

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM**  
**FUND MANAGER OPERATIONS, GOVERNANCE POLICY and AUDIT COMMITTEE MEETING**

January 27, 2010

*Members Present:* Mr. Brian Tobin, Chairman  
Mr. Brian Delfs, Member  
Judge R. Carter Olson, Member

*Others Present:* Ms. Tracey Peterson, Chief Operating Officer  
Mr. Greg Ferguson, Fund Manager Member  
Mr. Tom Willard, Systems Development Manager  
Ms. Gail Nova, Administration Manager  
Ms. Bridget Feeley, Audit and Compliance Officer  
Mr. Paul C. Hemmes, Training / Audio Visual Specialist  
Mr. Samuel Meyer, IT Network and Communications  
Mr. Alex Neff, Brazen Technologies  
Mr. Gerry Page, IT Network and Communications

The **Operations, Governance Policy and Audit Committee** meeting of the Fund Manager was held on Wednesday, November 18, 2009 at 11:00 A.M. in the internal conference room at 3010 East Camelback Road, Suite 200, Phoenix, Arizona 85016.

**A. Call to Order**

The meeting was called to order by Committee Chairman Brian Tobin at 11:06 A.M.

**B. Review and possible **Acceptance** of the minutes from the November 18, 2009 Operations, Governance Policy and Audit Committee meeting.**

<b>Motion: 1-27-2010</b>	At 11:08 A.M. To accept the minutes as written for the November 18, 2009 Operations, Governance Policy, Operations and Audit meeting.
<b>Moved by:</b>	Brian Delfs
<b>Seconded by:</b>	Carter Olson
<b>Discussion:</b>	None
<b>In Favor:</b>	All
<b>Motion:</b>	Passes

**C. Agenda Items**

1. Status report by Tracey Peterson and discussion regarding preparation for the System's proposed in-house Fiduciary and General Counsel and efforts to bring Marc Lieberman and a paralegal on staff to fill that position followed by possible **Recommendations**.

Suggested revisions to the Fiduciary Charter and a list of duties and responsibilities have been completed. Following discussion, it was decided that staff is to complete an economic analysis regarding whether or not to have an in-house Fiduciary and General Counsel.

2. Discussion of an action plan developed by Tracey Peterson to analyze the Cancer Insurance Plan including costs associated with the analysis of the Plan, and use of the System's actuary, Gabriel Roeder Smith & Company ("GRS") for same and **Recommendations**.

It was decided that more information is needed in order to determine the required premiums and to analyze possible changes to the benefit structure. The payment of the fee for actuarial work comes from the Cancer

Insurance Plan and expenses are limited to 10% of revenues.

<b>Recommendation</b>	At: 11.28 A.M. To direct Gabriel, Roeder, Smith conduct to conduct an actuarial analysis of the plan and to have Kutak Rock conduct a legal review of same.
<b>Moved by:</b>	Carter Olson
<b>Seconded by:</b>	Brian Delfs
<b>Discussion:</b>	None
<b>In Favor:</b>	Unanimous
<b>Motion:</b>	Passes

3. Report and discussion regarding the status of the search process to select an Executive Search firm to conduct a national search for a new Administrator and possible **Recommendations**.

The RFP was placed in Pensions & Investments on January 25, 2010 stating that responses are due on February 15<sup>th</sup> and it has been placed on the PSPRS website. Six national search firms were sent letters regarding the RFP which directs the firm that is awarded the contract speak with all Fund Managers, advisers, administrators, and key staff members.

4. Presentation by Karen Lewis and discussion of Quarterly 2010 fiscal year-to-date report of the System's budget and possible **Recommendations**.

Six months into the fiscal year, PSPRS is under budget over all. IT Network is going to be \$81,000 over budget for consultants and infrastructure additions to support disaster recovery back up. There will be no need for an overall budget increase, but there will be a need, with Fund Manager approval, to pull money from other departments. Also to be considered is a request, if the budget permits for this fiscal year, to replace two twenty year old air conditioners. Department managers were asked to project their budgets to the end of the fiscal year in time for the projections to be presented at the next committee meeting. Also to be presented will be an exit strategy from the use of Brazen Consulting.

5. Quarterly Operations update by Tracey Peterson and discussion followed by possible **Recommendations**.

Discussion was held regarding ending mailing of direct deposit slips and going to access on-line. It was suggested that there be an ability to opt out. Also discussed were the facts that several small employers are not contributing and there has been an increase in refund activity.

6. Review and discussion, of the January 2010 bill for legal services performed in December 2009 and **Recommendations**.

Discussion was held and a recommendation was made.

<b>Recommendation</b>	At 12:15 A.M. To approve payment of the December 2009 legal bill of \$120,119.51.
<b>Moved by:</b>	Carter Olson
<b>Seconded by:</b>	Brian Delfs
<b>Discussion:</b>	None
<b>In Favor:</b>	Unanimous
<b>Motion:</b>	Passes

7. Update by Bridget Feeley and discussion regarding compliance and internal audit **with** possible **Recommendations** to follow.

No discussion was held due to the discussion that had occurred in item C4.

- D. 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(G), the subcommittee's reaction to any public comment is limited to recommending that the Fund Manager or staff respond or study such comment or schedule the subject matter for further consideration at a later date after appropriate notice.

There no members of the public present.

- E. Schedule next meeting

The next meeting is scheduled for February 24, 2010 at 10 A.M.

- F. Adjournment

The meeting was adjourned at 12:22 P.M.

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**Brian Tobin, Chair**

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**Brian Delfs, Member**

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**R. Carter Olson, Member**