

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

BOARD OF TRUSTEES MEETING

September 12 and 13, 2022

MINUTES

September 12, 2022 Attendance:

Present: Mr. Scott McCarty, Chairman
Mr. Harry Papp, Vice Chairman
Mr. Christopher Hemmen, Trustee
Mr. Brian Moore, Trustee
Mr. Dean Scheinert, Trustee – from 2:03 PM – 3:46 PM
Ms. Randie Stein, Trustee
Mr. Nate Weber, Trustee
Mr. Alan Maguire, Trustee – left at 4:27 PM
Mr. Daren Wunderle, Trustee

Others Present: Mr. Michael Townsend, Administrator
Mr. Michael Smarik, Deputy Administrator
Bret Parke, Esq., Assistant Administrator/General Counsel
Kevin O'Malley, Esq., Gallagher & Kennedy
Ms. Claudia Martinez, Executive Assistant
Ms. Cheryl Cohen, Investment Executive Assistant
Terence Thompson, Esq., Gallagher & Kennedy
Mr. Robert Ortega, Member Services Director
Mr. Robert Parkes, HR Director
Mr. Kurtis Chandler, Records Officer
Mr. Doug Cole, HighGround, Inc.
Ms. Dianne McCallister, Public Policy Partners LLC.
Mr. Michael Ajamie, Chief Technology Officer
Mr. Mark Steed, Chief Investment Officer
Mr. Paul Baugher, Foster & Foster – remote
Mr. Brad Heinrichs, Foster & Foster
Mr. James Ko, Deputy Chief Investment Officer
Mr. Ernie Escobedo, Jr. IT Systems Engineer
Mr. Chris Francis, IT Operations Manager
Ms. Cathleen Davis, Internal Chief Auditor
Ms. Angela Egelhoff, Chief Compliance Officer
Mr. Christian Palmer, Communications Director
Mr. John Moorman, Chief Financial Officer

September 13, 2022 Attendance:

Present: Mr. Scott McCarty, Chairman
Mr. Harry Papp, Vice Chairman
Mr. Christopher Hemmen, Trustee
Mr. Brian Moore, Trustee
Mr. Dean Scheinert, Trustee
Ms. Randie Stein, Trustee
Mr. Nate Weber, Trustee
Mr. Alan Maguire, Trustee
Mr. Daren Wunderle, Trustee

Others Present: Mr. Michael Townsend, Administrator
Mr. Michael Smarik, Deputy Administrator
Bret Parke, Esq., Assistant Administrator/General Counsel
Kevin O'Malley, Esq., Gallagher & Kennedy

Ms. Claudia Martinez, Executive Assistant
Ms. Cheryl Cohen, Investment Executive Assistant
Terence Thompson, Esq., Gallagher & Kennedy
Mr. Doug Cole, HighGround, Inc.
Ms. Dianne McCallister, Public Policy Partners LLC.
Mr. Michael Ajamie, Chief Technology Officer
Mr. Mark Steed, Chief Investment Officer
Mr. James Ko, Deputy Chief Investment Officer – remote
Mr. Allan Martin, NEPC
Mr. Ernie Escobedo, Jr. IT Systems Engineer
Ms. Lynn Jahnke, Office Manager – remote
Mr. Kurtis Chandler, Records Officer
Ms. Cathleen Davis, Internal Chief Auditor
Ms. Angela Egelhoff, Chief Compliance Officer
Mr. Christian Palmer, Communications Director
Mr. John Moorman, Chief Financial Officer – remote
Mr. Robert Parkes, HR Director – remote

1. Luncheon on September 12, 2022 from 12:00 PM to 1:00 PM.

Lunch was held from 12:00 PM to 1:00 PM.

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

Mr. Scott McCarty, Chairman

The meeting was called to order by Chairman McCarty at 1:10 PM, Pledge of allegiance was recited and roll was called.

3. 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.

4. Review, discussion and possible Recommendations regarding strategic planning recommendations by staff.

Mr. Michael Townsend, Administrator

Strategic Planning presentation was provided by Mr. Townsend. Presentation included strategies, progress, objectives, and initiatives. Board commented on various objectives.

5. Review, discussion and possible Recommendations regarding Fiduciary duty of Trustees.

*Kevin O'Malley, Esq., Gallagher & Kennedy
Terence Thompson, Esq., Gallagher & Kennedy*

Presentation regarding the fiduciary duty of Trustees was provided by Mr. O'Malley and Mr. Thompson. Presentation included an overview of A.R.S. § 38-848.04 (A) and the layers of PSPRS fiduciary duty. Mr. Papp and Mr. Moore commented and/or inquired on various aspects of the presentation.

6. Review, discussion and possible Recommendations regarding potential legislative topics, including Tier 2 clarifications and changes.

Mr. Scott McCarty

Presentation regarding Tier 2 was provided by Mr. Heinrichs and Mr. Townsend. Presentation included background of the Tier 2 rate calculations, concerns, active transfers and liability impact thereof. Board engaged in conversations regarding various concerns for Tier 2 rates.

Mr. Townsend presented a list of other potential legislative topics aside from those already on the Advisory Committee review list.

Meeting was recessed at 4:46 PM on September 12, 2022.

Meeting was resumed at 9:09 AM on September 13, 2022.

7. Review, discussion and possible Recommendations regarding PSPRS governance considerations for future processes.

Mr. Scott McCarty

Verbal presentation regarding Committee and Board meetings was provided by Mr. Townsend. Annual agenda item list and a draft 2023 calendar was presented. Board engaged in discussions regarding the flow and process of each.

8. Review, discussion and possible Recommendations regarding PSPRS legal authority to amend or interpret plan statutes and establish policy and procedure.

Bret Parke, Esq., Assistant Administrator / General Counsel

Mr. Maguire provided an introduction on legislative approaches and establishments of policies. Mr. Parke provided a verbal presentation on PSPRS authority and rulemaking processes. Ms. McCallister and Mr. Cole commented on concerns in taking a more rulemaking process. Board, legal counsel and Mr. Parke engaged in conversations regarding a potential rulemaking process and how such process would work. Board directed staff to provide examples of ASRS rules vs. Statute for a future meeting and work with the Operations Committee on further details. .

9. Review, discussion and possible Recommendations regarding investment asset allocation and specialization considerations including public safety related industries.

Mr. Mark Steed, Chief Investment Officer

Mr. Papp provided brief update on the current state of the market and the affects it is having on the asset allocations. Presentation was provided by Mr. Steed and Mr. Martin. Presentation included updates on national trends of ESG investing and specific applications for the Trust such as social investing. Board members, Mr. Martin, and Mr. Steed engaged in discussions regarding various aspects of the presentation and Ms. McCallister commented on the legislative aspects thereof. Board directed staff to work with the Investment Committee on proxy voting policy changes.

Board broke for break at 10:27 AM on September 13, 2022.

Board returned to public session at 10:55 AM on September 13, 2022.

10. Review, discussion and possible Recommendations regarding employer funding policies.

Mr. Scott McCarty

Presentation regarding PSPRS and employer funding policies was provided by Mr. Townsend and Mr. Heinrichs. Several Trustees engaged in discussions regarding several aspects of the presentation.

11. Review, discussion and possible Recommendations regarding PSPRS Board and Committee calendars.

Mr. Scott McCarty

Item was discussed under Agenda Item No. 7.

12. Possible discussion and Action on future meeting dates and/or future agenda items. (Next meeting is currently scheduled for Wednesday, September 28, 2022.)

Next meeting is scheduled for September 28, 2022.

13. Breakfast on September 13, 2022 from 8:00 AM to 9:00 AM.

Breakfast was held from 8:00 AM to 9:00 AM.

14. Continuation of review, discussion and possible Recommendations on agenda items 2 through 12 until 1:00 PM or until the matters set forth in this agenda are otherwise addressed.

Mr. Scott McCarty

15. Adjournment.

Moved by: Mr. Alan Maguire

Second by: Mr. Dean Scheinert

Time: 12:20 P.M.

Motion: Adjourn meeting.

Discussion: None.

Vote: 9 – 0 Passed

**Scott McCarty,
Chairman**

**Harry Papp, Trustee,
Vice Chairman**

Christopher Hemmen, Trustee

Alan Maguire, Trustee

Brian Moore, Trustee

Dean Scheinert, Trustee

Randie Stein, Trustee

Nathan Weber, Trustee

Daren Wunderle, Trustee