



**PUBLIC SAFETY RETIREMENT SYSTEM
CITY OF SURPRISE LOCAL BOARD – POLICE**
Minutes, Wednesday, April 12, 2023
16000 N. Civic Center Plaza, Surprise, Arizona 85374

The following are the minutes from the City of Surprise Public Safety Retirement Commission – Police meeting held at 10:30 a.m. Wednesday, April 12, 2023. The meeting was held in City Hall, Council Chambers.

A. Call To Order

Chair Hall called the meeting to order at 10:45 a.m.

- B. Roll Call:** Skip Hall, Chair – Present
James Conner, Appointed Member – Present
Kim Drayden, Appointed Member – Present
Severin Hall, Police Department – Present
Christopher Thomas, Police Department – Absent (*excused*)

In attendance: Ariana Reyna, PSPRS Board Secretary

C. Pledge of Allegiance – Completed

D. Current Events Reports - None

E. Staff Reports – Review of FY23 Legal Counsel and IME fees.

F. Call to the Public – None

Consent Agenda:

- 1. Considerations and action pertaining to the review and approval of the March 8, 2023 Public Safety Retirement Commission – Police Executive Session Meeting Minutes – APPROVED**

Motion to Approve: Kim Drayden

Second: James Conner

Opposed: None

- 2. Considerations and action pertaining to the review and approval of the March 8, 2023 Public Safety Retirement Commission – Police Meeting Minutes – APPROVED**

Motion to Approve: James Conner

Second: Kim Drayden

Opposed: None



Regular Agenda:

3. Review of the City of Surprise Police Department Actuarial – Financial Status and Projections report as presented by the Public Agency Retirement Solutions – INFORMATION ONLY.

Ariana Reyna stated that During the 2023 annual Employer-Local Board conference, members of the Local Board met Charles D. Francis who is a Senior Consultant with Public Agency Retirement Solutions (PARS). Charles has also provided a user guide for understanding the ratios and a flier about the Section 115 Trust program offered through PSPRS. Charles and his colleague is with us today and has graciously offered to discuss the report, answer questions and talk about strategies for the future.

Charles D. Francis introduced himself as a former City Finance Director and now is a consultant who has partnered with PSPRS and administers the Section 115 program. Charles mentioned the City's actuarial charts as provided to PSPRS and clarified that the information presented and discussed would only pertain to Tiers 1 and 2. Charles mentioned that in his experience as a former City Finance Director he was made aware that it could be difficult for City officials to interpret the actuarial report and in order to help make this information more accessible and easier to understand, he developed the a presentation through PARS which was shown to some of the Local PSPRS Board Members during the most recent PSPRS Local Board – Employer conference and was asked by several City of Surprise Local Board Members to visit and present the information to the rest of the Local Board Members. Charles did a presentation and summarized the official actuarial report from PSPRS demonstrating that the Surprise Police Department is 67.6% funded and summarized payroll and total costs as well. He also provided information on support ration, which equates to the number of active vs. inactive employees who are actually contributed to the pension plan as opposed to the ones that are not contributing and just collecting from it. Other projections discussed in terms of historic records and future projections for the Surprise Police Department were asset volatility ratio (market value of assets compared to payroll), accrued liability ratio (inactive vs. total liabilities), net cash flow ratio (contributions going in vs. benefits going out), and other general data for the Local Board's review and consideration.

Maureen Toal explained the Section 115 program. In 2020, legislation changes allowed for Section 115 Trust under the IRS code to become a new option besides having money just sit in pension reserve like it had done thus far. Section 115 is a new plan that allows another option to manage liabilities and PARS was asked to set it up and administer it as a contractor working with PSPRS. Once the money is invested in the Section 115 trust plan it is irrevocable, it cannot be diverted for any other purposes other than pension/retirement. Assets can only be accessed for pension costs. For



defined benefit plans, it can set funds for state or individual pension systems. As an exclusive benefit, assets are protected for the exclusive benefit of employees, retirees, and beneficiaries. Diversified investments are directed per Arizona law. The trust is sponsored by PSPRS but the it is locally controlled. The investment managers of the trust are US Bank and Vanguard. If the City wanted to move forward and implement the trust, there is no cost to set it up; the fees are based on assets. PARS would provide the trust documents and the City Council would approve the official implementation of the trust and once the documents are executed then, at that time the City would make a decision on investment and manager approach.

Severin Hall asked if the funds were limited to use for pension payment under the system or if it could be extended to other retirement savings benefits and Maureen confirmed that it was only for PSPRS. James Conner asked about the City's current pension reserve amount and if the City kept those reserves separate: one for Fire an one for Police or if the reserve pooled both departments together. City Manager Bob Wingenroth answered that the reserve is combined for Fire and Police but that the City knows what belongs to each department. City Manager Wingenroth also shared that the reserve is currently over 28 million dollars and that is just for public safety, it does not include reserves for the Arizona State Retirement System.

City Manager Wingenroth took the opportunity to recognize and shared that he appreciates the fiduciary behavior of the Finance Department by setting aside previous surplus amounts to address future pension liability accordingly. James Conner asked why the City would not just fund the unfunded liability to 100% if the City has the money to do so through the reserve. City Manager Wingenroth responded that the money is being invested and accruing interest; it is considered to be safe where it currently is being invested.

G. Other Business and Future Agenda Items- None

H. Executive Session – None

I. Adjournment

Motion to adjourn at 11:15 a.m. – **APPROVED**

Motion to Adjourn: James Conner

Second: Severin Hall

Opposed: None



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Meeting Minutes Approval:

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

Skip Hall, Chair
Public Safety Retirement Commission - Police

CERTIFICATION:

I, Ariana Reyna, Board Secretary and HR Business Partner for the City of Surprise, Maricopa County, Arizona, do hereby verify that these are true and correct meeting minutes of the Public Safety Retirement Commission – Police Meeting of **Wednesday, April 12, 2023.**

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

Ariana Reyna, Board Secretary
Public Safety Retirement Commission - Police