

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

BOARD OF TRUSTEES OPERATIONS, GOVERNANCE POLICY and AUDIT COMMITTEE MEETING

Minutes of the November 17, 2010 Meeting

Members Present: Mr. Brian Tobin, Chairman, Trustee
Mr. Gregory Ferguson, Member, Trustee
Mr. Alan Maguire, Member, Trustee

Others Present: Mr. Jim Hacking, Administrator
Ms. Tracey Peterson, Chief Operating Officer
Ms. Karen Lewis, Accounting Manager
Mr. Sam Meier, IT Network and Communications
Mr. Tom Willard, Systems Development Manager
Ms. Bridget Feeley, Internal Audit and Compliance Officer
Mr. Robert Ortega, Local Board Coordinator/HR
Ms. Gail Nova, Administration Manager
Mr. Paul C. Hemmes, Training / Audio Visual Specialist

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

All members on the Committee were in attendance. The meeting was called to order by Chairman Tobin at 11:06 am. Mr. McHenry was in attendance as a member of the public and will not participate as a member of the Committee.

B. Review and possible Action to accept the minutes from the October 27, 2010 Operations, Governance Policy, and Audit Committee meeting. (See Tab 2 of the mailing.)

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| MOTION: 11-1-10 | At 11:07 am |
| Motion: | To accept the minutes as revised by Staff. |
| Moved by: | Mr. Ferguson |
| Seconded by: | Mr. Maguire |
| Discussion: | None |
| In Favor: | Unanimous |
| Motion: | Passes |

C. Agenda Items:

1. Discussion regarding Fiscal Year 2011 proposed legislative initiatives and possible **Recommendation**.....Mr. Jim Hacking
Administrator

Mr. Hacking stated six files have been opened; three in the House by Rep. Mr. Andy Tobin and three in the Senate by Sen. Russell Pearce. The committee assignments have not been made for the House and the Senate. The actuaries, staff, and Board of Trustees are still working on the initiatives. In the meantime, Mr. Hacking informed the committee he is meeting with various constituency groups to inform them of the funding situation we are in, and the work that is being accomplished by the actuaries.

2. Review, discussion and Appropriate **Action** regarding the November 2010 bill for legal services performed in October, 2010.....Mr. Jim Hacking

Mr. Ferguson inquired as to where a monetary settlement could be located in the budget. Mr. Hacking replied that no amount is budgeted for such matters since these events cannot be predicted in advance. However, the amount(s) will be tracked in the Quarterly Budget Tracking Report. This type of expense has to be approved by the Board; therefore, it is an authorized expense. Mr. Ferguson and Mr. Maguire suggested creating a reserve for the purpose of legal settlements. Mr. Ferguson suggested creating a line item to enable research as to the history of this line item and that the settlement should be announced in public session in order to have the settlement appear in the minutes. Mr. Tobin suggested discussing this in the e-session this afternoon at the full Board meeting.

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| MOTION: 11-2-10 | At 11:07 am |
| Motion: | To authorize payment of the November 2010 bill for legal services performed in October, 2010. |
| Moved by: | Mr. Ferguson |
| Seconded by: | Mr. Tobin |
| Discussion: | None |
| In Favor: | Unanimous |
| Motion: | Passes |

3. Presentation, discussion and possible **Appropriate Recommendation** regarding compliance and internal audit.....Ms. Bridget Feeley
Internal Audit and Compliance Officer

Ms. Feeley stated there were no compliance issues and the agreement with Institutional Shareholder Services (ISS) which processes the required reporting on any investments in Iran and Sudan should be final form this week.

4. 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..

No members of the public wished to address the committee.

5. Schedule next meeting

The next meeting is scheduled for December 15, 2010 at 10:00 am or as otherwise rescheduled.

6. Adjournment

The meeting was adjourned at 11:24 am.

Brian Tobin, Chairman

Greg Ferguson, Member

Alan Maguire, Member