

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

August 27, 2014

MINUTES

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

Others Present: 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. Sam Meier, IT Operations Manager
Mr. Alex Neff, Systems Engineer
Mr. John Chase, Senior Systems Programmer
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 by Chairman Ferguson.

2. Review, discussion and possible approval of Operations, Governance Policy and Audit Committee Minutes from June 25, 2014.

Mr. Gregory Ferguson

MOTION: 1-8/27/14	At 11:01 a.m.
Motion:	To approve, as presented, the Minutes of the Operations, Governance Policy and Audit Committee from June 25, 2014.
Moved by:	Ms. Stein
Seconded by:	Mr. Ferguson
Discussion:	None
In Favor:	Unanimous
Motion:	Passes

3. Presentation of the Month-to-Date Budget Report for FY 2015 and possible **Recommendations.**

*Mr. John Hendricks
Manager Finance and Accounting*

Mr. Hendricks reported we are \$45,000 over budget due to legal expenses for investment related items. The investment in-house legal counsel is now a member of the staff which will reduce legal expenses. Also the cost of software was greater than expected.

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

A webinar will be held in the next few weeks regarding how to correctly fill out retirement paperwork.

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

Mr. Jared A. Smout
Deputy Administrator

There was one outstanding request for Local Board rehearings and as of August 5, 2014, the issue was resolved.

6. Review, discussion and possible **Action** regarding law firms' billings for legal services performed in June and July, 2014.

Mr. Jared A. Smout

The legal bill for July, 2014 was \$202,743.28 with \$91,000 billed to the Investment Department. As time goes on, in-house counsel will reduce the total amount. The bills are reviewed by Ms. Voss, Assistant Attorney General.

The legal bill for June, 2014 was \$235,434.52.

MOTION: 2-8/27/14	At 11:23 a.m.
Motion:	To approve payment of the legal bill for June, 2014 of \$235,434.52 and the legal bill for July 2014 of \$202,748.28.
Moved by:	Mr. McHenry
Seconded by:	Ms. Stein
Discussion:	None
In Favor:	Unanimous
Motion:	Passes

7. Report and **Recommendations** on the FY 2015 Compliance and Internal Audit Plan.

Ms. Bridget Feeley
Internal Audit and Compliance Officer

A summary of the audit and training hours was presented regarding the Compliance and Audit Department and a review of the travel and entertainment vouchers from staff members has been completed.

8. Written update from managers on the operations of their departments and discussion and possible **Recommendations** regarding same.

Mr. Jared A. Smout

This report was developed to give board members an idea of what has been done within the last few months. Discussion was held regarding pay out in September of pension benefits increases due to the Fields case. We expect to have all the actuarial PBI information by the end of August each year, and we currently plan to issue all appropriate PBI payments in September, retroactive to July 1. For retirees who were not affected by the Fields case, we will implement the new PBI method that went into effect July 1, 2013 for all three plans and follow the same process/schedule for payment.

Discussion was held concerning developing better pension statements in the future.

9. Discussion with Staff and possible **Recommendation** regarding future proposed legislation.

Mr. Jared A. Smout

Due to changes in IRS compliance, proposed legislation will be drafted with the assistance of our tax lawyer. It is possible that legislation may be proposed that incorporate ideas from members of our staff.

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.

Mr. Smout shared with the committee the PSPRS results for the 2014 ADOA Employee Engagement Survey which indicated an excellent work place satisfaction rate of 12.3 to 1.

11. Schedule next meeting. (*Currently scheduled for Wednesday, September 24, 2014*)

Due to the Annual Meeting on September 24th and 25th, the next Operations, Governance Policy and Audit Committee meeting will be in October.

12. Adjournment.

The meeting was adjourned at 11:45 a.m.

Mr. Gregory Ferguson, Chairman