Minutes of the PSPRS Defined Contribution Committee Meeting  
May 26, 2017

PSPRS  
DEFINE CONTRIBUTION COMMITTEE  
MEETING  
May 26, 2017  
MINUTES

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

Others Present:  
Mr. Dave DeJonge, Deputy Administrator  
Mr. Christian Palmer, Communications Director  
Mr. Jon Briney, Enterprise Systems Architect  
Mr. Mark Kordonsky, Managing Principal, SageView Advisory Group  
Mr. Jim Keeler, Nationwide  
Mr. Michael Galloway, CEO, Galloway Asset Management, LLC  
Ms. Nanette Eberhardt, COO, Galloway Asset Management, LLC

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

Mr. William T. Buividas  
Committee Chairman

The meeting was called to order at 1:12 p.m. by Chairman Buividas which was followed by the Pledge of Allegiance and roll call.

2. Review, discussion and possible approval of the PSPRS Defined Contribution Committee Minutes from May 8, 2017.  

Mr. William T. Buividas

MOTION: 1-5/26/17  
Motion: To approve the PSPRS Defined Contribution Committee Minutes from the May 8, 2017 meeting.  
Moved by: Mr. Jeffries  
Seconded by: Mr. Moore  
Discussion: None  
In Favor: Unanimous  
Motion: Passes

3. Discussion and possible Action on investment default fund selections.  

Mr. William T. Buividas

Target date funds and stable value funds were suggested as investment default fund selections. How to direct DROP funds was discussed and to possibly have DROP funds roll over to stable value funds as the default. An issue is the fact that everyone’s 6 or 12 month dates are different. It was recommended that stakeholders education include information regarding investment alternatives and to move funds with notices to the member. Galloway Asset Management (GAM) volunteered to facilitate such communication at the appropriate date.
Target date funds as the default option for Tiers 2 and 3 that are appropriate for the stakeholder’s age group, were discussed to have a disclaimer notice stating that due to default the investments are not custom picked for your situation and you need to take responsibility for what you are doing.

**MOTION:2-5/26/17**

**Motion:** At 1:30 p.m.
All PSPRS members participating in the Defined Contribution Plan, whether they are participating in the 3%/3% plan or the full DC Plan 9%/9%, if they have not made any investment choices at the time of participation, their default investment will go into a target date investment based on a retirement age of 65. In addition, all members of PSPRS that participate in the DROP, their default DROP rollover investment will go into our stable value investment selection.

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

**MOTION:3-5/26/17**

Motion: At 1:31 p.m.
Move that the default for the new enrollees in the EODCRS and the Supplemental DC Plan be the same target date funds as the PSPRS Tiers 2 and 3 enrollees.

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

4. Discussion and possible **Action** regarding the RFP for the Annuity Provider.

*Mr. William T. Buividas*

Post an RFP requesting the lowest fees and the most security so as to be beneficial for the members using language from prior RFP requests sent out by this committee. Consider the fiduciary responsibilities of the Trust, the complexity of the product and the type of product.

Discussion was held regarding specific details to be in the RFP which included the direction and type of annuities, what type of companies to look for, fiduciary standards, understanding of public safety, the financial aspects offered on an actuarial basis, treating this as a group transaction and credit quality of the issuer. GAM and SageView are to develop bullet points.

**MOTION:4-5/26/17**

Motion: At 2:21 p.m.
For PSPRS to go out for an RFP which will be put together through our consultant and staff for an annuity plan to be available for all retirement plans under the umbrella of PSPRS.

FRIENDLY AMMENDMENT: Prior to the RFP going out, a draft is to be reviewed.

Moved by: Mr. Jeffries
Seconded by: Mr. Thatcher
Discussion: None
In Favor: Unanimous
Motion: Passes
5. Discussion and possible Action on the investment policy statement and implementation of the DC Plan investment fund selections.

Mr. William T. Buividas

Additions, deletions and explanations were discussed regarding a draft investment policy statement that was developed a few months ago. Details regarding the education program provided by GAM were clarified. This included ideas concerning the types of classes, the development of a statewide training cycle, review of the classes by PSPRS for feedback, website design, steps the members must complete prior to choosing fund selections and details concerning documentation of member training completion.

A “to do” list for PSPRS was discussed, types of videos available from Nationwide, integration of websites via links, questions from the consultants to be answered by PSPRS and vice versa. It is important that members be educated before making their elections, and that they acknowledge they have been educated to avoid future lawsuits or special legislation. One option would be to require members to watch a video on the Members Only portal before they can make their selections.

6. 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.

7. Schedule future meeting date(s).

The next meeting will be held on Friday, June 16, 2017 at 11:00 a.m.

8. Adjournment.

The meeting was adjourned at 4:07 p.m.

Mr. William T. Buividas, Chairman