

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
BOARD OF TRUSTEES OPERATIONS, GOVERNANCE POLICY and AUDIT COMMITTEE
MEETING**

July 17, 2013

MINUTES

Members Present: Mr. Greg Ferguson, Chairman, Trustee
Mr. Jeff McHenry, Member, Trustee - Excused
Ms. Randie Stein, Member, Trustee - Excused

Others Present: Mr. Jim Hacking, Administrator
Mr. Jared Smout, Deputy Administrator
Ms. Ivy Voss, Assistant Attorney General
Mr. Robert Ortega, Local Board Training Coordinator/HR Manager
Mr. Don Mineer, Local Board Training Specialist
Ms. Leslie Clark, Senior Financial Accountant/Great Plains DBA
Mr. John Hendricks, Senior Investment/Financial Accountant
Ms. Bridget Feeley, Internal Audit and Compliance Officer
Mr. Tom Willard, Systems Development Manager
Mr. Sam Meier, IT Operations Manager
Mr. Paul Hemmes, Systems Programmer
Ms. Michelle Pechan, Paralegal

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

*Mr. Gregory Ferguson
Committee Chairman*

The meeting was called to order at 11:00 a.m. by Chairman Ferguson. Due to the lack of a quorum, no motions will be presented today.

2. Review, discussion and possible approval of Operations, Governance Policy and Audit Committee Minutes from June 19, 2013.

Mr. Gregory Ferguson

Tabled

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

*Mr. John Hendricks
Manager Finance and Accounting*

Mr. Hendricks reported that the System was \$113,000 over budget as of the close of the fiscal year.

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

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

The highlight of the written report was the fact that Mr. Mineer has met with the newest local board to assist with the joinder process.

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

*Mr. Jim Hacking
Administrator*

Mr. Hacking reported that three out of four requests for a local board rehearings have been resolved.

6. Review and discussion regarding the July 2013 Kutak Rock and other law firms' billings for legal services performed for the Plans and Trust in June 2013.

Mr. Jim Hacking

The legal bill from all law firms for work in June 2013 is \$134,975.52.

7. Report on the FY 2014 Compliance and Internal Audit Plan.

*Ms. Bridget Feeley
Internal Audit and Compliance Officer*

Ms Feeley said that since we were only seven days into the new fiscal year, there is nothing to report regarding the audit plan. Also, meetings are earlier in the month so that results of the internal audit will be reported a month in arrears.

8. Status report on the planning for the implementation of the new EORP Defined Contribution Plan, January 1, 2014.

*Jared A. Smout
Deputy Administrator*

Mr. Smout stated that staff expects a plan document from our tax attorney next week. He also said that he has met with Staff in order to plan how to proceed going forward with forms, accounting and IT. He finished by saying that in the early fall, staff will meet with employers regarding the new processes and that continuing progress is being made for the implementation of the new EORP Defined Contribution Plan.

9. Status report on PSPRS-related legislation enacted during the 2013 session of the Arizona Legislature.

Jared A. Smout

Mr. Smout reported that HB2056 - the PSPRS Amendments Bill, HB1173 - the CORP Amendments Bill and HB1174 - the EORP Amendments Bill have been signed by the Governor. Among other things, the legislation now allows PSPRS to pay directly to children of survivors. He added that he and other staff as appropriate will meet to determine how to move forward. He added that the staff will need to account differently for health care subsidies to keep us in compliance with the IRS. He will work with the accounting department to address this issue. Regarding HB2204, which deals with the surviving spouse and dependents of public safety officers killed in the line of duty, he reported that the bill allows the survivors to get active health insurance coverage (until certain events happen) with that coverage paid for by employers along with a small portion of the premium to be paid for by the surviving spouse.

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 reply to the Call to the Public.

11. Schedule next meeting. (*Currently scheduled for Wednesday, August 21, 2013*)

The next meeting will be held on Wednesday, August 21, 2013.

12. Adjournment.

The meeting was adjourned at 11:13 a.m.

Mr. Gregory Ferguson, Chairman