CITY OF SURPRISE
Public Safety Personnel Retirement System - Police
16000 N. Civic Center Plaza
Surprise, AZ 85374
Wednesday, February 12, 2020 @ 10:30 AM
COUNCIL OVERFLOW ROOM
Amended agenda - added item #6 at 8:20 AM on 2/11/2020

A. Call To Order

B. Roll Call

C. Pledge of Allegiance

D. Current Events and Reports

E. Staff Reports

F. Public Safety Retirement Commission- Police Agenda

CALL TO THE PUBLIC:

INSTRUCTIONS: In order to address the Board\Commission, you will need to fill out a Call to the Public Form available at the front counter, and then turn it in to the Secretary before the meeting begins.

Note: A.R.S. 38-431.01(H) - During this time members of the public may address the Board\Commission only on issues within the jurisdiction of the Board\Commission which are not an item on the agenda. At the conclusion of the open call, the Board\Commission may respond to criticism, may ask staff to review the matter or may ask that the matter be put on a future agenda. No discussion or action shall take place on any item raised.

CONSENT AGENDA:

REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

1.	Citywide	Review of 2019 PSPRS Annual Actuarial Valuation Report	Human Resources
2.	Citywide	Executive Session to receive legal advice related to the rehearing for the accidental disability application for Glenn Cannon.	Human Resources
3.	Citywide	Rehearing for the accidental disability application for Glenn Cannon.	Human Resources
4.	Citywide	Consideration and action pertaining to the acceptance of three (3) new police officers into the PSPRS system.	Human Resources
5.	Citywide	Discussion and action pertaining to the retention of legal services of Carrie L. O'Brien.	Human Resources
6.	Citywide	Discussion and action pertaining to the comparison of PSPRS Local Police Board Rules against PSPRS Revised Model Uniform Rules	Human Resources

G. Other Business and Future Agenda Items

H. Executive Session

For information purposes: Upon a public majority vote of a quorum of the Public Safety Personnel Retirement Commission ("Commission"), the Commission may hold an executive session, which will not be open to the public, but for only the following purposes: discussion or consideration of records exempt by law from public inspection (A.R.S. §38-431.03(A)(2)); or discussion or consultation for legal advice with the Commission's attorneys (A.R.S. §38-431.03(A)(3)).

Confidentiality Requirements: Pursuant to A.R.S. §38-431.03(C)(D), any person receiving executive session information pursuant to A.R.S. §38-431.02 shall not disclose that information except to the Attorney General or County Attorney or by agreement of the Commission, or as otherwise ordered by a court of competent jurisdiction.

The Commission may vote to hold an executive session for the purpose of obtaining legal advice from the Commission's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03(A)(3).

I. Adjournment

SHERRY ANN AGUILAR, CITY CLERK, MMC

POSTED:February 11, 2020 at 8:20 AM

SPECIAL NOTE: PERSONS WITH SPECIAL ACCESSIBILITY NEEDS, INCLUDING LARGE PRINT MATERIALS OR INTERPRETER, SHOULD CONTACT THE CITY CLERK'S OFFICE @ 623.222.1200 OR TTY 623.222.1002, BY NO LATER THAN 24 HOURS IN ADVANCE OF THE REGULAR SCHEDULED MEETING TIME.

CITY OF SURPRISE
Public Safety Personnel Retirement System - Police

Council Meeting Date: February 12, 2020
Submitting Department: Human Resources
Staff Recommendations:

Contact Person:
District: Citywide

Consent: No Regular: Yes Public Hearing: No Report/Discussion: No

Agenda Wording:
Review of 2019 PSPRS Annual Actuarial Valuation Report

Motion:
N/A

Background:
N/A

Objective Analysis:
N/A

Policy Compliant:
N/A

Financial Impact:
N/A

Budget Impact:
N/A

FTE Impact:
N/A

ATTACHMENTS:
1. Police Actuarial Report June 30, 2019

ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

SURPRISE POLICE DEPT. (110)

ACTUARIAL VALUATION
AS OF JUNE 30, 2019

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING JUNE 30, 2021

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

December 5, 2019

Board of Trustees
Arizona Public Safety Personnel Retirement System
Phoenix, AZ

Re: Actuarial Valuation Report as of June 30, 2019 for Surprise Police Dept. (110)

Dear Members of the Board:

We are pleased to present to the Board this report of the annual actuarial valuation of the Arizona Public Safety Personnel Retirement System (PSPRS). The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year.

This report was prepared at the request of the Board and is intended for use by PSPRS and those designated or approved by the Board. It documents the valuation of the consolidated plan and provides summary information for PSPRS participating employers. This report may be provided to parties other than PSPRS only in its entirety and only with the permission of the Board. Foster & Foster is not responsible for the unauthorized use of this report.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflects laws and regulations issued to date pursuant to the provisions of Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

The computed contribution rates shown in the "Contribution Results" section should be considered minimum contribution rates that comply with the Board's funding policy and Arizona Statutes. Users of this report should be aware that contributions made at that rate do not guarantee benefit security. Given the importance of benefit security to any retirement system, we suggest that contributions to the System in excess of those presented in this report be considered.

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by PSPRS through June 30, 2019 and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

This valuation assumes the continuing ability of the participating employers to make the contributions necessary to fund this plan. A determination regarding whether or not the participating employers are actually able to do so is outside our scope of expertise. Consequently, we did not perform such an analysis.

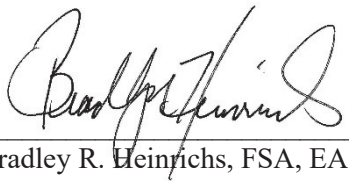
The undersigned are familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All sections of this report are considered an integral part of the actuarial opinions.

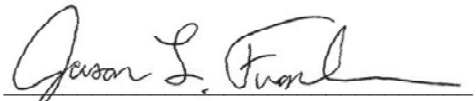
To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the Arizona Public Safety Personnel Retirement System, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Arizona Public Safety Personnel Retirement System. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

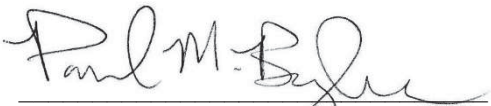
If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 239-433-5500.

Respectfully Submitted,

Foster & Foster, Inc.

By: 
Bradley R. Heinrichs, FSA, EA, MAAA

By: 
Jason L. Franken, FSA, EA, MAAA

By: 
Paul M. Baugher, FSA, EA, MAAA

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I. SUMMARY OF REPORT

The regular annual actuarial valuation of the Arizona Public Safety Personnel Retirement System for the Surprise Police Dept., performed as of June 30, 2019, has been completed and the results are presented in this Report. The purpose of this valuation is to:

- Compute the liabilities associated with benefits likely to be paid on behalf of current retired and active members. This information is contained in the section entitled "Liability Support."
- Compare accumulated assets with the liabilities to assess the funded condition. This information is contained in the section entitled "Liability Support."
- Compute the employers' recommended contribution rates for the Fiscal Year beginning July 1, 2020. This information is contained in the section entitled "Contribution Results."

1. Key Valuation Results

The funded status as of June 30, 2019 and the employer contribution amounts applicable to the plan/fiscal year ending June 30, 2021 are as follows:

	Tier 1 & Tier 2 Members			Tier 3 Members *		
	Pension	**Health**	**Total**	**Pension**	**Health**	**Total**
Employer Contribution Rate	32.54%	0.32%	32.86%	9.21%	0.14%	9.35%
Funded Status	62.2%	116.8%	62.9%	116.9%	205.3%	118.4%

2. Comparison of Key Results to Prior Year

The chart below compares the results from this valuation with the results of the prior year's valuation, as prepared and reported by Gabriel, Roeder, Smith & Company:

Contribution Rate

	Tier 1 & Tier 2 Members			Tier 3 Members *		
Valuation Date	**Pension**	**Health**	**Total**	**Pension**	**Health**	**Total**
June 30, 2018	30.99%	0.32%	31.31%	9.80%	0.21%	10.01%
June 30, 2019	32.54%	0.32%	32.86%	9.21%	0.14%	9.35%

Funded Status

	Tier 1 & Tier 2 Members			Tier 3 Members		
Valuation Date	**Pension**	**Health**	**Total**	**Pension**	**Health**	**Total**
June 30, 2018	61.8%	98.8%	62.4%	89.3%	110.5%	89.7%
June 30, 2019	62.2%	116.8%	62.9%	116.9%	205.3%	118.4%

** The Tier 3 rates shown are the calculated rates as of the valuation date and do not reflect any Legacy costs that the employer must also contribute.*

3. Reasons for Change

Changes in the results from the prior year's valuation can be illustrated in the following tables along with high-level explanations for the entire System below:

Contribution Rate

	Tier 1 & Tier 2		Tier 3 Members	
	Pension	**Health**	**Pension**	**Health**
Contribution Rate Last Valuation	30.99%	0.32%	9.80%	0.21%
Asset Experience	0.19%	0.01%	0.00%	0.00%
Payroll Base	(0.56%)	0.00%	0.08%	0.00%
Liability Experience	0.14%	0.11%	0.07%	0.00%
Assumption/Method Change	2.12%	0.03%	0.41%	0.00%
Other	(0.34%)	(0.15%)	(1.16%)	(0.07%)
Contribution Rate This Valuation	32.54%	0.32%	9.21%	0.14%

Funded Status

	Tier 1 & Tier 2		Tier 3 Members	
	Pension	**Health**	**Pension**	**Health**
Funded Status Last Valuation	61.8%	98.8%	89.3%	110.5%
Asset Experience	(0.4%)	(0.9%)	0.2%	0.5%
Liability Experience	(1.6%)	(2.3%)	(4.2%)	0.7%
Assumption/Method Change	(1.8%)	(2.6%)	(1.4%)	0.6%
Other	4.2%	23.8%	33.0%	93.0%
Funded Status This Valuation	62.2%	116.8%	116.9%	205.3%

Assets Experience – Asset gains and losses (relative to the assumed earnings rate) are smoothed over seven years for Tiers 1 and 2 and over five years for Tier 3. The return on the market value of assets for the year ending June 30, 2019 was 5.4% for Tiers 1 and 2 and 9.0% for Tier 3. On a smoothed, actuarial value of assets basis, however, the average return was 6.7% for Tiers 1 and 2 and 7.3% for Tier 3. This fell short of the 2018 assumed earnings rate for Tiers 1 and 2 of 7.4% but exceeded the rate for Tier 3 of 7.0%.

Liability Experience – Experience overall was unfavorable, driven by greater than expected active retirements. Gains from greater than expected terminations and lower than expected salary increases partially offset those losses. A decrease in normal costs has a significant impact on the contribution reconciliation for this bucket, as well.

Payroll Base – Under the current amortization policy for Tiers 1 and 2, the contribution rate is developed as a level percentage of payroll. The payroll is expected to increase each year in line with the growth assumption (currently 3.50%). To the extent that actual payroll is lower/greater than expected, the contribution rate will increase/decrease as a result.

Assumption / Method Change – The interest rate (assumed earnings rate) was decreased from 7.40% to 7.30% and the mortality tables were updated to the latest available information. These changes both resulted in liability losses.

Other – This is the combination of all other factors that could impact liabilities year-over-year, with the primary sources being the transition of actuarial services and changes in member data. Note that Tier 3 is primarily driven by contributions that are currently outpacing accruals; this will stabilize as the plan matures.

4. Looking Ahead

The continuing effect of prior asset losses was dampened by the asset smoothing reflected in the actuarial value of assets and further offset by the effect of lower than expected pay increases. There remain unrecognized investment losses that will, in the absence of other gains, put upward pressure on the contribution rate next year.

If the June 30, 2019 pension valuation results were based on the market value of assets instead of the actuarial value of assets, the pension funded percentage for Tiers 1 and 2 would be 60.1% (instead of 62.2%) and the pension employer contribution requirement would be 33.54% of payroll (instead of 32.54%).

The funded status for Tiers 1 and 2 will continue to improve if assumptions are met and contributions at least equal to the rates determined for each employer are made to the fund. The funded status for Tier 3 will stabilize as the population continues to grow, as contributions appear sufficient to keep the liabilities fully funded.

II. CONTRIBUTION RESULTS

Contribution Requirements

Development of Employer Contributions - Tiers 1 & 2 Members				
Valuation Date	June 30, 2019		June 30, 2018	
Applicable to Fiscal Year Ending	2021		2020	
	Rate	**Dollar**	**Rate**	**Dollar**
Pension				
Normal Cost				
Total Normal Cost	22.47%	$2,500,116		
Employee Cost	(7.65%)	(851,071)		
Employer (Net) Normal Cost	14.82%	1,649,045	14.90%	
Amortization of Unfunded Liability	17.72%	2,111,781	16.09%	
Total Employer Cost (Pension)	32.54%	3,760,826	30.99%	
Health				
Normal Cost	0.43%	$47,355	0.31%	
Amortization of Unfunded Liability	(0.11%)	(13,109)	0.01%	
Total Employer Cost (Health)	0.32%	34,246	0.32%	
Total Employer Cost (Pension + Health)	**32.86%**	**3,795,072**	**31.31%**	**3,506,728**
Total Minimum Contribution Requirement (if applicable)	0.00%		0.00%	
Alternate Contribution Rate (ACR) *	17.72%		16.10%	
Underlying Payroll (as of valuation date)		11,125,116		

** The Alternate Contribution Rate is the sum of the positive amortization rates for Tiers 1 & 2 Pension and Health and is charged when retirees return to active status.*

The results above are shown both prior to and after the application of the statutory minimum contribution requirement of 8% of payroll (5% of payroll if the actual employer contribution is less than 5% for the 2006/2007 Fiscal Year) and are based on the current amortization schedule approved by the Board of Trustees for your individual plan (see "Actuarial Assumptions and Methods").

A.R.S. 38-843, subsection I allows for the employer to request a one-time increase in the amortization period up to a maximum of 30 years. The costs below are provided to assist with that decision, where needed. If the current approved amortization period is greater than those below, that request has already been made for this plan and the following is provided to facilitate earlier payoff, if desired.

	Rate	**Dollar**
Total Pension Employer Cost (25-year amortization)	28.81%	3,312,413
Total Pension Employer Cost (30-year amortization)	27.42%	3,146,760

Development of Employer Contributions – Tier 3 Members		
Valuation Date	June 30, 2019	June 30, 2018
Applicable to Fiscal Year Ending	2021	2020

Defined Benefit (DB) Retirement Plan

	Rate	Dollar	Rate	Dollar
Pension				
Total Normal Cost	18.41%	$ 205,881	19.46%	
Amortization of Unfunded Liability	0.00%	0	0.14%	
Total Pension Cost	18.41%	205,881	19.60%	
Employee (EE) Pension Cost	9.21%	102,941	9.80%	
Employer (ER) Pension Cost	9.21%	102,941	9.80%	
Health				
Total Normal Cost	0.28%	3,131	0.42%	
Amortization of Unfunded Liability	0.00%	0	0.00%	
Total Health Cost	0.28%	3,131	0.42%	
Employee (EE) Health Cost	0.14%	1,566	0.21%	
Employer (ER) Health Cost	0.14%	1,566	0.21%	
Total				
Total Calculated Tier 3 Required EE/ER Individual Cost	9.35%	104,507	10.01%	
Board Approved Tier 3 Required EE/ER Individual Cost [1]	9.94%	111,160	9.94%	
ER Legacy Cost of Tiers 1 & 2 Amort of Unfunded Liabilities [2]	17.72%	212,279	16.10%	
Total Calculated Tier 3 Required ER Defined Benefit Cost	27.07%	316,786	26.11%	
Total Board Approved Tier 3 Required ER Defined Benefit Cost	**27.66%**	**323,439**	**26.04%**	**174,141**
Underlying Payroll (as of valuation date)		1,118,312		

[1] *The Board decided to keep Tier 3 rates level (as calculated with the June 30, 2018 valuation) for the fiscal year ending June 30, 2021.*

[2] *Pursuant to ARS § 38-843(B), the amortization of positive unfunded liabilities for Tiers 1 & 2 shall be applied to all Tier 3 payroll on a level percent basis. However, while it is statutorily required to present the rates in this manner, these are the minimums where alternate methods for paying down that unfunded liability is at the discretion of each employer. Further, to understand the effects of reform in relation to Tier 3, compare the total rate of Tier 3 before application of those legacy costs.*

Development of Employer Contributions – Tier 3 Members		
Valuation Date	June 30, 2019	June 30, 2018
Applicable to Fiscal Year Ending	2021	2020

Defined Contribution (DC) Retirement Plan

	Rate	Dollar	Rate	Dollar
Tier 2 & 3 DB / Non-Social Security				
Employee Cost	3.00%		3.00%	
Employer Cost [1]	3.00%		3.00%	
Tier 3 DC Only				
Employee Cost	9.00%	$0	9.00%	
Employee Disability Program Cost	1.41%	0	1.51%	
Total Employee Cost	**10.41%**	**0**	**10.51%**	
Employer Cost	9.00%	0	9.00%	
Employer Disability Program Cost	1.41%	0	1.51%	
Total Employer Cost (before Legacy)	**10.41%**	**0**	**10.51%**	
ER Legacy Cost of Tiers 1 & 2 Amort of Unfunded Liabilities [2]	17.72%	0	16.10%	
Total Employer Cost	**28.13%**	**0**	**26.61%**	
Underlying Payroll (as of valuation date)		0		

[1] *Employer rate is 4% for Tier 2 members for a period of time depending on the individual's membership date.*

[2] *Pursuant to ARS § 38-843(B), the amortization of positive unfunded liabilities for Tiers 1 & 2 shall be applied to all Tier 3 payroll on a level percent basis. However, while it is statutorily required to present the rates in this manner, these are the minimums where alternate methods for paying down that unfunded liability is at the discretion of each employer. Further, to understand the effects of reform in relation to Tier 3, compare the total rate of Tier 3 before application of those legacy costs.*

Contribution Rate Summary

	Tier 1		Tier 2		Tier 3		
Membership Date On or After	7/1/1968		7/20/2011		7/20/2011		7/1/2017
Participates in Social Security	N/A	N/A	Yes	No	Yes	No	N/A
Available Retirement Plan [1]	DB Only	DB Only	DB Only	Hybrid	DB Only	Hybrid	DC Only
Employee Contribution Rate							
PSPRS DB Rate	7.65%	11.65%	11.65%	11.65%	9.94%	9.94%	
PSPRS DC Rate				3.00%		3.00%	9.00%
PSPDCRP Disability Program Rate							1.41%
Total EE Contribution Rate	7.65%	11.65%	11.65%	14.65%	9.94%	12.94%	10.41%
Employer Contribution Rate							
PSPRS DB Normal Cost	15.25%	15.25%	15.25%	15.25%	9.94%	9.94%	
PSPRS DB Tier 1 & 2 Legacy Cost [2]	17.61%	17.61%	17.61%	17.61%	17.72%	17.72%	17.72%
PSPRS DC Rate [3]				4.00%		3.00%	9.00%
PSPDCRP Disability Program Rate							1.41%
Total ER Contribution Rate	32.86%	32.86%	32.86%	36.86%	27.66%	30.66%	28.13%

[1] Employers that pay into Social Security on behalf of their members do not participate in the Hybrid Plan.

[2] Per statute (ARS § 38-843(B)), any positive unfunded liability for Tiers 1 and 2 is to be applied to all Tier 3 (DB and DC) payrolls.

[3] The 4.00% employer match for Tier 2 Hybrid members is for a short period of time depending on the membership date of the employee at which point the rate will change to 3.00% (ARS § 38-868(C)).

Exhibit summarizes employee and employer contributions based on Statute and the results of June 30, 2019 actuarial valuation. Pension and health components are combined, where applicable.

Impact of Additional Contributions

	Additional Contribution (000s)										
	$0	**$1,000**	**$2,000**	**$3,000**	**$4,000**	**$5,000**	**$6,000**	**$7,000**	**$8,000**	**$9,000**	**$10,000**
Impact On											
Funded Status 06/30/2019	62.2%	63.5%	64.8%	66.2%	67.5%	68.8%	70.2%	71.5%	72.9%	74.2%	75.5%
FYE 2021 Contribution Rate	32.86%	32.24%	31.63%	31.02%	30.41%	29.80%	29.19%	28.58%	27.97%	27.36%	26.75%

Table shows the hypothetical change in the funded status and contribution rate from the June 30, 2019 actuarial valuation results for Tiers 1 & 2 if an additional contribution of the amount shown had been made to the Fund on June 30, 2019. This illustration can help estimate the impact of contributing additional monies to the fund in the future.

Historical Summary of Employer Rates

			Pension			Health		
	Valuation Date June 30	**Fiscal Year Ending June 30**	**Normal Cost**	**Unfunded Amortization**	**Total**	**Normal Cost**	**Unfunded Amortization**	**Total**
TIERS 1 & 2	2018	2020	14.90%	16.09%	30.99%	0.31%	0.01%	0.32%
	2019	2021	14.82%	17.72%	32.54%	0.43%	(0.11%)	0.32%
TIER 3 [1]	2018 [2]	2020	9.68%	0.00%	9.68%	0.26%	0.00%	0.26%
	2019 [3]	2021	9.21%	0.00%	9.21%	0.14%	0.00%	0.14%
	2019 [2]	2021	9.68%	0.00%	9.68%	0.26%	0.00%	0.26%

[1] *Does not reflect Legacy costs that the employer must also contribute.*

[2] *Rates shown are Board approved EE/ER rates*

[3] *Rates shown are calculated EE/ER rates*

III. LIABILITY SUPPORT

Liabilities and Funded Ratios by Benefit - Tiers 1 & 2

	June 30, 2019	June 30, 2018
Pension		
Actuarial Present Value of Benefits		
Retirees and Beneficiaries	$ 32,181,235	
DROP Members	4,738,667	
Vested Members	297,317	
Active Members	59,192,833	
Total Actuarial Present Value of Benefits	96,410,052	
Actuarial Accrued Liability (AAL)		
All Inactive Members	37,217,219	30,716,061
Active Members	37,549,139	34,964,483
Total Actuarial Accrued Liability	74,766,358	65,680,544
Actuarial Value of Assets (AVA)	46,472,444	40,576,043
Unfunded Actuarial Accrued Liability		
Gross Unfunded Actuarial Accrued Liability	28,293,914	25,104,501
Stabilization Reserve	0	0
Net Unfunded Actuarial Accrued Liability	28,293,914	25,104,501
Funded Ratio (AVA / AAL)	62.2%	61.8%
Health		
Present Value of Benefits		
Retirees and Beneficiaries	$ 326,552	
DROP Members	91,193	
Active Members	1,056,910	
Total Present Value of Benefits	1,474,655	
Actuarial Accrued Liability (AAL)		
All Inactive Members	417,745	
Active Members	681,342	
Total Actuarial Accrued Liability	1,099,087	1,173,986
Actuarial Value of Assets (AVA)	1,284,084	1,159,762
Unfunded Actuarial Accrued Liability	(184,997)	14,224
Funded Ratio (AVA / AAL)	116.8%	98.8%

Liabilities and Funded Ratios by Benefit - Tier 3

	June 30, 2019	June 30, 2018
Pension		
Actuarial Present Value of Benefits		
Retirees and Beneficiaries	0	
Vested Members	203,244	
Active Members	120,826,663	
Total Actuarial Present Value of Benefits	121,029,907	
Actuarial Accrued Liability (AAL)		
All Inactive Members	203,244	
Active Members	7,753,481	
Total Actuarial Accrued Liability	7,956,725	1,831,715
Actuarial Value of Assets (AVA)	9,305,220	1,635,349
Unfunded Actuarial Accrued Liability	(1,348,495)	196,366
Funded Ratio (AVA / AAL)	116.9%	89.3%
Health		
Present Value of Benefits		
Retirees and Beneficiaries	0	
Active Members	1,814,082	
Total Present Value of Benefits	1,814,082	
Actuarial Accrued Liability (AAL)		
All Inactive Members	0	
Active Members	136,597	
Total Actuarial Accrued Liability	136,597	39,635
Actuarial Value of Assets (AVA)	280,404	43,798
Unfunded Actuarial Accrued Liability	(143,807)	(4,163)
Funded Ratio (AVA / AAL)	205.3%	110.5%

The liabilities shown on this page are the liabilities for all Tier 3 members grouped together in the Risk Sharing group. These liabilities are NOT the liabilities for Surprise Police Dept. Tier 3 members.

Derivation of Experience (Gain)/Loss

		Tiers 1 & 2		Tier 3	
		Pension	**Health**	**Pension**	**Health**
(1)	Unfunded Actuarial Accrued Liability as of June 30, 2018	25,104,501	14,224	196,366	(4,163)
(2)	Normal Cost Developed in Last Valuation	1,609,844	33,493	65,537	1,404
(3)	Actual Contributions	4,065,062	42,535	3,684,117	225,397
(4)	Expected Interest On (1), (2), and (3)	1,829,138	1,985	(114,499)	(8,395)
(5)	Expected Unfunded Actuarial Accrued Liability as of June 30, 2019 (1)+(2)-(3)+(4)	24,478,421	7,167	(3,536,713)	(236,551)
(6)	Changes to UAAL Due to Assumptions, Methods and Benefits	2,103,228	24,230	91,273	(391)
(7)	Change to UAAL Due to Actuarial (Gain)/Loss	1,712,265	(216,394)	2,096,945	93,135
(8)	Unfunded Actuarial Accrued Liability as of June 30, 2019	28,293,914	(184,997)	(1,348,495)	(143,807)

Amortization of Unfunded Liabilities - Tiers 1 & 2

	Pension	Health
Unfunded Liability to Amortize		
Unfunded Actuarial Accrued Liability	28,293,914	(184,997)
Maintenance of Effort	755,345	0
Anticipated Contribution Towards Unfunded	2,038,916	1,267
Unfunded Liability to Amortize [1]	29,029,774	(199,814)
Amortization Period	17	20
Projected Payroll	13,115,466	13,115,466
Rate of Amortization of Unfunded Liability	17.72%	(0.11%)

[1] *Adjusted with interest to beginning of next fiscal year.*

Amortization of Unfunded Liabilities - Tier 3

	Date Established	Outstanding Balance	Years Remaining	Amortization Rate [2]
Pension	06/30/2018	182,154	9	0.05%
	06/30/2019	(1,530,649)	10	(0.38%)
	Total	(1,348,495)		0.00%
Health	06/30/2018	(3,862)	9	0.00%
	06/30/2019	(139,945)	10	(0.03%)
	Total	(143,807)		0.00%

[2] *By Statute, negative amortization rates are not subtracted in Tier 3 rate calculations.*

IV. ASSET SUPPORT

Statement of Changes in Fiduciary Net Position for Year Ended June 30, 2019

Market Value Basis

	Tiers 1 & 2		Tier 3	
	Pension	**Health**	**Pension**	**Health**
Additions				
Contributions				
Member Contributions	$ 121,556,582	$ 0	$ 7,390,215	$ 0
Employer Contributions	844,585,444	0	7,425,607	0
Health Insurance Contributions	0	4,853,600	0	448,692
Total Contributions	966,142,026	4,853,600	14,815,822	448,692
Investment Income				
Net Increase in Fair Value	303,530,849	14,803,383	732,462	24,444
Interest and Dividends	82,589,482	2,347,594	199,300	3,876
Other Income	61,188,380	1,941,632	147,656	3,205
Less Investment Expenses	(44,360,237)	(1,597,190)	(107,047)	(2,637)
Net Investment Income	402,948,474	17,495,419	972,371	28,888
Transfers In	285,197	0	31,689	0
Total Additions	1,369,375,697	22,349,019	15,819,882	477,580
Deductions				
Distributions to Members				
Benefit Payments	818,430,053	0	0	0
Health Insurance Subsidy	0	16,732,865	0	0
Refund of Contributions	15,556,115	0	77,140	0
Total Distributions	833,986,168	16,732,865	77,140	0
Administrative Expenses	7,233,020	301,997	18,010	499
Transfers Out	144,434	0	0	0
Other	0	0	0	0
Total Deductions	841,363,622	17,034,862	95,150	499
Net Increase / (Decrease)	528,012,075	5,314,157	15,724,732	477,081
Net Position Held in Trust				
Prior Valuation	7,284,786,674	328,284,037	3,198,018	77,352
Beginning of the Year Adjustment	(1,807,999)	2,953,522	0	0
End of the Year	7,810,990,750	336,551,716	18,922,750	554,433

Development of Pension Actuarial Value of Assets - Tiers 1 & 2

A. Investment Income	
A1. Actual Investment Income	$ 395,715,454
A2. Expected Amount for Immediate Recognition	555,730,379
A3. Amount Subject to Amortization	(160,014,925)

	Year Ended June 30						
B. Amortization Schedule	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
2019 Experience (A3 / 7)	(22,859,275)	(22,859,275)	(22,859,275)	(22,859,275)	(22,859,275)	(22,859,275)	(22,859,275)
2018 Experience	(6,266,349)	(6,266,349)	(6,266,349)	(6,266,349)	(6,266,349)	(6,266,351)	
2017 Experience	33,380,149	33,380,149	33,380,149	33,380,149	33,380,148		
2016 Experience	(64,250,729)	(64,250,729)	(64,250,729)	(64,250,726)			
2015 Experience	(36,894,248)	(36,894,248)	(36,894,251)				
2014 Experience	33,458,496	33,458,496					
2013 Experience	9,542,556						
Total Amortization	(53,889,400)	(63,431,956)	(96,890,455)	(59,996,201)	4,254,524	(29,125,626)	(22,859,275)

C. Actuarial Value of Assets	Total	Employer
C1. Actuarial Value of Assets, 06/30/2018	7,444,902,139	
C2. Noninvestment Net Cash Flow	132,296,621	
C3. Preliminary Actuarial Value of Assets, 06/30/2019 (A2 + B + C1 + C2)	8,079,039,739	
C4. Market Value of Assets, 06/30/2019	7,810,990,750	44,930,566
C5. Final Actuarial Value of Assets, 06/30/2019 (C3 Within 20% Corridor of C4)	8,079,039,739	46,472,444

D. Rates of Return	
D1. Market Value Rate of Return	5.4%
D2. Actuarial Value Rate of Return	6.7%

Development of Health Actuarial Value of Assets - Tiers 1 & 2

A. Investment Income	
A1. Actual Investment Income	$ 17,193,422
A2. Expected Amount for Immediate Recognition	24,722,408
A3. Amount Subject to Amortization	(7,528,986)

	Year Ended June 30						
B. Amortization Schedule	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
2019 Experience (A3 / 7)	(1,075,569)	(1,075,569)	(1,075,569)	(1,075,569)	(1,075,569)	(1,075,569)	(1,075,572)
2018 Experience	(304,653)	(304,653)	(304,653)	(304,653)	(304,653)	(304,656)	
2017 Experience	1,532,136	1,532,136	1,532,136	1,532,136	1,532,136		
2016 Experience	(3,221,043)	(3,221,043)	(3,221,043)	(3,221,044)			
2015 Experience	(1,796,589)	(1,796,589)	(1,796,586)				
2014 Experience	1,653,381	1,653,381					
2013 Experience	451,740						
Total Amortization	(2,760,597)	(3,212,337)	(4,865,715)	(3,069,130)	151,914	(1,380,225)	(1,075,572)

C. Actuarial Value of Assets	Total	Employer
C1. Actuarial Value of Assets, 06/30/2018	339,920,235	
C2. Noninvestment Net Cash Flow	(11,879,265)	
C3. Preliminary Actuarial Value of Assets, 06/30/2019 (A2 + B + C1 + C2)	350,002,781	
C4. Market Value of Assets, 06/30/2019	336,551,716	1,234,735
C5. Final Actuarial Value of Assets, 06/30/2019 (C3 Within 20% Corridor of C4)	350,002,781	1,284,084

D. Rates of Return	
D1. Market Value Rate of Return	5.3%
D2. Actuarial Value Rate of Return	6.6%

Development of Pension Actuarial Value of Assets - Tiers 3

A. Investment Income	
A1. Actual Investment Income	$ 954,361
A2. Expected Amount for Immediate Recognition	732,184
A3. Amount Subject to Amortization	222,177

	Year Ended June 30				
B. Amortization Schedule	**2019**	**2020**	**2021**	**2022**	**2023**
2019 Experience (A3 / 5)	44,435	44,435	44,435	44,435	44,437
2018 Experience	(370)	(370)	(370)	(371)	
2017 Experience	0	0	0		
2016 Experience	0	0			
2015 Experience	0				
Total Amortization	44,065	44,065	44,065	44,064	44,437

C. Actuarial Value of Assets	Total	Employer
C1. Actuarial Value of Assets, 06/30/2018	3,199,499	
C2. Noninvestment Net Cash Flow	14,770,371	
C3. Preliminary Actuarial Value of Assets, 06/30/2019 (A2 + B + C1 + C2)	18,746,119	
C4. Market Value of Assets, 06/30/2019	18,922,750	9,392,896
C5. Final Actuarial Value of Assets, 06/30/2019 (C3 Within 20% Corridor of C4)	18,746,119	9,305,220

D. Rates of Return	
D1. Market Value Rate of Return	9.0%
D2. Actuarial Value Rate of Return	7.3%

Development of Health Actuarial Value of Assets - Tiers 3

A. Investment Income	
A1. Actual Investment Income	$ 28,389
A2. Expected Amount for Immediate Recognition	20,853
A3. Amount Subject to Amortization	7,536

	Year Ended June 30				
B. Amortization Schedule	**2019**	**2020**	**2021**	**2022**	**2023**
2019 Experience (A3 / 5)	1,507	1,507	1,507	1,507	1,508
2018 Experience	0	0	0	(2)	
2017 Experience	0	0	0		
2016 Experience	0	0			
2015 Experience	0				
Total Amortization	1,507	1,507	1,507	1,505	1,508

C. Actuarial Value of Assets	Total	Employer
C1. Actuarial Value of Assets, 06/30/2018	77,354	
C2. Noninvestment Net Cash Flow	448,692	
C3. Preliminary Actuarial Value of Assets, 06/30/2019 (A2 + B + C1 + C2)	548,406	
C4. Market Value of Assets, 06/30/2019	554,433	283,486
C5. Final Actuarial Value of Assets, 06/30/2019 (C3 Within 20% Corridor of C4)	548,406	280,405

D. Rates of Return	
D1. Market Value Rate of Return	9.4%
D2. Actuarial Value Rate of Return	7.4%

V. MEMBER STATISTICS

06/30/2019 Valuation Data Summary

	Tiers 1 & 2	Tier 3
Actives		
Number	114	17
Average Current Age	41.5	31.1
Average Age at Employment	30.3	30.0
Average Past Service	11.2	1.1
Average Annual Salary	$96,353	$65,783
Actives (Transferred from Another Employer)		
Number	2	0
Average Current Age	31.0	N/A
Average Age at Employment	26.2	N/A
Average Past Service	4.9	N/A
Average Annual Salary	$70,409	N/A
Retirees		
Number	21	0
Average Current Age	57.2	N/A
Average Annual Benefit	$54,764	N/A
Drop Retirees		
Number	5	N/A
Average Current Age	48.9	N/A
Average Annual Benefit	$55,133	N/A
Beneficiaries		
Number	4	0
Average Current Age	61.6	N/A
Average Annual Benefit	$34,270	N/A
Disability Retirees		
Number	22	0
Average Current Age	47.4	N/A
Average Annual Benefit	$39,501	N/A
Inactive / Vested		
Number	15	0
Average Current Age	40.2	N/A
Average Accumulated Contributions	$7,643	N/A
Total Number	183	17
Former Members (transferred to another employer)	1	0

Counts and Pay Summary by Service - Tiers 1 & 2

	Past Service									
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**	**Total Count**	**Total Pay**	**Average Pay**
15 - 19	0	0	0	0	0	0	0	0	0	0
20 - 24	1	0	0	0	0	0	0	1	72,470	72,470
25 - 29	7	3	0	0	0	0	0	10	774,152	77,415
30 - 34	7	7	3	0	0	0	0	17	1,579,854	92,933
35 - 39	8	3	13	1	0	0	0	25	2,344,107	93,764
40 - 44	1	4	11	5	1	0	0	22	2,105,343	95,697
45 - 49	1	1	5	8	3	0	0	18	1,879,823	104,435
50 - 54	0	3	7	5	3	1	0	19	1,977,457	104,077
55 - 59	0	1	1	1	0	0	0	3	290,686	96,895
60 - 64	0	0	1	0	0	0	0	1	101,224	101,224
65+	0	0	0	0	0	0	0	0	0	0
Total	25	22	41	20	7	1	0	116	11,125,116	95,906

Counts and Pay Summary by Service - Tier 3

	Past Service									
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30+**	**Total Count**	**Total Pay**	**Average Pay**
15 - 19	0	0	0	0	0	0	0	0	0	0
20 - 24	4	0	0	0	0	0	0	4	263,504	65,876
25 - 29	3	0	0	0	0	0	0	3	201,618	67,206
30 - 34	7	0	0	0	0	0	0	7	470,291	67,184
35 - 39	0	0	0	0	0	0	0	0	0	0
40 - 44	3	0	0	0	0	0	0	3	182,899	60,966
45 - 49	0	0	0	0	0	0	0	0	0	0
50 - 54	0	0	0	0	0	0	0	0	0	0
55 - 59	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	0	0	0	0
65+	0	0	0	0	0	0	0	0	0	0
Total	17	0	0	0	0	0	0	17	1,118,312	65,783

VI. ACTUARIAL ASSUMPTIONS AND METHODS

Interest Rate

This is the assumed earnings rate on System assets, compounded annually, net of investment and administrative expenses.

Tiers 1 & 2:
7.30% per year.

Tier 3:
7.00% per year.

Salary Increases

See table below. This is annual increase for individual member's salary. These rates, which are based on a 2017 experience study using actual plan experience, consist of 3.5% for wage inflation with the remaining portion for merit / seniority increases.

Age	Maricopa County Police	Pima County Police	Other Police	Maricopa County Fire	Pima County Fire	Other Fire
20	7.50%	7.50%	7.50%	7.50%	7.50%	7.20%
25	7.14%	6.24%	6.60%	7.35%	6.36%	6.60%
30	6.00%	5.16%	5.25%	6.74%	5.48%	5.60%
35	4.77%	4.55%	4.15%	5.56%	4.83%	4.96%
40	3.90%	3.89%	3.60%	4.46%	4.03%	4.44%
45	3.54%	3.56%	3.50%	3.74%	3.60%	3.78%
50+	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%

Inflation

2.50%.

Tier 3 Compensation Limit

$110,000 for 2019. Assumed increases of 2.00% per year.

Cost-of-Living Adjustment

1.75%.

Mortality Rates

These rates are used to project future decrements from the population due to death.

Active Lives:
PubS-2010 Employee mortality, loaded 110% for males and females, projected with future mortality improvements reflected generationally using 75% of scale MP-2018. 100% of active deaths are assumed to be in the line of duty.

Inactive Lives
PubS-2010 Healthy Retiree mortality, loaded 110% for males and females, projected with future mortality improvements reflected generationally using 75% of scale MP-2018.

Beneficiaries:
PubS-2010 Survivor mortality, projected with future mortality improvements reflected generationally using 75% of scale MP-2018.

Disabled Lives:
PubS-2010 Disabled mortality, projected with future mortality improvements reflected generationally using 75% of scale MP-2018.

The mortality assumptions sufficiently accommodate anticipated future mortality improvements.

Retirement / DROP Rates

These rates are used to project future decrements from the active population due to retirement. The rates below are based on a 2017 experience study using actual plan experience.

Tier 1 – reaching age 62 before attaining 20 years of service:
Age-related rates based on age at retirement: 60% assumed at age 62, 50% assumed at ages 63 – 69, and 100% assumed at age 70. Rates are the same for all employers.

Tier 1 – reaching age 62 after attaining 20 years of service:
Service-related rates based on service at retirement:

Service	Maricopa County Police	Pima County Police	Other Police	Maricopa County Fire	Pima County Fire	Other Fire
20	27%	24%	35%	14%	18%	23%
21	18%	19%	30%	14%	18%	18%
22	14%	14%	23%	7%	11%	11%
23	10%	10%	10%	7%	7%	8%
24	8%	7%	10%	7%	7%	5%
25	38%	32%	36%	22%	22%	30%
26	36%	32%	30%	26%	26%	30%
27	29%	22%	30%	19%	19%	30%
28	29%	22%	30%	32%	25%	25%
29	29%	22%	30%	30%	25%	16%
30	34%	35%	30%	30%	30%	32%
31	34%	35%	30%	30%	30%	35%
32	65%	65%	70%	55%	55%	60%
33	65%	65%	70%	55%	55%	60%
34+	100%	100%	100%	100%	100%	100%

60% are assumed to enter the DROP program while the remaining 40% are assumed to retire and commence benefits immediately.

Tiers 2 & 3:

Age-related rates based on age at retirement:

Age	Maricopa County Police	Pima County Police	Other Police	Maricopa County Fire	Pima County Fire	Other Fire
53	38%	32%	36%	22%	22%	30%
54	36%	32%	30%	26%	26%	30%
55	29%	22%	30%	19%	19%	30%
56	29%	22%	30%	32%	25%	25%
57	29%	22%	30%	30%	25%	16%
58	34%	35%	30%	30%	30%	32%
59	34%	35%	30%	30%	30%	35%
60-63	65%	65%	70%	55%	55%	60%
64+	100%	100%	100%	100%	100%	100%

Termination Rate

These rates are used to project future decrements from the active population due to termination. Service-related rates based on service at termination are shown below. The rates below apply to members prior to retirement eligibility and are based on a 2017 experience study using actual plan experience.

Service	Maricopa County Police	Pima County Police	Other Police	Maricopa County Fire	Pima County Fire	Other Fire
1	14.00%	16.00%	16.00%	7.00%	10.00%	9.50%
2	8.50%	9.00%	12.50%	4.50%	5.00%	9.00%
3	6.50%	7.50%	11.50%	3.70%	5.00%	7.50%
4	4.50%	6.00%	9.00%	3.00%	4.00%	7.50%
5	3.60%	6.00%	8.00%	2.50%	4.00%	6.50%
6	3.30%	4.50%	8.00%	1.70%	3.50%	4.50%
7	3.30%	4.50%	7.00%	1.70%	3.00%	4.00%
8	3.30%	3.20%	7.00%	1.70%	2.40%	3.50%
9	2.70%	3.20%	6.50%	1.70%	2.40%	3.50%
10	2.70%	3.20%	6.00%	1.50%	2.40%	3.00%
11	2.70%	3.20%	5.00%	1.10%	2.40%	2.70%
12	1.80%	1.40%	4.00%	0.70%	1.00%	2.00%
13	1.30%	1.40%	3.50%	0.70%	1.00%	2.00%
14	1.30%	1.40%	3.00%	0.70%	1.00%	1.70%
15	1.30%	1.00%	3.00%	0.60%	1.00%	1.20%
16	0.70%	1.00%	2.00%	0.50%	1.00%	1.20%
17	0.70%	1.00%	1.75%	0.50%	0.50%	1.20%
18	0.70%	1.00%	1.75%	0.40%	0.50%	1.20%
19	0.50%	1.00%	1.75%	0.40%	0.50%	1.20%
20+	0.50%	1.00%	1.75%	0.40%	0.50%	0.50%

Disability Rate

These rates are used to project future decrements from the active population due to disability. Sample age-related rates based on age at disability are provided below. These rates are based on a 2017 experience study using actual plan experience. 100% of disablements are assumed to be duty-related.

Age	Maricopa County Police	Pima County Police	Other Police	Maricopa County Fire	Pima County Fire	Other Fire
20	0.08%	0.08%	0.10%	0.03%	0.03%	0.03%
25	0.08%	0.08%	0.10%	0.03%	0.03%	0.03%
30	0.17%	0.16%	0.20%	0.04%	0.03%	0.03%
35	0.22%	0.21%	0.26%	0.09%	0.07%	0.08%
40	0.36%	0.35%	0.44%	0.17%	0.16%	0.17%
45	0.51%	0.49%	0.62%	0.17%	0.43%	0.48%
50	0.78%	0.75%	0.95%	0.43%	0.59%	0.65%
55	1.02%	0.98%	1.23%	1.00%	1.01%	1.13%

Marital Status

For active members, 85% of males and 60% of females are assumed to be married. Actual marital status is used, where applicable, for inactive members.

Spouse's Age

Males are assumed to be three years older than females.

Health Care Utilization

For active members, 70% of retirees are expected to utilize retiree health care. Actual utilization is used for inactive members.

Funding Method

Entry Age Normal Cost Method.

Actuarial Asset Method

Method described below. Note that during periods when investment performance exceeds (falls short) of the assumed rate, the actuarial value of assets will tend to be less (greater) than the market value of assets.

Tiers 1 & 2:
Each year the assumed investment income is recognized in full while the difference between actual and assumed investment income are smoothed over a 7-year period subject to a 20% corridor around the market value.

Tier 3:
Each year the assumed investment income is recognized in full while the difference between actual and assumed investment income are smoothed over a 5-year period subject to a 20% corridor around the market value.

Funding Policy Amortization Method	***Tiers 1 & 2:*** Any positive UAAL (assets less than liabilities) is amortized according to a Level Percentage of Payroll method over a closed period of 17 years. Any negative UAAL (assets greater than liabilities) is amortized according to a Level Dollar method over an open period of 20 years. ***Tier 3:*** Any positive UAAL (assets less than liabilities) is amortized according to a Level Dollar method over a closed period of 10 years. No amortization is made of any negative UAAL (assets greater than liabilities).
Payroll Growth	3.50% per year. This is annual increase for total employer payroll.
Stabilization Reserve	Beginning with the June 30, 2007 valuation and with each subsequent valuation, if the actuarial value of assets exceeds the actuarial accrued liability, one half of this excess in each year is allocated to a Stabilization Reserve. This Reserve is excluded from the calculation of the employer contribution rates. The Reserve accumulates as long as the plan is overfunded. Once the plan becomes underfunded, the Stabilization Reserve will be used to dampen increases in the employer contribution rates.

Changes to Actuarial Assumptions and Methods Since the Prior Valuation

- The interest rate (assumed earnings rate) for Tiers 1 & 2 was lowered from 7.40% to 7.30%.
- The mortality rates were updated to reflect the PubS-2010 tables; previously, rates were based on the RP-2014 tables.

VII. DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined under various assumption scenarios. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. Whenever possible, the recommended assumptions in this report reflect conservatism to allow for some margin of unfavorable future plan experience. However, it is still possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- Investment Return: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.
- Salary Increases: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.
- Payroll Growth: The plan's payroll growth assumption, if one is used, causes a predictable annual increase in the plan's amortization payment in order to produce an amortization payment that remains constant as a percentage of payroll if all assumptions are realized. If payroll does not increase according to the plan's payroll growth assumption, the plan's amortization payment can increase significantly as a percentage of payroll even if all assumptions other than the payroll growth assumption are realized.
- Demographic Assumptions: Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment

produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

- Contribution risk: This risk results from the potential that actual employer contributions may deviate from actuarially determined contributions, which are determined in accordance with the Board's funding policy. The funding policy is intended to result in contribution requirements that if paid when due, will result in a reasonable expectation that assets will accumulate to be sufficient to pay plan benefits when due. Contribution deficits, particularly large deficits and those that occur repeatedly, increase future contribution requirements and put the plan at risk for not being able to pay plan benefits when due.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature plans with a substantial inactive liability. Similarly, mature plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled "Plan Maturity Measures and Other Risk Metrics." For a better understanding of the overall Plan and the impact of these risks, please refer to the consolidated PSPRS valuation report.

Plan Maturity Measures and Other Risk Metrics

	Tiers 1 & 2		Tier 3	
	06/30/2018	06/30/2019	06/30/2018	06/30/2019
Support Ratio				
Total Actives	119	116	11	17
Total Inactives	63	67	0	0
Actives / Inactives	188.9%	173.1%	N/A	N/A
Asset Volatility Ratio				
Market Value of Assets (MVA)		44,930,566		9,392,896
Total Annual Payroll		11,125,116		1,118,312
MVA / Total Annual Payroll		403.9%		839.9%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	30,716,061	37,217,219		203,244
Total Accrued Liability	65,680,544	74,766,358		7,956,725
Inactive AL / Total AL	46.8%	49.8%		2.6%
Funded Ratio				
Actuarial Value of Assets (AVA)	40,576,043	46,472,444	1,635,349	9,305,220
Total Accrued Liability	65,680,544	74,766,358	1,831,715	7,956,725
AVA / Total Accrued Liability	61.8%	62.2%	89.3%	116.9%
Net Cash Flow Ratio				
Net Cash Flow *		2,991,381		176,781
Market Value of Assets (MVA)		44,930,566		9,392,896
Net Cash Flow / MVA		6.7%		1.9%

** Determined as total contributions minus benefit payments. Administrative expenses are typically included but are considered part of the net interest rate assumption for this plan.*

VIII. SUMMARY OF CURRENT PLAN

The following is a summary of the benefit provisions provided in Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes.

Membership

Full-time employees of an eligible group, prior to attaining age 65, who are engaged to work for more than six months in a calendar year.

Benefit Tiers

Benefits differ for members based on their hire date:

Tier	Hire Date
1	Hired before January 1, 2012
2	Hired on or after January 1, 2012 but before July 1, 2017
3	Hired on or after July 1, 2017

Compensation

Compensation is the amount including base salary, overtime pay, shift and military differential pay, compensatory time used in lieu of overtime pay, and holiday pay, paid to an employee on a regular payroll basis and longevity pay paid at least every six months for which contributions are made to the System. For Tier 3 members, compensation is limited by statutory cap ($110,000 with adjustments by the Board).

Average Monthly Benefit Compensation

Tier 1:
The highest compensation paid to member during three consecutive years out of the last 20 years of Credited Service, divided by months.

Tier 2:
The highest compensation paid to member during five consecutive years out of the last 20 years of Credited Service, divided by months.

Tier 3:
The highest compensation paid to member during five consecutive years out of the last 15 years of Credited Service, divided by months.

Credited Service

Total periods of service, both before and after the member's date of participation, for which the member made contributions to the fund.

Normal Retirement Date

Tier 1:
First day of month following attainment of 1) 20 years of service or 2) 62nd birthday and completion of 15 years of service.

Tier 2:
First day of month following the attainment of age 52.5 and completion of 15 years of service.

Tier 3:
First day of month following the attainment of age 55 and completion of 15 years of service.

Benefit

Tier 1:
50% of Average Monthly Benefit Compensation, adjusted based on Credited Service as follows (maximum benefit of 80% of Average Monthly Benefit Compensation):

Credited Service	Benefit Adjustment
15 years, but less than 20	Reduced 4% per year less than 20
20 years, but less than 25	Plus 2% per year between 20 and 25
25+ years	Plus 2.5% per year above 20

Tier 2:
Benefit multiplier (below) times Average Monthly Benefit Compensation times Credited Service (maximum benefit of 80% of Average Monthly Benefit Compensation):

Credited Service	Benefit Multiplier
15 years, but less than 17	1.50%
17 years, but less than 19	1.75%
19 years, but less than 22	2.00%
22 years, but less than 25	2.25%
25+ years	2.50%

Tier 3:
Benefit multiplier (below) times Average Monthly Benefit Compensation times Credited Service (maximum benefit of 80% of Average Monthly Benefit Compensation):

Credited Service	Benefit Multiplier
15 years, but less than 17	1.50%
17 years, but less than 19	1.75%
19 years, but less than 22	2.00%
22 years, but less than 25	2.25%
25+ years	2.50%

Form of Benefit

For married retirees, an annuity payable for the life of the member with 80% continuing to the eligible spouse upon death. For unmarried retirees, the normal form is a single life annuity.

Early Retirement	***Only applicable to Tier 3 members:***
Date	Attainment of age 52.5 and 15 years of Credited Service.
Benefit	Actuarial equivalent of Normal Retirement benefit.
Disability Benefit – Accidental (duty-related)	
Eligibility	Total and permanent disability incurred in performance of duty.
Benefit Amount	A maximum of: a.) 50% of Average Monthly Benefit Compensation, and; b.) The monthly Normal Retirement pension that the member is entitled to receive if he or she retired immediately.
Disability Benefit – Ordinary (not duty-related)	
Eligibility	Total and permanent disability not incurred in performance of duty.
Benefit Amount	Normal Retirement pension that the member is entitled to receive prorated on Credited Service (maximum 20 years) over 20.
Disability Benefit – Other	
Temporary	Benefit equals 1/12 of 50% of compensation during year preceding date of disability. Payments terminate after 12 months.
Catastrophic	Benefit equals 90% of Average Monthly Benefit Compensation. After 60 months member receives greater of 62.5% Average Monthly Benefit Compensation and accrued normal pension.
Pre-Retirement Death Benefit	
Service Incurred	100% of Average Monthly Benefit Compensation, reduced by child's pension.
Non-Service Incurred	80% of benefit based on calculation for accidental disability retirement.
Child's Pension	10% of pension for each child (maximum 20% paid) based on calculation for accidental disability retirement. Payable to dependent child under age 18 (23, if full-time student).
Guardian's Pension	Same as spouse's pension. Payable (along with child's pension) when no spouse is being paid and there is at least one child under 18 (23, if full-time student).
Vesting (Termination)	
Vesting Service Requirement	***Tier 1*:** 10 years of Credited Service.

Tiers 2 & 3:
15 years of Credited Service.

Non-Vested Benefit

***Tier 1*:**
Lump sum payment of accumulated contributions, plus additional amount based on years of Credited Service.

Service	Additional % of Contributions
Less than 5 years	0%
5 years	25%
6 years	40%
7 years	55%
8 years	70%
9 years	85%
10+ years	100%

Tiers 2 & 3:
Lump sum payment of accumulated contributions, with interest at rate determined by the Board.

Vested Benefit

***Tier 1*:**
Deferred retirement annuity based on two times member's accumulated contributions, deferred to age 62. Member is not entitled to survivor benefits, benefit increases, or group health insurance subsidy.

Tiers 2 & 3:
Calculated same as normal retirement pension. Payable if contributions left in fund until reach age requirement. Member is entitled to survivor benefits, benefit increases, and group health insurance subsidy.

Cost-of-Living Adjustment

Payable to retired member or survivor of retired member

Tiers 1 & 2:
Compound cost-of-living adjustment on base benefit. First payment is made on July 1, 2018, with annual adjustments effective every July 1 thereafter.

Cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. Maximum increase of 2%.

Tier 3:
Compound cost-of-living adjustment on base benefit beginning earlier of first calendar year after the 7th anniversary of retirement or when the retired member reaches 60 years of age.

A cost-of-living adjustment shall be paid on July 1 each year that the funded ratio for members hired on or after July 1, 2017 is 70% or more.

The cost-of-living adjustment will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. The cost-of-living adjustment will not exceed:

- 2%, if funded ratio for members who are hired on or after July 1, 2017 is 90% or more;
- 1.5%, if funded ratio for members who are hired on or after July 1, 2017 is 80-90%;
- 1%, if funded ratio for members who are hired on or after July 1, 2017 is 70-80%.

Deferred Retirement Option Plan (DROP):

Eligibility	Tier 1 and 20 years of Credited Service.
DROP Period	Maximum 60 months.
Member Contributions	Cease upon DROP entry.
Benefit Amount	Calculated based on Credited Service and average monthly compensation as of the beginning of the DROP period, credited to DROP participation account for DROP period.

Interest on DROP Participation Account	Beginning Year	Interest Rate
	July 1, 2015	7.50%
	July 1, 2016	7.40%
	July 1, 2017	7.40%
	July 1, 2018	7.30%
	July 1, 2019	7.30%

Payment of DROP Participation Account	Payable as lump sum distribution to Public Safety Personnel Defined Contribution Retirement Plan at end of DROP period or at termination.
Payment Monthly Benefit	System commences payment of benefit amount at the earlier of 1) the end of the DROP period and 2) at termination.

Post-Retirement Health Insurance Subsidy

Eligibility: Retired member or survivor who elect health coverage provided by the state or participating employer.

Maximum Subsidy Amounts (monthly)

	Member Only	With Dependents
Medicare Eligible	$100	$170
One w/ Medicare	N/A	$215
Not Medicare Eligible	$150	$260

Employee Contributions

Members hired before July 20, 2011:
7.65%

Members hired on/after July 20, 2011, but before July 1, 2017:
11.65%. Amounts in excess of 7.65% are not used to reduce the employer contribution ("maintenance of effort").

Tier 3:
50% of total contribution, which is Normal Cost plus a level-dollar amortization of unfunded actuarial accrued liability over a closed period not to exceed 10 years.

Employer Contributions

Tiers 1 & 2:
Normal Cost plus amortization of unfunded actuarial accrued liability over a closed period not to exceed 20 years (subject to one-time election to extend to closed period not to exceed 30 years). Contribution will never be less than 8% of payroll.

Tier 3:
50% of total contribution, which is Normal Cost plus a level-dollar amortization of unfunded actuarial accrued liability over a closed period not to exceed 10 years.

Changes to Benefit Provisions Since the Prior Valuation

- DROP members with less than 20 years of credited service on January 1, 2012 are now given interest at the assumed earnings rate instead of the 7-year smoothed rate of return.

IX. ACTUARIAL FUNDING POLICY

The purpose of this Actuarial Funding Policy is to record the funding objectives and policy set by the Board for the Arizona Public Safety Personnel Retirement System (PSPRS). The Board establishes this Funding Policy to help ensure the systematic funding of future benefit payments for members of the Retirement System.

This funding policy was reviewed by the Board annually for several years following initial adoption until the 2017 experience study. Subsequently, it shall be reviewed every five years in conjunction with the experience study, although some adjustments may be warranted sooner to properly reflect the new Tier 3 benefits.

Funding Objectives

1. Maintain adequate assets so that current plan assets plus future contributions and investment earnings are sufficient to fund all benefits expected to be paid to members and their beneficiaries.

2. Maintain stability of employer contribution rates, consistent with other funding objectives.

3. Maintain public policy goals of accountability and transparency. Each policy element is clear in intent and effect, and each should allow an assessment of whether, how and when the funding requirements of the plan will be met.

4. Promote intergenerational equity. Each generation of members and employers should incur the cost of benefits for the employees who provides services to them, rather than deferring those costs to future members and employers.

5. Provide a reasonable margin for adverse experience to help offset risks.

6. Continue progress of systematic reduction of the Unfunded Actuarial Accrued Liability (UAAL).

Elements of Actuarial Funding Policy

1. Actuarial Cost Method

a. The Entry Age Normal level percent of pay actuarial cost method of valuation shall be used in determining the Actuarial Accrued Liability (AAL) and Normal Cost. Differences in the past between assumed experience and actual experience ("actuarial gains and losses") shall become part of the AAL. The Normal Cost shall be determined on an individual basis for each active member.

2. Asset Smoothing Method

a. The investment gains or losses of each valuation period, resulting from the difference between the actual investment return and assumed investment return, shall be recognized annually in level amounts over seven years in calculating the Actuarial Value of Assets.

b. The Actuarial Value of Assets so determine shall be subject to a 20% corridor relative to the Market Value of Assets.

3. Amortization Method

a. The Actuarial Value of Assets are subtracted from the computed AAL. Any unfunded amount is amortized as a level percent of payroll over a closed period. If the Actuarial Value of Assets exceeds

the AAL, the excess is amortized over an open period of 20 years and applied as a credit to reduce the Normal Cost otherwise payable.

4. Funding Target

a. The targeted funded ratio shall be 100%.

b. The maximum amortization period shall be 30 years.

c. If the funding ratio is between 100% and 120%, a minimum contribution equal to the Normal Cost will be made.

5. Risk Management

a. Assumption Changes

i. The actuarial assumptions used shall be those last adopted by the PSPRS Board based on the most recent experience study and upon the advice and recommendation of the actuary. In accordance with best practices, the actuary shall conduct an experience study every five years. The results of the study shall be the basis for the actuarial assumption changes recommended to the PSPRS Board.

ii. The actuarial assumptions can be updated during the five-year period if significant plan design changes or other significant events occur, as advised by the actuary.

b. Amortization Method

i. The amortization method, Level Percent Closed, will ensure full payment of the UAAL over a finite, systematically decreasing period not to exceed 30 years. The amortization period will be reviewed once the period reaches 15 years.

c. Risk Measures

i. The following risk measures will be annually determined to provide quantifiable measurements of risk and their movement over time.

1. Classic measures currently determined

- Funded ratio (assets / liability)

2. UAAL / Total Payroll

- Measures the risk associated with contribution decreases relative impact on the ability to fund the UAAL. An increase in this measure indicates an increase in contribution risk.

3. Total Liability / Total Payroll

- Measures the risk associated with the ability to respond to liability experience through adjustments in contributions. An increase in this measure indicates an increase in experience risk.

X. GLOSSARY

Actuarial Accrued Liability – Computed differently under different funding methods, the actuarial accrued liability generally represents the portion of the actuarial present value of benefits attributable to service credit earned (or accrued) as of the valuation date.

Actuarial Present Value of Benefits – Amount which, together with future interest, is expected to be sufficient to pay all benefits to be paid in the future, regardless of when earned, as determined by the application of a particular set of actuarial assumptions; equivalent to the actuarial accrued liability plus the present value of future normal costs attributable to the members.

Actuarial Assumptions – Assumptions as to the occurrence of future events affecting pension costs. These assumptions include rates of investment earnings, changes in salary, rates of mortality, withdrawal, disablement, and retirement as well as statistics related to marriage and family composition.

Actuarial Cost Method – A method of determining the portion of the cost of a pension plan to be allocated to each year; sometimes referred to as the "actuarial funding method." Each cost method allocates a certain portion of the actuarial present value of benefits between the actuarial accrued liability and future normal costs.

Actuarial Equivalence – Series of payments with equal actuarial present values on a given date when valued using the same set of actuarial assumptions.

Actuarial Present Value - The amount of funds required as of a specified date to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payments between the specified date and the expected date of payment.

Actuarial Value of Assets – The value of cash, investments, and other property belonging to the pension plan as used by the actuary for the purpose of the actuarial valuation. This may correspond to market value of assets, or some modification using an asset valuation method to reduce the volatility of asset values.

Asset Gain (Loss) – That portion of the actuarial gain attributable to investment performance above (below) the expected rate of return in the actuarial assumptions.

Amortization – Paying off an interest-discounted amount with periodic payments of interest and (generally) principal, as opposed to paying off with a lump sum payment.

Amortization Payment – That portion of the pension plan contribution designated to pay interest and reduce the outstanding principal balance of unfunded actuarial accrued liability. If the amortization payment is less than the accrued interest on the unfunded actuarial accrued liability the outstanding principal balance will increase.

Assumed Earnings Rate – The interest rate used in developing present values to reflect the time value of money.

Decrements – Events which result in the termination of membership in the system such as retirement, disability, withdrawal, or death.

Entry Age Normal (EAN) Funding Method – A standard actuarial funding method whereby each member's normal costs (service costs) are generally level as a percentage of pay from entry age until retirement. The annual cost of benefits is comprised of the normal cost plus an amortization payment to reduce the UAL.

Experience Gain (Loss) – The difference between actual unfunded actuarial accrued liabilities and anticipated unfunded actuarial accrued liabilities during the period between two valuation dates. It is a measurement of the difference between actual and expected experience, and may be related to investment earnings above (or below) those expected or changes in the liability due to fewer (or greater) than expected numbers of retirements, deaths, disabilities, or withdrawals, or variances in pay increases relative to assumed pay increases. The effect of such gains (or losses) is to decrease (or increase) future costs.

Funded Ratio – A measure of the ratio of the actuarial value of assets to liabilities of the system. Typically, the assets used in the measure are the actuarial value of assets as determined by the asset valuation method. The funded ratio depends not only on the financial strength of the plan but also on the asset valuation method used to determine the assets and on the funding method used to determine the liabilities.

Market Value of Assets (MVA) – The value of assets as they would trade on an open market.

Normal Cost – Computed differently under different funding methods, generally that portion of the actuarial present value of benefits allocated to the current plan year.

Unfunded Actuarial Accrued Liability (UAAL) – The excess of the actuarial accrued liability over the valuation assets; sometimes referred to as "unfunded past service liability". UAL increases each time an actuarial loss occurs and when new benefits are added without being fully funded initially and decreases when actuarial gains occur.

CITY OF SURPRISE
Public Safety Personnel Retirement System - Police

Council Meeting Date: February 12, 2020
Submitting Department: Human Resources
Staff Recommendations:

Contact Person:
District: Citywide

Consent: No Regular: Yes Public Hearing: No Report/Discussion: No

Agenda Wording:
Executive Session to receive legal advice related to the rehearing for the accidental disability application for Glenn Cannon.

Motion:
I move to adjourn to Executive Session to receive legal advice related to the rehearing for the accidental disability application for Glenn Cannon.

Background:
N/A

Objective Analysis:
N/A

Policy Compliant:
N/A

Financial Impact:
N/A

Budget Impact:
N/A

FTE Impact:
N/A

ATTACHMENTS:

CITY OF SURPRISE
Public Safety Personnel Retirement System - Police

Council Meeting Date: February 12, 2020
Submitting Department: Human Resources
Staff Recommendations:

Contact Person:
District: Citywide

Consent: No Regular: Yes Public Hearing: No Report/Discussion: No

Agenda Wording:
Rehearing for the accidental disability application for Glenn Cannon.

Motion:
N/A

Background:
N/A

Objective Analysis:
N/A

Policy Compliant:
N/A

Financial Impact:
N/A

Budget Impact:
N/A

FTE Impact:
N/A

ATTACHMENTS:
1. Notice of Rehearing_Glenn Cannon

GUST ROSENFELD
ATTORNEYS SINCE 1921 P.L.C.

ONE E. WASHINGTON, SUITE 1600 ■ PHOENIX, ARIZONA 85004-2553 ■ TELEPHONE 602-257-7422 ■ FACSIMILE 602-254-4878

Carrie O'Brien
602-257-7414
cobrien@gustlaw.com

February 4, 2020

Kathryn Baillie
NAPIER, COURY & BAILLIE, P.C.
2525 E. Arizona Biltmore Circle
Suite 135
Phoenix, AZ 85016

Re: City of Surprise re: Glenn Cannon
Our File No. 021770-00019

Dear Ms. Baillie:

I received from you the Additional Medical Evidence for Consideration in the Rehearing set for February 12. The Board Secretary will provide this information to the Board. The Notice of Rehearing is enclosed. I will supplement this with the preliminary record later this week.

Please let me know if you have any questions about the rehearing. Thank you.

Very truly yours,

Carrie O'Brien

Carrie O'Brien
For the Firm

CO/lb
Enclosure

CO2:lb2 3732473.1 2/4/2020

BEFORE THE CITY OF SURPRISE

LOCAL POLICE BOARD

Glenn Cannon,

Applicant,

NOTICE OF REHEARING

The City of Surprise's Local Police Board ("Local Police Board") hereby provides notice that a Rehearing will be held upon Petitioner Glenn Cannon's request for a Rehearing on the denial of his disability retirement application on February 12, 2020 beginning at 11:00 a.m. at the City of Surprise City Hall, located at 16000 N. Civic Center Plaza, Surprise, Arizona, Council Conference Room, 1st Floor. The Rehearing will be held before the Local Police Board pursuant to A.R.S. §§ 38-844, -847 and -886 and the Local Police Board bylaws. A courtesy copy of the Local Police Board bylaws are attached as Exhibit 1.

The Rehearing shall be conducted in an informal manner and without adherence to the formal rules of procedure or evidence required in judicial proceedings. The Chair of the Local Police Board shall serve as the Presiding Officer for the Rehearing. The Rehearing will be limited to matters referenced in the underlying application for disability retirement and the request for Rehearing filed by the applicant. A copy of the applicant's Motion for a Reconsideration on the Matter of Accidental Disability is attached as Exhibit 2 and incorporated herein. At or after the conclusion of the Rehearing, the Local Police Board may vote to uphold, rescind or modify its Initial decision.

DATED this 03 day of February, 2020.

CITY OF SURPRISE
LOCAL POLICE BOARD

By: _____
Kirsten Riege
Secretary for Local Police Board

Original of the foregoing mailed by certified mail and e-mail this 4th day of February, 2020 to:

Kathryn Baillie
NAPIER, COURY & BAILLIE, P.C.
2525 E. Arizona Biltmore Circle, Suite 135
Phoenix, AZ 85016
Kathryn@napierlawfirm.com

Lisa Bert

CO2:co2 3721643.1 1/24/20203479709 3/21/2019

EXHIBIT 1

AMENDED PROCEDURES OF THE SURPRISE POLICE PUBLIC SAFETY PERSONNEL RETIREMENT LOCAL BOARD

A. Definitions

1. "A.R.S." means Arizona Revised Statutes.

2. "Administrator" means the Administrator of the Plan (including any persons authorized by the Administrator to act for the Administrator) acting for the benefit of the Board of Trustees as more particularly described in A.R.S. §38-848(L).

3. "Board of Trustees" has the meaning ascribed to that term in A.R.S. §38-842(8).

4. "Claim" means any request for relief under the Plan involving all questions of eligibility and service credits, which is properly before a Local Board for Decision, pursuant to A.R.S. § 38-847(D). A claim may include a request for temporary, normal, ordinary, survivor, accidental or catastrophic disability, or Plan benefits of any kind.

5. "Claimant" means a person who submits a Claim under the Plan, and includes (a) active, inactive or retired members of the Plan; (b) persons receiving survivor benefits under the Plan; and (c) persons who claim to be eligible for membership in the Plan.

6. "Decision" means (i) a separate written document setting forth the Local Board's action resolving a Claim; or (ii) any orders issued by a Local Board relating to a Claim, including orders denying a request for Rehearing or further relief. As required by A.R.S. §38-847(G), a Decision shall contain, at a minimum, (a) the name of the member affected by the Local Board's action; (b) a description of the action taken; and (c) an explanation of the reasons supporting the Local Board's action.

7. "Decision on Rehearing" means a Decision issued by the Local Board after a Rehearing.

8. "Employee" has the meaning ascribed to that term in A.R.S. §38-842 (27).

9. "Employer" means the City of Surprise, Arizona.

10. "Hearing" means the Local Board's initial public Meeting concerning a Claim, which is conducted in accordance with the Open Meeting Law and these Rules.

11. "Initial Decision" means the first Decision on a Claim issued by the Local Board.

12. "Local Board" means that public body described in A.R.S. §38-847 as constituted for the City of Surprise Police Department.

13. "Meeting" is a gathering of a quorum of the Local Board to conduct business and to hold Hearings and/or Rehearings, which is conducted in accordance with the Open Meeting Law and these Rules.

14. "Member" has the meaning ascribed to that term in A.R.S. §38-842(31).

15. "Minutes" means the written official record of the proceedings, including the testimony of witnesses.

16. "Non-Routine Claim" means any Claim that is not a Routine Claim, including, but not limited to, Claims for the following: (i) a "killed in the line of duty" survivor pension; (ii) an accidental disability pension; (iii) a catastrophic disability pension; (iv) an ordinary disability pension; (v) a temporary disability pension; or (vi) determinations for plan membership concerning whether the Employee is or was regularly assigned to hazardous duty.

17. "Notice" means a written Notice of Hearing or Rehearing, as applicable, which includes, at minimum: (i) a statement of the time, place and nature of the Hearing or Rehearing; (ii) a statement of the legal authority and jurisdiction under which the Local Board will be conducting the Hearing or Rehearing; (iii) a reference to the particular section(s) of the Arizona Revised Statutes (and/or any other applicable rules) involved in the particular matter presented for Decision; and (iv) a short and plain statement of the matters asserted by the Claimant or issues to be considered at the Hearing or Rehearing.

18. "Open Meeting Law" is that body of laws described in Title 38, Ch. 3, Article 3.1 of the Arizona Revised Statutes, which requires public bodies, such as the Local Board, to hold its meetings and conduct it activities in public, except in those limited circumstances described in A.R.S. §38-431.03.

19. "Party or Parties" means the Claimant, Local Board and Board of Trustees.

20. "Plan" means the Public Safety Personnel Retirement System, as described in A.R.S. §38-841 *et seq.*

21. "Pre-Membership Physical" means a medical examination of an Employee before the Employee joins the Plan, for the purpose of identifying physical or mental conditions or injuries, which existed or occurred prior to the Employee's date of membership in the Plan, pursuant to A.R.S. §38-859(A)(1).

22. "Presiding Officer" means the Chair or Acting Chair of the Local Board, who presides over any Meeting, Hearing or Rehearing.

23. "Rehearing" means a public Meeting before the Local Board that is conducted in accordance with the Open Meeting Law and these Rules, to consider a Claimant's

or the Board of Trustee's request that the Local Board reconsider its Initial Decision, as provided by A.R.S. §38-847(H).

24. "Routine Claim" means a Claim for any of the following: (i) a normal retirement pension; (ii) an early retirement pension; (iii) a normal survivor pension; (iv) a determination of eligibility for Plan membership other than that involving whether the Employee is or was regularly assigned to hazardous duty; (v) a survivor's pension that is not a "killed in the line of duty" survivor's pension; (vi) request for service credit; and (vii) initiation or termination of Deferred Retirement Option Plan participation.

25. "Secretary" means the person so designated and elected pursuant to A.R.S. §38-847(M), who is charged with keeping a record and preparing agendas, Minutes and Decisions of all Hearings and Rehearings of the Local Board. The Board Secretary has the authority to accept service of process for the Local Board.

26. "Subcommittee" or "Working Subcommittee" means a group of no more than two Local Board members appointed by the Board Chair to undertake Local Board business.

B. Purpose and Scope of Procedures

1. Board Responsibility. Pursuant to A.R.S. §38-847(D), the Local Board is responsible for deciding all questions of eligibility and service credits, and determining the amount, manner and time of payment of any benefits under the Plan. The Board of Trustees cannot pay any benefits under the Plan without the direction and approval of the Local Board.

2. Scope. These Rules govern all Claims before the Local Board for Decision, effective for any Claims brought, and any Hearing and Rehearing held, after the effective date of adoption of these rules by the Local Board. Effective July 1, 2017, and insofar as applicable, these Rules will govern disability and death benefit determinations entrusted to the Local Boards under the provisions of A.R.S. §§ 38-870.06 and 870.07, and will be construed consistently with the aims of those Sections.

3. Conflict. These Rules are authorized by A.R.S. §38-847(F) and supplement all authority of the Local Board specified in that statute. Should any of these Rules conflict with any provision of A.R.S. §38-847 or any other Arizona law, the provisions of Arizona law shall control.

C. Composition of the Board and Conduct of Meetings

1. Composition. Pursuant to statute, the Local Police Board is composed of the Mayor of the City of Surprise or his/her designee, two members elected by secret ballot by members of the Department, and two citizens who are appointed by the Mayor of

Surprise with approval of the City Council. In the event of a tied election during the secret ballot election process, there will be subsequent elections until there is a winner.

2. Chair. The Mayor or Mayor's designee shall serve as Chair of the Board. The Board may elect a Vice Chairperson to serve in the absence of the Chairperson. In the absence of the Chairperson or Vice Chairperson, an acting Chairperson will be elected by a majority vote of the Local Board.

3. Secretary. Human Resources Director or designee shall serve as the Local Board Secretary. The Local Board shall confirm the appointment of the Board Secretary.

4. Quorum. A quorum for the purpose of doing any business by the Local Police Board will be three (3) members. The Police Board requires at least one (1) of the employee members of the Police Department to be present to have a quorum.

5. Meetings, Minutes and Decisions. Meetings are generally held at 10:00 a.m. on the second Wednesday of the month but can be held at any time upon the call of the Chair, any two members of the Local Police Board, or the Secretary of the Local Police Board, with appropriate notice to the members of the Local Police Board and the public. The Local Police Board shall meet at least twice a year.

    a. Meetings are generally held at 16000 N. Civic Center Plaza, Surprise Arizona 85374, in the Council Overflow Room.

    b. The Secretary shall provide an agenda to the Local Board members in advance of any Meeting, describing the business to be addressed at such Meeting. The content of the agenda shall comply with the Open Meeting Law.

    c. Notice of all Meetings of the Local Police Board shall be given, and all Meetings and any executive sessions shall be conducted, in conformance with the Open Meeting Law.

    d. Provided the quorum is met, a majority vote of Local Board members present and eligible to vote shall govern any action taken.

    e. The Secretary shall cause appropriate Minutes to be taken of Local Board Meetings, and an electronic recording may be made of Meetings to facilitate preparation of such Minutes.

        i. Such electronic recording will be maintained at least until Minutes have been transcribed and approved by the Local Board.

        ii. So long as such action is in accordance with a Local Board's records retention, storage and destruction policy, the Secretary may destroy

the electronic recording of a Local Board Meeting after the Minutes of such Meeting have been approved. The Secretary will prepare and retain a certificate of destruction when any electronic recordings are destroyed.

f. The Secretary shall forward to the Board of Trustees (in care of the Administrator) a copy of each Local Board meeting minutes which include the Decision(s) on a Claim no later than twenty (20) business days after the Local Board takes action on such Claim, pursuant to A.R.S. §38- 847(G). Decisions shall be sent by certified mail to the Administrator as required by A.R.S. §38-847(H)(2). As required by A.R.S. §38-847(G), a Decision shall contain, at minimum: (i) the name of the member affected by the Local Board's action; (ii) a description of the action taken; and (iii) an explanation of the reasons supporting the Local Board's action, and (iv) all documents submitted to the Local Board for the action taken including the reports of a medical board.

g. Unless the Claimant is present at a Meeting at which the Local Board announces its Decision on a Claim, at the same time that the Secretary forwards the Decision to the Administrator, the Secretary shall forward the Local Board's Decision to the Claimant via certified mail, pursuant to A.R.S. §38-847(H)(1).

6. Documentation. In a location separate from any Personnel or Department files, the Local Board Secretary shall maintain files for each Claimant, containing public and confidential documents presented to the Local Board.

D. Pre-Membership Physical

1. Examination. Pursuant to A.R.S. §38-859(A)(1), the Local Police Board shall contract with a physician or clinic to conduct a Pre-Membership Physical of Employees, for the purpose of identifying physical or mental conditions or injuries, which existed or occurred prior to an Employee's date of membership in the Plan. The physician or clinic conducting a Pre-Membership Physical may be the regular employee or contractee of the Employer.

2. Appointment. The Employer Department, or the Secretary shall coordinate appointments for the Employee's Pre-Membership Physical.

3. Report. The physician or clinic retained to conduct an Employee's Pre-Membership Physical shall provide a written report of the results of the Pre-Membership Physical to the Secretary within 10 days after the examination. The Secretary shall file the report as a permanent record, as required by A.R.S. §38- 859(E).

4. No Pre-Existing Condition. If the physician or clinic's report on an Employee with respect to his pre-membership condition concludes that the Employee has no pre-

existing condition, the Secretary shall file the report as a permanent record, as required by A.R.S. §38-859(E) and the employee will receive a copy of his or her pre-employment physical.

5. Finding of Pre-Existing Condition. If the physician or clinic's report on an Employee with respect to his pre-membership condition concludes that the Employee has a pre-existing condition:

   a. The Secretary shall notify the Employee by certified mail that the physician or clinic has reported that the Employee has a pre-existing condition. The Employee shall have 30 days to submit additional documentation or comments to the Secretary before the physician or clinic's report is placed on an agenda for the Local Board's consideration.

   b. Reports concerning an Employee's pre-existing condition shall be placed on the Meeting agenda for recognition by the Local Board.

   c. The Secretary shall provide the Local Board with any additional documentation or comments submitted by an Employee regarding a physician or clinic's conclusion that an Employee has a pre-existing condition.

   d. The Local Board shall review the physician or clinic's report and any additional documentation submitted by the Employee at a Meeting. After review of the relevant documents, the Local Board will take any action the Local Board deems necessary and appropriate.

   e. The Secretary shall file all reports concerning an Employee's pre-existing condition(s) as a permanent record, as required by A.R.S. §38-859(E), along with any additional documentation and comments provided by the Employee, and appropriate records of any actions or determinations by the Local Board with respect to the same. In the event a Member whose Pre-Membership Physical revealed a pre-existing condition applies for an accidental, catastrophic, ordinary, or temporary disability pension, all such documentation related to the Member's pre-existing condition will be presented to the Local Board. If the Local Board determines that a Member's disability resulted from a physical or mental condition or injury, which existed or occurred prior to the Member's date of membership in the Plan, the Member shall not qualify for an accidental, catastrophic, ordinary, or temporary disability pension.

   f. Initial Membership. The Boards will make all determinations concerning System membership eligibility, subject to A.R.S. §38-847 (E). Effective July 1, 2017, the Boards will acknowledge elections made by newly-hired employees under A.R.S. §38-842.01, and take such action as is necessary to implement those elections.

E. **Initial Decision**

1. Submitting Claims. A Claimant may request that the Local Board issue an Initial Decision by presenting an application for benefits or service credit to the Secretary, using the prescribed Plan forms.

2. Content of Claims. If desired, a Claimant may supplement the application for benefits or service credit by submitting a letter to the Secretary. In order for any supplemental letter to be considered by the Local Board, such letter shall set forth: (i) the name and address of the Claimant; (ii) the name and address of the Claimant's attorney, if applicable; (iii) a brief statement of the facts forming the basis of the Claim, including any evidence relevant to the Local Board's Decision on the Claim; and (iv) the precise relief sought by the Claimant from the Local Board.

3. Routine Claims; Consent Agenda. A Local Board may authorize its Secretary to determine whether a Claim is to be treated by the Local Board as Routine or as Non-Routine, and to present Routine Claims as a "Consent Agenda" item. Ordinarily, the Secretary does not provide Notice of a Hearing to Claimants for Routine Claims on the Consent Agenda, because the Local Board generally approves Consent Agenda items summarily. If a Routine Claim on the Consent Agenda warrants discussion by the Local Board, the Claim may be deferred to a future Hearing in order to provide Notice to the Claimant.

4. Non-Routine Claims. All Non-Routine Claims are subject to this Section E concerning an Initial Decision. However, more detailed procedures for certain Non-Routine Claims, specifically disability benefit applications and reexamination of disability recipients, are set forth in Sections F and G of these Rules. Other Non-Routine Claims shall be placed on the agenda for consideration by the Local Board, after appropriate Notice to the Claimant.

5. Deadline for Scheduling a Hearing on Routine and Non-Routine Claims.

   a. Hearings are held at Meetings as provided by Section C (5) of these Rules.

   b. Unless the Claimant and all other parties to the Claim otherwise agree, the Local Board shall commence a Hearing on a Routine or Non-Routine Claim within ninety (90) days of its receipt of a Claim, pursuant to A.R.S. §38-847(D)(3).

   c. If the Local Board does not commence a Hearing on a Claim within ninety (90) days of its receipt of the Claim:

      i. The Claimant shall notify the Administrator and Secretary by letter sent by certified mail that the Local Board has failed to convene a

Hearing within ninety (90) days of the filing of a Claim.

ii. As provided by A.R.S. §38-847(D)(3), the relief demanded by the Claimant is deemed granted and approved by the Local Board. The granting and approval of this relief is considered final and binding unless a timely request for Rehearing or appeal is made, or unless the Board of Trustees determines that granting the relief requested would violate the Internal Revenue Code or threaten to impair the Plan's status as a qualified plan under the Internal Revenue Code. If the Board of Trustees determines that granting the requested relief would violate the Internal Revenue Code or threaten to impair the Plan's status as a qualified plan, the Board of Trustees may refuse to grant the relief by issuing a written determination, sent certified mail to the Local Board and the Claimant. The written determination issued by the Board of Trustees is subject to judicial review pursuant to Title 12, Chap. 7, Article 6.

iii. As provided in A.R.S. §38-847(H), the Board of Trustees may request a Rehearing within sixty (60) days after receiving notice from the Claimant by letter sent by certified mail that the Local Board has failed to convene a Hearing within ninety (90) days of the filing of a Claim. However, if the relief deemed granted and approved by the Local Board violates the Internal Revenue Code or threatens to jeopardize the Plan's status as a qualified plan under the Internal Revenue Code, no limitation period for the Board of Trustees to seek a Rehearing applies.

6. Issuance of Decision. When a Hearing is held within the deadlines set forth in Section E(5) of these Rules, the Secretary shall forward the Decision, Minutes and other necessary communications, as provided in Section C(5)(f)-(h) of these Rules.

7. Finality of Decision. Pursuant to A.R.S. §38-847, any Decision that is not inconsistent with the provisions of the Plan and the Internal Revenue Code shall be final, conclusive and binding on the Claimant and the Plan, unless a timely application for a rehearing is filed as provided in Section H of these Rules, or an appeal is filed. However, the Board of Trustees may not implement and comply with any Decision that does not comply with the Internal Revenue Code or that threatens to jeopardize the Plan's status as a qualified plan under the Internal Revenue Code, and under such circumstances, no limitation period for the Board of Trustees to seek a rehearing of a Decision applies. A final decision may be appealed to Maricopa County Superior Court for the State of Arizona within the periods specified in, and the manner provided by, the Arizona Revised Statutes (*see* A.R.S. §12-901 *et seq.*) and the rules adopted by the Maricopa County Superior and Appellate Courts of the State of Arizona.

F. Disability Benefit Applications

1. Disability Application. Upon presentation of a properly completed application for any of the disability pensions authorized by law, the Secretary will determine whether the Claimant has provided complete documentation supporting the Claim referenced in the application. If the information is incomplete, the Secretary shall request that the Claimant provide additional documentation and may assist the Claimant in identifying deficiencies or incomplete items in the application. The Secretary shall also obtain from the Employer any documentation contained in workers' compensation records. A confidential packet of medical information on the Claimant shall be prepared for distribution to Local Board members. When the Claimant's application is complete, the Claim shall be placed, as a separate item, on the agenda for a Meeting, pursuant to Section E(5) of these Rules.

2. Initial Hearing. At the initial Hearing on a Claim for disability benefits, the Local Board will determine whether the medical and other documentation submitted is sufficient for the Local Board to conclude that the statutory prerequisites are satisfied by the Claimant. If the statutory prerequisites are satisfied, pursuant to A.R.S. §38-859(A), the Local Board shall direct that a medical board be appointed to conduct an examination of the Claimant and to report to the Local Board the results of that examination. If the statutory prerequisites are not satisfied, the Local Board may deny the Claim based on a lack of evidence, either medical or otherwise, such as the Claimant's continued work status or the Claimant's performance of a reasonable range of duties. In the alternative, the Local Board may continue the Hearing on the matter to a date and time when any additional documentation requested by the Board is available.

3. Independent Medical Board. Pursuant to A.R.S. §38-859(B), medical boards appointed pursuant to A.R.S. §38-859(A)(2)-(5) shall be composed of a designated physician or a clinic other than a regular employee or contractee of the employer.

4. Mental Examinations. In the event of a psychological disability application, the Board will require the applicant to provide detailed information for any and all events giving rise to the claim for disability. The applicant must provide all doctor and counseling notes. The Board may also request that the employing department supply corroborating information on any and all events reported by the applicant. If an Internal Affairs (IA) investigation or other disciplinary action has commenced involving the applicant, the application process may be continued until the conclusion of the investigation or other action to determine if factors in the investigation or disciplinary action contributed to the claim. The Local Board will gather all relevant Worker's Compensation information related to the claim.

   The Local Board will refer the applicant in a psychological disability case to a medical board only after all relevant information has been obtained. The medical board will be asked to provide not only a diagnosis but also to project the likelihood of recovery. In a psychological disability case, the medical board will consist of a Board approved psychologist and psychiatrist. The psychologist will meet with the

Claimant first and issue a report containing his or her conclusions. The psychologist's report will then be forwarded to the psychiatrist, who will meet with the Claimant. After examination, the psychiatrist will issue a report to the Local Board containing his or her conclusions based on the medical evidence and the psychologist's report.

5. Prompt Hearing. If a medical board is appointed, the Secretary shall reconvene the Hearing at the first feasible Meeting after the Local Board members' receipt of the medical board's report, unless the Claimant requests in writing otherwise.

6. Disability Findings. Pursuant to A.R.S. §38-859(C), a finding of disability shall be based on medical evidence provided by the medical board appointed by the Local Police Board. The Local Board shall resolve material conflicts in the medical evidence. If required, the Local Board may employ other physicians or clinics to report on special cases. With the approval of the Local Board, a physician or clinic employed by the Local Board may employ occupational specialists to assist the physician or clinic in rendering an opinion.

7. Approval of Disability Claim. If a Claim for disability benefits is approved by the Local Board, the Secretary will obtain Employer certification of the Claimant's employment termination date and indicate the determination of the Board on the disability pension on proscribed Plan forms. If the Board Secretary cannot obtain certification of the termination of the Claimant's employment within forty-five (45) days after the Local Board's approval, the Claimant's application for disability benefits will be considered withdrawn. Until such time as the Claimant has terminated employment with his Employer, the Local Board shall not consider any further Claim by the Claimant for disability benefits.

8. Denial of Disability Claim. If a Claim for disability benefits is denied by the Local Board, and the Claimant is not present at the Meeting, the Secretary will notify the Claimant in writing by certified mail of the Decision of the Board, the reasons for the Decision, and the Claimant's rights to a Rehearing.

G. Reexamination of Disability Recipients

1. Catastrophic Disability Benefits Pursuant to A.R.S. § 38-844(F)

   a. Sixty (60) months after approval of a Catastrophic Disability, the Local Police Board must undertake a re-evaluation of a Member receiving catastrophic disability benefits to determine whether the Member remains qualified for such benefits, as specified in A.R.S. §38-844(F).

   b. After the initial sixty (60) month review, the Local Board is empowered to undertake an annual reevaluation of Members receiving catastrophic disability benefits, who, had they remained in employment, would not have attained 25 years of service.

c. On an on-going basis, the Secretary will prepare a list of Members receiving catastrophic disability benefits who may be required to undergo an annual reevaluation pursuant to Section G(1)(b) of these Rules.

d. At the direction of the Chair, a Subcommittee of the two elected members of the Local Board shall review the list of Members prepared pursuant to Section G(1)(c), and report the Subcommittee's recommendations regarding medical reevaluation of such Members to the Local Board.

e. The Secretary shall place the issue of re-examination of a Member receiving catastrophic disability benefits on an appropriate Meeting agenda as a separate item.

2. Accidental and Ordinary Disability Benefits Pursuant to A.R.S. § 38-844(E).

a. In its discretion, the Local Board may require Members receiving accidental or ordinary disability benefits to undergo an annual medical examination to determine whether they are still disabled and therefore, qualified for continued disability benefits.

b. On an on-going basis, the Secretary will prepare a list of Members receiving accidental and ordinary disability benefits who may be required to undergo an annual medical reevaluation pursuant to Section G(2)(a) of these Rules.

c. At the direction of the Chair, a Subcommittee of the two elected Members of the Local Board shall review the list of Members prepared pursuant to Section G(2)(b), and report the Subcommittee's recommendations regarding medical reevaluation of such Members to the Local Board.

3. Medical Boards Appointed Pursuant to A.R.S. § 38-859.

a. The Local Police Board shall appoint a medical board to examine any Member required to obtain, or selected for, reevaluation pursuant to Sections G(1), (2) of these Rules. If the Member refuses to submit to the medical board reevaluation, the Member's disability shall be considered to have ceased and the Member's disability pension terminated.

b. A formal report of the medical board on the results of the reevaluations referenced in Section G(3)(a) above shall be submitted to the Local Board. The Local Board shall review any such report at the first scheduled Meeting after receipt of the report, and shall take any action warranted, as permitted by the relevant statutes.

H. Rehearings

1. Application for Rehearing.

   a. A Claimant's application for Rehearing must be filed within sixty (60) days after the Claimant receives notification of the Initial Decision by certified mail, by attending the Meeting at which the Initial Decision is rendered, or by receiving benefits from the Plan pursuant to the Initial Decision, whichever occurs first.

   b. The Board of Trustee's application for Rehearing must be filed within sixty (60) days after the Board of Trustees receives a copy of the Initial Decision by certified mail.

2. Rehearings Granted. The Local Police Board will conduct a Rehearing of any matter upon proper and timely application by a Claimant or the Board of Trustees, pursuant to A.R.S. §38-847(H).

3. Preparation of Preliminary Record. Upon receipt of a proper and timely application for Rehearing, the Secretary shall prepare a packet consisting of all documents and other tangible items of evidence made available to the Local Board with respect to the underlying issues. The Secretary may obtain a written transcript of any previous proceedings of the Local Board in connection with the matter, for inclusion in such packet. The Rehearing packet shall be made available to Local Board members and shall be provided to all Parties to the Rehearing. This packet of materials shall constitute the preliminary record for the Rehearing.

4. Scheduling of Rehearing. When the preliminary record is complete, the Secretary will schedule the Rehearing for the next scheduled Meeting or for such other date and time as may be determined but no later than 90 (ninety) days after receipt of either the Claimant's or the Board of Trustees' application/request for Rehearing. Rehearings are not subject to the time limitations set forth in Section E(5) of these Rules.

5. Local Board Action on Rehearing. At or after the conclusion of the Rehearing, the Local Board may vote to uphold, rescind or modify its Initial Decision.

6. Issuance of Decision on Rehearing. When a Rehearing is held, the Secretary shall forward the Decision on Rehearing, Minutes of Rehearing and other necessary communications, as provided in Section C(5)(f)-(h) of these Rules.

7. Finality. Pursuant to A.R.S. §38-847, any Decision on Rehearing that is not inconsistent with the provisions of the Plan and the Internal Revenue Code shall be final, conclusive and binding on the Claimant and the Plan, unless a timely appeal is filed. However, the Board of Trustees may not implement and comply with any Decision on Rehearing that does not comply with the Internal Revenue Code or that threatens to jeopardize the Plan's status as a qualified plan under the Internal Revenue Code. A final Decision on Rehearing may be appealed to the Maricopa

County Superior Court for the State of Arizona within the periods specified in, and the manner provided by, the Arizona Revised Statutes (*see* A.R.S. §12-901 *et seq.*) and the rules adopted by the Maricopa County Superior and Appellate Courts of the State of Arizona.

I. General Provisions Applicable to All Hearings and Rehearings

1. Review of Medical Records. The Local Police Board shall review and discuss any confidential medical records in executive session only, unless the Claimant or Member waives the confidentiality requirement with respect to any confidential medical records by completing a confidentiality waiver.

2. Exclusion of Evidence. The Presiding Officer may preclude the presentation of argumentative, repetitious or irrelevant facts or questioning in any proceeding on a Claim.

3. Informal Proceedings. All Hearings and Rehearings shall be conducted in an informal manner and without adherence to the rules of procedure or evidence required in judicial proceedings. The manner of conducting the Hearing or Rehearing, rulings on evidentiary or procedural objections, and the failure to adhere to rules of procedure or evidence required in judicial proceedings shall not be grounds for reversing a Decision of the Local Board, provided substantial evidence supports such order or Decision.

4. Notice of the Truth of Widely-Known and Accepted Facts. The Presiding Officer may take notice of the truth of certain widely known and accepted facts, including generally recognized technical, statistical, actuarial or scientific facts within the Local Board's specialized knowledge. Parties shall be notified, either before or during the Hearing or Rehearing, of any widely known and generally accepted facts noticed as true, including any staff memoranda or data. Parties shall be afforded an opportunity to contest any material so noticed. The Local Board's experience, technical competence and specialized knowledge may be utilized in its evaluation of all evidence. The Local Board shall be entitled to consider and rely on as true information furnished by the Employer, Administrator, the Local Board's independent legal counsel or the Plan's actuary.

5. Failure to Appear at Hearing. In the event a Claimant (and the Claimant's counsel, if any) fails to appear at a duly noticed Hearing or Rehearing, in its discretion, the Local Board may enter a Decision by default or vacate the Hearing or Rehearing. If a witness fails to appear at a duly noticed Hearing or Rehearing, in his discretion, the Presiding Officer may exclude the witness' testimony or reschedule the Hearing or Rehearing.

6. Limitation of Issues. All Hearings and Rehearings shall be limited to matters referenced in the Claim and any request for Rehearing filed by any Party.

7. Record of Proceedings. All Hearings and Rehearings shall be recorded by electronic means and at the Local Board's expense. A copy of the recorded Hearing or Rehearing will be provided to the Claimant and all other interested Parties upon request. Parties are responsible for obtaining their own transcription of a recorded Hearing or Rehearing, although a Local Board may provide such a transcription in its discretion. In addition to any electronic recording of the proceedings, the Local Board shall include all relevant written records as part of the official record of the Hearing or Rehearing.

8. Evidence on Claims. The Claimant and Administrator shall be afforded equal time to state their positions.

9. Subpoenas; Depositions. To facilitate the collection and presentation of evidence with respect to any matter before the Local Board, the Presiding Officer may authorize subpoenas and depositions of witnesses.

10. Consultation among Members. The Presiding Officer may consult on the record with the other members of the Local Board. The Local Board may consult in executive session with the Local Board's legal counsel so long as all requirements of the Open Meeting Law are satisfied. The Local Board may also go into executive session for any lawful reason, including the need to preserve the confidentiality of medical information. However, all Decisions of the Local Board shall be made in open, public session of the Local Board.

11. Submission of Evidence. The Claimant must submit to the Secretary within ten (10) working days of the Hearing or Rehearing any documents the Claimant wishes to introduce into the record, including doctor reports and other written evidence. Documents received by the Secretary less than ten (10) working days before a Hearing or Rehearing may cause a delay in the Hearing or Rehearing. Information and documents presented on the date of the Hearing or Rehearing will be reason for the Presiding Officer to call for a motion to continue the Hearing or Rehearing to a later date.

12. Public Participation. The Open Meeting Law governs public participation in Hearings and Rehearings.

13. No Rehearing on Remand. A Hearing before the Local Board on a matter remanded from the Maricopa County Superior Court is not subject to a Rehearing before the Local Board. However, the Local Board may consider new evidence or review items remanded by the Maricopa County Superior Court.

J. Local Board Conduct

1. Attendance. Local Board Members will attend all hearings, unless an absence is unavoidable. If a Local Board member cannot attend a meeting he or she shall contact Local Board chairperson or Secretary to request as excused absence. The

chairperson will make a determination if the absence is excused.

More than three (3) unexcused absences in twelve (12) month period will be reported to the appointing authority for consideration for possible member replacement.

2. Voting. If a member has missed meetings where important discussions have occurred regarding the matter the Chairperson may request the member to consider abstaining from the vote if it is felt they have not heard all of the facts. The final Decision to abstain will be the members.

3. Conflicts. Occasionally conflicts will occur and be brought before the Local Board by a Local Board member or member/applicant.

   a. If a Local Board member feels he or she has a conflict or cannot be impartial, the member will identify the item on the agenda and be recused from any participation or discussion on the matter. The member will leave the meeting room during any discussion or action on this matter.

   b. If the Local Board member is the Chairperson they will appoint a Vice-Chairperson during all actions on this matter.

   c. If a member/Claimant feels a Local Board member has a conflict they must address their concerns to the Local Board in open meeting. The Local Board member will be allowed to address the concerns and the final Decision to recuse will be made by the Local Board member.

   d. In some cases the conflicts may only be of perception. In these cases, the Local Board member may determine that he or she has no conflict but for reasons of public perception it would be better to be recused from the matter.

4. Confidentiality. In application for disability retirement Local Board members will be allowed to review the member's medical evidence. All medical evidence obtained for review will be retained in a confidential medical packet for review by members and not be subject to public review.

   a. A member may waive their right to allow discussion of the medical evidence in open meeting. In doing so some of the medical information discussed may become public information. However, unless the medical evidence is introduced into the record the actual files will remain confidential.

   b. The independent medical exam will be the basis for any action to grant a disability retirement and is considered.

EXHIBIT 2

Kathryn R.E. Baillie, State Bar No. 025355
Kathryn@Napierlawfirm.com
NAPIER, COURY & BAILLIE, P.C.
2525 East Arizona Biltmore Circle, Suite 135
Phoenix, AZ 85016
Telephone: (602) 248-9107
Attorneys for Glenn Cannon

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
LOCAL POLICE BOARD, SURPRISE, ARIZONA

In the Matter of:

GLENN CANNON,

Applicant.

MOTION FOR A RECONSIDERATION ON THE MATTER OF ACCIDENTAL DISABILITY

COMES NOW, Applicant, Glenn Cannon, by and through counsel undersigned, respectfully request to be heard on his Motion for Reconsideration of his Accidental Disability. For the following reasons we are respectfully requesting a reconsideration:

FACTS

On November 7, 2019, Glenn Cannon, applicant, was notified by Ms. Kirsten Riege that his PSPRS hearing was scheduled for November 13, 2019. Ms. Riege never notified Cannon's counsel, although a notice of appearance is on file with the Local PSPRS Police Board. On the same day, a Request to Continue the matter was generated and the same was hand delivered to Ms. Riege requesting another date due to Glenn Cannon's attorney being unavailable on November 13, 2019 due to another hearing being scheduled.

On November 13, 2019, the Surprise Local Police Board met and denied Glenn Cannon's request for a continuance and denied the Glenn Cannon's application.

CONCLUSION

On November 14, 2019 a certified letter was received from Ms. Riege providing notice of the denial of his application for an Accidental Disability Retirement. Pursuant to A.R.S. §38-847 applicant, Glenn Cannon, is requesting a rehearing before the Local Police Board of Surprise.

RESPECTFULLY SUBMITTED this 8th day of January 2020.

NAPIER, COURY & BAILLIE, P.C

Kathryn R. E. Baillie
2525 East Arizona Biltmore Circle
Suite 135
Phoenix, Arizona 85016
Attorney for Glenn Cannon

CERTIFICATE OF SERVICE

ORIGINAL Hand Delivered and Emailed this 8th day of January, 2020 with:

Attn: Kirsten Riege, Secretary
City of Surprise
Police PSPRS Local Board
16000 N. Civic Center, Plaza
Surprise, Arizona 85374
Kirsten.Riege@surpriseaz.gov

By:

NAPIER,
COURY & BAILLIE,P.C.
2525 E Arizona Biltmore Cir
Suite 135
Phoenix, AZ 85016
602-248-9107

CITY OF SURPRISE
Public Safety Personnel Retirement System - Police

Council Meeting Date: February 12, 2020
Submitting Department: Human Resources
Staff Recommendations:

Contact Person:
District: Citywide

Consent: No Regular: Yes Public Hearing: No Report/Discussion: No

Agenda Wording:
Consideration and action pertaining to the acceptance of three (3) new police officers into the PSPRS system.

Motion:
I move to accept/deny three (3) new police officers, Melissa Chavez, Ann Huskey Travis Karpuleon, each with no pre-existing conditions, into the PSPRS system.

Background:
N/A

Objective Analysis:
N/A

Policy Compliant:
N/A

Financial Impact:
N/A

Budget Impact:
N/A

FTE Impact:
N/A

ATTACHMENTS:

CITY OF SURPRISE
Public Safety Personnel Retirement System - Police

Council Meeting Date: February 12, 2020
Submitting Department: Human Resources
Staff Recommendations:

Contact Person:
District: Citywide

Consent: No Regular: Yes Public Hearing: No Report/Discussion: No

Agenda Wording:
Discussion and action pertaining to the retention of legal services of Carrie L. O'Brien.

Motion:
I move to retain/end the legal services of Carrie L. O'Brien as PSPRS Local Police Board Legal Counsel.

Background:
Item added by Ian Murton with a second signature from Severin Hall

Objective Analysis:
N/A

Policy Compliant:
N/A

Financial Impact:
N/A

Budget Impact:
N/A

FTE Impact:
N/A

ATTACHMENTS:

CITY OF SURPRISE
Public Safety Personnel Retirement System - Police

Council Meeting Date: February 12, 2020
Submitting Department: Human Resources
Staff Recommendations:

Contact Person:
District: Citywide

Consent: No Regular: Yes Public Hearing: No Report/Discussion: No

Agenda Wording:
Discussion and action pertaining to the comparison of PSPRS Local Police Board Rules against PSPRS Revised Model Uniform Rules

Motion:
I move to rescind and nullify all current bylaws of the City of Surprise PSPRS Local Police Board and adopt in their place the new rules for the City of Surprise PSPRS Local Police Board that have been developed to align with the current PSPRS Model Rules, including changes recommended by the Board.

Background:
N/A

Objective Analysis:
N/A

Policy Compliant:
N/A

Financial Impact:
N/A

Budget Impact:
N/A

FTE Impact:
N/A

ATTACHMENTS:
1. Comparison Surprise PSPRS Board Rules-1-2020
2. Surprise Police Board Rules-1-2020

~~*AMENDED* PROCEDURES OF THE~~
~~SURPRISE~~**City of Surprise**
~~POLICE PUBLIC SAFETY PERSONNEL RETIREMENT LOCAL BOARD~~
Public Safety Personnel Retirement System
Local Police Board Rules
Adopted Pursuant to A.R.S. § 38-847(F)

A. ~~Defmitions~~**Definitions**

1. "A.R.S." means Arizona Revised Statutes.

2. "Administrator" means the Administrator of the Plan (including any persons authorized by the Administrator to act for the Administrator) acting for the benefit of the Board of Trustees as more particularly described in A.R.S. §38-848(L).

3. "Board of Trustees" has the meaning ascribed to that term in A.R.S. §38-842(8).

4. "Claim" means any request for relief under the Plan involving all questions of eligibility and service credits, which is properly before a Local **Police** Board for Decision, pursuant to A.R.S. § 38-847(D)~~. A claim may include a request for temporary, normal, ordinary, survivor, accidental or catastrophic disability, or Plan benefits of any kind~~.

5. "Claimant" ~~means a person who submits a Claim under the Plan, and includes (a) active, inactive or retired members of the Plan; (b) persons receiving survivor benefits under the Plan; and (c) persons who claim to be eligible for membership in the Plan.~~**has the meaning ascribed to that term in A.R.S. § 38-842(11).**

6. "Decision" means (i) a separate written document setting forth the Local **Police** Board's action resolving a Claim; or (ii) any orders issued by a Local **Police** Board relating to a Claim, including orders denying a request for Rehearing or further relief. As required by A.R.S. §38-847(G), a Decision shall contain, at a minimum, (a) the name of the member affected by the Local **Police** Board's action; (b) a description of the action taken; and (c) an explanation of the reasons supporting the Local **Police** Board's action.

7. "Decision on Rehearing" means a Decision issued by the Local **Police** Board after a Rehearing.

8. "Employee" has the meaning ascribed to that term in A.R.S. §38-842 (27).

9. "Employer" **has the meaning ascribed to that term in A.R.S. § 38-842(28) and** means the City of Surprise, Arizona.

10. "Hearing" means the Local **Police** Board's initial public Meeting concerning a Claim, which is conducted in accordance with the Open Meeting Law and these Rules.

11. "Initial Decision" means the first Decision on a Claim issued by the Local **Police** Board.

12. "Local **Police** Board" means ~~that~~**the** public body described in A.R.S. §38-~~847 as constituted for the City of Surprise Police Department.~~**847.**

13. "Meeting" is a gathering of a quorum of the Local **Police** Board to conduct business and to hold Hearings and/or Rehearings, which is conducted in accordance with the Open Meeting Law and these Rules.

14. "Member" has the meaning ascribed to that term in A.R.S. §38-842(31).

15. "Minutes" means the written official record of the proceedings, including the testimony of witnesses.

16. "Non-Routine Claim" means any Claim that is not a Routine Claim, including, but not limited to, Claims for the following: (i) a "killed in the line of duty" survivor pension; (ii) an accidental disability pension; (iii) a catastrophic disability pension; (iv) an ordinary disability pension; (v) a temporary disability pension; or (vi) determinations for plan membership concerning whether the Employee is or was regularly assigned to hazardous duty.

17. "Notice" means a written Notice of Hearing or Rehearing, as applicable, which includes, at minimum: (i) a statement of the time, place and nature of the Hearing or Rehearing; (ii) a statement of the legal authority and jurisdiction under which the Local **Police** Board will be conducting the Hearing or Rehearing; (iii) a reference to the particular section(s) of the Arizona Revised Statutes (and/or any other applicable rules) involved in the particular matter presented for Decision; and (iv) a short and plain statement of the matters asserted by the Claimant or issues to be considered at the Hearing or Rehearing.

18. "Open Meeting Law" is that body of laws described in Title 38, Ch. 3, Article 3.1 of the Arizona Revised Statutes, which requires public bodies, such as the Local **Police** Board, to hold its meetings and conduct it activities in public, except in those limited circumstances described in A.R.S. §38-431.03.

19. "Party or Parties" means the Claimant, Local **Police** Board and Board of Trustees.

20. "Plan" means the Public Safety Personnel Retirement System, as described in A.R.S. §38-841 *et seq.*

21. "Pre-Membership Physical" means a medical examination of an Employee before the Employee joins the Plan, for the purpose of identifying physical or mental conditions or injuries, which existed or occurred prior to the Employee's date of membership in the Plan, pursuant to A.R.S. §38-859(A)(l).

22. "Presiding Officer" means the Chair**, Vice-Chair, in the absence of the Chair,** or Acting Chair of the Local **Police** Board, who presides over any Meeting, Hearing or Rehearing.

23. "Rehearing" means a public Meeting before the Local **Police** Board that is conducted in accordance with the Open Meeting Law and these Rules, to consider a Claimant's

or the Board of Trustee's request that the Local Board reconsider its Initial Decision, as provided by A.RS. §38-847(H).

24. "Routine Claim" means a Claim for any of the following: (i) a normal retirement pension; (ii) an early retirement pension; (iii) a normal survivor pension; (iv) a determination of eligibility for Plan membership other than that involving whether the Employee is or was regularly assigned to hazardous duty; (v) a survivor's pension that is not a "killed in the line of duty" survivor's pension; (vi) request for service credit; and (vii) initiation or termination of Deferred Retirement Option Plan participation.

25. "Secretary" means the person so designated and elected pursuant to A.R.S. §38-847(M), who is charged with keeping a record and preparing agendas, Minutes and Decisions of all Hearings and Rehearings of the Local **Police** Board. The Board Secretary has the authority to accept service of process for the Local **Police** Board.

26. "Subcommittee" or "Working Subcommittee" means a group of no more than two Local **Police** Board members appointed by the Board Chair to undertake Local **Police** Board business.

B. Purpose and Scope of Procedures

1. Board Responsibility. Pursuant to A.R.S. §38-847(D), the Local **Police** Board is responsible for deciding all questions of eligibility and service credits, and determining the amount, manner and time of payment of any benefits under the Plan. The Board of Trustees cannot pay any benefits ~~ooder~~**under** the Plan without the direction and approval of the Local **Police** Board.

2. Scope. These Rules govern all Claims before the Local **Police** Board for Decision, effective for any Claims brought, and any Hearing and Rehearing held, after the effective date of adoption of these rules by the Local **Police** Board. ~~Effective July 1,2017, and insofar as applicable, these Rules will govern disability and death benefit determinations entrusted to the Local Boards under the provisions of A.RS. §§ 38-870.06 and 870.07, and will be construed consistently with the aims of those Sections.~~

3. Conflict. These Rules are authorized by A.R.S. §38-847(F) and supplement all authority of the Local **Police** Board specified in that statute. Should any of these Rules conflict with any provision of A.R.S. §38-847 or any other Arizona law, the provisions of Arizona law shall control. **If PSPRS promulgates revised Model Rules for Local Boards and a conflict exists with these Rules, the revised Model Rules shall prevail.**

4. Amendment. These Rules may be amended by a majority vote of the Police Board at a public meeting.

C. Composition of the Board and Conduct of Meetings

1. Composition. **The membership of the Local Police Board is set forth in A.R.S. § 38-847(A).** Pursuant to statute, the Local Police Board is composed of the Mayor of the

City of Surprise or his/her designee, two members elected by secret ballot by members of the Department, and two citizens who are appointed by the Mayor of

Surprise with approval of the City Council. In the event of a tied election during the secret ballot election process, there will be subsequent elections until there is a winner.

2. Chair. The Mayor or Mayor's designee shall serve as Chair of the Board. The Board may elect a Vice Chairperson to serve in the absence of the Chairperson. In the absence of the Chairperson or Vice Chairperson, an acting Chairperson will be elected by a majority vote of the Local **Police** Board.

3. Secretary. ~~Human Resources Director or designee shall serve as the Local Board Secretary. The Local Board shall confirm the appointment of the Board Secretary.~~**Pursuant to A.R.S. § 38-847(M), the Local Police Board shall designate a Secretary who may, but need not, be a member of the Local Police Board. If a vacancy occurs for the Secretary, the Local Police Board shall designate a new Secretary at the next Local Police Board meeting after the vacancy occurs.**

4. Quorum. A quorum for the purpose of doing ~~any business~~**any business** by the Local Police Board will be three (3) members. The Police Board requires at least one (1) of the employee members of the Police Department to be present to have a quorum.

5. Agendas. Any item may be placed on the agenda with the consent of two members of the Local Police Board. Any agenda items must be received by the Board Secretary no later than seven (7) days prior to the meeting in order to be placed on the agenda so in order to meet administrative deadlines for the City Clerk's Office.

6. ~~5.~~ Meetings, Minutes and Decisions. Meetings are generally held at 10:00 a.m. on the second Wednesday of the month but can be held at any time upon the call of the Chair, any two members of the Local Police Board, or the Secretary of the Local Police Board, with appropriate notice to the members of the Local Police Board and the public. The Local Police Board shall meet at least twice a year.

a. Meetings are generally held at 16000 N. Civic Center Plaza, Surprise Arizona 85374, in the Council Overflow Room.

b. The Secretary shall provide an agenda to the Local **Police** Board members in advance of any Meeting, describing the business to be addressed at such Meeting. The content of the agenda shall comply with the Open Meeting Law.

c. Notice of all Meetings of the Local Police Board shall be given, and all Meetings and any ~~executiv{'.~~**executive** sessions shall be conducted~~,~~ in conformance with the Open Meeting Law.

d. Provided the quorum is ~~met~~**present**, a majority vote of Local **Police** Board members present and eligible to vote shall govern any action taken.

e. Local Police Board members not present in person may attend by telephone or other electronic means permitting meaningful participation in accordance with the Open Meeting Law.

f. ~~e.~~ The Secretary shall cause appropriate Minutes to be taken of Local **Police** Board Meetings, and an electronic recording may be made of Meetings to facilitate preparation of such Minutes.

g. ~~i. Such~~**The** electronic recording ~~will~~**shall** be maintained ~~at least until Minutes have been transcribed and approved by the Local Board.ii. So long as such action is~~ in accordance with ~~a Local Board's records retention, storage and destruction policy, the Secretary may destroy~~**the City of Surprise's record retention schedule.**

~~the electronic recording of a Local Board Meeting after the Minutes of such Meeting have been approved. The Secretary will prepare and retain a certificate of destruction when any electronic recordings are destroyed.~~

h. ~~f.~~ The Secretary shall forward to the Board of Trustees (in care of the Administrator) a copy of each Local **Police** Board meeting minutes which include the Decision(s) on a Claim no later than twenty (20) business days after the Local **Police** Board takes action on such Claim, pursuant to A.R.S. § 38-847(G). Decisions shall be sent by certified mail to the Administrator as required by A.R.S. § 38-847(H)(2). As required by A.R.S. § 38-847(G), a Decision shall contain, at minimum: (i) the name of the member affected by the Local **Police** Board~~'~~**'**s action; (ii) a description of the action taken; and (iii) an explanation of the reasons supporting the Local **Police** Board's action, and (iv) all documents submitted to the Local **Police** Board for the action taken including the reports of a medical board.

i. **The Secretary shall forward all other Minutes to the Board of Trustees, in care of the Administrator, within twenty (20) days after each Local Police Board Meeting, and forward all necessary communications to the Board of Trustees, in care of the Administrator, pursuant to A.R.S. § 38-847(M).**

j. ~~g.~~ Unless the Claimant is present at a Meeting at which the Local **Police** Board announces its Decision on a Claim, at the same time that the Secretary forwards the Decision to the Administrator, the Secretary shall forward the Local **Police** Board's Decision to the Claimant via certified mail, pursuant to A.R.S. §38-847(H)(~~1~~**1**).

7. ~~6.~~ Documentation. ~~In a~~**In a** location separate from any Personnel or Department files, the Local **Police** Board Secretary shall maintain files for each Claimant, containing public and confidential documents presented to the Local **Police** Board.

8. **Parliamentary Procedure. In matters of procedure not covered by law or these rules and where no conflict exists, the Local Police Board shall be guided by Robert's Rules of Order.**

9. **Independent Legal Counsel. In accordance with A.R.S. § 38-847(N), the Local Police Board shall be represented by independent legal counsel who shall be independent of the City of Surprise and any employee organization or member. Independent legal counsel shall be selected independently by the Local Police Board in accordance with Local Surprise Ordinance INSERT NEW ORDINANCE NUMBER. Independent legal counsel shall be paid by the City of Surprise.**

D. **Pre-Membership Physical**

1. Examination. Pursuant to A.R.S. §38-859(A)(l), the Local Police Board shall contract with a physician or clinic to conduct a Pre-Membership Physical of Employees, for the purpose of identifying physical or mental conditions or injuries, which existed or occurred prior to an Employee's date of membership in the Plan. The physician or clinic conducting a Pre-Membership Physical may be the regular employee or contractee of the ~~Employer~~**City of Surprise**.

2. Appointment. The ~~Employer Department~~**City of Surprise**, or the Secretary shall coordinate appointments for the Employee's Pre-Membership Physical.

3. Report. The physician or clinic retained to conduct an Employee's Pre-Membership Physical shall provide a written report of the results of the Pre-Membership Physical to the Secretary within 10 days after the examination. The Secretary shall file the report as a permanent record, as required by A.R.S. §38- 859(E).

No Pre-Existing Condition. ~~If the~~**If the** physician or clinic's report on an Employee with respect to his pre-membership condition concludes that the Employee has no pre-existing condition, the Secretary shall file the report as a permanent record, as required by A.R.S. §38-859(E) and the employee will receive a copy of his or her pre-employment physical.

4. Finding of Pre-Existing Condition. If the physician or clinic's report on an Employee with respect to his pre-membership condition concludes that the Employee has a pre-existing condition:

   a. The Secretary shall notify the Employee by certified mail that the physician or clinic has reported that the Employee has a pre-existing condition. The Employee shall have 30 days to submit additional documentation or comments to the Secretary before the physician or clinic's report is placed on an agenda for the Local **Police** Board's consideration.

   b. Reports concerning an Employee's pre-existing condition shall be placed on the Meeting agenda for recognition by the Local **Police** Board.

   c. The Secretary shall provide the Local **Police** Board with any additional

documentation or comments submitted by an Employee regarding a physician or clinic's conclusion that an Employee has a pre-existing condition.

d. The Local **Police** Board shall review the physician or clinic's report and any additional documentation submitted by the Employee at a Meeting. After review of the relevant documents, the Local **Police** Board will take any action the Local **Police** Board deems necessary and appropriate.

e. The Secretary shall file all reports concerning an Employee's pre-existing condition(s) as ~~a permanent~~**a permanent** record, ~~as required~~**as required** by A.R.S. §38-859(E), along with any additional documentation and comments provided by the Employee, and appropriate records of any actions or determinations by the Local **Police** Board with respect to the same. In the event a Member whose Pre- Membership Physical revealed a pre-existing condition applies for an accidental, catastrophic, ordinary, or temporary disability pension, all such documentation related to the Member' s pre-existing condition will be presented to the Local **Police** Board. **I**f the Local **Police** Board determines that a Member's disability resulted from a physical or mental condition or injury, which existed or occurred prior to the Member's date of membership in the Plan, the Member shall not qualify for an accidental, catastrophic, ordinary, or temporary disability pension.

~~f. Initial Membership. The Boards will make all determinations concerning System membership eligibility, subject to A.R.S. §38-847 (E). Effective July 1, 2017, the Boards will acknowledge elections made by newly hired employees under A.R.S. §38-842.01, and take such action as is necessary to implement those elections.~~

E. **Initial Decision**

1. Submitting Claims. A Claimant may request that the Local **Police** Board issue an Initial Decision by presenting an application for benefits or service credit to the Secretary, using the prescribed Plan forms.

2. Content of Claims. **I**f desired, a Claimant may supplement the application for benefits or service credit by submitting a letter to the Secretary. In order for any supplemental letter to be considered by the Local **Police** Board, such letter shall set forth:~~(i)~~ **(i)** the name and address of the Claimant; (ii) the name and address of the Claimant's attorney, if applicable; (iii) a brief statement of the facts forming the basis of the Claim, including any evidence relevant to the Local **Police** Board's Decision on the Claim; and (iv) the precise relief sought by the Claimant from the Local **Police** Board.

3. Routine Claims~~:~~**;** Consent Agenda. A Local **Police** Board may authorize its Secretary to determine whether a Claim is to be treated by the Local **Police** Board as Routine or as Non-Routine, and to present Routine Claims as a "Consent Agenda" item. Ordinarily, the Secretary does not provide Notice of a Hearing to Claimants for Routine Claims on the Consent Agenda, because the Local **Police**

Board generally approves Consent Agenda items summarily. If a Routine Claim on the Consent Agenda warrants discussion by the Local **Police** Board, the Claim may be deferred to a future Hearing in order to provide Notice to the Claimant.

4. Non-Routine Claims. All Non-Routine Claims are subject to this Section E concerning an Initial Decision. However, more detailed procedures for certain Non-Routine Claims, specifically disability benefit applications and reexamination of disability recipients, are set forth in Sections F and G of these Rules. Other Non-Routine Claims shall be placed on the agenda for consideration by the Local **Police** Board, after appropriate Notice to the Claimant.

5. Deadline for Scheduling a Hearing on Routine and Non-Routine Claims.

   a. Hearings are held at Meetings as provided by Section C (5) of these Rules.

   b. Unless the Claimant and all other parties to the Claim otherwise agree, the Local **Police** Board shall commence a Hearing on a Routine or Non-Routine Claim within ninety (90) days of its receipt of a Claim, pursuant to A.R.S. §38- 847(D)(3).

   c. ~~If the~~**If the** Local **Police** Board does not commence a Hearing on a Claim within ninety (90) days of its receipt of the Claim:

      i. The Claimant shall notify the Administrator and Secretary by letter sent by certified mail that the Local **Police** Board has failed to convene a Hearing within ninety (90) days of the filing of a Claim.

      ~~ii.~~**ii.** As provided by A.R.S. §38-847(D)(3), the relief demanded by the Claimant is deemed granted and approved by the Local **Police** Board. The granting and approval of this relief is considered final and binding unless a timely request for Rehearing or appeal is made, or unless the Board of Trustees determines that granting the relief requested would violate the Internal Revenue Code or threaten to impair the Plan's status as a qualified plan under the Internal Revenue Code. If the Board of Trustees determines that granting the requested relief would violate the Internal Revenue Code or threaten to impair the Plan's status as a qualified plan, the Board of Trustees may refuse to grant the relief by issuing a written determination, sent certified mail to the Local **Police** Board and the Claimant. The written determination issued by the Board of Trustees is subject to judicial review pursuant to Title 12, Chap. 7, Article 6.

      ~~iii~~**iii**. As provided in A.R.S. §38-847(H), the Board of Trustees may request a Rehearing within sixty (60) days after receiving notice from the Claimant by letter sent by certified mail that the Local **Police** Board has failed to convene a Hearing within ninety (90) days of the filing of a Claim. However, if the relief deemed granted

and approved by the Local **Police** Board violates the Internal Revenue Code or threatens to jeopardize the Plan's status as a qualified plan under the Internal Revenue Code, no limitation period for the Board of Trustees to seek a Rehearing applies.

6. Issuance of Decision. When a Hearing is held within the deadlines set forth in Section E(5) of these Rules, the Secretary shall forward the Decision, Minutes and other necessary communications, as provided in Section C(5)(f)-(~~h~~**i**) of these Rules.

7. Finality of Decision. Pursuant to A.R.S. §38-847, any Decision that is not inconsistent with the provisions of the Plan and the Internal Revenue Code shall be final, conclusive and binding on the Claimant and the Plan, unless a timely application for a rehearing is filed as provided in Section H of these Rules, or an appeal is filed. However, the Board of Trustees may not implement and comply with any Decision that does not comply with the Internal Revenue Code or that threatens to jeopardize the Plan's status as a qualified plan under the Internal Revenue Code, and under such circumstances, no limitation period for the Board of Trustees to seek a rehearing of a Decision applies. A final decision may be appealed to Maricopa County Superior Court for the State of Arizona within the periods specified in, and the manner provided by~~, the~~ Arizona Revised Statutes ~~(see~~ A.R.S. §12-901 *et seq.)* and the rules adopted by the Maricopa County Superior and Appellate Courts of the State of Arizona.

F. ~~Disabilitv~~**Disability Benefit Applications**

1. Disability Application. Upon presentation of a properly completed application for any of the disability pensions authorized by law, the Secretary will determine whether the Claimant has provided complete documentation supporting the Claim referenced in the application. ~~If the~~**If the** information is incomplete, the Secretary shall request that the Claimant provide additional documentation and may assist the Claimant in identifying deficiencies or incomplete items in the application. The Secretary shall also obtain from the ~~Employer~~**City of Surprise** any documentation contained in workers' compensation records. A confidential packet of medical information on the Claimant shall be prepared for distribution to Local **Police** Board members. When the Claimant's application is complete, the Claim shall be placed, as a separate item, on the agenda for a Meeting, pursuant to Section E(5) of these Rules.

2. Initial Hearing. At the initial Hearing on a Claim for disability benefits, the Local **Police** Board will determine whether the medical and other documentation submitted is sufficient for the Local **Police** Board to conclude that the statutory prerequisites are satisfied by the Claimant. If the statutory prerequisites are satisfied, pursuant to A.R.S. §38-859(A), the Local **Police** Board shall direct that a medical board be appointed to conduct an examination of the Claimant and to report to the Local **Police** Board the results of that examination. If~~the~~ statutory prerequisites ~~are not~~**are not** satisfied, the Local **Police** Board may deny the Claim based on a lack of evidence, either medical or otherwise, such as the Claimant's continued work status or the Claimant's performance of a reasonable range of duties. In the alternative, the

Local **Police** Board ~~inay~~**may** continue the Hearing on the matter to a date and time when any additional documentation requested by the Board is available.

3. Independent Medical Board. Pursuant to A.R.S. §38-859(B), medical boards appointed pursuant to A.R.S. §38-859(A)(2)-(5) shall be composed of a designated physician or a clinic other than a regular employee or contractee of the ~~employer~~**City of Surprise**.

Mental Examinations. In the event of a psychological disability application, ~~the Board will require the applicant to provide detailed information for any and all events giving rise to the claim for disability. The applicant must provide all doctor and counseling notes. The Board may also request that the employing department supply corroborating information on any and all events reported by the applicant. Ifan Internal Affairs (IA) investigation or other disciplinary action has commenced involving the applicant, the application process may be continued until the conclusion of the investigation or other action to determine if factors in the investigation or disciplinary action contributed to the claim. The Local Board will gather all relevant Worker's Compensation information related to the claim.The Local Board will refer the applicant in a psychological disability case to a medical board only after all relevant information has been obtained. The medical board will be asked to provide not only a diagnosis but also to project the likelihood of recovery. In a psychological disability case, the medical board will consist of a Board approved psychologist and psychiatrist. The psychologist will meet with the~~Claimant first and issue a report containing his or her conclusions. ~~The psychologist's report will then be forwarded to the psychiatrist, who will meet with the Claimant. After examination, the psychiatrist will issue a report to the Local Board containing his or her conclusions based on the medical evidence and the psychologist's report.~~**the medical board will consist of a doctor of medicine who is a psychiatrist or has a specialty in psychiatry. The psychiatrist shall issue a report containing his/her conclusions to the Local Police Board.**

5. Prompt Hearing. ~~Ifa~~**If a** medical board is appointed, the Secretary shall reconvene the Hearing at the first feasible Meeting after the Local **Police** Board members' receipt of the medical board's report, unless the Claimant requests in writing otherwise.

6. Disability Findings. ~~·~~Pursuant to A.RS. §38-859(C), a finding of disability shall be based on medical evidence provided by the medical board appointed by the Local Police Board. The Local **Police** Board shall resolve material conflicts in the medical evidence. ~~Ifrequired~~**If required**, the Local **Police** Board may employ other physicians or clinics to report on special cases. With the approval of the Local **Police** Board, a physician or clinic employed by the Local **Police** Board may employ occupational specialists to assist the physician or clinic in rendering an opinion.

7. Approval of Disability Claim. ~~Ifa~~**If a** Claim for disability benefits is approved by the Local **Police** Board, the Secretary will obtain Employer certification of the Claimant's employment termination date and indicate the determination of the

Board on the disability pension on proscribed Plan forms. ~~If the~~**If the** Board Secretary cannot obtain certification of the termination of the Claimant's employment within forty-five (45) days after the Local **Police** Board's approval, the Claimant's application for disability benefits will be considered withdrawn. Until such time as the Claimant has terminated employment with ~~his Employer~~**the City of Surprise**, the Local **Police** Board shall not consider any further Claim by the Claimant for disability benefits.

8. Denial of Disability Claim. ~~If a~~**If a** Claim for disability benefits is denied by the Local **Police** Board, and the Claimant is not present at the Meeting, the Secretary will notify the Claimant in writing by certified mail of the Decision of the Board, the reasons for the Decision, and the Claimant's rights to a Rehearing.

G. **Reexamination of Disability Recipients**

1. Catastrophic Disability ~~enefits~~ **Benefits** Pursuant to A.R.S. § 38-844(F)

a. Sixty (60) months after approval of a Catastrophic Disability, the Local Police Board must undertake a re-evaluation of a Member receiving catastrophic disability benefits to determine whether the Member remains qualified for such benefits, as specified in A.R.S. §38-844(F).

b. After the initial sixty (60) month review, the Local **Police** Board is empowered to undertake an annual reevaluation of Members receiving catastrophic disability benefits, who, had they remained in employment, would not have attained 25 years of service.

c. On an on-~~going basis~~**going basis**, the Secretary will prepare a list of Members receiving catastrophic disability benefits who may be required to undergo an annual reevaluation pursuant to Section G(l)(b) of these Rules.

d. At the direction of the Chair, a Subcommittee of the two elected members of the Local **Police** Board shall review the list of Members prepared pursuant to Section G(l)(c), and report the Subcommittee's recommendations regarding medical reevaluation of such Members to the Local **Police** Board.

e. The Secretary shall place the issue of re-examination of a Member receiving catastrophic disability benefits on an appropriate Meeting agenda as a separate item.

2. Accidental and Ordinary Disability Benefits Pursuant to A.R.S. § 38-844(E).

a. ~~Inits~~**In its** discretion, the Local **Police** Board may require Members receiving accidental or ordinary disability benefits to undergo an annual medical examination to determine whether they are still disabled and therefore, qualified for continued disability benefits.

b. On an on-going basis, the Secretary will prepare a list of Members receiving accidental and ordinary disability benefits who may be required to undergo an annual medical reevaluation pursuant to Section G(2)(a) of these Rules.

c. At the direction of the Chair, a Subcommittee of the two elected Members of the Local **Police** Board shall review the list of Members prepared pursuant to Section G(2)(b), and report the Subcommittee's recommendations regarding medical reevaluation of such Members to the Local **Police** Board.

3. Medical Boards Appointed Pursuant to A.R.S. § 38-859.

a. The Local Police Board shall appoint a medical board to examine any Member required to obtain, or selected for, reevaluation pursuant to Sections G(l), (2) of these Rules. If the Member refuses to submit to the medical board reevaluation, the Member's disability shall be considered to have ceased and the Member's disability pension terminated.

b. A formal report of the medical board on the results of the reevaluations referenced in Section G(3)(a) above shall be submitted to the Local **Police** Board. The Local **Police** Board shall review any such report at the first scheduled Meeting after receipt of the report, and shall take any action warranted, as permitted by the relevant statutes.

H. **Rehearings**

1. Application for Rehearing.

   a. A Claimant's application for Rehearing must be filed within sixty (60) days after the Claimant receives notification of the Initial Decision by certified mail, by attending the Meeting at which the Initial Decision is rendered, or by receiving benefits from the Plan pursuant to the Initial Decision, whichever occurs first.

   b. The Board of Trustee's application for Rehearing must be filed within sixty (60) days after the Board of Trustees receives a copy of the Initial Decision by certified mail.

2. Rehearings Granted. The Local Police Board will conduct a Rehearing of any matter upon proper and timely application by a Claimant or the Board of Trustees, pursuant to A.R.S. §38-847(H).

3. Preparation of Preliminary Record. Upon receipt of a proper and timely application for Rehearing, the Secretary shall prepare a packet consisting of all documents and other tangible items of evidence made available to the Local **Police** Board with respect to the underlying issues. The Secretary may obtain a written transcript of ~~any previous~~**any previous** proceedings of the Local **Police** Board in connection with the matter, for inclusion in such packet. The Rehearing packet shall be made available to Local **Police** Board members and shall be provided to all Parties to the Rehearing. This packet of materials shall constitute the preliminary record for the Rehearing.

4. Scheduling of Rehearing. When the preliminary record is complete, the Secretary will schedule the Rehearing for the next scheduled Meeting or for such other date and time as may be determined but no later than 90 (ninety) days after receipt of either the Claimant's or the Board of Trustees' application/request for Rehearing. Rehearings are not subject to the time limitations set forth in Section E(5) of these Rules.

5. Local **Police** Board Action on Rehearing. At or after the conclusion of the Rehearing, the Local **Police** Board may vote to uphold, rescind or modify its Initial Decision.

6. Issuance of Decision on Rehearing. When a Rehearing is held, the Secretary shall forward the Decision on Rehearing, Minutes of Rehearing and other necessary communications, as provided in Section C(5)(f)-(~~h~~**i**) of these Rules.

7. Finality. Pursuant to A.R.S. §38-847, any Decision on Rehearing that is not inconsistent with the provisions of the Plan and the Internal Revenue Code shall be final, conclusive and binding on the Claimant and the Plan, unless a timely appeal is filed. However, the Board of Trustees may not implement and comply with any Decision on Rehearing that does not comply with the Internal Revenue Code or that threatens to jeopardize the Plan's status as a qualified plan under the Internal Revenue Code. A final Decision on Rehearing may be appealed to the Maricopa

   County Superior Court for the State of Arizona within the periods specified in, and the manner provided by~~, the~~ Arizona Revised Statutes ~~(see~~ A.R.S. §12-901 *et seq.)*

and the rules adopted by the Maricopa County Superior and Appellate Courts of the State of Arizona.

I. General Provisions Applicable to All Hearings and Rehearings

1. Review of Medical Records. The Local Police Board shall review and discuss any confidential medical records in executive session only, unless the Claimant or Member waives the confidentiality requirement with respect to any confidential medical records by completing a confidentiality waiver.

2. Exclusion of Evidence. The Presiding Officer may preclude the presentation of argumentative, repetitious or irrelevant facts or questioning in any proceeding on a Claim.

3. Informal Proceedings. All Hearings and Rehearings shall be conducted in an informal manner and without adherence to the rules of procedure or evidence required in judicial proceedings. The manner of conducting the Hearing or Rehearing, rulings on evidentiary or procedural objections, and the failure to adhere to rules of procedure or evidence required in judicial proceedings shall not be grounds for reversing a Decision of the Local **Police** Board, provided substantial evidence supports such order or Decision.

4. Notice of the Truth of Widely-Known and Accepted Facts. The Presiding Officer may take notice of the truth of certain widely known and accepted facts, including generally recognized technical, statistical, actuarial or scientific facts within the Local **Police** Board's specialized knowledge. Parties shall be notified, either before or during the Hearing or Rehearing, of any widely known and generally accepted facts noticed as true, including any staff memoranda or data. Parties shall be afforded an opportunity to contest any material so noticed. The Local **Police** Board's experience, technical competence and specialized knowledge may be utilized in its evaluation of all evidence. The Local **Police** Board shall be entitled to consider and rely on as true information furnished by the Employer, Administrator, the Local **Police** Board's independent legal counsel or the Plan's actuary.

5. Failure to Appear at Hearing. In the event a Claimant (and the Claimant's counsel, if any) fails to appear at a duly noticed Hearing or Rehearing, in its discretion, the Local **Police** Board may enter a Decision by default or vacate the Hearing or Rehearing. ~~If a~~**If a** witness fails to appear at a duly noticed Hearing or Rehearing, in his discretion, the Presiding Officer may exclude the witness' testimony or reschedule the Hearing or Rehearing.

6. Limitation of Issues. All Hearings and Rehearings shall be limited to matters referenced in the Claim and any request for Rehearing filed by any Party.

7. Record of ~~Proceedin gs~~**Proceedings**. All Hearings and Rehearings shall be recorded by electronic means and at the Local **Police** Board's expense. A copy of the recorded Hearing or Rehearing will be provided to the Claimant and all other interested Parties upon request. Parties are responsible for obtaining their own transcription of a recorded Hearing or Rehearing, although a Local **Police** Board may provide such a transcription in its discretion. In addition to any electronic recording of the proceedings, the Local **Police** Board shall include all relevant written records as part of the official record of the Hearing or Rehearing.

8. Evidence on Claims. The Claimant and Administrator shall be afforded equal time to state their positions.

9. Subpoenas~~;~~ **and** Depositions. To facilitate the collection and presentation of evidence with respect to any matter before the Local **Police** Board, the Presiding Officer may authorize subpoenas and depositions of witnesses.

10. Consultation ~~among~~**among** Members. The Presiding Officer may consult on the record with the other members of the Local **Police** Board. The Local **Police** Board may consult in executive session with the Local **Police** Board's legal counsel so long as all requirements of the Open Meeting Law are satisfied. The Local **Police** Board may also go into executive session for any lawful reason, including the need to preserve the confidentiality of medical information. However, all Decisions of the Local **Police** Board shall be made in open, public session of the Local **Police** Board.

11. Submission of Evidence. The Claimant must submit to the Secretary within ten (10) working days of the Hearing or Rehearing any documents the Claimant wishes to introduce into the record, including doctor reports and other written evidence. Documents received by the Secretary less than ten (10) working days before a Hearing or Rehearing may cause a delay in the Hearing or Rehearing. Information and documents presented on the date of the Hearing or Rehearing will be reason for the Presiding Officer to call for a motion to continue the Hearing or Rehearing to a later date.

12. Bifurcation of Issues/Hearing. In connection with any Claim, the Presiding Officer is empowered to bifurcate (*i.e.*, separate into two or more) issues presented to the Local Police Board for resolution, or set multiple Hearings or Rehearings in a single case.

13. ~~12.~~ Public Participation. The Open Meeting Law governs public participation in Hearings and Rehearings.

14. ~~13.~~ No Rehearin g on Remand. A Hearing before the Local **Police** Board on a matter remanded from the Maricopa County Superior Court is not subject to a Rehearing before the Local **Police** Board. However, the Local **Police** Board may consider new evidence or review items remanded by the Maricopa

County Superior Court.

J. Local Board Conduct

1. Attendance. Local Board Members will attend all hearings, unless an absence is unavoidable. If a Local Board member cannot attend a meeting he or she shall contact Local Board chairperson or Secretary to request as excused absence. The chairperson will make a determination if the absence is excused.

More than three (3) unexcused absences in twelve (12) month period will be reported to the appointing authority for consideration for possible member replacement.

2. Voting. If a member has missed meetings where important discussions have occurred regarding the matter the Chairperson may request the member to consider abstaining from the vote if it is felt they have not heard all of the facts. The final Decision to abstain will be the members.

3. Conflicts. Occasionally conflicts will occur and be brought before the Local Board by a Local Board member or member/applicant.

a. If a Local Board member feels he or she has a conflict or cannot be impartial, the member will identify the item on the agenda and be recused from any participation or discussion on the matter. The member will leave the meeting room during any discussion or action on this matter.

The undersigned Chair and Secretary of the City of Surprise Local Police Board certify that the foregoing Rules were duly adopted by the Board at a meeting duly called and held on the date specified below.

b. If the Local Board member is the Chairperson they will appoint a Vice-Chairperson during all actions on this matter.

c. If a member/Claimant feels a Local Board member has a conflict they must address their concerns to the Local Board in open meeting. The Local Board member will be allowed to address the concerns and the final Decision to recuse will be made by the Local Board member.

Chair Secretary

d. In some cases the conflicts may only be of perception. In these cases, the Local Board member may determine that he or she has no conflict but for reasons of public perception it would be better to be recused from the matter.

4. Confidentiality. In application for disability retirement Local Board members will be allowed to review the member's medical evidence. All medical evidence obtained for review will be retained in a confidential medical packet for review by members and not be subject to public review.

Dated **Dated**

a. A member may waive their right to allow discussion of the medical evidence in open meeting. In doing so some of the medical information discussed may become public information. However, unless the medical evidence is introduced into the record the actual files will remain confidential.

b. The independent medical exam will be the basis for any action to grant a disability retirement and is considered.

City of Surprise
Public Safety Personnel Retirement System
Local Police Board Rules
Adopted Pursuant to A.R.S. § 38-847(F)

A. Definitions

1. "A.R.S." means Arizona Revised Statutes.

2. "Administrator" means the Administrator of the Plan (including any persons authorized by the Administrator to act for the Administrator) acting for the benefit of the Board of Trustees as more particularly described in A.R.S. §38-848(L).

3. "Board of Trustees" has the meaning ascribed to that term in A.R.S. §38-842(8).

4. "Claim" means any request for relief under the Plan involving all questions of eligibility and service credits, which is properly before a Local Police Board for Decision, pursuant to A.R.S. § 38-847(D).

5. "Claimant" has the meaning ascribed to that term in A.R.S. § 38-842(11).

6. "Decision" means (i) a separate written document setting forth the Local Police Board's action resolving a Claim; or (ii) any orders issued by a Local Police Board relating to a Claim, including orders denying a request for Rehearing or further relief. As required by A.R.S. §38-847(G), a Decision shall contain, at a minimum, (a) the name of the member affected by the Local Police Board's action; (b) a description of the action taken; and (c) an explanation of the reasons supporting the Local Police Board's action.

7. "Decision on Rehearing" means a Decision issued by the Local Police Board after a Rehearing.

8. "Employee" has the meaning ascribed to that term in A.R.S. §38-842 (27).

9. "Employer" has the meaning ascribed to that term in A.R.S. § 38-842(28) and means the City of Surprise, Arizona.

10. "Hearing" means the Local Police Board's initial public Meeting concerning a Claim, which is conducted in accordance with the Open Meeting Law and these Rules.

11. "Initial Decision" means the first Decision on a Claim issued by the Local Police Board.

12. "Local Police Board" means the public body described in A.R.S. §38-847.

13. "Meeting" is a gathering of a quorum of the Local Police Board to conduct business and to hold Hearings and/or Rehearings, which is conducted in accordance with the Open Meeting Law and these Rules.

14. "Member" has the meaning ascribed to that term in A.R.S. §38-842(31).

15. "Minutes" means the written official record of the proceedings, including the testimony of witnesses.

16. "Non-Routine Claim" means any Claim that is not a Routine Claim, including, but not limited to, Claims for the following: (i) a "killed in the line of duty" survivor pension; (ii) an accidental disability pension; (iii) a catastrophic disability pension; (iv) an ordinary disability pension; (v) a temporary disability pension; or (vi) determinations for plan membership concerning whether the Employee is or was regularly assigned to hazardous duty.

17. "Notice" means a written Notice of Hearing or Rehearing, as applicable, which includes, at minimum: (i) a statement of the time, place and nature of the Hearing or Rehearing; (ii) a statement of the legal authority and jurisdiction under which the Local Police Board will be conducting the Hearing or Rehearing; (iii) a reference to the particular section(s) of the Arizona Revised Statutes (and/or any other applicable rules) involved in the particular matter presented for Decision; and (iv) a short and plain statement of the matters asserted by the Claimant or issues to be considered at the Hearing or Rehearing.

18. "Open Meeting Law" is that body of laws described in Title 38, Ch. 3, Article 3.1 of the Arizona Revised Statutes, which requires public bodies, such as the Local Police Board, to hold its meetings and conduct it activities in public, except in those limited circumstances described in A.R.S. §38-431.03.

19. "Party or Parties" means the Claimant, Local Police Board and Board of Trustees.

20. "Plan" means the Public Safety Personnel Retirement System, as described in A.R.S. §38-841 *et seq.*

21. "Pre-Membership Physical" means a medical examination of an Employee before the Employee joins the Plan, for the purpose of identifying physical or mental conditions or injuries, which existed or occurred prior to the Employee's date of membership in the Plan, pursuant to A.R.S. §38-859(A)(l).

22. "Presiding Officer" means the Chair, Vice-Chair, in the absence of the Chair, or Acting Chair of the Local Police Board, who presides over any Meeting, Hearing or Rehearing.

23. "Rehearing" means a public Meeting before the Local Police Board that is conducted in accordance with the Open Meeting Law and these Rules, to consider a Claimant's

or the Board of Trustee's request that the Local Board reconsider its Initial Decision, as provided by A.RS. §38-847(H).

24. "Routine Claim" means a Claim for any of the following: (i) a normal retirement pension; (ii) an early retirement pension; (iii) a normal survivor pension; (iv) a determination of eligibility for Plan membership other than that involving whether the Employee is or was regularly assigned to hazardous duty; (v) a survivor's pension that is not a "killed in the line of duty" survivor's pension; (vi) request for service credit; and (vii) initiation or termination of Deferred Retirement Option Plan participation.

25. "Secretary" means the person so designated and elected pursuant to A.R.S. §38-847(M), who is charged with keeping a record and preparing agendas, Minutes and Decisions of all Hearings and Rehearings of the Local Police Board. The Board Secretary has the authority to accept service of process for the Local Police Board.

26. "Subcommittee" or "Working Subcommittee" means a group of no more than two Local Police Board members appointed by the Board Chair to undertake Local Police Board business.

B. Purpose and Scope of Procedures

1. Board Responsibility. Pursuant to A.R.S. §38-847(D), the Local Police Board is responsible for deciding all questions of eligibility and service credits, and determining the amount, manner and time of payment of any benefits under the Plan. The Board of Trustees cannot pay any benefits under the Plan without the direction and approval of the Local Police Board.

2. Scope. These Rules govern all Claims before the Local Police Board for Decision, effective for any Claims brought, and any Hearing and Rehearing held, after the effective date of adoption of these rules by the Local Police Board.

3. Conflict. These Rules are authorized by A.R.S. §38-847(F) and supplement all authority of the Local Police Board specified in that statute. Should any of these Rules conflict with any provision of A.R.S. §38-847 or any other Arizona law, the provisions of Arizona law shall control. If PSPRS promulgates revised Model Rules for Local Boards and a conflict exists with these Rules, the revised Model Rules shall prevail.

4. Amendment. These Rules may be amended by a majority vote of the Police Board at a public meeting.

C. Composition of the Board and Conduct of Meetings

1. Composition. The membership of the Local Police Board is set forth in A.R.S. § 38-847(A). Pursuant to statute, the Local Police Board is composed of the Mayor of the City of Surprise or his/her designee, two members elected by secret ballot by members of the Department, and two citizens who are appointed by the Mayor of

Surprise with approval of the City Council. In the event of a tied election during the secret ballot election process, there will be subsequent elections until there is a winner.

2. Chair. The Mayor or Mayor's designee shall serve as Chair of the Board. The Board may elect a Vice Chairperson to serve in the absence of the Chairperson. In the absence of the Chairperson or Vice Chairperson, an acting Chairperson will be elected by a majority vote of the Local Police Board.

3. Secretary. Pursuant to A.R.S. § 38-847(M), the Local Police Board shall designate a Secretary who may, but need not, be a member of the Local Police Board. If a vacancy occurs for the Secretary, the Local Police Board shall designate a new Secretary at the next Local Police Board meeting after the vacancy occurs.

4. Quorum. A quorum for the purpose of doing any business by the Local Police Board will be three (3) members. The Police Board requires at least one (1) of the employee members of the Police Department to be present to have a quorum.

5. Agendas. Any item may be placed on the agenda with the consent of two members of the Local Police Board. Any agenda items must be received by the Board Secretary no later than seven (7) days prior to the meeting in order to be placed on the agenda so in order to meet administrative deadlines for the City Clerk's Office.

6. Meetings, Minutes and Decisions. Meetings are generally held at 10:00 a.m. on the second Wednesday of the month but can be held at any time upon the call of the Chair, any two members of the Local Police Board, or the Secretary of the Local Police Board, with appropriate notice to the members of the Local Police Board and the public. The Local Police Board shall meet at least twice a year.

   a. Meetings are generally held at 16000 N. Civic Center Plaza, Surprise Arizona 85374, in the Council Overflow Room.

   b. The Secretary shall provide an agenda to the Local Police Board members in advance of any Meeting, describing the business to be addressed at such Meeting. The content of the agenda shall comply with the Open Meeting Law.

   c. Notice of all Meetings of the Local Police Board shall be given, and all Meetings and any executive sessions shall be conducted in conformance with the Open Meeting Law.

   d. Provided the quorum is present, a majority vote of Local Police Board members present and eligible to vote shall govern any action taken.

   e. Local Police Board members not present in person may attend by telephone or other electronic means permitting meaningful participation in accordance with the Open Meeting Law.

   f. The Secretary shall cause appropriate Minutes to be taken of Local Police

Board Meetings, and an electronic recording may be made of Meetings to facilitate preparation of such Minutes.

g. The electronic recording shall be maintained in accordance with the City of Surprise's record retention schedule.

h. The Secretary shall forward to the Board of Trustees (in care of the Administrator) a copy of each Local Police Board meeting minutes which include the Decision(s) on a Claim no later than twenty (20) business days after the Local Police Board takes action on such Claim, pursuant to A.R.S. § 38-847(G). Decisions shall be sent by certified mail to the Administrator as required by A.R.S. § 38-847(H)(2). As required by A.R.S. § 38-847(G), a Decision shall contain, at minimum: (i) the name of the member affected by the Local Police Board's action; (ii) a description of the action taken; and (iii) an explanation of the reasons supporting the Local Police Board's action, and (iv) all documents submitted to the Local Police Board for the action taken including the reports of a medical board.

i. The Secretary shall forward all other Minutes to the Board of Trustees, in care of the Administrator, within twenty (20) days after each Local Police Board Meeting, and forward all necessary communications to the Board of Trustees, in care of the Administrator, pursuant to A.R.S. § 38-847(M).

j. Unless the Claimant is present at a Meeting at which the Local Police Board announces its Decision on a Claim, at the same time that the Secretary forwards the Decision to the Administrator, the Secretary shall forward the Local Police Board's Decision to the Claimant via certified mail, pursuant to A.R.S. §38-847(H)(1).

7. Documentation. In a location separate from any Personnel or Department files, the Local Police Board Secretary shall maintain files for each Claimant, containing public and confidential documents presented to the Local Police Board.

8. Parliamentary Procedure. In matters of procedure not covered by law or these rules and where no conflict exists, the Local Police Board shall be guided by Robert's Rules of Order.

9. Independent Legal Counsel. In accordance with A.R.S. § 38-847(N), the Local Police Board shall be represented by independent legal counsel who shall be independent of the City of Surprise and any employee organization or member. Independent legal counsel shall be selected independently by the Local Police Board in accordance with Local Surprise Ordinance INSERT NEW ORDINANCE NUMBER. Independent legal counsel shall be paid by the City of Surprise.

D. **Pre-Membership Physical**

1. Examination. Pursuant to A.R.S. §38-859(A)(l), the Local Police Board shall contract with a physician or clinic to conduct a Pre-Membership Physical of Employees, for the purpose of identifying physical or mental conditions or injuries, which existed or occurred prior to an Employee's date of membership in the Plan. The physician or clinic conducting a Pre-Membership Physical may be the regular employee or contractee of the City of Surprise.

2. Appointment. The City of Surprise, or the Secretary shall coordinate appointments for the Employee's Pre-Membership Physical.

3. Report. The physician or clinic retained to conduct an Employee's Pre-Membership Physical shall provide a written report of the results of the Pre-Membership Physical to the Secretary within 10 days after the examination. The Secretary shall file the report as a permanent record, as required by A.R.S. §38- 859(E).

4. No Pre-Existing Condition. If the physician or clinic's report on an Employee with respect to his pre-membership condition concludes that the Employee has no pre-existing condition, the Secretary shall file the report as a permanent record, as required by A.R.S. §38-859(E) and the employee will receive a copy of his or her pre-employment physical.

5. Finding of Pre-Existing Condition. If the physician or clinic's report on an Employee with respect to his pre-membership condition concludes that the Employee has a pre-existing condition:

   a. The Secretary shall notify the Employee by certified mail that the physician or clinic has reported that the Employee has a pre-existing condition. The Employee shall have 30 days to submit additional documentation or comments to the Secretary before the physician or clinic's report is placed on an agenda for the Local Police Board's consideration.

   b. Reports concerning an Employee's pre-existing condition shall be placed on the Meeting agenda for recognition by the Local Police Board.

   c. The Secretary shall provide the Local Police Board with any additional documentation or comments submitted by an Employee regarding a physician or clinic's conclusion that an Employee has a pre-existing condition.

   d. The Local Police Board shall review the physician or clinic's report and any additional documentation submitted by the Employee at a Meeting. After review of the relevant documents, the Local Police Board will take any action the Local Police Board deems necessary and appropriate.

   e. The Secretary shall file all reports concerning an Employee's pre-existing condition(s) as a permanent record, as required by A.R.S. §38-859(E), along with any additional documentation and comments provided by the Employee, and appropriate records of any actions or determinations by the Local Police Board with respect to the same. In the event a Member whose

Pre- Membership Physical revealed a pre-existing condition applies for an accidental, catastrophic, ordinary, or temporary disability pension, all such documentation related to the Member's pre-existing condition will be presented to the Local Police Board. If the Local Police Board determines that a Member's disability resulted from a physical or mental condition or injury, which existed or occurred prior to the Member's date of membership in the Plan, the Member shall not qualify for an accidental, catastrophic, ordinary, or temporary disability pension.

E. **Initial Decision**

1. Submitting Claims. A Claimant may request that the Local Police Board issue an Initial Decision by presenting an application for benefits or service credit to the Secretary, using the prescribed Plan forms.

2. Content of Claims. If desired, a Claimant may supplement the application for benefits or service credit by submitting a letter to the Secretary. In order for any supplemental letter to be considered by the Local Police Board, such letter shall set forth: (i) the name and address of the Claimant; (ii) the name and address of the Claimant's attorney, if applicable; (iii) a brief statement of the facts forming the basis of the Claim, including any evidence relevant to the Local Police Board's Decision on the Claim; and (iv) the precise relief sought by the Claimant from the Local Police Board.

3. Routine Claims; Consent Agenda. A Local Police Board may authorize its Secretary to determine whether a Claim is to be treated by the Local Police Board as Routine or as Non-Routine, and to present Routine Claims as a "Consent Agenda" item. Ordinarily, the Secretary does not provide Notice of a Hearing to Claimants for Routine Claims on the Consent Agenda, because the Local Police Board generally approves Consent Agenda items summarily. If a Routine Claim on the Consent Agenda warrants discussion by the Local Police Board, the Claim may be deferred to a future Hearing in order to provide Notice to the Claimant.

4. Non-Routine Claims. All Non-Routine Claims are subject to this Section E concerning an Initial Decision. However, more detailed procedures for certain Non-Routine Claims, specifically disability benefit applications and reexamination of disability recipients, are set forth in Sections F and G of these Rules. Other Non-Routine Claims shall be placed on the agenda for consideration by the Local Police Board, after appropriate Notice to the Claimant.

5. Deadline for Scheduling a Hearing on Routine and Non-Routine Claims.

   a. Hearings are held at Meetings as provided by Section C (5) of these Rules.

   b. Unless the Claimant and all other parties to the Claim otherwise agree, the Local Police Board shall commence a Hearing on a Routine or Non-Routine Claim within ninety (90) days of its receipt of a Claim, pursuant to A.R.S. §38- 847(D)(3).

c. If the Local Police Board does not commence a Hearing on a Claim within ninety (90) days of its receipt of the Claim:

i. The Claimant shall notify the Administrator and Secretary by letter sent by certified mail that the Local Police Board has failed to convene a Hearing within ninety (90) days of the filing of a Claim.

ii. As provided by A.R.S. §38-847(D)(3), the relief demanded by the Claimant is deemed granted and approved by the Local Police Board. The granting and approval of this relief is considered final and binding unless a timely request for Rehearing or appeal is made, or unless the Board of Trustees determines that granting the relief requested would violate the Internal Revenue Code or threaten to impair the Plan's status as a qualified plan under the Internal Revenue Code. Ifthe Board of Trustees determines that granting the requested relief would violate the Internal Revenue Code or threaten to impair the Plan's status as a qualified plan, the Board of Trustees may refuse to grant the relief by issuing a written determination, sent certified mail to the Local Police Board and the Claimant. The written determination issued by the Board of Trustees is subject to judicial review pursuant to Title 12, Chap. 7, Article 6.

iii. As provided in A.R.S. §38-847(H), the Board of Trustees may request a Rehearing within sixty (60) days after receiving notice from the Claimant by letter sent by certified mail that the Local Police Board has failed to convene a Hearing within ninety (90) days of the filing of a Claim. However, if the relief deemed granted and approved by the Local Police Board violates the Internal Revenue Code or threatens to jeopardize the Plan's status as a qualified plan under the Internal Revenue Code, no limitation period for the Board of Trustees to seek a Rehearing applies.

6. Issuance of Decision. When a Hearing is held within the deadlines set forth in Section E(5) of these Rules, the Secretary shall forward the Decision, Minutes and other necessary communications, as provided in Section C(5)(f)-(j) of these Rules.

7. Finality of Decision. Pursuant to A.R.S. §38-847, any Decision that is not inconsistent with the provisions of the Plan and the Internal Revenue Code shall be final, conclusive and binding on the Claimant and the Plan, unless a timely application for a rehearing is filed as provided in Section H of these Rules, or an appeal is filed. However, the Board of Trustees may not implement and comply with any Decision that does not comply with the Internal Revenue Code or that threatens to jeopardize the Plan's status as a qualified plan under the Internal Revenue Code, and under such circumstances, no limitation period for the Board of Trustees to seek a rehearing of a Decision applies. A final decision may be

appealed to Maricopa County Superior Court for the State of Arizona within the periods specified in, and the manner provided by Arizona Revised Statutes A.R.S. §12-901 *et seq.* and the rules adopted by the Maricopa County Superior and Appellate Courts of the State of Arizona.

F. **Disability Benefit Applications**

1. Disability Application. Upon presentation of a properly completed application for any of the disability pensions authorized by law, the Secretary will determine whether the Claimant has provided complete documentation supporting the Claim referenced in the application. If the information is incomplete, the Secretary shall request that the Claimant provide additional documentation and may assist the Claimant in identifying deficiencies or incomplete items in the application. The Secretary shall also obtain from the City of Surprise any documentation contained in workers' compensation records. A confidential packet of medical information on the Claimant shall be prepared for distribution to Local Police Board members. When the Claimant's application is complete, the Claim shall be placed, as a separate item, on the agenda for a Meeting, pursuant to Section E(5) of these Rules.

2. Initial Hearing. At the initial Hearing on a Claim for disability benefits, the Local Police Board will determine whether the medical and other documentation submitted is sufficient for the Local Police Board to conclude that the statutory prerequisites are satisfied by the Claimant. If the statutory prerequisites are satisfied, pursuant to A.R.S. §38-859(A), the Local Police Board shall direct that a medical board be appointed to conduct an examination of the Claimant and to report to the Local Police Board the results of that examination. Ifthe statutory prerequisites are not satisfied, the Local Police Board may deny the Claim based on a lack of evidence, either medical or otherwise, such as the Claimant's continued work status or the Claimant's performance of a reasonable range of duties. In the alternative, the Local Police Board may continue the Hearing on the matter to a date and time when any additional documentation requested by the Board is available.

3. Independent Medical Board. Pursuant to A.R.S. §38-859(B), medical boards appointed pursuant to A.R.S. §38-859(A)(2)-(5) shall be composed of a designated physician or a clinic other than a regular employee or contractee of the City of Surprise.

4. Mental Examinations. In the event of a psychological disability application, the medical board will consist of a doctor of medicine who is a psychiatrist or has a specialty in psychiatry. The psychiatrist shall issue a report containing his/her conclusions to the Local Police Board.

5. Prompt Hearing. If a medical board is appointed, the Secretary shall reconvene the Hearing at the first feasible Meeting after the Local Police Board members' receipt of the medical board's report, unless the Claimant requests in writing otherwise.

6. Disability Findings. Pursuant to A.RS. §38-859(C), a finding of disability shall be based on medical evidence provided by the medical board appointed by the Local Police Board. The Local Police Board shall resolve material conflicts in the medical evidence. If required, the Local Police Board may employ other physicians or clinics to report on special cases. With the approval of the Local Police Board, a physician or clinic employed by the Local Police Board may employ occupational specialists to assist the physician or clinic in rendering an opinion.

7. Approval of Disability Claim. If a Claim for disability benefits is approved by the Local Police Board, the Secretary will obtain Employer certification of the Claimant's employment termination date and indicate the determination of the Board on the disability pension on proscribed Plan forms. If the Board Secretary cannot obtain certification of the termination of the Claimant's employment within forty-five (45) days after the Local Police Board's approval, the Claimant's application for disability benefits will be considered withdrawn. Until such time as the Claimant has terminated employment with the City of Surprise, the Local Police Board shall not consider any further Claim by the Claimant for disability benefits.

8. Denial of Disability Claim. If a Claim for disability benefits is denied by the Local Police Board, and the Claimant is not present at the Meeting, the Secretary will notify the Claimant in writing by certified mail of the Decision of the Board, the reasons for the Decision, and the Claimant's rights to a Rehearing.

G. **Reexamination of Disability Recipients**

1. Catastrophic Disability Benefits Pursuant to A.R.S. § 38-844(F)

   a. Sixty (60) months after approval of a Catastrophic Disability, the Local Police Board must undertake a re-evaluation of a Member receiving catastrophic disability benefits to determine whether the Member remains qualified for such benefits, as specified in A.R.S. §38-844(F).

   b. After the initial sixty (60) month review, the Local Police Board is empowered to undertake an annual reevaluation of Members receiving catastrophic disability benefits, who, had they remained in employment, would not have attained 25 years of service.

c. On an on-going basis, the Secretary will prepare a list of Members receiving catastrophic disability benefits who may be required to undergo an annual reevaluation pursuant to Section G(l)(b) of these Rules.

d. At the direction of the Chair, a Subcommittee of the two elected members of the Local Police Board shall review the list of Members prepared pursuant to Section G(l)(c), and report the Subcommittee's recommendations regarding medical reevaluation of such Members to the Local Police Board.

e. The Secretary shall place the issue of re-examination of a Member receiving catastrophic disability benefits on an appropriate Meeting agenda as a separate item.

2. Accidental and Ordinary Disability Benefits Pursuant to A.R.S. § 38-844(E).

a. In its discretion, the Local Police Board may require Members receiving accidental or ordinary disability benefits to undergo an annual medical examination to determine whether they are still disabled and therefore, qualified for continued disability benefits.

b. On an on-going basis, the Secretary will prepare a list of Members receiving accidental and ordinary disability benefits who may be required to undergo an annual medical reevaluation pursuant to Section G(2)(a) of these Rules.

c. At the direction of the Chair, a Subcommittee of the two elected Members of the Local Police Board shall review the list of Members prepared pursuant to Section G(2)(b), and report the Subcommittee's recommendations regarding medical reevaluation of such Members to the Local Police Board.

3. Medical Boards Appointed Pursuant to A.R.S. § 38-859.

a. The Local Police Board shall appoint a medical board to examine any Member required to obtain, or selected for, reevaluation pursuant to Sections G(l), (2) of these Rules. If the Member refuses to submit to the medical board reevaluation, the Member's disability shall be considered to have ceased and the Member's disability pension terminated.

b. A formal report of the medical board on the results of the reevaluations referenced in Section G(3)(a) above shall be submitted to the Local Police Board. The Local Police Board shall review any such report at the first scheduled Meeting after receipt of the report, and shall take any action warranted, as permitted by the relevant statutes.

H. **Rehearings**

1. Application for Rehearing.

   a. A Claimant's application for Rehearing must be filed within sixty (60) days after the Claimant receives notification of the Initial Decision by certified mail, by attending the Meeting at which the Initial Decision is rendered, or by receiving benefits from the Plan pursuant to the Initial Decision, whichever occurs first.

   b. The Board of Trustee's application for Rehearing must be filed within sixty (60) days after the Board of Trustees receives a copy of the Initial Decision by certified mail.

2. Rehearings Granted. The Local Police Board will conduct a Rehearing of any matter upon proper and timely application by a Claimant or the Board of Trustees, pursuant to A.R.S. §38-847(H).

3. Preparation of Preliminary Record. Upon receipt of a proper and timely application for Rehearing, the Secretary shall prepare a packet consisting of all documents and other tangible items of evidence made available to the Local Police Board with respect to the underlying issues. The Secretary may obtain a written transcript of any previous proceedings of the Local Police Board in connection with the matter, for inclusion in such packet. The Rehearing packet shall be made available to Local Police Board members and shall be provided to all Parties to the Rehearing. This packet of materials shall constitute the preliminary record for the Rehearing.

4. Scheduling of Rehearing. When the preliminary record is complete, the Secretary will schedule the Rehearing for the next scheduled Meeting or for such other date and time as may be determined but no later than 90 (ninety) days after receipt of either the Claimant's or the Board of Trustees' application/request for Rehearing. Rehearings are not subject to the time limitations set forth in Section E(5) of these Rules.

5. Local Police Board Action on Rehearing. At or after the conclusion of the Rehearing, the Local Police Board may vote to uphold, rescind or modify its Initial Decision.

6. Issuance of Decision on Rehearing. When a Rehearing is held, the Secretary shall forward the Decision on Rehearing, Minutes of Rehearing and other necessary communications, as provided in Section C(5)(f)-(j) of these Rules.

7. Finality. Pursuant to A.R.S. §38-847, any Decision on Rehearing that is not inconsistent with the provisions of the Plan and the Internal Revenue Code shall be final, conclusive and binding on the Claimant and the Plan, unless a timely appeal is filed. However, the Board of Trustees may not implement and comply with any Decision on Rehearing that does not comply with the Internal Revenue Code or that threatens to jeopardize the Plan's status as a qualified plan under the Internal Revenue Code. A final Decision on Rehearing may be appealed to the Maricopa

   County Superior Court for the State of Arizona within the periods specified in, and the manner provided by Arizona Revised Statutes A.R.S. §12-901 *et seq.* and the

rules adopted by the Maricopa County Superior and Appellate Courts of the State of Arizona.

I. General Provisions Applicable to All Hearings and Rehearings

1. Review of Medical Records. The Local Police Board shall review and discuss any confidential medical records in executive session only, unless the Claimant or Member waives the confidentiality requirement with respect to any confidential medical records by completing a confidentiality waiver.

2. Exclusion of Evidence. The Presiding Officer may preclude the presentation of argumentative, repetitious or irrelevant facts or questioning in any proceeding on a Claim.

3. Informal Proceedings. All Hearings and Rehearings shall be conducted in an informal manner and without adherence to the rules of procedure or evidence required in judicial proceedings. The manner of conducting the Hearing or Rehearing, rulings on evidentiary or procedural objections, and the failure to adhere to rules of procedure or evidence required in judicial proceedings shall not be grounds for reversing a Decision of the Local Police Board, provided substantial evidence supports such order or Decision.

4. Notice of the Truth of Widely-Known and Accepted Facts. The Presiding Officer may take notice of the truth of certain widely known and accepted facts, including generally recognized technical, statistical, actuarial or scientific facts within the Local Police Board's specialized knowledge. Parties shall be notified, either before or during the Hearing or Rehearing, of any widely known and generally accepted facts noticed as true, including any staff memoranda or data. Parties shall be afforded an opportunity to contest any material so noticed. The Local Police Board's experience, technical competence and specialized knowledge may be utilized in its evaluation of all evidence. The Local Police Board shall be entitled to consider and rely on as true information furnished by the Employer, Administrator, the Local Police Board's independent legal counsel or the Plan's actuary.

5. Failure to Appear at Hearing. In the event a Claimant (and the Claimant's counsel, if any) fails to appear at a duly noticed Hearing or Rehearing, in its discretion, the Local Police Board may enter a Decision by default or vacate the Hearing or Rehearing. If a witness fails to appear at a duly noticed Hearing or Rehearing, in his discretion, the Presiding Officer may exclude the witness' testimony or reschedule the Hearing or Rehearing.

6. Limitation of Issues. All Hearings and Rehearings shall be limited to matters referenced in the Claim and any request for Rehearing filed by any Party.

7. Record of Proceedings. All Hearings and Rehearings shall be recorded by electronic means and at the Local Police Board's expense. A copy of the recorded Hearing or Rehearing will be provided to the Claimant and all other interested Parties upon request. Parties are responsible for obtaining their own transcription of a recorded Hearing or Rehearing, although a Local Police Board may provide such a transcription in its discretion. In addition to any electronic recording of the proceedings, the Local Police Board shall include all relevant written records as part of the official record of the Hearing or Rehearing.

8. Evidence on Claims. The Claimant and Administrator shall be afforded equal time to state their positions.

9. Subpoenas and Depositions. To facilitate the collection and presentation of evidence with respect to any matter before the Local Police Board, the Presiding Officer may authorize subpoenas and depositions of witnesses.

10. Consultation among Members. The Presiding Officer may consult on the record with the other members of the Local Police Board. The Local Police Board may consult in executive session with the Local Police Board's legal counsel so long as all requirements of the Open Meeting Law are satisfied. The Local Police Board may also go into executive session for any lawful reason, including the need to preserve the confidentiality of medical information. However, all Decisions of the Local Police Board shall be made in open, public session of the Local Police Board.

11. Submission of Evidence. The Claimant must submit to the Secretary within ten (10) working days of the Hearing or Rehearing any documents the Claimant wishes to introduce into the record, including doctor reports and other written evidence. Documents received by the Secretary less than ten (10) working days before a Hearing or Rehearing may cause a delay in the Hearing or Rehearing. Information and documents presented on the date of the Hearing or Rehearing will be reason for the Presiding Officer to call for a motion to continue the Hearing or Rehearing to a later date.

12. Bifurcation of Issues/Hearing. In connection with any Claim, the Presiding Officer is empowered to bifurcate (*i.e.*, separate into two or more) issues presented to the Local Police Board for resolution, or set multiple Hearings or Rehearings in a single case.

13. Public Participation. The Open Meeting Law governs public participation in Hearings and Rehearings.

14. No Rehearing on Remand. A Hearing before the Local Police Board on a matter remanded from the Maricopa County Superior Court is not subject to a Rehearing before the Local Police Board. However, the Local Police Board may consider new evidence or review items remanded by the Maricopa

County Superior Court.

The undersigned Chair and Secretary of the City of Surprise Local Police Board certify that the foregoing Rules were duly adopted by the Board at a meeting duly called and held on the date specified below.

Chair	Secretary
Dated	Dated

CITY OF SURPRISE
Public Safety Personnel Retirement System - Police

Council Meeting Date: February 12, 2020
Submitting Department: Agenda Creation
Staff Recommendations:

Contact Person:
District: Citywide

Consent: No Regular: No Public Hearing: No Report/Discussion: No

Agenda Wording:
Executive Disclaimer (PSPRS)

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS: