

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

MARCH 29, 2017

MINUTES

Present: Mr. Brian Tobin, Board Chairman, Trustee
Mr. William T. Buividas, Trustee
Mr. William C. Davis, Committee Chairman, Trustee – Arrived at 10:07 a.m.
Mr. Edward J. McNeill, Trustee - Excused
Mr. Bryan Raines, Trustee - Excused
Mr. Mike Scheidt, Trustee - Excused
Mr. Dean M. Scheinert, Trustee – Excused at 10:22 a.m.
Mr. Donald A. Smith, Jr., Trustee - Excused

Others Present: Mr. Ryan Parham, Chief Investment Officer
Mr. Mark Steed, Deputy Chief Investment Officer
Ms. Jennifer Eichholz, In-House Investment Counsel
Ms. Rose Crutcher, Investment Paralegal
Mr. Paul Hemmes, Information Technology
Mr. Shan Chen, Lead Portfolio Manager
Mr. William Thatcher, Lead Portfolio Manager
Ms. Vaida Maleckaite, Director Investment Services
Mr. Jefferson Weston, Investment Analyst
Mr. Owen Zhao, Portfolio Analyst-Risk
Mr. Kevin Chen, Investment Analyst
Mr. Allan Martin, NEPC, LLC.

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

*Mr. William Davis
Committee Chairman*

The meeting was called to order by Vice Chairman Buividas at 9:09 a.m.

2. Review, discussion and possible **Action** to approve Investment Committee Minutes from March 1, 2017.

Mr. William Davis

This item was tabled due to lack of a quorum.

3. **Written report** by Investment Department Staff regarding Portfolio Risk as of January 31, 2017.

*Mr. Owen Zhao
Portfolio Analyst - Risk*

A written report was provided to the Board of Trustees.

4. **Written report** by Investment Department Staff regarding (i) the Month-End and Fiscal Year-to-Date performance for the PSPRS Trust as of January 31, 2017; and (ii) written report regarding the asset allocation and performance of the Firefighters and Peace Officers Cancer Insurance Program.

*Ms. Vaida Maleckaite
Director of Investment Services*

A written report was provided to the Board of Trustees. Mr. Martin stated February was a good month with an increase of 1.17%. For the Fiscal Year-to-Date through February the Trust increased 8.78% which was ahead of the assumed rate of return.

5. Presentation and discussion by Investment Department Staff and Consultants regarding the annual Overview and Strategic Plan for the Fixed Income and Private Credit portfolios.

*Mr. Ryan Parham, Assistant Administrator and Chief Investment Officer
Mr. Mark Steed, Deputy Chief Investment Officer and Chief of Staff
Mr. William Thatcher, Lead Portfolio Analyst
Mr. Allan Martin, NEPC*

The first topic was the Fixed Income asset class. The definition of Fixed Income and the reasons for investing were listed. A snapshot of this portfolio as of 12/31/16 and information regarding the managers for the asset class were stated. Discussion was held regarding net of fee returns and those returns as compared to the benchmark.

Private Credit asset class was explained and why they have higher expected returns than public credit which is publically traded on an exchange. The members of the committee discussed investment strategies, commitments by year and sub-strategy.

The role of NEPC for the Board and the staff was given. The 10 year yield to maturity was a topic of discussion.

Mr. Davis attended the meeting at 10:07 a.m. and as a result another review was held regarding agenda item 5 which included an historical review of these two asset classes. Discussion was held regarding parameters of investing and the process of capturing opportunities.

6. 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 \$40 million direct and a reserve allocation of up to \$20 million for purposes of co-investment with **KKR Asian Fund III**, in the Private Equity portfolio, subject to final Staff and legal due diligence.
 - B. Disclosure of closed transactions for this period:
 - 1. **Clearbell III (Feeder) LP Fund**; Committed amount up to £50 million for direct investment purposes and a reserve allocation of up to £30 million for purposes of co-investment; Date Closed: January 23, 2017. This investment is allocated to PSPRS Asset class: Real Estate.
 - 2. **BiolInnovation Capital Partners**; Committed amount up to \$25 million for direct investment and a reserve allocation of up to \$20 million for purposes of co-investment; Date Closed: March 13, 2017. This investment is allocated to PSPRS Asset class: Private Equity.
 - C. Disclosure of completed transactions:
 - 1. **Capital Guardian Emerging Markets Fixed-Income Fund**. This investment was allocated to PSPRS Asset Class: Fixed Income.
 - 2. **Franklin Templeton Emerging Market Debt Opportunities Fund, L.P.** This investment was allocated to PSPRS Asset Class: Fixed Income.

3. **Fischer Francis Trees & Watts, IMA.** This investment was allocated to PSPRS
Asset Class: Risk Parity.

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

A discussion was held regarding PSPRS' materials available for review by the Board.

7. Review and possible **action** regarding review of Prohibited Investment List in compliance with PSPRS Israel Boycott Divestment Compliance Policy.

Jennifer Eichholz, Esq.

A review is held annually of investments regarding companies that boycott Israel. If they do so, PSPRS cannot directly invest in them.

8. The Committee may discuss future dates for meetings and direct Staff to place matters on future agendas (currently scheduled for April 26, 2017.)

The next meeting will be held on April 26, 2017.

9. Call to the Public:

This is the time for the public to comment. Members of the Committee may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01 (H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for a later date for further consideration and possible recommendations to the Board of Trustees.

There was no reply to the Call to the Public.

10. Adjournment

The meeting was adjourned at 10:27 a.m.

/s/ William C. Davis, Trustee, Investment Committee Chairman

Mr. William C. Davis, Trustee, Investment Committee Chairman