

# PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM BOARD OF TRUSTEES MEETING

February 24, 2016

## AMENDED AGENDA

The Meeting of the Board of Trustees of the Public Safety Personnel Retirement System (the "PSPRS" or "System") will be held in the main public conference room of the administrative offices of PSPRS, 3010 East Camelback Road, Suite 200, Phoenix, Arizona 85016, commencing at 1:00 p.m. on Wednesday, February 24, 2016. The meeting will continue until 5:00 p.m. or until the matters set forth in this agenda are otherwise addressed. Members of the Board of Trustees will attend either in person or by telephonic conference call. The Board of Trustees may vote to hold an executive session, which will not be open to the public, to discuss certain matters. The Board of Trustees reserves the right to consider agenda items out of their listed order.

This meeting is available to the public through "Go to Meeting" over the Internet or in person. Please see [www.psprs.com](http://www.psprs.com) for the computer link to the meeting. All persons wishing to attend are invited.

1. Call to Order; Roll Call; Opening remarks.

*Mr. Brian P. Tobin*  
*Chairman*

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.

3. Appropriate Action for approval of the items on the Consent Agenda (documentation concerning the matters on the consent agenda 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 Madeline Hernandez.
  - b. Acceptance of Elected Officials' Retirement Plan of early retirement benefit of Jay K. Parkison.
  - c. Acceptance of Elected Officials' Retirement Plan of termination of early retirement benefit of William West, Jr.
  - d. Acceptance of Transfer Between State Retirement Systems of Francis Hand, Jr.
  - e. Acceptance of Transfer Between State Retirement Systems of Benjamin Marx.

- f. Acceptance of Transfer Between State Retirement Systems of Joshua Cameron.
  - g. Acceptance of Transfer Between State Retirement Systems of Lyle Peeples.
  - h. Acceptance of Transfer Between State Retirement Systems of Rodney States.
  - i. Acceptance of Transfer Between State Retirement Systems of Michael Dirilo.
  - j. Acceptance of Transfer Between State Retirement Systems of Irma Estrada.
  - k. Acceptance of Transfer Between State Retirement Systems of Trevor Wallace.
  - l. Acceptance of Transfer Between State Retirement Systems of Billy McDaniel.
  - m. Acceptance of Transfer Between State Retirement Systems of Adam Shipley.
  - n. Acceptance of Transfer Between State Retirement Systems of Justin White.
  - o. Acceptance of Transfer Between State Retirement Systems of Richard Dreiling.
  - p. Acceptance of Transfer Between State Retirement Systems of Sean Carney.
  - q. Acceptance of Transfer Between State Retirement Systems of Jeanette Brawley.
  - r. Acceptance of Transfer Between State Retirement Systems of Donna Swan.
  - s. Approval of the Minutes of the January 20, 2016 Meeting of the PSPRS Board of Trustees.  
*Mr. Brian P. Tobin*
4. Discussion and appropriate **Action** with respect to the EORP disability application of Colten P. White.  
*Mr. Brian P. Tobin*
5. Appointment of members to the Committees of the Board of Trustees.  
*Mr. Brian P. Tobin*

**Report by Mr. Lauren W. Kingry, Chairman of the Investment Committee, regarding agenda items 6. through 13., which were discussed at the Investment Committee meeting held today, February 24, 2016, on or after 10:00 a.m., and possible Action on the Committee's recommendations to the Board regarding same.**

- 6. Written report and possible discussion of monthly review of Management Fees.  
*Ms. Bridget Feeley*  
*Internal Audit and Compliance Officer*
- 7. Report by the System's Internal Audit and Compliance Officer and discussion regarding investment compliance, holdings and transactions, as of December 31, 2015.  
*Ms. Bridget Feeley*

8. Presentation and written report by Investment Department Staff regarding Portfolio Risk as of December 31, 2015.
- Mr. Owen Zhao*  
*Portfolio Analyst - Risk*
9. Presentation and written report by Investment Department Staff and discussion regarding (i) the Month-End and Fiscal Year-to-Date performance for the PSPRS Trust as of December 31, 2015; and (ii) written report regarding the asset allocation and performance of the Firefighters and Peace Officers Cancer Insurance Program.
- Ms. Vaida Maleckaite*  
*Sr. Investment Analyst*
10. Presentation and discussion by NEPC representatives on the Second Fiscal Quarter (4th Calendar Quarter) investment performance and the 2015 Fiscal Year investment performance for the Arizona PSPRS Trust.
- Mr. Ryan Parham*  
*Assistant Administrator and Chief Investment Officer*
- Mr. Allan Martin*  
*NEPC, LLC.*
11. Presentation and discussion regarding current status of Capital Markets and projections for the future.
- Mr. Ryan Parham*
- Mr. Alan Martin*
12. Disclosure by Investment Department Staff of the following manager selection matters this period:
- A. New and potential investments considered:
1. Disclosure of a potential investment of up to \$50 million direct in a separately managed account (SMA) investing in various securities issued by Master Limited Partnerships in the energy sector, in the Real Assets portfolio, subject to final Staff and legal due diligence.
  2. Disclosure of a potential investment of up to \$50 million direct investment in a fund focusing on mid-market buyouts in the Private Equity portfolio, subject to final Staff and legal due diligence.
- B. Disclosure of closed transactions:
1. None this period.
- C. Current investments considered for de-selection:
1. None this period.
- D. Disclosure of completed transactions:

1. None this period.

E. Disclosure of transactions withdrawn from consideration:

1. None this period.

*Jennifer Eichholz, Esq.*

13. Discussion and possible **Action** regarding minor clarification revisions to the PSPRS Investment Policy Statement.

*Mr. Ryan Parham*

**Presentation by Mr. Gregory Ferguson, Chairman of the Operations, Governance Policy and Audit Committee, regarding agenda items 14. through 21., which were discussed at the Operations, Governance Policy and Audit Committee meeting held today, February 24, 2016, on or after 11:00 a.m., and possible Action on the Committee's recommendations to the Board regarding same.**

14. Presentation of the Month-to-Date Budget Report for FY 2016 and possible **Action** on same.

*Mr. John Hendricks  
Manager of Finance and Accounting*

15. Update on the progress of the Local Board Training Program and discussion and possible **Action** regarding the same.

*Mr. Robert Ortega  
Local Board Training Coordinator and Human Resources Manager  
Mr. Don Mineer  
Local Board Training Specialist*

16. Presentation of the "Requests for Local Board Rehearing" Report for the current month.

*Mr. Jared A. Smout  
Administrator*

17. Review and discussion regarding law firms' billings for legal services performed in January, 2016.

*Mr. Jared A. Smout*

18. Report and possible **Action** on FY 2016 Compliance and Internal Audit Plan.

*Ms. Bridget Feeley*

19. Review, discussion and possible **Action** with respect to the FY 2017 PSPRS Administrative Budget.

*Mr. Jared A. Smout*

20. Review, discussion and possible **Action** on pending and passed legislative proposals for the 2016 legislative session including an administrative amendment bill.

*Mr. Jared A. Smout*

21. Update and discussion on the progress of implementing the Auditor General Recommendations as agreed to in their Performance Audit and Sunset Review.

*Mr. Jared A. Smout*

22. Nationwide Retirement Solutions (NRS) Quarterly Administrative Review of the PSPRS Supplemental and EODCRS 401(a) Plans.
- Mr. Jim Keeler  
Program Director  
Nationwide Retirement Solutions*
23. Status report on the *Hall v. EORP* matter.
- Ivy N. Voss, Esq.  
Assistant Attorney General*
24. Discussion and appropriate **Action** regarding Board of Trustee member requests to participate in training, educational and due diligence opportunities.
- Mr. Brian P. Tobin*
25. Discussion and consultation with legal counsel and Staff and possible **Action** regarding IRS determination letter requests, 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, including matters involving, judges Thompson and Hall, retired judges Fields and Lankford, retired police officers Rappleyea and Everson, active police officers Parker, Griego, Manganiello and Robles, the Pivotal Group, the Seldins, Bank of America and Stroh Ranch Development and Timbervest. 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 26.
26. **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) and (4), as applicable, including to receive legal advice from the Board’s attorneys on any matter listed on the agenda, including:**
- a. 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 above in Item 25, including but not limited to, those involving Anton Orlich, Andrew Carriker, Ken Fields, Mark Selfridge, Paul Corens, the Seldins and the status of lawsuits challenging provisions of S. B. 1609, as authorized by A.R.S. §§ 38-431.03(A) (2), (3).
- b. Update and discussion on the System Administrator position and other personnel matters, as authorized by A.R.S § 38-431.03(A)(1).
27. Schedule future meeting date(s). (*Currently scheduled for Wednesday, March 23, 2016.*)
28. Adjournment.

**A copy of the agenda background material that is provided to the Board of Trustees (with the exception of materials relating to possible executive sessions and/or materials exempt by law from public inspection) is available for public inspection at the PSPRS offices located at 3010 East Camelback Road, Suite, 200, Phoenix, Arizona. The agenda is subject to revision up to 24 hours prior to the meeting.**

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter,

by contacting Michelle Pechan, Paralegal, at (602) 255-5575. Requests should be made as early as possible to arrange the accommodation.