

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

April 28, 2021

MINUTES

Present: Mr. Scott McCarty, Chairman
Mr. Harry Papp, Vice Chairman
Mr. Jim Ameduri, Trustee – remote (left at 12:00 pm)
Mr. Christopher Hemmen, Trustee
Mr. Alan Maguire, Trustee - remote
Mr. Brian Moore, Trustee – partially remote, in person at 9:35 am
Mr. Dean Scheinert, Trustee – partially remote, in person at 11:40 am
Mr. Nate Weber, Trustee - remote
Mr. Daren Wunderle, Trustee – remote

Others Present: Mr. Michael Townsend, Administrator
Mr. Michael Smarik, Deputy Administrator – remote
Bret Parke, Esq., Assistant Administrator/General Counsel
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
Terence Thompson, Esq., Gallagher & Kennedy – remote
Mr. Doug Cole, HighGround, Inc. – remote
Ms. Dianne McCallister, Public Policy Partners, LLC – remote
Mr. Ernie Escobedo, Jr. IT Systems Engineer
Mr. Timothy Jackson, Compliance Officer – remote
Mr. Owen Zhao Sr. Quantitative Investment & Risk Analyst - 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 9:32 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 early retirement benefit of Dawn M Bergin.**
- b. Acceptance of Elected Officials' Retirement Plan of termination of normal retirement benefit of Lowell Gleason.**
- c. Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Andrew W. Gloud.**
- d. Acceptance of Elected Officials' Retirement Plan of survivor benefit of Paula Hale.**

- e. **Acceptance of Elected Officials' Retirement Plan of termination of normal retirement benefit of Robert R. Hathaway.**
- f. **Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Roberta Lee Johnson.**
- g. **Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Allyson J. Miller.**
- h. **Acceptance of Elected Officials' Retirement Plan of termination of normal retirement benefit of Harold D. Pershall.**
- i. **Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Paul E. Tang.**
- j. **Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of John S. Taylor.**
- k. **Acceptance of Transfer Between State Retirement Systems of Matthew Leve.**
- l. **Acceptance of Transfer Between State Retirement Systems of Raymond Conway.**
- m. **Acceptance of Transfer Between State Retirement Systems of Bradford Smith.**
- n. **Acceptance of Transfer Between State Retirement Systems of Shawn Henry.**
- o. **Acceptance of Transfer Between State Retirement Systems of Steven Simon.**
- p. **Approval of the Minutes of the March 31, 2021 Meeting of the PSPRS Board of Trustees.**
- q. **Approval of the Executive Session Minutes of the March 31, 2021 Meeting of the PSPRS Board of Trustees.**
- r. **Approval of the Minutes of the April 9, 2021 Meeting of the PSPRS Board of Trustees.**
- s. **Approval of the Executive Session Minutes of the April 9, 2021 Meeting of the PSPRS Board of Trustees.**
- t. **Approval of the Executive Session Minutes of the March 25, 2020 Meeting of the PSPRS Board of Trustees.**

Mr. Scott McCarty

Moved by: Mr. Alan Maguire

Second by: Mr. Chris Hemmen

Time: 9:59 AM

Motion: Approval of Consent Agenda as presented.

Discussion: None.

Vote: 9 – 0 Passed

- 4. 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 and Ms. McCallister provided a brief update on the legislative session and PSPRS legislative proposals for the 2021 legislative session. Proposal updates included; HB2059/SB1136, SB1214/HB2381, SB1043, SB1045, SB1046, SB1649. Update on the following legislative proposals for the 2021 legislative session was also provided; SB1298, SB1396, SB1467, SB1468, SCR1035, HB2604, HB2612 and HB2700. Mr. McCarty and Mr. Papp commented on the update provided.

- 5. Review, discussion and possible Action regarding the process of addressing legislative oversight items.**

*Mr. Michael Townsend
Administrator*

Presentation regarding the additional reporting requirements in SB1649 was provided by Mr. Townsend. Presentation included a brief overview and a list of both existing and additional reporting requirements. Brief discussion regarding the presentation was held.

- 6. Update, discussion and possible Action regarding the Administrator update.**

Mr. Michael Townsend

Administrator update was provided by Mr. Townsend. Presentation included FY2022 budget, remote work/potential return to office, Board and Staff retreats, PAS update, ADOA employee engagement, debt financing, employer legislative education, and Advisory Committee update.

- 7. Discussion and possible Action regarding a potential joint meeting with Arizona State Retirement System.**

Mr. Scott McCarty

Mr. McCarty suggested occasional meetings to occur between PSPRS and ASRS to ensure a more productive process flow especially due to the fact that PSPRS retirees have the option to participate in ASRS health insurance.

8. Review, discussion and possible Action regarding the appointment of Trustees and others, as appropriate, to serve as chairs, co-chairs, and committee members, subject to Board ratification.

Mr. Scott McCarty

Mr. McCarty provided a brief background of each committee and recommended the following assignments for the Investment Committee.

Investment Committee

Harry Papp – Chairman
Jim Ameduri
Alan Maguire
Dean Scheinert

Mr. McCarty suggested the following Trustees review the structure of the Defined Contribution Committee, however the current members will continue serving until review is completed. Discussion was held among Staff and Trustees regarding the charter and structure of the committee.

Defined Contribution Ad-Hoc Committee

Daren Wunderle – Chairman
Nate Weber
Brian Moore
Chris Hemmen

Mr. McCarty additionally recommended the consolidation of the Audit Committee and Operations Committee, then recommended the following assignments;

Operations & Audit Committee

Dean Scheinert – Chairman
Nate Weber
Brian Moore
Chris Hemmen

Legal counsel advised charter revisions would be required if consolidation was elected.

Moved by: Mr. Alan Maguire

Second by: Mr. Brian Moore

Time: 9:54 AM

Motion: Approval of the schedule of committee membership and chairs with appropriate transition as charter revisions are made.

Discussion: Mr. Moore inquired on the process of electing a Vice Chair. Mr. McCarty advised he and legal counsel would work on committee vice chair selections if required and potential charter revisions if necessary.

Vote: 9 – 0 Passed

9. Presentation and discussion regarding investment overview.

*Mr. Allan Martin
Mr. Don Stracke
NEPC, LLC
Mr. Mark Steed
Chief Investment Officer*

Investment department introduction presentation was provided by Mr. Steed. Presentation included summary of the investment department, staff, assignments, processes, performance measures and monitoring. Additional presentation regarding the investment department and asset allocation was provided by Mr. Martin and Mr. Stracke.

Report by Mr. Harry A. Papp, Chairman of the Investment Committee, regarding agenda items 10 through 13, which were discussed at the Investment Committee meeting held April 21, 2021, and possible Action on the Committee's recommendations to the Board regarding the same.

Mr. Papp provided a brief report of the Investment Committee's April 21, 2021 meeting.

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

Mr. Mark Steed

- a. **Written report: Month-End and Fiscal Year-to-Date performance for the PSPRS Trust as of February 28, 2021 and the asset allocation and performance of the Firefighters and Peace Officers Cancer Insurance Program.**
- b. **Written report: Portfolio Risk as of February 26, 2021.**
- 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.

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

*Mr. Mark Steed
Bret Parke, Esq.,
Assistant Administrator/General Counsel*

Mr. Papp advised form is still under review and not ready for Board action.

- 12. Presentation, discussion and possible Action regarding potential changes to the asset allocation for the PSPRS Trust.**

*Mr. Mark Steed
Mr. Allan Martin*

Mr. Papp provided a summary of the asset allocations, then Mr. Steed and Mr. Martin provided a presentation thereof. Mr. Maguire commented on the presentation and the market. Mr. Papp advised the Investment Committee would work on a proposed asset allocation and bring forth to the full Board for approval.

- 13. Discussion and possible demonstration regarding the Board of Trustees online portfolio dashboard.**

*Mr. Owen Zhao
Sr. Quantitative Investment & Risk Analyst*

Due to technical difficulties demonstration was postponed and will be provided at the next Board of Trustees meeting.

Report by Mr. Kenny Tims, Chairman of the Advisory Committee, regarding agenda item 14, which was discussed at the Advisory Committee meeting held April 7, 2021, and possible Action on the Committee's recommendations to the Board regarding the same.

- 14. Update and discussion regarding the System's Funding Policy.**

Mr. Kenny Tims

Mr. Townsend provided an update on the conversations held at the April 7, 2021 meeting, specifically regarding the Systems Funding Policy and the continued work thereof.

- 15. 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, however Mr. McCarty notified the Board of his participation in the NCPERS/Brown University working group.

- 16. Update, discussion and possible Action with respect to legal claims against former PSPRS employees in Desert Troon, LLC v. Orlich, et al.**

Mr. Bret Parke

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

- 17. Update, discussion and possible Action regarding the System's Administrator performance evaluation and employment agreement.**

*Mr. Jim Ameduri
Trustee*

Moved by: Mr. Scott McCarty
Second by: Mr. Dean Scheinert
Time: 1:10 PM

Motion: Based on favorable review of the performance of the Administrator by the Board through the Annual Performance Review process in the PSPSR Governance Manual, the Board instructs Board Counsel and staff to work with the Trustees, specifically Trustees Papp and Moore, to consult with ADOA as directed in e-session.

Discussion: None

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

18. 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 19.

Moved by: Mr. Harry Papp

Second by: Mr. Chris Hemmen

Time: 11:21 AM

Motion: Enter into Executive Session.

Discussion: None

Vote: 9 – 0

Board returned to public session at 12:37 PM.

19. 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 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 Annual Personal Investment Disclosure Form and Governance Manual - 5.14 Code of Ethics update, including Agenda Item No. 11, as authorized by A.R.S. § 38-431.03(A) (3).
- d. Discussion and consultation with legal counsel and Staff pertaining to potential for resolving ongoing litigation regarding claims against former PSPRS employees in Desert Troon, LLC v. Orlich, et al., including Agenda Item No. 16, 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 performance evaluation and employment agreement of the System's Administrator, including Agenda Item No. 17, as authorized by A.R.S. §§ 38-431.03(A)(1), (3) and (4).

20. Adjournment.

Moved by: Mr. Harry Papp

Second by: Mr. Chris Hemmen

Time: 1:11 PM

Motion: To adjourn meeting.

Discussion: None

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

Scott McCarty, Chairman

**Harry Papp, Trustee,
Vice Chairman**

Jim Ameduri, Trustee

Christopher Hemmen, Trustee

Alan Maguire, Trustee

Brian Moore, Trustee

Dean Scheinert, Trustee

Nathan Weber, Trustee

Daren Wunderle, Trustee