1. Call to Order; Pledge of Allegiance; Roll Call; Opening remarks.

Chairman Buividas called the meeting to order at 1:44 p.m.

2. Review, discussion and possible approval of the PSPRS Defined Contribution Committee Minutes from December 21, 2017.

MOTION: 1 - 03/02/18
Motion: 1:49 p.m.
To approve the minutes of the Arizona PSPRS Defined Contribution Committee from the December 21, 2017 meeting as presented.

Moved by: Mr. Smout
Seconded by: Mr. Jeffries
Discussion: None
In Favor: Unanimous
Motion: Passes:

Mr. William T. Buividias
Committee Chairman

   Mr. Mark H. Kordonsky, Principal
   Mr. Jake O'Shaughnessy, Managing Director
   Mr. Stuart Payment, Retirement Plan Consultant
   SageView Advisory Group

A regulatory overview, market overview and economic overview was presented by SageView Advisory Group as of December 31, 2017. The global economic growth and capital markets have been extremely strong in 2017. The equity markets are shown to be well over 20% and the merging markets are well over 30%. SageView’s predictions are that economic growth will continue and maintain its momentum. As of December 31, 2017, the aggregate plan returns are 7.40 vs 6.04 for the index portfolio, which is about a 140 basis point advantage over the indices. This is a snapshot and does not take into account cash flow waiting. A returns based analysis was presented and depicts a multiple regression analysis against the six indices to see how these funds are behaving against their benchmarks in a twelve month moving windows. The first plan currently holds $32 million, the supplemental 401 (a) holds $17 million and the elected officials plan hold $3.5 million, which shows total assets are at $50 million. Discussion included historical performance rankings of funds versus peers for both short and long terms. This was followed by a legislative update regarding the tax cut and jobs act that was signed; this is expected to have a significant impact on corporate earnings. Globally, there continues to be some litigations, some have been dismissed and some are settled, but these all tend to deal with either self-dealing or excessive fees in the DC Plans.

4. Nationwide Retirement Solutions (NRS) Quarterly Update.

   Mr. Jim Keeler
   Program Director
   Nationwide Retirement Solutions

The fourth quarter Nationwide Retirement Solutions assets for the supplemental plan as of December 31, 2017 is $17,417,889. The EODCRS Supplemental 401 (a) report shows a total of $16,379,012 with 639 participants. The EODCRS newly elected officials plan is at $3,680,448 with a 181 participants. The PSPDCRP Plan shows at year-end total of $31,796,442 however; the SDO is at $5,264,000. As of yesterday’s closing date, there are 2,852 participants. Approximately, $28,298,340 has transferred out of the plan, of which $5,482,000 was taxable distributions. This currently shows a 50% transfer out rate. The DROP amount as of December 29, 2017 was $4.1 million, the DROP amount for January 31, 2018 was $10.8 million and the DROP amount for February 28, 2018 was $6.8 million. We are currently seeing some good amounts come in which will help the plan continue to grow. The Schwab Personal Choice Retirement Account (PCRA) Quarterly Report was presented. As of December 31, 2017 this shows an increase in SDO’s. As requested, this information will be included in all reporting. The PSPDCRP Plans that are still outstanding was discussed. Phone calls have been made to employers and we have seen significant progress. We will continue to make phone calls to those outstanding employers.

**ACTION: 1 - 03/02/18 2:30 p.m.**

**Request:** Continue to make phone calls to those outstanding employers.

**Requested by:** Will Buividas

**Assigned to:** Dave DeJonge
5. Update, discussion and possible Action on implementation progress with Public Safety Financial/Galloway.

Mr. Michael Galloway, CEO
Galloway Asset Management, LLC

To date, Galloway is averaging nine seminars a month. This amount will change monthly as they gain momentum. They discussed that they felt that the Board was on the right track as far as the type of education PSPRS is delivering and that the information is well received to the attendees. Galloway stated that they had a seminar recently where there were 580 attendees and 100% of them recommended the training. Discussions also included an update on DROP. Last year, there were 246 DROPS with a 25% rate of members who will be using Galloway’s ancillary services. Galloway recently held their second EXIT DROP seminar. Upon entering DROP the members are receiving information from them. Galloway recommended it would be helpful to have a packet welcoming member to the DROP, similar to the EXIT DROP packet. A sample packet was presented.

A presentation on the EXIT DROP program was given. This is the educational information that Galloway is providing members in their seminars.

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<thead>
<tr>
<th>ACTION: 4 - 03/02/18</th>
<th>3:29 p.m.</th>
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<tbody>
<tr>
<td>Request:</td>
<td>Schedule a time with Galloway to review the packet that is going out to the members and discuss any suggested changes that need to be done to the packet.</td>
</tr>
<tr>
<td>Requested by:</td>
<td>Will Buividás</td>
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<tr>
<td>Assigned to:</td>
<td>Chrystal Angotti</td>
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</tbody>
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<th>ACTION: 5 - 03/02/18</th>
<th>3:41 p.m.</th>
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<tbody>
<tr>
<td>Request:</td>
<td>Galloway to create a calendar of events for the year that shows each seminar they are holding.</td>
</tr>
<tr>
<td>Requested by:</td>
<td>Will Buividás</td>
</tr>
<tr>
<td>Assigned to:</td>
<td>Galloway</td>
</tr>
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6. Update, discussion and Demo of Tier 3 Portal and Updates on Tier 3 Selections.

Mr. John Briney
Enterprise Systems Architect

An update on the process of the Tier 3 Portal was discussed. The current process is when employer hires a Tier 3 public safety member, they can log into our employer portal to submit a demographic transaction that is a hire. When that happens, the first part of the packet that goes out to the member is an email welcoming them to the plan, provides them information about investments, places online where you can go to educate yourself about on the differences in plans, and how you set your account up in members only. This then give a referral to Galloway if members want to talk to them regarding investments.

Email communications are going out to employers to ensure that they give us all new hire information in a timely manner. We receive a list roughly once every two weeks of all Tier 2 members, which is monitored to see if members are appearing on the list 30 days in.
An update on the experience of elections was given. To date, 465 Tier 3 members who have passed the 90 day mark, so they now have to choose the DC or DB plan. Only 6.6% have chosen to participate in the DC plan; which is 31 members. There are 310 Tier 3 members who are still in the 90 days and of those 3 have elected the DC plan, 20 have elected the DB and the rest have not made their selection yet. Of the 434 members who elected DB, 100 made the election and 334 defaulted. A request was made to pull a report of the demographics of the DC plan and to break it down by employer, and send it to the committee members. A request was made to receive some input from the Advisory Committee on whether or not there can be a statutory change regarding the timeline that employers have to enter a new hire into the system on the date of hire. The current statute allows the local board to decide or the employer to decide date of eligibility.

A demonstration of the Tier 3 Portal was given to the committee members.

**ACTION: 2 - 03/02/18**

**Request:**

To pull a report of the demographics of the DC plan, break it down by employer and send to the committee members.

**Requested by:** Will Buividas  
**Assigned to:** John Briney

**ACTION: 3 - 03/02/18**

**Request:**

Discuss with the Advisory Committee on whether or not there can be a statutory change regarding the timeline that employers have to enter a new hire into the system on the date of hire.

**Requested by:** Will Buividas  
**Assigned to:** Jared Smout

7. Update, discussion and possible **Action** on what has been done to maintain assets in the plan.

   Mr. William T. Buividas

This agenda item is included in number agenda number five.

8. Discussion and possible **Action** on the roll and responsibilities of the committee, including 2018 DC Committee Meeting Dates.

   Mr. William Buividas

The next DC Committee Meeting date was set up for May 22, 2018. The second part of the year will be set up at a later date due to schedules.

9. Discussion and possible **Recommendations** on legislative changes that may or may not need to occur regarding the DC Plan.

   Mr. Jared A. Smout  
   Vice Chairman and Administrator

An update was given on the Admin Bill; the DC changes were made to this bill and it is going through. There were no issues with the DC changes. There was discussion regarding the refunds for the Contributory DROP, those refunds are rolling over. The DROP employee contribution refunds will have a 3% interest, which is not taxed.
10. Discussion and possible Action regarding RFP for external legal counsel.

The State Attorney General’s office has shared that there have been some recent litigations against DC Plans and against having in-house counsel. The recommendation is that legal counsel needs to be independent and not connected with the employer and that PSPRS should hire our own counsel for issues that come up. This process would be done by setting up an RFP.

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<th>MOTION: 2 - 03/02/18</th>
<th>2:55 p.m.</th>
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<tr>
<td>Motion:</td>
<td>Recommend to the Board of Trustees, that we set up an RFP Committee to get together and evaluate what options there are for DC legal attorneys.</td>
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<tr>
<td>Moved by:</td>
<td>Mr. Jeffries</td>
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<tr>
<td>Seconded by:</td>
<td>Mr. McKinnon</td>
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<tr>
<td>Discussion:</td>
<td>None</td>
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<tr>
<td>In Favor:</td>
<td>Unanimous</td>
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<tr>
<td>Motion:</td>
<td>Passes:</td>
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11. The PSPRS Defined Contribution Committee 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) (3), including to receive legal advice from the Committee’s attorneys on any matter listed on the agenda.

12. Call to the Public.

This is the time for the public to comment. Members of the Committee may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01 (H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for a later date for further consideration and possible recommendations to the Board of Trustees.

There was no reply to the Call to the Public.

13. Schedule future meeting date(s).

The next meeting will be held Tuesday, May 22, 2018.


The meeting was adjourned at 4:16 p.m.