PSPRS
DEFINED CONTRIBUTION COMMITTEE
MEETING
August 20, 2018

MINUTES

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

Others Present: Mr. Dave DeJonge, Deputy Administrator
Ms. Chrystal Angotti, Senior Executive Assistant
Mr. John Briney, Enterprise Systems Architect
Mr. Timothy Jackson, Compliance Officer
Mr. Jon Chase, Developer
Mrs. Shannon Hatch, Web Design
Mr. Jim Keeler, Arizona Program Director, Nationwide Retirement Solutions
Mr. Mark Kordonsky, Principal & Chief Risk Officer, SageView - Teleconference
Mr. Jake O'Shaughnessy, Managing Director, SageView
Mr. Stuart Payment, Retirement Plan Consultant, SageView - Teleconference
Mr. Michael Galloway, CEO, Galloway Asset Management, LLC
Ms. Nanette Eberhardt, COO, Galloway Asset Management, LLC
Mr. Chris Hoerchler, Regional Vice President, Galloway Asset Management, LLC

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

Mr. William T. Buividis
Committee Chairman

Chairman Buividis called the meeting to order at 2:09 p.m.

2. Review, discussion and possible Approval of the PSPRS Defined Contribution Committee Minutes from May 22, 2018.

Mr. William T. Buividis

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<tr>
<th>MOTION: 1-08/20/2018</th>
<th>2:14 p.m.</th>
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<tbody>
<tr>
<td>Motion:</td>
<td>To approve the minutes of the Arizona PSPRS Defined Contribution Committee from the May 22, 2018 meeting as written</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. Smout</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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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 first quarter; June 30, 2018. The US Stock Markets are in within 1% of the all-time highs. The tariffs on aluminum and steel imports from major trading partners went into effect on June 1, 2018. Mexico, Canada, China and European Union responded in-kind. Broadly speaking, any tariffs are a negative from an economic growth perspective. The immediate direct economic impact from the tariffs implemented thus far remains low. However, additional tariff measures are being considered by the Trump Administration.

The positive momentum in global economic growth has remained intact so far in 2018. Several developed economies experienced some weakness in Q1 and the picture in developing economies has been mixed. Rising global trade tensions, higher interest rates and political uncertainty in several countries (Italy, Turkey, and Argentina) posed downside risks to global growth.

Equity markets around the globe remained volatile amid trade tensions and rising populism in the Euro Zone. US stock markets rebounded from their declines in Q1. Despite certain tariff measures going into effect, investors focused on strong corporate earnings. Emerging market stocks reversed their positive trend from Q1 and experienced some significant weakness due to the stronger US dollar and worries about a potential slowdown in China.

The structure of the 401(a) plan was discussed. As of June 30, 2018, the supplemental 401 (a) shows a very healthy growth and holds $61 million and the elected officials plan holds $4.5 million. The return of the plans are within the expectations and no further funds were discussed.

The Investment Watch List was discussed. It was recommended by SageView to keep BlackRock Inflation Protection Bond on the watch list.

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<th>MOTION:2-08/2018</th>
<th>3:14 p.m.</th>
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<td><strong>Motion:</strong></td>
<td>To accept SageView’s recommendation regarding the watch list.</td>
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**Moved by:** Mr. Jefferies
**Seconded by:** Mr. Smout
**Discussion:** None
**In Favor:** Unanimous
**Motion:** Passes:

4. Nationwide Retirement Solutions (NRS) Quarterly Update

Mr. Jim Keeler Program Director
Nationwide Retirement Solutions

The first quarter Nationwide Retirement Solutions assets for the supplemental plan as of June 30, 2018 is at $17,084,004.97 with 665 participants. The EODCRS Supplemental 401 (a) report shows a total of $4,550,846.02 with 191 participants. The PSPDCRP Plan shows an amount of $51,256,876.87 with 3,271 participants.

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The non-compliant plan listing was presented as of June 30, 2018, we have gone down from 10 employers to 1 employer on this list. The year to date internal transfers out is at $2,707,252.15. The Schwab Personal Choice Retirement Account (PCRA) Quarterly Report was presented. As of June 30, 2018 this plan shows growth. Total PCRA assets reported is $692,386.

5. Update, discussion and possible Action on implementation progress with Public Safety Financial/Galloway.

Mr. Michael Galloway, CEO
Galloway Asset Management, LLC

The Public Safety Financial Galloway Activity Report was presented as of January 1, 2018 through June 30, 2018. There were 23 seminars throughout Arizona State with a total of 415 members in attendance. Details regarding the surveys received are as follows: 95% of the members who attended found the seminar to be informative, 91% of the attendees were motivated to increase 457 personal savings, 90% of the members attended would review investment objectives asset allocations and 46% requested follow-up counseling. The Galloway portfolio program report shows 85 participants with $367,454 assets under management.

An update on the PSPRS mailing campaign was given. Galloway has provided the materials to PSPRS and the mailing has been completed.

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

Mr. Jared A. Smout

There was discussion regarding a statute that creates a 457 Plan that would be restrictive to PSPRS membership. Comments included that there is a state wide 457 Plan for employees and to revisit this topic for discussion in the future on the legislative agenda for next year.

There was discussion from the May 22, 2018 DC Committee Meeting as to whether survivors and beneficiaries are able to roll their assets into the plan separately. After review with the tax consultants, the conclusion was no. This is due to restrictions and because they were never actually members of the plan.

There was discussion from the May 22, 2018 DC Committee Meeting regarding Corrections Officers having to choose their required contribution to the DC Plan, within the first pay period. If PSPRS would like to allow them more time for this decision, this would have to be statutorily allowed. PSPRS would have to seek legislation for this update and consistency between plans.

The language in the DB Plan regarding contributions for members during military service, is currently being reviewed with the possibility of mirroring the DC Plan. There was also discussion regarding the past additional exception added to the DB Plan, which normally would suspend a member’s pension if they accepted a disability re-assignment job. There are some technical changes to the language that are currently being worked on.

PSPRS is required to provide live objective educational training to probation officers who have the choices, PSPRS is going to request to remove the word live and exchange that to interactive, which will allow different methods of delivery.
7. Website Overview.  

Mr. John Briney  
Systems Enterprise Architect

A review of the PSPRS website for the Tier 3 members and the CORP members was given to the members of the DC Committee.

8. Call to the public.

Mr. William T. Buividas

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.

9. Schedule future meeting date(s).

No future meetings were scheduled at this time.

10. Adjournment.

The meeting was adjourned at 4:33 p.m.

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Mr. William T. Buividas, Chairman