

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING**

October 21, 2020

MINUTES

Present: Mr. Scott McCarty, Chairman – remote
Mr. Harry Papp, Vice Chairman – remote
Mr. Jim Ameduri, Trustee – remote at 10:40 AM
Mr. William Buividas, Trustee
Mr. Christopher Hemmen, Trustee
Mr. Don Smith, Trustee- remote
Mr. Mike Scheidt, Trustee
Mr. Dean Scheinert, Trustee – remote
Mr. Brian Moore, Trustee – remote

Others Present: Mr. Michael Townsend, Administrator- remote
Mr. Michael Smarik, Deputy Administrator
Bret Parke, Esq., Assistant Administrator/General Counsel - remote
Kevin O'Malley, Esq., Gallagher & Kennedy – remote
Mr. Phil Coleman, Employer Relationship Manager – remote
Mr. Allan Martin, Partner, NEPC, LLC – remote
Mr. Mark Steed, Chief Investment Officer - remote
Ms. Cheryl Cohen, Investments Executive Assistant – remote
Ms. Claudia Martinez, Executive Assistant – remote
Ms. Vivian Padilla, Media and Publications Specialist
Ms. Crystal Messner, Internal Audit Manager – remote
Terence Thompson, Esq., Gallagher & Kennedy – remote
Mr. Doug Cole, HighGround, Inc – remote
Ms. Dianne McCallister, Public Policy Partners, LLC – remote

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

*Mr. Scott McCarty
Chairman*

The meeting was called to order by Chairman McCarty at 9:31 AM. The Pledge of Allegiance was recited and roll was called.

2. Call to the Public.

This is the time for the public to comment. Members of the Board of Trustees may not discuss items that are not specifically identified on the agenda, except to address criticism from the public. Therefore, pursuant to A.R.S. § 38-431.01(H), the Board of Trustees' reaction to any public comment is limited to addressing criticism or recommending that the Board of Trustees or Staff respond or study such comment or schedule the subject matter for further consideration at a later date after appropriate notice.

There was no response to the Call to the Public, due to COVID19 physical presence of the public was not permitted.

3. Appropriate Action for approval of the items on the Consent Agenda (documentation concerning the matters on the consent agenda, except Executive Session minutes, may be reviewed at the PSPRS office). Any matter on the Consent Agenda will be removed from the Consent Agenda and discussed as a regular agenda item upon the request of any member of the Board of Trustees.

- a. Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Dwight P. Callahan.**
- b. Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Barbara A. Goodfarb.**

- c. Acceptance of Elected Officials' Retirement Plan of termination of split benefit of Elizabeth L. McMahon.
- d. Acceptance of Elected Officials' Retirement Plan of split benefit payable to trust of Elizabeth L. McMahon.
- e. Acceptance of Elected Officials' Retirement Plan of early retirement benefit of Linda D. Seapy.
- f. Acceptance of Transfer Between State Retirement Systems of Jason Kickland.
- g. Acceptance of Transfer Between State Retirement Systems of Jeffrey Pizzi.
- h. Acceptance of Transfer Between State Retirement Systems of Christopher Chacon.
- i. Acceptance of Transfer Between State Retirement Systems of Christopher Wohlforth.
- j. Acceptance of Transfer Between State Retirement Systems of McKay Lauritzen.
- k. Acceptance of Transfer Between State Retirement Systems of Christopher Ungro.
- l. Acceptance of Transfer Between State Retirement Systems of Danielle Rodriguez.
- m. Acceptance of Transfer Between State Retirement Systems of Harold McDonald II.
- n. Acceptance of Transfer Between State Retirement Systems of Warren Brewer.
- o. Acceptance of Transfer Between State Retirement Systems of Robert Tutrone.
- p. Acceptance of Transfer Between State Retirement Systems of Kristian Dever.
- q. Acceptance of Transfer Between State Retirement Systems of Timothy Koerner.
- r. Acceptance of Transfer Between State Retirement Systems of Tyson Bruder.
- s. Approval of the Minutes of the September 30, 2020 Meeting of the PSPRS Board of Trustees.
- t. Approval of the Executive Session Minutes of the September 30, 2020 meeting of the PSPRS Board of Trustees.

Mr. Scott McCarty

Moved by: Mr. Harry Papp

Second by: Mr. Brian Moore

Time: 9:35 AM

Motion: Approval of Consent Agenda as presented.

Discussion: None

Vote: 8 – 0 Passed (Mr. Ameduri ABSENT at the time)

4. Update, discussion and possible Action regarding the 2021 Annual Employer meeting.

Mr. Michael Townsend
Administrator

Mr. Philip Coleman
Employer Relationship Manager

Mr. Coleman provided an outline of the upcoming Annual Employer meeting.

Report by Mr. Harry A. Papp, Chairman of the Investment Committee, regarding agenda items 5 through 7, which were discussed at the Investment Committee meeting held October 16, 2020, and possible Action on the Committee's recommendations to the Board regarding same.

Mr. Papp provided a review of the Investment Committee's October 16, 2020 meeting. Messrs. Buividas, Scheinert, Martin, and Steed engaged in discussion was held regarding the Trust's performance ending August 31, 2020.

5. Review and discussion and possible Action with respect to each of the following written Staff reports for the prior period:

Mr. Mark Steed
Chief Investment Officer

- a. Written report: Month-End and Fiscal Year-to-Date performance for the PSPRS Trust as of August 31, 2020 and the asset allocation and performance of the Firefighters and Peace Officers Cancer Insurance Program.
- b. Written report: Portfolio Risk as of August 31, 2020.
- c. Written report: Global Financial Market Developments.
- d. Written report: Executed Transactions during prior period.

Mr. Papp reviewed reports a through d, no further discussion was held.

6. Discussion regarding asset allocation and pooled portfolios in the context of diverse liabilities.

Mr. Mark Steed

Mr. Papp updated the Board on the discussions held in the Investment Committee meeting and advised the Committee continues to work on the matter.

7. Discussion regarding monthly and quarterly investment reports.

Mr. Mark Steed

Mr. Papp informed the Committee is continuing to review reports and the need thereof.

Report by Mr. Don Smith, Chairman of the Operations and Governance Policy Committee, regarding agenda item 8, which was discussed at the Operations and Governance Policy Committee meeting held October 13, 2020, and possible Action on the Committee's recommendations to the Board regarding same.

Mr. Smith provided a review of the Operations and Governance Policy Committee's October 13, 2020 meeting. Mr. Smith advised an update regarding the Pension Administration System project was given and the main focus was regarding the Cancer insurance, however the Committee was not ready to provide recommendations to the Board.

8. Review and discussion: Staff operation reports.

Mr. Michael Townsend

- a. **Administrator Update.**
- b. **Written report: Year to Date Budget.**
- c. **Written report: Law Firms' Billings for Legal Services.**
- d. **Written report: Local Board Rehearing.**
- e. **Written report: Human Resource update.**
- f. **Internal PSPRS Conflict of Interest Policy.**

Reports a through f were provided, no further discussion was held.

Report by Mr. Jim Ameduri, Chairman of the Audit Committee, regarding agenda items 9 through 10, which were discussed at the Audit Committee meeting held October 20, 2020, and possible Board Action on the Committee's recommendations to the Board regarding the same.

Mr. Smith provided a review of the Audit Committee's October 20, 2020 meeting.

9. Update, and discussion regarding the FY2020 Audit.

*Mr. Jim Ameduri
Mr. Michael Smarik
Deputy Administrator*

Messrs. Smith, Smarik and Townsend provided an update on the discussions held in the Audit Committee's meeting regarding the FY2020 audit timeline.

10. Update, discussion and possible Action on the PSPRS Internal Audit program.

*Ms. Crystal Messner
Internal Audit Manager*

Presentation regarding the Internal Audit program was provided by Ms. Messner. Presentation included a timeline, future risks, eternal findings, and plan and for the Internal Audit program.

Moved by: Mr. Don Smith
Second by: Mr. Dean Scheinert
Time: 10:44 AM
Motion: Accept the internal audit program as presented.
Discussion: None
Vote: 9 – 0 Passed

Report by Mr. Kenny Tims, Chairman of the Advisory Committee, regarding agenda item 11, and possible Board Action on the Committee's recommendations to the Board regarding the same.

11. Review and discussion regarding the Advisory Committee.

Mr. Kenny Tims

Mr. Townsend advised a meeting has been scheduled for October 27, 2020 to discuss the funding policy, Trustee nomination process, and Advisory Committee work plan.

Report by Mr. Dean Scheinert, Chairman of the Litigation Coordination Committee, regarding agenda item 12, and possible Board *Action* on the Committee's recommendations to the Board regarding the same.

12. Review and discussion regarding the Litigation Coordination Committee.

Mr. Dean Scheinert

Mr. Scheinert advised a meeting will be held in November to receive an update, no further discussion was held.

Report by Mr. William Buividas, Chairman of the Defined Contribution Committee, regarding agenda item 13, and possible Board *Action* on the Committee's recommendations to the Board regarding the same.

13. Review and discussion regarding the Defined Contribution Committee.

Mr. William Buividas

Mr. Buividas advised the Galloway contract was completed and the Committee was set up to meet in November, no further discussion was held.

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

Mr. Scott McCarty

No requests were presented.

15. Review, discussion and possible Action on pending legislative actions and potential legislative proposals.

Mr. Douglas Cole

HighGround, Inc.

Ms. Dianne McCallister

Public Policy Partners, LLC

Ms. McCallister and Mr. Cole provided a brief overview of the pending and proposed legislative bills for the 2021 legislative session.

Moved by: Mr. Will Buividas

Second by: Mr. Don Smith

Time: 12:48 PM

Motion: Approval of adding HB2157 (Admin bill) to the legislative agenda as presented.

Discussion: None

Vote: 9 – 0 Passed

Moved by: Mr. William Buividas

Second by: Mr. Brian Moore

Time: 12:49 PM

Motion: Approval of adding HB2631 (Local Board Consolidations bill), with the addition of allowing local boards to submit local board minutes by email, certified mail or any other electronic means as approved by PSPRS, to the legislative agenda.

Discussion: None

Vote: 9 – 0 Passed

Moved by: Mr. William Buividas

Second by: Mr. Don Smith

Time: 12:51 PM

Motion: Approval of adding SB1329 (DC health insurance/disability bill) to the legislative agenda as presented.

Discussion: None

Vote: 9 – 0 Passed

Moved by: Mr. William Buividas

Second by: Mr. Brian Moore

Time: 12:53 PM

Motion: Approval of adding the local board time to the legislative agenda, with the addition of language including members of the Board of Trustees who are employed by an employer of the system.

Discussion: None

Vote: 9 – 0 Passed

Moved by: Mr. William Buividas

Second by: Mr. Don Smith

Time: 12:55 PM

Motion: Direct the Advisory Committee to review the Board of Trustee member reappointment process and make recommendations to the Board.

Discussion: None

Vote: 9 – 0 Passed

Moved by: Mr. William Buividas

Second by: Mr. Don Smith

Time: 12:59 PM

Motion: Approval of adding the Cancer Insurance Plan proposal to the legislative agenda as presented.

Discussion: None

Vote: 9 – 0 Passed

Moved by: Mr. William Buividas

Second by: Mr. Christopher Hemmen

Time: 1:01 PM

Motion: Approval of adding the Survivor of DROP participant proposal to the legislative agenda as presented.

Discussion: None

Vote: 9 – 0 Passed

- 16. Discussion and consultation with legal counsel and Staff and possible Action regarding proposed legislation, investment matters, ongoing, contemplated or threatened legal action involving the Trust and Plans, including vendor disputes, public record requests, personnel matters and actual or potential litigation and claims based on contract, tort or statute. The Board may vote to discuss these matters in Executive Session pursuant to A.R.S. §§ 38-431.03(A)(1), (2), (3), (4) and (7) as set forth in item 17.**

Moved by: Mr. Harry Papp

Second by: Mr. Don Smith

Time: 10:49 AM

Motion: Enter Executive session upon returning from a five minute break.

Discussion: None

Vote: 9 – 0 Passed

The Board returned to public session at 12:44 PM.

- 17. The Board of Trustees may vote to go into Executive Session (which will not be open to the public) to discuss matters pursuant to A.R.S. §§ 38-431.03(A) (1), (2), (3), (4) and (7), as applicable, including to receive legal advice from the Board's attorneys on any matter listed on the agenda, including:**
- a. Discussion and consultation for legal advice with the attorney pertaining to the upcoming Board vacancies and appointment process, as authorized by A.R.S. § 38-431.03(A) (3).**
 - b. Discussion and consultation for legal advice with the attorney pertaining to pending legislative actions and potential legislative proposals, including Agenda Item No. 15 as authorized by A.R.S. § 38-431.03(A) (3).**
 - c. Discussion and consultation for legal advice with the attorney pertaining to the Cancer Insurance Program actuarial analysis, program changes, and plan design, as authorized by A.R.S. § 38-431.03(A) (3).**
 - d. Discussion and consultation for legal advice with the attorney pertaining to actuarial policies and principles, employer contributions, and amortization period of unfunded liabilities and legal action with respect to the City of Glendale, as authorized by A.R.S. §§ 38-431.03(A) (3) and (4).**

- e. Discussion and consultation for legal advice with the attorney pertaining to Request for Hearing, Notice of Claim, and Formal Demand under A.R.S. § 12-821.01 from legal counsel for a group of PSPRS members, as authorized by A.R.S. §§ 38-431.03(A) (3) and (4).
- f. Discussion and consultation with legal counsel and Staff regarding matters arising from public record requests or subpoenas, and ongoing or threatened legal action or claims involving the Plans or Trust not otherwise referenced, as authorized by A.R.S. §§ 38-431.03(A) (2) and (3).
- g. Discussion and consultation for legal advice with the attorney pertaining to the DC Plan Education Provider contract, as authorized by A.R.S. § 38-431.03(A) (3).

18. Adjournment.

Moved by: Mr. Don Smith

Second by: Mr. William Buividas

Time: 1:03 PM

Motion: To adjourn meeting.

Discussion: None

Vote: 9 – 0 Passed

Scott McCarty, Chairman

**Harry Papp, Trustee,
Vice Chairman**

Jim Ameduri, Trustee

William Buividas, Trustee

Christopher Hemmen, Trustee

Brian Moore, Trustee

Mike Scheidt, Trustee

Dean Scheinert, Trustee

Don Smith, Trustee