



**PUBLIC SAFETY RETIREMENT SYSTEM
CITY OF SURPRISE LOCAL FIRE & POLICE BOARDS – JOINT**
Minutes, Wednesday, September 14, 2022
16000 N. Civic Center Plaza, Surprise, Arizona 85374

The following are the minutes from the PSPRS City of Surprise Fire & Police Joint Board Meeting held at 10:00 a.m. Wednesday, September 14, 2022. The meeting was held in City Hall, Council Chambers.

A. Call to Order

Chair Hall called meeting to order at 10:00 a.m.

B. Roll Call:

Skip Hall, Chairperson – Present
James Conner, Appointed Member – Present
Kim Drayden, Appointed Member - Present
Severin Hall, Police Department – Present
Christopher Thomas, Police Department – Present
Christopher Preest, Fire Department – Present
Ricardo “Rick” Valdez, Fire Department – Present

In attendance: Cynthia Kelley, Legal Counsel
Ariana Reyna, PSPRS Board Secretary

C. Pledge of Allegiance – Completed

D. Current Events Reports – None

E. Staff Reports

Review FY 23 legal counsel fees
Ariana Reyna stated that she sent an amended version of the legal fees from what she had distributed last week. The amended version includes an IME cost for a billing statement she received on Monday.

F. Call to the Public – None

Consent Agenda:

- 1. Considerations and action pertaining to the review and approval of the July 20, 2022 Public Safety Retirement Commissions – Joint Board Meeting Minutes - APPROVED**

Motion to Approve: James Conner
Second: Rick Valdez
Opposed: None



Regular Agenda:

**2. Considerations and follow-up discussion pertaining to Senate Bill 1268 –
DISCUSSION ONLY**

Ariana Reyna stated that during the July 20 Joint Board meeting, Fire Board Member Rick Valdez had asked for clarification on the type of account used to deposit money distribution for members who elected to extend DROP participation. Following the July meeting, Ariana Reyna conferred with PSPRS and the response received was that the monies for the initial 5 years of DROP are managed by Nationwide through a 401(a) Defined Contribution Retirement Plan. The PSPRS system determines, on an annual basis, and establishes an assumed rate of return for those funds. Currently it is set at 7.3% and next year, it is presumed to decrease to 7.2%. Again, this assumed rate of return is calculated and set wholly by PSPRS.

With the extension of DROP benefits, if a member chooses to extend DROP participation pursuant to SB 1268, the additional 2 years of DROP are also managed by Nationwide but these monies are now placed in a separate, different defined contribution retirement account and there is not a fixed earned interest percentage, no assumed rate of return set by PSPRS. Just like a 457 account, the member has flexibility and the member chooses the investment options and allocations. The members are solely responsible for the performance of their individual accounts for the two-year DROP extension.

Rick Valdez inquired on withdrawal provisions and the Board discussed that this wasn't an option while an employee is actively employed. Fire Board Member Christopher Preest inquired on the two different pots of money; the 5-year DROP monies and the separate 401(a) account for the extension of DROP. He asked for clarification on compounded earned interest rate for the 401(a) of the initial 5-year DROP account. He wanted clarification if at the start of the new 401(a) plan for the extension of an additional two years in DROP, the original 401(a) with initial DROP monies would still be earning an assumed rate of return as established by PSPRS or not. Discussion ensued on different perceptions and understanding of monies interest for separate DROP accounts.

More discussion took place regarding the City's decision to allow for the extension of two additional years in DROP including the City's ability to exercise its flexibility to establish criteria or a defined process on how to handle requests. Rick Valdez also inquired on retiree health coverage as he learned that some cities are covering retirees with health coverage benefits until they reach age 65. Cynthia Kelley stated that doing so would be outside of Title 38 and it had nothing to do with the Board; that it would be a City's decision to provide such a benefit.



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Severin Hall recommended that a representative from Nationwide join the next Joint Board meeting and address some of the questions posed by the Board regarding DROP monies.

G. Other Business and Future Agenda Items – Follow up on Senate Bill 1268 questions regarding DROP monies and interest rates for extension of participation

H. Executive Session – None.

I. Adjournment

Motion to adjourn at 10:17 a.m. – APPROVED

Motion: James Conner

Second: Ricardo Valdez

Opposed: None

Meeting Minutes Approval:

A handwritten signature in black ink, appearing to read "Skip Hall", is written over a horizontal line.

Skip Hall, Chair

CERTIFICATION:

I, Ariana Reyna, Human Resources Business Partner and PSPRS Board Secretary for the City of Surprise, Maricopa County, Arizona, do hereby verify that these are true and correct minutes of the PSPRS Local Fire & Police Boards - Joint Meeting of **Wednesday, September 14, 2022.**

A handwritten signature in blue ink, appearing to read "Ariana Reyna", is written over a horizontal line.
Ariana Reyna, PSPRS Board Secretary