

From Money Market Letter Web site-  
**ENNIS ENDS RELATIONSHIP**  
**Arizona Public Safety To Seek Consultant**  
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The \$7.3 billion **Arizona Public Safety Personnel Retirement System** plans to seek a general consultant, as **Ennis Knupp + Associates** had resigned from its relationship with the fund at a board meeting June 25. Executive Director **Jim Hacking** declined to comment on reasons behind the resignation. He plans to have an RFP out to potential candidates by the end of this week and responses will be due in a month. "We are proud of the work we've done [for the fund] and we wish them well. The board is a tremendous group of people and it was a difficult decision," said **Harmony Watling**, spokeswoman for Ennis. She declined to comment further. **Kristine Ford**, principal at Ennis, used to advise the plan. She was out of the office.

Separately, the fund invested \$130 million in a **Penny Mac**'s mortgage opportunity fund "that's designed to exploit the current dislocation in the mortgage market," Hacking said. The vehicle focuses on residential mortgage loans from banks and other entities. Expected returns are in the mid teens. "Pension funds should try to capitalize on the opportunities created by the mortgage conditions. They are there for a while, but tend to dissipate quickly," Hacking added. **Stanford Kurland**, former ceo of **Countrywide Financial**, founded Penny MAC and brought several professionals along with him.

Arizona Public Safety also dedicated \$80 million to **Harrison Street Capital Partners Fund II**, a real estate fund. The strategy should provide additional diversification for the plan. It invests in marinas that provide private boat storage. **Christopher Merrill**, one of the co-founders, came to the fund's meeting on June 25 and "was quite effective in his presentation," Hacking said. The money for both commitments is being drawn from cash. Hacking plans to tap his new consultants, **StepStone Group** and **ORG Real Property**, to find additional opportunities in alternatives. StepStone and ORG were hired in February to advise on private equity and real estate, respectively.