



# ARIZONA STATE RETIREMENT SYSTEM

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*Paul Matson  
Director*

## AGENDA

**REVISED**

### NOTICE OF COMBINED PUBLIC MEETING AND POSSIBLE EXECUTIVE SESSION OF THE ARIZONA STATE RETIREMENT SYSTEM INVESTMENT COMMITTEE

3300 North Central Avenue, 14<sup>th</sup> Floor Conference Room  
Phoenix, Arizona 85012

January 20, 2017  
2:30 p.m.

Pursuant to A.R.S. § 38-431.02(F), notice is hereby given to Trustees of the Arizona State Retirement System (ASRS) Investment Committee (IC) and to the general public that the ASRS IC will hold a meeting open to the public on Friday, January 20, 2017, beginning at 2:30 p.m. in the 14<sup>th</sup> Floor Conference Room of the ASRS offices at 3300 N. Central Avenue, Phoenix, Arizona 85012. Trustees of the Committee may attend either in person or by telephone conference call.

This is a regularly scheduled meeting of the IC; however, due to possible attendance by other ASRS Board Trustees, this meeting may technically become a meeting of the Board or one of its Committees. Actions taken will be consistent with IC governance procedures. Actions requiring Board authority will be presented to the full Board for final decision.

The Chair may take public comment during any agenda item. If any member of the public wishes to speak to a particular agenda item, they should complete a "Request to Speak" form indicating the item and provide it to the Committee Administrator.

Pursuant to A.R.S. § 38-431.03(A)(3), the ASRS IC may vote to go into executive session, which will not be open to the public, for the purpose of obtaining legal advice on any item on the Agenda.

This meeting will be teleconferenced to the ASRS Tucson office at 4400 East Broadway Boulevard, Suite 200, Tucson, Arizona 85711. The conference call to Tucson will be disconnected after 15 minutes if there are no attendees in the Tucson audience.

The Agenda for the meeting is as follows:

1. Call to Order; Roll Call; Opening Remarks (estimated time 4 min.)..... Board Member
2. Approval of the Minutes of the October 24, 2016 Public Meeting of the ASRS IC (Action item; estimated time 1 min.) ..... Board Member
3. Approval of the November 28, 2016 Summary of Discussion by Non-Quorum ASRS IC Members, ASRS Staff, Presenters and Public (Action item; estimated time 1 min.).....  
..... Board Member

4. Presentation, Discussion, and Appropriate Action Regarding the ASRS House Views and General Discussion (Informational and discussion item; estimated time 20 min.) .... Mr. Karl Polen  
Chief Investment Officer, ASRS  
..... Ms. Kerry White  
Assistant Chief Investment Officer for Reporting, Compliance & Administration, ASRS  
..... Mr. Al Alaimo  
Sr. Portfolio Manager of Fixed Income, Cash, and Liquid Alternatives, ASRS  
..... Mr. Eric Glass  
Sr. Portfolio Manager of Private Markets, ASRS  
..... Mr. Cole Smith  
Portfolio Manager of Equities, ASRS  
..... Mr. John Kwon  
Portfolio Manager of Equities, ASRS  
..... Mr. Micheal Copeland  
Assistant Portfolio Manager of Real Estate, ASRS  
..... Ms. Lupita Breland  
Sr. Portfolio Analyst, ASRS  
..... Mr. John Doran  
Assistant Portfolio Manager of Fixed Income, Cash and Liquid Alternatives, ASRS

Objective:

The IC and the ASRS team will discuss House Views and other matters of interest. *No action is expected on this item, but the IC may express views or offer guidance on the matters discussed.*

*Pursuant to A.R.S. §§ 38-431.03(A)(2) and 38-718(P), the IC may vote to discuss the following matter in executive session, which will not be open to the public, to consider specific investment manager data that is confidential proprietary commercial information and a record exempt by law from public inspection.*

5. Presentation, Discussion, and Appropriate Action Regarding the Portfolio Position and Performance (Informational and discussion item; estimated time 15 min.) ..... Mr. Paul Matson  
Director, ASRS  
..... Mr. Karl Polen  
..... Mr. Al Alaimo  
..... Mr. Eric Glass  
..... Ms. Kerry White

Objective:

The IC and the ASRS team will discuss portfolio positioning, current tactical views and investment performance. *No action is expected on this item, but the IC may express views or offer guidance on the matters discussed.*

6. Presentation, Discussion, and Appropriate Action Regarding State Street's Risk Management Reporting (Informational and discussion item; estimated time 10 min.) ..... Mr. Steve Kim  
Assistant Vice President, Risk Services, State Street Analytics

Objective:

State Street will present a risk analysis report on the ASRS total fund investments. *No action is expected on this item, but the IC may express views or offer guidance on the matters discussed.*

7. Presentation, Discussion, and Appropriate Action Regarding the ASRS Investment Compliance and Monitoring of Public Market Investments (Informational and discussion item; estimated time 10 min.) ..... Mr. Dan Gillespie  
Vice President and Unit Head, State Street

Objective:

State Street will present the results of their compliance monitoring for public markets portfolios. *No action is expected on this item, but the IC may express views or offer guidance on the matters discussed.*

*Pursuant to A.R.S. §§ 38-431.03(A)(2) and 38-718(P), the IC may vote to discuss the following matter in executive session, which will not be open to the public, to consider specific investment manager data that is confidential proprietary commercial information and a record exempt by law from public inspection.*

8. Presentation, Discussion, and Appropriate Action Regarding IMD Activities and Asset Class Committee Reports (Informational and discussion item; estimated time 10 min.).....  
..... Mr. Paul Matson  
..... Mr. Karl Polen

Objective:

The CIO will present recent activities and work plans for the IMD. The Chairs of the asset class committees will report on any activity since the last IC meeting. *No action is expected on this item, but the IC may express views or offer guidance on the matters discussed.*

9. Presentation, Discussion, and Appropriate Action Regarding IMD's Tax and Legal Processes (Informational and discussion item; estimated time 20 min.) ..... Ms. Kerry White  
..... Ms. Courtney Micheau  
Administrative Project Analyst

Objective:

The Assistant CIO and her team will present information on their work in devising new procedures for legal, tax, financial reporting and other matters. They will also present information about automation and quality control for reporting processes. *No action is expected on this item, but the IC may express views or offer guidance on the matters discussed.*

10. Presentation, Discussion, and Appropriate Action Regarding the New Strategic Asset Allocation for the LTD Program (Action item; estimated time 15 min.).....Ms. Lupita Breland

Objective:

The ASRS investment team is recommending that the LTD assets be merged with the larger plan assets to enhance efficiency, reduce cost and provide greater flexibility in investment options. To do this, the strategic asset allocation (SAA) needs to be updated to conform to larger plan categories and the investment team is proposing an updated SAA. *The IC will decide whether or not to recommend the updated SAA to the full ASRS board.*

11. Presentation, Discussion, and Appropriate Action Regarding the 2017 IC Meeting Schedule (Informational item; estimated time 15 min.) ..... Board Member  
..... Mr. Karl Polen
12. Request for Future Agenda Items (Discussion item; estimated time 5 min.)..... Board Member  
..... Mr. Karl Polen
13. Call to the Public..... Board Member

Those wishing to address the ASRS IC are required to complete a Request to Speak form before the meeting indicating their desire to speak. Request to Speak forms are available at the sign-in desk and should be given to the IC Administrator. Trustees of the Committee are prohibited by A.R.S. § 38-431.01(H) from discussing or taking legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action. As a result of public comment, the IC may direct staff to study and/or reschedule the matter for discussion and decision at a later date.

14. The next ASRS IC Meeting is tentatively scheduled for Friday, February 17, 2017 at 2:30 p.m., at 3300 N. Central Avenue, 14<sup>th</sup> Floor Conference room, Phoenix, Arizona.

15. Adjournment of the ASRS IC Meeting.

A copy of the agenda background material provided to IC Trustees (with the exception of material relating to possible executive sessions) is available for public inspection at the ASRS offices located at 3300 North Central Avenue, 14th Floor, Phoenix, Arizona, and 4400 East Broadway Boulevard, Suite 200, Tucson, Arizona. The agenda is subject to revision up to 24 hours prior to meeting. These materials are also available on the ASRS website <https://www.azasrs.gov/content/board-and-committee-meetings> approximately 48 hours prior to the meeting.

Persons with disabilities may request a reasonable accommodation such as a sign language interpreter or alternate formats of this document by contacting Tracy Darmer, ADA Coordinator at (602) 240-5378 in Phoenix, at (520) 239-3100, ext. 5378 in Tucson or 1-800-621-3778, ext. 5378 outside metro Phoenix or Tucson. Requests should be made as early as possible to allow time to arrange the accommodations.

Dated January 17, 2017

ARIZONA STATE RETIREMENT SYSTEM

*Signed Copy on File*

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Gloria Montiel  
Committee Administrator

*Signed Copy on File*

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Karl Polen  
Chief Investment Officer