



City of Austin

Police Retirement System

Minutes of the Regular Meeting
Wednesday, February 13, 2008
at 11:30 a.m. Retirement Bldg.,
2520 South I.H. 35, Ste. 100
Austin Police Pension Office

Members Present

Pete Morin
Kendall Thomas
Chesley Wood
Catherine Haggerty
Mike Jung
Art Alfaro
Fred Fletcher
John Ross

Members Absent

Karen Kennard
Sheryl Cole
Sean Mannix

Staff/Guests

Sampson Jordan
Stephanie Willie
Christine Sweeney
Ron Partain
Gabriella Powers
Robert Gross
Kimberly Rhodes
Jolena Close

Peter Morin, Chair, called the Board to order at 12:15 p.m.

Approval of Minutes from the January 9, 2008, Regular Board Meeting

Peter Morin, Chair, reported the January 9, 2008, Board Meeting Minutes as written in trustee packets, were up for discussion and approval. Chesley Wood requested the minutes be amended in the 'Investment Committee Report, January 9, 2008' item **C. Vision Capital Partners** by deleting Marietta and inserting Gainesville. This is the correct location of this opportunistic real estate investment. Peter asked for a motion to approve the minutes with the amending of the minutes requested by Chesley Wood. John Ross made a motion to approve the minutes of January 9, 2008 as amended by Chesley Wood and as written in the trustee packets. Kendall Thomas seconded the motion.

New Retired Member(s) January, 2008

Peter Morin, Chairman, reported the New Retired Members for January 2008, as written in trustee packets, were up for discussion and approval. Not hearing any discussion, Peter asked for a motion of approval. John Ross made a motion to approve the New Retired Members for January, 2008. Kendall Thomas seconded the motion.

NAME	OPTION	RETIREMENT DATE	AGE	Yrs./Mos. Service
Jimmy Spears	R/I	1/31/2008	54 yrs. 6 Mos.	25 yrs. 0 Mos.
Don Mayes	R/Life	1/31/2008	51 yrs. 0 Mos.	25 yrs. 3 Mos.
Kenneth Cannaday	FWD/II	1/31/2008	53 yrs. 10 Mos.	24 yrs. 0 Mos.
Robert A. Perez	RP/I	1/31/2008	55 yrs. 0 Mos.	27 yrs. 6 Mos.
Keith Wade	RP/Life	1/31/2008	50 yrs. 0 Mos.	25 yrs. 6 Mos.
Johnnie Nelson	RP/Life	1/31/2008	55 yrs. 3 Mos.	30 yrs. 0 Mos.
William Beechinor	R/I	1/31/2008	51 yrs. 4 Mos.	23 yrs. 3 Mos.
William Stephens	R/Life	1/31/2008	53 yrs. 9 Mos.	26 yrs. 0 Mos.
Pamela Stephens	QDRO	1/31/2008	N/A	N/A
Mark Gilchrest	FWD/III	1/31/2008	55 yrs. 2 Mos.	25 yrs. 9 Mos.

Life = Life Only Annuity
I = 100% Joint & Survivor
II = 50% Joint & Survivor
III = 66 2/3% Last Survivor
IV = Joint & 66 2/3% Last Survivor
V = 15 Year Certain & Life
R = Retro DROP Lump Sum Distribution
RP = Retro DROP Lump Sum to PROP
FWD = Forward DROP Monthly Annuity
QDRO = Qualified Domestic Relations Order

PROP Disbursements for January, 2008

Peter Morin, Chairman, reported the PROP disbursements for January 2008, as written in trustee packets, were up for discussion and approval. Not hearing any discussion, Peter asked for a motion of approval. **John Ross made a motion to approve the PROP Disbursements for January, 2008. Kendall Thomas seconded the motion.**

NAME	AMOUNT	DATE	ACCOUNT BALANCE
John Neff	N/A	1/31/08	N/A
Edward Jones	N/A	1/31/08	N/A
Travis McDonald	N/A	1/31/08	N/A

PROP Monthly Annuity Deferrals for January 2008

Peter Morin, Chairman, reported the PROP Monthly Annuity Deferrals for January 2008, as written in trustee packets, were up for discussion and approval. Not hearing any discussion, Peter asked for a motion of approval. **John Ross made a motion to approve the PROP Disbursements for January, 2008. Kendall Thomas seconded the motion.**

NAME	Age at Retirement	Monthly Deferral Amount

David Arnold	50 yrs.	N/A
Robert Cervenka	52 yrs.	N/A
Elaine Garrett	50 yrs.	N/A
Ernest Shugart	53 yrs.	N/A
Kenneth Smith	53 yrs.	N/A

Member Service Purchase for January, 2008

Peter Morin, Chairman, reported the Service Purchase for January, 2008 as written in trustee packets, was up for discussion and approval. Not hearing any discussion, Peter asked for a motion of approval. **John Ross made a motion to approve the Member Service Purchase for January, 2008. Kendall Thomas seconded the motion.**

NAME	TYPE OF BUYBACK	LENGTH OF BUYBACK
Brian Lloyd	Cadet	5 Mos.

Deceased Survivor & Benefit Termination for January 2008

Peter Morin, Chairman, reported the Deceased Survivor & Benefit Termination for January, 2008 as written in trustee packets, was up for discussion and approval. Not hearing any discussion, Peter asked for a motion of approval. **John Ross made a motion to approve the Deceased Survivor & Benefit Termination for January, 2008. Kendall Thomas seconded the motion.**

NAME	OPTION	RETIREMENT DATE	AGE	Yrs./Mos. Service
Laverne Rountree	I	12/30/1983	83 yrs. 0 mos.	34 yrs. 11 Mos.
Life = Life Only Annuity I = 100% Joint & Survivor II = 50% Joint & Survivor III = 66 2/3% Last Survivor IV = Joint & 66 2/3% Last Survivor V = 15 Year Certain & Life DROP = Lump Sum Distribution QDRO = Qualified Domestic Relations Order				

Investment Committee Report, February 13, 2008

A. Manager Monthly & YTD Performance Report

Kendall Thomas, Chair Investment Committee recognized Ron Partain, Investment Consultant at Consulting Services Group, Inc. who presented handouts to the

'Board', which had also been presented to the Investment Committee on 'APRS' Manager Performances with accruals and unrealized gains as of January 31, 2008 (unaudited). The handouts showed the total composite asset fund value was \$499,179,387.

Ron reported the handouts titled 'Market Value and Returns Summary' showed the 'APRS' total composite return was -2.3% Current Month, 6.3% Trailing 1 year, 12.7% Trailing 3 Years and 14.5% Trailing 5 Years. The presentation also showed the portfolio Asset Allocation was 62% Market Dependant (Equity-US, International & Emerging Markets of 37% and Fixed Income-Cash, Core US Bonds, Mezzanine Loans & Private Loans of 25%) and 38% Alternative Investments (Private Real Estate-22%, Timber-8% and Natural Resources-8%).

Ron reported the January 31, 2008 'APRS' equity manager performances were down -4.9%, while the broader S&P 500 index was down -6%; fixed income manager performances were up .6%, while the JPM EMBI Global Diversified index was up .8% and the Lehman Brother Aggregate Bond Index was up 1.7%; and real estate, timber, energy funds were down a combined -1.6% at month-end.

Therefore the total composite return for the 'APRS' target asset allocation of 40/20/20/20 was (negative) -2.3% for January 31, 2008. Ron reported that although 'APRS' was negative, a typical pension fund with a 60/35/5 asset allocation would be negative -3.6% during January. He stated with signs of a 'Recession' ever looming in 2008, diversification of plan assets away from equities and into alternative assets is the best means to increase performance and preserve capital.
No action required by the Board.

B. Edison Investments & Brothers Mgt. RE Performance & Investment Opportunity

Kendall Thomas, Investment Committee Chair reported the 'Committee' met with Bill Edison of Edison Investments and Brothers Mgt, regarding the 'APRS' real estate portfolio 'student apartments' performance as of December 31, 2007, along with discussing a future investment opportunity on Wednesday, February 13, 2008 at 9:15 a.m.

The total Edison & Brothers Mgt. composite performance return presented to the 'Committee' showed healthy Cash on Cash return of 9.66%. Bill Edison reported the Bobcat Inn (Texas State University-San Marcos, Texas) was sold 1st week in January 2008 and had a cash return of \$1.1 million on a \$500 thousand initial investment in 1996. Aggie Inns (Texas A&M University-College Station, Texas) produced 12.52% return; Jayhawk Inns (Kansas University-Lawrence, Kansas) produced 11.19% return; Sycamore Inns (Indiana State University-Terre Haute, Indiana) produced 10.14% return; Bear Inns & Baylor Centre Court (Baylor University-Waco, Texas) produced 9.17% and 10.04% respectively. This was an excellent performance return report.

Kendall reported the 'Committee' also received a proposal from Bill Edison to invest in a student apartment complex, The University Towers in Ames, Iowa at Iowa State University. The total cost of the acquisition and renovation of the apartment is \$6.8 million and the 'APRS' partnership interest would be 45%, which is \$609,750. The prospective Cash on Cash return of this investment would be the following according to the proposal. The first year being the transition year is expected to not have any return because of acquisition, renovation and management start up cost. The 2nd year return is expected to be 10.12%, the 3rd year is 10.90%, the 4th year is 11.30% and the 5th year is 11.70%.

Kendall reported the 'Committee' **recommended** the 'Board' approve this investment in The University Towers at Ames, Iowa as presented by Bill Edison for \$609,750 (45% partnership interest), or more, if the opportunity to increase is available.
John Ross made a motion to approve investing \$609,750 (45% partnership interest), or more, if the opportunity to increase is available as recommended by the Investment Committee, subject to legal counsel review and approval of agreements.
Art Alfaro seconded the motion.

C. Clinton, Inc. 'Magnolia Fund'

Kendall Thomas, Investment Committee Chair, reported Michael D'Arpino, Managing Director at Clinton Group along with Ron Partain, 'APRS' Investment Consultant met with the 'Committee' at 10:00 a.m. on February 13, 2008 about an investment

opportunity in a Multi Strategies Fund (Magnolia). The fund uses a diverse range of investment strategies, including the following; Long/Short Equity, Quantitative, Asset-Backed Securities (including Mortgage-Backed Securities, Distressed Debt and Activist Strategies), which refers to bringing about change in the operation, governance, capitalization, or ownership of the companies both in and outside the United States in hope to benefit from a resulting increase in companies' stock or bond prices.

Ron Partain reported this fund is a multi strategy global hedge fund and would be classified in the 'APRS' Fixed Income asset class portfolio, as a Mezzanine Loan, just like the other 'APRS' Clinton Group 'QES' investment, because the funds are invested for 12 months at a guaranteed 15% return, subject to other terms and conditions.

Kendall Thomas reported the 'Committee' and Ron Partain investment consultant at CSG recommended Board approval of 'Magnolia Fund', Clinton, LLC at 15% guaranteed return in the amount of \$10 million, subject to legal counsel review and approval of agreements with funding from Northern Trust Company (STIF). Mike Jung made a motion to invest \$10 million in 'Magnolia' Fund managed by Clinton Group, LLC for a guaranteed 15% return as recommended by the Investment Committee and Consultant at CSG, subject to legal counsel review and approval of contractual agreements. John Ross seconded the motion.

D. Timbervest

Kendall Thomas, Investment Committee Chair, reported the 'Committee' met at 10:45 a.m. on Wednesday, February 13, 2008 with Joel Rosenberg and Joel Shapiro managing directors at Timbervest to discuss investing in environmental infrastructure of wetlands, wildlife and private equity using timberland. The strategy is to purchase through a limited partnership timberland/real estate for mitigation and conservation banking (70-85%) and other related opportunistic investments (15-30%). The primary target is mitigation and conservation banking on wetland, stream restoration and endangered and threatened species habitat. The secondary investment target is water quality credits, other environmental infrastructure investments and unique rural opportunities. Due to governmental regulatory requirements the demand for this type of investment is growing with private, public and infrastructure developments.

The summary of key terms are target size of \$250 million, fund term of 10 years, investment period of 3 years, final closing March 2008, management fee of 1.25% and carried interest of 20% of returns over 8% compounded, cumulative annual return on a back-end, portfolio basis. This investment would be called, 'Timbervest Crossover Partners II' and have an objective of generating a 15-18% annualized return net of all fees, provide significant annual yield, exploit opportunities in the rapidly growing environmental infrastructure industry, allow institutional investment into a new and unique asset class historically devoid of institutional capital and demonstrate low correlation to debt and equity markets.

Kendall reported, the 'Committee' recommended Board approval of 'Timbervest Crossover Partners II' in the amount of \$7.5 million, subject to legal counsel review and approval of agreements with funding of capital call commitments from The Northern Trust (STIF) Chesley Wood made a motion to approve the 'Investment Committee' recommendation to invest \$7.5 million in Timbervest Crossover Partners II, subject to legal counsel review and approval of agreements. Mike Jung seconded the motion.

E. Investment Rebalancing and Reallocation

Kendall Thomas, Investment Committee Chair reported the 'Committee' did not make any recommendations to rebalance or make any other asset allocation changes to the fund portfolio at its Wednesday, February 13, 2008 meeting with Ron Partain, Investment Consultant at CSG. No action required by the Board.

1. Levine Leichtman Private Equity

Kendall Thomas, Investment Committee Chair reported the 'Committee' met at 10:45 a.m., Wednesday, February 13, 2008 and recommended tabling discussion on Levine Leichtman Private Equity. No action required by the Board.

Goals and Objectives Committee Meeting, February 13, 2008

A. Staff Performance Evaluation Report

Catherine Haggerty, Goals & Objective Committee Vice-Chair in absence of Sean Mannix Chair, reported the 'Committee' met on February 13, 2008, at 11:00 a.m. to review the 'staff' performance evaluations performed by Sam Jordan, Administrator. She reported the 'Committee' discussed the way every staff member's evaluation was performed using the Success Strategy Performance Rating (SSPR), which looks at job duties and descriptions along with time sheets. The evaluation on employees Stephanie Willie, Gabriella Powers and Michelle Waller were exceeds and Shalonda Brown's was satisfactory. After discussion Catherine Haggerty reported the 'Committee' recommended 2% increases to staff employees who were rated and exceed on their SSPR and this includes Sam Jordan, Administrator. Mike Jung made a motion to approve the 'Goals and Objective Committee' recommendation of 2% increase for staff members Stephanie Willie, Gabriella Powers, Michelle Waller who received exceeds on their SSPR along with Sam Jordan. Art Alfaro seconded the motion.

B. Estimated Budget Expenses in 2008

1. Educational & Site Visit Budget

Catherine Haggerty, Goals & Objective Committee Vice-Chair in absence of Sean Mannix Chair, reported the 'Committee' met on February 13, 2008, at 11:00 a.m. to discuss Trustee registration and attendance at the following Educational & Training Seminars and setting the Educational and Site Visit Budget for 2008.

NAPO 20 th Annual	'PSO Pensions & Benefits'	Jan. 13-16, 2008
Opal Institute	'Public Funds Summit'	Jan. 16-18, 2008
Emerging Managers	'Public Funds Conference'	Jan. 24-26, 2008
Opal Institute	'Investment Ed. Symposium'	Jan. 30-31, 2008
Opal Institute	'Global Asset Allocation'	Feb. 3-5, 2008
IFEBP	'Public Employees Benefits'	Feb. 25-26, 2008
7 th Annual IIA&IMN	'Public Fund Conference'	Mar. 2-5, 2008
Timberland Inv.	'East Texas Timber Tour'	Mar. 12, 2008
TEXPER'S 19 th Annual	'State Conference'	Mar. 15-19, 2008
Global Forest Prt.	'Client Conference'	Mar. 17-19, 2008
Financial Res. Ass.	'Stars & Stripes Conf.'	April 13-15, 2008
Opal Institute	'Alternative Investing'	April 15-17, 2008
IMN 13 th Annual	'Fire/Police Fund Sum.'	April 30, 2008
CSG 11 th Annual	'Client Conference'	May 14-16, 2008
67 th NCPER'S	'Public Fund Conf.'	May 16-22, 2008
TEXPER'S	'Summer Symposium'	Aug. 16-18, 2008
Wellington Mgt.	'Client Conference'	Sept. 17-18, 2008
Pension Gold	'Users Conference'	Sept. 17-18, 2008
IRR	'Guns & Hoses'	Sept. 2008
Brandes Prt.	'Client Conference'	Oct. 19-21, 2008
Northern Trust Co.	'Client Conference'	Oct. 21-22, 2008
IIR	'Public Board Funds'	December 2007

Catherine reported the 'Committee', after reviewing the actual expenses paid in 2003 of \$40,989.78, 2004 of \$50,004.00, 2005 of \$39,429.00, 2006 of \$35,701.66, and \$47,162.22 in 2007 recommended an estimated Educational and Site Visit budget of \$65,000 for year 2008. This is a \$5,000 budgeted increase over last year's \$60,000 budget estimate and transportation, food, lodging cost increases to attend conferences and seminars was cited as the reason. It was also conveyed the total budgeted amount has not been expensed during the last three years and it was unlikely to be so in 2008. Kendall Thomas was in opposition of this \$5,000 increase.

Catherine went onto request Trustees submit, to the Pension Office the Educational and Investment Conferences they will be attending in year 2008, so reservations could be made well in advance of the conference and thus save

expenses. Mike Jung made a motion to approve the 'Goals and Objective Committee' recommendation of \$65,000 for Educational and Site Visit Budget expenses for 2008 reported by Vice Chair Catherine Haggerty. Fred Fletcher seconded the motion. Kendall Thomas voted against the motion.

2. APRS Police Building Budget

Catherine Haggerty, Goals & Objective Committee Vice-Chair in absence of Sean Mannix Chair, reported the 'Committee' met on February 13, 2008, at 11:00 a.m. to review the Actual & Estimated 2007 Budget and recommend the 2008 Police Retirement Building Budget.

The Building expense versus income in 2007 was negative -\$6,158.25 and the Cash on Investment return was -7.6%. The projected Cash on Investment return for year 2007 had been projected to be -17.9%. Sam explained this negative return is related to a tough tenant leasing market in the area, which resulted in loss of rental income on 5340 square feet of space. This will change in 2008 with the pension office move into @4736 square feet in September 2007 and another tenant's move into more lease space in November 2007. Then on April 2008 another tenant lease begins, but this lease requires building improvement expenditures in order to comply with the latest building fire safety code and disability accessibility requirements by the City and State. Yet once this lease begins it leaves the building with just 1211 square feet of vacancy on the 1st floor to be leased at \$12-\$13 square foot. After all these improvements are made the building budget should be back to positive returns in late 2008 or 2009.

Catherine reported the 'Committee' recommended approval of the Building Income/Expense Comparison or 'Budget' as presented by Sam Jordan, Pension Administrator. Mike Jung made a motion to approve the 'Goals and Objective Committee' recommendation on the Police Retirement Building Budget for 2008 as reported by Catherine Haggerty. Fred Fletcher seconded the motion.

3. APRS Administrative Budget

Catherine Haggerty, Goals & Objective Committee Vice-Chair in absence of Sean Mannix Chair, reported the 'Committee' met on February 13, 2008, at 11:00 a.m. to review the Actual & Estimated 2007 Budget and recommend the 2008 Austin Police Retirement System Administrative Budget.

The Administrative expense actually paid in 2007 was \$717,279.52 and the adjusted estimated expenses were \$752,014.70. This savings difference in the budget for 2007 was \$34,735.18. There were four expense categories that exceeded budget estimates; computer hardware & software, computer hardware & software maintenance and support, actuarial expenses, legal expenses and IT contractual services. The pension office move from upstairs to downstairs accounted for the IT and computer expense increases above the budgeted amount and legislative action to implement the 2007 amendments to the pension statute accounted for the expense increase in actuarial and legal budget amounts.

Catherine reported the 'Committee', after reviewing the proposed 2008 estimated budget expenses, recommended approving the APRS Administrative Budget in the amount of \$781,754.00 for 2008. Salary and Benefits were estimated to be \$395,398, Operational expenses were estimated to be \$184,526, Contractual expenses were estimated to be \$133,830 and Training and Educational expenses were estimated to be \$65,000. This amounts to a 4% increase over last years budget estimate. However, all contractual and operational agreements are approved by the Board and amounts paid above \$10,000 require Chair and Vice Chair approval with monthly Board review of expenses. Any additional funding above the budgeted amount requires Board approval. Mike Jung made a motion to approve the 'Goals and Objective Committee' recommendation on the APRS Administrative Budget for 2008 as reported by Catherine Haggerty in the amount of \$781,754.00 which includes periodic review and approval by the Board for

additional funding during the year. Fred Fletcher seconded the motion.

C. APRS Training, Research & Education Expense Policy

Catherine Haggerty, Goals & Objective Committee Vice-Chair in absence of Sean Mannix Chair, reported the 'Committee' met on February 13, 2008 to consider revisions in the 'Training, Research, and Education Expense Policy'. Peter Morin proposed as an authorized expense \$25 a day for fitness workout expense. Mike Jung proposed as an authorized expense \$15 a day for internet access.

After discussion Catherine Haggerty reported the 'Committee' recommended the proposed authorized expenses of fitness workout and internet access as presented by Peter Morin and Mike Jung. Kendall Thomas opposed this recommendation. Mike Jung made a motion to approve the 'Goals and Objective Committee' recommendation of fitness workout and internet expenses as authorized expenses in the Training Research, and Education Expense Policy as presented by Catherine Haggerty. Fred Fletcher seconded the motion. Kendall Thomas voted against the motion.

D. Pension 101: Financial Planning Seminars

Catherine Haggerty, Goals & Objective Committee Vice-Chair in absence of Sean Mannix Chair, reported the 'Committee' met on February 13, 2008, to review material presented by Sam Jordan, Administrator on a proposed 'Pension 101: Financial Planning Seminar' to be conducted by the 'APRS' Benefit Specialist in conjunction with Deferred Compensation.

These seminars would be conducted as brown bag (members bring their own lunches and drinks are provided) held at the pension office during the noon hour and cover basic information on service credit and benefit options available to active members with less than 10 years of service. It is believed providing this information to younger members in one hour formats will lead to greater awareness and insight into 'APRS' retirement benefits and foster a greater appreciation of the retirement program offered to 'APRS' members. The first seminar is to be announced in late March 2008 and will require member reservation.

Catherine reported the 'Committee' recommended approval of the 'Pension 101 Financial Planning Seminar' format as an educational tool for active members as presented by Sam Jordan, Administrator. Mike Jung made a motion to approve the 'Goals and Objective Committee' recommendation on the 'Pension 101 Financial Planning Seminar' as reported by Catherine Haggerty. Fred Fletcher seconded the motion.

Pension Office Report

A. Treasury Report

Sam Jordan, Administrator presented the January 31, 2008 monthly Treasury Report, showing the total 'APRS' asset value to be \$503,520,305.88 (unaudited). This asset value was down by \$1,305,374.97 from December 31, 2007 asset valuation of \$504,825,680.85 million (unaudited).

The total fund investment commitments were \$62,027,823.34 million, which consisted of \$37,499,895.11 in Real Estate, \$22,161,831.00 in Private Equity, \$2,366,097.23 in Mezzanine Loans. There is \$28,242,577.25 in Cash or Cash (Treasury Notes) equivalent reserves to fund these future Capital Calls. Ron Partain the 'APRS' investment consultant from Consulting Services Group reported the cash reserve is in line with his recommendation of 35%, which is \$20,484,738.17 of the total commitments. No action required by the Board.

B. TEXPERS Delegates, Ft. Worth, Texas

Sam Jordan, Pension Administrator presented to the Board of Trustees the 2008 Texas Public Employee Retirement System (TEXPERS) Delegates Certification form, which needs to be submitted along with the 'APRS' attendee registration for the March 15-19th conference meeting to be held in Ft. Worth, Texas. The Board approved by acclamation to name Kendall Thomas, Peter Morin, John Ross and Catherine Haggerty as delegates with Sam Jordan and Art Alfaro serving as

alternates to the TEXPERS Conference.

C. NCPERS Delegates, New Orleans, LA

Sam Jordan, Pension Administrator presented to the Board of Trustees the 2008 National Conference of Public Employee Retirement System (NCPERS) Delegates Certification form, which needs to be submitted along with the 'APRS' attendee registration for the May 16-22nd conference meeting to be held in New Orleans, Louisiana. The Board approved by acclamation to name Pete Morin and Mike Jung as delegates with Fred Fletcher and Catherine Haggerty serving as alternates to the NCPERS Conference.

D. Pre-Retirement Financial Planning Seminar Date

Sam Jordan, Pension Administrator reported five (5) active members had inquired about convening a Pre-Retirement planning seminar this 'Spring' after sending out the newsletter. He reported the pension office would schedule a seminar once it receives requests from 20 members. No action required by the Board.

E. 4th Quarter 2007, Security Monitoring Report-(BDPT&P/CMH)

Sam Jordan, Pension Administrator, presented the 'Security Monitoring Report-Fourth Quarter 2007' as prepared by Berman DeValerio Pease Tabacco Burt & Pucillo and Cohen, Milstein, Hausfeld & Toll the 'APRS' securities litigation firms retained to monitor the System trading records and determine if any losses incurred were the result of fraud. The firms reported there were not any security losses that occurred during the 4th Quarter of 2007, in the APRS portfolio, whereby they recommended taking legal action. No Action required by the Board.

Old/New Business

Pete Morin, APRS Chair announced the next Regular Board meeting would be on March 26, 2008 at 11:30 a.m. No action required by the Board.

Kendall Thomas, Investment Committee Chair announced the next Investment Committee meeting would be on March 26, 2008 at 9:00 a.m. when it will hear performance and investment opportunities presentations from Ashmore Investments, Timber Investment Resources and Snow Capital, three current investment managers. No action required by the Board.

Adjournment

Peter Morin, Chair