

MINUTES OF MEETING
of the SPECIAL FUND INVESTMENT COMMITTEE
Telephonic Meeting
800 West Washington Street
Phoenix, AZ 85007
Monday, March 30, 2026 – 1:00 p.m.

Present:	Chad Welborn	Member (Telephonic)
	Michael Kennington	Member (Telephonic)
	Aaron Bickham	Member (Telephonic)
	Dennis P. Kavanaugh	Member (Telephonic)
	Gaetano J. Testini	Member (Telephonic)
	Larry Witt	Meketa Investment Group, Inc. (Telephonic)
	Imran Zahid	Meketa Investment Group, Inc. (Telephonic)
	Sylvia Simpson	Chief Accounting Officer (Telephonic)
	Asma Hegazy	Accounting (Telephonic)
	Janine Locke	Chief Procurement Officer (Telephonic)
	Kara Dimas	Safety Program Manager (Telephonic)
	Anniemarie Tisi	Commission Secretary (Telephonic)

Mr. Welborn convened the meeting at 1:00 p.m. noting a quorum present.

Review and Approval of Regular Meeting Minutes of February 23, 2026.

The regular meeting minutes for February 23, 2026, meeting were unanimously approved on motion of Mr. Kennington, second of Mr. Kavanaugh.

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

Ms. Simpson provided an update on the current Special Fund Investment activity, including assets allocation, targets, and ranges. She reported that “equities” are currently allocated at approximately 43%, compared to a target of 45%. Fixed income was reported at approximately 52% and cash holdings are just under 5%. Ms. Simpson noted that all recent rebalancing activities have been completed. Approximately \$13 million was reallocated from DRZ into the Reams Core portfolio, while \$11 million was reallocated from Pear Tree Investments into the cash account.

Mr. Witt provided an overview of the recent market conditions and noted the portfolio rebalancing was timely and beneficial, with the portfolio currently only slightly out of balance. He stated that additional rebalancing may be considered depending on future market conditions. Mr. Witt reviewed market performance through February 2026, noting relatively flat returns in U.S. markets and continued rotation from growth to value stocks. He highlighted the strong performance in international equities and modest gains in fixed income. He also noted increased volatility in March, with both equity and bond markets experiencing declines.

Mr. Zahid presented the portfolio performance update. The Special Fund had an ending market value of approximately \$441 million as of the end of February with net outflows of approximately \$10 million year-to-date and investment returns of approximately \$16.9 million. Performance through February remained positive, with returns of 3.8% year-to-date and 1.7% for the month. Outperforming the policy benchmark across one-, three-, five- and ten-year periods,

strong performance was observed across multiple asset classes, particularly international equities. Mr. Zahid provided a preliminary estimate for March, indicating a decline of approximately 4.8% for the month, resulting in a year-to-date negative return of approximately 1.1%. He noted the equity markets experienced significant losses across large cap, growth value and small, contributing to the decline. No questions were raised by the committee.

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

Mr. Witt reviewed the Investment Manager Performance Review document, focusing on fee comparisons. He explained that most investment manager fees are below the peer median. For example, large-cap value equity managers average approximately 50 basis points compared to the average fee of approximately 45 basis points, indicating a favorable cost position. Overall, Mr. Witt noted that the Fund's fees are competitive and generally lower than industry averages. One manager's fees were identified as slightly above the median and are being addressed through the ongoing Request for Proposals (RFP) process.

Ms. Locke provided an update on procurement efforts. She stated that staff are reviewing prior solicitations to identify challenges and inefficiencies in the current process. She emphasized the importance of identifying specific "pain points" including procurement procedures, contract terms, and insurance requirements. Ms. Locke indicated that findings will be brought back to Committee for input before engaging with the State Procurement Office. The goal is to improve the RFP process and achieve more effective outcomes.

Discussion and Action regarding Potential New Property in Tucson.

The Committee reviewed investments where the original cost exceeded current market value by 25% or greater. Staff reported a total of 98 items, including 20 additions. Of the additions, five were attributed to active managers while the remaining items were related to the index fund. Thirteen reports were provided for review, with the remaining items tied to the index fund. Staff noted that recent market volatility in March is expected to significantly impact on these figures with conditions compared to prior periods of market distribution. No formal action was taken.

Announcements and Scheduling of Future Meetings.

The Committee scheduled the next meeting of the Investment Committee for April 20, 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 1:19 p.m.

SPECIAL FUND INVESTMENT COMMITTEE

By 
Gaetano J. Testini, Director

ATTEST:


Anniemarie Tisi, Commission Secretary