PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING

October 26, 2017

MINUTES

Present: Mr. Brian P. Tobin, Chairman, Trustee
Mr. William T. Buvidas, Vice Chairman, Trustee
Mr. William C. Davis, Trustee - Excused
Mr. Edward J. McNeill, Trustee
Mr. Harry Papp, Trustee – Excused at 12:55 P.M.
Mr. Bryan Raines, Trustee
Mr. Mike Scheidt, Trustee
Mr. Dean M. Scheinert, Trustee – Excused at 2:06 P.M.
Mr. Donald A. Smith, Jr., Trustee

Others Present:
Mr. Jared Smout, Administrator
Mr. Dave DeJonge, Deputy Administrator
Mr. Ryan Parham, Assistant Administrator and CIO
Ms. Ivy Voss, Assistant Attorney General
Mr. Mark Steed, Deputy CIO and Chief of Staff
Mr. Shan Chen, Lead Portfolio Manager
Mr. Owen Zhao, Portfolio Analyst
Mr. Jefferson Weston, Investment Analyst
Ms. Vaida Maleckaite, Director of Investment Services
Mr. William Thatcher, Lead Portfolio Manager
Mr. Kevin Chen, Investment Accountant
Ms. Jennifer Eichholz – In-House Investment Counsel
Ms. Rose Crutcher, Investment Paralegal
Ms. Michelle Pechan, Paralegal - Excused
Ms. Lisa Sweeting, Internal Auditor - Excused
Mr. Timothy Jackson, Compliance Officer
Mr. Ruben Vargas, Records Officer - Excused
Ms. Patricia Shaner, Human Resources Director
Mr. Christian Palmer, Communications Director
Mr. John Briney – Enterprise Systems Architect
Mr. Paul Hemmes, Information Technology
Mr. Allan Martin, NEPC
Ms. Dianne McAllister, Public Policy Partners
Mr. Doug Cole, HighGround
Ms. Courtney McKinstry, HighGround
Mr. Jim Keeler, Nationwide
Mr. Ken Strobeck, Advisory Committee Chairman

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

Mr. Brian P. Tobin  
Chairman

Chairman Tobin called the meeting to order at 12:30 P.M., took the roll and the Pledge of Allegiance was recited.
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.

   c. Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Rose M. Goodwin.
   d. Acceptance of Elected Officials' Retirement Plan of survivor benefit of Barbara Lockwood.
   e. Acceptance of Elected Officials' Retirement Plan of termination of normal retirement benefit of Edward Lockwood.
   g. Acceptance of Elected Officials' Retirement Plan of survivor benefit of Louise M. McAllister.
   h. Acceptance of Elected Officials' Retirement Plan of survivor benefit of Lettie Pickrell.
   i. Acceptance of Elected Officials' Retirement Plan of termination of normal retirement benefit of Robert Pickrell.
   j. Acceptance of Elected Officials' Retirement Plan of survivor benefit of Joan Strand.
   k. Acceptance of Elected Officials' Retirement Plan of termination of early retirement benefit of Roger G. Strand.
   l. Acceptance of Transfer Between State Retirement Systems of David Haverly.
   m. Acceptance of Transfer Between State Retirement Systems of Wilson Gartin.
   n. Acceptance of Transfer Between State Retirement Systems of David Hurt.
   o. Acceptance of Transfer Between State Retirement Systems of Thomas Leister.
   q. Acceptance of Transfer Between State Retirement Systems of Thomas Craig.
   r. Acceptance of Transfer Between State Retirement Systems of Lance Novasad.
   s. Acceptance of Transfer Between State Retirement Systems of Francis Hand, Jr.
   t. Acceptance of Transfer Between State Retirement Systems of Joseph R. Leger.
u. Acceptance of Transfer Between State Retirement Systems of John Ditsworth.
v. Acceptance of Transfer Between State Retirement Systems of John Doody.
w. Acceptance of Transfer Between State Retirement Systems of Abe Alysson.
x. Acceptance of Transfer Between State Retirement Systems of Azizah Dzugas.
y. Acceptance of Transfer Between State Retirement Systems of Katherine Cooper.
z. Acceptance of Transfer Between State Retirement Systems of Linda Guertin.
aa. Acceptance of Transfer Between State Retirement Systems of Sean P. Carney.
bb. Acceptance of Transfer Between State Retirement Systems of Susan Boyer.
c. Acceptance of Transfer Between State Retirement Systems of John R. Harpster.
d. Acceptance of Transfer Between State Retirement Systems of Clinton Smith.
e. Acceptance of Transfer Between State Retirement Systems of Tristan Meyer.
f. Acceptance of Transfer Between State Retirement Systems of Richard Brophy.
g. Acceptance of Transfer Between State Retirement Systems of Robert Zambito, Jr.
h. Acceptance of Transfer Between State Retirement Systems of Jeffrey K. Sharp.
i. Acceptance of Transfer Between State Retirement Systems of David A. Nunez.
j. Acceptance of Transfer Between State Retirement Systems of Douglas Scholz.
k. Acceptance of Transfer Between State Retirement Systems of James Martinez.
l. Acceptance of Transfer Between State Retirement Systems of Christopher Rice.
m. Acceptance of Transfer Between State Retirement Systems of Robert Telles.
n. Acceptance of Transfer Between State Retirement Systems of Kyle Withers.
o. Acceptance of Transfer Between State Retirement Systems of King Brewster.
p. Acceptance of Transfer Between State Retirement Systems of Raymond Sanchez.
q. Acceptance of Transfer Between State Retirement Systems of Casey Kasun.
r. Acceptance of Transfer Between State Retirement Systems of Rafael Hernandez.
s. Acceptance of Transfer Between State Retirement Systems of Kevin McNichols.
t. Acceptance of Transfer Between State Retirement Systems of Jon Navarro.
u. Acceptance of Transfer Between State Retirement Systems of Matthew Tainter.
v. Acceptance of Transfer Between State Retirement Systems of Joseph Philpott.
w. Acceptance of Transfer Between State Retirement Systems of Nathan Tainter.
x. Acceptance of Transfer Between State Retirement Systems of Anthony Trow.
y. Acceptance of Transfer Between State Retirement Systems of John Owens.
z. Acceptance of Transfer Between State Retirement Systems of Thomas Taylor.
aa. Acceptance of Transfer Between State Retirement Systems of Bryan Hanania.
bb. Acceptance of Transfer Between State Retirement Systems of Matthew J. Heaps.
c. Acceptance of Transfer Between State Retirement Systems of Jim Novoselac.
d. Acceptance of Transfer Between State Retirement Systems of Scott Dersa.
e. Acceptance of Transfer Between State Retirement Systems of Stephen Julian.
g. Acceptance of Transfer Between State Retirement Systems of Bradley Bissa.
h. Acceptance of Transfer Between State Retirement Systems of Marvis Floyd.
ii. Acceptance of Transfer Between State Retirement Systems of Mike Scheidt.
jj. Acceptance of Transfer Between State Retirement Systems of Andrew J. Redman.
kk. Acceptance of Transfer Between State Retirement Systems of Joseph Sandman.
ll. Acceptance of Transfer Between State Retirement Systems of Sam Rusu.
m. Acceptance of Transfer Between State Retirement Systems of Limmie Blaylock, Jr.
n. Acceptance of Transfer Between State Retirement Systems of Keith Paffrath.
oo. Acceptance of Transfer Between State Retirement Systems of Elizabeth Heathcock.
qq. Acceptance of Transfer Between State Retirement Systems of Brian Johnson.
r. Acceptance of Transfer Between State Retirement Systems of Brian Stutsman.
s. Acceptance of Transfer Between State Retirement Systems of Tom Mercy.
t. Acceptance of Transfer Between State Retirement Systems of Anthony Vaninetti.
u. Acceptance of Transfer Between State Retirement Systems of Curtis Leslie.
v. Acceptance of Transfer Between State Retirement Systems of Keith Yingling.
ww. Acceptance of Transfer Between State Retirement Systems of Ralph Lucas, III.
xxx. Acceptance of Transfer Between State Retirement Systems of Chris McElroy.

yyy. Acceptance of Transfer Between State Retirement Systems of Michael Schreiber.

zzz. Acceptance of Transfer Between State Retirement Systems of Darcy Foulois.

aaaa. Acceptance of Transfer Between State Retirement Systems of Joshua Fink.


dddd. Acceptance of Transfer Between State Retirement Systems of Scott Laird.

eeee. Acceptance of Transfer Between State Retirement Systems of Stanley Mondragon.


gggg. Acceptance of Transfer Between State Retirement Systems of James Hillyard.

hhhh. Approval of the Minutes of the September 28 and 29, 2017 Annual Meeting of the PSPRS Board of Trustees.

Mr. Brian P. Tobin

<table>
<thead>
<tr>
<th>MOTION:2-10/26/17</th>
<th>At 1:37 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. Scheidt</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>
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Mr. Jim Keeler
Program Director
Nationwide Retirement Solutions

Discussion was held regarding Tier 3 which is progressing well. At the end of the quarter, the EODCRS 401(a) Plan was valued at $3,205,070, the PSPSRS Supplemental Plan was valued at $15,505,454 and the PSPRS Defined Contribution Retirement Plan was valued at $21,443,000.

Report by Mr. William Buividas, Acting Chairman of the Investment Committee, regarding agenda items 5 through 9, which were discussed at the Investment Committee meeting held today, October 26, 2017, on or after 9:00 a.m., and possible Action on the Committee’s recommendations to the Board regarding same.

5. 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 August 31, 2017; and (ii) written report regarding the asset allocation and performance of the Firefighters and Peace Officers Cancer Insurance Program.

Ms. Vaida Maleckaite
Director of Investment Services

A written report was provided. No discussion was held.


Mr. Owen Zhao
Portfolio Analyst - Risk
Mr. Mark Steed
Deputy Chief Investment Officer & Chief of Staff

An oral report was provided during the Investment Committee meeting held this morning.
7. Presentation and discussion by NEPC representative on opportunities in emerging markets across all asset classes.

   Mr. Allan Martin
   NEPC, LLC.

Discussion was held regarding emerging markets. The factors and the structuring to be considered in investing in emerging markets were discussed as well as exposure and performance.

8. Presentation and discussion by Investment Department Staff regarding performance of Delta Rho Q.

   Mr. Mark Steed
   Mr. Owen Zhao

Discussion was held regarding Delta Rho Q, a product developed by the PSPRS investment Staff and invested in through an outside manager.

9. 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 $60 million for direct investment and a committed reserve allocation of up to $30 million for purposes of co-investment with Charlesbank Equity Fund IX, in the Private Equity portfolio, subject to final Staff and legal due diligence.
   B. Investments Completely Liquidated During Prior Period:
      1. Salient Capital Advisors, LLC - MLP Strategies Fund Separately Managed Account (SMA). This investment was allocated to PSPRS Asset Class: Real Assets.
      2. Acadian Asset Management, LLC / Acadian U.S. Managed Volatility Strategy Separately Managed Account (SMA). This investment was allocated to PSPRS Asset Class: Equity.
      3. Ranger Investment Management, L.P. / Ranger Small Cap Equity Strategy Separately Managed Account (SMA). This investment was allocated to PSPRS Asset Class: Equities.
      4. Blackrock Frontier Markets Fund. This investment was allocated to PSPRS Asset Class: Equities.
      5. Stark ABS Opportunities Master Fund, L.P. This investment was allocated to PSPRS Asset Class: Private Credit.
      6. Harrison Street Real Estate Partners II Co-Investment A, L.P. This investment was allocated to PSPRS Asset Class: Real Estate.

No discussion was held.

Presentation by Mr. Bryan Raines, Chairman of the Operations, Governance Policy and Audit Committee, regarding agenda items 10 through 16, which were discussed at the Operations, Governance Policy and Audit Committee meeting held today, October 26, 2017, on or after 10:30 a.m., and possible Action on the Committee’s recommendations to the Board regarding same.

10. 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. Communication Efforts
    f. Law Firms’ Billings for Legal Services

Mr. Jared A. Smout
Administrator
The individual reports were provided in the attachments sent to the members of the board.

11. Review, discussion and possible Action on Strategic Plan.  
    
    Mr. John Briney  
    Enterprise Systems Architect  
    
    No discussion was held. This was presented in the information packet.

12. Review, discussion and possible Action on Workforce Planning.  
    
    Ms. Patricia Shaner  
    Human Resources Director  
    
    There have been several new hires and a couple of open positions are in the process of being filled.

    
    Mr. Jared A. Smout  
    
    The updates are administrative edits and technical changes, including statutory references.

<table>
<thead>
<tr>
<th>MOTION:3-10/26/17</th>
<th>At 2:36 P.M.</th>
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<tbody>
<tr>
<td>Motion:</td>
<td>To accept the recommendation of the Operations, Governance Policy and Audit Committee regarding Governance Manual updates.</td>
</tr>
<tr>
<td>Moved by:</td>
<td>The Operations, Governance Policy and Audit Committee</td>
</tr>
<tr>
<td>Seconded by:</td>
<td>---</td>
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<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>In Favor:</td>
<td>Unanimous;</td>
</tr>
<tr>
<td>Motion:</td>
<td>Passes</td>
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</table>

    
    Ms. Lisa Sweeting  
    Internal Auditor  
    
    Administrator Smout and the lobbyists shared with the Board their ideas of the issues that will possibly be included within the PSPRS Administrative Bill for correction to the statutes. Discussion was held regarding meetings that have been held with stakeholders and two recommendations that have been offered to the legislature by an ad hoc committee.

<table>
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<tr>
<th>MOTION:4-10/26/17</th>
<th>At 2:37 P.M.</th>
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<tbody>
<tr>
<td>Motion:</td>
<td>To accept the recommendation of the Operations, Governance Policy and Audit Committee to move forward with the Internal Audit Plan</td>
</tr>
<tr>
<td>Moved by:</td>
<td>The Operations, Governance Policy and Audit Committee</td>
</tr>
<tr>
<td>Seconded by:</td>
<td>---</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>

15. Review, discussion and possible Action on pending and passed legislative actions and potential legislative proposals.  
    
    Mr. Jared A. Smout  
    
    Administrator Smout and the lobbyists shared with the Board their ideas of the issues that will possibly be included within the PSPRS Administrative Bill for correction to the statutes. Discussion was held regarding meetings that have been held with stakeholders and two recommendations that have been offered to the legislature by an ad hoc committee.
16. Update and discussion on the progress of the Operations Committee in the RFP for a communications consultant and possible Action of delegating decision and contractual authority to the Committee and Committee Chair, respectively, for a communications consultant.

Mr. Ed McNeill
Vice Chair, Operations Committee

The Operations Committee requested the Board approve contractual authority to hire a communications consultant.

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<tr>
<th>MOTION: 6-10/26/17</th>
<th>At 2:40 P.M.</th>
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<tbody>
<tr>
<td>Motion:</td>
<td>The full board delegates authority to enter into a contract agreement with a communications consultant.</td>
</tr>
<tr>
<td>Moved by:</td>
<td>Mr. McNeill</td>
</tr>
<tr>
<td>Seconded by:</td>
<td>Mr. Buividals</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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17. Update and possible discussion on the Advisory Committee Meeting held October 18, 2017.

Mr. Jared A. Smout

Mr. Ken Strobeck, Chairman of the Advisory Committee, stated there have been two meetings of the committee regarding the consolidation of the local boards and there has not been a determination as to how to proceed. At a prior meeting, proposed plans were presented by Cortex and the League of Cities and Towns. There was a motion to adopt the model proposed by the League of Cities and Towns and, at a later meeting on October 18, 2017, there was a motion to rescind this motion, which was passed by a split vote. Chairman Tobin stated that the Board would like to see the recommendations and directed the Administrator to work with the Advisory Committee as to its relationship to the Board. The Board will have a discussion as to how to move forward in its relationship to the Advisory Committee.

18. Update, discussion and possible Action regarding A.R.S. §§ 38-611.02, 38-848(Q) and other personnel matters.

Mr. Jared A. Smout

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<tr>
<th>MOTION: 7-10/26/17</th>
<th>At 2:47 P.M.</th>
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<tr>
<td>Motion:</td>
<td>To accept the Administrator’s special pay plan for investment staff and the contents of his memo and the attachment.</td>
</tr>
<tr>
<td>Moved by:</td>
<td>Mr. Buividals</td>
</tr>
<tr>
<td>Seconded by:</td>
<td>Mr. Scheinert</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>
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</table>

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

Mr. Brian P. Tobin

There were no requests.
20. 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 21.

21. 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 20, 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 with legal counsel concerning A.R.S. §§ 38-611.02, 38-848(Q) and other personnel matters, as authorized by A.R.S. § 38-431.03(A)(1) and (3).

c. Discussion and consultation with legal counsel and Staff regarding pending and passed legislative actions and potential legislative proposals, including the issue of possible employer bankruptcy or default, as authorized by A.R.S. § 38-431.03(A)(3).

22. Schedule future meeting date(s). (Currently scheduled for Wednesday, November 22, 2017.)

The next meeting will be held on November 29, 2017.

23. Adjournment.

The meeting was adjourned at 2:49 P.M.
Brian P. Tobin, Chairman

William T. Buividus, Trustee, Vice Chairman

EXCUSED
William C. Davis, Trustee

Edward J. McNeill, Trustee

Bryan Raines, Trustee

Mike Scheidt, Trustee

Dean M. Scheinert, Trustee

Donald A. Smith, Jr., Trustee

Harry A. Papp, Trustee