



**CITY OF SURPRISE
PSPRS Joint Meeting
16000 N. Civic Center Plaza
Surprise, AZ 85374**

Wednesday, August 16, 2023 @ 9:15 AM
COUNCIL CHAMBERS

- A. Call To Order
- B. Roll Call
- C. Pledge of Allegiance
- D. Current Events and Reports
- E. Staff Reports

Historical review of Legal Counsel and IME fees for FY17 – FY23

Review of FY24 Legal Counsel and IME fees.

- F. Public Safety Retirement Commission Joint Meeting

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:

- 1. Internal Considerations and action pertaining to the review and approval of the February 15, 2023 Public Safety Retirement Commission – Joint Board Meeting Minutes Human Resources

REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

- 2. Internal Discussion and possible action regarding a notice to the Local Board of current Legal Counsel’s transition to a new firm 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

POSTED: Thursday August 10, 2023 @ 3:00 PM

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
PSPRS Joint Meeting**

Council Meeting Date: August 16, 2023
Submitting Department: Human Resources
Staff Recommendations:

Contact Person:
District: Internal

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

Agenda Wording:

Historical review of Legal Counsel and IME fees for FY17 – FY23

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

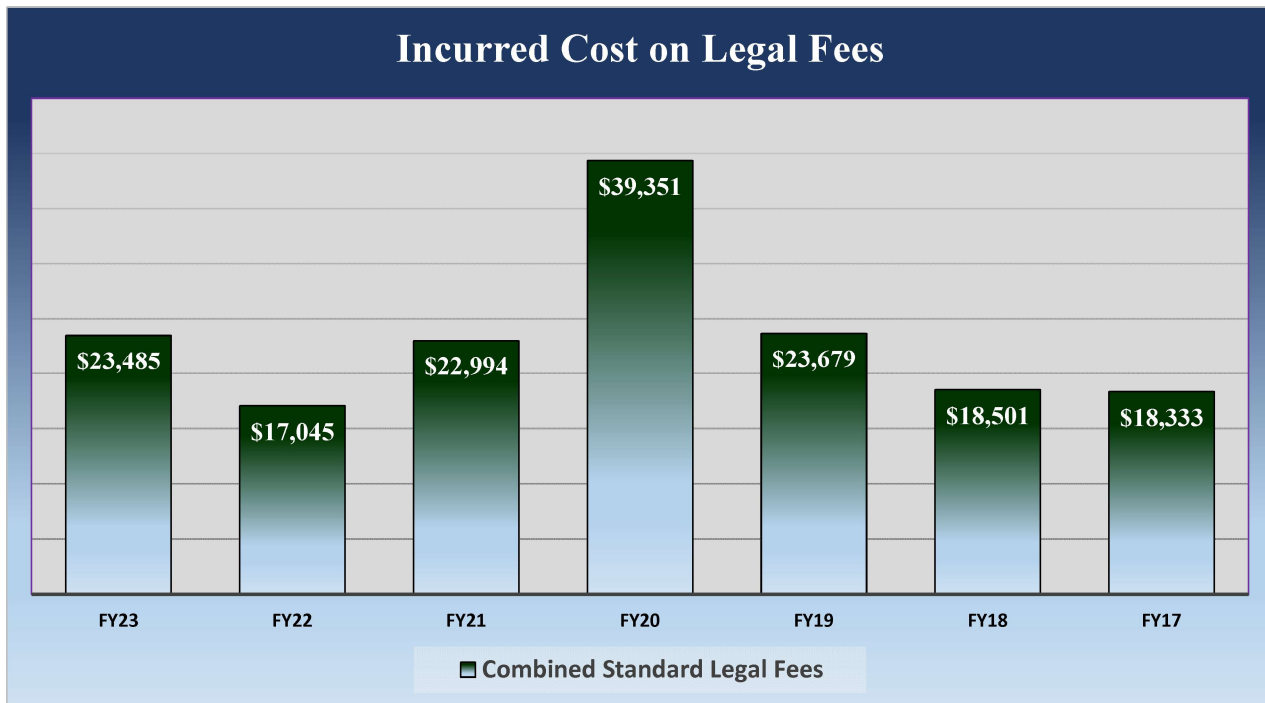
ATTACHMENTS:

1. Historical review of Legal Counsel and IME fees FY17-FY23
-

Public Safety Retirement Commission Legal Counsel and IME Fees



~ PAID INVOICES TO COMBINED LEGAL COUNSEL & COSTS ASSOCIATED WITH INDEPENDENT MEDICAL EXAMS (IME'S) - FIRE & POLICE	
2022 - 2023 (FY23)	\$23,485
2021 - 2022 (FY22)	\$17,045
2020 - 2021 (FY21)	\$22,994
2019 - 2020 (FY20)	\$39,351
2018 - 2019 (FY19)	\$23,679
2017 - 2018 (FY18)	\$18,501
2016 - 2017 (FY17)	\$18,333





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Staff Recommendations:

Contact Person:
District: Internal

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

Agenda Wording:

Review of FY24 Legal Counsel and IME fees.

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

1. Legal and IME Fees FY24
-



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Council Meeting Date: August 16, 2023
Submitting Department: Human Resources
Staff Recommendations:

Contact Person:
District: Internal

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

Agenda Wording:

Considerations and action pertaining to the review and approval of the February 15, 2023 Public Safety Retirement Commission – Joint Board Meeting Minutes

Motion:

I motion to approve the February 15, 2023 Public Safety Retirement Commission – Joint Board Meeting Minutes

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

1. Joint DRAFT Minutes 2.15.23
-



PUBLIC SAFETY RETIREMENT SYSTEM
CITY OF SURPRISE LOCAL FIRE & POLICE BOARDS – JOINT
Minutes, Wednesday, February 15, 2023
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, February 15, 2023. 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, Chair – Present
James Conner, Appointed Member – Present
Kim Drayden, Appointed Member – Absent
Severin Hall, Police Department – Present
Christopher Thomas, Police Department – Present
Christopher Preest, Fire Department – Absent
Ricardo “Rick” Valdez, Fire Department – Present

In attendance:

Cynthia “Cindy” Kelley, Legal Counsel
Ariana Reyna, PSPRS Board Secretary

C. Pledge of Allegiance – Completed

D. Current Events Reports – None

E. Staff Reports

Review of FY 23 legal counsel fees.

Reminder of the upcoming annual PSPRS Employer-Local Board conference for Wednesday, March 1, all day event. I have registered all of the Members who have confirmed attendance.

Ariana Reyna asked to know what the Board’s preference was to continue broadcasting a live streaming of the PSPRS meetings. She indicated that prior to COVID-19, the Local PSPRS Board Meetings were not televised. Legal Counsel has confirmed that per statute, televising the meetings is not a requirement. Since this originally, stemmed from a need due to the pandemic, she asked if the Board had a preference to continue or discontinue the live streaming of PSPRS Board Meetings through the Surprise TV channel. The Board indicated that they prefer to continue televising the meetings for public’s access and ease of review.

F. Call to the Public – None

Consent Agenda:

- 1. Considerations and action pertaining to the review and approval of the September 14, 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 September 14, 2022 meeting, Joint Board Members had questions regarding the City's decision to allow for a DROP extension pursuant to SB 1268 and there was questions made regarding interest rates for retirement savings plans managed by Nationwide. Ariana Reyna indicated that she provided the official City Manager's Directive explaining the City's stance on DROP extension. Ariana Reyna introduced Matt Gayman, Program Director from Nationwide who was present and available to answer questions from the Board Members.

Christopher Thomas asked if the City would continue paying the same contributions into members' PEHP (*Post Employment Health Plan*) account as long as the member is in the DROP, including the extension. Ariana Reyna stated that the way that public safety's MOU (*Memorandum of Understanding*) is written is very specific in stating that the same contribution will be made as long as the member is active in DROP, which constitutes the extension period as well.

Christopher Thomas asked that if the 401(a) rate would be market driven or a fixed, set rate. Matt Gayman addressed the Local Board and explained that at the end of the 7-year DROP, which is similar to the end of the 5-year DROP, the money (lump-sum deposit) will automatically be deferred to Nationwide from PSPRS. To provide some context, Matt Gayman stated that this law went into effect last July, 2022 and for anyone who extended their DROP between July 2022 and December 31, 2022, Nationwide recently received those members' lump sum deposits on January 31, 2023. Matt Gayman further explained that going forward; PSPRS would automatically transfer lump sum payments for members in the DROP at the end of their 5-year (60 month) participation period regardless if the member chooses to extend participation or not. After Nationwide receives the lump sum payment for the member's initial 5-year DROP participation, Nationwide will also receive the member's monthly PSPRS payment that a

member would have originally received at the end of the 5-year period, and Nationwide will hold those monthly funds until the member finally exits DROP. Those monies go into Nationwide's fixed 401(a) account that has a credited interest rate of 2.75%. In order to accrue the interest, the money has to remain in Nationwide's 401(a) but the member has discretion on how to invest since Nationwide offers a diverse line of investment options available to participating members, which is very similar to what employees, see with their 457(b) accounts with the City. Matt Gayman continued discussing other investment options available to members through the use of a broker within Nationwide's portal. Matt Gayman confirmed that the default rate for the 401(a) fixed account is a fixed 2.75% rate, but the members have immediate discretion with investment options with their money.

Christopher Thomas asked if the lump-sum payment for the initial 5 year (60-month period), if that was also going to accrue at 2.75%? Matt Gayman said yes; that the lump sum and the monthly deposits would accrue at the 2.75% rate unless the member decided to invest differently and outside of the fixed account.

Rick Valdez asked if there was a potential to lose money if the market tanked. Matt Gayman stated that as long as the member keeps the funds in the fixed rate account, the member would not lose money because PSRPS has guaranteed a 2.75% accrual rate. However, if the member decides to invest money in mutual funds, for example, then those monies are subject to rate adjustments based on the market's performance. Rick Valdez inquired on timeline for accessing funds post separation of employment. Matt Gayman stated that as soon as Nationwide receives final contributions on behalf of the member, after a typical processing time of 3-7 business days, the employee has full access to their money and has the option to withdraw funds and pay taxes, rollover funds elsewhere, or leave the money in the plan.

Rick Valdez inquired on Nationwide's management of money/accounts for other Cities. Matt Gayman stated that Nationwide won the PSPRS contract to manage DROP funds for PSPRS members through a competitive bid. Therefore, Nationwide manages all exit DROP accounts for all PSPRS members, for every City, even if the City utilizes a different vendor to manage their deferred and PEHP accounts.

Severin Hall asked that if upon separation, the employee has the option to leave the funds in the 401(a) at the fixed rate of 2.75% and if there was a timeline where that money needed to be rolled over to something else. Matt Gayman said that the member could leave those funds intact upon separation, for an indefinite period, and the account funds would still be accruing at the same fixed rate of 2.75%. In addition to that, Matt Gayman explained that this benefit was also extended to retirees even if they do not currently have any money invested with Nationwide. As long as a retiree member is receiving a pension benefit through PSPRS and has pre-tax funds available and/or invested elsewhere, they can open a 401(a) account with Nationwide and still receive the same benefit of having these funds accrue at the fixed rate of 2.75%; this is a



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benefit that is tied to PSRPS members including retirees. Severin Hall asked if City employees (PSRPS members) had the option to rollover their 457(b) monies into that 401(a) account and take advantage of the fixed rate and Matt Gayman said yes; Nationwide has members that at the end of their careers, once members exit DROP, members have decided to merge all funds into one account.

Matt Gayman indicated that he recently became the program director in December 2022 but welcomes the opportunity to assist and address members' questions. He also reminded the Board that the City's local servicing representative from Nationwide is Scott Wheeler who was onsite doing a regular visiting session with City employees.

Ariana Reyna asked for clarification on the guaranteed 2.75% rate and inquired on the basis for this rate to possibly change pursuant to a possible contract termination between PSRPS and Nationwide in the future. Matt Gayman stated that the rate could change in the event that PSRPS decided to hire a different provider. The 2.75% is Nationwide's contractual rate today but if the contract undergoes a rebidding process, than the rate could potentially go up or down depending on the terms of the new contract. PSRPS is currently reviewing RFP material for contract management of PSRPS funds.

Matt Gayman distributed business cards to Board Members and thanked the City's public safety personnel for keeping the community safe as he is a resident of Surprise.

Rick Valdez inquired on the process as outlined in the City Manager's directive 23-01, which stipulates the City's stance on DROP extension. Rick Valdez asked why there was a mention that the approval of extension for up to an additional twenty-four (24) months would be repealed from and after December 31, 2027. Ariana Reyna explained that there are two components to SB 1268: the repeal date only applies to members that had already gone into DROP effective July 1, 2022, which is when this law went into effect. Anyone who entered DROP on or after July 1, 2022 has the option to enter DROP for the full 7 years if he/she chooses to as long as he/she meets the criteria set forth by the state. For members who entered DROP prior to July 1, 2022, the City will be all caught up with asking each one of the members if they would like to extend their original designation period in DROP participation for up to an additional twenty four months. By December 31, 2027, everyone who had already entered DROP by July 1, 2022 would have received the opportunity to extend if they wish to do so pursuant to the City's directive. Ariana Reyna then indicated that the Human Resources (HR) Department would be responsible for contacting the members regarding this process, therefore, Board Members could direct employees back to HR if they have any specific questions or concerns and the HR department would be happy to assist.



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G. Other Business and Future Agenda Items – None.

H. Executive Session – None.

I. Adjournment

Motion to adjourn at 10:27 a.m. – APPROVED

Motion: James Conner

Second: Rick Valdez

Opposed: None

Meeting Minutes Approval:

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, February 15, 2023.**

Ariana Reyna, PSPRS Board Secretary



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Discussion and possible action regarding a notice to the Local Board of current Legal Counsel's transition to a new firm

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

1. 3A29286-LETTER TO BOARDS FOR OCTOBER 1
-



July 28, 2023

To: All PSPRS Local Police and Fire Boards

Dear Local Board Members,

I am writing to inform you of an important decision I have recently made regarding my legal practice. Starting October 1, 2023, the employee benefits department of Ryan, Rapp, Pacheco & Kelley will be transitioning to a new firm in Phoenix, Arizona called the Kelley Law Group. This decision, while difficult, has been made in the best interest of both myself and my clients whom I deeply value.

I am delighted to share that alongside me in this move will be Kenny Kelley, an experienced attorney specializing in employee benefit law with prior experience working with David Niederdeppe and Local Boards in the past. Additionally, Brian Kelley will be joining us, bringing his expertise in representing Local Boards in administrative appeals to the Superior Court, and Sara Yokich, a dedicated associate with a focus on employee benefits law.

In conjunction with this move, the Kelley Law Group will also be associating with the Kraw Law Group. The Kraw Law Group is a distinguished California-based law firm that has specialized in employee benefit issues, including public safety clients, for over three decades. With a team of 17 attorneys, the Kraw Group brings a wealth of knowledge and resources to our new partnership.

I want to assure you that despite these changes, my commitment to providing exceptional service to my Local Board clients remains unwavering. I will maintain primary responsibility for all of my clients, ensuring that the level of attention and autonomy you have experienced thus far remains intact. However, by joining forces with the Kelley Law Group and associating with the Kraw Law Group, I will be able to offer the added advantages of a larger employee benefit practice and access to enhanced resources.

Ultimately, the decision of whether to continue our professional relationship lies with you, and I respect any direction you may choose to take. I would be honored to

continue representing you at the new firm and will have an agreement prepared should you wish to continue our relationship.

Throughout the months of August and September, you can reach me at my current telephone number and email address. In August I will provide you with my new contact information. Please feel free to contact me should you have any questions or require further clarification.

Thank you for your continued trust and support. I look forward to the potential of serving you at the Kelley Law Group and furthering our partnership in the future.

Best regards,
RYAN RAPP PACHECO & KELLEY

A handwritten signature in black ink that reads "Cynthia K. Kelley". The signature is written in a cursive style with a long, sweeping tail on the final letter.

CYNTHIA K. KELLEY, ESQ.