

DRAFT

**MINUTES
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
REGULAR SESSION
March 12, 2024
KACHINA CONFERENCE ROOM
11000 N. LA CAÑADA DRIVE**

REGULAR SESSION AT OR AFTER 3:00 PM

CALL TO ORDER

The meeting was called to order at 3:00 p.m.

ROLL CALL

Present: David Gephart, Chairman
Roger Reynolds, Member
Weston Barkley, Member
Katherine Beck, Member
Kathleen Hernandez, Member

Staff Present: Jennifer Inboden, Local Board Secretary
Andrew Apodaca, Local Board Independent Legal Counsel
Wendy Gomez, Deputy Finance Director

Andrew Apodaca attended via Teams

CALL TO AUDIENCE - There were no speaker requests.

Notice of Possible Executive Session

Pursuant to ARS § 38-431.03 (A)(2)(3), the Board may vote to convene in executive session to discuss or consider confidential records exempt by law from public inspection, and/or to consult with the Board's attorney for legal advice and to consider the Board's position and to instruct the Board's attorney regarding its position in contemplated litigation regarding Agenda Items 3-4. The Board will take action on these items in open session.

REGULAR SESSION AGENDA

1. PRESENTATION AND DISCUSSION OF THE PSPRS 2024 EMPLOYER - LOCAL BOARD CONFERENCE

Wendy Gomez attended the 2024 Employer Local Board Conference. She reported that an actuarial audit was performed that returned 99% accuracy. The statistics on funding status were impressive; many municipalities have made progress. Excluding the lowest 10%, all other municipalities are 88% funded. Their investment return for last fiscal year was 7.6%.

Newer plan members are not valuing the Defined Benefit pension plan as much as long-term members do. PSPRS is working on recruitment and retention efforts and educating members about the value of the

Defined Benefit plan and the importance of planning for retirement.

PSPRS walked through a couple of House Bills that are in the current legislative session. One bill is a standard requirement to continue PSPRS and another is an administrative bill pertaining to IRS compliance. There is a section in one of the House bills that addresses lateral transfers and the possibility of their assets or liabilities from their former agency transferring with them to their new agency, but the overfunded or underfunded status would stay with the former agency. The final House Bill that was mentioned was regarding the time frame for public records requests requiring municipalities to provide information within 5 days.

PSPRS mentioned the option for Tier 3 Defined Contribution members to take out loans from their accounts. DC plan members also have the option to contribute higher than the default 9% rate up to the IRS limit.

Joann Lowey gave an update on the Pension Administration System (PAS). Their intent is to implement Phase One by the 3rd quarter of FY 2025. Wendy reported that the Town has submitted test files that were successful.

Investment staff from PSPRS said that oftentimes a large focus is put on the investment return, but they reported that pay changes have a bigger impact on the plan than investment returns. They reviewed how gains and losses are amortized over seven years to keep employer rates less volatile.

PSPRS went over a modeler program that is available for employers to plug in different assumptions to forecast rates.

Mark Rodriguez spoke about the cancer insurance program and changes regarding how employees receive their distributions.

Member Beck asked how well OVPD is funded. Chair Gephart answered that we are 95% funded which is a drop from 102% a year ago. He stated that we have allocated \$2.5 million in additional contributions in the current budget year to get closer to 98-100% funded.

Member Beck asked about the difference between Defined Benefit and Defined Contribution. Secretary Inboden explained that Defined Contribution is a new option only available to Tier 3 members. The general recommendation from PSPRS is that only members who are not planning on staying in public safety for at least five years should elect Defined Contribution. New members have 90 days to make their decision and they cannot revoke it beyond 90 days.

2. REVIEW AND APPROVAL OF THE NOVEMBER 16, 2023 REGULAR SESSION MEETING MINUTES

Member Beck asked if the Town's process for communicating with members regarding the possibility of the Local Board declaring pre-existing conditions was working. Secretary Inboden confirmed that the current process of notifying new members and giving them notice of their 30 days to respond was working.

Motion by Chairman David Gephart, **seconded by** Member Katherine Beck to approve the November 16, 2023 regular session minutes.

Vote: 5 - 0 Carried

3. NEW MEMBERSHIP APPROVAL AND REVIEW FOR POSSIBLE PRE-EXISTING CONDITIONS FOR NEW OFFICER MAXIMILIANO DOMINGUEZ AGUIRRE, HIRE DATE JANUARY 16, 2024, TIER 3 DATE APRIL 15, 2024

Motion by Chairman David Gephart, **seconded by** Member Kathleen Hernandez to find that Maximiliano Dominguez Aguirre meets all applicable PSPRS membership definitions, including the definition of Member, A.R.S. § 38-842 (31), and all its related definitions, and regular assignment to hazardous duty, pursuant to A.R.S. § 38-842 (42), effective on the date of his hire, January 16, 2024, with a Tier 3 date of April 15, 2024, AND to declare the Board's finding of no pre-existing conditions as noted in the medical examination report.

Vote: 5 - 0 Carried

4. NEW MEMBERSHIP APPROVAL AND REVIEW FOR POSSIBLE PRE-EXISTING CONDITIONS FOR LATERAL OFFICER ZACHARY DIETRICH WITH A HIRE DATE OF FEBRUARY 26, 2024

Motion by Member Roger Reynolds, **seconded by** Member Katherine Beck to find that Zachary Dietrich meets all applicable PSPRS membership definitions, including the definition of Member, A.R.S. § 38-842 (31), and all its related definitions, and regular assignment to hazardous duty, pursuant to A.R.S. § 38-842 (42), effective on the date of his hire, February 26, 2024, AND to declare the Board's finding of one (1) pre-existing condition as noted in the medical examination report.

Vote: 5 - 0 Carried

5. REVIEW AND APPROVAL OF RESIGNATIONS AND RETIREMENTS OF THE FOLLOWING MEMBERS, THUS TERMINATING THEIR MEMBERSHIPS: MICHAEL RYSKE RESIGNATION EFFECTIVE DECEMBER 1, 2023, ALEJANDRO CARRILLO RESIGNATION EFFECTIVE JANUARY 19, 2024, CHRISTOPHER OLSON RETIREMENT EFFECTIVE JANUARY 27, 2024

Motion by Chairman David Gephart, **seconded by** Member Roger Reynolds to approve the resignations and to terminate the memberships of Michael Ryske and Alejandro Carrillo AND to approve the retirement and to terminate the membership of Christopher Olson.

Vote: 5 - 0 Carried

ADJOURNMENT

Motion by Member Katherine Beck, **seconded by** Member Kathleen Hernandez to adjourn the meeting at 3:33 p.m.

Vote: 5 - 0 Carried

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular session of the Town of Oro Valley Public Safety Personnel Retirement System Board of Oro Valley, Arizona held on the 12th day of March, 2024. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this _12th_ day of ____ March _____, 2024.

Jen Inboden
Human Resources Analyst