ARIZONA PSPRS
DEFINED CONTRIBUTION COMMITTEE
MEETING
February 2, 2017

MINUTES

Present: Mr. William T. Buividas, Chairman, Trustee
         Mr. Jared A. Smout, Vice Chairman, Administrator
         Mr. Bryan N. Jeffries - absent
         Mr. Ryan McKinnon
         Mr. Brian Moore
         Mr. William Thatcher
         Mr. Daren Wunderle

Others Present: Ms. Ivy Voss, Assistant Attorney General
                Mr. Christian Palmer, Communications Director
                Mr. Robert Ortega, Member Services Director
                Mr. Jake, O'Shaughnessy, SageView Capital
                Mr. Mark Kordonsky, SageView Capital

1. Call to Order, Roll Call, Opening remarks.

   The meeting was called to order at 12:57 p.m. by Chairman Buividas.

2. Review, discussion and possible approval of the Arizona PSPRS Defined Contribution Committee
   Minutes from the January 5, 6 and 19, 2017 meetings.

   Mr. William T. Buividas

   MOTION:1-2/02/17 At 1:06 p.m.
   Motion: To correct minutes from January 19, 2017 p. 2, Agenda item 5, paragraph 3 change to “if member is not in social security”. So move to approve with requested change.
   Moved by: Mr. Smout
   Seconded by: Mr. Wunderle
   Discussion: None
   In Favor: Unanimous
   Motion: Passes:

3. Discussion and possible Action on a Defined Contribution Investment Policy Statement.

   Mr. William T. Buividas

   Review of the Defined Contribution Investment Policy Statement was held in order to make suggestions to the consultant, SageView Capital, regarding changes to the document prior to the date to send out the RFP. This is a critical document regarding strategy of investments going forward. The purpose is to be specific with regard to the matrix from which to select investment funds, to monitor their performance and how we would swap out of those funds should performance not meet our expectations. It gives latitude in the design of the lineup itself, to make changes to the design without having to amend the investment policy statement every time you make a fundamental change with the lineup and you can switch out managers without amending the policy.
Consideration was given to self-directed brokerage accounts, target plans and aggressive versus less aggressive plans.

Chairman Buividas recommended to include a self-directed brokerage option and to define the parameters in the next couple of months. The SageView consultants spoke regarding design of a tiered investment structure. This would include tiered index funds, an active core tier, a target tier and a brokerage tier.

4. Discussion and possible Recommendations regarding the development, finalization and release of the RFP for the Third-Party Administrator/Record Keeper.

   Mr. William T. Buividas

Edits prior to the RFP release were discussed. In addition to the wording of the RFP, review of the cover letter was held as well as a questionnaire which will be sent to the responders for completion.

5. Discussion and possible Action regarding the tier 2 opt out process.

   Mr. William T. Buividas

Chairman Buividas spoke referencing a meeting that was held on Monday, January 30, 2017 regarding the tier 2 opt out process. He said the important thing is we want to keep them in tier 2 and we do not want to leave it up to the employers to make that decision for them. Discussion was held regarding automatically accepting contributions on July 1 and if the employee opts out by August 3, to refund their contributions. Also discussed was whether to hold the money in reserve or to transfer it to PSPRS. PSPRS will look into the tax issues that may result from this. Employers should not pressure employees to opt out which will be emphasized in the next mailing to the employees.

6. Discussion and possible Action on the role and responsibilities of the committee.

   Mr. William T. Buividas
   Mr. Bryan N. Jeffries

Administrator Smout stated he thought this would be a good committee to oversee the Cancer Insurance Program.

7. Discussion and possible Recommendations on legislative changes that may or may not need to occur regarding the DC plan.

   Mr. William T. Buividas

A bill has been written by Legislative Council with legislative changes regarding the DC plan and will be dropped next week.

8. 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 response to the Call to the Public.

9. Schedule future meeting date(s).

   The next meeting is February 10, 2017 at 1:00 p.m.
10. Adjournment.

    The meeting was adjourned at 3:57 p.m.

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Mr. William T. Buividas, Chairman