-day comment period for the Master Custodian Consultant candidates. The motion was passed unanimously.**

<u>Presentation by and Consideration of ArcLight Energy Partners Fund V, L.P.</u>

Adrian Kingshott, Principal Investment Officer, provided opening remarks and introduced ArcLight Energy Partners Fund V, L.P. ("ArcLight V"), an alternative investment opportunity.

Erik Knutzen, Chief Operating Officer of NEPC, provided additional comments on ArcLight V. Mr. Kingshott began by stating that ArcLight V would be the second investment in the real assets category within the AIF and that ArcLight Capital Partners, LLC ("ArcLight") focused on investments in energy and energy-related infrastructure projects, primarily in North America. He said that within the real asset category, investments have a low correlation to public equities and interest rates, provide some hedge against inflation, generate current income and have the potential for capital appreciation. In addition to the CRPTF's energy infrastructure investment of $65 million in Energy Fund XV, L.P., largely a mezzanine debt investment, Mr. Kingshott said that the investment in ArcLight V would primarily be invested through private equity. He next provided a brief history on ArcLight and its co-founding partners. Mr. Kingshott further commented on ArcLight's various investments and noted that three of its funds were first quartile and one was a second quartile fund. Finally, he commented on the expected investment returns for ArcLight V. Mr. Knutzen said that this was a preferred strategy, ArcLight V was a good long-term investment for the AIF, and he commented on NEPC's due diligence on the fund. In response to Mr. Himmelreich, Mr. Kingshott stated that Fund III, ArcLight's second quartile performer, and Fund IV were each only about one-third realized. In response to Chairman Roxe, Mr. Kingshott said he did not visit ArcLight's headquarters but that the ArcLight team had come into the OTT on several occasions.

Presentation by ArcLight Capital Partners, LLC

ArcLight, represented by Heidi Milne, Principal, and Daniel Revers, Managing Partner and Co-founder, made a presentation to the IAC. Mr. Revers began by providing an overview of ArcLight's investment history. He said that ArcLight was a leading private equity firm investing in energy infrastructure assets with a proven strategy, team, track record, and differentiating competitive advantages. With respect to its targeted investments, Mr. Revers stated that its investment strategy focused on principal protection, current cash flow and visibility of returns. Next, he highlighted ArcLight's proven and differentiated investment strategy within the North American energy infrastructure. Mr. Revers then commented on ArcLight's cash-flow driven philosophy and exit process. Mr. Revers then provided a net-to-limited partner return summary for ArcLight's Funds I through IV and noted that ArcLight has had a low loss-ratio.

Mr. Revers discussed the $4 trillion energy market and the opportunity for investments. He next highlighted ArcLight's team and experience in the energy infrastructure business. In closing, Mr. Revers stated that ArcLight's broad energy infrastructure footprint with $18 billion of asset value provided unique insight and competitive advantages, real-time information flows and excellent risk-adjusted returns with down-side protection.

Chairman Roxe posed questions about ArcLight's investment activity, deal flow and its exposure to oil price fluctuations. Mr. Revers responded that ArcLight typically purchased assets and then managed both the assets and operating staff with a very sophisticated team of construction management, operations and information technology experts. He added that ArcLight was in a cyclical business and therefore its strategic deal flow came from several areas including utilities, diversified energy companies, oil and gas companies, insurance companies, finance companies and individuals. With respect to oil prices, Mr. Revers stated that because ArcLight did not take risk at the well head, it was minimally affected by oil prices and that it had a dampened exposure to the commodity risk. In response to Ms. Palmer, he commented on ArcLight's investment in Connecticut. In response to Mr. Hale, Mr. Revers stated that regulation was the biggest risk because it changed rapidly at both the state and federal levels followed by the amount of infrastructure needed to support these assets. In response to Mr. Thor, Mr. Revers spoke about ArcLight's other investments and noted the importance of ArcLight to remain disciplined with respect to staying within its niche.

Roll Call of Reactions for ArcLight Energy Partners Fund V, L.P.

Chairman Roxe requested the IAC members to provide input on ArcLight V. Mr. Thor, Ms. Palmer, Messrs. Hale, Freeman, Murray, Himmelreich, Fiore and Chairman Roxe all were in favor of the investment.

Ms. Palmer said the presentation was impressive and that ArcLight clearly knows its niche. Mr. Himmelreich approved of the investment but noted some concern about the pricing. Chairman Roxe commented that this was an excellent investment. He then said that it was the consensus of the IAC to recommend ArcLight V.

Chairman Roxe asked for a motion to waive the 45-day comment period for ArcLight Energy Partners Fund V, L.P. **A motion was made by Mr. Himmelreich, seconded by Mr. Hale, to waive the 45-day comment period for ArcLight Energy Partners Fund V, L.P. The motion was passed unanimously.**

<u>Corporate Governance and MacBride Compliance</u>

Donald Kirshbaum, Investment Officer-Policy, provided a report on Corporate Governance and MacBride Compliance for the quarter ended March 31, 2011. Mr. Kirshbaum commented on the advisory vote on executive compensation, also know as "Say-on-Pay". He said that under Dodd-Frank each company was required to have a "Say-on-Pay" vote this year. Mr. Kirshbaum reported that as of July 1, 2011, there were "Say-on-Pay" votes at 2,269 companies, and of those only 37 or 2% received the majority against the pay package. He added that the average vote was 89.8% for, 8.5% against, and 1.6% abstained. Mr. Kirshbaum stated that the CRPTF voted on 980 "Say-on-Pay" resolutions from January 1, 2011 through July 28, 2011, with 625 or 64% for and 355 or 36% against. Next, he spoke about access to the proxy, whereby long-term shareholders could join together to nominate board candidates to appear on management proxy statements. Mr. Kirshbaum reported that the U.S. Chamber of Commerce and the Business Roundtable filed a lawsuit to overturn the rule, arguing the U.S. Securities and Exchange Commission's ("SEC") failed to properly analyze its costs. He said that on July 22, 2011, the U.S. Court of Appeals for the D.C. Circuit overturned the SEC "Proxy Access" Rule, but he added that there was a possibility of appeal or the SEC rewriting the rule. Mr. Kirshbaum said that under SEC rules, shareholders could still ask companies to adopt access to the proxy on a company by company basis but whether the SEC would suspend this rule while reconsidering the broader issue was unclear as is whether shareholders would avail themselves of this route if it remains available. More broadly, he stated that this decision focused attention on the continuing attacks on shareholder empowerment with corporate interests fighting to push back the gains made by shareholders both through SEC rules as well as in the provisions of the Dodd-Frank and that the business community still viewed shareholders as "special interests" rather than owners of the companies.

Regarding MacBride compliance, Mr. Kirshbaum stated that due to a communication error between Institutional Shareholder Services and one of CRPTF's managers, CRPTF was out of compliance for a brief period during the quarter ended March 31, 2011; and he added that the error was quickly discovered and rectified. He said that since the holding of the prohibited stock resulted in a short-term gain, offsetting trading costs, no further action was taken. Mr. Kirshbaum noted that all domestic and fixed income managers were currently in compliance with the law and that independent monitoring supported the findings. Per Chairman Roxe's request, Mr. Kirshbaum explained the MacBride Principles.

Other Business

Chairman Roxe invited IAC members to submit agenda items for the September 14, 2011 IAC meeting.

Comments by the Chairman

Chairman Roxe commented on the meeting.

Executive Session

A motion was made by Mr. Himmelreich, seconded by Mr. Murray, that the Investment Advisory Council adjourn the regular session at 12:10 p.m. and enter into executive session to consider personnel matters. The motion was passed unanimously. Denise L. Nappier, Treasurer, participated in the executive session.

A motion was made by Mr. Himmelreich, seconded by Mr. Thor, that the Investment Advisory Council adjourn the executive session at 12:30 p.m. and enter into regular session. The motion was passed unanimously.

Chairman Roxe noted that no votes were taken during the executive session.

Consideration of the Interim Deputy Chief Investment Officer Appointment and Salary Range

Treasurer Nappier presented her recommendation regarding the appointment of Gary L. Carter as the CRPTF's Interim Deputy CIO, and she asked that the IAC consider approving her recommendation.

Chairman Roxe asked for a motion to approve the recommendation of the appointment of Gary L. Carter as CRPTF's Interim Deputy CIO. Mr. Freeman entered a motion to approve the recommendation. Mr. Murray seconded the motion. The motion was passed unanimously.

Treasurer Denise Nappier presented her recommendation regarding the current salary range of $175,000 to $260,000 for the Deputy CIO of the CRPTF and to reaffirm such range for the Interim Deputy CIO, and she asked that the IAC consider approving her recommendation.

Chairman Roxe asked for a motion to reaffirm the recommended salary range for the Deputy CIO position and to approve such range for the Interim Deputy CIO. Mr. Thor entered a motion to approve the recommended salary range. Ms. Palmer seconded the motion. Chairman Roxe then asked if there was any discussion. **The motion was passed unanimously.**

Chairman Roxe then welcomed Gary Carter and asked him to provide some brief comments. Mr. Carter thanked the Treasurer and the IAC. He added that these were exciting economic times and he looked forward to the impending asset liability study. Mr. Carter said that he looked forward to working with Ms. Palladino.

There being no further business, the meeting was adjourned at 12:33 p.m.

This meeting was recorded on audio tape.

Respectfully submitted,

DENISE L. NAPPIER
SECRETARY

Reviewed by

JOSEPH D. ROXE
CHAIRMAN