1. Call to Order; Roll Call; Opening remarks

Mr. Brian P. Tobin
Chairman

The meeting was called to order by Chairman Tobin at 1:05 p.m.

2. Call to the Public.

This is the time for the public to comment. Members of the Board of Trustees may not discuss items that are not specifically identified on the agenda, except to address criticism from the public. Therefore, pursuant to A.R.S. § 38-431.01(H), the Board of Trustees' reaction to any public comment is limited to addressing criticism or recommending that the Board of Trustees or Staff respond or study such comment or schedule the subject matter for further consideration at a later date after appropriate notice.

There was no response to the Call to the Public.

3. Appropriate Action for approval of the items on the Consent Agenda (documentation concerning the matters on the consent agenda may be reviewed at the PSPRS office). Any matter on the Consent Agenda will be removed from the Consent Agenda and discussed as a regular agenda item upon the request of any member of the Board of Trustees.
a. Acceptance of Elected Officials’ Retirement Plan of survivor retirement benefit of Isabel Damon.
d. Acceptance of Elected Officials’ Retirement Plan of early retirement benefit of Phillip Hubbard.
e. Acceptance of Elected Officials’ Retirement Plan of termination of survivor benefit of Dolores McKee.
f. Acceptance of Elected Officials’ Retirement Plan of termination of survivor benefit of Agnes Rios.
g. Acceptance of Elected Officials’ Retirement Plan of termination of normal retirement benefit of Gerald J. Strick.
h. Acceptance of Elected Officials’ Retirement Plan of survivor retirement benefit of Judy L. Strick.
i. Acceptance of Elected Officials’ Retirement Plan of survivor retirement benefit of Margaret West.
j. Acceptance of Transfer Between State Retirement Systems of Kristin Hoffman.
k. Acceptance of Transfer Between State Retirement Systems of Jeanette Butcher.
l. Acceptance of Transfer Between State Retirement Systems of Richard Fisher.
m. Acceptance of Transfer Between State Retirement Systems of James Burns.
n. Acceptance of Transfer Between State Retirement Systems of Kelly Wright.
o. Acceptance of Transfer Between State Retirement Systems of Martin Wallace.
q. Acceptance of Transfer Between State Retirement Systems of Richard Fisher.
r. Acceptance of Transfer Between State Retirement Systems of John Schwing.
s. Acceptance of Transfer Between State Retirement Systems of Christopher Garcia.
t. Acceptance of Transfer Between State Retirement Systems of William Knight.
u. Acceptance of Transfer Between State Retirement Systems of Giogi Chiappo West.
v. Acceptance of Transfer Between State Retirement Systems of Guadalupe Garcia.
w. Acceptance of Transfer Between State Retirement Systems of Christopher Emmonds.
x. Approval of the Minutes of the February 24, 2016 Meeting of the PSPRS Board of Trustees.

Mr. Brian P. Tobin

<table>
<thead>
<tr>
<th>MOTION:1-3/23/16</th>
<th>At 1:06 p.m.</th>
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</thead>
<tbody>
<tr>
<td>Motion:</td>
<td>Move to approve the Consent Agenda as presented.</td>
</tr>
<tr>
<td>Moved by:</td>
<td>Mr. Petrenka</td>
</tr>
<tr>
<td>Seconded by:</td>
<td>Mr. McHenry</td>
</tr>
<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>In Favor:</td>
<td>Unanimous</td>
</tr>
<tr>
<td>Motion:</td>
<td>Passes</td>
</tr>
</tbody>
</table>
4. Appropriate Action regarding the Joinder Agreement with the Central Arizona Fire and Medical Authority (which resulted from the adoption of a Joint Powers Authority between Central Yavapai Fire District and Chino Valley Fire District).

   Mr. Brian P. Tobin

<table>
<thead>
<tr>
<th>MOTION: 2-3/23/16</th>
<th>At 1:06 p.m.</th>
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</thead>
<tbody>
<tr>
<td>Motion:</td>
<td>Motion to accept the Joinder Agreement with the Central Arizona Fire and Medical Authority (which resulted from the adoption of a Joint Powers Authority between Central Yavapai Fire District and Chino Valley Fire District).</td>
</tr>
<tr>
<td>Moved by:</td>
<td>Mr. Ferguson</td>
</tr>
<tr>
<td>Seconded by:</td>
<td>Mr. McHenry</td>
</tr>
<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>In Favor:</td>
<td>Unanimous</td>
</tr>
<tr>
<td>Motion:</td>
<td>Passes</td>
</tr>
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Report by Mr. Richard Petrenka, Chairman of the Investment Committee, regarding agenda items 5. through 12., which were discussed at the Investment Committee meeting held today, March 23, 2016, on or after 10:30 a.m., and possible Action on the Committee’s recommendations to the Board regarding same.

5. Written report and possible discussion of monthly review of Management Fees.

   Ms. Bridget Feeley
   Internal Audit and Compliance Officer

   All management fees reviewed were in compliance. No discussion was held.

6. Report by the System's Internal Audit and Compliance Officer and discussion regarding investment compliance, holdings and transactions, as of January 31, 2016.

   Ms. Bridget Feeley

   Written report provided by Internal Audit and Compliance Officer. No discussion was held.

7. Written report by Investment Department Staff regarding Portfolio Risk as of January 31, 2016 (formal presentations made on a quarterly basis).

   Mr. Owen Zhao
   Portfolio Analyst - Risk

   Written report indicated no substantive change. No discussion was held.

8. Presentation and discussion by NEPC Consultants regarding Capital Market assumptions and Asset Allocation review and revisions.

   Mr. Alan Martin
   NEPC
Mr. Martin discussed various updates for 2016 in capital markets, current PSPRS investment targets, the overall economic environment, and discussed the strength of the U. S. dollar, emerging markets, central bank outlook and credit liquidity. Additionally, Mr. Martin discussed 2016 actions public funds should be taking. Assumptions for 5-7 years and 30 year time frames were discussed in order to potentially achieve the assumed earning rate of 7.1% in 5 to 7 years, and in 30 years, to achieve an 8.2% return. The Board looked at an example of a 65/35 portfolio and a short term forecast versus a long term forecast of assumed earnings rates as relates to federal rates and the PSPRS contribution rate in the economic environments.

9. Disclosure by Investment Department Staff of the following manager selection matters:

A. New and potential investments considered this period:
   1. None.
B. Current investments considered for de-selection this period:
   1. None.
C. Disclosure of closed transactions for this period:
   1. None.
D. Disclosure of completed transactions for this period:
   1. None.
E. Disclosure of terminated transactions for this period:
   1. None.

   Jennifer Eichholz, Esq.
   In-House Investment Counsel

There were no transactions completed during the prior period.

10. Written report by Investment Department Staff and discussion regarding (i) the Month-End and Fiscal Year-to-Date performance for the PSPRS Trust as of January 31, 2016; and (ii) written report regarding the asset allocation and performance of the Firefighters and Peace Officers Cancer Insurance Program (formal presentations made on a quarterly basis).

   Ms. Vaida Maleckaite
   Senior Investment Analyst

For the fiscal year the portfolio was down (-2.26%).

11. Report by Investment Department Staff and discussion regarding the Trust's Securities Lending Program as of the second half of the calendar year 2015 (as of December 31, 2015).

   Ms. Vaida Maleckaite

The Securities Lending Program earned $1.3 million for the Trust and $9,000 for the Cancer Insurance Plan. Ms. Maleckaite described to the Board how the collateralized Securities Lending Program works.

12. Discussion and possible Action regarding adoption of minor clarification revisions to the PSPRS Investment Policy Statement.

   Mr. Ryan Parham
   Ivy Voss, Esq.
   Assistant Attorney General
A study group was held this morning regarding proposed changes to the PSPRS Investment Policy Statement, which will be reported to the Board at the next meeting.

Presentation by Mr. Gregory Ferguson, Chairman of the Operations, Governance Policy and Audit Committee, regarding agenda items 13. through 22., which were discussed at the Operations, Governance Policy and Audit Committee meeting held today, March 23, 2016, on or after 11:00 a.m., and possible Action on the Committee’s recommendations to the Board regarding same.

13. Presentation of the Month-to-Date Budget Report for FY 2016 and possible Action on same.

   Mr. John Hendricks
   Manager of Finance and Accounting

Due to prior vacancy savings, the budget is under by 3.47%.

14. Update on the progress of the Local Board Training Program and discussion and possible Action regarding the same.

   Mr. Robert Ortega
   Local Board Training Coordinator and Human Resources Manager
   Mr. Don Mineer
   Local Board Training Specialist

A couple of new entities may join CORP in the future.

15. Presentation of the "Requests for Local Board Rehearing" Report for the current month.

   Mr. Jared A. Smout
   Administrator

A Local Board Rehearing request has been made by six (6) entities.

16. Review and discussion regarding law firms’ billings for legal services performed in February 2016.

   Mr. Jared A. Smout

The Operations, Governance Policy and Audit Committee approved payment of $57,543.83 for law firms’ billings for legal services performed in February 2016.


   Ms. Bridget Feeley

Reviews have been conducted of the Cancer Insurance Plan and for compliance with ADOA employee policies. Procedures have been updated for internal audit, work is continuing on bifurcating compliance and internal audit functions and risk assessment for FY 2017 has started.
18. Discussion and possible Action regarding changes to the PSPRS organizational structure and other personnel matters.

Mr. Jared A. Smout
Mr. Mark Steed
Deputy Chief Investment Officer and Chief of Staff

Mr. Smout discussed the possibility of filling the following positions before the end of the current fiscal year: Deputy Administrator (existing position), Member Servicer Director (new position), Executive Assistant (existing position), Active Member Specialist (new position), bifurcate Compliance and Internal Audit and a Director of Operations (reallocated position). Regarding the Investment Department, discussion was held regarding adding a business analyst (new position) and filling a position for portfolio manager (existing position). Mr. Steed, representing the Investment Department, discussed reporting hierarchies, checks and balances, and reporting structure. Skill set of an IT Director for FY 16-17 was a topic of discussion versus hiring a consultant, as was IT structure in order to present a fresh look.

Mr. Ferguson stated that the Operations, Governance Policy and Audit Committee made no recommendations for the Board to consider, but that the committee is waiting for completed dollar values for the meeting next month regarding proposed organizational changes. Discussion was held concerning changes to provide independence of reporting in the Investment Department and establishing an accounting division in the Finance Department separate from the Investment Department for autonomy purposes.

19. Review, discussion and possible Action with respect to the FY 2017 PSPRS Administrative Budget.

Mr. Jared A. Smout

Final numbers are being worked on for the 2016/2017 budget.

20. Review, discussion and possible Action on pending and passed legislative proposals for the 2016 legislative session including an administrative amendment bill.

Mr. Jared A. Smout

Ms. Dianne McAllister and Mr. Doug Cole reported regarding pending and passed legislative proposals, including HB2019, HB 2843, HB 2074, HB 2350, HB 2583, SB 1152; SB 1160, SB1206, and HB 2512.

21. Update, discussion and possible Action on pension reform initiatives and implementation timeline.

Mr. Jared A. Smout

The table that has been created for pension reform initiatives and implementation timeline has been expanded regarding changes for the 9 member Board of Trustees and the 10 member Advisory Committee. Internal staff will study and create a road map in order to implement the pension reform changes.
22. Update and discussion on the progress of implementing the Auditor General Recommendations as agreed to in their Performance Audit and Sunset Review.  

Mr. Jared A. Smout

Documents to support implementation of the recommendation will be provided to the Auditor General.

23. Discussion and appropriate Action regarding Board of Trustee member requests to participate in training, educational and due diligence opportunities.  

Mr. Brian P. Tobin

Chairman Tobin stated he wished to attend the Institution Investor Public Fund Roundtable in Los Angeles, California. This organization has nominated Mr. Ryan Parham for the Chief Investment Officer of the year award.

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<thead>
<tr>
<th>MOTION:3-3/23/16</th>
<th>At 2:52 p.m.</th>
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<tbody>
<tr>
<td>Motion:</td>
<td>Motion to approve attendance for the Institution Investor Conference April 27-29, 2016.</td>
</tr>
<tr>
<td>Moved by:</td>
<td>Mr. Ferguson</td>
</tr>
<tr>
<td>Seconded by:</td>
<td>Mr. McHenry</td>
</tr>
<tr>
<td>Discussion:</td>
<td>None</td>
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<td>In Favor:</td>
<td>Unanimous</td>
</tr>
<tr>
<td>Motion:</td>
<td>Passes</td>
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</tbody>
</table>

24. Discussion and consultation with legal counsel and Staff and possible Action regarding IRS determination letter requests, proposed legislation, investment matters, ongoing, contemplated or threatened legal action involving the Trust and Plans, including vendor disputes, public record requests, personnel matters and actual or potential litigation and claims based on contract, tort or statute, including matters involving, judges Thompson and Hall, retired judges Fields and Lankford, retired police officers Rappleyea and Everson, active police officers Parker, Griego, Manganiello and Robles, the Pivotal Group, the Seldins, Bank of America and Stroh Ranch Development and Timbervest. The Board may vote to discuss these matters in Executive Session pursuant to A.R.S. §§ 38-431.03(A)(1), (2), (3), (4) and (7) as set forth in item 25.

25. The Board of Trustees may vote to go into Executive Session (which will not be open to the public) to discuss matters pursuant to A.R.S. §§ 38-431.03(A) (1), (2), (3) and (4), as applicable, including to receive legal advice from the Board’s attorneys on any matter listed on the agenda, including:

a. Discussion and consultation with legal counsel and Staff regarding matters arising from public record requests or subpoenas, and ongoing or threatened legal action or claims involving the Plans or Trust not otherwise referenced above in Item 24, including but not limited to, those involving Anton Orlich, Andrew Carriker, Ken Fields, Mark Selfridge, Paul Corens, the Seldins and the status of lawsuits challenging provisions of S. B. 1609, as authorized by A.R.S. §§ 38-431.03(A) (2), (3).

b. Discussion regarding changes to the PSPRS organizational structure and other personnel matters, as authorized by A.R.S § 38-431.03(A)(1).
26. Schedule future meeting date(s). (*Currently scheduled for Wednesday, April 20, 2016.*)

The next meeting is scheduled for Wednesday, April 20, 2016.

27. Adjournment.

The meeting was adjourned at 3:25 p.m.

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Brian P. Tobin, Chairman

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Gregory Ferguson, Trustee, Vice Chairman

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Randie A. Stein, Trustee

________________________
Jeff Allen McHenry, Trustee

________________________
Richard J. Petrenka, Trustee

________________________
William C. Davis, Trustee