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

   **Mr. Edward J. McNeill**
   Committee Vice Chairman

   The meeting was called to order by Committee Vice Chairman McNeill at 10:30 a.m.

2. Review, discussion and possible approval of Operations, Governance Policy and Audit Committee Minutes from January 25, 2017.

   **Mr. Edward J. McNeill**

   | MOTION:1-3/01/17 | At 11:39 a.m. |
   | Motion:         | To approve the Operations, Governance Policy and Audit Committee Minutes from January 25, 2017. |
   | Moved by:      | Mr. Scheidt |
   | Seconded by:   | Mr. McNeill |
   | Discussion:    | None |
   | In Favor:      | Unanimous |
   | Motion:        | Passes: Mr. Raines - Excused |


   **Mr. Dave DeJonge**
   Deputy Administrator

   Projects included in the Operations Update Report were a rewrite of internal systems which will take about eight months and about $400,000; the website is being updated and the phone system upgrade is almost complete. Changes to the building, which we own, will be discussed next month since the tenant has moved out. Charts are being developed to track benefit recipients, normal disability, survivors, and membership numbers for PSPRS, CORP, and EORP/EODCRS.
4. Presentation of the Month-to-Date Budget Report for FY 2017 and possible Recommendations.  
   Mr. John Hendricks  
   Manager Finance and Accounting  
   As of February 22, 2017 PSPRS is under budget by $500,000 which will be applied to IT development and construction costs for reorganizing offices due to the tenant’s departure.

5. Presentation of the Local Board & Employer Outreach Report and possible Recommendations.  
   Mr. Don Mineer  
   Local Board Training Coordinator  
   Names of cities that were visited and topics of discussion were stated. Work is being done on SB 1428’s implementation regarding Tier 2 benefits.

6. Presentation of the Strategic Plan Progress Report and possible Recommendations.  
   Mr. John Briney  
   Enterprise Systems Architect  
   The PSPRS executive staff and managers have met bi-weekly since the last meeting of this committee and we are in the process of conducting a SWOT (strengths, weaknesses, opportunities and threats) analysis to see whether the System is well positioned to achieve its mission and long-term objectives. The strengths and weaknesses portion of the analysis have been completed.

7. Presentation of the Requests for Local Board Rehearing Report for the current month and possible Recommendations.  
   Ms. Michelle Pechan  
   Paralegal  
   There are four outstanding requests for local board rehearings, one of which has been resolved.

8. Presentation on PSPRS communication efforts and possible Recommendations.  
   Mr. Christian Palmer  
   Communications Director  
   We are continuing to improve out internet communications. An information campaign is being held regarding payroll changes due to SB 1428. The first of five videos for SB 1428 education is being developed. We are increasing communications and contacts. Brochures for Tier 2 opt out of the DC Plan are being readied.

9. Presentation of progress on implementation of Auditor General Recommendations as agreed to in their Performance Audit and Sunset Review and possible Recommendations.  
   Mr. Dave DeJonge  
   The recommendations from the Auditor General are being addressed by staff as is the Sunset review. Details of the progress were presented to the committee members.

    Ivy Voss, Esq.  
    Assistant Attorney General  
    The review process of the legal bills was described to the committee members. The amount of the bill for January and February 2017 was $111,466.90
11. Review, discussion and possible **Recommendations** on pending and passed legislative actions and potential legislative proposals.

    *Mr. Jared A. Smout*

    *Administrator*

Discussion was held regarding HB 2045, the PSPRS Administrative Bill, which has passed the Senate, SB 1115 the Tier 2 multiplier for those hired on or after January 1, 2012 and SB 1330 regarding fire districts volunteer fire and volunteer pensions fund. Also mentioned was SB 1442 to change the Corrections Officers Plan and SCR 1023 to change PBI for corrections officers. Additionally, discussion was held regarding a recommendation to be sent by the Board to the Governor.

12. Review, discussion and possible **Recommendations** on Governance Manual updates.

    *Mr. Dave DeJonge*

Section 4.01 – The Charter for the Board of Trustees was put off until we have a Compliance Officer and an Audit Charter.  Section 4.02 Charter for the Board Chair – no change.  Section 4.03 Charter for the Vice Chair – no change.  Section 5.01 Policy Development Process and Section 5.02 Board of Trustees Communications Policy were reviewed for changes.  No changes were recommended.  Section 5.03 Operations Policy for the Board of Trustees led to discussion regarding where to place the Call to the Public, at the beginning or end of the agendas or at both ends.  There was concurrence that it should be at the end of the agenda.

13. 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, Fraternal Order of Police, Pension Reform Chairman thanked the committee for what progress has been made by staff, Board of Trustees and committees.

14. Schedule future meeting date(s). (Calendared for Wednesday, March 29, 2017)
The next meeting will be held on Wednesday, March 29, 2017 beginning at 10:30 a.m.

15. Adjournment.

The meeting was adjourned at 12:00 P.M.

Mr. Ed McNeill, Trustee, Vice Chairman
Operations, Governance Policy and Audit Committee