

# PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM BOARD OF TRUSTEES MEETING

June 29, 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, June 29, 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 termination of survivor benefit of Mari Anne Carson.
  - b. Acceptance of Elected Officials' Retirement Plan of survivor benefit of Dorothy Castillo.
  - c. Acceptance of Elected Officials' Retirement Plan of termination of early retirement benefit of Joseph A. Castillo.
  - d. Acceptance of Elected Officials' Retirement Plan of termination of normal retirement benefit of Ann Day.

- e. Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Catherine Dorgan.
- f. Acceptance of Elected Officials' Retirement Plan of early retirement benefit of Ron Drake.
- g. Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Agripina Duarte.
- h. Acceptance of Elected Officials' Retirement Plan of termination of normal retirement benefit of Sarah D. Grant.
- i. Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Manuel A. Hernandez.
- j. Acceptance of Elected Officials' Retirement Plan of termination of early retirement benefit of Douglas Lingner.
- k. Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Roland J. Steinle, III.
- l. Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Gladys Vukceovich.
- m. Acceptance of Transfer Between State Retirement Systems of Troy Holland, Jr.
- n. Acceptance of Transfer Between State Retirement Systems of Steven Denney.
- o. Acceptance of Transfer Between State Retirement Systems of Barbara Hendricks.
- p. Acceptance of Transfer Between State Retirement Systems of Beth Cervantes.
- q. Acceptance of Transfer Between State Retirement Systems of Boe Garry.
- r. Acceptance of Transfer Between State Retirement Systems of Matthew Misino.
- s. Acceptance of Transfer Between State Retirement Systems of Decio Hopffer.
- t. Acceptance of Transfer Between State Retirement Systems of Samuel Chavez.
- u. Acceptance of Transfer Between State Retirement Systems of Sharon Herndon.
- v. Acceptance of Transfer Between State Retirement Systems of Susan Barnard.
- w. Acceptance of Transfer Between State Retirement Systems of Michael Resultay.
- x. Acceptance of Transfer Between State Retirement Systems of Gabriel Rios.
- y. Acceptance of Transfer Between State Retirement Systems of Scott Schade.

- z. Acceptance of Transfer Between State Retirement Systems of Elijah Johnston.
  - aa. Acceptance of Transfer Between State Retirement Systems of Luis Hernandez.
  - bb. Acceptance of Transfer Between State Retirement Systems of James Tobin.
  - cc. Acceptance of Transfer Between State Retirement Systems of Michael Calles.
  - dd. Acceptance of Transfer Between State Retirement Systems of Brian Toomey.
  - ee. Acceptance of Transfer Between State Retirement Systems of Kathryn Krause-Ingulli.
  - ff. Acceptance of Transfer Between State Retirement Systems of Steven Ganis.
  - gg. Acceptance of Transfer Between State Retirement Systems of Alan Zagorski.
  - hh. Acceptance of Transfer Between State Retirement Systems of Vance Lunt.
  - ii. Acceptance of Transfer Between State Retirement Systems of Stephen Mangum.
  - jj. Acceptance of Transfer Between State Retirement Systems of Jeffrey Stec.
  - kk. Acceptance of Transfer Between State Retirement Systems of Margaret Bentzen.
  - ll. Acceptance of Transfer Between State Retirement Systems of Bruce Ciolli.
  - mm. Acceptance of Transfer Between State Retirement Systems of Diane Day.
  - nn. Acceptance of Transfer Between State Retirement Systems of Annette Jacobs.
  - oo. Acceptance of Transfer Between State Retirement Systems of Robert Rodriguez.
  - pp. Acceptance of Transfer Between State Retirement Systems of Steven Steinke.
  - qq. Acceptance of Transfer Between State Retirement Systems of Justin Osowski.
  - rr. Acceptance of Transfer Between State Retirement Systems of Derek Litchfield.
  - ss. Approval of the Minutes of the May 25, 2016 Meeting of the PSPRS Board of Trustees.  
*Mr. Brian P. Tobin*
4. Appropriate **Action** regarding the approval of the Joinder Agreement with the Mountain Vista Fire District; and approval of the Applications for Membership Waiver of participation.  
*Mr. Brian P. Tobin*

5. Appropriate **Action** regarding the Joinder Agreement with the Copper Canyon Fire and Medical Authority (which resulted from a merger of Camp Verde Fire District and Montezuma Rimrock Fire District).  
*Mr. Brian P. Tobin*
6. Appropriate **Action** regarding the approval of the Joinder Agreement with La Paz County for membership in the Corrections Officer Retirement Plan.  
*Mr. Brian P. Tobin*
7. Introduction, discussion and possible **Action** on the risk-pooling and local board consolidation study as directed by SB1428.  
*Tom Iannucci, President  
John Por, Consultant  
Clive Morgan, Consultant  
Cortex Applied Research*

**Report by Mr. William C. Davis, Vice Chairman of the Investment Committee, regarding agenda items 8. through 13., which were discussed at the Investment Committee meeting held today, June 29, 2016, on or after 11:00 a.m., and possible Action on the Committee's recommendations to the Board regarding same.**

8. Written report and possible discussion of monthly review of Management Fees for month ending April 30, 2016.  
*Ms. Bridget Feeley  
Internal Audit and Compliance Officer*
9. Report by the System's Internal Audit and Compliance Officer and discussion regarding investment compliance, holdings and transactions, as of April 30, 2016.  
*Ms. Bridget Feeley*
10. Written report by Investment Department Staff regarding Portfolio Risk as of April 30, 2016.  
*Mr. Owen Zhao  
Portfolio Analyst - Risk*
11. Discussion and possible **Action** regarding proposed changes to Asset Allocation by Investment Department Staff and Consultants.  
*Mr. Martin Anderson  
Deputy Chief Investment Officer  
Mr. Don Stracke  
NEPC*
12. Disclosure by Investment Department Staff of the following manager selection matters:
  - A. New and potential investments considered this period:
    1. Disclosure of a potential investment of up to €15,000,000 direct for purposes of increasing our investment with **Benson Elliot Real Estate Partners IV - Bensell US Feeder Fund IV-B**, in the Real Estate portfolio, subject to final Staff and legal due diligence.

2. Disclosure of a potential investment of up to \$100,000,000 direct for purposes of investment in a Separately Managed Account with **Hancock Agricultural Investment Group**, in the Real Estate portfolio, subject to final Staff and legal due diligence.
  3. Disclosure of a potential investment of up to €15,000,000 direct for purposes of increasing our investment with **Patron Capital Group V, L.P.** in the Real Estate portfolio, subject to final Staff and legal due diligence.
  4. Disclosure of a potential investment of up to \$50,000,000 direct and a reserve allocation of up to \$20,000,000 for purposes of co-investment with **Rockbridge Hospitality Fund VII L.P.**, in the Real Estate portfolio, subject to final Staff and legal due diligence.
- B. Disclosure of terminated transactions for this period:
1. None.
- C. Disclosure of closed transactions for this period:
1. **Benson Elliot Real Estate Partners IV - Bensell US Feeder Fund IV-B**; Committed Amount up to €15,000,000; Date Closed: 06/15/2016; PSPRS Asset Class: Real Estate.
  2. **Crestline Opportunity Fund III, LLC**. Committed Amount up to \$75,000,000. Date Closed: 06/08/2016. PSPRS Asset Class: Credit Opportunities.
  3. **Freeport First Lien Loan Fund III**; Committed Amount up to \$100,000,000; Date Closed: 04/19/2016; PSPRS Asset Class: Credit Opportunities.
  4. **Hancock Agricultural Investment Group (SMA)**; Committed Amount up to \$100,000,000; Date Closed: 06/13/2016; PSPRS Asset Class: Real Estate.
  5. **Northern Shipping Fund III**; Committed Amount up to \$70,000,000; Date Closed 06/15/2016; PSPRS Asset Class: Credit Opportunities.
  6. **Patron Capital Group V, L.P.**; Committed Amount up to €15,000,000; Date Closed 06/17/2016; PSPRS Asset Class: Real Estate.
  7. **SJC Direct Lending Fund III GP, L.P.** Committed Amount up to \$75 million. Date Closed: 03/31/2016. PSPRS Asset Class: Credit Opportunities.
- D. Current investments considered for de-selection this period:
1. **THB Small Cap Fund (SMA)**; Redemption requested June 15, 2016; This investment is allocated to the PSPRS Public Equities portfolio.
  2. **THB Micro Cap Fund (SMA)**; Redemption requested June 15, 2016; This investment is allocated to the PSPRS Public Equities portfolio.
- E. Disclosure of completed transactions for this period:

1. None.

*Jennifer Eichholz, Esq.  
In-House Investment Counsel*

13. 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 April 30, 2016; and (ii) written report regarding the asset allocation and performance of the Firefighters and Peace Officers Cancer Insurance Program.

*Ms. Vaida Maleckaite  
Senior Investment Analyst*

14. Presentation by Albourne Consultants and Bridgewater Associates, and discussion by Investment Department Staff and consultants pertaining to the annual Overview and Strategic Plan for the GTAA Portfolio.

*Mr. Mark Steed  
Deputy Chief Investment Officer and  
Chief of Staff  
Mr. William Thatcher  
Lead Portfolio Manager  
Mr. Bob Smith  
Bridgewater Associates, LP  
Mr. Seth Birnbaum  
Bridgewater Associates, LP  
Mr. Lincoln Smith  
Albourne Consultants*

**Presentation by Mr. Gregory Ferguson, Chairman of the Operations, Governance Policy and Audit Committee, regarding agenda items 15. through 23., which were discussed at the Operations, Governance Policy and Audit Committee meeting held today, June 29, 2016, on or after 11:00 a.m., and possible Action on the Committee's recommendations to the Board regarding same.**

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

*Mr. John Hendricks  
Manager of Finance and Accounting*

16. 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*

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

*Mr. Jared A. Smout  
Administrator*

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

*Mr. Jared A. Smout*

19. Report and possible **Action** on FY 2016 Compliance and Internal Audit Plan.  
*Ms. Bridget Feeley*
20. Discussion and possible **Action** regarding changes to the PSPRS organizational structure.  
*Mr. Jared A. Smout*
21. Presentation, discussion and possible **Action** regarding the renewal of fiscal 2016-17 contracts for various services.  
*Mr. Jared A. Smout*
22. Review, discussion and possible **Action** with respect to the FY 2017 PSPRS Administrative Budget.  
*Mr. Jared A. Smout*
23. Review, discussion and possible **Action** on pending and passed legislative proposals.  
*Mr. Jared A. Smout*
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, Bank of America, Desert Troon, 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 27.
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), (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 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 26, including but not limited to, those involving Ken Fields and the status of lawsuits challenging provisions of SB1609, as authorized by A.R.S. §§ 38-431.03(A) (2), (3).
  - b. Update and discussion on personnel matters, as authorized by A.R.S § 38-431.03(A)(1).
27. Schedule future meeting date(s). (*Currently scheduled for Wednesday, July 20, 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.