### ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
### BOARD OF TRUSTEES GOVERNANCE MANUAL
### TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>SECTION</th>
<th>ADOPTED</th>
<th>LAST AMENDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Proviso</td>
<td>Feb. 23/05</td>
<td>Nov. 29, 2017</td>
</tr>
<tr>
<td>2. Defined Terms</td>
<td>Feb. 23/05</td>
<td>Nov. 29, 2017</td>
</tr>
<tr>
<td>3. Governance Principles</td>
<td>Feb. 23/05</td>
<td>Nov. 29, 2017</td>
</tr>
<tr>
<td>4. Charters</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.01 Board of Trustees Charter</td>
<td>Feb. 23/05</td>
<td>May 1, 2017</td>
</tr>
<tr>
<td>4.02 Charter for the Chair of the Board of Trustees</td>
<td>Feb. 23/05</td>
<td>Mar. 1, 2017</td>
</tr>
<tr>
<td>4.03 Charter of the Vice Chair of the Board of Trustees</td>
<td>Feb. 23/05</td>
<td>Mar. 1, 2017</td>
</tr>
<tr>
<td>4.04 Investment Committee Charter</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.05 Operations, Governance Policy &amp; Audit Committee Charter</td>
<td>Jun. 24/09</td>
<td>Aug. 22, 2017</td>
</tr>
<tr>
<td>4.06 Charter of the Administrator</td>
<td>Feb. 23/05</td>
<td>Oct. 26, 2017</td>
</tr>
<tr>
<td>4.07 Charter of the Independent Investment Consultant</td>
<td>Feb. 23/05</td>
<td>Feb. 28, 2018</td>
</tr>
<tr>
<td>4.08 REMOVED</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.09 Charter of Fiduciary Counsel</td>
<td>Oct. 12/06</td>
<td>Feb. 28, 2018</td>
</tr>
<tr>
<td>4.10 Administrative &amp; Investment Committee Charter</td>
<td>Sep. 22/16</td>
<td>Apr. 26, 2017</td>
</tr>
<tr>
<td>4.11 Advisory Committee Charter</td>
<td>Nov. 10/16</td>
<td>Nov. 29, 2017</td>
</tr>
<tr>
<td>5. Governance Policies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.01 Policy Development Process</td>
<td>Feb. 23/05</td>
<td>Mar. 1, 2017</td>
</tr>
<tr>
<td>5.02 Board of Trustees Communications Policy</td>
<td>Feb. 23/05</td>
<td>Mar. 1, 2017</td>
</tr>
<tr>
<td>5.03 Board of Trustees Operations Policy</td>
<td>Feb. 23/05</td>
<td>Mar. 1, 2017</td>
</tr>
<tr>
<td>5.04 REMOVED</td>
<td></td>
<td>May 26, 2010</td>
</tr>
<tr>
<td>5.05 Planning &amp; Budgeting Process</td>
<td>Feb. 23/05</td>
<td>Mar. 29, 2017</td>
</tr>
<tr>
<td>5.06 Vendor Selection Policy</td>
<td>Feb. 23/05</td>
<td>Mar. 29, 2017</td>
</tr>
<tr>
<td>5.07 Administrator Performance Evaluation Policy</td>
<td>Feb. 23/05</td>
<td>Mar. 29, 2017</td>
</tr>
<tr>
<td>5.08 Trustee Education Policy</td>
<td>Feb. 23/05</td>
<td>Mar. 29, 2017</td>
</tr>
<tr>
<td>5.09 Travel Policy</td>
<td>Feb. 23/05</td>
<td>Feb. 28, 2018</td>
</tr>
<tr>
<td>5.10 Travel Expense Reimbursement Procedures</td>
<td>Feb. 23/05</td>
<td>Apr. 26, 2017</td>
</tr>
<tr>
<td>5.11 Monitoring and Reporting Policy</td>
<td>Feb. 23/05</td>
<td>Feb. 28, 2018</td>
</tr>
<tr>
<td>5.12 Code of Conduct</td>
<td>Feb. 23/05</td>
<td>Feb. 28, 2018</td>
</tr>
<tr>
<td>Section</td>
<td>Adopted</td>
<td>Last Amended</td>
</tr>
<tr>
<td>---------</td>
<td>-----------</td>
<td>--------------</td>
</tr>
<tr>
<td>5.13 Human Resources and Compensation Policy</td>
<td>Feb. 23/05</td>
<td>Nov. 29, 2017</td>
</tr>
<tr>
<td>5.14 Code of Ethics</td>
<td>Feb. 23/05</td>
<td>Nov. 28, 2018</td>
</tr>
</tbody>
</table>
Nothing in this Board of Trustees Governance Manual, including any Charters or Governance Policies described therein, is intended to or shall:

i) create an employment contract;

ii) create or modify any legal duties; or

iii) create or modify any duties or standards of care otherwise imposed by law.

To the extent any provision of this Governance Manual conflicts with any applicable law, including, without limitation, any statute and/or regulation set forth in the Arizona Revised Statutes, the Arizona Administrative Code, the United States Code, the U.S. Code of Federal Regulations, or any controlling federal or Arizona judicial decision, the conflicting provision of this Manual shall not control or be applicable and shall be severable from the remainder of this Manual unless otherwise expressly stated herein.

To the extent any policies of the Board of Trustees effective before the date of this Governance Manual conflict with the policies set forth in this Manual, the terms of this Manual shall control.

To the extent any of their terms do not conflict with this Governance Manual, the (i) Guidelines For Use of Legal Counsel dated September 18, 2000; and (ii) the Public Safety Personnel Retirement System Statement of Investment Policies and Guidelines adopted February 23, 2005 and as amended thereafter shall be incorporated into and be considered part of the terms of this Governance Manual. From and after September 8, 2004, the Charters and Policies of this Governance Manual shall serve to repeal (a) the Board of Trustees’ Statement of Administrative Policy dated November 22, 1983; and (b) the June 17, 1998 Board of Trustees’ Statement of Objectives. Should any of the terms of the guidelines, statements and/or codes referenced in subparagraphs (i) through (ii) of this paragraph conflict with the terms of this Governance Manual, the terms of this Manual shall control.
ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

GOVERNANCE MANUAL

DEFINED TERMS

For the purposes of the Governance Manual:

1) "PSPRS" shall be defined as the Public Safety Personnel Retirement System of Arizona.

2) "PSPRS Plan" shall be defined as the Public Safety Personnel Retirement System pension plan.

3) "CORP" shall be defined as Corrections Officer Retirement Plan.

4) "EORP" shall be defined as the Elected Officials' Retirement Plan.

5) "Plans" shall be defined as the PSPRS Plan, the CORP and the EORP.

6) "Plan members" shall be defined as the members of the Plans.

7) "PSPRS Fund" shall be defined as the public safety personnel retirement fund, which is the fund established to receive and invest contributions accumulated under the system and from which benefits are paid.

8) "CORP Fund" shall be defined as Corrections Officer Retirement Plan fund.

9) "EORP Fund" shall be defined as the Elected Officials' Retirement Plan fund.

10) "Funds" shall be defined as the PSPRS Fund, the CORP Fund, and the EORP Fund.

11) "System" shall be defined as the Public Safety Personnel Retirement System established under Chapter 5, Article 4 of the Arizona Revised Statutes.

12) "Board of Trustees" shall be defined as the board of trustees of the Public Safety Personnel Retirement System, comprised of the persons appointed by the Governor, President of the Senate or Speaker of the House of Representatives, to administer, invest and operate the Funds.

13) A "Trustee" shall be defined as a person appointed by the Governor, President of the Senate or Speaker of the House of Representatives to serve on the Board of Trustees.

14) "Local Board" shall be defined as the retirement board of the employer, who are the persons appointed to administer benefits as it applies to their members in the System.

15) "ARS" shall be defined as the Arizona Revised Statutes.
The following fundamental governance principles guided the Board of Trustees in the development of the Charters and Policies contained in this Governance Manual.

1) Good governance requires documented responsibilities that provide a clear and meaningful distinction between the roles of the Board of Trustees and of staff.

2) The Board of Trustees best serves the System when it focuses on oversight and policy, as opposed to operational details and activities.

3) Given the complexity of public retirement systems, effective governance demands prudent delegation of authority to staff.

4) The role of the Administrator is to focus on implementation of Board of Trustees policy, and the day-to-day oversight of the System.

5) Board of Trustees delegation must be accompanied by appropriate policy guidance and supervision.

6) Board of Trustees delegation must be accompanied by commensurate authority and sufficient resources.

7) The Board of Trustees has power and authority as a group, not as individuals.

8) A single Administrator accountable to the Board of Trustees best supports excellence in the governance and administration of the System.

9) The governance and organizational structures should separate implementation from supervision.

10) The Board of Trustees itself is best positioned to hold itself and its members accountable for meeting high standards of fiduciary excellence.

11) An effective system of governance must contain a system of checks and balances to assure the integrity of the decision-making process.
ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

4.01 BOARD OF TRUSTEES CHARTER

INTRODUCTION

1) The Board of Trustees is charged with the responsibilities of administration, investment and protection of the monies entrusted to its care and with the operation and administration of the Public Safety Personnel Retirement System (the “System”) and its associated defined benefit retirement plans, the Elected Officials’ Retirement Plan (“EORP”), and the Corrections Officer Retirement Plan (“CORP”) (collectively, the “Plans”), along with the related defined contribution plans, their individual disability programs and the Public Safety Cancer Insurance Policy Program.

2) The Board of Trustees employs an Administrator to implement policy and carry out the operational management of the System, the Plans, and the group trust (the “Trust”) formed by the Plans to commingle their assets for purposes of investment. The Board of Trustees is also required to employ certain advisors and service providers. (A.R.S. §38-848 (M))

3) The Board of Trustees is permitted to delegate authority to the Administrator and its advisors and services providers as it deems prudent and necessary. Such delegation of authority, however, does not relieve the Board of Trustees of its own fiduciary responsibility, which requires the Board of Trustees to select and monitor the Administrator, advisors and services providers in a prudent manner that is consistent with its fiduciary obligations.

4) To assure that the accountability and authority for the governance and the management of the Funds are clearly stated, the Board of Trustees has established Charters describing the roles and responsibilities of the key decision-making bodies within the System.

5) In investing and managing the Funds, trustees shall exercise the judgment and care under the circumstances then prevailing which persons of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income from their funds as well as the probable safety of their capital (per Section 38-848 of the Arizona Revised Statutes.). The Board of Trustees is also subject to various investment restrictions set out in Section 38-848 and 38-848.03 of the Arizona Revised Statutes.

6) A portion of the administration of the pension benefits provided for under the System and CORP has been assigned to Local Boards by statute, with the System providing the remainder of administration service. The Board of Trustees, however, is fully responsible for the administration of benefits for the EORP.
**Governance**

7) The Board of Trustees will:

   a) Establish the general direction and objectives of the System as may be expressed by a mission statement, organizational goals and objectives, or similar statements.

   b) Approve Charters describing the roles and responsibilities of the Board of Trustees, the officers of the Board of Trustees, any Committees of the Board of Trustees, the Administrator, the independent investment consultant, and fiduciary counsel, and amend said Charters as appropriate;

   c) Approve, and amend as necessary, policies to assure appropriate governance practices;

   d) Provide for a Chair and Vice Chair of the Board of Trustees;

   e) Ratify persons to serve as Committee members and chairs, as selected by the Chair;

   f) Assure that a fiduciary education and orientation program is in place to assist trustees in securing the knowledge required to properly execute their duties as fiduciaries.

**Investments**

8) The Board of Trustees shall assure that the Funds are deposited and held by a qualified bank/trustee. (A.R.S. §38-848(D))

9) The Board of Trustees shall establish and periodically review a written statement of investment policy.

10) The Board of Trustees shall approve, as necessary, investment strategies for achieving the Fund objectives.

11) The Board of Trustees will conduct a study of the relationship between the assets and liabilities of the Plans and Trust not less than every three years.

**Benefit Administration**

12) With respect to the Plans, the Board of Trustees will:

   a) Approve policies to assure effective administration of member benefits.

   b) Direct that the Administrator will assure the accurate payment of benefits to members.

13) The Board of Trustees will delegate to the Administrator the responsibility to review the decisions of Local Boards. The Administrator may elect to appear before Local Boards, courts, or political subdivisions of Arizona through counsel or appointed representatives. (A.R.S. §38-848(J)(7))
14) With respect to the EORP, the Board of Trustees will:

a) Approve all retirement and other benefits of members who apply and are found qualified for them;

b) Determine the merits of applications for disability benefits, making necessary determinations with respect to service, causation, and permanency of injury;

c) Provide for and act on member appeals of decisions made by the System staff.

OPERATIONS

15) The Board of Trustees will:

a) Approve the basic organizational structure of the System (e.g., senior management positions and/or departments);

b) Review and approve an annual strategic and/or business plan and any updates thereto, as deemed appropriate;

c) Review and approve an annual administrative budget, including any budget amendments;

d) Direct that all required contributions to the Fund are collected in a timely manner;

e) Direct that all required distributions from the Fund are made in a timely manner;

f) Approve the location of the System’s head office and any satellite offices and the associated leases; and

g) Approve a business continuity plan.

FINANCIAL, ACTUARIAL REVIEW AND ACCOUNTING

16) The Board of Trustees will:

a) Assure that appropriate accounting and internal financial control policies and reporting systems are in place.

b) Assure that investment expenses and operational and administrative expenses of the Board of Trustees are accounted for separately and allocated against investment income. (A.R.S. §38-848(K))

c) Assure that a financial audit of each Plan is conducted at least annually, approve the annual audited financial statements for each, and delegate to the Administrator the responsibility to review any Management Letters prepared by the auditor.

d) Assure an actuarial experience study is conducted at least every five (5) years, covering, among other things, mortality, service, and compensation experience of
the members and beneficiaries of the Plans. The Board of Trustees shall adopt the mortality, service and other tables prepared by the actuary. (A.R.S. §38-848(S))

e) Assure that an actuary makes a valuation of the assets and liabilities of the Plans of the System not less frequently than every year, based on the assumptions and tables established in the actuarial experience study. (A.R.S. §38-848(T))

f) Deliver a report to the Governor, the Speaker of the House of Representatives, and the President of the Senate on the financial status and contribution rate for each Fund for the ensuing fiscal year. The report is to be delivered by December 15th of each year. (A.R.S. §38-848(T))

g) The Board of Trustees, or a Committee of the Board as appropriate will meet with the Compliance and Internal Audit Officers periodically to:

i) Discuss progress with the internal audit plan and to discuss the Compliance and Internal Audit Officers’ findings to date; and

ii) Adopt a new audit plan for the upcoming year.

h) Assure an actuarial audit or equivalent is conducted at least every seven (7) years.

**PERSONNEL ADMINISTRATION**

17) The Board of Trustees will:

a) Appoint the Administrator, who serves at the pleasure of the Board of Trustees, and set his/her compensation, and approve his/her employment agreement.

b) Provide input to the Administrator into the hiring, performance, compensation and, if necessary, termination of the Deputy and Assistant Administrators, if the Board elects to have Assistant Administrators, the Chief Investment Officer, the Compliance Officer and the Internal Auditor.

c) Discuss the System’s succession planning with the Administrator during the Administrator’s annual performance review.

d) Approve a personnel administration and compensation policy, addressing at a minimum:

i) General principles that will guide the System’s personnel administration; and

ii) The compensation philosophy and guidelines of the System, including compensation goals and objectives, relevant comparison groups and target compensation levels.

e) Review the performance of the Administrator in accordance with standard criteria and approve any compensation changes that may be applicable and approve his/her employment agreement and any extensions thereof.
COMMUNICATIONS

18) The Board of Trustees will:

   a) Assure reasonable steps are undertaken to foster effective communications between the Board of Trustees, the System, Local Boards, employers, Plan members and stakeholder groups;

   b) Assure that a Comprehensive Annual Financial Report for each Plan is provided to the Governor and the Legislature, and make them available via the PSPRS website to Local Boards, employers, Plan members, and other interested parties. The Report shall meet the content requirements set out in A.R.S. §38-848(J);

   c) Assure that the results of the actuarial valuations are reported to the Local Boards and employers via the PSPRS website; and

   d) Assure that the Annual Member Statements are available through secure online methods to any members who want them.

SERVICE PROVIDERS AND CONSULTANTS

19) The Board of Trustees will participate in the selection of, and appoint, and may terminate, key service providers as specified in the Vendor Selection Policy. At a minimum, such service providers include the following:

   a) An actuary (who shall be a member of a nationally recognized association or society of actuaries; (A.R.S. §38-848(M)(5))

   b) An independent financial auditor; (A.R.S. §38-848(M)(3))

   c) A legal and fiduciary counsel;¹

   d) One or more investment consultants; (A.R.S. §38-848(M)(3))

   e) A trustee/custodian; (A.R.S. §38-848(J)(6))

   f) Lobbyists as needed; and

   g) Any other service providers that are retained to advise the Board.

20) The Board of Trustees will establish procedures and guidelines for contracts with the service providers listed above (A.R.S. §38-848(M)(7)), as well as for investment partners.

21) The Board of Trustees will review and approve annual contracts with the service providers listed above. (A.R.S. §388-48(N)(7))

¹ The Board of Trustees may appoint one or more firms to serve in the capacity of legal counsel and fiduciary counsel, or both. Choice of legal counsel and fiduciary counsel must be approved by the State Attorney General (A.R.S. §38.848(N)).
LEGAL AFFAIRS

22) The Board of Trustees may:
   a) Approve the commencement, settlement and termination of litigation involving the System or the Plans, based upon the recommendations of the Administrator and legal and/or fiduciary counsel; or
   b) Delegate to the Administrator, in whole or in part, the authority for commencing, settling, or terminating litigation involving the System or the Plans, subject to policies and procedures established by the Board of Trustees. The Board shall be apprised of all such litigation matters in a timely manner; or
   c) Delegate to an investment partner, pursuant to the terms of a controlling partnership agreement, in whole or in part, the authority for commencing, settling or terminating litigation involving the investment partnership. The Board shall be apprised of all such litigation matters in a timely manner.

23) The Board of Trustees may initiate, support or oppose legislative proposals affecting the System or the Plans, and may direct staff, trustees or the System’s lobbyists to represent the Board of Trustees in this regard. No individual trustee or staff member is authorized to represent the Board without the consent of the Board.

MONITORING AND REPORTING

24) The Board of Trustees, with the assistance of the Compliance Officer and the Administrator as appropriate, will be responsible for monitoring the following:
   a) Compliance with applicable laws and regulations;
   b) The funded status of the Plans;
   c) General compliance and appropriateness of all Board of Trustees policies and Charters;
   d) The investment performance of the Trust, each asset class within the Trust, and the investment managers of the Trust;
   e) Investment costs, including trading and execution costs;
   f) The levels of service quality provided to Plan members through periodic surveys or other methods of assessing member satisfaction;
   g) The implementation of the System’s strategic plan;
   h) Compliance with the Administrative Budget;
   i) Compliance with the System’s internal financial and operating controls;
   j) The appropriateness of the actuarial assumptions, methods, and related matters;
k) The validity and accuracy of the actuarial valuation results, through a periodic actuarial audit;

l) The performance of the Board’s advisors and service providers including at a minimum the actuary, the financial auditor, the investment consultants, and the custodian.

25) The Board of Trustees will require that the Administrator provide all routine reports that are necessary to assure full disclosure and transparency to the Board of all System operations and functions.

**CHARTER REVIEW**

26) The Board of Trustees shall review this Charter at least every three years.

**CHARTER HISTORY**

27) This Charter was approved by the Board of Trustees on February 23, 2005. This Charter was amended by the Board of Trustees on October 12, 2006, on June 24, 2009, on June 27, 2012, and on May 31, 2017.
ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

4.02 CHARTER FOR THE CHAIR OF THE BOARD OF TRUSTEES

INTRODUCTION

1) The role of the Chair is to provide leadership for the Board of Trustees, to assist in the coordination of the affairs of the Board, and to preside at Board meetings.

DUTIES AND RESPONSIBILITIES

2) The Chair will exercise the powers and perform the duties and functions as specified herein:

   a) As the need arises, establish Committees of the Board of Trustees, subject to Board ratification.

   b) Select persons to serve as chairs, co-chairs and members on Committees, subject to Board ratification.

   c) Approve the agenda for each Board of Trustees meeting.

   d) Preside at all Board of Trustees meetings, assuring that such meetings are conducted efficiently and in accordance with Board policies, and open meeting laws. The Chair shall refer to Robert’s Rules of Order Newly Revised to resolve any disagreements that cannot otherwise be resolved.

   e) Act as the spokesperson for the Board of Trustees and the System, or designate a spokesperson as appropriate.

   f) Be available to support Committee chairs in the exercise of their duties.

   g) Coordinate the annual performance review of the Administrator.

CHARTER REVIEW

3) The Board of Trustees shall review this Charter at least every three years.

CHARTER HISTORY

4) This Charter was approved by the Board of Trustees on February 23, 2005. The Charter was amended by the Board of Trustees on June 24, 2009 and on June 27, 2012. It was reviewed by the Board of Trustees on March 1, 2017 but no changes were made.
ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

4.03 CHARTER OF THE VICE-CHAIR OF THE BOARD OF TRUSTEES

INTRODUCTION

1) The role of the Vice Chair is to assure continuity in the leadership of the Board of Trustees by exercising the powers of the Chair when the Chair is either absent, unwilling, or unable to perform his/ her duties or complete his/her term.

DUTIES AND RESPONSIBILITIES

2) The Vice-Chair will exercise the powers and will perform the duties and functions as specified herein:

   a) Temporarily assume the duties of the Chair when the Chair is absent.

   b) Assume the position of Chair for the balance of the term of the Chair, in the event the Chair becomes ineligible, unable, or unwilling to complete his or her term.

CHARTER REVIEW

3) The Board of Trustees shall review this Charter at least every three years.

CHARTER HISTORY

4) This Charter was approved by the Board of Trustees on February 23, 2005. The Charter was amended by the Board of Trustees on June 24, 2009 and on June 27, 2012. It was reviewed by the Board of Trustees on March 1, 2017 but no changes were made.
INTRODUCTION

1) The Board of Trustees has established an Investment Committee, which is a standing Committee of the Board of Trustees, and is intended to assist the Board of Trustees in overseeing the investment program of the Plans and the Trust.

2) The Investment Committee will be comprised of less than a quorum of the Board of Trustees.

3) This Charter sets out the responsibilities and related requirements of the Investment Committee.

MEETINGS

4) The Investment Committee will meet monthly, but may meet more or less frequently as required.

5) The Chair of the Investment Committee will approve each meeting agenda.

6) A quorum for committee meetings shall be a majority of Committee members.

7) The Investment Committee will abide by the Board of Trustees Operations Policy and the open meeting laws of the State of Arizona.

COMMITTEE RESPONSIBILITIES

8) With the assistance, advice, and recommendations of staff and appropriate investment advisors, the Investment Committee will provide the following support to the Board of Trustees:

   a) Periodically review the Statement of Investment Policy and any other investment policies of the Board of Trustees, and recommend modifications to the Board of Trustees as necessary.

   b) Recommend broad investment strategies for the Trust, and, as appropriate, any changes to such strategies.

   c) Review the due diligence activities and recommendations of staff and investment advisors as to the selection or termination of the custodian, investment managers, investment partners, and investment consultants retained to advise the Investment Committee and/or the Board of Trustees, and in turn provide Committee recommendations to the Board regarding same. It is the Trustees’ duty to monitor the System’s investments generally, but not to become involved in the day-to-day diligence and negotiation of investments of the System.
d) Monitor the activities and performance of the Trust, including at a minimum:
   i) Compliance with the investment policies of the Trust.
   ii) Compliance with the investment strategies of the Trust.
   iii) Investment performance of the Trust, each asset class of the Trust, and each investment manager and investment partner of the Trust.
   iv) Performance of the investment consultants advising the Investment Committee and/or the Board of Trustees.

9) The Investment Committee is expected to report to the Board of Trustees on approximately a monthly basis. Reporting by the Investment Committee shall include at a minimum:
   a) Investment Committee meeting minutes.
   b) Detailed quarterly investment performance reports.
   c) Updates of Investment Committee business activities and recommendations.

10) The Board of Trustees may grant the Investment Committee authority to take any other actions the Board of Trustees deems appropriate.

CHARTER REVIEW

11) The Board of Trustees shall review this Charter at least every three years.

CHARTER HISTORY

12) This Charter was approved by the Board of Trustees on June 24, 2009. This Charter was amended by the Board of Trustees on June 27, 2012 and February 28, 2018.
**INTRODUCTION**

1) The Board of Trustees has created an Operations, Governance Policy & Audit Committee ("the OGPAC") which is a standing Committee of the Board of Trustees, and is intended to assist the Board of Trustees in overseeing the operations, governance and audit functions of the System.

2) The OGPAC will be comprised of less than a quorum of the Board of Trustees.

3) This Charter sets out the responsibilities and related requirements of the OGPAC.

**MEETINGS**

4) The OGPAC will meet as necessary.

5) The Chair of the OGPAC will approve each meeting agenda.

6) A quorum for Committee meetings shall be a majority of Committee members.

7) The OGPAC will abide by the Board of Trustees Operations Policy and the open meeting laws of the State of Arizona.

**SCOPE AND RESPONSIBILITIES OF THE COMMITTEE**

8) With the assistance, advice, and recommendations of staff and appropriate advisors, the OGPAC will provide support to the Board of Trustees in overseeing the following aspects of the System:

   a) The strategic planning process.

   b) The administrative budget process.

   c) Board governance.

   d) Personnel Administration.

   e) Accounting and actuarial practices.

   f) Benefit administration, operations, and communications.

   g) Review and approval of legislative initiatives of the System and oversight of legislation that would impact the System’s Plans and/or its participants and beneficiaries.

   h) The compliance and audit functions.
9) Specific responsibilities of the OGPAC include:
   
   a) Reviewing the Strategic Plan recommended by management and submitting the Plan to the Board of Trustees for its review and consideration.
   
   b) Reviewing the Administrative Budget recommended by management, along with any amendments thereto, and submitting the budget and any amendments to the Board of Trustees for its review and consideration.
   
   c) Reviewing new or revised policies recommended by management concerning Board governance, personnel administration, accounting, funding, benefit administration, and operations; and in turn submitting them to the Board of Trustees for its review and consideration.
   
   d) Reviewing the due diligence activities and recommendations of management as to the selection or termination of the following service providers and advisors:
      
      i) The Actuary
      
      ii) Legal Counsel
      
      iii) Auditors
      
   e) Overseeing the internal and financial audit functions, and the compliance function, as further described in Appendix A to this Charter.
   
10) The OGPAC will assist the Board of Trustees in overseeing the System by monitoring:

   a) The implementation of the Strategic Plan.

   b) Compliance with the Administrative Budget.

   c) Compliance with all policies pertaining to Board governance, personnel administration, accounting and actuarial practices, benefit administration, operations, and communications.

   d) Service quality to members and stakeholders.

   e) Performance of service providers and advisors listed in paragraph 8. d) above.

11) The OGPAC will review all monthly billings for legal services.

12) The OGPAC is expected to report to the Board of Trustees on a regular basis. Reporting by the OGPAC shall include at a minimum:

   a) OGPAC meeting minutes.

   b) Administrative budget compliance reports.

   c) Progress reports involving the Strategic Plan.
d) Updates of OGPAC business activities and recommendations.

13) The Board of Trustees may grant the OGPAC authority to take any other actions the Board of Trustees deems appropriate.

**CHARTER REVIEW**

14) The Board of Trustees shall review this Charter and related appendices at least every three years.

**CHARTER HISTORY**

15) This Charter was approved by the Board of Trustees on June 24, 2009. This Charter was amended by the Board of Trustees on June 27, 2012.
Appendix A

Specific Audit Functions of the Operations, Governance Policy & Audit Committee

PURPOSE

1) Given the scope and significance of the OGPAC’s audit-related duties, they have been listed separately in this appendix to the OGPAC’s Charter. This Appendix constitutes an integral part of the OGPAC’s mandate.

2) This Appendix sets out both the authority of the OGPAC with respect to the audit function, and the specific audit function responsibilities of the OGPAC including:
   a) The financial reporting process;
   b) The system of internal controls;
   c) The external and internal audit processes; and
   d) The System’s process for monitoring compliance with laws, regulations, and the code of conduct.

COMMITTEE AUTHORITY

3) The OGPAC has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:
   a) Recommend the appointment of, and oversee the work of, the certified public accounting firm employed by the System to audit the financial statements.
   b) Recommend the appointment of, and oversee the work of, any other certified public accounting firm employed by the System to perform any audits or agreed-upon-procedures other than the audit of the financial statements.
   c) Seek any information it requires from employees of the System, all of whom are directed to comply with requests of the OGPAC and requests of external parties reporting to the OGPAC.
   d) Meet as necessary with senior management, external auditors, internal auditors, legal counsel, or specialists to carry out the OGPAC’s mandate.
   e) Provide input to the Administrator into the hiring, performance, compensation and, if necessary, termination of the Compliance Officer and the Internal Audit Officer, as per the Personnel Administration section of the Board of Trustees Charter.
   f) Communicate with the Board of Trustees regarding the System’s ethics policies, code of conduct, and fraud policy, as they relate to internal controls, financial reporting, and audit activities.
COMMITTEE RESPONSIBILITIES

Financial Statements

4) The OGPAC will:
   a) Review as appropriate significant accounting and reporting issues including complex or unusual transactions and recent professional and regulatory pronouncements, and determine their impact on the financial statements.
   b) Review as appropriate all significant adjustments or suggestions for improvement proposed by the financial auditor and the internal auditor.
   c) Review as appropriate with counsel the status of legal matters that may have an effect on the financial statements.
   d) Review as appropriate the annual financial statements and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
   e) Review as appropriate for accuracy and completeness the other sections of the Comprehensive Annual Financial Report and related regulatory filings prior to their release.
   f) Review as appropriate with management and the external auditors all matters required to be communicated to the OGPAC or the Board of Trustees under Generally Accepted Auditing Standards.

External Financial Statement Audit

5) The OGPAC will:
   a) Review as appropriate the external auditor’s proposed audit scope and approach, including coordination of audit efforts with internal audit.
   b) Define the services that the external financial auditor is to perform.
   c) Review as appropriate the results of the financial audit with management, external auditors, and internal auditors.
   d) Review as appropriate and recommend to the Board of Trustees the audited financial statements, associated management letter, required communications, and other related reports as necessary.
   e) Meet separately with the external auditors to discuss any matters that the OGPAC or the auditors believe should be discussed privately, consistent with applicable open meeting laws.
Engagements with Other External Audit Firms

6) The OGPAC will:
   a) Review as appropriate proposed audits, procedures, scope, approach, and coordination with internal audit.
   b) Review as appropriate the performance of other external auditors.
   c) Review as appropriate the audit reports prepared by other external auditors.
   d) Meet separately with the other external auditors to discuss any matters that the Committee or auditors believe should be discussed privately, consistent with open meeting laws.

Internal Audit

7) The OGPAC will:
   a) Assure that internal auditors have access to all necessary documents, information, and systems in the organization.
   b) Receive and review all internal audit reports and management letters.
   c) Assure follow-up of audit findings.
   d) Review as appropriate the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing.
   e) Meet separately with the Internal Audit Officer on a regular basis to discuss any matters that the OGPAC or the Internal Audit Officer believe should be discussed privately, consistent with open meeting laws.

Compliance

8) The OGPAC will:
   a) Review as appropriate the effectiveness of the system for monitoring compliance with laws and regulations, and for addressing the results of management's investigations and follow-up (including disciplinary action) concerning instances of noncompliance.
   b) Review as appropriate the findings of any examinations by regulatory agencies.
   c) Review as appropriate the process for communicating the ethics policy, code of conduct, and fraud policy to personnel of the System, and for monitoring compliance therewith.
   d) Obtain updates from management and the Compliance Officer regarding compliance matters.
Other Responsibilities

9) The OGPAC will:
   a) Provide an open avenue of communication between internal audit, external financial auditors, other external auditors, and the Board of Trustees.
   b) Institute and oversee special investigations as needed.
   c) Review the independence of the external financial auditors and other external auditors.
   d) Assure and maintain, through the organizational structure of the System and by other necessary means, the independence of the internal audit process.
   e) Recommend a policy setting out an appropriate and confidential mechanism for whistleblowers to provide information on potentially fraudulent financial reporting or breeches of internal control to the Committee.

Appendix Review

10) This appendix forms part of the OGPAC’s Charter and will be reviewed with the same required frequency.
INTRODUCTION

1) The Board of Trustees has delegated to the Administrator responsibility for the operational management of the System, Plans and Trust consistent with the policies of the Board of Trustees and the Board of Trustee’s delegations of authority. The Administrator’s executive responsibilities extend to all functions of the System, Plans and Trust.

2) The Administrator will provide leadership for the System staff in implementing the programs necessary to achieve the mission, goals and objectives established by the Board of Trustees. The Administrator will manage the day-to-day affairs of the System, Plans and Trust in accordance with applicable legislation and the policies established by the Board of Trustees.

3) The Administrator may delegate the duties described herein to senior management in order to assure maximum effectiveness in the System’s operations, proper supervision, and separation of duties. Notwithstanding any such delegation, the Administrator shall remain ultimately accountable to the Board of Trustees for the operations of the System, Plans and Trust.

4) The Administrator will provide support to the Board of Trustees in establishing all policies of the. Such support will include identifying and analyzing issues requiring policy decisions and providing policy recommendations for consideration by the Board or its Committees. The Administrator will be responsible for assuring that all policies are implemented.

5) An Assistant Administrator or Deputy Administrator shall act in the above manner in the absence of the Administrator.

GOVERNANCE SUPPORT TO THE BOARD OF TRUSTEES

6) The Administrator will:

a) Recommend to the Board of Trustees, as necessary, the following:

i) General direction and objectives of the System as may be expressed by a mission statement, organizational goals and objectives, or similar statements.

ii) Charters describing the roles and responsibilities of the System’s decision-making bodies.

iii) Policies to assure appropriate governance practices.

b) Assist the Board of Trustees in implementing its governance policies and Charters;
c) Provide all support in arranging and co-ordinating Board of Trustees and Committee meetings, and related presentations and materials.

d) Support the Board of Trustees’ fiduciary education and orientation program.

e) Coordinate trustees’ travel requirements.

**INVESTMENTS**

7) The Administrator is responsible for supervising, monitoring, and overseeing the Chief Investment Officer (CIO), who in turn is responsible for investing the assets of the System subject to applicable legislation and the policies, rules, and direction of the Board of Trustees. Among other things, the CIO, under the oversight of the Administrator, will:

a) In conjunction with the Board’s Investment Consultant, Recommend to the Board of Trustees a written statement of investment policy;

b) Recommend to the Board of Trustees investment strategies for achieving Fund objectives;

c) Implement investment policy and strategies by developing investment manager structures, and recommending to the Board of Trustees the number and size of investment manager mandates;

d) Execute portfolio rebalancing and transitions;

e) Coordinate studies of the relationship between the assets and liabilities of the Plans and Trust;

f) Conduct or oversee all necessary due diligence involving investment managers and partners;

g) Monitor fund and manager performance and the continued suitability of investment managers; and

h) Conduct research into investment trends, issues, and opportunities that may have implications for the investment program of the Plans and Trust.

8) In monitoring the CIO, the Administrator will review the compliance reports of the Compliance Officer and assure that the Board of Trustees is promptly made aware of any material concerns.

9) Should professional differences arise between the Administrator and CIO concerning the policies, strategies, direction or administration of the investment program, these issues will be discussed with the Board of Trustees, which is ultimately responsible for the investment program.

**BENEFITS ADMINISTRATION**

10) With respect to the Plans, the Administrator will:
a) Assure effective and efficient administration of member benefits;

b) Assure accurate payment of benefits to members, and address problems or errors in accordance with established policies and procedures;

c) Maintain accurate records of member accounts;

d) Process Plan member retirements and other benefits and buy-back options;

e) Assure delivery of high quality service to members including calculations and counselling; and

f) Review the decisions of Local Boards in order to protect the Funds. The Administrator, or a delegate, may appear before Local Boards, courts, or political subdivisions of Arizona for purposes of challenging or reviewing such decisions.

11) With respect to the EORP, the Administrator will:

a) Present to the Board of Trustees all members who apply and are found qualified for service retirement; and

b) Present to the Board of Trustees any benefit applications or provisions that require a Board interpretation or decision, along with supporting analysis and recommendations.

ADMINISTRATIVE OPERATIONS

12) The Administrator will:

a) Develop and recommend to the Board of Trustees:

i) The basic organizational structure of the System (e.g., senior management positions and/or departments).

ii) A strategic and/or business plan and any updates thereto.

iii) The annual administrative budget, including any budget amendments.

b) Authorize payments related to the administration of the System, consistent with the Administrative Budget and internal controls of the System;

c) Account for and assure appropriate collection, deposit, and distribution of Trust funds as required;

d) Implement internal operational control policies;

e) Assure the appropriate design, acquisition, implementation, and maintenance of all technological systems required for the functioning of the System and Plans;
f) Recommend to the Board of Trustees any changes to the location of the System’s administrative offices, and any satellite offices and associated leases, as necessary;

g) Review the internal audit plan as developed by the Internal Audit Officer, and recommend any changes deemed necessary;

h) Recommend for approval a trustee and staff travel policy to the Board of Trustees (through the Operations, Governance Policy & Audit Committee); and

i) Develop a business continuity plan for the System for approval by the Board of Trustees.

FINANCE, ACTUARIAL REPORTING AND ACCOUNTING

13) The Administrator will:

a) Establish and maintain an adequate system of accounts and records for the System and Plans, which shall be integrated with the employers’ accounting systems;

b) As recommended by the Internal Audit Officer, implement appropriate internal financial and accounting controls to safeguard the Trust assets;

c) Coordinate the annual financial audit;

d) Prepare Comprehensive Annual Financial Reports, on the operations of the Plans and Trust that meet the content requirements of A.R.S. §38-848(L), and provide such report to the Governor and the Legislature as required;

e) Coordinate the actuarial valuations, periodic actuarial experience studies, and actuarial audits;

f) Provide, for the Board of Trustees’ approval, reports on the financial status and contribution rate for the Plans, and provide such reports to the Governor, the Speaker of the House of Representatives, and the President of the Senate in accordance with the state’s budget process and statutes; and

g) Supervise the Internal Audit Officer in carrying out the internal audit plan, and assure the Internal Audit Officer has the necessary resources and access to the information of the System, Plans and Trust. The Administrator may direct the Internal Audit Officer to add supplementary tasks to the internal audit plan, where sufficient resources are available.²

PERSONNEL ADMINISTRATION

14) The Administrator will:

² The internal audit plan is approved annually by the Board of Trustees, as recommended by the Internal Audit Officer.
a) Recommend a human resources and compensation policy to the Board of Trustees (through the Operations, Governance Policy & Audit Committee), which addresses at a minimum:

i) General principles that will guide the management of the Systems’ personnel.

ii) The compensation philosophy and guidelines of the System, including compensation goals and objectives, relevant comparison groups and target compensation levels.

b) Regularly assess the personnel needs of the System and establish appropriate human resource programs and procedures, consistent with the personnel and compensation policy of the Board of Trustees;

c) In accordance with 4.01 Board of Trustee Charter, allow the Board of Trustees to provide input into the hiring, performance, compensation and, if necessary, termination of the Deputy or Assistant Administrators, Chief Investment Officer, Compliance Officer and Internal Audit Officer.

d) Discuss the System’s succession planning with the Board of Trustees annually during the Administrator’s performance review; and

e) Oversee senior management in the hiring, management, and termination of staff.

COMMUNICATIONS

15) The Administrator will:

a) Assure effective and timely communications and working relationships with Plan members, Local Boards, and employers on benefits and other appropriate matters relating to the administration of the System;

b) Assure that the Comprehensive Annual Financial Reports of the Plans are provided to the Governor and the Legislature, and make them available via the PSPRS website to Local Boards, Plan members and other interested parties;

c) Assure that the Annual Member Statements are available through secure online methods to all members who want them;

d) Provide the annual actuarial valuations to the Local Boards and employers via the PSPRS website or otherwise; and

e) Act as official spokesperson for the System, when and as designated by the Chair to do so.

LITIGATION

16) The Administrator will:
a) Together with legal counsel and/or fiduciary, recommend to the Board of Trustees for its approval the commencement, settlement and termination of all litigation involving the System or Plans, unless such has been delegated to the Administrator, or to an investment partner pursuant to the terms of a controlling partnership agreement;

b) Coordinate with legal counsel and/or fiduciary on all legal proceedings involving the System or Plans;

c) Take whatever steps may be necessary to comply with court rulings; and

d) Report to the Board of Trustees in a timely manner on all legal actions involving the System or Plans, including litigation involving any of the Trust’s investment partnerships.

**LEGISLATION AFFECTING THE SYSTEM**

17) The Administrator will:

   a) Monitor new or proposed changes to legislation that could affect the System or its Plans;

   b) Initiate, support or oppose legislative proposals affecting the System or its Plans, as directed by the Board of Trustees; and

   c) Provide information as requested to the Legislature on the impact of proposed legislation, consistent with the policies of the Board of Trustees.

**APPOINTMENT OF SERVICE PROVIDERS**

18) The Administrator will assure that proper due diligence is performed with respect to all service providers, and will appoint or recommend the appointment of service providers who will contract with the Board of Trustees as provided for in the Vendor Selection Policy.

19) The Administrator will recommend to the Board of Trustees for its approval policies and procedures with respect to the search for, and selection of, key service providers, including actuaries, auditors, investment managers, legal counsel, fiduciary counsel, and custodians. (A.R.S. §38-848(M)(7))

20) The Administrator will assist the Board of Trustees, or a designated Committee of the Board, in the search for, and selection of, key service providers, in accordance with the policies of the Board.

21) The Administrator will recommend to the Board of Trustees contracts for the System’s actuaries, auditors, investment counsel, legal and/or fiduciary counsel and custodians. (A.R.S. §38-848(N)(7))
**MONITORING AND REPORTING**

22) The Administrator will provide the Board of Trustees with relevant, appropriate and timely information to enable the Board to properly carry out its oversight responsibilities. Furthermore, the Administrator will apprise the Board in a timely manner of all significant issues, problems, or developments pertaining to the System, Plans and Trust, and provide recommended courses of action as appropriate.

23) The Administrator will provide relevant, appropriate and timely responses to requests for information from any individual trustee, subject to any conditions set out in the policies of the Board of Trustees.

24) The Administrator will provide all routine reports that are necessary to assure full disclosure and transparency to the Board of Trustees of all System operations and functions.

25) At a minimum, the Administrator will regularly monitor and report to the Board of Trustees on the following issues:

   a) Implementation and continued appropriateness of the System’s policies;

   b) The funded status of the Plans and all issues that may reasonably be expected to have a meaningful impact on the funded status;

   c) The investment performance of the Trust, the component asset classes, and any investment managers retained to manage the assets of the Trust;

   d) The findings of the annual financial audit, and of any internal audits that may be performed;

   e) Significant instances of non-compliance by employees and service providers with the policies, procedures and contracts of the System;

   f) Significant instances of non-compliance with the governance Charters;

   g) The activities and performance of the actuary, financial auditor, investment consultants, legal and/or fiduciary counsel, and custodian;

   h) The accuracy and timeliness of all payments due to, and payable by, the Plans;

   i) Significant instances of non-compliance with applicable laws and regulations;

   j) Significant instances of non-compliance by the third party administrator of the supplemental defined contribution plans with its contract and mandate;

   k) In conjunction with legal and/or fiduciary counsel, the status of all legal proceedings involving the System or Plans; and
I) Any other matters that may be relevant and appropriate for the Board of Trustees’ attention.

CHARTER REVIEW

26) The Board of Trustees shall review this Charter at least every three years.

CHARTER HISTORY

27) This Charter was approved by the Board of Trustees on February 23, 2005. This Charter was amended by the Board of Trustees on October 12, 2006, June 24, 2009, June 27, 2012 and October 26, 2017.
INTRODUCTION

1) The role of the Independent Investment Consultant (the “Consultant”) is to assist the Board of Trustees in the oversight of the investment program. The Consultant is an independent professional or firm skilled in investment practices and familiar with retirement systems. The Board of Trustees recognizes that the Administrator [or the Chief Investment Officer (CIO), as appropriate] is responsible for providing advice on overall investment strategy and for administering the investment program. The Consultant serves the Board of Trustees by providing an independent and objective review of investment policy and the implementation of the investment program.

2) The purpose of this Charter is to set general parameters for the role and responsibilities of the Consultant. The specific responsibilities, tasks and deliverables of the Consultant shall be clearly documented in a contract or retainer agreement between the Board of Trustees and the Consultant.

GENERAL PROVISIONS

3) The Consultant shall be selected by the Board of Trustees, in accordance with the Vendor Selection Policy.

4) The Consultant shall have direct access to the Board of Trustees, and vice versa. In addition:
   
   a) Individual Trustees are free to contact the Consultant to discuss the investment program;
   
   b) Trustees will exercise caution to assure that communications between the Consultant and individual Trustees do not violate the Open Meeting Laws; and
   
   c) Communication with individual Trustees does not relieve the Consultant of the duty to bring important issues to the attention of the Board of Trustees.

5) The Consultant will consult with the Administrator or CIO, as appropriate, in order to carry out its mandate. Should professional differences arise between the Consultant and System staff concerning the direction and administration of the investment program, these issues will be discussed with the Board of Trustees, which is ultimately responsible for the investment program.

6) The Consultant serves the Board of Trustees. Should staff members require consulting advice or research on issues that concern the administration of the investment program, they may use the services of other advisors, appointed in accordance with the Vendor Selection Policy. System staff members may also utilize the Consultant for such purposes.
7) Generally, the Consultant shall assist the Board of Trustees by:

a) Providing independent investment performance measurement, analysis, and commentary;

b) Conducting or assisting in search and due diligence activities involving investment managers, investment partners, transition managers, and securities lending managers;

c) At the request of the Board of Trustees, reviewing investment philosophy, policy, strategies, and other elements of the investment program and providing analysis and commentary, and identifying risks and issues the Board of Trustees should be made aware of;

d) Providing, in conjunction with the Administrator, investment education to the Board of Trustees as deemed necessary by the Board of Trustees or the Consultant; and

e) At the request of individual Trustees, providing advice or answering questions relating to the investment program.

CHARTER REVIEW

8) The Board of Trustees shall review this Charter at least every three years.

CHARTER HISTORY

9) This Charter was approved by the Board of Trustees on February 23, 2005. The Charter was amended by the Board of Trustees on June 24, 2009, on June 27, 2012, and on February 28, 2018.
4.09 CHARTER OF FIDUCIARY COUNSEL

1) The Board of Trustees and Plans shall be represented by one or more qualified internal or external lawyers or law firms selected by the Board of Trustees and approved by the Arizona Attorney General (each, a “Fiduciary Counsel”). The fees and expenses of Fiduciary Counsel shall be paid by the Plans from the Funds, pursuant to the terms of the applicable contract.

2) Fiduciary Counsel shall serve at the pleasure of the Board of Trustees.

3) Fiduciary Counsel shall represent the Board of Trustees and Plans in all proceedings and transactions in which legal services are required or appropriate, whether such legal services are requested by the Board or authorized staff. If there exists a conflict, and if that conflict is not waived, or cannot be waived, the Board shall be advised, and the Board and Plans shall be represented by alternate counsel.

4) The attorney-client relationship of the Fiduciary Counsel is exclusively to the Board of Trustees and to the Plans. No attorney-client relationship is created by this relationship, or by any consultations, between the Fiduciary Counsel and any individual member of the Board of Trustees or staff. If staff requires representation, a request must be made to the Board, and such requests will be considered on a case-by-case basis, in consultation with Fiduciary Counsel.

5) With the approval of the Board of Trustees, the Administrator or any Assistant or Deputy Administrator, Fiduciary Counsel shall be authorized to retain experts or third party professionals to assist Fiduciary Counsel in the performance of its duties (“Experts”). The Plans shall pay for all authorized services at the agreed fee.

6) Fiduciary Counsel shall meet all of the qualifications, and agree to abide by the requirements and obligations set forth in its contract for legal services. “Exhibit 1” is attached and incorporated into this Charter by this reference, to the extent not in conflict with this Charter, and describes typical duties, responsibilities and qualifications of Fiduciary Counsel.

7) This Charter shall be reviewed every three years, and updated as determined by the Board of Trustees.

8) This Charter was approved by the Board of Trustees on October 12, 2006. The Charter was amended by the Board of Trustees on June 27, 2012 and February 28, 2018.
Exhibit 1

Charter of Fiduciary Counsel, PSPRS

DUTIES:

1) If the Board of Trustees elects to have an external law firm serve as Fiduciary Counsel, that firm shall designate one lawyer to serve as “Lead Counsel.” That lawyer shall be the principal point of contact between Fiduciary Counsel and the Plans and shall be the lawyer ultimately responsible on behalf of Fiduciary Counsel for representing the Plans. Lead Counsel shall have substantial experience performing each of the Duties set forth in paragraph 2 below.

2) In addition to any other responsibilities assigned by the Board of Trustees, the Administrator or any Assistant or Deputy Administrator, Fiduciary Counsel may be responsible for performing the following services (the “Duties”):

   a) Advising the Board of Trustees, Staff and Plans about their legal rights and obligations, including their duties under the Public Records and Open Meeting Laws;

   b) Representing the Board of Trustees and Plans in all litigation;

   c) Performing legal due diligence on all of the Plans’ real estate and private equity investments, as well as any other investments designated by the Board of Trustees, Administrator or any Assistant or Deputy Administrator;

   d) At the behest of the Board of Trustees, the Administrator or any Assistant or Deputy Administrator, negotiating and/or documenting the terms of contracts to which the Plans are a party;

   e) Preparing legal opinions for the benefit of the Board of Trustees, Staff, and Plans;

   f) Preparing third party legal opinions for the benefit of the Plans’ creditors or vendors;

   g) As requested, attending meetings of the Board of Trustees, Staff and any Committees established by the Board or Staff;

   h) Preparing reports on the status of litigation involving the Plans;

   i) Preparing reports of the status of the Plans’ unregistered investments;

   j) Preparing drafts of proposed legislation for the benefit of the Plans;

   k) Lobbying and testifying before legislative committees in connection with laws affecting the Plans;
l) Providing legal guidance for the benefit of the Plans’ members and local boards, as well as committees of the Board of Trustees;

m) Negotiating and preparing joinder agreements and accompanying resolutions for both tribal and non-tribal employers;

n) Preparing, updating and/or providing guidance regarding the Plans’ personnel manual, governance and investment policies, code of ethics, Charters and other official rules and policies;

o) Responding to public records requests;

p) Preparing the documents necessary to qualify the Plans for tax-exempt status under the Internal Revenue Code and to maintain such status;

q) Addressing inquiries from private parties or governmental authorities regarding the Plans’ terms, conditions, investments and activities;

r) Conducting internal investigations requested by the Board of Trustees, the Administrator or the Compliance/Internal Audit Officer and when appropriate, providing recommendations regarding same;

s) Preparing legal education materials for the Board of Trustees, Staff and local boards;

t) When requested and authorized by the Administrator, arbitrating or mediating disputes among the Plans, Staff, constituents and/or local boards;

u) When authorized by the Board of Trustees or the Administrator, appearing as amicus curiae in actions whose resolution may have significant impact on the Plans or Board of Trustees;

v) Conducting background investigations on new or existing employees of the Board of Trustees or third parties with whom the Plans may invest or do business;

w) Retaining the Plans’ confidential files;

x) With the consent of the Board of Trustees or Administrator, settling claims or litigation involving the Plans or Board of Trustees;

y) Overseeing the activities of any law firm retained by the Board of Trustees to conduct securities class actions on behalf of the Plans;

z) Working with officials and counsel employed by other governmental plans to facilitate transfers, prepare legislation, and take any other action that the Board of Trustees or the Administrator deem beneficial to the Plans and their members;

aa) Answering questions regarding QDRO compliance and construction;

bb) Responding to subpoenas, levies and other legal process directed at the Plans, Staff or Board of Trustees;
cc) Handling or managing workouts of Plan development projects or other investments;

dd) With the approval of the Administrator or any Assistant or Deputy Administrator, execute those documents for the Plans for which Fiduciary Counsel holds a power of attorney for the Plans;

ee) Interpleading benefits demanded by competing beneficiaries; and

ff) Assuring the Plans’ compliance with all applicable laws.

QUALIFICATIONS:

3) Lead Counsel shall be a member in good standing of the State Bar of Arizona. All lawyers assigned to perform the Duties shall be members in good standing of their respective state bar associations.

4) Lead Counsel shall have at least 10 years of experience performing each of the Duties, and any other lawyer performing the Duties pursuant to Lead Counsel’s direction shall be sufficiently experienced to competently perform the Duties.

5) Lead Counsel shall have been a member in good standing of the National Association of Public Pension Attorneys, or similar professional organization, for at least 10 years.

6) One or more lawyers employed by Fiduciary Counsel and performing real estate documentation and due diligence for the Plans (and ideally, Lead Counsel) shall be certified as specialists in real estate law by the State Bar of Arizona or other applicable bar associations.

7) One or more lawyers employed by Fiduciary Counsel and representing the Plans in litigation (and ideally, Lead Counsel) shall have successfully represented one or more public pension plans in administrative (local board) proceedings, superior court trials, and appeals.

8) Fiduciary Counsel shall be generally knowledgeable about, and have experience involving the following legal disciplines: securities, contracts, real estate, finance, administrative procedure, appellate procedure, ERISA, tax and bankruptcy.

9) Fiduciary Counsel shall not regularly represent clients or have associations that create unwaivable Conflicts between the interests of Fiduciary Counsel and the Board of Trustees and Plans.

10) Fiduciary Counsel (and certainly, Lead Counsel) shall be sufficiently knowledgeable about public pension law, and have sufficient experience in performing the Duties, that there shall be a high likelihood that Fiduciary Counsel shall be approved by the Attorney General to represent the Board of Trustees and Plans. No Fiduciary Counsel shall represent the Board of Trustees and Plans unless first approved for such representation by the Arizona Attorney General.
11) Ideally, although not required, Lead Counsel shall have published books or articles relating to public pension law, real estate law, ethics, civil litigation and appeals.

12) Ideally, although not required, Lead Counsel shall have served as an officer on one or more Committees or sections of the State Bar of Arizona or other state bar association.

13) Ideally, although not required, Lead Counsel shall have lectured on public pension law, real estate law, ethics, civil litigation and/or appeals.

14) Ideally, although not required, Fiduciary Counsel shall have devoted substantial time to professional and non-professional activities which have improved Arizona or its various local communities.

15) Ideally, although not required, Fiduciary Counsel shall have offices or associations in several other American states to handle any of the Plans’ legal work in foreign states.

16) All lawyers performing Duties on behalf of the Plans shall never have (i) been adjudicated bankrupt or (ii) been adjudged, by final decree of any court, to have committed legal malpractice, fraud, breach of fiduciary duty or any felony involving moral turpitude.

17) Fiduciary Counsel shall have errors and omission coverage of at least $10,000,000 per occurrence and $20,000,000 in the aggregate.

**COMPLIANCE STANDARDS:**

18) In performing the Duties, Fiduciary Counsel shall comply with the Rules of Professional Conduct set forth in Rule 42 of the Rules promulgated by the Arizona Supreme Court.

19) In connection with any litigation involving the Plans in the Arizona Superior Court, Fiduciary Counsel shall comply with the Arizona Rules of Civil Procedure, the Arizona Rules of Evidence, any applicable Arizona statutes and case law, and all local rules promulgated by the particular Superior Court hearing the matter.

20) In connection with any litigation involving the Plans in a federal district court, Fiduciary Counsel shall comply with the Federal Rules of Civil Procedure, the Federal Rules of Evidence, any applicable federal statutes and case law, and all local rules promulgated by the particular federal district court hearing the matter.

21) In connection with any litigation involving the Plans in any Arizona appellate court, Fiduciary Counsel shall comply with the Arizona Rules of Appellate Procedure, the Rules of the Arizona Supreme Court, and any applicable Arizona statutes and cases.

22) In connection with any litigation involving the Plans in state trial or appellate courts other than that resident in Arizona, Fiduciary Counsel shall comply with all rules of procedure and evidence promulgated by the courts of the states in question, as well as any applicable statutes and cases.

23) In connection with any litigation involving the federal courts of appeal or the U.S. Supreme Court, Fiduciary Counsel shall comply with the Federal Rules of Appellate Procedure, the local rules of the particular circuit court in question, and if appropriate, the Rules of the
U.S. Supreme Court and all federal statutes and cases governing matters pending in the federal appellate courts.

24) In connection with any administrative action involving the Plans, Fiduciary Counsel shall comply with any applicable substantive or procedural rules of the agency in question, as well as all appropriate statutes and governing cases.

25) Fiduciary Counsel shall comply with all applicable terms of the Board of Trustees' Governance Manual, the Plans' Investment Policy, and the Board of Trustees' Code of Ethics.

AUTHORIZATION, CONFIDENTIALITY & COOPERATION:

26) The Board of Trustees, the Administrator, any Assistant or Deputy Administrator, and any other person so authorized by the Administrator, shall be entitled to consult with and seek advice from Fiduciary Counsel about the Plans, as well as request legal opinions from Fiduciary Counsel on issues of concern to the Plans.

27) The Board of Trustees, the Administrator, any Assistant or Deputy Administrator, and any other person so authorized by the Administrator, shall be entitled to request Fiduciary Counsel to perform one or more of the Duties for the Plans.

28) All legal advice provided by Fiduciary Counsel to the Board of Trustees and Staff is confidential and whenever possible, shall be protected from disclosure by the Attorney/Client privilege. Fiduciary Counsel shall not disclose to third parties the substance of communications between Fiduciary Counsel and the Board or Staff unless such disclosure is authorized by the Board or the Administrator or required by court order or Ethical Rule 1.6 of the Rules of Professional Conduct promulgated by the Arizona Supreme Court.

29) Staff shall provide Fiduciary Counsel with all information requested by Fiduciary Counsel (and possessed by the Plans) which is necessary for Fiduciary Counsel to perform its Duties.

30) Fiduciary Counsel shall promptly respond to all requests for information posed by the Board of Trustees, Plans, Staff and subcommittees of the Board of Trustees. Fiduciary Counsel's work product shall be prepared and delivered in a timely manner.

DISCLOSURE:

31) If, in the course of the performance of its Duties, Fiduciary Counsel learns that any person is defrauding the Plans or is otherwise acting unlawfully with respect to the Plans, Fiduciary Counsel shall immediately report such fraud or unlawful action to the Administrator and the Chair of the Board of Trustees.

32) If, after a reasonable period, the Administrator and Chair of the Board of Trustees fail to take action to address any fraud or unlawful action reported to them by Fiduciary Counsel, Fiduciary Counsel shall then report such fraud or unlawful action to the remaining Trustees serving as Board of Trustees. If, within a reasonable period, the Board of Trustees nevertheless refrains from taking action to address the fraudulent or unlawful action, then Fiduciary Counsel shall be authorized to retain independent counsel to opine whether
Fiduciary Counsel shall disclose the fraud or unlawful activity to the Arizona Attorney General in accordance with Ethical Rule 1.13 of the Rules of Professional Conduct promulgated by the Arizona Supreme Court. The fees of the independent counsel retained shall be paid by the Plans. If the independent counsel retained to examine the fraud or unlawful action determines that Fiduciary Counsel must disclose the fraud or unlawful action to the Arizona Attorney General, then Fiduciary Counsel shall disclose the fraud or unlawful activity to the Arizona Attorney General in accordance with Ethical Rule 1.13.

EXPERTS:

33) With the approval of the Board of Trustees, the Administrator or any Assistant or Deputy Administrator, Fiduciary Counsel shall be authorized to retain experts or third party professionals to assist Fiduciary Counsel in the performance of its Duties ("Experts"). These Experts may include, among others, investment consultants (such as certified public accountants) to evaluate the financial terms of the Plans' real estate and other investments, professional investigators to study the backgrounds of persons with whom the Plans may do business, and persons with unique backgrounds and skills who may consult with Fiduciary Counsel about potential or ongoing litigation and/or testify in ongoing cases. Experts may also include lawyers not otherwise affiliated with Fiduciary Counsel whose expertise is necessary to enable Fiduciary Counsel to perform the Duties.

34) Except for Experts retained by Fiduciary Counsel solely to testify in court, or unless otherwise provided by law, all communications between Fiduciary Counsel and Experts retained by Fiduciary Counsel shall be considered protected from disclosure by the Attorney Client privilege, and Fiduciary Counsel shall take all appropriate action to protect such communications from disclosure.

35) The Plans shall pay the fees of all Experts retained by Fiduciary Counsel in connection with the performance of its Duties to the Plans.

36) To facilitate the performance of its Duties, Fiduciary Counsel shall be free to consult with the Plans' actuaries, auditors, the Compliance/Internal Audit Officer, and other third party consultants. Notwithstanding the foregoing, absent the consent of the Administrator or any Assistant or Deputy Administrator, Fiduciary Counsel is not authorized to request the Plans' consultants to undertake any work for which the Plans will be billed.

RESPONSIBILITY:

37) Fiduciary Counsel shall not be responsible for determining whether the Plans' investments, contracts or actions are financially justified or prudent.

38) While it shall be the responsibility of Fiduciary Counsel to advise Staff of any material legal risks known to Fiduciary Counsel and attendant to any investment about which Fiduciary Counsel has been consulted, it shall not be the responsibility of Fiduciary Counsel to determine whether the Plans should make such an investment despite such risks--that determination ultimately rests with the Plans. At the request of Staff, Fiduciary Counsel may (i) approve a particular investment from a legal due diligence standpoint and (ii) opine whether it is worthwhile for the Plans to make a particular investment despite the legal risks identified by Fiduciary Counsel relating to such investment.
39) While it shall be the responsibility of Fiduciary Counsel to advise Staff of any material risks known to Fiduciary Counsel and attendant to any contract about which Fiduciary Counsel has been consulted, it shall not be the responsibility of Fiduciary Counsel to determine whether the Plans’ contracts should be entered into despite such risks— that determination ultimately rests with the Plans. At the request of Staff, Fiduciary Counsel may (i) approve a particular contract from a legal due diligence standpoint and (ii) opine whether it is worthwhile for the Plans to enter into a particular contract despite the legal risks identified by Fiduciary Counsel with respect to such contract.

40) While it shall be the responsibility of Fiduciary Counsel to advise Staff of any material legal risks and benefits known to Fiduciary Counsel and involving litigation in which the Plans are contemplating or engaged, it shall not be the responsibility of Fiduciary Counsel to make decisions affecting substantive rights in connection with such litigation, such as whether to sue, settle, appeal, demand awards of attorneys’ fees or take any action involving substantive rights— ultimately, such decisions shall rest with Staff or the Board of Trustees after being advised of all material options by Fiduciary Counsel. In contrast, it shall be the responsibility of Fiduciary Counsel to determine how any decisions affecting substantive rights made by Staff or the Board in connection with litigation are to be procedurally effected or implemented. By way of example, after consulting with Fiduciary Counsel about the risks and/or rewards of bringing or defending an action, the decision whether to sue or defend shall rest with Staff or the Board of Trustees, whereas it shall be the responsibility of Fiduciary Counsel to decide how such suit or defense shall be filed and prosecuted.
ADMINISTRATIVE AND INVESTMENT COMMITTEE CHARTER

for the

ELECTED OFFICIALS’ DEFINED CONTRIBUTION RETIREMENT SYSTEM AND DISABILITY PROGRAM
(ARS Title 38, Chapter 5, Articles 3.1 and 3.2)

PUBLIC SAFETY PERSONNEL DEFINED CONTRIBUTION RETIREMENT PLAN AND DISABILITY PROGRAM
(ARS Title 38, Chapter 5, Articles 4.1 and 4.2)

and

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM SUPPLEMENTAL DEFINED CONTRIBUTION PLAN
(ARS Title 38, Chapter 5, Article 8)
Adopted by the PSPRS Board of Trustees
Effective September 22, 2016
ADMINISTRATIVE AND INVESTMENT COMMITTEE CHARTER

The Board of Trustees (“Board”) of the Public Safety Personnel Retirement System (“System”) has appointed an Administrative and Investment Committee to exercise certain duties and responsibilities in connection with the Elected Officials’ Defined Contribution Retirement System and Disability Program, the Public Safety Personnel Defined Contribution Retirement Plan and Disability Program and the Public Safety Personnel Retirement System Supplemental Defined Contribution Plan (individually, “Plan” or collectively “Plans”). The Administrative and Investment Committee shall be referred to as the Arizona PSPRS Defined Contribution and Disability Committee (“DC Committee”) and shall have authority to recommend to the Board for adoption, amendment or revision, rules, regulations and contracts for the administration of the Plans and to interpret the same thereof.

1. Structure:

The DC Committee shall consist of seven (7) voting members who serve at the pleasure of the Board. Composition of the DC Committee shall include the following:

One appointed Board trustee, who is a member of the System, to serve as Chairperson.

The Administrator of the System, or his designee, to serve as Vice-Chairperson.

The Chief Investment Officer of the System or his designee.

Two appointed members representing law enforcement.

Two appointed members representing firefighters.

All appointed members of the DC Committee are appointed by the Chair of the Board and confirmed by the Board. Law enforcement and firefighter representatives may be active or retired members of the System and shall come from nominations from statewide associations representing law enforcement and firefighters.

Upon adoption of this charter, one member representing law enforcement and one member representing firefighters will each serve a term to end on December 31, 2018. The other two members representing law enforcement and firefighters will serve a term to expire on December 31, 2019. Thereafter, all four appointed law enforcement and firefighter members will serve terms of three (3) years to expire on December 31 in the year of expiration. A DC Committee member may resign by written notice delivered to the Board.

In the event there is a vacancy on the DC Committee, the remaining DC Committee members shall act as the DC Committee, until such vacancy is filled.

The DC Committee ordinarily will meet quarterly with respect to the Plan, although the DC Committee may meet more frequently, if appropriate.

The Chairperson will preside at each DC Committee meeting and, in consultation with the other DC Committee members, set the agenda of items to be addressed at each meeting and the length of each meeting.
The DC Committee shall operate in accordance with the Arizona Open Meeting Law (Arizona Revised Statutes §§ 38-431 through 38-431.09 and any successor statutes thereto). All meetings of the DC Committee shall comply with all provisions of the Arizona Open Meeting Law including, without limitation, the notice, publication of agenda, public attendance at meetings and the recording of minutes.

2. **Scope of Duties:**

   The DC Committee’s duties and responsibilities are formally detailed in Arizona law (Arizona Revised Statutes Title 38, Chapter 5, Articles 3.1, 3.2, 4.1, 4.2 and 8 or any successor statutes thereto) and the Plan Documents. In general, the DC Committee has the overall responsibility to control and manage the operation, investment and administration of the Plans. The DC Committee’s specific duties include:

   a) Oversight, through the Administrator, of day-to-day Plan administration;

   b) Selection, recommendation, and oversight of third-party service providers (including, without limitation: recordkeepers, trustees, consultants, independent auditors, and others who may exercise discretionary and/or non-discretionary authority on behalf of the Plan, etc.).

   c) Communicating with members regarding their participation and benefits under the Plans, including the administration of all claims procedures not vested with Local Boards;

   d) Evaluation, selection, and oversight of Plan investments;

   e) Resolution and/or settlement approval of non-routine benefit claims not vested with Local Boards;

   f) Construing and resolving any question of Plan interpretation.

   g) Recommend to the Board for adoption, amendments to the Plan necessary or appropriate to maintain compliance with applicable law or to facilitate administration.

   The foregoing listing of the DC Committee’s power and authority is not intended to be either complete or exclusive. The DC Committee shall have such powers as it deems necessary for the performance of its duties under Arizona law and Plan Documents.

3. **Resources and Authority:**

   The DC Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including full access to the System’s officers and employees, as well as external advisors and consultants. Ordinarily, the DC Committee will delegate the responsibility for day-to-day Plan administration to the appropriate employees of the System or external independent contractors that the DC Committee or the appropriate employees select.

4. **Action:**
The DC Committee may authorize an action upon majority approval by a vote at a DC Committee meeting that has been called and organized in accordance with the Arizona Open Meeting Law.

5. **Cancellation of Regular Meetings**

The Chairperson, if in his/her judgment determines there is insufficient matters to be discussed, may cancel any of the regular quarterly meetings. This is not to exceed two meetings in a row.

6. **Duties/Prohibitions:**

The DC Committee must discharge its duties:

a) Solely in the interest of Plan participants and beneficiaries for the exclusive purpose of providing benefits and defraying reasonable costs of administration; and

b) In accordance with the Plan Documents.

In addition, the DC Committee and its members must refrain from:

a) “Self-Dealing”: meaning dealing with Plan assets in their own interest; and

b) “Conflicts of Interest”: meaning representing parties with interests adverse to the interests of the Plan.

7. **General Guidelines:**

The DC Committee and its members should consider that process is vital in light of the statutory duties imposed under Arizona law from time-to-time. DC Committee members must:

a) Become familiar with the Plans and their terms;

b) Attend such training classes as required by the Administrator to become knowledgeable of the duties and responsibilities of DC Committee members under the Arizona Open Meeting Law.

c) Attend DC Committee meetings;

d) Keep accurate minutes;

e) Select service providers and investment managers through an objective process (RFP, RFI, or other mechanism, if appropriate), using appropriate criteria, thorough investigations, and memoranda detailing recommendations;

f) In accordance with its Investment Policy Statement, evaluate investment performance regularly as well as when special circumstances warrant;

g) Disclose and abstain from decisions where conflicts of interest or self-dealing may be apparent (for example, the selection of a service provider of which a DC Committee
member is an officer or director, or otherwise has an interest which may affect his or her judgment);

h) Ensure that only appropriate and reasonable operating expenses are charged to the Plan; and

i) Take appropriate corrective action on behalf of the Plan whenever a service provider fails to meet established performance standards.

8. **Maintenance of Investment Policy Statement:**

   The DC Committee shall oversee the creation and maintenance of a Plan Investment Policy Statement (“IPS”) for the defined contribution plans. The IPS must comply with applicable Arizona law and should:

   a) Identify those responsible for Plan investment oversight;

   b) Specify the purpose of the Plan (for example, “to provide for the retirement income needs of the Plan’s participants”);

   c) Identify acceptable/suitable asset classes and/or investment strategies for the Plan (and the Plan’s participants, if required);

   d) Identify acceptable investment structures for the Plan (e.g., open-end mutual fund, collective trust, separately managed account, individual security, passive and/or active management, and other such structures);

   e) Identify general requirements or guidelines for the selection of Plan investment options (e.g., manager tenure, fund performance, expense ratio, quartile rankings, and other such requirements or guidelines);

   f) Provide guidelines for the ongoing review of Plan investment options, including procedures for replacement; and

   g) Provide a procedure to account for and control Plan expenses.

   It is not necessary for the IPS to specify:

   a) Criteria which would result in the inclusion, suspension or termination of any investment option in the Plan;

   b) Names of investment managers (or funds) offered for investment; or

   c) Plan information not related directly to investments (e.g., eligibility requirements, or any provisions covered by Plan documents).

9. **Selection and Oversight of Service Providers:**

   The DC Committee shall use similar diligence when selecting and overseeing service providers for the Plan. Considerations in the selection of service providers shall consider such matters required under Arizona law from time-to-time and may include:
a) Past experience with retirement Plan of similar size;

b) Infrastructure (e.g., technology, capacity, compliance, and similar matters);

c) Fees (e.g., amount, source, benefit received, incentives, “hidden costs”, and similar matters); and

d) Contracts, agreements, policies (risk-shifting, indemnification, termination, and similar matters).

10. **Compliance:**

The DC Committee shall monitor compliance with all applicable laws and regulations.

11. **Committee Member Education**

All members serving on the DC Committee shall attend appropriate education forums when possible, which will be researched and selected by the committee.

12. **Indemnification:**

The System shall indemnify and hold harmless to the maximum extent permitted by law each member of the DC Committee with respect to all damages, losses, obligations, liabilities, liens, deficiencies, costs and expenses, including without limitation, costs incident to any suit, action, investigation, claim or proceeding to which he or she may be a party by reason of his performance of functions and duties under the Plan, except in relation to matters as to which he or she shall be held liable for an act of willful misconduct in the performance of his duties. The foregoing right to indemnification shall be in addition to such other rights as the DC Committee member or other person may enjoy as a matter of law or by reason of insurance coverage of any kind. Rights granted hereunder shall be in addition to, and not in lieu of, any rights to indemnification to which the DC Committee member or other person may be entitled pursuant to the by-laws of the System or the Board. An employer, member, beneficiary or fiduciary may maintain an action in which the court may award reasonable attorney fees and costs to either party to enjoin an act, practice or omission that violates this charter or for appropriate equitable relief to redress the violation of or to enforce this section.

13. This Charter shall be reviewed every three years, and updated as determined by the Board of Trustees.

14. This Charter was approved by the Board of Trustees on September 22, 2016. The Charter was amended by the Board of Trustees on April 26, 2017.
BACKGROUND

1) Senate Bill 1428 established the Public Safety Personnel Retirement System Advisory Committee (Advisory Committee) effective January 1, 2017 to serve as a liaison between the Board of PSPRS and the members and employers of the PSPRS.

2) Senate Bill 1428 also provides that:

   a) The Advisory Committee shall be appointed by the Chair of the Board of PSPRS from names submitted to the Chair by associations representing law enforcement, firefighters, state government, counties, cities and towns and tribal governments of the state of Arizona.

   b) The Advisory Committee shall currently consist of the following ten members:

      i) A member who is a law enforcement officer

      ii) A member who is a firefighter

      iii) A member of the elected officials’ retirement plan

      iv) A member of the corrections officers retirement plan

      v) A retiree from the public safety personnel retirement system

      vi) A representative from a city or town in the state of Arizona

      vii) A representative from a county in the state of Arizona

      viii) A representative from a fire district in the state of Arizona

      ix) A representative from a state employer in the state of Arizona

      x) A representative from a tribal government located in the state of Arizona

   c) When a vacancy exists in, or a term is expiring for, the ninth member of the PSPRS Board, the Advisory Committee shall forward to the Board of PSPRS at least five nominees who are qualified pursuant to section 38-848, Arizona Revised Statutes, and willing to serve on the Board of PSPRS for the appointment of the ninth member of the board.

3) The Board of PSPRS has established this charter for the Advisory Committee to set out its duties and the manner in which it shall operate.

COMMITTEE OPERATIONS

4) The Advisory Committee shall operate in accordance with all applicable legislation and state requirements.

5) The members identified in item 2(b)(i), 2(b)(iv) and 2(b)(vii) above will initially serve a term of one year to end on December 31, 2017. The members identified in item 2(b)(ii), 2(b)(v)
and 2(b)(viii) above will initially serve a term of two years to end on December 31, 2018. The remaining initial members, and all subsequent members, will serve a term of three years to end on December 31 in the year their term is expiring.

6) Members may be removed for cause or reappointed at the discretion of the Chair of the Board of PSPRS unless the respective nominating association chooses to provide a different person.

7) The Chair of the Advisory Committee shall annually appoint a Vice-Chair from among the members of the Advisory Committee. The Vice-Chair shall assume the role of Chair in the event the Chair is unavailable. If the Vice-Chair is unavailable, the Advisory Committee shall select another member of the Advisory Committee to assume the role of Chair for the meeting in question.

8) A majority of the members of the Advisory Committee shall constitute a quorum, and all actions of the Advisory Committee shall be by an affirmative vote of the majority of the members present at a meeting of the Advisory Committee, provided a quorum is present.

9) The Advisory Committee shall meet at least quarterly on dates to be determined by the Advisory Committee.

10) Advisory Committee meetings shall be held in the offices of PSPRS or in another location to be determined by the Advisory Committee.

11) Members of the Advisory Committee may attend meetings by telephone or other electronic means.

12) The Advisory Committee may establish other rules and procedures to guide the conduct of its meetings.

COMMITTEE RESPONSIBILITIES

13) The role of the Advisory Committee is limited to serving as a liaison between the Board of PSPRS and the members and employers of PSPRS. Consistent with this role, the Advisory Committee may undertake the following activities:

   a) Identify, seek information and engage in discussion of matters of interest to Stakeholders and/or PSPRS.

   b) Develop strategies for bilateral communication between the Board and Stakeholders of the System on matters that warrant attention.

   c) Be available to receive education or information from PSPRS in regards to the System.

   d) Provide input to PSPRS regarding any issue that may be brought before the Committee by Stakeholders, the Board or management of PSPRS.

   e) Encourage and support the exploration of new ideas, while providing unbiased insights, to further the interests of the System.

   f) Serve as a resource for the PSPRS Board and its staff.

   g) Play an integral part in helping to communicate and educate the members, employers, local boards and other external stakeholders about the general workings of the System.
14) In carrying out its duties, the Committee shall strive to gather and communicate the full range of views and perspectives that exist among stakeholders and need not attempt to formulate policy positions and recommendations expect as may be directed by the Board of Trustees.

15) The Advisory Committee represents the members and employers of PSPRS and shall not have any discretion with respect to the administration of PSPRS. Accordingly, the Advisory Committee and its members do not serve in a fiduciary capacity.

POLICY REVIEW

16) The Board of Trustees shall review this policy at least once every three years to assure that it remains relevant and appropriate.

POLICY HISTORY

17) This policy was adopted by the Board of Trustees on November 10, 2016 and amended on November 29, 2017.
BACKGROUND

1) The Board of Trustees best serves the System when it focuses on oversight and policy, as opposed to operational details and activities.

2) The Board of Trustees may adopt policies for the governance of its own proceedings and for the administration of the System. Such policies may address various aspects of the System’s business including governance, investments, funding, and benefit administration.

POLICY OBJECTIVES

3) The objectives of the Board of Trustees Policy Development Process are to:
   a) Set out the process by which the Board shall develop and approve policies; and
   b) Assure that the Board of Trustees’ approach to policy development is sound, thorough, and yields policies that effectively support the goals and priorities of the System.

DEFINITIONS

4) Board of Trustees’ policies serve as guidelines for the Board, the Administrator and System staff to follow in regard to a matter, opportunity or risk that may significantly affect the ability of the System or the Board to carry out the mission of the System.

GUIDELINES

Roles and Responsibilities

5) The role of the Administrator in the policy-development process is to:
   a) Assist the Board of Trustees in identifying necessary Board policies;
   b) Provide the Board with sound, thorough analysis of policy issues; and
   c) Provide recommendations for consideration by the Board.

6) The Administrator, with the support of advisors as required, will be responsible for performing all necessary research and analysis to support the Board of Trustees’ policy development process.

7) The role of the Board of Trustees in the policy development process is to adopt policies after concluding that the policy recommendations and the underlying analysis thereof effectively support the mission and goals of the System. The Board may direct a Committee to assist it in the development of Board policies.
Policy Development

8) Individual trustees, Committees, the Administrator, assistant administrators, or advisers may recommend that the Board of Trustees consider developing and/or adopting the new policy. To expedite matters, staff may directly submit policies to the Board for consideration and approval.

9) In determining whether a particular issue warrants a Board of Trustees policy, the Board shall consider whether the issue satisfies the following criteria:

a) The issue may have a significant impact on the System in terms of its ability to meet its mission;

b) The issue is expected to recur or continue indefinitely; or

c) The issue is not an operational issue that would otherwise fall within the discretion of the Administrator.

10) If it is determined by the Board of Trustees that an issue warrants a Board policy, the Board shall direct the Administrator, a Committee, or a consultant to develop and recommend a policy for review and adoption by the Board. The general parameters to be met by the policy shall be recorded in the minutes of the Board meeting at which the determination is made.

11) Board of Trustees’ policies shall generally contain at a minimum the following sections:

a) Policy objectives/purpose;

b) Policy Guidelines (actual provisions of the policy);

c) Policy Review (the frequency for reviewing the policy); and

d) Policy History (the date the policy was adopted and/or amended).

12) Board of Trustees’ policies must be approved by formal Board resolution in order to take effect.

Policy Compliance

13) As a general rule, the Board of Trustees will comply with all of its policies. Should the Board take an action contrary to one of its policies, it will state in the meeting minutes the reasons for doing so. At such time, the Board will also consider whether a review of the policy should be undertaken.

Policy Maintenance and Review

14) All of the Board of Trustees’ policies will be maintained in soft and hard copy volumes, and will be accessible to trustees, staff and the public. All trustees shall be furnished a copy of the policies, which shall be updated from time-to-time as necessary.
15) All policies shall be formally reviewed at a time specified within each policy, but no less frequently than every three years.

16) If a trustee, Committee, or the Administrator believes that a particular policy requires review in advance of the time specified, then such a review may be recommended to the Board.

**POLICY REVIEW**

17) The Board of Trustees shall review this policy at least once every three years to assure that it remains relevant and appropriate.

**POLICY HISTORY**

18) This policy was adopted by the Board of Trustees on February 23, 2005, and revised on June 24, 2009 and on June 27, 2012. It was reviewed by the Board of Trustees on March 1, 2017 but no changes were made.
5.02 BOARD OF TRUSTEES COMMUNICATIONS POLICY

PURPOSE

1) The purpose of this policy is to establish guidelines to:
   a) Facilitate effective communication by the Board of Trustees with System staff, Local Boards, Plan members, vendors, and system stakeholders.
   b) Minimize the risk of unauthorized or inaccurate communications by trustees and staff.

GENERAL

2) The Board of Trustees shall carry out its activities in the spirit of open governance and in accordance with the Open Meeting Law. Notwithstanding this, the Board may conduct certain business in executive (closed) session as provided for by statute.

3) Communications by trustees, when acting in their capacity as trustees, should be consistent with their fiduciary duty to represent the interests of all System participants.

4) Trustees shall communicate in a respectful and constructive manner with other trustees, staff members, Plan members, and other stakeholders.

5) Trustees shall protect all confidential information pertaining to the Board of Trustees and the System to which they are privy by virtue of their position, and shall not disclose any confidential information unless compelled by force of law.

Communication among Trustees

6) In order to comply with the Open Meeting Laws, trustees and System staff shall not communicate in a manner that would violate the Open Meeting Laws. This includes, at a minimum, the following:
   a) Trustees shall avoid discussing or deliberating Board of Trustees business with more than two other trustees outside of duly noticed Board of Trustees meetings.
   b) Trustees serving on Committees shall avoid discussing or deliberating Committee business with more than one of the other Committee trustees outside of duly noticed Committee meetings.
   c) The above restrictions also apply to communication by electronic means.
Communications with System Staff

7) Trustees shall direct questions or information requests to the Administrator or Assistant Administrators, either at Board of Trustee or Committee meetings, or during regular business hours.

8) Trustees shall only make reasonable requests for information that are necessary for the purposes of fulfilling their duties as trustees, and shall not request or use System information for their own personal or business use.

9) Where the Administrator believes that an information request would require a significant expenditure of staff time (more than a few hours) or the use of external resources, the Administrator may place the request on the agenda for the next Board of Trustees meeting, for discussion and consideration by the Board.

10) Requests by trustees for a new routine report to the Board of Trustees shall require the approval of the Board, and modification to Appendix 1 of the Board of Trustees’ Monitoring and Reporting Policy.

11) As appropriate, the Administrator shall assure that information that has been requested by individual trustees is made available to all trustees.

12) In the spirit of open communication, individual trustees shall share any information that may be pertinent to the Administrator with the Administrator in a timely manner. The Administrator shall similarly share with the Board of Trustees any information pertinent to the Board in a timely manner.

Communications with Vendors

13) Trustees may communicate with vendors of the System for the purposes of obtaining information, guidance, or counsel to assist them in carrying out their duties, but shall not direct vendors to undertake any work assignments without first obtaining authorization from the Board of Trustees, a Committee of the Board, or the Administrator.

14) In communicating with vendors, trustees shall avoid disclosing confidential information, unilaterally making any commitments on the part of the Board of Trustees, or showing special treatment or favouritism.

15) Trustee contact with investment managers should generally be made at Board of Trustee or Committee meetings, or through System staff.

16) Trustees shall refer investment opportunities or service proposals that they receive from vendors directly to the Chief Investment Officer or the Chair of the Investment Committee.

17) Trustees shall obey quiet period restrictions imposed by the Board of Trustees on specified vendors, in accordance with the Vendor Selection Policy.

Communications with the Media
18) The Chair, or his or her designee, shall act as the spokesperson for the Board of Trustees and the System.

19) In carrying out their duties, spokespersons shall:

   a) Communicate in a manner consistent with the established policies and decisions of the Board of Trustees.

   b) Not make comments reflecting personal views.

   c) Promptly inform the Administrator and trustees of any sensitive or high profile issues discussed with the media.

   d) If time permits, discuss sensitive, high profile issues with the Board of Trustees prior to engaging in external communications.

20) Written media communications concerning the System shall be the responsibility of the Administrator and shall clearly and accurately reflect the policies and decisions of the Board of Trustees and the provisions of the Plans. The Administrator shall submit to the Chair for approval all media communications of a sensitive or high profile nature. Such media communications shall be shared with the Board of Trustees prior to their release.

21) In their external communications, trustees should:

   a) Speak on behalf of the Board of Trustees only when explicitly authorized to do so by the Board of Trustees.

   b) Clearly and respectfully indicate when they are communicating a personal position that differs from the policies or decisions of the Board of Trustees.

   c) Refrain from referring to policies and decisions of the Board of Trustees in a disparaging manner with the media or other external parties.

22) The Board of Trustees acknowledges an individual trustee’s right to express publicly disagreement with a policy or decision of the Board of Trustees. The Board expects, however, that trustees shall do so in an open and professional manner and further expects that a trustee shall nevertheless abide by such policy or decision to the extent that doing so is consistent with the trustee’s fiduciary duty.

23) When approached by the media for information concerning the affairs of the System, a trustee shall refer the matter to the appropriate spokesperson, and in any event shall not make unauthorized commitments on the part of the Board of Trustees or the System.

24) To assure the technical accuracy of materials prepared by trustees for publication or general distribution, that are related to the affairs of the System, and to assure that the System is not inadvertently placed at risk, trustees agree to provide such material to the Administrator, or his or her designee, for technical review only, prior to distribution or publication.

Communications with Plan members
25) The Board of Trustees recognizes the importance of open communication between the System and Plan members, as well as the ongoing delivery of information regarding the System’s Plans and benefits. To assure effective communication with Plan members, it shall be the policy of the Board of Trustees requires that:

a) Plan members have reasonable access to System staff via telephone and the Internet.

b) The Administrator will make available through secure online methods an annual member statement to any member who wants it.

c) The Administrator will assure that the Annual Report for each Plan is available on the System’s website, and that a copy is made available to any member who requests a printed one.

d) The Administrator will provide active members, through their local boards, and retired members with electronic or written communications regarding significant changes in legislation, benefits, buy-back provisions, COLA rates, access to services or other matters as appropriate. When prudent and practical, members shall be asked to acknowledge receipt.

e) The Administrator will make other relevant information available on its website. (See section 29 of this policy.)

26) Trustees will be sensitive to the risk of communicating inaccurate information to Plan members, and the potential liability and harm to a member that may result from such miscommunications. Trustees will encourage Plan members to refer their queries to the Administrator or appropriate staff person.

Communications with Local Boards and Employers

27) The Board of Trustees recognizes the importance of open communication between the System and its Local Boards and employers, as well as the ongoing delivery of information and education. To assure effective communication with Local Boards, the policy of the Board requires that:

a) The Administrator maintain a database of the names and contact information of all Local Boards and employers, and update the database as necessary.

b) Local Boards and employers have access to System staff via telephone and the Internet.

c) The Administrator make available online the Annual Financial Reports of the System’s Plans.

d) The Administrator, in consultation with the Board of Trustees, will develop and implement an education program for Local Board members, which shall include:

i) Annual retirement seminars.

ii) Interactive training via meetings and the website.
iii) Sample procedures and forms for use by Local Boards.

e) The interactive training will generally cover the following information:

i) A description of the PSPRS and CORP Plans.

ii) A description of the roles of the Board of Trustees, the System, and Local Boards.

iii) A description of the duties and responsibilities of Local Board members.

iv) Contact information for the System, and designated staff contacts.

v) The use of sample procedures and forms provided by the System for the benefit of, and use by, Local Boards.

Communication with Employee Associations

28) The Board of Trustees recognizes the importance of open and consistent communication between the Board of Trustees, the System, and employee organizations. To assure effective communication with employee organizations, the policy of the Board requires that:

a) The Administrator maintain a current listing of the names and contact information of all recognized employee organizations.

b) The Administrator or his or her designee respond promptly to inquiries made by employee associations.

c) The System shall make other relevant information available via its website. (See section 29 of this policy.)

System Website

29) The following minimum information must be available via the System’s website for the benefit of the members, Local Boards, employers, employee organizations and other stakeholders:

i) The current composition of the Board of Trustees.

ii) Contact information for the System.

iii) The identification of key vendors for the Board of Trustees and the System.


v) The investment policy for the Trust.

vi) Access to account information for active members, where available.

vii) Standard applications/forms for retirement, disability, etc.
viii) Information regarding significant changes in legislation, benefits, COLA rates, or access to services.

ix) Board of Trustees and Committee meeting notices, agendas and approved minutes.¹

x) The Charters and Code of Ethics of the Board of Trustees.

30) The Administrator shall have the authority to take the website temporarily off-line for security concerns or maintenance.

POLICY REVIEW

31) The Board of Trustees will review this policy at least every three years to assure that it remains relevant and appropriate.

POLICY HISTORY

32) The Board of Trustees adopted this policy on February 23, 2005, and revised on June 24, 2009, and on June 27, 2012. It was reviewed by the Board of Trustees on March 1, 2017 but no changes were made.

¹ Please note the notice guidelines set out in sections 13 to 15 of the Board of Trustees Operations Policy.
PURPOSE

1) This Board of Trustees Operations Policy is intended to describe the manner in which the Board will appoint officers, establish Committees, and conduct meetings, so as to assure efficient operation of the Board.

2) This policy is intended to be consistent with Title 38, Chapter 5, Articles 3, 3.1, 3.2, 4, 4.1, 4.2 and 6 (the “Governing Statute”), and with Title 38, Chapter 3, Article 3.1 (the “Open Meeting Laws”). Where there is a conflict between the provisions of this policy and Arizona statutes, the statutes will prevail.

POLICY GUIDELINES

A) Board of Trustees and Officers

3) The Board of Trustees is comprised of nine trustees, as appointed pursuant to section 38-848(A) of the Arizona Revised Statutes.

4) On an annual basis, the Board of Trustees shall nominate and elect from among its trustees a Chair and a Vice Chair, each to hold office for a term of one year.

5) In the event that an officer of the Board of Trustees becomes ineligible, unwilling or unable to complete his or her term, the following action shall be taken:

   (i) If said officer is the Chair, then the Vice-Chair shall assume the Chair’s position for the balance of the Chair’s term, and a new Vice-Chair shall be elected at the next regularly scheduled meeting.

   (ii) If said officer is the Vice-Chair, then the Board of Trustees shall elect a new Vice-Chair at the next regularly scheduled meeting, to serve for the balance of the Vice-Chair’s term.

B) Board of Trustees Committees

6) The Chair may approve the establishment of standing or ad hoc Committees, subject to Board of Trustees ratification. The Chair is encouraged to consult with the Administrator in this regard.

7) Each Committee shall be comprised of less than a quorum of the Board of Trustees.

8) The Chair shall appoint the chair and members of each Committee subject to ratification by the Board of Trustees at its next meeting.

9) The Administrator, at the direction of the Chair, shall prepare for Board of Trustees approval a Charter for each standing Committee. Each charter shall provide a description of the Committee’s mandate, the composition of the Committee, and the quorum and
voting powers of its members. Ad hoc Committees do not require Charters, provided their mandates are specified in the Board of Trustees’ minutes.

C) Board of Trustees and Committee Meetings

Board of Trustees Meetings – Time and Location

10) Regular Meetings of the Board of Trustees shall be scheduled monthly, except for the first month of each fiscal year. The Administrator shall recommend to the Board of Trustees an annual schedule of meetings prior to the commencement of the new fiscal year.

11) The Board of Trustees Chair or Administrator may recommend to the Board of Trustees for approval any revisions to the date, time or venue of regular Board of Trustees meetings, together with the rationale for the revision. Such revisions must not violate the notice requirements under the Open Meeting Laws.

Committee Meetings – Time and Location

12) Committees will meet at the discretion of the Committee chair, in consultation with the Administrator. Timely notice of such is to be provided to the public in accordance with the Open Meeting Laws.

Agendas and Meeting Materials

13) A meeting notice and a written agenda shall be prepared for all regular Board of Trustees meetings and Committee meetings, and shall normally be distributed to all trustees or Committee members, as the case may be, at least 5 days in advance of meetings. The agenda shall be prepared by the Administrator, and approved by the Chair or Committee chair, as the case may be.

14) Meeting notices and agendas shall be posted on the front door of the System’s administrative offices and, on the System’s website at least 24 hours prior to each Board of Trustees and Committee meeting. Any change to such meeting notices or agendas must be made no later than 24 hours before a meeting.

15) The notice requirements set out in sections 13) and 14) represent the general practice of the System, but are not binding, and do not change the minimum notice requirements as set out in the Open Meeting Laws.

Quorum and Voting

16) A quorum for meetings of the Board of Trustees shall be five (5) trustees.

17) A quorum for Committee meetings shall be a majority of Committee members.

18) If there is a lack of a quorum present for a Board of Trustees meeting or Committee meeting, no formal business can be conducted, although discussions may take place.

19) If the Board of Trustees Chair is absent from a meeting, the Vice Chair shall preside at that meeting. If the Vice Chair is also absent, the longest serving trustee present shall preside over the meeting.
20) The Board of Trustees may not conduct business outside of a properly noticed Board of Trustees or Committee meeting, except in accordance with the provisions of A.R.S. §38-848(H) which states:

21) "Conference call meetings of the Board that are held for investment purposes only are not subject to chapter 3, article 3.1 of this title, except that the Board shall maintain minutes of these conference call meetings and make them available for public inspection within twenty-four hours after the meeting. The Board shall review the minutes of each conference call meeting and shall ratify all legal actions taken during each conference call meeting at the next scheduled meeting of the Board."

Attendance at Board of Trustees and Committee Meetings

22) Trustees agree to make every reasonable effort to attend all meetings of the Board of Trustees and all meetings of Committees on which they serve. There shall be no provision for voting by proxy at a Board or Committee meeting.

23) At any noticed Committee meeting of the Board of Trustees, no more than four trustees may participate as members of the Committee and no trustees other than those serving on said Committee may take part in the Committee’s deliberations, as per the Open Meeting Laws.

24) Members of the public are entitled to attend Board of Trustees and Committee meetings and hearings, subject to the Open Meeting Laws and the rules relating to executive sessions.

Rules of Order

25) Meetings of the Board of Trustees and all of its Committees shall be governed by this policy, the Governing Statute, and the Open Meeting Laws. Robert's "Rules of Order, Revised" shall serve as a reference tool for resolving issues and discrepancies that cannot be resolved using the instruments listed herein.

26) The order of business for regular Board of Trustees meetings shall normally be:

   a) Call to Order
   
   b) Consent Agenda and ratification of prior month’s meeting minutes
   
   c) Investment and Operations, Governance Policy & Audit Committee reports
   
   d) Other Business
      
      (i) Investment and Legislative matters not covered in the Committee reports
      
      (ii) Administrator’s Report
      
      (iii) Assistant or Deputy Administrator(s) Report(s)
   
   e) Call to the Public
   
   f) Adjournment
27) The Chair has the discretion to change the order of business of a Board of Trustees meeting at any time.

Public Comment
28) The agenda shall allow for a “call to the public” to allow members of the public to address the Board of Trustees or Committee members at each meeting, in accordance with the Open Meeting Laws.

29) To assure the efficient conduct of Board of Trustees and Committee business, the Chair and Committee chairs shall have the discretion to limit all speakers to the same time restriction.

30) Subject to the Chair’s discretion, members of the public may request to make statements at Board of Trustees meetings concerning any agenda item, prior to deliberation of the matter. Such requests should be made in writing to the Chair prior to the commencement of the meeting.

Executive Sessions
31) The Board of Trustees and its Committees may conduct business in executive session, which will be closed to the public, in accordance with the conditions prescribed in the Open Meeting Laws. The Board of Trustees will generally hold executive sessions to discuss any matters permitted under A.R.S. §38-431.03.

Meeting Minutes
32) The Administrator will cause the minutes of all Board of Trustees and Committee meetings to be prepared and published on the System’s website, in accordance with A.R.S. §38-431.01, recording therein:

a) The date, time and place of each meeting.

b) In the case of Board of Trustees meetings, the names of trustees recorded as either present or absent.

c) In the case of Committee meetings, the names of Committee members recorded as either present or absent, and the names of any trustees who are not serving on the Committee but are present as observers.

d) The time at which a trustee joined the meeting after its commencement or left the meeting prior to its conclusion.

e) The names of staff, vendor representatives or other persons in attendance who made statements or presented materials to the public body.

f) A general description of the matters considered.

g) All official acts of the Board of Trustees/Committee, including the wording of any resolution or motion considered by the Board of Trustees/Committee, and the identity of the trustee who offered the resolution or motion.
h) The disposition of each resolution or motion, including the votes made by members except where the action is unanimous; and when requested, a member’s dissent or approval with his/her reasons.

i) All action items assigned to Committees, trustees / Committee members, staff or vendors by the Board of Trustees/Committee.

33) The Administrator shall cause Board of Trustees minutes to be written and presented for approval at the next regular Board meeting. Once approved, the minutes will be signed by all attending trustees, and shall form part of the permanent record of the Board.

34) The Administrator shall cause minutes of Committee meetings to be written and presented for approval at the next Committee meeting. Once approved, the minutes will be signed by the appropriate Committee chair, and shall form part of the permanent record of the Board of Trustees.

35) Subject to section 32 above, Board of Trustees or Committee meeting minutes or a recording of such meetings shall be open to public inspection three working days after the meeting. (A.R.S. §38-431.01)

POLICY REVIEW

36) The Board of Trustees shall review this policy at least every three years to assure that it remains relevant and appropriate.

POLICY HISTORY

37) This policy was adopted by the Board of Trustees on February 23, 2005, revised on June 24, 2009, revised on March 30, 2011, and on June 27, 2012 and March 1, 2017.
ARIZONA PSPRS
5.04 POLICY ON SPECIAL ADVISERS TO THE BOARD OF TRUSTEES

REMOVED

Removal Approved by Board of Trustees on May 26, 2010
ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
5.05 STRATEGIC PLANNING AND BUDGETING PROCESS

PURPOSE

1) The purpose of this policy is threefold:
   a) To facilitate discussion and agreement among the Board of Trustees and Administrator on the strategic plan and annual budget of the System.
   b) To assure that the System actively and systematically plans for the short and long-term needs of the System.
   c) To facilitate the communication of the System’s strategic plan and annual budget throughout the organization and to interested external parties.

PRINCIPLES

2) Planning is a continuous process. While a retirement system’s mission and long-term objectives should be relatively stable, its strategic plan and budget should be reviewed and updated not less frequently than annually.

GUIDELINES

The Annual Strategic Planning Process

3) During the third quarter of each fiscal year (i.e., January to March) the Administrator or designee will initiate an annual strategic planning process, which will include, at a minimum:
   a) A review of the appropriateness of the System’s mission statement and its long-term objectives.
   b) A review of the progress made in implementing the current year’s strategic plan.
   c) An assessment as to whether the System is well positioned to achieve its mission and long-term objectives, including consideration of the following:
      i) Investment and asset management.
      ii) Funding progress.
      iii) Member services and administration.
      iv) Human resources.
      v) IT Program Development and Operations.
      vi) Governance and public relations.
d) A review of current business initiatives, which may need to be carried forward into the next fiscal year.

e) The identification of any new business initiatives to be undertaken to meet the mission and long-term objectives of the System.

4) The Administrator shall solicit input from the trustees regarding the priorities to be addressed in the strategic plan for the upcoming year.

**Annual Strategic Plan and Budget**

5) During the fourth quarter of each fiscal year (i.e., April to June), the Administrator will present to the Board of Trustees the following for review:

a) The System’s mission statement and long-term objectives, and any proposed modifications.

b) A strategic plan for the next fiscal year, which shall include at a minimum:

   i) An analysis of any significant risks or opportunities facing the System or affecting its ability to carry out its mission.

   ii) A summary of proposed new business initiatives, along with necessary supporting information and planning parameters, which may include:

   a. Rationale for undertaking the initiative.

   b. Timelines for completion.

   c. Assignment of responsibilities for implementation.

   d. Budget implications.

   e. Criteria for assessing the success of the initiative.

   f. Provisions for reporting to the Board of Trustees.

   c) A proposed budget for the next fiscal year, which shall include, at a minimum:

   i) A breakdown of the budget by division and by major expense category within each division/department;

   iv) Comparison of all budget items to the current year’s budget, and to current year’s actual spending (projected to year-end); and

   v) Supporting rationale for any significant changes in the budget.

6) By approving the strategic plan and the budget, the Board of Trustees will have concluded that the plan and the budget are reasonable and support the mission and long-term objectives of the System. The Board may make its approval subject to any modifications that it deems necessary.
7) Once the strategic plan is approved, additional business initiatives may be added only if deemed necessary by the Board of Trustees, and if accompanied by any budget modification required to carry out the new or modified initiative.

**Communications**

8) The approved strategic plan and budget will be communicated by the Administrator to all staff members of the System and made available to interested external parties upon request.

9) Should the Administrator determine that changing circumstances will not allow the System to complete or attain significant business objectives, the Board of Trustees will be informed in a timely manner.

10) The Administrator will provide the Operations, Governance Policy & Audit Committee and the Board of Trustees with a quarterly budget variance report. However, if a material variance or variances are discovered, they must be reported to the Operations, Governance Policy & Audit Committee and the Board of Trustees at its next meeting.

11) As appropriate, the Administrator will provide the Operations, Governance Policy & Audit Committee with progress reports concerning the strategic plan.

**Policy Review**

12) The Board of Trustees will review this process at least every three years to assure that it remains relevant and appropriate.

**Policy History**

13) This policy was adopted by the Board of Trustees on February 23, 2005, and revised on June 24, 2009, and on June 27, 2012. It was reviewed by the Board of Trustees on March 29, 2017 but no changes were made.
BACKGROUND

1) Pursuant to A.R.S. §38-848(M)(7), the Board of Trustees is required to establish procedures and guidelines for contracts with actuaries, auditors, investment counsel, external legal counsel and the custodian of assets.

PURPOSE

2) The Vendor Selection Policy is intended to establish general guidelines and authorities for the selection and retention of vendors by the System, as required by A.R.S. §38-848(M)(7). Specific and detailed selection criteria will be established in the investment and other policies of the Board of Trustees or at the time a search process is initiated.

ROLES AND RESPONSIBILITIES

3) The role of the Board of Trustees with respect to the selection of vendors is to:

   a) Establish appropriate policies to help assure prudent and sound selection decisions are made;

   b) Monitor compliance with such policies; and

   c) Approve the appointment of named vendors, which include:

      i) The actuary

      ii) The external financial auditor

      iii) Legal and fiduciary counsel

      iv) The independent investment consultant

      v) The trustee/custodian

      vi) Investment managers

      vii) Government Affairs Representative(s)

      viii) Other vendors as specified by the Board.

4) The Administrator will be responsible for appointing vendors other than those appointed by the Board of Trustees and for informing the Board of Trustees of such appointments where they are material or significant. Details to be provided to the Board include the name of the firm or individual hired, the general scope of their engagements, and the fee arrangements.
5) The Administrator will coordinate search and due diligence activities involving all vendors in conjunction with staff, consultants and other external experts, as required; and, at the direction of the Board of Trustees, will recommend candidates(s) to the Board for consideration.

6) The Administrator will oversee the day-to-day activities of all vendors.

**NAMED VENDORS**

**Commencing a Search**

7) Prior to conducting a search for a named vendor, the Administrator will present the Board of Trustees, or the appropriate Committee, the following information:

   a) The type of vendor being sought and supporting rationale.
   b) A projected timeline for completion of the search process.
   c) A description of the search process deemed most appropriate and cost effective under the circumstances, which may include:
      i) Whether a search consultant is to be used in the process.
      ii) The due diligence efforts to be undertaken (for example, site visits and reference checks).
      iii) Evaluation criteria to be used.
      iv) Whether a Request for Proposal (RFP), or a variation thereof, is to be used with supporting rationale (a copy of the RFP will be made available to Board of Trustees upon request).
      v) Other pertinent information that the Administrator believes may assist the Board in better understanding the search process.

**Use of Committees**

8) Notwithstanding section 5 above, the Chair may establish a Committee or direct an existing Committee to do any of the following in connection with the selection of service providers on a case-by-case basis:

   a) Supervise the search and due diligence process for a named vendor;
   b) Screen and/or interview candidates identified by System staff or advisors;
   c) Recommend a candidate or candidates to the Board of Trustees for consideration; or
   d) Appoint a service provider, if authorized by the Board of Trustees.
Recommendation of the Administrator

9) Upon completion of the analysis and due diligence involved in the search process for named vendors, the Administrator will provide the Board of Trustees with, at a minimum, the following:

   a) System staff’s recommended finalist candidate or candidates;
   b) The recommendation(s) of any Committee involved in the search process;
   c) The proposal submitted by each finalist candidate;
   d) The Administrator’s supporting rationale for the recommended candidate(s);
   e) The recommendations of the search consultant, if one was employed;
   f) Confirmation of compliance with the selection criteria and search process presented to the Board prior to the commencement of the search, or an explanation of any deviations that occurred; and
   g) The nature of any conflicts that were disclosed by any of the candidates with respect to the Board, the individual trustees, System staff or other System vendors in accordance with sections 12) to 20) below.

Board of Trustees Approval

10) In appointing a candidate for a named vendor position, the Board of Trustees will consider, at a minimum, the information provided in accordance with section 9 above.

11) Failing such approval, the Administrator (or search consultant) must review the search and due diligence efforts and bring forward another recommendation.

CONFLICTS OF INTEREST

12) For purposes of this policy, actual or perceived conflicts of interest shall have the meaning as prescribed in the Board of Trustees’ Code of Ethics.

Disclosure by Candidates

13) The Administrator (or search consultant if applicable) shall instruct all candidates to disclose in writing any actual or perceived conflicts of interest the candidate may have in providing the requested services.

14) Candidates shall be instructed to submit the nature of any disclosures with their proposal, or where the candidate believes no conflicts of interest exist, to confirm such in writing.

15) Failure by a candidate to provide such disclosure may result in disqualification from the selection process.
16) There shall be a continuing duty on the part of all candidates to disclose conflicts or perceived conflicts for the duration of the selection process, and on the part of all appointed service providers for the duration of their service to the System.

Disclosures by Trustees and Staff

17) Trustees shall disclose any actual or perceived conflicts of interest they may have in connection with a candidate being considered for appointment by the Board of Trustees as soon as they become aware of it. Disclosure shall be made to the Board and the Administrator, and shall be noted in the minutes of the next Board meeting. In the event of an actual conflict, the trustee in question shall recuse himself or herself from any discussion or vote involving the candidate in question. In the case of a perceived conflict, the trustee is encouraged to recuse himself/ herself from any discussion or vote involving the candidate; if the trustee refuses, the trustee shall provide the Board with reasons for his/ her refusal. Legal counsel may be consulted to confirm whether an actual or perceived conflict exists.

18) Staff persons shall disclose any actual or perceived conflicts of interest they may have in connection with a candidate being considered for appointment by the Board of Trustees or the Administrator, as soon as they become aware of it. Disclosure shall be made to the Administrator and the Compliance Officer. The Administrator shall take steps to assure that the staff person is isolated from the selection process, and shall report such to the Board at its next meeting.

19) In the case of the Administrator, any actual or perceived conflicts of interest shall be disclosed as soon as possible to the Compliance Officer and the Board of Trustees and the Administrator shall isolate himself/ herself from the selection process.

20) There shall be a continuing duty on the part of all trustees and staff to disclose any conflicts or perceived conflicts of interest they may have with existing service providers, for the duration of their term on the Board of Trustees or employment with the System.

Quiet Periods

21) The Board of Trustees will institute a “quiet period” when:

a) The Board of Trustees or Administrator formally initiates a search process by issuing an RFP or similar document; or

b) The Board of Trustees deems it is in the best interest of the System to require that, for a limited period of time, communications between trustees and specified vendors be restricted to Board and Committee meetings only.

22) Quiet periods will be instituted at Board of Trustees meetings, and written notification will be issued to all trustees not present at said meeting, and where possible, to all applicable vendors.

23) The initiation of a quiet period, and the vendors or types of vendors to which it applies, will be specified in the minutes of the Board of Trustees meeting at which it was approved by the Board.
24) The Administrator, in consultation with the Chair, may initiate a quiet period between Board of Trustees meetings, by providing trustees and applicable vendors with written notification of the nature of the quiet period. The Board will be required to ratify the quiet period at its next meeting, in order for it to remain in effect.

25) During quiet periods, trustees shall not communicate with the specified vendors, except as follows:

   a) During Board of Trustees or Committee meetings.

   b) Where the trustee is required to communicate with the vendor in a capacity other than that as a member of the Board of Trustees (for example, in one’s capacity serving on a different board, or as an employee of a financial services firm); in this situation, the trustee will not discuss System business with the vendor, and will disclose to the Board the existence of the relationship and any communications.

   c) Where the trustee requires legal advice from legal or fiduciary counsel.

26) If a vendor contacts a trustee in violation of the quiet period restrictions, the trustee shall inform the Administrator and the Board of Trustees, and that vendor may be disqualified from the selection process by the Administrator, in consultation with the Board.

27) A quiet period will cease:

   a) When a vendor has been appointed by the Board of Trustees or the search process is otherwise ended;

   b) When the quiet period is ended by action of the Board of Trustees; or

   c) At the end of 90 days, unless continued by action of the Board of Trustees.

**OTHER VENDORS**

28) The Administrator, or his/ her designee, shall appoint “other” vendors that are not named vendors (i.e., those not listed in section 3(c) above). In doing so, the Administrator shall assure that:

   a) The appointment of vendors will be made in the best interests of the System;

   b) The selection of vendors will reflect a level of rigor that is commensurate with the importance and materiality of the service in question; and

   c) The financial obligations of such appointments are within approved budgeted amounts, or approved amendments to the budget.

29) In selecting other vendors, the Administrator and staff will comply with the conflict of interest provisions in this policy and other System policies.
**CONTRACTS**

30) Pursuant to A.R.S. §38-848(N)(7), and subject to the direction of the Board of Trustees, the Administrator is required to recommend to the Board annual contracts for the System’s actuary, external auditor, investment counsel and legal counsel.

31) The Administrator shall negotiate and execute contracts for all other vendors, subject to review by legal counsel.

**MONITORING AND REPORTING**

32) The Administrator will provide the Board of Trustees with periodic updates on the status of ongoing searches, where there is relevant information to report.

33) All named vendors will be subject to regular performance monitoring by staff, and periodic reviews throughout the term of their contracts. Criteria for review may include performance, staff satisfaction, competitiveness of fees, and/or quality of reporting.

34) All other vendors may be subject to performance reviews by staff, as necessary and appropriate.

35) The Administrator will report regularly to the Board of Trustees on monitoring efforts involving named vendors, identifying in a timely manner any material failures by named vendors to comply with the terms of their contract or applicable guidelines, along with any actions taken by staff.

36) All monitoring and reporting provisions contained in this policy serve as minimum requirements. If more stringent requirements are established within other policies of the System, such requirements will prevail.

**POLICY REVIEW**

37) The Board of Trustees will review this policy at least every three years to assure that it remains relevant and appropriate.

**POLICY HISTORY**

INTRODUCTION

1) One of the most important functions of the Board of Trustees is the oversight and supervision of the Administrator. In order to assure that this function is carried out effectively, the Board believes that formal evaluation procedures and practices are required.

2) The objectives of this policy are to:
   a) Assist the Board of Trustees in establishing and communicating clear and meaningful goals and performance targets to the Administrator; and
   b) Assure the Administrator receives useful and objective performance feedback from the Board of Trustees on a periodic basis.

ROLES AND RESPONSIBILITIES

3) The Board of Trustees will be responsible for annually evaluating the performance of the Administrator.

4) The Board of Trustees will review and discuss the results of the evaluation.

GENERAL GUIDELINES

Evaluation Period

5) The period of time to be covered by a performance evaluation shall be the fiscal year.

Evaluation Criteria

6) At the beginning of each evaluation period, the Board of Trustees will establish evaluation criteria, goals and performance targets for the Administrator for that period and communicate those to the Administrator. The Board may request input from the Administrator, committee chairs, staff and external stakeholders.

7) Evaluation criteria may include but are not limited to:
   a) Achievement of appropriate performance targets for the System;
   b) Implementation of the annual strategic plan;
   c) Implementation of Board of Trustees policies;
   d) Quality of reporting to the Board of Trustees;
   e) Compliance with the Administrator's Charter; and
Leadership related qualities and skills.

**Evaluation Process and Timelines**

8) The Chair and the Administrator shall meet as needed to review the Administrator’s performance evaluation criteria, the proposed evaluation form, and proposed changes to the compensation structure, if any. Any changes to these items shall require the approval of the Board of Trustees.

9) In preparation for the Administrator’s annual performance review, the Administrator will distribute an Evaluation Package to each trustee. The Evaluation Package will include, at a minimum:

   a) The performance criteria, goals and performance targets established for the evaluation period to be reviewed, and the approved evaluation form.

   b) A report prepared by the Administrator summarizing his/her achievements for the evaluation period under review, and setting forth goals for the next review period.

   c) Any other relevant supporting data or information.

10) In preparation for the Administrator’s annual performance review, the Board of Trustees, at its discretion, may solicit input from committee chairs, staff and external stakeholders.

11) The Administrator’s performance will be scheduled for review and discussion by the Board of Trustees following the end of the Administrator’s evaluation period. The review is to be held in executive session, unless the Administrator requests otherwise in accordance with the Open Meeting Laws.

12) Following the above executive session, the Board of Trustees may take formal action regarding the performance evaluation (e.g., salary changes, dismissal, etc.) in open session, in accordance with the Open Meeting Laws. The meeting agenda shall include an item for such action, should the Board of Trustees choose to take formal action following the executive session.

13) All timelines set out in this policy are target guidelines and may be changed within reason. Notwithstanding this, however, the Administrator’s evaluation shall be completed no later than four months after the end of each evaluation period.

**Policy Review**

14) The Board of Trustees will review this policy at least every three years to assure that it remains relevant and appropriate.

**Policy History**

BACKGROUND AND PURPOSE

1) It is the desire of the Board of Trustees to assure that trustees have access to ongoing educational opportunities to enhance their knowledge of matters pertinent to their duties as trustees.

2) This policy establishes education guidelines applicable to trustees. The Board of Trustees believes it must provide trustees with the tools and resources necessary to obtain sufficient knowledge to discharge their fiduciary duties. It is, however, ultimately the responsibility of individual trustees to take advantage of these tools and resources.

3) Furthermore, it is expected that trustees will also educate themselves as required on their own time outside of Board of Trustees and Committee meetings, through various educational opportunities, additional reading and preparation, or through discussions with staff and advisors.

4) Trustee education should cover a broad range of topics related to the administration of a public retirement system (i.e., beyond simply investments). The level of technical detail provided by such education should be suitable for fiduciaries of a public retirement system.

GUIDELINES

General

5) The Board of Trustees’ education program for trustees will consist of the following:
   a) A formal orientation for all new trustees.
   c) In-house educational seminars or briefings that may be organized by staff.
   d) Selected reading materials to be presented to the Board of Trustees by staff or service providers periodically.
   e) External conferences or seminars.

6) Trustees are encouraged to pursue appropriate education across a range of pension-related areas, rather than limiting their education to specific areas. General pension-related areas to be pursued must be related to the trustees’ duties as a member of the Board of Trustees and may include:
   a) Governance and fiduciary duties.
   b) Legislation and legal issues.
c) Investment policy and asset allocation.

d) Actuarial policy and funding.

e) Benefits administration.

f) Risk management.

g) Other topics related to the trustees’ duties that are deemed worthwhile by the Board of Trustees or by the Administrator.

**Orientation Program**

7) The Administrator will develop an orientation program designed to introduce new trustees to all pertinent operations of the System and highlight the knowledge base required of a trustee. The aim of the orientation program will be to assure that new Trustees are in a position to contribute fully to Board of Trustees deliberations and effectively carry out their fiduciary duties as soon as possible after joining the Board.

8) As part of their orientation, new trustees will, within 30 days of their appointment to the Board of Trustees:

a) Be briefed by the Administrator on the history and background of the System.

b) Be provided a tour of the System offices by the Administrator and be introduced to members of senior management.

c) Be briefed by the Board of Trustees’ legal counsel on their fiduciary duties, conflict of interest guidelines, relevant sections of the Arizona Revised Statutes, Title 38, Chapter 5, Articles 3, 3.1, 3.2, 4, 4.1, 4.2 and 6, and Title 38, Chapter 3, Article 3.1 (the “Open Meeting Laws”).

d) Be oriented by the Chair and/or Administrator on current issues before the Board of Trustees.

9) As part of their orientation, new trustees will be provided:

a) A Trustee Reference Manual (the contents of which are listed in Appendix 1), including a copy of this policy statement and the PSPRS Travel Policy;

b) A listing of upcoming recommended educational opportunities; and

c) Other relevant information and documentation deemed appropriate by the Administrator.

**Conferences and Seminars**

10) On an ongoing basis, the Administrator and/or trustees will identify appropriate educational conferences and seminars, and establish a list of recommended conferences/seminars for trustees’ consideration.
In recommending conferences to the Board of Trustees, the Administrator will consider the following:

a) The conference content should meet the educational needs of trustees, and address topics of current interest and importance relating to the System.

b) A conference requiring overnight lodging or other significant travel-related expenses should have more than 5 hours of educational content per day, exclusive of travel days.

c) Reports from previous attendees, if any, should be favourable regarding the content of the conference and the continuing value of future attendance.

d) The cost of the conference and associated travel should be reasonable, i.e., comparable to the cost of other quality educational opportunities.

Approval for attendance and reimbursement of travel expenses in connection with conferences and seminars will be in accordance with the provisions set out in the Travel Policy.

In-House Educational Seminars

The Administrator may organize an annual educational briefing or seminar for the benefit of trustees. In doing so, the Administrator will identify relevant topics of interest, with input from trustees. Such initiatives may be appended to regular Board of Trustees meetings or organized as stand-alone sessions.

The Administrator will periodically provide trustees with relevant and appropriate reading material (e.g., research papers, articles, news clippings, etc.).

Reporting and Monitoring

The Administrator shall annually present to the Board of Trustees a report summarizing the various educational activities undertaken by the Board and individual trustees during the year. The report will include at a minimum:

a) The number of external conferences and seminars trustees attended during the year and paid for by the System.

b) The total education/travel budget used by trustees during the year, versus the total budgeted amount.

Policy Review

The Board of Trustees shall review this policy at least once every three years to assure that it remains relevant and appropriate.

Policy History

This policy was adopted by the Board of Trustees on February 23, 2005; revised July 24, 2008, revised on June 24, 2009, on June 27, 2012, and on March 29, 2017.
Appendix 1

Trustee Reference Manual

The Trustee Reference Manual will include the following materials:

a) Arizona Revised Statutes Title 38, Chapter 5, Articles 3, 3.1, 3.2, 4, 4.1, 4.2 and 6.
b) Arizona Revised Statutes Title 38, Chapter 3, Article 3.1 (Open Meeting Laws).
c) Applicable state conflict of interest laws.
d) Most recent plan description and member handbook.
e) Copies of Board of Trustees Charters and policies.
f) The System’s organizational chart.
g) Names and phone numbers of trustees and senior staff.
h) Listing of current key vendors.
i) Most recent Annual Report.
j) Glossary of key pension administration terms and definitions.
ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
5.09 TRAVEL POLICY

OBJECTIVES
1) The purpose of this policy is to:
   1) Establish reasonable parameters for Trustee and staff business and educational travel.
   2) Establish a process for the approval and reimbursement of reasonable travel and conference expenses.
   3) Define reasonable travel and conference expenses.

DEFINITIONS
2) In this policy “Conference” shall be defined to include conferences, seminars, or academic programs (e.g., Wharton).

GUIDELINES

Travel Authorization for Trustees
3) Trustees are encouraged to attend up to three (3) conferences per fiscal year at the expense of the System.
4) Reimbursement of expenses related to attendance at Conferences shall be reimbursed by the System if approved by the Board of Trustees or the Administrator.
5) Other travel by a Trustee on Board of Trustee business at the System’s expense, including participation in meetings with current or prospective vendors, due diligence visits with current or prospective managers, etc., requires prior Board of Trustees approval. If prior approval was not possible, the Board of Trustees may ratify such travel for good cause, where such cause is explained. Notwithstanding that which is allowed under section “Business Materials, Entertainment & Travel” of 5.14 Code of Ethics, for all such travel to or with and accommodations provided by prospective vendors or managers, the Trustee shall pay all charges at time of incurrence, including charges to be borne by a third party, and subsequently submit a travel expense request to the System for reimbursement. If appropriate, the System may bill the third party after reimbursement to the Trustee.
6) All Trustee travel for conferences, seminars, and any other System business shall be reported to the Compliance Officer by the Trustee in the month incurred.

Travel Authorization for the Administrator
7) The Chair or Vice Chair are authorized to approve travel by the Administrator, provided:
   1) The purpose of such travel is for:
i) Administrative purposes, including due diligence evaluations, vendor meetings, meetings with other retirement systems;

ii) Attendance at industry or professional association meetings; or

iii) Participation at Conferences, where the content relates to the Administrator’s job description; and

2) The staff travel and education budget for the year has not been exceeded.

8) Travel by the Administrator requires approval by the Board of Trustees when:

1) The staff travel and education budget for the year has not been exceeded.

9) If prior approval was not possible, the Board of Trustees may ratify such travel for good cause, where such cause is explained.

Travel Authorization for System Staff

10) The Administrator is authorized to approve travel by staff, provided the following:

1) The purpose of such travel is for:

i) Administrative purposes, including due diligence evaluations, vendor meetings, meetings with other retirement systems;

ii) Attendance at industry or professional association meetings; or

iii) Participation at Conferences, where the content relates to the staff person’s job description; and

2) The staff travel and education budget for the year has not been exceeded.

11) Travel by staff requires approval by the Board of Trustees when:

1) The staff travel and education budget has been exceeded for the year.

12) For travel covered by paragraph 10), if prior approval was not possible, the Board of Trustees may ratify such travel for good cause, where such cause is explained.

13) Staff may attend up to 3 Conferences per year at the expense of the System, subject to the approval procedures noted above. This limit does not apply to association or industry meetings where the majority of the meeting is devoted to the business of the association. This limit may be waived by action of the Board of Trustees.

Speaking Engagements

14) The Board of Trustees recognize that Trustees and staff members may be invited to speak at Conferences or other events because of their professional expertise. The System encourages the exchange of professional information, and approval for attendance should be given where participation would benefit the System. Reimbursement and employee leave for such purposes shall be subject to the approval procedures set out above.
Reimbursement Procedures

15) Trustees and staff shall only be reimbursed for reasonable travel expenses, as defined in the Travel Expense Reimbursement Procedures. Notwithstanding anything in this policy, the Board of Trustees may reject the reimbursement of any expense that is not consistent with the spirit of this policy or the procedures.

Concurrent Travel by Senior Staff

16) Concurrent out-of-town travel by more than two (2) senior staff members (defined here as the Administrator and the Assistant/Deputy Administrators) is not authorized unless there are extenuating circumstances. Occasions necessitating concurrent travel by more than two (2) of these individuals shall be communicated to the Chair in advance of the travel. On these occasions, the Administrator must provide for appropriate responsibility and authority within the System through other senior staff.

17) When air travel is involved, no more than two senior-staff members (2) shall travel on the same flight.

Travel Budget

18) Throughout the year the Administrator shall monitor travel costs against the annual travel budget for the Board of Trustees and for Staff, and shall inform the Board of Trustees when the budget has been exceeded.

POLICY REVIEW

19) The Board of Trustees shall review this policy at least once every three years to assure that it remains relevant and appropriate.

POLICY HISTORY

20) The Board of Trustees adopted this policy on February 23, 2005, and revised on June 24, 2009, March 30, 2011, and on June 27, 2012. It was reviewed by the Board of Trustees on April 26, 2017 but no changes were made. It was reviewed and revised on February 28, 2018.
5.10 TRAVEL EXPENSE REIMBURSEMENT PROCEDURES

DEFINITIONS

In this Procedure “Conferences” shall be defined to include conferences, seminars, or academic programs (e.g., Wharton):

General

1) Claims for reimbursement of travel or Conference expenses should be submitted within 15 days following completion of the travel or Conference for which expenses are claimed, with the exception of mileage allowance reimbursements, for which mileage claim forms will be submitted at least once each quarter. Receipts, where available, must be submitted with the claims form.

2) Cash advances to trustees will not be allowed unless specifically approved by the Board of Trustees. Cash advances to staff members will not be allowed unless specifically approved by the Administrator.

3) Conference registration fees may be paid directly to the sponsor by PSPRS at the time Board of staff members are registered. Individuals are normally responsible for making their own airfare and lodging arrangements, but PSPRS staff is available to make those arrangements and pay related costs directly if requested.

4) Normally, individuals are responsible for timely cancellation of travel and lodging arrangements made on their behalf and which in fact will not be used, so that no costs will be incurred by the System.

5) Reasonable additional expenses (i.e. lodging and per diem for extra days either before or after a Conference) will be reimbursed if such extension results in lower overall trip costs. For staff, cost comparisons for trip extensions will include the costs of salary for any work days lost by the extension.

Air Travel

6) Reimbursement for travel will be limited to economy or comparable class.

Ground Transportation

7) Normally, individuals will be expected to use airport shuttle service or taxis to metropolitan destinations unless it is more economical to rent a car, pay for parking, fuel, etc. Where a rental car is used, reimbursement will be limited to that required for midsize or small vehicles. Reimbursement will also be provided for fuel and parking. The individual will also purchase, and will be reimbursed for, the collision damage waiver (CDW) or related physical damage coverage. Reimbursement will not be provided for traffic or parking violations.

Meals
8) Meals on trips of one day or less will not be reimbursed (in accordance with IRS guidelines). Meals for trips of more than one day will be reimbursed at full cost, where a receipt is provided. Where a receipt is not provided, reimbursement will be limited as follows: $10.00 breakfast, $15.00 lunch and $25.00 dinner, or not to exceed $50.00 per day.

9) Individuals will be reimbursed for meals for business guests only where it is necessary and clearly to the benefit of the System. The reason required and the names of the guest(s) should be reflected on an attached statement.

**Airport Parking**

10) Parking in long-term lots will be reimbursed at current rates (receipt required).

**Incidental Expense**

11) The following incidental business expenses will be reimbursed: Internet access fees, charges for phone calls or faxes relating to System business (long distance calls should be made by calling card).

**Gratuities**

12) Gratuities for meals and taxis will be noted on the receipts. Maximum reimbursement for porterage is $5.00 per day of travel.

**Mileage**

13) For travel in a personal vehicle, mileage allowance will be at a rate-per-mile allowed by the IRS as a business expense. For travel in a personal airplane, mileage allowance will be at a rate-per-mile allowed by the guidelines of the General Accounting Office of Arizona. When more than one person travels in the same vehicle, only one claim will be allowed.

14) Where an individual uses his or her personal vehicle on business travel instead of commercial transportation, that person will be reimbursed for the lesser of the cost of the commercial transportation costs (i.e., airfare, taxis, car rental, etc.) or the total mileage allowance.

**Non-reimbursable expenses**

15) The following expenses are not reimbursable:

- Entertainment (including in-room movie charges)
- Laundry charges
- Alcoholic beverages
- Newspapers and magazines
• Expenses of other individuals (including travel companions) unless business related

**PROCEDURE REVIEW**

16) The Administrator shall review this procedure at least once every year to assure that it remains relevant and appropriate.

**PROCEDURE HISTORY**

BACKGROUND AND PURPOSE

1) In keeping with the duty of the Board of Trustees to oversee the activities and performance of the System, the Board of Trustees has established this Monitoring and Reporting Policy, which sets out the Board’s expectations concerning the reports it is to receive on a regular basis.

PRINCIPLES AND ASSUMPTIONS

2) While it is prudent for the Board of Trustees to delegate certain responsibilities, it should monitor the activities of those to whom it has delegated such responsibilities, in order to assure that the responsibilities are being fulfilled.

3) The Board of Trustees, and each Trustee, should receive all appropriate information that is relevant to their duties and responsibilities in a timely manner.

4) The system of reporting to the Board of Trustees is a dynamic one, and must be reviewed and modified periodically to meet the changing needs of the Board over time. A process should be in place to help direct and keep track of changes to this system.

GUIDELINES

5) The Board of Trustees will be provided the routine reports outlined in Appendix 1 with the frequency also set out in Appendix 1. The Board may be provided with other reports as required from time to time.

6) Requests by Trustees for additional routine reports shall require Board of Trustees approval and an amendment to Appendix 1 of this policy.

7) In addition to routine reporting, the Administrator shall promptly inform all Trustees of any emergencies that the Administrator believes may significantly affect the condition of the System and safety of its assets.

POLICY REVIEW

8) The Board of Trustees shall review this policy every three years to assure that it remains relevant and appropriate.

POLICY HISTORY

# Appendix 1
## Routine Reports

### Governance Reports

<table>
<thead>
<tr>
<th>Report Name</th>
<th>Frequency</th>
<th>Presented By</th>
<th>Description and Purpose of Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Administrator Evaluation</td>
<td>Annually</td>
<td>N/A</td>
<td>Summarizes the performance assessment of the Administrator.</td>
</tr>
<tr>
<td>2. Trustee Education Report</td>
<td>Annually</td>
<td>Administrator or third party</td>
<td>Summarizes the activities of the Board of Trustees with respect to education and orientation.</td>
</tr>
</tbody>
</table>

### Funding Reports

<table>
<thead>
<tr>
<th>Report Name</th>
<th>Frequency</th>
<th>Presented By</th>
<th>Description and Purpose of Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Actuarial Valuation</td>
<td>Annually</td>
<td>Actuary</td>
<td>Valuation of the funded status of the Funds, taking into account assets and liabilities, and other economic and demographic assumptions. Also includes recommendations for contributions.</td>
</tr>
<tr>
<td>4. Actuarial Experience study</td>
<td>Every 5 years</td>
<td>Actuary</td>
<td>Reviews the appropriate long-term economic assumptions (e.g., investment return, wage and price inflation) and demographic assumptions (e.g. disability rates, mortality rates), etc. employed in preparing the actuarial valuation.</td>
</tr>
<tr>
<td>5. Actuarial Audit</td>
<td>Not more frequently than once every 5 years*</td>
<td>Actuarial Auditor</td>
<td>An independent review of the validity of the analyses and methodologies used in preparing actuarial valuations.</td>
</tr>
</tbody>
</table>

* Not required if the System has recently appointed, or is about to appoint, a new actuary at or about the time an actuarial audit is scheduled to be performed.
# INVESTMENTS REPORTS

<table>
<thead>
<tr>
<th>Report Name</th>
<th>Frequency</th>
<th>Presented By</th>
<th>Description and Purpose of Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Investment Performance Reports</td>
<td>Monthly(^1)</td>
<td>Chief Investment Officer (CIO)</td>
<td>Internal performance reports prepared by staff showing investment returns, for total fund, by asset class, and by manager, and asset allocations, as compared against benchmarks. Provides analysis based on return over various periods (3 months, 1 year, 5 year, etc.)</td>
</tr>
<tr>
<td>7. Joint Venture (JV) Real Estate Investment Reports</td>
<td>Quarterly(^1)</td>
<td>Fiduciary Legal counsel</td>
<td>Provides a quarterly account of the Funds’ real estate investments, including the terms and expected returns of the investments.</td>
</tr>
<tr>
<td>8. Investment Performance Reports (Third party)</td>
<td>At least quarterly</td>
<td>Independent Investment Advisor</td>
<td>Performance reports prepared by independent investment advisor, showing investment returns, for total fund, by asset class, and by manager, and asset allocations, as compared against benchmarks. Also includes attribution analysis, to identify sources of returns.</td>
</tr>
<tr>
<td>9. Investment Manager Compliance</td>
<td>Quarterly</td>
<td>Compliance Officer</td>
<td>Confirms that investment managers (internal and external) are investing plan assets in accordance with their mandate, investment agreement, regulatory requirements and investment policy.</td>
</tr>
<tr>
<td>10. Overview of Investment Program</td>
<td>Annually</td>
<td>CIO</td>
<td>Snapshot of the overall structure of the investment program, including actual asset mix, number of managers, number of portfolios, etc.</td>
</tr>
<tr>
<td>11. Investment Costs</td>
<td>Annually</td>
<td>CIO</td>
<td>Evaluates the costs of the investment program. Periodically compare costs to an appropriate peer group.</td>
</tr>
<tr>
<td>12. Securities Lending</td>
<td>Annually</td>
<td>CIO</td>
<td>Summary of the System’s security lending activities, including additional income earned, collateral received, and risk factors impacting collateral.</td>
</tr>
<tr>
<td>13. Asset / Liability Studies</td>
<td>At least every 3 years</td>
<td>CIO</td>
<td>A study of the relationship between the Funds’ assets and liabilities, and recommendations regarding the appropriateness of the current asset mix policy.</td>
</tr>
</tbody>
</table>

\(^1\) Except for the first month of each fiscal year
## Administration and Operations Reports

<table>
<thead>
<tr>
<th>Report Name</th>
<th>Frequency</th>
<th>Presented By</th>
<th>Description and Purpose of Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>15. Budget Variance Tracking</td>
<td>At least Quarterly</td>
<td>Administrator</td>
<td>Compares actual spending to the operating budget, including explanations for material variances.</td>
</tr>
<tr>
<td>16. Audited Financial Statements, including:</td>
<td>Annually</td>
<td>Financial Auditor</td>
<td>Confirms that the financial statements present fairly, in all materials respects, the financial status of the Funds, in accordance with generally accepted accounting principles. The Board of Trustees should also be presented with the auditor’s opinion letter, and the auditor’s Management Letter to staff.</td>
</tr>
<tr>
<td>Opinion letters</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management letters</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. Member Services</td>
<td>Periodically</td>
<td>Administrator</td>
<td>Progress report on staff initiatives to improve service to members and to Local Boards (e.g. significant changes in technology, staff procedures, training and education, etc.)</td>
</tr>
<tr>
<td>19. Reports on internal controls</td>
<td>Annually</td>
<td>Internal Audit Officer</td>
<td>Update of financial and operational internal controls, including any significant changes and improvements to such over the year.</td>
</tr>
<tr>
<td>20. External assessment of internal audit function</td>
<td>At least every 5 years</td>
<td>External Auditor</td>
<td>External assessment of the internal audit function, as required by internal audit standards.</td>
</tr>
<tr>
<td>21. Report on internal audit</td>
<td>Periodically</td>
<td>Internal Auditor</td>
<td>Summary of internal audit function’s purpose, authority and responsibility, as required by internal audit standards.</td>
</tr>
<tr>
<td>22. Reports on HR management</td>
<td>Annually</td>
<td>HR Officer</td>
<td>Summary of initiatives in the human resources area, including compensation policies, training activities, staff turnover statistics, etc.</td>
</tr>
<tr>
<td>23. Legal Affairs</td>
<td>Updates each meeting</td>
<td>Legal Counsel</td>
<td>Monthly report on significant litigation, potential litigation, and on changes and potential changes to legislation that would significantly affect the System, the Plans or the Trust.</td>
</tr>
<tr>
<td>Report Name</td>
<td>Frequency</td>
<td>Presented By</td>
<td>Description and Purpose of Report</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-----------</td>
<td>-----------------</td>
<td>---------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>24. Litigation auditing report</td>
<td>Annually</td>
<td>Legal Counsel</td>
<td>Annual report prepared for the System’s auditors on ongoing litigation involving the System, and on risks posed by new or proposed legislation.</td>
</tr>
</tbody>
</table>
BACKGROUND

1) As fiduciaries of a public trust, the Trustees of the Board of Trustees are required to discharge their duties with respect to the Plans and Trust solely in the interest of Plan members and their beneficiaries, and for the exclusive purposes of providing benefits to members and beneficiaries, and paying the expenses of administering the Plans.

2) Accordingly, Trustees are subject to the provisions of trust law, the governing statutes, and numerous other laws. Trustees are also required to conduct System business in an effective and professional manner.

3) This policy does not create any new or additional legal duties or obligations for Trustees, but is intended to communicate the Board of Trustees’ expectations regarding their conduct as members of the Board of Trustees.

PURPOSE

4) The Board of Trustees has established this Code of Conduct:

   a) To remind Trustees of their responsibility to be familiar with and abide by various fiduciary and statutory duties, and Board policy and decisions.

   b) To establish standards of conduct consistent with their fiduciary and statutory duties, and Board of Trustees policy.

   c) To provide for a means of enforcing such standards of conduct.

GUIDELINES

General Duties

5) Trustees should:

   a) Conduct themselves with decorum, honesty, and professionalism in all aspects of their duties and in their relations with fellow Trustees, staff, vendors, members and other interested parties;

   b) Actively prepare for each meeting by thoroughly reading all meeting materials in advance;

   c) Attend and participate in meetings of the Board of Trustees and Committees on which they serve, unless unable to do so for reasons beyond their control;

   d) It is the Trustees’ duty to monitor the System’s operations and investments generally, but not to become involved in the day-to-day business of the System; and not to participate directly in daily operations or investment business; and,
e) Individual Trustees do not have any individual authority to direct, act, or bind the System. The Board of Trustees' authority is collective pursuant to a majority vote of the quorum of Trustees present at a duly noticed public meeting.

**Compliance with Laws and Policies**

6) A Trustee should:

a) Become familiar with and abide by the laws pertaining to the Plans and to the Board of Trustees, particularly:

(i) ARS Title 38, Chapter 5, Articles 3, 4, and 6;
(ii) ARS, Title 38, Chapter 3, Article 3.1 (Open Meeting Laws); and
(iii) Applicable state conflict of interest policies. (e.g. ARS Title 38, Chapter 3, Article 8).

b) Become familiar with and abide by all Board of Trustees policies, especially the Code of Ethics and the Board of Trustees Communications Policy.

c) Abide by all decisions of the Board of Trustees, even if he/she may not have supported or voted in favor of the decisions during Board deliberations (except where a Trustee believes that doing so would violate a fiduciary or statutory duty).

**System Information**

7) A Trustee should:

a) Direct questions or information requests to the Administrator or Assistant/Deputy Administrators, either at Board of Trustees or Committee meetings, or during regular business hours.

b) Only make reasonable requests for System information that is necessary for the purposes of fulfilling the duties of Trustee. Requests should not be made for System information intended for personal or business use.

c) Respect the confidentiality of all information pertaining to the Board of Trustees and the System to which the Trustee is privy by virtue of his/her position; confidential information should not be disclosed unless required by law.

**Enforcement Provisions**

8) The Board of Trustees Chair and Committee chairs, in presiding over meetings of the Board and Committees, will enforce and attempt to rectify any breaches of this Code that may occur during meetings of the Board or Committees.

9) Any Trustee may request that the Board of Trustees investigate potential violations of this Code, by filing a written petition with the Board Chair or Administrator, setting out the nature of the alleged violation, and supporting details and information. The Chair or Administrator shall place the matter on the agenda for a Board meeting, and shall give due notice to the Trustee who is the subject of the petition.
10) The Board of Trustees shall review and discuss a petition in open session, in compliance with Open Meeting Laws. In doing so, the Board shall hear from the Trustee in question and any other party recognized by the Board Chair. If the allegation is made against the Board Chair, then the Vice Chair shall act in his/her place for purposes of considering and addressing the allegations.

11) Upon determination by the Board of Trustees that a violation has occurred, the Board shall have the authority to craft an appropriate remedy.

12) The use of any of the above enforcement remedies is a serious matter and shall not be used as a tool for harassment; any allegation must be supported by direct evidence, not hearsay.

13) The Board of Trustees' final determination will be recorded in the Board minutes and may be communicated to any parties and by any means determined by the Board.

POLICY REVIEW

14) The Board of Trustees shall review this policy at least every three years to assure that it remains relevant and appropriate.

POLICY HISTORY

BACKGROUND AND PURPOSE

The role of the Board of Trustees with respect to the System’s human resources is to set broad policy guidelines and objectives within which the Administrator is to manage the Systems’ human resource function (i.e., hiring, promotion, termination, setting compensation). The only personnel matters in which the Board of Trustees will be actively involved are set forth in the Personnel Administration section of the Board of Trustees Charter.

Accordingly, the Board of Trustees has approved this policy, which provides for:

i) General guidelines that will guide the Administrator in the management of the System’s human resources.

ii) The compensation philosophy and guidelines of the System, including compensation goals and objectives, relevant comparison groups and target compensation levels.

This policy contains only general principles and guidelines regarding human resource management and compensation. Specific rules, regulations and procedures, which are to be consistent with this policy, are set out in the PSPRS Personnel Rules, Regulations and Procedures (the “Personnel Procedures”) and other System policies.

GENERAL GUIDELINES

The Board of Trustees has established the following guidelines for the management of the System’s human resources. All System policies and programs are to be consistent with these guidelines.

1) The System shall be an equal opportunity employer, and will comply with all federal and state laws and regulations regarding discrimination. In its treatment of employees or in its hiring practices, the System shall not discriminate on the basis of race, color, religion, sex, national origin, age, disability or sexual orientation.

2) The System is committed to maintaining a working environment that is free from all forms of harassment.

3) The System shall expect of its employees a high standard of ethical conduct, honesty, and integrity.

4) Although the Administrator, Assistant/Deputy Administrators, CIO, Deputy CIOs and Fiduciary/Investment Counsel may have written contracts of employment with the System, employment with the System for all employees is at-will.

5) The System shall pursue a fair and equitable policy of compensation and recognition for all of its employees which:
a) Is aimed at attracting and retaining quality employees.

b) Recognizes the merit of individual employees.

c) Operates within the financial constraints of the System.

6) The System shall support ongoing employee training and skills development, and will implement a program to assist employees in this regard.

7) The System shall support promotion from within the organization, unless the required skills and knowledge are not available within the System.

8) The System shall require annual and meaningful employee performance reviews, as such reviews can significantly improve employee performance, development, job satisfaction and morale.

9) The Board of Trustees recognizes the importance of periodic succession planning aimed at providing continuity among the System’s senior management. The Administrator shall be responsible for undertaking such planning on a regular basis.

10) The Board of Trustees recognizes the importance of transparency in human resource policy. Accordingly, personnel rules, regulations, procedures, salary ranges, job classifications, and bonus plans shall be clearly documented, and made available to all employees.

11) Employees should be able to seek redress from the System or the Board of Trustees for acts of discrimination or harassment by other employees or by the System, or to challenge personnel decisions that adversely affect them, without fear of recrimination or reprisals.

12) As part of its fiduciary obligation to properly administer the System as well as invest and protect the Trust, the Board of Trustees is committed to taking all steps reasonably necessary to both protect the Trust from theft, fraud and incompetence and attract the best personnel to administer the system and invest its assets. Consistent with best practices in the private sector, the Board shall require the System to:

   a) Attract and retain the most capable and responsible personnel available by paying them, whenever appropriate, salaries and benefits commensurate with the private sector.

   b) Carefully screen and investigate persons being considered for positions with the System where significant responsibilities are involved. Since it would be imprudent to entrust Plan assets, as well as impart extremely confidential information, to anyone without thoroughly investigating their fitness for service.

   c) Closely supervise system personnel to assure their lawful and diligent performance of their duties.

   d) Take all steps reasonably necessary to maintain a drug free environment, in accordance with applicable law, given the fact that, due to the sensitive and highly regulated nature of their jobs, system personnel, like their counterparts in the private sector, have a greatly diminished expectation of privacy.
COMPENSATION GUIDELINES AND TARGETS

The Board of Trustees has established the following guidelines for the compensation of System employees. All System policies and programs are to be consistent with these guidelines.

Salary and Benefits

1) Salary ranges for each job class are to be reviewed by the Administrator annually, and adjustments, if any, shall be approved by the Board of Trustees.

2) Benefits are to be reviewed on a periodic basis, as deemed appropriate by the Administrator. Any changes to employee benefits shall be approved by the Board of Trustees. Employee benefits shall be clearly documented in Personnel Procedures.

3) Salary ranges and benefits are to be based on:
   a) Conditions in the labor market.
   b) Local economic factors.
   c) Inflation.
   d) System’s human resource needs.
   e) System budget constraints.

4) In setting salary ranges and benefits, the System shall consider compensation levels and benefit packages at private sector employers, other state agencies, and other public retirement systems in Arizona and nationally.

5) Individual employee salaries must fall within the applicable salary range. Any variance from a salary range shall require approval of the Administrator and shall be justified in writing.

Performance and Salary Reviews

6) Each employee shall receive an annual performance review, to be conducted by his/her immediate supervisor, and an annual salary review, to be conducted in conjunction with the performance review.

7) Performance reviews shall include a professional development plan, listing potential development opportunities for each employee, for purposes of improving employees’ job related expertise and skills.

8) The results of the annual performance review shall be documented, and shared with the employee. A copy of the results of the performance review shall be kept in the employees’ confidential personnel files.

9) Employee salary reviews shall be based on:
   a) Individual job performance (as documented in the annual performance review).
b) Achievement of objectives by the employee or the employee’s department or team.

c) System or departmental budget constraints.

d) Salary range constraints.

e) Tenure and loyalty of the employee to the System.

10) The process for employee salary and performance reviews shall be clearly described in the Personnel Procedures.

**Bonus or Incentive Compensation Programs**

11) The System may offer an employee bonus or incentive compensation program ("bonus program"), subject to Board of Trustees approval. In doing so, the bonus program shall be:

   a) Clearly documented, and made available to System employees or groups of employees (except for details that apply to individual positions only, e.g. Administrator).

   b) Primarily based on factors relating to an individual employee’s job performance, or the performance of the department or team in which they work.

   c) Based on measurable performance targets or achievement of agreed-upon objectives, where possible.

12) The bonus program is intended to maximize employee retention. The bonus program shall be reviewed periodically to assure it is implemented and operating in accordance with its objectives and terms.

13) The amount of the total bonus pool in any given year shall be approved by the Board of Trustees as part of the Budget.

**OTHER PERSONNEL RULES, REGULATIONS AND PROCEDURES**

14) The Administrator shall develop personnel rules, regulations and procedures as necessary, and any amendments thereto that are consistent with this policy.

**POLICY COMPLIANCE AND REVIEW**

15) The Compliance Officer shall periodically review the System’s personnel rules and procedures to assess consistency with this policy.

16) The Board of Trustees shall review this policy every three years to assure it remains consistent and appropriate.

**POLICY HISTORY**

17) This policy was approved by the Board of Trustees on February 23, 2005. This policy was amended by the Board of Trustees on November 21, 2006, on June 24, 2009, on June 27, 2012 and on November 29, 2017.
Exhibit A

CONSANGUINITY AND AFFINITY RELATIONSHIP CHART

<table>
<thead>
<tr>
<th>Consanguinity (Includes individuals related by blood to the Officer or Employee)</th>
<th>Affinity (Includes the Officer’s or Employee’s Spouse and Individuals related to the Spouse)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First Degree</strong></td>
<td><strong>Second Degree</strong></td>
</tr>
<tr>
<td>Father or Mother</td>
<td>Grandparents</td>
</tr>
<tr>
<td>Son or Daughter (&amp; Spouse)</td>
<td>Grandchildren (&amp; Spouse)</td>
</tr>
<tr>
<td>Brother or Sister (&amp; Spouse)</td>
<td>Uncle or Aunt (&amp; Spouse)</td>
</tr>
<tr>
<td></td>
<td>First Cousin (&amp; Spouse)</td>
</tr>
<tr>
<td></td>
<td>Nephew or Niece (&amp; Spouse)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
GENERAL PRINCIPLES

This Code of Ethics (the “Code of Ethics”) sets forth the rules governing the ethical behavior expected of the Board of Trustees, officers and employees (including full-time, part-time and contract personnel) of the Public Safety Personnel Retirement System and its associated plans, the Elected Officials’ Retirement Plan and the Corrections Officer Retirement Plan (collectively, the “Plans”). In addition to strict compliance with legal requirements, all members of the Board of Trustees, as well as all officers and employees of the Plans, are expected to conduct themselves and the Plans’ affairs in an honest, fair and forthright manner and to comply with this Code of Ethics.

I. CONFLICTS

As fiduciaries of the Plans, the Board of Trustees, officers and employees of the Plans owe a duty of utmost loyalty and care to the Plans and their members. Thus, the Board of Trustees, officers and employees of the Plans must always assure that their personal interests do not conflict with, or even appear to conflict with, those of the Plans and their members. If a perceived or actual conflict exists, it must be declared, and the affected person must either cure the conflict or recuse themselves from any involvement in the matter that is the subject of the conflict. Normally, a conflict can be cured by effectively separating the conflicted person from influencing the action taken. However, there are certain limited instances where a conflict cannot be cured, even by an enforced separation, such as the prohibition against self-dealing (Sections IV(6) below) precluding any Trustee, officer or employee of the Plans from using the monies of the Plans for their personal benefit. In that instance, no action can be taken by any of the Plans’ agents or representatives to facilitate the conflicted person’s receipt of the benefit, even if the conflicted person takes no part in the matter. Separation of the conflicted person will not cure the conflict arising from any prohibited acts or transactions set forth in this Code of Ethics.

“Conflict of Interest” means a substantial pecuniary or proprietary interest in any contract, sale, purchase, service, investment or asset by any Trustee, officer or employee of the Plans, which could reasonably be expected to diminish that person’s independence of judgment in the performance of his or her responsibilities for the Plans. Any interest defined as a “remote interest” by ARS §38-502(10) is not a Conflict of Interest. When determining whether one has a Conflict of Interest, the interest involved is not just that of the affected Trustee, officer or employee but instead, includes the interests of his or her relatives to the “third degree.” A chart of one’s relatives to the “third degree” is attached as Exhibit A. In addition to those persons referenced in Exhibit A, “step-relatives” are also included, such as step-parents, step-brothers/sisters and step-children. “Relative” means all of these relations.

Cautionary Note. This Code of Ethics cannot anticipate and address all the possible circumstances in which representatives of the Plans could benefit themselves or related parties in connection with their official duties; therefore, the Code of Ethics must be understood as a mere synopsis of general principles designed to provide broad ethical guidance for managing the many complicated situations and ethical conundrums that arise in administering a public retirement
system. The fact that specific behavior is not prohibited in this Code of Ethics does not necessarily mean that such behavior is ethical or appropriate. In addition, all behavior by representatives of the Plans must avoid even the “appearance of impropriety”. Safeguarding the Plans for the benefit of their members is paramount, and undisclosed Conflicts of Interest, which tend to undermine or influence any decision of any Trustee, officer or employee of the Plans, are unacceptable. In situations where the law or this Code of Ethics does not appear to cover the conduct in question, any doubt should be resolved in a manner that abates or mitigates any Conflict of Interest and furthers the members’ sense of faith in the integrity of the Plans and their administration.

II. GENERAL PROHIBITIONS

Given the duty of each Trustee, officer and employee of the Plans to act in the best interests of the Plans and their members, no Trustee, officer or employee of the Plans may:

1. Accept or solicit any Gift, favor or service that might reasonably tend to influence such Trustee, officer or employee in the discharge of his or her official duties or which appears to be offered for the purpose of influencing his or her official actions or decisions. “Gift” means any gratuity, special discount, favor, hospitality, service, economic opportunity or other benefit received without equivalent consideration and not provided to members of the public at large. ARS §41-1231.

2. Accept, agree to accept, or solicit any Gift or benefit from another person in exchange for exercising the authority of the Trustee, officer or employee in favor of such person or performing his or her duties in favor of such person.

3. Accept other employment or engage in a business or professional activity that the Trustee, officer or employee might reasonably expect would require or induce him or her to disclose Confidential Information acquired by reason of his or her position with the Plans. “Confidential Information” is data and information not in the public domain, known only to personnel of the Plans and attorneys, advisors and contractors of the Plans, and which the Plans and/or their attorneys believe is proprietary and/or not required to be disclosed to third parties.

4. Except upon Satisfaction of the Conditions (as defined below), accept other employment or compensation that could reasonably be expected to impair the Trustee’s, officer’s or employee’s independence of judgment in the performance of his or her duties for the Plans or substantially detract from his or her ability to fulfill his or her responsibilities to the Plans.

5. Except upon Satisfaction of the Conditions, make or continue personal investments that could reasonably be expected to create a substantial conflict between the Trustee’s, officer’s or employee’s private interests and the interests of the Plans.

III. DISCLOSURE AND RECUSAL

“Satisfaction of the Conditions” means (i) the affected Trustee, officer or employee of the Plans (“Affected Person”) (a) has fully disclosed on the record or in a writing signed by the Affected Person the applicable Conflict of Interest and recused himself or herself from participating in any discussions or decisions by the Board of Trustees, officers or employees of the Plans with respect to same, and (b) verified on the record or in writing that to the best of his or her knowledge, such Affected Person is receiving no right or benefit different from those otherwise available to the general public or persons similarly situated to the Affected Person but not affiliated with the Plans (a “Special Benefit”) as a result of the transaction giving rise to the subject Conflict of Interest
and (ii) the Plans’ fiduciary counsel has issued a written opinion addressed to both the Board of Trustees and the Affected Person concluding that, assuming compliance with subsection (i) above, the Affected Person’s involvement in the transaction is lawful.

IV. ADDITIONAL PROHIBITIONS

To further assure that the Plans’ actions are above reproach, the Board of Trustees, officers and employees of the Plans must not enter into any transaction which would discredit the Plans or result in their disrepute. As a result, the Trustees, officers and employees of the Plans shall not enter into any of the following transactions or engage in any of the following activities:

1. No Trustee, officer or employee of the Plans may participate in any matter involving the Plans which involves a business, contract, property or investment held by such person (or his or her Relatives) if it is reasonably foreseeable that action by the Plans on such matter would confer a Special Benefit upon such Person or on his or her Relatives by or through the business, contract, property or investment.

2. Except upon Satisfaction of the Conditions, no Trustee, officer or employee of the Plans (or their Relatives) may own stock or other ownership interests in any entity doing business with the Plans, except that this prohibition does not preclude ownership of less than 3% of the stock (or other ownership interest) of any publicly-held or traded security or ownership in any entity whose payments to the affected Trustee, officer or employee of the Plans (or their Relatives) represents no more than 5% of that person’s annual income.

3. Except upon Satisfaction of the Conditions, no Trustee, officer or employee of the Plans may recommend that the Plans conduct business with him or her, with their Relatives or with any entity in which any of them own an interest in excess of 3% or which paid them sums representing more than 5% of their annual income.

4. No Trustee, officer or employee of the Plans may solicit, accept or agree to accept offers by reason of their position with the Plans to buy, sell, or trade any investment or asset on terms more favorable than are available to the general public.

5. No Trustee, officer or employee of the Plans (or their Relatives) may borrow from investment managers, outside service providers, professional advisors, vendors, consultants, banks or other financial institutions with which the Plans do business unless such entities are normally engaged in such lending in the usual course of their business, and then only on customary terms offered to others under similar circumstances to finance proper and usual activities.

6. No Trustee, officer or employee of the Plans (and none of their Relatives) may borrow from or use the money of the Plans or serve as a surety, endorser, accommodation party or guarantor of the assets of the Plans, unless strictly authorized by law.

7. No Trustee, officer or employee of the Plans may represent the interests of any person (including himself or herself or any of his or her Relatives) in any action or proceeding before or involving the Plans except as a duly authorized representative or agent of the Plans and when such representation will benefit the Plans as a whole.

8. No Trustee, officer or employee of the Plans (including their Relatives) shall use any (i) Confidential Information; (ii) resources, equipment or assets, or (iii) facilities of the Plans for personal gain.
9. Except upon Satisfaction of the Conditions, no Trustee, officer or employee of the Plans shall take any action personally or on behalf of the Plans, which will result in a reasonably foreseeable Conflict of Interest.

10. No decision made by any Trustee, officer or employee of the Plans shall be based upon race, religion, ethnic origin, sex, age, handicap or sexual orientation, except as authorized by law.

11. No Trustee, officer or employee of the Plans (or their Relatives) shall supply the Plans with any equipment, material, supplies or services, unless otherwise authorized by law.

12. No Trustee, officer or employee of the Plans shall divulge Confidential Information of the Plans unless disclosure of such Confidential Information is required by law.

V. DECISION MAKING ON THE MERITS

In accordance with the advice of the Arizona Attorney General:

1. All business transactions entered into on behalf of the Plans by any Trustee, officer or employee of the Plans shall be based upon (i) professional integrity and competence, (ii) financial merit, and (iii) the benefit to the Plans. Whenever appropriate or prudent, Plan business transactions shall be made on a competitive basis and comply with all other requirements imposed by law.

2. All decisions made by any Trustee, officer or employee of the Plans on behalf of the Plans shall be the result of careful deliberation, free of bias or any Conflict of Interest and with the overall goal of promoting the best interests of the Plans and their members as a whole. All Trustees, officers and employees of the Plans are encouraged to seek advice from the Plans’ attorneys about the legality of any particular transaction or decision, although any requests for such legal advice from the Plans’ employees should be directed to the Administrator.

3. In the event a Trustee asks the Plans to consider an investment or other opportunity, such investment or opportunity shall be evaluated by the appropriate Consultant retained by the Plans for the related asset class. If, after such independent evaluation, such Consultant confirms that the investment or opportunity has merit and is suitable for consideration by the Plans, the investment staff will conduct due diligence in the regular course of business on such investment or opportunity. Notwithstanding any other provision of this Code of Ethics, the Trustee recommending, referring or introducing an investment or other opportunity to the Plans shall not participate in the review of such investment or opportunity with the independent investment Consultant directly, but shall instead refer such matters to the appropriate investment staff member. In order to avoid a Conflict of Interest and promote Consultant independence, the recommending Trustee shall have no further involvement with such prospective investment or opportunity.

VI. BUSINESS MATERIALS, ENTERTAINMENT & TRAVEL

While the Trustees, officers and employees of the Plans are prohibited from soliciting, agreeing to accept or accepting any Gifts intended to influence their official actions and decisions, this prohibition does not preclude any Trustee, officer or employee of the Plans from accepting the benefit of:
1. Any meals provided or paid for by any third party in connection with the conduct of official business of the Plans.

2. Any hotel or motel accommodations provided or paid for by any existing vendor or existing manager in connection with any official business of the Plans.

3. Any mode of transportation provided or paid for by any existing vendor or existing manager in connection with any official business of the Plans.

4. Any Gift (in addition to regular compensation and benefits) in an amount no greater than $200 given by the Plans to recognize special achievement or service to the Plans.

5. Any books, pamphlets, CDs, or other reading, audio or video materials which contain information directly related to the recipient’s job duties and which are accepted on behalf of the Plans for use in performing their job duties.

6. Gifts from Relatives, which are based solely on a personal or familial relationship between the recipient and the Relative and have nothing whatsoever to do with the recipient’s association with the Plans.

7. Seminar or conference fees, as well as accommodations and entertainment relating to same, when the seminar or conference relates to the recipient’s official job duties and is sponsored by the Plans’ consultants, advisors or agents or prospective consultants, advisors or agents or persons or entities whose interests may be affected by the Plans or in which the Plans may have an interest.

8. Items with a value less than $50, excluding cash or negotiable instruments, and other Gifts of nominal value. Examples of Gifts of nominal value are (i) modest items of food and refreshment on infrequent occasions; (ii) unsolicited advertising or promotional materials such as plaques, certificates, trophies, paperweights, calendars, note pads, pencils, pens; (iii) tickets to sporting events, the cinema, theater or other entertainment venue, so long as the total value of all such tickets given at any one time does not exceed $50; and (iv) other items of nominal intrinsic value.

VII. **DISCLOSURE OF GIFTS**

Under no circumstances shall any Trustee, officer or employee of the Plans accept any Gift otherwise authorized above unless the source of the Gift is identified. All Gifts received by any officer or employee of the Plans, other than the Gifts received from Relatives referenced in paragraph 6 above, must be disclosed to the Plans’ Administrator, who shall have authority to prohibit the receipt of such Gifts if, in the Administrator’s judgment, such Gifts are overly elaborate, expensive, or otherwise inappropriate, such as ski trips, cruises or stays at expensive resorts. All Gifts received by the Administrator or any individual Trustee, other than the Gifts received from Relatives referenced in paragraph 6 above, must be disclosed to the Board of Trustees, which shall have the discretion to prohibit the receipt of such Gifts if, in the Board of Trustees’ judgment, such Gifts are overly elaborate, expensive or otherwise inappropriate, such as ski trips, cruises or stays at expensive resorts. If a prohibited Gift is received by any Trustee, officer or employee of the Plans, he or she should immediately return the Gift to its source. If that is not possible, the Gift should be donated to charity or if appropriate, any public school.
VIII. **NEPOTISM**

No Trustee, officer or employee of the Plans shall hire, appoint, or vote to hire or appoint any Relative as an employee or agent of the Plans. Notwithstanding the foregoing, this does not prevent the continued employment by the Plans of a person who has already been lawfully working for the Plans for thirty (30) consecutive days prior to the date this Code of Ethics is adopted. If a Relative of any Trustee, officer or employee of the Plans has been lawfully employed by the Plans for more than thirty (30) consecutive days before this Code of Ethics is adopted, no Trustee, officer or employee of the Plans shall supervise, promote or evaluate his or her Relative or participate in any decision regarding the Relative’s compensation and benefits.

IX. **INVESTMENT PROHIBITIONS**

All persons authorized to make investment decisions for the Plans (each, an “Authorized Person”) shall refrain from any personal business activity that (i) could reasonably conflict with their proper execution and management of the Plans’ investment activities, or (ii) impair the ability of such Authorized Person to make impartial investment decisions for the benefit of the Plans.

1. **Disclosure of Interests in Private Issues and of Remuneration; Disqualification for Existing Ownership Interests and Proposed Ownership Interests.** All Authorized Persons shall promptly disclose to the Chief Investment Officer and the Compliance Officer (i) any ownership interest in any entity or institution that offers or issues “Privately Traded Securities” to the Plans, and/or (ii) any remuneration offered them (or their Relatives or associated personal businesses) in exchange for obtaining the Plans’ investment in any entity, institution or issuer. No remuneration offered by any such entity, institution or issuer shall be accepted by any Authorized Person. In the event an Authorized Person owns an interest in Privately Traded Securities also owned (or being considered for investment) by the Plans, such Authorized Person shall refrain from participating in any discussions, or making any decision, relating to the Plans’ investment in such Privately Traded Securities unless the Chief Investment Officer or the Compliance Officer determine that such action will not violate this paragraph 1. In addition, no Authorized Person shall make an investment in any Privately Traded Securities being actively considered for investment by the Plans unless the Chief Investment Officer or the Compliance Officer determine that such investment will not violate this paragraph 1. “Privately Traded Securities” are those securities not traded on any government regulated securities exchange and/or registered with any governmental securities agency.

2. **Publicly Traded Shares Trade Limitation.** Any Authorized Person (other than the Chief Investment Officer) who wishes to trade greater than one-half of one percent (0.50%) of the total Publicly Traded Shares of any company shall not make such a trade without first obtaining a written determination from the Chief Investment Officer that the trade will not violate paragraph 1 above. In the event the Chief Investment Officer wishes to trade greater than one-half of one percent (0.50%) of the total Publicly Traded Shares of any company, he or she shall not make such trade without obtaining written authorization for such trade from the Compliance Officer, who shall only authorize the trade upon a finding that the trade will not violate paragraph 1 above. “Publicly Traded Shares” are those securities traded on one or more of any government regulated securities exchange and/or registered with any governmental securities agency.

3. **Prohibition against Insider Trading.** All Authorized Persons who possess material non-public information concerning any Publicly Traded Shares (“Insider Information”) must
safeguard such information and not communicate it to any person unless the person has a need to know such information to perform his or her official duties. Notwithstanding the foregoing, Authorized Persons who possess Insider Information shall report such information to the Chief Investment Officer or the Compliance Officer, who shall then prohibit trades of the affected Publicly Traded Shares by the Plans unless the Chief Investment Officer or the Compliance Officer have determined that one or more of the following exceptions are satisfied:

A. The trade is specifically authorized by the issuer of the securities being traded;

B. The trade is made at the behest of an External Manager, where said Manager warrants in writing that the securities to be purchased (or sold) have been selected in the Manager’s sole discretion without receiving any issuer specific information (including Insider Information) from the issuer of the securities or any insider;

C. A trade where it is demonstrated that, before becoming aware of any Insider Information, the person(s) responsible for the trade had (i) entered into a binding contract to purchase or sell the security; (ii) received instructions from another person to purchase or sell the security for the instructing person’s account, or (iii) adopted a written plan for trading such securities, provided that the foregoing contract, instructions or written plan (a) specified the amount of securities to be purchased or sold and the price at (and the date on) which the securities were to be purchased or sold; (b) included a written formula, algorithm, or computer program for determining the amount of securities to be purchased or sold and the price at (and the date on) which the securities were to be purchased or sold; or (c) prohibited the person with Insider Information from exercising any subsequent influence over how, when, or whether to effect purchases or sales and provided, in addition, that any other person who exercised such influence must not have been aware of the Insider Information when doing so; or

D. The trade is in a fund which replicates the constituents and weights of a recognized index.

X. LEGAL PROHIBITIONS

While the Code of Ethics establishes high moral and ethical standards to which all Board of Trustees, officers and employees of the Plans must adhere, some of these standards are mandated by statute, the violation of which can constitute a felony. To assure that all Trustees, officers and employees of the Plans are aware of those statutes imposing standards of conduct on public officers and employees, a list of the most relevant of these statutes follows. The terms of the statutes listed have been simplified to make them more understandable and have been written with specific application to the Plans so they appear more relevant. Hypothetical situations illustrating each statute’s application are included as well.

1. Improper Use of Position (ARS §38-504(C))

Neither the Trustees, nor any officer or employee of the Plans, shall use or attempt to use his or her official position with the Plans to secure anything of value that would not otherwise
lawfully and ordinarily accrue to such Trustees, officer or employee in the performance of his or her official duties on behalf of the Plans.

**Hypothetical Illustration A:** Trustee X recommends that the Plans enter into a contract with ABC brokerage firm to trade the Plans’ securities. This recommendation is made, in part, because ABC has either promised to secretly pay Trustee X a percentage of its commissions or alternatively, to reduce the annual fee Trustee X is paying ABC on X’s personal brokerage account. The recommendation is a violation of this Code of Ethics and is unlawful under Arizona law, including ARS §38-504(C).

**Hypothetical Illustration B:** In exchange for judge X agreeing to dismiss criminal charges against the sister of Plan employee Y, Y accesses the Plans’ computerized record system and falsifies X’s Plan records to reflect that X has one more year of credited service than X has lawfully accrued. This action is a violation of this Code of Ethics and is unlawful under Arizona law, including ARS §§38-421, 38-423, and 38-849(B).

**Hypothetical Illustration C:** X, the Fund Administrator, is caught speeding on I-10 on his way down to a local Board meeting in Tucson. With the hope that his official position might persuade the officer who stopped him to forgo issuing X a citation, Administrator X makes it clear that he is in charge of the officer’s pension. Fearing that upsetting X might jeopardize his pension, the officer refrains from citing X for speeding. X’s actions violate this Code of Ethics and Arizona law, including ARS §38-504(C).

2. **Prohibition Against Additional Income (ARS §38-505)**

Neither the Trustees, nor any officer or employee of the Plans, shall receive or agree to receive, directly or indirectly, any compensation other than as provided by law for any service rendered or to be rendered by him or her personally in connection with any case, proceeding, application, or other matter which is pending before the Plans.

**Hypothetical Illustration A:** Plan officer X agrees to approve the Plan’s purchase of interests in a real estate subdivision being developed by Company Y so long as Y agrees to sell X a home in the subdivision at a price materially less than available to the public. Such action violates this Code of Ethics and Arizona law, including ARS §38-505. No violation would be apparent, however, if the particular property offered, and the terms of its purchase, were the same as those then available to the general public and there existed valid reasons for the Plans to purchase the subject interests.

3. **Prohibition Against Charging Excessive Fees (ARS §38-413)**

Neither the Trustees, nor any officer or employee of the Plans, shall demand or receive a higher fee for Plan services than prescribed by law.

**Hypothetical Illustration A:** Judge X, who is insufferably overbearing, so annoys Plan employee Y that Y charges Judge X three times the fee usually charged for copies of X’s retirement file. Such charges violate this Code of Ethics and are unlawful under Arizona law, including ARS §38-413.

4. **Prohibition Against Bribes (ARS §38-444)**

Neither the Trustees, nor any officer or employee of the Plans, shall knowingly ask or receive
any gratuity, emolument, or reward, other than those authorized by law, for doing any official act.

**Hypothetical Illustration A:** Plan employee X agrees to expedite the Plan’s consideration of Plan member Y’s application for Plan disability benefits in exchange for Y’s payment to X of $30. Such payment is a violation of this Code of Ethics and Arizona law, including ARS §38-444.

**Hypothetical Illustration B:** Same facts as in Illustration A except the sole consideration paid by Y for the exchange is Y’s agreement to recommend X for employment by an agency in which Y is a high ranking official. Such an exchange is still a violation of this Code of Ethics and Arizona law.

**Hypothetical Illustration C:** In order to inspect a real estate project being considered for investment by the Plans, Plan officer X travels to the project in the private jet of Company Y, which is developing the project and touting it as an investment. After inspecting the project, Company Y treats officer X to an expensive dinner and then pays for him to spend the night in a fancy hotel adjacent to the project before returning him to Phoenix in the Company’s jet. Such travel, meals and accommodations are not necessarily a violation of this Code of Ethics so long as they are reasonable in the circumstances and would have been provided regardless of whether the Plans invested in the project.

5. **Prohibition Against Nonfeasance (ARS §38-443)**

Neither the Board of Trustees, nor any officer or employee of the Plans, shall knowingly omit to perform any duty the performance of which is required of them by law.

**Hypothetical Illustration A:** X, the Plan’s Administrator, is a close personal friend of Local Board Chairman Y, whose Local Board has just granted Plan member Z benefits far in excess of those authorized by the Plans’ enabling legislation. Solely because he does not want to embarrass Chairman Y, Administrator X does not appeal or seek reconsideration of the Local Board’s decision, even though the Plans will lose money as a result of such decision. X’s actions are a violation of this Code of Ethics and Arizona law, including ARS §38-443.

6. **Bar Against Purchase, Sale And Discharge Of Office. (ARS §§ 38-465, 38-466)**

Neither the Trustees, nor any officer or employee of the Plans, shall knowingly give or offer any gratuity or reward to facilitate his or her or any other person’s appointment to or employment with the Plans, nor shall they ever permit persons not employed (or otherwise officially hired) by the Plans to exercise or discharge their duties.

**Hypothetical Illustration A:** Plan member Y sells his car to Plan Officer X for a price substantially less than the car is worth in exchange for X’s agreement to hire Y as the Plans’ computer technician. Such employment violates this Code of Ethics and Arizona law, including ARS §§38-465, 38-466.

**Hypothetical Illustration B:** Plan employee X, who is employed by the Plans as a data input technician, is dating Y, who wishes to get some experience inputting data on computers like those used by the Plans. To curry favor with Y, X allows Y to input data into the Plans’ computer systems, a task she performs flawlessly. Despite the fact that Y
committed no flaws in inputting the data, her use of Plan equipment violates this Code of Ethics and Arizona law, including ARS §§38-465, 38-466.

7. **Prohibition Against Employment Of Relatives (ARS §38-481)**

Neither the Trustees, nor any officer or employee of the Plans, shall suggest, arrange, appoint or vote for the appointment by the Plans of any Relative.

**Hypothetical Illustration A:** Wishing to instill the work ethic in his lazy teenage sons, Administrator X hires the boys at minimum wage to perform odd jobs in the Plans’ offices, such as moving desks and boxes. Such conduct violates this Code of Ethics and Arizona law, including ARS §38-481(A).

8. **Theft, Destruction, Alteration Or Secretion Of Public Records. (ARS §§38-421, 38-849(B)).**

Neither the Trustees, nor any officer or employee of the Plans, shall steal or knowingly and without lawful authority destroy, mutilate, deface, alter, falsify, remove or secrete any of the Plans’ records.

**Hypothetical Illustration A:** Plan employee X, upset that Plan member Y was rude to X, deletes all reference to Y in the Plans’ computer records. Such conduct violates this Code of Ethics and Arizona law, including ARS §38-421.

9. **Bar Against False Certificates. (ARS §38-423).**

No Trustee, officer or employee of the Plans authorized by law to make or give any certificate or other writing shall set, make or deliver such certificate or writing if it contains statements he/she knows to be untrue. Further, no Trustee, officer or employee of the Plans shall knowingly make any false statements.

**Hypothetical Illustration A:** Plan employee X, late for a lunch date, issues a certificate to ASRS, which X strongly suspects inaccurately states the credited service earned by Plan member Y, who is seeking to transfer his credited service with the Plans to ASRS; X intends to send ASRS an amended certificate with the correct information when he has time to figure it out, but eventually forgets to do that, resulting in an inadequate amount of service being transferred to the ASRS on Y’s account. Such conduct probably violates this Code of Ethics and Arizona law, including ARS §38-423 and possibly, ARS §38-849(B).

XI. **POLICY REVIEW**

The Board of Trustees will review this Code of Ethics at least every three years to assure that it remains relevant and appropriate.

XII. **POLICY HISTORY**

ARIZONA PUBLIC SAFETY PERSONAL RETIREMENT SYSTEM

5.15 POLICY FOR DEVELOPMENT AND IMPLEMENTATION OF LEGISLATIVE AGENDA AND USE OF SERVICES

The following Policy (“Policy”) shall govern the development by the Public Safety Personnel Retirement System (“System”) of a legislative agenda and how that agenda is to be implemented, including the System’s use of persons or firms providing lobbying services to the System and its associated plans and trusts (collectively, the “Plans”):

I. Statement of Purpose

The people have a constitutionally guaranteed right to petition their government for the redress of grievances and to freely express their opinions on legislation. The Plans recognize and affirm these rights, as well as the right of the Plans, within the law and boundaries herein described, to petition legislators to improve and clarify the Plans’ enabling legislation, as well as assure that such legislation complies with federal mandates.

II. Applicability

This Policy shall apply to all of the Plans’ trustees, counsel and employees, as well as any of the Plans’ vendors authorized by the Plans to be involved in government affairs on behalf of the Plans.

III. Disclaimer

While all Plan employees are required to comply with this Policy, nothing in this Policy should be construed to inhibit an individual’s ability to speak with his/her elected officials about personal issues or to express his/her personal opinions about Plan operations in general.

IV. Definitions

As used in this Policy, the following words are defined as follows:

“Administrator” means that person so designated by Arizona Revised Statute § 38-848(M)-(N).

“Arizona Legislation” means Legislation to be effective for the people of Arizona only.

“Arizona Legislature” means that body so designated by the Arizona Constitution, as amended.

“Assistant Administrator” shall mean one or more of those persons so designated by Arizona Revised Statute § 38-848(N)(5).

“Executive Branch” means, unless otherwise designated, the office of the Governor of Arizona and any agency, department, commission or board of the State of Arizona, and/or the president of the United States and any agency, department, commission or board of the United States, as appropriate.

“Legislative Agenda” means the legislative initiatives approved by the Trustees for Legislative Action.

“Legislative Action” means any effort by the Trustees to enact, defeat, modify or supplement Legislation.

“Legislation” means all statutory enactments of the Arizona Legislature or the United States Government, as well as all rules or regulations issued by any component of the Executive Branch.

“Legislator” means one or more members of the Legislature.

“Legislature” means, unless otherwise designated, the Arizona Legislature or U.S. Congress or any person employed by one or more of them.

“Lobbying” or “Lobby” means all attempts to influence the passage or defeat of any Legislation, but does not include interagency communications among state employees.

“Lobbyist” means one or more persons specifically retained by the Plans for compensation (other than the Plans’ legal counsel) for the primary purpose of promoting and effecting the Plans’ Legislative Agenda.

“Staff” means all persons employed by the Plans; “Staffer” means a person employed by the Plans.

“Trustees” means that Board of Trustees designated as the Board of Trustees in Arizona Revised Statute § 38-842(8); “Trustee” means a member of the Board of Trustees.

“U.S. Congress” means the U.S. House of Representatives and/or U.S. Senate as so designated by the constitution of the United States, as amended.

“United States Government” means the federal government of the United States acting through the U.S. Congress and president of the United States and any agency, department, commission, Committee or board thereof.

V. Procedures To Effect Legislation

A. Legislative Agenda

The Operations, Governance Policy & Audit Committee (OGPAC) of the PSPRS Board of Trustees shall consider and vet all proposals for Legislative Action. The Committee shall be comprised of those Trustees appointed by the Chairman of the Board of Trustees and approved by the Board of Trustees. The OGPAC shall be advised by the Administrator, any applicable Assistant/Deputy Administrators and Staffers authorized by the Administrator, and the Plans’ legal counsel.
Annually, and not later than the end of September, any Trustee, Staffer or the Plans’ legal counsel shall make any recommendation for Legislative Action to the Administrator, who will discuss same with the OGPAC no later than the end of October.

Once the OGPAC is in agreement as to any proposed legislative initiative, the Administrator shall have the necessary legislative proposal drafted. It shall then be presented to the OGPAC for review and recommendation to the Board. The Board should act on the OGPAC legislative recommendation(s) not later than December 31.

Upon approval by the Board of any legislative proposal, the Administrator shall work with any Lobbyists retained by the Plans to promote and secure passage of the Plans’ Legislative Agenda. The OGPAC shall be regularly informed as to the progress of the Plans’ Legislative Agenda.

**B. Retainer and Registration of Lobbyists**

The Trustees may retain by written contract in accordance with 5.06 Vendor Selection Policy one or more Lobbyists to assist the Plans in promoting the Plans’ Legislative Agenda. The Administrator, in consultation with the Assistant/Deputy Administrators, shall recommend to the Trustees how many Lobbyists are to be retained by the Plans, and at what cost.

Each Lobbyist retained by the Trustees shall be paid a monthly retainer pursuant to a contract approved by the Trustees, Administrator and the Plans’ legal counsel. In accordance with federal and state law, no Lobbyist shall be paid a bonus or other compensation of any kind linked to the Lobbyist’s success in achieving the Plans’ Legislative Agenda, although the Plans shall be free to elect not to renew the contract of any Lobbyist, or to terminate the contract of any Lobbyist, who the Administrator and Trustees believe to be ineffective in promoting the Plans’ Legislative Agenda. Each contract made by the Plans with a Lobbyist shall be terminable upon 30 days’ notice by either party, without cause, and shall be terminable immediately upon a determination by the Administrator and/or Trustees, in consultation with the Plans’ legal counsel, that the Lobbyist has acted improperly.

Each Lobbyist retained by the Trustees to represent the Plans shall be properly registered as such with all appropriate agencies, and shall strictly comply with A.R.S. § 41-1233 and the Code of Ethics of the American League of Lobbyists. Specifically, and among other things, all Lobbyists employed by the Plans shall be fully and properly registered as such pursuant to A.R.S. §§ 41-1232.01 and -1232.05. Unless specified otherwise by the Chair of the Board of Trustees, each Lobbyist retained by the Trustees shall report directly to the Administrator and to the Chair of the Board of Trustees.

**C. Registration of Staff**

To assure compliance with all registration requirements, the Plans shall timely comply with all appropriate registration requirements specified in A.R.S. § 41-1232.01. Further, the following persons shall be continuously registered to serve as Lobbyists for the Plans, in the following capacities:

---

5 A Trustee is exempt from registration so long as the Trustee’s communications with Legislators are in the Trustee’s official capacity and pertain to matters involving the Trustee’s office. See A.R.S. § 41-1232.04(3).
1. The Administrator shall be designated as the Plans’ “Designated Public Lobbyist,” as that term is defined in A.R.S. § 41-1231(4);

2. All Assistant/Deputy Administrators and the Plans’ legal counsel shall be designated as “Authorized Public Lobbyists,” as that term is defined in A.R.S. § 41-1231(2);

3. All Lobbyists retained by the Plans other than the Plans’ Designated Public Lobbyist and any Authorized Public Lobbyists shall be designated as “Lobbyists for Compensation,” as that term is defined in A.R.S. § 41-1231(13). As used in this Policy, the term “Lobbyist” is synonymous with the term, Lobbyist for Compensation.

D. Action To Achieve Legislative Agenda

Upon (i) final approval by the Trustees of the Plans’ Legislative Agenda, and if deemed appropriate by the Trustees, (ii) retainer by the Trustees of one or more Lobbyists to promote the Plans’ Legislative Agenda, the Administrator, in consultation with the Plans’ Lobbyists, Assistant/Deputy Administrators and legal counsel, and in consultation with the OGPAC, shall take all lawful action reasonably required to achieve the Plans’ Legislative Agenda, if possible. Such action may include, without limitation, (a) meetings with public officials (including Legislators and members of the Executive Branch), constituent groups, citizens and associations, (b) testifying before Committees of the Legislature, (c) preparing memoranda addressing questions posed about actual or contemplated Legislation (d) preparing modifications to Legislation, or (e) obtaining actuarial cost projections.

The Administrator shall report the status of the Plans’ Legislative Agenda to the OGPAC and Board monthly. Unless otherwise designated by the Administrator or Trustees, the Administrator shall direct the Plans’ Legislative Agenda and be the single point of contact between the Plans and the Plans’ Lobbyist(s) and Legislature and Executive Branch. Staff shall not initiate contact with Legislators or members of the Executive Branch to promote the Legislative Agenda without the approval of the Administrator or Trustees. In the event Staff are contacted by Legislators or persons employed by the Executive Branch about Legislation or the Legislative Agenda, Staff shall report such contact to the Administrator, who shall then determine what further communications with those persons should ensue.

VI. Review of Legislation

Within 60 days of the adjournment of the Arizona Legislature sine die for the most recent session of the Arizona Legislature, the Administrator shall prepare a report for the Trustees describing the outcome of the Plans’ Legislative Agenda and any additional Legislation (of interest to the Plans) that was enacted during that session.

Within 60 days of the enactment of any Federal Legislation applicable to the Plans, the Administrator, in consultation with the Plans’ legal counsel, shall prepare a report to the Trustees describing such Federal Legislation.

This policy was approved by the Board of Trustees on December 16, 2009. This policy was amended by the Board of Trustees on June 27, 2012 and on October 26, 2017.
BACKGROUND

1) Two of the plans administered by the Board of Trustees, the Public Safety Personnel Retirement System (“System”) and the Corrections Officer Retirement Plan (“Plan”), are also administered in part by Local Boards. This Policy is intended to govern the Board of Trustees’ review of decisions by System Local Boards.

2) Pursuant to A.R.S. § 38-848(J)(7), the Board of Trustees “may appear before local boards and the courts of this state and political subdivisions of this state through counsel or appointed representative to protect the fund or the assets of other Plans that the Board of Trustees administers. The Board of Trustees is not responsible for the actions or omissions of the local boards under this system but may seek review or rehearing of actions or omissions of local boards. The Board of Trustees does not have a duty to review actions of the local boards but may do so in its discretion in order to protect the fund.”

3) Although the Board of Trustees is not required under state law to review the actions of Local Boards, the Board of Trustees is charged with assuring that the System operates in accordance with its enabling legislation in order to maintain its “qualified” tax exempt status (“Qualified” Status) under Section 401 of the Internal Revenue Code, as amended. See A.R.S. § 38-843.02. Thus, the Board of Trustees, through its Administrator and staff, should review System Local Board actions to determine whether such actions could adversely impact the Qualified Status of the System, and take appropriate action to protect the System’s Qualified Status.

PURPOSE

4) This Policy Regarding Review of PSPRS Local Board Decisions is intended to establish guidelines and authority for the Board of Trustees, through its Administrator, staff and legal counsel, to review System Local Board action. If it is determined that a System Local Board action could adversely impact the Qualified Status of the System, the Policy addresses what actions may be taken in response to the Local Board action.

SYSTEM PROVISIONS RELATING TO LOCAL BOARD ACTION

5) The administration of the System and responsibility for making the provisions of the System effective for each System participating employer are vested in a Local Board in accordance with A.R.S. § 38-847(A).

6) Pursuant to A.R.S. § 38-847(D), a Local Board is empowered to:

   a) Decide all questions of eligibility and service credits, and determine the amount, manner and time of payment of any benefits under the System.
b) Make a determination as to the right of any claimant to a benefit and to afford any claimant or the Board of Trustees, or both, a right to a rehearing on the original determination.

7) For those Boards that have adopted the System’s Model Uniform Rules of Local Board Procedure (“System Rules”), all claims coming before a Local Board for determination must be copied to the Board of Trustees. Pursuant to Section E, subparagraph 3 of the System Rules, the secretary of a Local Board is authorized to identify claims as routine, uncontested matters and to present such matters to the Local Board for summary approval without the need for a “Hearing,” as that term is defined by the System Rules. The Board of Trustees, through the Administrator, may object to summary approval of a claim in the form specified under paragraph 19.

8) Unless all parties involved in a matter presented to the Local Board for determination otherwise agree, the Local Board shall commence a Hearing on any claim for relief before it within ninety (90) days of its receipt of the matter. If Local Board fails to commence a hearing within the prescribed time, the relief demanded by the party petitioning the Board is deemed granted and approved by the Board. As provided by A.R.S. § 38-847(D)(3), the granting and approval of this relief is considered final and binding unless a timely request for rehearing or appeal is made within the time periods specified in paragraphs 11 and 12 below.

9) In exercising its powers and responsibilities, in accordance with A.R.S. § 38-847(E), a Local Board has no power to add to, subtract from, modify or waive any of the terms of the System, change or add to any benefits provided by the System or waive or fail to apply any requirement of eligibility for membership or benefits under the System.

10) In accordance with A.R.S. § 38-847(G), any action by a majority vote of the members of the Local Board which is not inconsistent with the provisions of the System shall be final, conclusive and binding upon all persons affected by it, unless a timely application for rehearing or appeal is filed.

11) Pursuant to A.R.S. § 38-847(H), a claimant or the Board of Trustees may apply for a rehearing before the Local Board within the time period prescribed herein. An application for a rehearing shall be filed in writing with a member of the Local Board or its secretary within sixty (60) days after:

a) The claimant receives notification of the Local Board’s decision by certified mail, by attending the meeting at which the decision issues or by receiving benefits from the System pursuant to the Local Board’s decision, whichever occurs first.

b) The Board of Trustees receives notification of the Local Board’s decision by certified mail.

12) Pursuant to A.R.S. § 38-847(J), decisions upheld by Local Boards which the Board of Trustees determines to be unlawful may be appealed to the Arizona Superior Court. Any decision not appealed within the time allowed may be determined to be final and binding and not subject to further appeal, except those that are inconsistent with the provisions of the System, in accordance with A.R.S. § 38-847(G).
13) As provided in A.R.S. § 38-847(I), a hearing before a Local Board on a matter remanded from the superior court is not subject to a rehearing before the Local Board.

GUIDELINES FOR ADDRESSING REHEARINGS OR APPEAL OF ORIGINAL LOCAL BOARD ACTION

14) Any correspondence resulting from Local Board action is to be examined by the System's staff as assigned by the System's Administrator or his designee. All routine and apparently lawful and appropriate directions from a Local Board are to be processed as directed by the System's Administrator or the Administrator's designee.

15) Upon receipt of (i) any disability or return to work determination by a Local Board or (ii) any action by a Local Board which, in the judgment of the System's staff, appears to be unlawful or otherwise inappropriate, such determination or action shall be brought to the attention of the Administrator or the Administrator's designee.

16) Upon receipt of notice from staff of (i) any disability or return to work determination by a Local Board or (ii) Local Board action that may be unlawful or inappropriate, one of the System's designated paralegals (each, a "Paralegal") shall present a recommendation to In-House Counsel. After review by In-House Counsel, Paralegal shall present the recommendation to the Administrator or the Administrator's designee about the lawfulness of the Local Board's decision or action.

17) Upon review of the Paralegal's recommendation, the Administrator or the Administrator's designee shall (i) affirm the Local Board's decision or action, in which case the decision or action shall be processed by the System in the normal course of business; or (ii) request a rehearing, as specified in paragraphs 18 and 19 below.

18) In the event the Administrator or the Administrator's designee requests a rehearing of the Local Board's decision or action, such a request shall be filed with the Local Board in accordance with A.R.S. § 38-847(H). The form of such a request shall be as specified in paragraph 22 below.

19) Unless the Administrator or the Administrator's designee instructs otherwise, all requests for rehearing authorized pursuant to this Policy shall be prepared by the Paralegal, reviewed by In-House Counsel, and forwarded to the Secretary of the applicable Local Board under the signature of the Administrator or the Administrator's designee.

20) The Administrator, or the Administrator's designee, and the System's In-House Counsel shall consult and decide whether the Administrator or the Administrator's designee or In-House Counsel shall attend (either personally or electronically, as appropriate) each rehearing requested by the System.

21) The Paralegal shall prepare and submit monthly to the Operations, Governance Policy & Audit Committee (OGPAC) a report listing and detailing requests for rehearings which were submitted to Local Boards for the current month and status of prior rehearing requests.
GUIDELINES FOR APPEALS OF LOCAL BOARD DECISIONS

22) In the event the System seeks rehearing of a Local Board action, but the Local Board affirms its original action or decision, within twenty (20) days of the System’s receipt of notice of such action, the Administrator or the Administrator’s designee shall decide whether to appeal that decision to the Superior Court after consultation with others as appropriate. In-House Counsel may be consulted concerning System appeals.

23) In the event a Local Board reverses or modifies its decision in response to a request by the System for such action, and the member appeals the decision to the Superior Court, within twenty (20) days of receipt of the System’s receipt of notice of such appeal, the Administrator or the Administrator’s designee, shall decide whether to appear as amicus curiae (or otherwise participate) in the Superior Court appeal. In-House Counsel shall be consulted about the System’s appearance as amicus curiae.

24) Within twenty (20) days of the System’s receipt of notice of a final decision by the Superior Court in any appeal of Local Board action, the Administrator or the Administrator’s designee shall decide whether to appeal that decision to an appellate court (or appear as amicus curiae therein) or defend the decision of the Superior Court on appeal. In-House Counsel shall be consulted concerning System appeals.

POLICY REVIEW

25) The Board of Trustees will review this policy at least every two years to assure that it remains relevant and appropriate.

POLICY HISTORY

26) This policy was originally adopted by the Board of Trustees on February 24, 2010 by motion 2-83-10.

27) This policy was amended and approved by the Board of Trustees on January 26, 2011, June 27, 2012, and October 26, 2017.