Minutes of the Operations, Governance Policy and Audit Committee Meeting
May 30, 2018

PUBLIC SAFETY personNEL RETIREMENt SYstEM
BOARD OF TRUSTEES OPERATIONS, GOVERNANCE POLICY and AUDIT COMMITTEE
MEETING
May 30, 2018

MINUTES

Members: Mr. Ed McNeill, Chairman, Trustee
Present: Mr. Mike Scheidt, Vice Chairman, Trustee
Mr. Bryan Raines, Member, Trustee
Mr. William C. Davis, 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. John Briney, Enterprise Systems Architect
Mr. Jon Chase, IT Development Manager
Ms. Michelle Pechan, Paralegal
Mr. Timothy Jackson, Compliance Officer
Ms. Lisa Sweeting, Internal Auditor

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

Mr. Edward J. McNeill
Chairman

The meeting was called to order by Mr. Edward J. McNeill, Chairman at 9:02 A.M.

2. Review, discussion and possible approval of the Operations Governance Policy and Audit Committee Minutes from April 25, 2018

Mr. Edward J. McNeill

<table>
<thead>
<tr>
<th>Motion:</th>
<th>To approve the Operations Governance Policy and Audit Committee Minutes from April 25, 2018.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moved by:</td>
<td>Mr. Raines</td>
</tr>
<tr>
<td>Seconded by:</td>
<td>Mr. Scheidt</td>
</tr>
<tr>
<td>Discussion:</td>
<td>None</td>
</tr>
<tr>
<td>In Favor:</td>
<td>Unanimous</td>
</tr>
<tr>
<td>Motion:</td>
<td>Passes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ACTION: 1-4/25/18</th>
<th>Request: At 11:01 A.M. To ensure PSPRS has an active shooter plan.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requested by:</td>
<td>Edward McNeill</td>
</tr>
<tr>
<td>Assigned to:</td>
<td>Patricia Shaner</td>
</tr>
<tr>
<td>Result:</td>
<td>Finalized – Scheduled for July 2018</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ACTION: 2-4/25/18</th>
<th>Request: At 11:11 A.M. To have the actuaries come back in May and discuss the primary topics in the memo provided and any other topics the Board of Trustees wish to address.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requested by:</td>
<td>Edward McNeill</td>
</tr>
<tr>
<td>Assigned to:</td>
<td>Jared Smout</td>
</tr>
<tr>
<td>Result:</td>
<td>Finalized – Actuaries reported to the Board of Trustees at the May BOT Meeting.</td>
</tr>
</tbody>
</table>

4. Review and discussion of staff operation reports.

Mr. Dave DeJonge
Deputy Administrator

a. Operations Update Report

Staff Size Comparison: While we were working on our budget, Dave DeJonge wondered about our staff size in comparison to other pension plans, especially since we added several new positions over the past two years. Two recent public pension plan surveys provided information about staff size. Dave used that information to compare our staff size per member to that same ratio at those other pension plans. The Staff Ratio is equal to the number of Active and Retired members divided by the size of the staff. Dave sorted the results by Staff Ratio. Plans with small staff ratios may run less efficiently, or may put more resources toward offering better customer service. (*see attachment)

Administrative Expense Comparison: Dave gathered information about membership from pension plan Comprehensive Annual Financial Reports, and also gathered the administrative expenses from each plan and put together a spreadsheet that shows the administrative expense ratio. Once again, PSPRS falls in the middle of the pack. (*see attachment)

Tier 3 Members: Dave provided a report that was presented to the DC Committee at their May 22, 2018 meeting. It shows the breakdown of new public safety tier 3 members and their elections, including the number of members (sorted by employer) who have elected to join the DC plan, elected to join the DB plan, or never made an election so defaulted into the DB plan. (*see attachment)

b. Year to Date Budget Report

PSPRS is under budget by $330,091.00. (*see attachment)
c. Local Board & Employer Outreach Report

April 18, 2018 we provided training about the new CORP reform provisions in Kingman, Arizona. 11 attendees participated from the Mohave County CORP group.

April 19, 2018 we provided local board regional training in Kingman, Arizona. 26 attendees participated in a great discussion about the duties and responsibilities of the local board members and the local board secretary. We reviewed the new local board portal and the actuarial reports.

May 10, 2018 we provided two training events in Globe, Arizona. 10 attendees from Gila County, Pinal County and Graham County participated in the CORP reform provision training. 24 attendees participated in local board training.

The training schedule for the next few months was presented. (*see attachment)

We continue to work with certain local boards who have a disability application to ensure each employer group is processing the disability correctly.

We are reviewing the minutes of the local boards and contacting those boards that appear to need additional help.

Taylor/Snowflake Medical (Fire) has requested information about the joinder process and passed a resolution to obtain an actuary report.

Tucson Police and Fire will be requesting the 30 year amortization period and will be on the full agenda for the Board of Trustee.

Flagstaff Police will be requesting the 30 year amortization period and will be on the full agenda for the Board of Trustee.

d. Local Board Rehearing Report

2 issues have been resolved; 1 issue remains.

e. Law Firms’ Billings for Legal Services

Legal fees for the month of March were $95,354.73. (*see attachment)

f. Communication Efforts Report

Building (and sending) custom member email lists for a May 10 tri-city (Globe-Miami-Superior) member education event held by Public Safety Financial.

Working with retired member services staff to give PSPRS and CORP employer notices regarding the benefits of and related billing information about the Cancer Insurance Policy Program.

Sending immediate notice to EORP employers following the signing into law of Senate Bill 1478, which bases EORP employer contribution rates on actuarial studies.
Assisting the Governor’s Office of Constituent Services in responding to an inquiry about the necessary conditions for PSPRS retiree survivor benefits.

Finishing script, production and posting of the third and final CORP Reform animated graphic video; explains retirement options for probation/surveillance employees of the Administrative Office of the Courts.

Work with staff and communications consultant Leibowitz Solo to complete and publish brochures explaining Tier 3 benefits for corrections/detention officers and AOC officers.

Assisting Deputy Chief Investment Officer Mark Steed prepare for interview with Andreessen Horowitz venture capitalist Scott Kupor.

Sending email to all PSPRS-plan stakeholders regarding Advisory Committee meeting.

Draft/send employer email to corrections employers to remind them of PSPRS feature allowing direct downloading of videos (a solution to social media blockers on agency networks that prevent YouTube access).

CORP reform education updates:
- [CORP reform video](#) No. 1, CORP reform overview (1,470 views)
- [CORP reform video](#) No. 2, DC vs. DB choice for AOC (50 views)
- [CORP reform video](#) No. 3, DC plan details for corrections. (532 views)

g. HR Report

Learning Development:

- Situational Awareness training to be conducted by DPS in July
- Building safety analysis to be conducted by DPS the early part of June
- Start second StrengthFinder session in July
- Begin development of FY19 training plan

New Hire/Recruitment and Position Update:

- New Hire Mark Appel – Sr. IT Developer started on May 29, 2018

Recruitment Update:

- Chief Financial Officer position posted and first review of resumes to be conducted the first week of June, 2018.

5. Review and discussion of system development progress.  

   Mr. John Briney  
   *Enterprise Systems Architect*

John Briney presented the system development Gantt chart to the members. (*see attachment*)

   Ms. Lisa Sweeting
   Internal Auditor

Lisa Sweeting presented the PSPRS FY2108-19 Internal Audit Plan. (*see attachment)

<table>
<thead>
<tr>
<th>M:2-5/30/18</th>
<th>At 9:42 A.M.</th>
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<tbody>
<tr>
<td><strong>Motion:</strong></td>
<td>To recommend the FY2018-19 Audit Plan be presented to the Board of Trustees for approval.</td>
</tr>
<tr>
<td><strong>Moved by:</strong></td>
<td>Mr. Davis</td>
</tr>
<tr>
<td><strong>Seconded by:</strong></td>
<td>Mr. Scheidt</td>
</tr>
<tr>
<td><strong>Discussion:</strong></td>
<td>None</td>
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<td><strong>In Favor:</strong></td>
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<td><strong>Motion:</strong></td>
<td>Passes</td>
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7. Review, discussion and possible **Recommendations** with respect to the FY2019 PSPRS Administrative Budget.

   Mr. Jared A. Smout
   Administrator

Jared Smout presented the FY2019 PSPRS recommended budget. (*see attached)

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<thead>
<tr>
<th>ACTION: 3-5/30/18</th>
<th>At 9:52 A.M.</th>
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<tbody>
<tr>
<td><strong>Request:</strong></td>
<td>To call ADOA, research if we can use ADOA for managing the building remodel and space planning.</td>
</tr>
<tr>
<td><strong>Requested by:</strong></td>
<td>Edward McNeill</td>
</tr>
<tr>
<td><strong>Assigned to:</strong></td>
<td>Jared Smout/Chrystal Angotti</td>
</tr>
</tbody>
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8. Review, discussion and possible **Recommendations** on pending and passed legislative actions and potential legislative proposal.

   Mr. Jared A. Smout

Nothing new to report regarding the legislative actions.

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.

No public comments.
11. Schedule future meeting date(s). (Calendared for Wednesday, June 27, 2018)

   The meeting was adjourned at 9:57 A.M.

Mr. Mike Scheidt, Vice Chairman of the
Operations, Governance Policy and Audit Committee