

# PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM BOARD OF TRUSTEES MEETING

December 16, 2020

## MINUTES

Present: Mr. Scott McCarty, Chairman – remote  
Mr. Harry Papp, Vice Chairman – remote  
Mr. William Buividas, Trustee  
Mr. Don Smith, Trustee- remote  
Mr. Mike Scheidt, Trustee  
Mr. Dean Scheinert, Trustee – remote (9:30-9:47, 11:52-12:04) in person at 12:04  
Mr. Brian Moore, Trustee – remote  
Mr. Christopher Hemmen, Trustee  
Mr. Jim Ameduri, Trustee – remote (at 10:47)

Others Present: Mr. Michael Townsend, Administrator  
Mr. Michael Smarik, Deputy Administrator  
Bret Parke, Esq., Assistant Administrator/General Counsel - remote  
Kevin O'Malley, Esq., Gallagher & Kennedy – remote  
Mr. Clark Partridge – Financial Consultant – 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  
Terence Thompson, Esq., Gallagher & Kennedy – remote  
Mr. Jason Ostroski, CliftonLarsonAllen LLP – remote  
Mr. Doug Cole, HighGround, Inc. – remote  
Mr. Robert Ortega, Member Services Director – remote  
Mr. Brad Heinrichs, Foster & Foster – remote  
Mr. Tim Jackson, Compliance Officer – remote  
Ms. Dianne McCallister, Public Policy Partners, LLC – remote  
Mr. Albert Romero, IT Systems Engineer, IT Operations

### 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 9:36 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 Gustavo Aragon Jr.
- b. Acceptance of Elected Officials' Retirement Plan of survivor benefit of Natalia Ayala-Arend.
- c. Acceptance of Elected Officials' Retirement Plan of early retirement benefit of Andy Bigg.
- d. Acceptance of Elected Officials' Retirement Plan of early retirement benefit of David W. Bowen.

- e. **Acceptance of Elected Officials' Retirement Plan of early retirement benefit of Victor J. Clyde.**
- f. **Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Douglas Gerlach.**
- g. **Acceptance of Elected Officials' Retirement Plan of termination of normal retirement benefit of Jerry Overton.**
- h. **Acceptance of Transfer Between State Retirement Systems of Bryan Chapman.**
- i. **Acceptance of Transfer Between State Retirement Systems of Karen Hudson.**
- j. **Approval of the Minutes of the November 18, 2020 Meeting of the PSPRS Board of Trustees.**
- k. **Approval of the Executive Session Minutes (other than item g) of the November 18, 2020 Meeting of the PSPRS Board of Trustees.**
- l. **Approval of the actuarial services contract amendment.**

*Mr. Scott McCarty*

**Moved by:** Mr. Harry Papp

**Second by:** Mr. Don Smith

**Time:** 9:38 AM

**Motion:** Approval of Consent Agenda items a. through k. as presented.

**Discussion:** Mr. Buividas requested discussion regarding item 3 l. be held in Executive session.

**Vote:** 8 – 0 Passed

- 4. **Approval of item g of the Executive Session Minutes of the November 18, 2020 meeting of the PSPRS Board of Trustees.**

*Mr. Harry Papp  
Vice Chairman*

**Moved by:** Mr. Don Smith

**Second by:** Mr. Dean Scheinert

**Time:** 9:40 AM

**Motion:** Approval of Executive Session Minutes as presented.

**Discussion:** None

**Vote:** 5 – 0 Passed (Messrs. McCarty, Scheidt and Buividas ABSTAINED)

- 5. **Review, discussion and possible Action regarding the FY2022 contribution rates.**

*Mr. Brad Heinrichs  
Foster & Foster*

Presentation regarding the 2020 valuation reports was provided by Mr. Heinrichs. Messrs. Buividas and McCarty inquired and or commented on various aspects of the presentation.

**Moved by:** Mr. Harry Papp

**Second by:** Mr. Scott McCarty

**Time:** 10:08 AM

**Motion:** Approval of the June 30, 2020 valuation reports and related FY2022 contribution rates.

**Discussion:** None

**Vote:** 8 – 0 Passed

- 6. **Review, discussion and possible Action on pending and passed legislative actions and potential legislative proposals.**

*Mr. Douglas Cole  
HighGround, Inc.  
Ms. Dianne McCallister  
Public Policy Partners, LLC*

Update regarding the 2021 PSPRS legislative proposals and stakeholder meetings thereof was provided by Mr. Cole and Ms. McCallister.

**Report by Mr. Harry A. Papp, Chairman of the Investment Committee, regarding agenda items 7 through 11, which were discussed at the Investment Committee meeting held December 15, 2020, and possible Action on the Committee's recommendations to the Board regarding same.**

Mr. Papp provided a review of the Investment Committee's December 15, 2020 meeting, no further discussion was held.

**7. 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 October 31, 2020 and the asset allocation and performance of the Firefighters and Peace Officers Cancer Insurance Program.**
- b. **Written report: Portfolio Risk as of October 31, 2020.**
- c. **Written report: Executed Transactions during prior period.**
- d. **Written report: Global Financial Market Developments.**

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

**8. Report, discussion and possible Action regarding institutional investment trends and policy update.**

*Mr. Mark Steed*

Mr. Papp provided a brief review of the discussions held at the Investment Committee meeting, no further discussion was held.

**9. Review, discussion and possible Action regarding Investment Disclosure Procedure and Annual Personal Investment Disclosure Form.**

*Mr. Timothy Jackson  
Compliance Manager  
Mr. Mark Steed*

Mr. Papp provided a brief review of the discussions held at the Investment Committee meeting, no further discussion was held.

**10. Presentation, discussion and possible Action regarding assumed earning rates for Tier 3.**

*Mr. Brad Heinrich  
Mr. Mark Steed  
Mr. Michael Townsend  
Administrator*

Mr. Papp provided a brief review of the discussions held at the Investment Committee meeting, no further discussion was held.

**11. Review and discussion regarding the Albourne America LLC presentation provided at the Investment Committee meeting.**

*Mr. Mark Steed*

Mr. Papp provided a brief review of the presentation that was provided by Albourne America LLC at the Investment Committee meeting, no further discussion was held.

**Report by Mr. Don Smith, Chairman of the Operations and Governance Policy Committee, regarding agenda items 12 and 13, and possible *Action* on the Committee's recommendations to the Board regarding same.**

**12. Written report: Administrator update.**

*Mr. Michael Townsend*

Report was provided, no further discussion was held.

**13. Update, discussion and possible Action regarding wage index implementation, including adjustment of Tier 3 PSPRS compensation limits for fiscal year 2020/2021, based upon the public safety index as directed under A.R.S. § 38-843.04.**

*Mr. Michael Townsend  
Mr. Robert Ortega  
Director of Member Services*

Update regarding the review of calculations was provided by Messrs. Townsend and Ortega. Mr. Buividas commented on the process and suggested the calculations be reviewed in about 3 years.

**Moved by:** Mr. Don Smith  
**Second by:** Mr. Brian Moore  
**Time:** 10:52 AM

**Motion:** Approval of the June 30, 2020 valuation reports and related FY2022 contribution rates.

**Discussion:** None

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

**Moved by:** Mr. Don Smith  
**Second by:** Mr. Christopher Hemmen  
**Time:** 10:53 AM

**Motion:** Adoption of the compensation limit of \$115,868 per calendar year adjusted based on the wage index analysis from the current \$110,000 per calendar year, or an increase to the applicable compensation limit of 5.33%.

**Discussion:** None

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

**Report by Mr. Jim Ameduri, Chairman of the Audit Committee, regarding agenda item 14, which was discussed at the Audit Committee meeting held December 15, 2020, and possible Board Action on the Committee's recommendations to the Board regarding the same.**

**14. Update, discussion and possible Action regarding the FY2020 Comprehensive Annual Financial Report (CAFR) and completion of the associated annual audit.**

*Mr. Jim Ameduri  
Mr. Jason Ostroski  
CliftonLarsonAllen LLP.*

Mr. Michael Smarik provided a background of the work provided by the Accounting department and the external auditors. Presentation regarding the FY 2020 CAFR process was provided by Mr. Moorman. Presentation regarding the 2020 audit results and CAFR was provided by Mr. Ostroski. Messrs. Buividas, Smith commented and inquired on various aspects of the presentations and documents provided.

**Moved by:** Mr. Dean Scheinert  
**Second by:** Mr. Mike Scheidt  
**Time:** 11:54 AM  
**Motion:** Approval of the FY 2020 CAFR as presented  
**Discussion:** None  
**Vote:** 9 – 0 Passed

**Report by Mr. William Buividas, Chairman of the Defined Contribution Committee, regarding agenda items 15 and 16, which were discussed at the Defined Contribution Committee meeting held November 24, 2020, and possible Board Action on the Committee's recommendations to the Board regarding the same.**

**15. Update, discussion and possible Action regarding the quarterly Defined Contribution Committee meeting reports.**

*Mr. William Buividas*

Update regarding the quarterly Defined Contribution Committee meeting was provided by Mr. Buividas, no further discussion was held.

**16. Review, discussion and possible Action regarding the DCR plan's receipt of funds attributable to Mr. Carnicle's DCP account.**

*Mr. William Buividas*

Brief review was proved by Mr. Buividas, item was then discussed in Executive Session.

**Report by Mr. Dean Scheinert, Chairman of the Litigation Coordination Committee, regarding agenda item 17, and possible Board Action on the Committee's recommendations to the Board regarding the same.**

**17. Review, discussion and possible Action regarding the Litigation Coordination Committee.**

*Mr. Dean Scheinert*

Item was discussed in Executive Session.

**18. 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.

**19. 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 20.**

**20. 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:**

**Moved by:** Mr. Jim Ameduri

**Second by:** Mr. Harry Papp

**Time:** 12:02 PM

**Motion:** Enter into Executive Session after a 5 minute break.

**Discussion:** None

**Vote:** 9 – 0 Passed

Board returned to public session at 12:58 PM

**Moved by:** Mr. Don Smith

**Second by:** Mr. Dean Scheinert

**Time:** 12:59 PM

**Motion:** Approval of consent agenda item 3 l.

**Discussion:** None

**Vote:** 9 – 0 Passed

**Moved by:** Mr. William Buividas

**Second by:** Mr. Brian Moore

**Time:** 1:01 PM

**Motion:** Approval of Plan changes authorizing DROP beneficiaries trustee-to-trustee transfer of funds from DROP account as advised by tax counsel and the Board fiduciary counsel, to a similarly tax protected account

**Discussion:** None

**Vote:** 9 – 0 Passed

- a. **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).**
- b. **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).**
- c. **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).**
- d. **Discussion and consultation with legal counsel and Staff regarding the FY 2020 Comprehensive Annual Financial Report (CAFR) and completion of the associated annual audit, including Agenda Item No. 14, as authorized by A.R.S § 38-431.03(A) (2), (3) and (4).**
- e. **Discussion and consultation for legal advice with the attorney pertaining to the DCR plan's receipt of funds attributable to Mr. Carnicle's DCP account, including Agenda Item No. 16, as authorized by A.R.S. § 38-431.03(A) (3).**
- f. **Discussion and consultation for legal advice with the attorney pertaining to the previously received NOCs filed by two Trustees, including Agenda Item No. 17, as authorized by A.R.S § 38-431.03(A) (3).**

**21. Schedule future meeting date(s).**

Draft calendar was provided to the Board, no further discussion was held.

**22. Adjournment.**

**Moved by:** Mr. William Buividas

**Second by:** Mr. Dean Scheinert

**Time:** 1:02 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**