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

   Mr. Gregory Ferguson
   Committee Chairman

   The meeting was called to order by Chairman Ferguson at 11:03 a.m.

2. Review, discussion and possible approval of Operations, Governance Policy and Audit Committee Minutes from January 15, 2014.

   Mr. Gregory Ferguson

   **MOTION: 1-26-14**
   At 11:03 a.m.
   Motion: To approve, as presented, the Minutes of the Operations, Governance Policy and Audit Committee from January 15, 2014.
   Moved by: Mr. McHenry
   Seconded by: Ms. Stein
   Discussion: None
   In Favor: Unanimous
   Motion: Passes

3. Presentation of the Month-to-Date Budget Report for FY 2014 and possible Recommendations.

   The projection for fiscal year ending June 30, 2014 is that PSPRS will be over budget by $440,000. LifeLock has been paid for their first tier of coverage and PSPRS has
informed members of the System through the internet, local boards and by mail regarding LifeLock. A discussion was held regarding distribution of information to members by employers and by local boards which maintain updated contact information. It was agreed that the System should start the process of gathering and maintaining current contact information for active members so that the System will be able to communicate with them directly and not have to rely on the cooperation of third parties. Staff vacancy savings will continue and as of February 19, 2014 we are under budget by $549,000 in terms of personnel costs.

Mr. John Hendricks
Manager Finance and Accounting

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

Discussion included information regarding the local board website, the members' only website, webinars and the latest newsletter.

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

Mr. Jim Hacking
Administrator

Mr. Hacking reported two new rehearing requests.


Mr. Jim Hacking

MOTION: 2-26-14 At 11:35 a.m.

Motion: To approve billings for legal services performed in January, 2014 in the amount of $190,123.86.

Moved by: Mr. McHenry
Seconded by: Ms. Stein
Discussion: None
In Favor: Unanimous
Motion: Passes


Ms. Bridget Feeley
Internal Audit and Compliance Officer

Ms Feeley reported that HIPPA certification has been initiated for ¾ of the staff. She also reported that her review of the shared drive access has been completed. She concluded by describing the process for finding a well-qualified candidate to fill the internal auditor position in her unit.

Mr. Jim Hacking

Mr. Hacking reported on the progress regarding the process for filling the position of In-House Investment Counsel.

9. Status report and possible Recommendation with respect to legislative bills or other proposals affecting the CORP, EORP and PSPRS, including HB2060, HB2203, HB2058 and HCR2001.

Mr. Jim Hacking
Mr. Jared Smout
Deputy Administrator

Mr. Smout reported as follows:

HB2058: He described this proposal which would limit annual pensionable compensation to $150,000.

HB2060: With respect to the PSPRS Oversight; Rule Making; Procurement proposal, Mr. Smout indicated that it would proceed in the House of Representatives to action by the Committee of the Whole.

HB2203: He described the proposal that would increase the number of PSPRS Board Members to nine and make certain other modifications.

HRC2001: Mr. Smout indicated that this resolution would be discussed in the full Board of Trustees meeting this afternoon.

HB2166: He described this proposal which would allow one county employer to forego making future employee contributions.

HB2693: Mr. Smout described the PSPRS; Employer Liability; Death Benefit proposal and the Committee members discussed it.

SB1284: He briefly described the Public Safety Officers; Omnibus Bill.

10. Status report on the sending of the security issue notice to the membership.

Mr. Jim Hacking

See agenda item 3.

11. Discussion of draft personnel policies and possible Recommendation to include them in the Personnel Manual.

Mr. Jim Hacking

Policies with respect to separation from service and use of membership information, if approved, will be added to the Personnel Manual.
12. 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.

13. Schedule next meeting. (Currently scheduled for Wednesday, March 26, 2014)

The next meeting remains as above.


The meeting was adjourned at 12:26 p.m.

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MOTION: 3-26-14  At 12:25 p.m.
Motion: To recommend to the Board of Trustees that these policies be added to the Personnel Manual.
Moved by: Mr. McHenry
Seconded by: Ms. Stein
Discussion: None
In Favor: Unanimous
Motion: Passes

Mr. Gregory Ferguson