

MINUTES OF MEETING
of the SPECIAL FUND INVESTMENT COMMITTEE
Basement Conference Room
800 West Washington Street
Phoenix, AZ 85007
Tuesday, January 27, 2026 – 1:00 p.m.

Present:	Chad Welborn	Member
	Michael Kennington	Member
	Dennis P. Kavanaugh	Member
	Gaetano J. Testini	Member
	Larry Witt	Meketa Investment Group, Inc.
	Imran Zahid	Meketa Investment Group, Inc.
	Sylvia Simpson	Chief Financial Officer
	Asma Hegazy	Accounting
	Janine Locke	Chief Procurement Officer
	Scott Stutsman	Facilities
	Kara Dimas	Commission Secretary

Mr. Welborn convened the meeting at 1:00 p.m. noting a quorum present. Also attending Christa Maxwell and Jeffrey Thibault (GW&K Investment Management).

Presentation by GW&K.

Christa Maxwell introduced herself and Jeffrey Thibault with GW&K Investment Management. The firm was hired by the Committee in 2019, and they handle a small cap core strategy for the Special Fund portfolio. They reviewed the information in the report they provided.

Ms. Maxwell gave an overview of GW&K and their partner AMG. She also talked about the investment team.

Mr. Thibault gave an overview of performance, exposure, market strategies, philosophy and investments. He reviewed the performance, portfolio characteristics, risk management and trends. He answered questions about the benchmark and fees.

Mr. Welborn thanked Ms. Maxwell and Mr. Thibault for their presentation.

Ms. Maxwell and Mr. Thibault left the meeting.

Review and Approval of Regular Meeting Minutes of December 29, 2025.

The regular meeting minutes for the December 29, 2025 meeting were unanimously approved on motion of Mr. Kavanaugh, second of Mr. Kennington.

Review, Discussion and/or Action regarding Special Fund Investment Activity, including Asset Allocation Targets and Ranges.

Ms. Simpson noted equities are above the target of 45% at 50% and fixed income is below target of 45% at 50%, cash is good with the sale of First Eagle.

Mr. Witt reviewed the markets for December, noting that with the negative headlines that came out last year it is remarkable the returns the fund had. With tariffs and liberation day, ongoing wars in Ukraine and Gaza, the largest federal government shut down in history and talks about Greenland. Despite that, the markets performed well for the year with US equities up 17%. International stocks were up and foreign equities were up 32%, driven by a weaker dollar. Bonds also had a good return, up 7.3% for the year. December was relatively flat, but the year was good.

Mr. Zahid reviewed the performance of the individual money managers for the month of December, GW&K, DePrince, Pear Tree Polaris, Reams, Dolan McEniry, and Arena.

Mr. Witt reviewed the rebalancing report since allocations are drifting away from targets.

Ms. Simpson discussed the Pear Tree RFP that has been stagnant, noting the contract expires in April, and we will need to pull those funds at that time. We will need to figure out what to do with that money.

Ms. Locke noted that the GW&K renewal is also coming up in May and it will be the last renewal period. She will go through all of the contracts to check the renewal periods since we have not been successful in going out to bid under the current environment with the State Procurement Office.

The Committee discussed the status of the opinion letter we are waiting to get from the Attorney General's Office that would give us the authority over investment procurements. We need to get additional documentation together to strengthen the Committee's position by explaining the consequences to the fiduciary duty based on statute; we will hold future procurements until they force us to do something or give us the authority we need.

Mr. Welborn stated his opinion, to hold and wait and see which direction we will be going; we have one contract completely expiring and one year left on another renewal. The Committee agreed to not rebalance at this time and look at it again next month. For the additional documentation supporting our purchasing authority the Committee will help fill in the technical information; he does not understand why ASRS does not have to deal with the procurement office and we do.

Review, Discussion and/or Action regarding Special Fund Investments where Original Cost Exceeds Current Market Value by 25% or Greater.

Ms. Simpson noted there were 59 items in the report with 10 additions and 49 carryovers. There are reports from GW&K and DePrince, and there were 12 additions in total this month.

Discussion and Action regarding Potential New Property in Tucson.

Mr. Testini noted we are in escrow until February 16.

Mr. Stutsman noted the building inspection happened and the AC system is not in good condition. He had a contractor look at it and provide a quote to replace. There are eight HVAC units and it will be \$180-\$200 thousand per unit to replace.

Mr. Welborn asked if we can negotiate with the seller. Mr. Testini noted we are in that process. When the building was renovated in 2016 the HVAC units were not replaced.

Mr. Stutsman should have a quote next week. Ms. Locke noted that once the building is ready and the employees move in, we will be selling the old building which will help offset some of the costs.

Discussion and Action regarding setting of Rental Rates for Phoenix and Tucson Buildings for FY 2027.

Ms. Simpson noted she cannot use her usual approach to setting the building rates. It is complicated with Tucson in between two buildings and Phoenix being remodeled. In Phoenix, the plan is to clear out the 4th floor for future tenants which will bring in revenue, but in the short-term costs will go up. Her recommendation is to keep the same FY26 rates for FY27 at \$22.00 per square foot for both the Phoenix Building and old Tucson Building. Next fiscal year she will look at the rates for FY 28 and FY 29 and set the rates out for a couple of years. The new Tucson Building has a tenant on the first floor which will create a new income stream..

Mr. Kennington made a motion to accept the recommendation to keep the current rate for Phoenix Building at \$22.00 for FY 2027 the Tucson Building at \$22.00 for FY 2027. Mr. Kavanaugh seconded the motion. The Committee unanimously approved the motion.

Announcements and Scheduling of Future Meetings.

The Committee scheduled the next meeting of the Investment Committee for February 23, 2026 at 1:00 p.m.

There being no further business to come before the Committee and no public comment, Mr. Welborn adjourned the meeting at 2:01 p.m.

SPECIAL FUND INVESTMENT COMMITTEE

By  _____
Gaetano J. Testini, Director

ATTEST:



Anniemarie Tisi, Commission Secretary