PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
BOARD OF TRUSTEES OPERATIONS, GOVERNANCE POLICY and AUDIT COMMITTEE  
MEETING  

January 31, 2018  

MINUTES  

Members:  Mr. Bryan Raines, Chairman, Trustee  
Present:  Mr. Ed McNeill, Vice Chairman, Trustee  
          Mr. Mike Scheidt, Member, Trustee  
Others Present:  Mr. Jared Smout, Administrator  
                Mr. Dave DeJonge, Deputy Administrator  
                Ms. Ivy Voss, Assistant Attorney General  
                Ms. Patricia Shaner, Human Resources Manager  
                Ms. Chrystal Angotti, Senior Executive Assistant  
                Mr. Don Mineer, Local Board Training Coordinator  
                Mr. John Hendricks, Manager Finance and Accounting  
                Mr. Sam Meier, Operations IT Manager  
                Mr. John Briney, Enterprise Systems Architect  
                Mr. Jon Chase, IT Development Manager  
                Mr. Christian Palmer, Communications Director  
                Ms. Michelle Pechan, Paralegal  
                Ms. Lisa Sweeting, Internal Auditor  
                Mr. Timothy Jackson, Compliance Officer  
                Mr. Stan Hoover, PSPRS Retiree  

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

   Mr. Bryan Raines  
   Committee Chairman  
   The meeting was called to order at 10:30 by Chairman Raines. There were no opening remarks.  

2. Introduction of Chrystal Angotti, who has recently joined the PSPRS as Senior Executive Assistant.  

   Jared A. Smout  
   Administrator  
   Ms. Angotti was introduced to the members of the committee.  


   Mr. Bryan Raines  

<table>
<thead>
<tr>
<th>MOTION: 1-1/31/18</th>
<th>At 10:33 A.M.</th>
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<tbody>
<tr>
<td>Motion:</td>
<td>To approve the Operations, Governance Policy and Audit Committee Minutes from November 29, 2017.</td>
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<tr>
<td>Moved by:</td>
<td>Mr. McNeill</td>
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<tr>
<td>Seconded by:</td>
<td>Mr. Scheidt</td>
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<tr>
<td>Discussion:</td>
<td>None</td>
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<tr>
<td>In Favor:</td>
<td>Unanimous</td>
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<td>Motion:</td>
<td>Passes</td>
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4. Review and discussion of staff operation reports.

a. Operations Update Report

Functions of the software were described and progress is being made on internal development of new software.

b. Year to Date Budget Report

We are under budget by approximately $337,000.

c. Local Board & Employer Outreach Report

Currently, four local board meetings are being calendared.

d. Local Board Rehearing Report

There are four outstanding requests for rehearings.

e. Law Firms' Billings for Legal Services

The law firms' billings for legal services in December were $157,000.

f. HR Report

Interviews are being held for the Employer Relations position.

g. Communication Efforts Report

The information was in the packet for the board members.

h. Strategic Plan Report

The information was in the packet for the board members.

5. Review, discussion and possible Recommendations related to Internal Audit Plan.

An overview of the internal audit guide and discussion was held to define all components that make up the program and how to support this program. Points for discussion purposes included the responsibilities, the authority to access information for the audits and ethics. Confidentiality, types of audits, methodology, reporting of corrective findings and the audit cycle were presented and discussed. Policy statements are to be established and discussed with committee members and staff.

Ms. Lisa Sweeting
Internal Auditor

MOTION: 2-1/31/18
Motion: At 11:11 A.M.
To recommend to the Board of Trustees the PSPRS Internal Audit Guide with recommended changes.

Moved by: Mr. McNeill
Seconded by: Mr. Scheidt
Discussion: None
In Favor: Unanimous
Motion: Passes

   Mr. Dave DeJonge

   There will be one more report to the Auditor General at the 36 month time-line as a follow-up to the 24 month report. There are items that have been implemented, others that are in progress and others that have to do with EORP PBI that may change due to legislative changes.


   Mr. Dave DeJonge

   Staff developed a Vendor Management Procedure to address Board concerns about how often contracts are reviewed and rebid. Internal procedures typically do not require Board approval, but since there have been questions about this process from the Board, we will bring this item back next month as an action item.


   Mr. Dave DeJonge

   The PBI has been replaced by the COLA for PSPRS. Two questions have arisen. The first one is whether to use the calendar year or the fiscal year when calculating the COLA. The second is which CPI to use, the CPI-U (Consumer Price Index-Urban for all urban consumers) or the CPI-W (Consumer Price Index for Urban Wage Earners and Clerical Workers).

   **MOTION:3-1/31/18**
   **Motion:** At 11:25 A.M. To recommend to the Board of Trustees that the COLA is to be determined on a calendar year basis and to use the CPI-U.
   **Moved by:** Mr. McNeill
   **Seconded by:** Mr. Scheidt
   **Discussion:** None
   **In Favor:** Unanimous
   **Motion:** Passes

9. Review, discussion and possible Recommendations on pending and passed legislative actions and potential legislative proposals.  

   Mr. Jared A. Smout

   H2097  Pension Policy – to review pension reform reports each year.
   H2857  Take the EORP contribution rate back to where it was before it was set actuarially.
   S1251  PSPRS administrative bill to increase the deadline for tribal groups to opt out of the employer risk pool.
   S1262  To require rates be dropped down to the 20 year Treasuries + 2% and if above that threshold to take it down 25 basis points.
   S1292  To make EORP PBI changes and SCR1010 is to take this to the ballot.

10. 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.

   Mr. Stan Hoover, retired City of Phoenix Police Department spoke regarding consolidation of local boards.
11. Schedule future meeting date(s). (Calendared for Wednesday, February 28, 2018) 
   The next meeting is scheduled to be held on February 28, 2018.

   The meeting was adjourned at 11:47 A.M.

Mr. Bryan Raines, Trustee, Chairman of the
Operations, Governance Policy and Audit Committee