

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

February 17, 2021

MINUTES

Present: Mr. Scott McCarty, Chairman – remote
Mr. Harry Papp, Vice Chairman – remote
Mr. Jim Ameduri, Trustee - remote
Mr. Christopher Hemmen, Trustee
Mr. Brian Moore, Trustee – remote
Mr. Dean Scheinert, Trustee – remote
Mr. Nate Weber, Trustee - remote
Mr. Daren Wunderle, Trustee – remote

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. Allan Martin, Partner, NEPC, LLC – remote
Mr. Don Stracke, 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. Doug Cole, HighGround, Inc. – remote
Ms. Vivian Padilla, Media and Publications Specialist
Mr. Cory Davitt, IT Systems Engineer
Mr. Timothy Jackson, Compliance Officer – 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 9:33 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 survivor benefit of Connie Bingham.
- b. Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of David T. Bradley.
- c. Acceptance of Elected Officials' Retirement Plan of early retirement benefit of Heather Carter.
- d. Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Clifford Edey.
- e. Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of David C. Farnsworth.

- f. **Acceptance of Elected Officials' Retirement Plan of termination of early retirement benefit of Roger A. Hale.**
- g. **Acceptance of Elected Officials' Retirement Plan of termination of normal retirement benefit of Ernest T. Hernandez.**
- h. **Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Marian Holbrook.**
- i. **Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Todd D. House.**
- j. **Acceptance of Elected Officials' Retirement Plan of termination of early retirement benefit of Patsy C. Jenney-Colon.**
- k. **Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Suzanne K. Klapp.**
- l. **Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Virginia L. Korte.**
- m. **Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of William J. Lane.**
- n. **Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Edward Malles.**
- o. **Acceptance of Elected Officials' Retirement Plan of survivor benefit of Barbara J. Morales.**
- p. **Acceptance of Elected Officials' Retirement Plan of termination of normal retirement benefit of David C. Morales.**
- q. **Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Lydia Nowlin.**
- r. **Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Steve M. Pierce.**
- s. **Acceptance of Elected Officials' Retirement Plan of termination of normal retirement benefit of Frank R. Reyes.**
- t. **Acceptance of Elected Officials' Retirement Plan of survivor benefit of Thelma Jean Reyes.**
- u. **Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Rudy R. Santa Cruz.**
- v. **Acceptance of Transfer Between State Retirement Systems of William Hill.**
- w. **Acceptance of Transfer Between State Retirement Systems of Daniel Reister.**
- x. **Acceptance of Transfer Between State Retirement Systems of Jessamine Lopez Montano.**
- y. **Approval of the Minutes of the January 20, 2021 Meeting of the PSPRS Board of Trustees.**
- z. **Approval of the Executive Session Minutes of the January 20, 2021 Meeting of the PSPRS Board of Trustees.**
- aa. **Approval of the Minutes of the February 4, 2021 Special Meeting of the PSPRS Board of Trustees.**
- bb. **Approval of the Executive Session Minutes of the February 4, 2021 Special 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

Report by Mr. Harry A. Papp, Chairman of the Investment Committee, regarding agenda items 4 through 5, which were discussed at the Investment Committee meeting held February 10, 2021, and possible *Action* on the Committee's recommendations to the Board regarding same.

Mr. Papp provided a review of the Investment Committee's February 10, 2021 meeting.

- 4. 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: *Quarterly* investment manager compliance as of December 31, 2020.**
- b. **Written report: Month-End and Fiscal Year-to-Date performance for the PSPRS Trust as of December 31, 2020 and the asset allocation and performance of the Firefighters and Peace Officers Cancer Insurance Program.**
- c. **Written report: Trust's Securities Lending Program.**
- d. **Written report: Portfolio Risk as of December 30, 2020.**
- e. **Written report: Global Financial Market Developments.**
- f. **Written report: Executed Transactions during prior period.**

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

5. Review, discussion and possible Action regarding the Board of Trustees Investment Disclosure Procedure, Annual Personal Investment Disclosure Form, and Governance Manual - 5.14 Code of Ethics update.

*Mr. Timothy Jackson
Compliance Officer*

Brief update was provided by Mr. Papp. Mr. Papp advised the Investment Committee will continue to review, no further discussion was held in public session.

6. Presentation and discussion by NEPC representatives on the quarterly investment performance for the period ending 12/31/20 for the Arizona PSPRS Trust.

*Mr. Allan Martin
NEPC*

Presentation regarding market environment update and outlook was provided by Mr. Stracke and Mr. Martin, no further discussion was held.

7. Update and possible discussion regarding the Administrator's update.

*Mr. Michael Townsend
Administrator*

Administrator update was provided by Mr. Townsend. Mr. Townsend also advised an Internal Auditor had been recently hired. Mr. Smarik updated the Board regarding the lift of suspension regarding in grade adjustments and merit based incentives. Mr. Smarik also described the procedure for employee raises/pay adjustments.

8. 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*

Mr. Cole provided an update regarding the PSPRS Legislative proposals for the 2021 legislative session. Proposal updates included; HB2059/SB1136, SB1214/HB2381, SB1045, SB1043, SB1046, SB1298, SB12396, SB1467, SB1468, SB1649, SCR1035, HB2455, HB2604, and HB2612.

Moved by: Mr. Scott McCarty

Second by: Mr. Nate Weber

Time: 10:28 AM

Motion: Direct lobbyist to continue to show support for SB1649.

Discussion: None.

Vote: 8 – 0 Passed

9. Review, discussion and possible Action regarding the performance evaluation of the System's Administrator, including possible retention of a third party consultant to advise and assist in the evaluation process.

Mr. Scott McCarty

Item was discussed in Executive session, no discussion was held in public session.

10. 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.

11. 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 12.

12. 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. Daren Wunderle
Time: 10:33 AM
Motion: Enter into Executive Session.
Discussion: None.
Vote: 8 – 0 Passed

Board returned to public session at 11:31 AM.

- 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 for legal advice with the attorney pertaining to the Board of Trustees Investment Disclosure Procedure, Annual Personal Investment Disclosure Form, and Governance Manual - 5.14 Code of Ethics update, including Agenda Item No. 5, as authorized by A.R.S. § 38-431.03(A) (3).
- d. Discussion and consultation with legal counsel and Staff on pending and passed legislative actions and potential legislative proposals, including Agenda Item No. 8, 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 the process for conducting the evaluation of the System's Administrator, including possible retention of a third party consultant to assist in the evaluation process, including Agenda Item No. 9, as authorized by A.R.S. §§ 38-431.03(A) (3) and (4).

13. Adjournment.

Moved by: Mr. Harry Papp
Second by: Mr. Dean Scheinert
Time: 11:32 AM
Motion: To adjourn meeting.
Discussion: None
Vote: 8-0

Scott McCarty, Chairman

Harry Papp, Vice Chairman

Jim Ameduri, Trustee

Christopher Hemmen, Trustee

Brian Moore, Trustee

Dean Scheinert, Trustee

Nathan Weber

Daren Wunderle