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

   Mr. Brian P. Tobin
   Chairman

   The meeting was called to order at 12:35 P.M. by Chairman Tobin which was followed by the Pledge of Allegiance and Roll Call.

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 reply 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.

   b. Acceptance of Elected Officials’ Retirement Plan of termination of early retirement benefit of Russell H. Burdick, Jr.
   c. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Margaret H. Downie.
   d. Acceptance of Elected Officials’ Retirement Plan of survivor benefit of Maureen Irr.
   f. Acceptance of Elected Officials’ Retirement Plan of termination of early retirement benefit of Kenneth W. Reeves, III.
   g. Acceptance of Elected Officials’ Retirement Plan of survivor benefit of Linda Reeves.
   h. Acceptance of Elected Officials’ Retirement Plan of termination of survivor benefit of Marrianne Rowley.
   i. Acceptance of Elected Officials’ Retirement Plan of early retirement benefit of Julia Vigil.
   k. Acceptance of Transfer Between State Retirement Systems of Daryll Willis.
   l. Acceptance of Transfer Between State Retirement Systems of Marvis Floyd.
   m. Acceptance of Transfer Between State Retirement Systems of Rafael Hernandez.
   n. Acceptance of Transfer Between State Retirement Systems of Jesus Moniel.
   o. Acceptance of Transfer Between State Retirement Systems of Roy Lippman.
   p. Acceptance of Transfer Between State Retirement Systems of Moses Paiaina.
   q. Acceptance of Transfer Between State Retirement Systems of Chet Berry.
   r. Acceptance of Transfer Between State Retirement Systems of James Penny.
   s. Acceptance of Transfer Between State Retirement Systems of Nancy Felix.
   t. Approval of the Minutes of the October 26, 2017 Meeting of the PSPRS Board of Trustees.

Mr. Brian P. Tobin

<table>
<thead>
<tr>
<th>MOTION:1-11/29/17</th>
<th>At 12:37 P.M.</th>
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<tbody>
<tr>
<td>Motion:</td>
<td>To approve the Consent Agenda as presented.</td>
</tr>
<tr>
<td>Moved by:</td>
<td>Mr. Buividas</td>
</tr>
<tr>
<td>Seconded by:</td>
<td>Mr. Davis</td>
</tr>
<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>In Favor:</td>
<td>Unanimous; Mr. McNeill - Excused</td>
</tr>
<tr>
<td>Motion:</td>
<td>Passes</td>
</tr>
</tbody>
</table>

4. Update and appropriate Action, if any, on the consolidation of the Golden Ranch and Mountain Vista Fire Districts and its effect on membership waivers granted to certain Mountain Vista Fire District fire fighters on September 22, 2016.

Mr. Brian P. Tobin

In August, the Board approved waivers to approximately eight members. This discussion is to inform such members’ options regarding their decision and the eight members may enter the System as members of Tier 3, which offers the option of the defined contribution plan, which was not available in 2016. Golden Ranch Fire District desired to remain with PSPRS pension system
when their district was consolidated with Mountain Vista Fire District. Mr. Randy Carr, Chief of the Golden Ranch Fire District was in attendance at the meeting. Chief Carr was directed by the Board to take action that identifies any preexisting conditions prior to entering the PSPRS system.

**MOTION:2-11/29/17**

Motion: At 12:49 P.M.
To direct Golden Ranch Fire District and its local board to make eligibility determination with respect to these employees as it would any other employees of the district.

Moved by: Mr. Papp
Seconded by: Mr. Smith
Discussion: None
In Favor: Unanimous; Mr. McNeill - Excused
Motion: Passes

5. Appropriate Action regarding the approval of Green Valley Fire District's request to increase amortization period.

   Mr. Brian P. Tobin

**MOTION:3-11/29/17**

Motion: At 12:51 P.M.
To approve Green Valley Fire District’s request to increase their amortization period.

Moved by: Mr. Raines
Seconded by: Mr. Scheidt
Discussion: None
In Favor: Unanimous; Mr. McNeill - Excused
Motion: Passes

Report by Mr. William Davis, Chairman of the Investment Committee, regarding agenda items 6 through 11, which were discussed at the Investment Committee meeting held today, Wednesday, November 29, 2017, on or after 11:00 a.m., and possible Action on the Committee’s recommendations to the Board regarding same.

6. Presentation and quarterly report by Investment Department Staff regarding Portfolio Risk as of September 30, 2017.

   Mr. Owen Zhao
   Portfolio Analyst - Risk

The presentation regarding Portfolio Risk concluded that the risk profile has not materially changed.

7. Presentation and quarterly report by Investment Department Staff and discussion regarding (i) the Month-End and Fiscal Year-to-date performance for the PSPRS Trust as of September 30, 2017; and (ii) written report regarding the asset allocation and performance of the Firefighters and Peace Officers Cancer Insurance Program.

   Ms. Vaida Maleckaitė
   Director of Investment Services

Agenda item 7 was presented in conjunction with Agenda item 8.

8. Presentation and discussion by NEPC representative(s) on the 1st Fiscal Quarter (3rd Calendar Quarter) investment performance and the 2016-2017 Fiscal Year investment performance for the Arizona PSPRS Trust.

   Mr. Allan Martin
   NEPC, LLC.
It was reported that the Trust increased in value 0.64% as of 9/30/17 and increased in value 2.6% for the three months ending September, 2017, net of fees. For the Year-to-Date, the Trust increased in value by 8.1%. For the one year period the increase in value was 10.3%, for the three years 6.4%, for five years 7.7%, for 7 years 7.2%, and for 10 years 3.9%. The assumed rate of return is 7.4%. The market value of the Trust is approximately $9.5 billion.

9. Presentation and discussion by Investment Department Staff and Consultants regarding the annual Overview and Strategic Plan for the Real Estate portfolio.

Mr. Mark Steed
Mr. Ed Schwartz, ORG
Marc Lieberman, Esq.
Kutak Rock

Discussion was held regarding the strategic plan for the Real Estate portfolio and pacing for the next 36 months. An overview of the market was presented by Mr. Steed including processes, performance, underperformance and expectations. Currently, 18% of the Real Estate portfolio consists of legacy real estate assets, which continue to have a drag on the portfolio return. The institutional Real Estate assets have outperformed in every time period. Plans are in place for the legacy Real Estate assets.

Other topics included core assets, value added and core plus strategies, U. S. regional composition and performance by regions. Currency conversion has had a negative impact on performance in converting local currency back to U. S. dollars. As of 12/31/09, PSPRS had 54 legacy asset holdings and, as of 10/31/17, there were 17 remaining legacy assets.

ORG presented a report regarding portfolio construction which included themes that drive real estate, such as demographics of the population, supply and demand and liquidity influence portfolio design. It was concluded to continue what we have been doing, to recognize where we are in the market and pacing of real estate cycles for opportunities.

10. Presentation and discussion regarding Section 5001 of the House Tax Reform Bill and Unrelated Business Taxable Income ("UBTI").

Jennifer Eichholz, Esq.
Chief In-House Investment Counsel
Marc Lieberman, Esq.
Kutak Rock

Since 1977, Congress has been studying the issue of a proposed tax on governmental pension funds utilizing the Unrelated Business Income Tax (UBIT) to tax income earned from activities not considered incidental to the core governmental function. We have taken steps to protect PSPRS in case the proposed tax bill extends UBIT to governmental pension plans.

11. Disclosure by Investment Department Staff of the following Manager Selection Matters:

A. New and potential investments considered this period:
   1. Disclosure of a potential investment of up to $75 million for direct investment purposes with KKR Revolving Credit Partners II, L.P., in the PSPRS Private Credit portfolio, subject to final Staff and legal due diligence.
   2. Disclosure of a potential investment of up to $100,000,000.00 for direct investment in a separately managed account with Audax Senior Debt Fund; in the PSPRS Private Credit Fund, subject to final Staff and legal due diligence.

B. Finalized and Executed Transactions During Prior Period:
   1. Charlesbank Equity Fund IX; Committed amount up to $60 million for direct investment purposes and up to $30 million for purposes of co-investments; Date Closed: October 6, 2017. This investment is allocated to PSPRS Asset class: Private Equity.
Presentation by Mr. Bryan Raines, Chairman of the Operations, Governance Policy and Audit Committee, regarding agenda items 12 through 15, which were discussed at the Operations, Governance Policy and Audit Committee meeting held today, November 29, 2017, on or after 11:00 a.m., and possible Action on the Committee’s recommendations to the Board regarding same.

12. Review and discussion of staff operation reports.

   a. Operations Update Report
   b. Year to Date Budget Report
   c. Local Board & Employer Outreach Report
   d. Local Board Rehearing Report
   e. Law Firms' Billings for Legal Services
   f. HR Report

This report was the normal monthly review report regarding the Operations, Governance Policy and Audit Committee review of operations.

13. Communications Update.

   An outside communications company was hired.


   Staff recommended changes to several charters and policies. Most of the changes were grammatical or clarifications. Changes included clarification that all Trustee travel for PSPRS business shall be reported to the Compliance Officer; the requirement for staff members to notify the Board of Trustees every time they consult with the Investment Consultant was removed; and the requirement that certain positions have written contracts of employment has been changed to “may have” such contracts. Staff also recommends that the Advisory Committee Charter be revised to emphasize the Committee’s liaison function stipulated in statute and to place less emphasis on formulating policy. The following were presented;

   - Governance Manual Proviso
   - Governance Manual Defined Terms
   - Governance Manual Governance Principles
   - Section 4.04 Investment Committee Charter
   - Section 4.07 Charter of the Independent Investment Consultant
   - Section 4.09 Charter of Fiduciary Counsel
   - Section 4.11 Advisory Committee Charter
   - Section 5.09 Travel Policy
   - Section 5.11 Monitoring and Reporting Policy
   - Section 5.12 Code of Conduct
   - Section 5.13 Human Resources and Compensation Policy
   - Section 5.14 Code of Ethics
15. Review, discussion and possible Action on pending and passed legislative actions and potential legislative proposals.

Mr. Jared A. Smout

Ms. McCallister and Mr. Cole summarized information regarding their meetings with members of the legislature and progress of the PSPRS draft bills. A question and answer period was held.

16. Discussion and possible Action regarding the presentation by Gabriel, Roeder, Smith & Company (GRS) representatives regarding the results of the FY 2017 actuarial valuations for the PSPRS, CORP and EORP.

Mr. Mark Buis, FSA, FCA, EA, MAAA
Senior Consultant
Mr. James D. Anderson, FSA, EA, MAAA
Senior Consultant
Mr. Francois Pieterse, A.S.A, M.A.A.A.
Consultant
Gabriel, Roeder, Smith & Company

Specific funding results were discussed, including the downward expectations for investment returns. Currently, many plans are at 7% or below. Highlights of the June 30, 2017 valuations were presented, including changes in assumptions and methods since last year, PSPRS changes in Tier 2 benefits, eligibility and multiplier and the changes due to the Hall decision. Other topics included changes in EORP and EORP benefits, the assumed PBI/COLA summary for 2017 and contribution rate changes since the last actuarial valuation. Discussion was held regarding an EORP Task Force concerning legislation which is to recommend new policy decisions to the Board.

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

Mr. Brian P. Tobin

No requests were presented.
18. Discussion and consultation with legal counsel and Staff and possible Action regarding 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. 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 19.

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<thead>
<tr>
<th>MOTION: 6-11/29/17</th>
<th>At 3:33 P.M.</th>
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<tbody>
<tr>
<td>Motion:</td>
<td>To recess Open Session and enter Executive Session regarding Agenda item 18.</td>
</tr>
<tr>
<td>Moved by:</td>
<td>Mr. Smith</td>
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<tr>
<td>Seconded by:</td>
<td>Mr. Davis</td>
</tr>
<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>In Favor:</td>
<td>Unanimous; Mr. McNeill - Excused</td>
</tr>
<tr>
<td>Motion:</td>
<td>Passes</td>
</tr>
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</table>

19. 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), (4) and (7), 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 18, including but not limited to those involving the status of lawsuits challenging provisions of SB1609, as authorized by A.R.S. §§ 38-431.03(A) (2), (3).

b. Update and discussion on personnel matters, as authorized by A.R.S § 38-431.03(A)(1).

20. Possible Action on future meeting dates. (Next meeting currently scheduled for Wednesday, December 20, 2017.)

The request was made to keep the date open for now.


The meeting was adjourned at 4:27 P.M.
Brian P. Tobin, Trustee, Chairman

William T. Buvidas, Trustee, Vice Chairman

William C. Davis, Trustee

EXCUSED
Edward J. McNeill, Trustee

Harry A. Papp, Trustee

Bryan Raines, Trustee

Mike Scheidt, Trustee

Dean M. Scheinert, Trustee

Donald A. Smith, Jr., Trustee