MINUTES
PUBLIC MEETING
ARIZONA STATE RETIREMENT SYSTEM BOARD

Friday, November 12, 2021
8:30 a.m.

The Arizona State Retirement System (ASRS) Board of Trustees met telephonically, with some attending in-person, in the 10th Floor Board Room of the ASRS Office, 3300 N. Central Avenue, Phoenix, Arizona 85012.

Mr. René Guillen, Chair of the ASRS Board, called the meeting to order at 8:32 a.m.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. René Guillen, Chair
Mr. Michael Miller, Vice-chair
Ms. Diane Landis
Mr. Michael Lofton (via teleconference)
Mr. Kevin McCarthy (via teleconference)
Mr. Jim Mueller
Ms. Sara Pirzada
Ms. Ashley Ruiz (via teleconference)

One vacant position.

A quorum was present for the purpose of conducting business.

Ms. Melanie Alexander, ASRS Board Administrator, provided all attendees with telephonic meeting guidelines.

2. Approval of the Minutes of the September 24, 2021 Public Meeting of the ASRS Board

Motion: Mr. Jim Mueller moved to approve the minutes of the September 24, 2021 Public Meeting of the ASRS Board. Mr. Michael Miller seconded the motion.

By a roll call vote of 8 in favor, 0 opposed, 0 abstention, 0 excused, and 1 vacancy, the motion was approved. The Trustee votes were as follows:

   Mr. René Guillen – approved
   Mr. Michael Miller – approved
   Ms. Diane Landis – approved
   Mr. Michael Lofton – approved
   Mr. Kevin McCarthy – approved
3. Presentation, Discussion, and Appropriate Action Regarding the ASRS Investment Program Update

Mr. Michael Viteri, Chief Investment Officer (CIO), opened the discussion with a review of the topics to be covered under this agenda item and identifying the speakers for each. Mr. Chris Levell, NEPC, presented a market environment overview for the period ending September 30, 2021.

Among his observations:
- Q3 still seeing economic growth at an annual rate of +2.0%
- Unemployment rate down but employment participation rate remains low
- Housing prices continue to increase which has been a large contributor to inflation
- Market was down for the quarter but overall still strong
- If housing/shelter prices continue to increase and supply shortages due to vehicle costs, remain so will inflation
- Fed’s projecting three rate hikes in 2023
- Price Earnings Ratios of equities has been very strong with the US leading
- Equity volatility spiked some

Mr. Al Alaimo, Deputy CIO, presented the Credit asset class and interest rate-sensitive house views.

In credit:
- Approximately $10 billion invested in the Credit asset class, representing 20.3% allocation of the total fund versus the Strategic Asset Allocation (SAA) target of 20.0%
- Historically, this asset class has been able to achieve 9-10% net return, which exceeds the target of 10% with limited volatility
- Approximately 70% allocation is in direct-lending or Private Debt
- The remaining portfolio is equally split in allocation between Distressed Debt and Other Credit at approximately 15% each
- Plan is to keep a slight overweight to keep pace with the growth in total fund

At 8:56 a.m. the meeting was interrupted as notification was received that the conference line to the meeting had been disconnected. The call was reconnected and once confirmation was made that attendees and trustees, Mr. Michael Lofton and Mr. Kevin McCarthy were back on the call, the meeting resumed at 8:57 a.m.

Mr. Alaimo performed a recap of his credit presentation for the benefit of the telephonic attendees who had been disconnected previously before moving on to interest rate sensitive.

Interest Rate Sensitive:
- Approximately 7.5% allocation of the total fund versus a 10.4% Interim SAA target
- Underweight in this asset class because the target will not be achieved based on where current interest rates are
• Continue to invest because it is a counterbalance to sell off risky assets
• The asset class appreciated in value as the interest rates dropped
• Used as a source of liquidity

Mr. Samer Ghaddar, Deputy CIO, presented public and private equity house views.

In public equities:
• US markets went through a correction in September of around 5%, mainly led by China
• Correction was healthy as the market was stretched; the environment is extremely sensitive to interest rates
• Staff does not believe fixed income should be underweight
• Public equity positioning as of September 30, 2021, is 1% overweight, and 1.8% as of October 20, 2021
• Overweight is across geographies, with a slight tilt in international equities, in particular developed ex-US
• Markets have been performing well over the last few months

Mr. Ghaddar took a moment to respond to questions from the Board before moving on to private equities.

In private equities:
• Have approximately $1.5 trillion in uncalled capital; split between $900 billion in buyout funds, $362 billion in fund-to-fund, and $303 billion in growth equity
• The ASRS is one of the first pension plans to invest in uncalled capital approximately 14 years ago
• Have a mature portfolio of approximately 12% allocation or $6 billion invested of the total fund as of September 30, 2021
• Performance is good and expected to continue
• This year the Private Equity team has been very selective in making commitments and will keep pacing the model target

Mr. Micheal Copeland, Private Markets Portfolio Manager, presented the real estate house views.

In Real Estate:
• This asset class is currently at $8.5 billion, approximately 16.5% of the total fund relative to the 20% target
• Expected to reach the 20% target by the end of 2022
• Target allocation for "Where People Live" category is 50% of the portfolio
• Multifamily has had both negative and positive impacts from the pandemic – seeing positive rent growth in some of the hardest-hit areas
• Office is believed to have the greatest impact in the long-term as the future of office utilization remains unclear as more work from home options are being offered
• Industrial is a strong property type and is in great demand

Mr. Copeland reviewed the forecasted portfolio allocations and the National Cap Rates, which are currently around 5.3%. Mr. Copeland further stated there is a wide disbursement by property type with the lowest being in industrial at approximately 3% and the highest at 7-8% in hotel. He concluded with Dry Powder stating a large amount in the US is in real estate. While interest rates are low, transaction volume will increase.
Mr. Robert Butler, Investment Risk and Compliance Officer, opened by noting all of the information in his report is from August 31, 2021. Mr. Butler reviewed the correlation matrix by asset class, noting the diversification in asset classes, with Fixed Income being a major source, along with private markets. Mr. Butler provided the Board with the following explanations:

- In comparing last matrix with this one, slight increase in the US and non-US public equity asset classes; however, have a decrease in the correlation between US public equity and private equity, as well as a decrease in private equity and US public equity asset classes.
- With decreases in correlations it helps reduce the risk in the portfolio.
- ‘Asset Class Risk Contribution’ – the product of Asset Class weight, Asset Class standalone Total Risk and Correlation with the Total Plan – more volatile larger asset class would have a bigger impact on the portfolio risk than a smaller asset with a smoother returns.
- Current market value allocation to Equity, Public and Private Equities, account for 54% of market value, they contribute approximately 75% of the overall portfolio risk – equities is a more volatile asset class.
- In a 60/40 modeled portfolios (60% Global Stocks/40% Domestic Fixed Income), the predicted risk is estimated to be 99% from Global Stocks – even though it looks diversified, it is not.
- Historical Risk Contribution from April 2015 shows predicted risk contribution decreased over time to 75% due to increases in allocations to diversifying asset classes.
- Stress test scenarios – illustrates how the portfolio, as of August 31, 2021, would have performed in past market events.

Mr. Levell returned to review compliance with ASRS board goals, noting full or partial in all cases. Mr. Levell reviewed the expected 20-year return, noting a healthy lead in assumption over the actuarial rate of return. Total fund performance net of fees for all historical periods there has been an excess return. Mr. Levell touched on peer performance. Comparing asset class performance versus benchmark, the results have been strong with the exception of equity over the three-year period, as well as a slight underperformance in credit. SAA policy compliance is within range. Mr. Levell stated although performance had already been touched on he wanted to note the recent change in custodial banks does mean some of the data being presented would change slightly. In conclusion, Mr. Levell said the change in risk reporting is a great enhancement, the positioning has generally been favorable, and the Long-term Disability had a slight underperformance in the quarter but not a concern over a long-term time period.

Ms. Lupita Breland, Investment Operations Manager, presented the investment compliance report.

- The Internally Managed Portfolios Pre-Trade Compliance System Review Summary included pre-trade compliance performed on all internally managed fixed income and equity portfolios for September 2021 – October 2021. No exceptions occurred during the period under review.
- The Custody Bank Public Markets Portfolios & Statutory Investments Limits Compliance Review Summary included the ASRS Custody Bank’s Compliance Group performed compliance reviews on all public markets portfolios, and at the Total Fund level investments for the period of September 2021-October 2021. No exceptions occurred during the period under review.
- The Private Markets Investment Compliance Program includes reviews by two investment consultants for the ASRS.


- **RCLCO, Real Estate Separate Account Investment Compliance Review** – RCLCO has completed 14 compliance reviews for the 2020 review period.
- **RCLCO’s review found immaterial inconsistencies related to the management fee and NAV calculations and equity positions, none of which had an impact to the percentage allocation of NAV between the ASRS and the Funds. All findings have been satisfactorily resolved.
- **Meketa Investment Group, Commingled Funds, and Non-Real Estate Separate Accounts Investment Compliance Review** – Meketa is currently working on the compliance reviews for the 2020 review period.

Mr. Ghaddar returned to discuss private markets investment reporting and benchmarks in response to a previous request from the Board. Mr. Ghaddar highlighted the following:

- Reporting on private assets is mainly on private equities, real estate and credit.
- With the exception of real estate, lagged public benchmarks are used.
- Private equity uses MSCI ACWI (free-float weighted equity index) which is a three-month lag
- Real estate uses ODCE index which is a private index and volatility is lower
- Credit uses the Leveraged Loan index
- General Partners (GP) with multiple portfolio holding companies take more time for the smaller companies to report their financials to them, and by the time the GPs report to the Limited Principal’s, there’s a quarter lag

Mr. Ghaddar provided an example with private equity to show why the lag in data and opened it up to questions from the Board. There were none.

*At approximately 9:15 a.m., trustee, Ms. Ashley Ruiz, confirmed she had reconnected to the meeting.*

**4. Presentation Regarding Government Finance Officers Association (GFOA) Financial Reporting Awards for Fiscal Year 2020**

Ms. Erin Higbee, Assistant Director and Chief Financial Officer (CFO), Financial Services Division, opened with a brief statement regarding the next two agenda topics, which will cover the agencies financial reports. The ASRS issues three reports yearly; the Annual Comprehensive Financial Report (ACFR), which was formerly known as the Comprehensive Annual Financial Report; the GASB 68 & 75 Report, and the Popular Annual Financial Report (PAFR).

Two of the three reports are eligible for submission to the Government Finance Officers Association (GFOA) for awards. Ms. Higbee proudly announced the ASRS received the GFOA Certificate of Achievement for Excellence in Financial Reporting for its June 30, 2020, ACFR for the 32nd consecutive year, as well as the GFOA Award for Outstanding Achievement for the 2020 PAFR. Ms. Higbee pointed out that although the ASRS has a longstanding tradition of excellence in financial reporting; excellence should be expected but not be taken for granted. It is not just taking financial statements, rolling them forward each year, and updating them. This effort takes a team of people to facilitate whom she recognized as follows: Ms. Erica Syring, Controller; Ms. Erin Higbee, CFO; Mr. James Samolowicz, Financial Reporting Manager; Ms. Hong Mayhew, Investment Accountant; Ms. Sherry Cantrell, Investment Accountant; Ms. Lupita Breland, Investment Operations Manager; and Mr. Nate Brengle, Communications.
Finally, she noted that although the GASB 68 & 75 report does not have an award opportunity it is noteworthy as it is significant to not only the ASRS but its employers. Ms. Higbee added this report is the result of hard work by the external auditors, the internal financial reporting team as well as the Internal Audit Division.

Mr. Paul Matson, Director, took a moment to further recognize the excellent work and successes of the staff who work on these reports and complimented them.

Mr. Guillen voiced his appreciation for the final product and the accomplishment of receiving this award for so many years. It is a testament to the ASRS staff and the attention to quality and detail.

Ms. Diane Landis offered her congratulations and appreciation for both reports as well.

5. Presentation, Discussion, and Appropriate Action Regarding the ASRS’ Annual Financial Audit and Related Reports for Fiscal Year 2021

Ms. Higbee announced this topic is to cover the 2021 reports she summarized in the previous agenda topic. This is the first time the ASRS has been able to present all three reports at the same time due to complexity and time sensitivity. Ms. Higbee shared this accomplishment has been a target since issuing the GASB 68 & 75 Schedules. This provides a more holistic look of the ASRS’ financial reporting environment by being able to provide all the reports at once. The primary purpose of this topic if for the external auditor to present the results of the June 30, 2021, audit. Before turning the presentation over to Mr. Jason Ostroski, CliftonLarsonAllen Principal, Ms. Higbee noted the only two reports the auditors provide an opinion on are the ACFR and the GASB 68 & 75.

Mr. Ostroski presented an unmodified Independent Auditor’s Opinion for the fiscal year ending June 30, 2021, on the ASRS financial statements that collectively comprise the ASRS’ financial statements in the ACFR. Regarding the Independent Auditors’ Report on the GASB 68 & 75 Schedules, Mr. Ostroski reported an unmodified opinion. Regarding the Independent Auditors’ Report on Internal Controls with respect to the ACFR, Mr. Ostroski reported no material weaknesses or significant deficiencies identified during the audit. The Independent Auditors’ Report on Internal Controls with respect to the GASB 68 & 75 Schedules also had no material weaknesses or significant deficiencies identified during the audit. Mr. Ostroski highlighted the following items in the communication:

- There were no new accounting policies implemented during the year.
- Alternative investments and actuarial information estimates – key factors and assumptions were evaluated and found to be reasonably stated in relation to the financial statements.
- No difficulties encountered in performing the audit.
- Did not identify any uncorrected or corrected misstatements.
- There were no disagreements with management throughout the process.

Mr. Ostroski concluded echoing Mr. Matson’s sentiments regarding the ASRS staff. Staff is great to work with; they have always been very cooperative, knowledgeable and easy to work with.

6. Presentation, Discussion, and Appropriate Action Regarding the ASRS Actuarial Valuations and Resulting Contribution Rates
a. The Pension Plan and Health Insurance Valuation

Mr. Ryan Falls and Mr. Paul Wood of Gabriel, Roeder, Smith, and Company (GRS) addressed the Board and summarized the results of the 2021 ASRS valuations. They also presented charts summarizing the contribution rates and the funded status. The resulting Plan contribution rate is 12.03% for each employee and the employer, including pension and health benefit supplement rates. This percentage represents a decrease of 0.19% from the fiscal year 2020 contribution rate of 12.22%. The actuarial value of assets funded status of the Plan as of June 30, 2021, is 71.5%. The market value of assets funded status of the Plan as of June 30, 2021, is 80.0%.

Mr. Wood announced that for the first time in many years there have been enough excess returns accumulated to pay out a Permanent Benefit Increase (PBI) to all eligible participants beginning July 1, 2022. Mr. Wood offered a correction or clarification to the information in the materials, the PBI is an annual increase of $11.49 per year of service; not a monthly increase. Mr. Matson confirmed 2005 was the last PBI.

b. The System Valuation

GRS provided information regarding accrued liabilities, the market value of assets, and funded status for the System. The resulting funded status of the System as of June 30, 2021, is 74.6%.

c. The Long-Term Disability (LTD) Valuation

GRS addressed the Board regarding the ASRS LTD Valuation. The resulting contribution rate is 0.14% for each employee and the employer, which results in a 0.05% decrease from the fiscal year 2020 contribution rate of 0.19%. The actuarial value of the LTD Plan's assets funded status as of June 30, 2021, is 87.6%.

d. Actuary's Recommendation Regarding 13th Checks for Retired System Members

Based on the results, GRS recommended there will be no addition to the 13th check or supplemental credit balances.

Mr. Guillen commended his fellow trustees, staff, and the actuaries for the efforts put forth ranging from having a solid funding policy to adopting the recommendations from the experience study, all of which have led to the reduction in contribution rates this coming fiscal year, as well as a PBI for eligible participants. Mr. Guillen went on to say that making the plan more fiscally stable while putting it on a more aggressive path to meeting the funding policy, lowering the contribution rates, increasing the funded status, and taking care of the retirees, makes him proud.

Mr. Matson echoed Mr. Guillen’s comments and closed by going back to the beginning when some of these programs were first funded and provided some historical data.

Motion: Mr. Michael Miller moved to accept the Actuarial Valuation of the Plan and Health Benefit Supplement program as presented for the period ending June 30, 2021, and the resulting contribution rate of 12.03% for each active employee and each employer, with 0.11% of the employer's contribution allocated towards the 401(h) account, effective for the 2023 fiscal year. Mr. Sarah Pirzada seconded the motion.
By a roll call vote of 8 in favor, 0 opposed, 0 abstentions, 0 excused, and 1 vacancy, the motion was approved. The Trustee votes were as follows:

- Mr. René Guillen – approved
- Mr. Michael Miller – approved
- Ms. Diane Landis – approved
- Mr. Michael Lofton – approved
- Mr. Kevin McCarthy – approved
- Mr. Jim Mueller – approved
- Ms. Sarah Pirzada – approved
- Ms. Ashley Ruiz – approved

**Motion:** Mr. Michael Miller moved to accept an aggregate Alternate Contribution Rate of 9.68%, consisting of 9.62% for the Plan, 0.0% for the Health Benefit Supplement program, and 0.06% for the Long-Term Disability program, effective for the 2023 fiscal year. Ms. Sarah Pirzada seconded the motion.

By a roll call vote of 8 in favor, 0 opposed, 0 abstentions, 0 excused, and 1 vacancy, the motion was approved. The Trustee votes were as follows:

- Mr. René Guillen – approved
- Mr. Michael Miller – approved
- Ms. Diane Landis – approved
- Mr. Michael Lofton – approved
- Mr. Kevin McCarthy – approved
- Mr. Jim Mueller – approved
- Ms. Sarah Pirzada – approved
- Ms. Ashley Ruiz – approved

**Motion:** Mr. Michael Miller moved to award a permanent benefit increase, or PBI, of $11.49 per year of service to all eligible participants beginning July 1, 2022. Ms. Sarah Pirzada seconded the motion.

By a roll call vote of 7 in favor, 0 opposed, 1 abstention, 0 excused, and 1 vacancy, the motion was approved. The Trustee votes were as follows:

- Mr. René Guillen – approved
- Mr. Michael Miller – approved
- Ms. Diane Landis – approved
- Mr. Michael Lofton – approved
- Mr. Kevin McCarthy – approved
- Mr. Jim Mueller – abstained
- Ms. Sarah Pirzada – approved
- Ms. Ashley Ruiz – approved

*Mr. Jim Mueller declared a conflict, as he is an ASRS retiree and abstained from the vote.*

**Motion:** Ms. Diane Landis moved to accept the Actuarial Valuation of the System as presented. Mr. Michael Miller seconded the motion.
By a roll call vote of 8 in favor, 0 opposed, 0 abstentions, 0 excused, and 1 vacancy, the motion was approved. The Trustee votes were as follows:

Mr. René Guillen – approved
Mr. Michael Miller – approved
Ms. Diane Landis – approved
Mr. Michael Lofton – approved
Mr. Kevin McCarthy – approved
Mr. Jim Mueller – approved
Ms. Sarah Pirzada – approved
Ms. Ashley Ruiz – approved

**Motion:** Mr. Michael Miller moved to accept the Actuarial Valuation of the Long-Term Disability Program as presented for the period ending June 30, 2021, and the resulting contribution rate of 0.14% for each employee and each employer, effective for the 2023 fiscal year. Ms. Diane Landis seconded the motion.

By a roll call vote of 8 in favor, 0 opposed, 0 abstentions, 0 excused, and 1 vacancy, the motion was approved. The Trustee votes were as follows:

Mr. René Guillen – approved
Mr. Michael Miller – approved
Ms. Diane Landis – approved
Mr. Michael Lofton – approved
Mr. Kevin McCarthy – approved
Mr. Jim Mueller – approved
Ms. Sarah Pirzada – approved
Ms. Ashley Ruiz – approved

**Motion:** Ms. Sarah Pirzada moved to approve that, based on the current funded status and cash flow position of the system, no increases to 13th checks for Retired System members and no additions to the Supplemental Credit balances of non-retired System members be made. Mr. Michael Miller seconded the motion.

By a roll call vote of 8 in favor, 0 opposed, 0 abstentions, 0 excused, and 1 vacancy, the motion was approved. The Trustee votes were as follows:

Mr. René Guillen – approved
Mr. Michael Miller – approved
Ms. Diane Landis – approved
Mr. Michael Lofton – approved
Mr. Kevin McCarthy – approved
Mr. Jim Mueller – approved
Ms. Sarah Pirzada – approved
Ms. Ashley Ruiz – approved

7. **Presentation, Discussion, and Appropriate Action Regarding a Potential ASRS Pension Contribution Rate Pre-Funding Program**
Mr. Matson began by stating that after further review, it may be appropriate to seek further legislative clarity and specificity with respect to a prefunding program, and stated that as such it may be appropriate for the Board to support a legislative initiative to modify state statute in order to add clarity regarding the ASRS’ authority to provide a prefunding program. Mr. Matson noted that the next agenda item would contain two legislative initiatives, one of which pertains specifically to the pension contribution rate pre-funding program to ensure that the ASRS has the appropriate level of authority to implement the program. Mr. Matson recapped the following:

- Background and why this program might make sense at this time
  - The current financial economic environment has resulted in available employer cash balances and investment opportunities are very limited.
  - Employers may be interested in pension obligation bonds (certificates of participation) at low interest rates.
  - The program is optional to the employer and there is employer demand.
- System Development
  - Modest ASRS systems development will need to occur.
- Prefunding Concept – determinations still to be made in the following areas:
  - Possible development of ASRS internal policy, an agreement with the employer, and possible rules to clarify statute.
  - Finalization of a policy which provides the details of program.
  - Final determination of what decisions an employer would need to make:
    - Do they participate or not?
    - How much cash would they like to transfer?
    - Do they want risk-adjusted fixed return or an actual rate of return on the money they transfer?
    - When do they want to use those cash balances to offset future contribution rates that are due?
    - Over what time period would they want to amortize or allocate the extra prefunding dollars through time?
- Possible Advantages
  - Rates of return exceeding expectations and / or cash rates of return
  - Future budget flexibility for the Employer
  - Offset employers Net Pension Liability (NPL)
  - Increase the aggregate funded status of the ASRS

Mr. Matson concluded by stating he does not currently recommend this program for the Long-term Disability program, as it will be fully funded in approximately two years, nor is it appropriate for the health insurance program which is already overfunded. He shared that Ms. Jessica Thomas, Government Relations Officer and Rules Writer, would be presenting draft legislation on this next, and has also found a bill sponsor. The Board will also be asked to consider an emergency bill clause for this piece of the legislation.

Mr. Guillen noted for the record, with this program the ASRS would have no say whether an employer chose to participate in the program or how much money they chose to transfer into this program; this program is completely voluntary by the employers.

Mr. Matson responded to questions from the Board.
8. Presentation, Discussion, and Appropriate Action Regarding the ASRS 2022 Proposed Legislative Initiatives

Ms. Thomas summarized the two legislative initiatives for 2022 as follows:

- Omnibus Changes – amendments to various statutes, not substantive. This is to update antiquated language, remove unnecessary language and to provide better clarity to the ASRS processes.
- Prefunding – adopt statutory language to allow employers to submit higher contributions to help them pay down their contribution requirements for future fiscal years.

Ms. Thomas opened it up to questions from the Board.

Mr. Guillen wanted to clarify if the prefunding program moves forward, would that mean the ASRS will form its own Section 115 trust rather than use the State Treasurer’s; Mr. Matson confirmed the ASRS would form Section 115 trusts at the request of the participating employer, but does not expect most employers to request a 115 trust.

Ms. Thomas concluded by asking the Board to consider the option of the emergency clause for the Prefunding legislation in order to allow the employers to be able to take advantage of the program as soon as possible.

Motion: Mr. Jim Mueller moved to approve the proposed 2022 ASRS legislative initiatives as discussed. Mr. Michael Miller seconded the motion.

By a roll call vote of 8 in favor, 0 opposed, 0 abstentions, 0 excused, and 1 vacancy, the motion was approved. The Trustee votes were as follows:

Mr. René Guillen – approved
Ms. Diane Landis – approved
Mr. Michael Lofton – approved
Mr. Kevin McCarthy – approved
Mr. Michael Miller – approved
Mr. Jim Mueller - approved
Ms. Sarah Pirzada - approved
Ms. Ashley Ruiz – approved

9. Presentation, Discussion, and Appropriate Action Regarding the ASRS Health Trust Agreement

Mr. Russ Levine, Health and Disability Plan Administrator, presented the ASRS Board Resolution and Health Trust Agreement for the Board’s consideration. Mr. Levine recapped the ASRS Self-insurance program initiative from earlier this year that will manage components of the pre-Medicare health insurance program for the Board. As part of the establishment of the program, a Section 115 trust has been created to hold and invest assets for the purpose of providing health care benefits and paying expenses necessary to maintain the self-insurance program.

Mr. Matson stated that as the administrator of the program, he should not be the signer of the agreement, therefore, it is being brought to the Board for consideration.
Motion: Mr. Michael Miller moved to approve and adopt the presented Resolution and Health Trust Agreement in the same or substantially similar form, substance, and principle and authorize its execution. Mr. Jim Mueller seconded the motion.

By a roll call vote of 8 in favor, 0 opposed, 0 abstentions, 0 excused, and 1 vacancy, the motion was approved. The Trustee votes were as follows:

- Mr. René Guillen – approved
- Ms. Diane Landis – approved
- Mr. Michael Lofton – approved
- Mr. Kevin McCarthy – approved
- Mr. Michael Miller – approved
- Mr. Jim Mueller – approved
- Ms. Sarah Pirzada – approved
- Ms. Ashley Ruiz – approved

10. Presentation, Discussion, and Appropriate Action Regarding Updates to the ASRS Funding Policy

Mr. Matson briefly reviewed the edits that are the results of the recent actuarial valuation and experience study, which the Board had previously approved. The document is being presented for final Board approval.

Motion: Mr. Michael Miller moved to approve the changes to the funding policy for the ASRS as presented. Ms. Diane Landis seconded the motion.

By a roll call vote of 8 in favor, 0 opposed, 0 abstentions, 0 excused, and 1 vacancy, the motion was approved. The Trustee votes were as follows:

- Mr. René Guillen – approved
- Ms. Diane Landis – approved
- Mr. Michael Lofton – approved
- Mr. Kevin McCarthy – approved
- Mr. Michael Miller – approved
- Mr. Jim Mueller – approved
- Ms. Sarah Pirzada – approved
- Ms. Ashley Ruiz – approved

11. Presentation, Discussion, and Appropriate Action Regarding the Calendar Year 2022 Board Meeting Schedule

Motion: Mr. Jim Mueller moved to approve the recommended dates for the Board meeting schedule as presented for 2022. Mr. Michael Miller seconded the motion.

By a roll call vote of 8 in favor, 0 opposed, 0 abstentions, 0 excused, and 1 vacancy, the motion was approved. The Trustee votes were as follows:
Mr. René Guillen – approved
Mr. Michael Miller – approved
Ms. Diane Landis – approved
Mr. Michael Lofton – approved
Mr. Kevin McCarthy – approved
Mr. Jim Mueller - approved
Ms. Sarah Pirzada - approved
Ms. Ashley Ruiz – approved

12. Presentation, Discussion, and Appropriate Action Regarding Board Self Evaluation Material Distribution

Mr. Guillen announced the upcoming Board Evaluation at the January Board meeting. Evaluation materials will be distributed with responses due to be emailed back to Mr. Guillen so that summaries can be compiled for discussion at the next Board meeting.

13. Presentation, Discussion, and Appropriate Action Regarding the Director’s Report as well as Current Events

Mr. Matson noted that an asset allocation study is typically done every three years and as such, the ASRS will be conducting one in the upcoming year. The results are expected to be presented to the Board early in the summer. Big changes are not expected.

14. Presentation and Discussion Regarding Informational Updates from Prior and Upcoming Committee Meetings

a. Operations, Audit and Legislative Committee (OALC)

Mr. René Guillen announced that the next OALC meeting is to be held on January 12, 2022.

b. Investment Committee (IC)

Mr. Michael Lofton announced that the next IC meeting is to be held on February 28, 2022.

c. Board Appeals Committee (AC)

Mr. Michael Miller announced that the next Board AC meeting is to be held on December 13, 2021.

15. Board Requests for Future Agenda Items

No requests were made.

16. Call to the Public
Mr. Steve Ramos, AEA-Retired, thanked the Board for approving a PBI for retirees as this is the first one since 2005. He further stated this was a very important vote and much appreciated.

17. The next regular ASRS Board meeting is tentatively scheduled for Friday, January 21, 2022, at 8:30 a.m.

Mr. René Guillen noted that the next Board meeting is scheduled for Friday, January 21, 2022, at 8:30 a.m.

18. Adjournment of the ASRS Board

Mr. René Guillen adjourned the November 12, 2021, ASRS Board meeting at 11:51 a.m.

Respectfully Submitted by:

Melanie Alexander
Board Administrator
ARIZONA STATE RETIREMENT SYSTEM