

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

BOARD OF TRUSTEES OPERATIONS, GOVERNANCE POLICY AND AUDIT COMMITTEE MEETING

May 16, 2023

MINUTES

Present: Mr. Dean Scheinert, Committee Chairman, Trustee – remote
Mr. Alan Maguire, Trustee
Mr. Brian Moore, Trustee
Mr. Nate Weber, Trustee – remote

Others Present: Mr. Michael Townsend, Administrator – remote
Mr. Michael Smarik, Deputy Administrator
Ms. Claudia Martinez, Executive Assistant
Ms. Cheryl Cohen, Investment Executive Assistant – remote
Bret Parke, Esq., Assistant Administrator/General Counsel
Mr. Dave Scofield, Foster & Foster – remote
Mr. John Moorman, Chief Financial Officer
Ms. Angela Egelhoff, Chief Compliance Officer
Ms. Cathleen Davis, Chief Internal Auditor
Ms. Rajee Mohan, Jr. IT Systems Engineer

1. Call to Order; Pledge of Allegiance; Roll Call; Opening Remarks.

Mr. Dean Scheinert, Committee Chairman

The meeting was called to order by Committee Chairman Scheinert at 9:08 A.M. The Pledge of Allegiance was recited, and roll was called.

2. 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.

3. Review and/or appropriate Action for approval of items on the Consent Agenda (documentation concerning the matters on the consent agenda may be reviewed at the PSPRS office). Any matter on the Consent Agenda will be removed from the Consent Agenda and discussed as a regular agenda item upon the request of any member of the Operations, Governance Policy and Audit Committee.

- a. Administrator update.**
 - i. Quarterly Strategic Plan report.**
- b. Internal Audit Office update.**
- c. Year to Date Budget report.**
- d. Law Firms' Billings for Legal Services.**
- e. Local Board Rehearing report.**
- f. Communications Efforts report.**
- g. Human Resources update.**
- h. Approval of the Operations, Governance Policy and Audit Committee Minutes from April 18, 2023.**

Mr. Dean Scheinert

Reports a through h were provided, and Mr. Townsend detailed several items under the Administrator update.

Moved by: Mr. Alan Maguire

Second by: Mr. Brian Moore

Time: 9:11 A.M.

Motion: Approval of the Minutes as presented.

Discussion: None.

Vote: 4 – 0 Passed

4. Update, discussion and possible Action on recommendation to the Board of Trustees regarding the lobbyist contract process and potential extension of the current contract.

Mr. Michael Townsend, Administrator

Presentation regarding the lobbyist procurement process was provided by Mr. Bret Parke. Presentation included requirements, procurement, and timeline. Mr. Maguire and Mr. Moore commented on various aspects of the presentation.

Moved by: Mr. Alan Maguire

Second by: Mr. Brian Moore

Time: 9:21 A.M.

Motion: Recommend the Board of Trustees approve the extension of the current lobbyist contracts by 90 days or until a new lobbyist contract is executed.

Discussion: None.

Vote: 4 – 0 Passed

5. Review and discussion regarding the PAFR (Popular Annual Financial Report).

Mr. John Moorman, Chief Financial Officer

FY2023 PSPRS PAFR was presented by Mr. Moorman. Mr. Moorman detailed various aspects of the report and the following steps. Mr. Moore inquired on various of the report, including the awards for the system in the report.

6. Review, discussion and possible Action on recommendation to the Board of Trustees regarding the GASB report.

Mr. John Moorman

FY2022 GASB reports update was provided by Mr. Moorman. Mr. Moorman detailed the following steps for the reports.

Moved by: Mr. Alan Maguire

Second by: Mr. Brian Moore

Time: 9:43 A.M.

Motion: Allow staff to present completed GASB reports directly to the Board at the May 31st meeting. Also allow all GASB reports, once completed, to be posted to the PSPRS website with final approval of any reports not approved in May, to be completed in August.

Discussion: None.

Vote: 4 – 0 Passed

7. Review, discussion and possible Action on recommendation to the Board of Trustees regarding the Cancer Insurance ACFR report.

Mr. John Moorman

Cancer Insurance ACFR report update was provided by Mr. Moorman. Mr. Moorman advised report will be brought forth to the committee in August as the actuaries are currently working on other tasks.

8. Update, discussion and possible Action on recommendation to the Board of Trustees regarding the Cancer Insurance Program actuarial cost estimates and use of reserves and premium calculation options.

Mr. Michael Townsend

Mr. Dave Scofield, Foster & Foster

Presentation was provided by Mr. Townsend and Mr. Scofield. Presentation included a summary of the prior meeting, plan asset/surplus strategy alternatives and recommendations. Mr. Moore commented on the non-retroactive credited service for DROP time. Committee engaged in discussions regarding various aspects of the program. Mr. Maguire and Mr. Moore commented on various aspects of the presentation.

Moved by: Mr. Alan Maguire

Second by: Mr. Brian Moore

Time: 10:36 A.M.

Motion: Recommend to the Board of Trustees that the Cancer Insurance Plan reserve policy be established as not less than 3 years of expenses and that the premium policy be established to fund the benefits with consideration of investment returns, with a floor of not less than \$50 per year.

Discussion: None.

Vote: 4 – 0 Passed

9. Update, discussion and possible Action on recommendation to the Board of Trustees regarding the contract for review of system risks and opportunities.

Non-named vendor contract update and procurement process thereof was provided by Mr. Townsend. Drafted scope of work for Mr. Tom Sgouros was also provided. Mr. Moore inquired on the scope of work.

Moved by: Mr. Alan Maguire

Second by: Mr. Dean Scheinert

Time: 10:44 A.M.

Motion: Recommend the Board of Trustees approve the Administrator's proposed appointment of the non-named vendor, Tom Sgouros for review of system risks and opportunities.

Discussion: None.

Vote: 4 – 0 Passed

10. The PSPRS Operations, Governance Policy and Audit Committee may vote to go into Executive Session (which will not be open to the public) to discuss matters pursuant to A.R.S. § 38-431.03(A) (3), including to receive legal advice from the Committee's attorneys on any matter listed on the agenda.

The Committee did not vote to go into Executive Session.

11. Schedule future meeting date(s). (Calendared for June 20, 2023, July 18, 2023 and August 15, 2023)

Committee agreed to not meet until July 18, 2023 at 10:00 AM unless an urgent matter was to arise.

12. Adjournment.

Moved by: Mr. Alan Maguire

Second by: Mr. Brian Moore

Time: 10:45 A.M.

Motion: To adjourn meeting.

Discussion: None.

Vote: 4 – 0 Passed

Mr. Dean Scheinert, Committee Chairman