ARIZONA PSPRS
DEFINED CONTRIBUTION COMMITTEE
MEETING

January 6, 2017

MINUTES

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

Others Present: Mr. Dave DeJonge, Deputy Administrator
Ms. Ivy Voss, Assistant Attorney General
Mr. Mark Steed, Deputy CIO and Chief of Staff
Mr. Christian Palmer, Communications Director

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

The meeting was called to order by Chairman Buividas at 9:03 a.m.

2. Interview of Investment Advisor/Consultant finalists.

Mr. William T. Buividas
Committee Chairman

Candidate B (Galloway Asset Management) staff introduced each team member and presented an overview of the company. It was stated that fiduciary duty is the cornerstone of everything they do by acting in the best interest of your clients with competitive or less pricing. They contractually accept the fiduciary liability. Also, they cover as many asset classes as possible and analyze components in order to perform better. The candidate suggested to consider piggybacking with as many current managers as possible for better rates and to consider rolling in DROP over time. They can assist by communicating clearly and consistently for fund members with phone calls. Educational videos are possible with Candidate B behind the scenes.

Discussion was held regarding conflict of interest between the DC Plan and their investment advisory services. They responded that they are separate divisions. Their administrative staff members are registered investment advisors. Questions were asked regarding the number of start-ups they have completed and best practices for educating members.

Candidate C (SageView) presented their background and experience with governmental plans and described their investment policy technique, best practices, range of services and research. They will hand select people who best fit PSPRS’ needs. Their governmental practice has its roots in industry governed by ERISA which they apply to all of their practice by acting in the sole interest of the participants with the best opportunities and negotiate the lowest possible costs. They described their process to search for managers, RFP process as well as their experience with start-ups, public agencies and how to handle education of the stakeholders. Questions were asked regarding the issue of risk. The candidate was asked if they are able to be fiduciaries to the Board and the member of the Plan. They responded that it would be a conflict to be both and they would outsource fiduciary duties to a secondary firm. The candidate made several specific suggestions to the members of the committee regarding education of stakeholders. Also discussed were expenses and fees.
Candidate D (Innovest) presented the backgrounds of the principals as well as the types of retirement plans on which they have worked including public safety and government plans. Their approach to the investment process as well as their experience in management and educational programs was summarized. The candidate stated there is a need to define the most important criteria by PSPRS. There was a case study regarding their experiences with a city in Colorado. The due diligence process was discussed as well as development of an education plan by a specialist to assist the candidate in training stakeholders who have to make an irrevocable decision. Communication is important in order to help people with distributions. Fee structure and timelines were topics of discussion.

Lunch break: The Committee adjourned for a 30-minute lunch break. The meeting resumed after the lunch break.

3. Discussion and possible Action regarding the selection of the Investment Advisor/Consultant.

Mr. William T. Buividas

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<tr>
<th>MOTION:1-1/06/17</th>
<th>At 1:35 p.m.</th>
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<tbody>
<tr>
<td>Motion:</td>
<td>To recess Open Session and to meet in Executive Session for advice from our attorney.</td>
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<tr>
<td>Moved by:</td>
<td>Mr. Bryan Jeffries</td>
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<tr>
<td>Seconded by:</td>
<td>Mr. Jared A. Smout</td>
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<tr>
<td>Discussion:</td>
<td>None</td>
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<tr>
<td>In Favor:</td>
<td>Unanimous</td>
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<tr>
<td>Motion:</td>
<td>Passes</td>
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4. Discussion and possible Action on the role and responsibilities of the committee.

Mr. William T. Buividas

Mr. Bryan Jeffries

To add to the agenda for the next meeting.

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

Mr. William T. Buividas

Discussion was held regarding a number of suggested legislative changes to ARS § 38-866 D(1) regarding the DC plan.
6. The Arizona PSPRS Defined Contribution Committee 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)(3), including to receive legal advice from the Committee’s attorneys on any matter listed on the agenda.

7. Call to the Public.

There was no response to the Call to the Public.

8. Schedule future meeting date(s).

The next meeting will be held on Thursday, January 19, 2017 at noon. This will be a work/study meeting.


The meeting was adjourned at 3:50 p.m.

Mr. William T. Buvidas, Chairman, Trustee