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

Chairman Ferguson called the meeting to order at 11:04 a.m.

2. Review, discussion and possible approval of Operations, Governance Policy and Audit Committee Minutes from June 17, 2015.

   MOTION: 1-8/26/15  At 11:05 a.m.
   Motion:  To approve the Operations, Governance Policy and Audit Committee Minutes from June 17, 2015.
   Moved by:  Ms. Stein
   Seconded by:  Mr. Ferguson
   Discussion:  None
   In Favor:  Unanimous
   Motion:  Passes

3. Presentation of the Month-to-Date Budget Report for FY 2016 and possible Recommendations.

   Mr. John Hendricks
   Manager Finance and Accounting
Regarding the end of the Fiscal Year, we were under budget by 1.18% due to savings in personnel services and some expenses were not realized this fiscal year. We moved investment due diligence to expenses below the budget line. Mr. McHenry thanked Mr. Smout for doing two jobs this past year thus saving money.

4. Written update on the progress of the Local Board Training Program and discussion and possible Recommendations regarding same.

   Mr. Robert Ortega  
   Local Board Training Coordinator and Human Resources Manager  
   Mr. Don Mineer  
   Local Board Training Specialist

Mr. Mineer reported several seminars that have been held have had good attendance, the newsletter has been distributed and the September 16 local board meetings in Phoenix are having a nice demand. We are working on Joinder Agreements and we will be sending more correspondence to the employers beyond the newsletter in order to cast a wider net. IT is completing a report for the employers regarding GASB which has been put together by the Auditor General.

5. Presentation of the "Requests for Local Board Rehearing" Report for the current month.

   Mr. Jared A. Smout  
   Deputy Administrator

There was only one issue outstanding for which the member withdrew his disability application, so we are now down to zero.

6. Review, discussion and possible Action regarding law firms' billings for legal services performed in June and July, 2015.

   Mr. Jared A. Smout

   MOTION: 2-8/26/15 At 11:20 a.m.
   Motion: To approve payment of the law firms' billings for legal services performed in June, 2015 of $157,031.78 and the billings for July 2015 of $83,168.21.
   Moved by: Mr. McHenry  
   Seconded by: Ms. Stein  
   Discussion: None  
   In Favor: Unanimous  
   Motion: Passes

Discussion was held regarding documentation of savings of outside legal expenses due to the hiring of in-house legal counsel. Discussion was held regarding the amount of the lifetime legal bill for one particular legal firm.


   Ms. Bridget Feeley  
   Internal Audit and Compliance Officer
Compliance projects and internal audit tasks were described including a breakdown of time spent on department meetings, preparation for Board meetings, work for compliance and audit as well as training and professional meetings.

8. Discussion and possible **Recommendations** regarding the various interest and other rates utilized by the PSPRS, CORP and EORP in a variety of situations and establishing a policy to periodically review and revise as necessary.

   **Mr. Jared A. Smout**

A chart was presented of various interest and other rates which the Board needs to consider in a variety of situations. This included the Assumed Earnings Rate which is set annually by the Board. The only other rates set by the Board are refunds for Tier I and Tier II. It was suggested a policy be written as to the review of this chart on a regular basis. The remaining interest and other rates are set by statute or are automatic. Also suggested would be to perhaps tie the refund rate to the 10 year Treasury note. Discussion was held regarding the meaning of the various statutory rates and how they are calculated.

9. Discussion and possible **Recommendations** regarding future proposed legislation.

   **Mr. Jared A. Smout**

Some listed items for future proposed legislation are to clarify concepts about the make-up of the local boards, the Fire Chiefs’ situation, definition of employee in regard to return to work situations and fire districts with volunteer firefighters pension funds. Mr. McHenry added items to this list such as the EORP contribution rate and the definition and interpretation of compensation in A.R.S. § 38-848 must be clarified since it is so convoluted.

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.

   There was no response to the Call to the Public.

11. Schedule future meeting date(s). (Calendared for September 30, 2015)

   The next meeting will be held on September 30, 2015.


   The meeting was adjourned at 12:10 p.m.

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Mr. Gregory Ferguson, Chairman