PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
BOARD OF TRUSTEES MEETING

January 21, 2015

REVISED
AGENDA

The Meeting of the Board of Trustees of the Public Safety Personnel Retirement System (the “PSPRS” or “System”) will be held in the main public conference room of the administrative offices of PSPRS, 3010 East Camelback Road, Suite 200, Phoenix, Arizona 85016, commencing at 1:00 p.m. on Wednesday, January 21, 2015. The meeting will continue until 5:00 p.m. or until the matters set forth in this agenda are otherwise addressed. Members of the Board of Trustees will attend either in person or by telephonic conference call. The Board of Trustees may vote to hold an executive session, which will not be open to the public, to discuss certain matters. The Board of Trustees reserves the right to consider agenda items out of their listed order.

This meeting is available to the public through “Go to Meeting” over the Internet or in person. Please see www.psprs.com for the computer link to the meeting. All persons wishing to attend are invited.

1. Call to Order; Roll Call; Opening remarks

   Mr. Brian P. Tobin
   Chairman

2. Call to the Public.

   This is the time for the public to comment. Members of the Board of Trustees may not discuss items that are not specifically identified on the agenda, except to address criticism from the public. Therefore, pursuant to A.R.S. § 38-431.01(H), the Board of Trustees’ reaction to any public comment is limited to addressing criticism or recommending that the Board of Trustees or Staff respond or study such comment or schedule the subject matter for further consideration at a later date after appropriate notice.

3. Appropriate Action for approval of the items on the Consent Agenda (documentation concerning the matters on the consent agenda may be reviewed at the PSPRS office). Any matter on the Consent Agenda will be removed from the Consent Agenda and discussed as a regular agenda item upon the request of any member of the Board of Trustees.


d. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Randolph Bartlett.

e. Acceptance of Elected Officials’ Retirement Plan of early retirement benefit of John K. Basteen.


g. Acceptance of Elected Officials’ Retirement Plan of termination of survivor benefit of John B. Bryce.

h. Acceptance of Elected Officials’ Retirement Plan of early retirement benefit of Margaret J. Burton.

i. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Suzanna S. Cuneo.


k. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Robert Duber, II.

l. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Richard C. Elliot.

m. Acceptance of Elected Officials’ Retirement Plan of early retirement benefit of Donna Grimsley.

n. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of James M. Hacking.

o. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Carolyn S. Hall.


q. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of George Hoffman.

r. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Thomas Horne.

s. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Augustin M. Huerta.

t. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Yvonne Knaack.

v. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Alison B. Kolomitz.

w. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Kirby Kongable.


z. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Marie A. Lorona.


bb. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Mary Helen Maley.


dd. Acceptance of Elected Officials’ Retirement Plan of termination of survivor benefit of Inez R. Merrill.

ee. Acceptance of Elected Officials’ Retirement Plan of termination of normal retirement benefit of George Miller.

ff. Acceptance of Elected Officials’ Retirement Plan of survivor benefit of Roslyn Miller.


ii. Acceptance of Elected Officials’ Retirement Plan of early retirement benefit of Benjamin R. Norris.


ll. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Gary Pierce.

mm. Acceptance of Elected Officials’ Retirement Plan of termination of normal retirement benefit of Nellie E. Plasencio.

nn. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Andrew Ramirez.


tt. Acceptance of Elected Officials’ Retirement Plan of normal retirement benefit of Deborah A. Young.


yy. Acceptance of Transfer Between State Retirement Systems of David Bryant.

zz. Acceptance of Transfer Between State Retirement Systems of Timothy Stein.

aaa. Acceptance of Transfer Between State Retirement Systems of Victor Rosado.

bbb. Acceptance of Transfer Between State Retirement Systems of Zachary Scott.

ccc. Acceptance of Transfer Between State Retirement Systems of Cynthia Gordon.
Acceptance of Transfer Between State Retirement Systems of Michael Snader.

Acceptance of Transfer Between State Retirement Systems of Chad Estle.

Acceptance of Transfer Between State Retirement Systems of Lance Sewell.

Acceptance of Transfer Between State Retirement Systems of Joseph Dorner.

Acceptance of Transfer Between State Retirement Systems of William Pitman.

Acceptance of Transfer Between State Retirement Systems of Timothy Orona.

Acceptance of Transfer Between State Retirement Systems of Fiore Liberta.

Acceptance of Transfer Between State Retirement Systems of Daniel Dougherty.

Acceptance of Transfer Between State Retirement Systems of Kelly Kanavel.

Acceptance of Transfer Between State Retirement Systems of Katherine Enriquez.

Acceptance of Transfer Between State Retirement Systems of Philip Steenstra.

Acceptance of Transfer Between State Retirement Systems of Galen Davis, Jr.

Acceptance of Transfer Between State Retirement Systems of Billy Gardner.

Acceptance of Transfer Between State Retirement Systems of Paul Christensen.

Acceptance of Transfer Between State Retirement Systems of Patrick Regan.

Acceptance of Transfer Between State Retirement Systems of Giovanni Cassano.

Acceptance of Transfer Between State Retirement Systems of Brett Smith.

Acceptance of Transfer Between State Retirement Systems of Harold Bullis.

Acceptance of Transfer Between State Retirement Systems of Terri Dicino.

Acceptance of Transfer Between State Retirement Systems of Melissa Casillas.

Acceptance of Transfer Between State Retirement Systems of John Doody.

Acceptance of Transfer Between State Retirement Systems of Daniel Elmore.

Acceptance of Transfer Between State Retirement Systems of Daniel Elmore.

Acceptance of Transfer Between State Retirement Systems of Joshua E. Terpstra.
Acceptance of Transfer Between State Retirement Systems of Bryan S. Flanigan.

Acceptance of Transfer Between State Retirement Systems of Timothy Cordon.

Acceptance of Transfer Between State Retirement Systems of Ty Cathers.

Acceptance of Transfer Between State Retirement Systems of Jerry Brown.

Acceptance of Transfer Between State Retirement Systems of Pamela Rodriguez.

Acceptance of Transfer Between State Retirement Systems of Roger Ramella.

Acceptance of Transfer Between State Retirement Systems of Timothy Taylor.

Acceptance of Transfer Between State Retirement Systems of Janice Kulp.

Acceptance of Transfer Between State Retirement Systems of Deana Winn.

Acceptance of Transfer Between State Retirement Systems of Richard Henry.

Acceptance of Transfer Between State Retirement Systems of Rebecca Shackelton.

Acceptance of Transfer Between State Retirement Systems of Seteara Haddock.

Acceptance of Transfer Between State Retirement Systems of Mike Farber.

Acceptance of Transfer Between State Retirement Systems of Steve Campbell.

4. Appropriate Action regarding the Minutes of the November 19, 2014 Meeting of the PSPRS Board of Trustees.

   Mr. Brian P. Tobin

5. Review, discussion and possible Action on potential legislative proposals for the 2015 legislative session including items for a possible administrative amendments bill.

   Mr. Jared A. Smout

Report by Mr. Lauren Kingry, Chairman of the Investment Committee, regarding agenda items 6. through 11., which were discussed at the Investment Committee meeting held today, January 21, 2015, on or after 10:00 a.m., and possible Action on the Committee’s recommendations to the Board regarding same.

6. Presentation and discussion by Investment Department Staff and Dean Adler, of Lubert-Adler Partners, L.P., regarding the Domestic Real Estate Market and the Investments of PSPRS in Lubert-Adler Real Estate Fund VI-B and Lubert-Adler Real Estate Fund VII.

   Mr. Marty Anderson
   Deputy Chief Investment Officer
   Mr. Dean Adler
   CEO and Co-Founder
   Lubert-Adler Partners, L.P.
7. Presentation and discussion by Investment Department Staff and Specialty
Consultants regarding the annual Overview and Strategic Plan for the Real Estate
portfolio.

Mr. Marty Anderson
Deputy Chief Investment Officer
Mr. Edward Schwartz
ORG Holdings, LLC

8. Report by Investment Department Staff and discussion regarding (i) the Month-End
and Fiscal Year-to-Date performance for the PSPRS Trust as of October 31, 2014 and
November 30, 2014; and (ii) written report regarding the asset allocation and
performance of the Firefighters and Peace Officers Cancer Insurance Program.

Ms. Vaida Maleckaitė
Sr. Investment Operations Analyst


Mr. Mark Lundin
Deputy Chief Investment Officer - Risk

10. Upon the request of any member of the Committee, presentation by staff and possible
discussion with the members of the Committee about the following manager selection
matters:

a. Manager Selection Report by Investment Department Staff and possible discussion
regarding a potential investment of up to, $40 million capital commitment and an
allocation of $40 million for co-investments with Comvest Partners, or its affiliates, in
the Comvest Capital III, L.P., Fund, subject to final Staff and legal due diligence.

Mr. Mark Steed
Lead Portfolio Manager

b. Manager Selection Report by Investment Department Staff and possible discussion
regarding an investment of up to, £25 million capital commitment and an allocation of
£13 million for co-investments with Frogmore Real Estate Partners GP3, LLP, or its
affiliates, in the Frogmore Real Estate Partners Fund III Fund, subject to final Staff and
legal due diligence.

Mr. Marty Anderson
Deputy Chief Investment Officer


c. Manager Selection Report by Investment Department Staff and possible discussion
regarding an investment of up to $70 million for direct investment with Field Street
Partners, LP, or its affiliates, in the Field Street Master Fund, Ltd., Fund, subject to final
Staff and legal due diligence.

Mr. Mark Lundin
Deputy Chief Investment Officer-Fixed Income


d. Manager Selection Report by Investment Department Staff and possible discussion
regarding a potential investment of up to $130 million capital commitment, with an
initial investment of $80 million with follow-on as needed, with Grantham, Mayo, Van
Ottolero & Co., LLC, or its affiliates, in the GMO Benchmark-Free Allocation Fund,
subject to final Staff and legal due diligence.

Mr. Mark Lundin
e. Manager Selection Report by Investment Department Staff and possible discussion regarding a potential investment of up to $80 million capital commitment and an allocation of $40 million for co-investments with Brightwood Capital Advisors, LLC, or its affiliates, in the Brightwood Capital Fund III, LP, Fund, subject to final Staff and legal due diligence.

Mr. Mark Steed
Lead Portfolio Manager


Jennifer Eichholz, Esq.
In-House Investment Counsel

Frogmore Real Estate Partners III, L.P., Fund; Date Closed: 12/18/2014
Trustbridge Partners V, L.P.; Date Closed 12/23/2014
Field Street Master Fund; Date Closed 01/02/2015
L-A Saturn Acquisitions; Co-Investment; Date Closed: 12/15/2014

12. Report by the System’s Internal Audit and Compliance Officer and discussion regarding investment compliance, holdings and transactions as of October 31 and November 30, 2014.

Ms. Bridget Feeley
Internal Audit and Compliance Officer

Presentation by Mr. Gregory Ferguson, Chairman of the Operations, Governance Policy and Audit Committee, regarding agenda items 13. through 24., which were discussed at the Operations, Governance Policy and Audit Committee meeting held today, January 21, 2015, on or after 11:00 a.m., and possible Action on the Committee’s recommendations to the Board regarding same.

13. Presentation of the Month-to-Date Budget Report for FY 2015 and possible Action on same.

Mr. John Hendricks
Manager of Finance and Accounting

14. Update on the progress of the Local Board Training Program and discussion and possible Action regarding the same.

Mr. Robert Ortega
Local Board Training Coordinator and Human Resources Manager
Mr. Don Mineer
Local Board Training Specialist

15. Presentation of the "Requests for Local Board Rehearing" Report for the current month.

Mr. Jared A. Smout
Deputy Administrator

16. Review and discussion regarding law firms' billings for legal services performed in November and December, 2014.

Mr. Jared A. Smout
   Ms. Bridget Feeley

18. Discussion and Action regarding an amendment to the PSPRS FY 2015 Budget to provide funding for a reallocation of existing and open Lead Portfolio Manager position to an Analyst Position.
   Mr. Jared A. Smout

   Mr. Jared A. Smout

20. Presentation, discussion and possible Action regarding a renewal contract between the PSPRS and Avant Strategies.
   Mr. Jared A. Smout

21. Presentation, discussion and possible Action regarding Microsoft SharePoint web application framework and platform.
   Mr. Sam Meier
   IT Operations Manager
   Mr. Alex Neff
   Systems Engineer
   Ms. Lisa Sweeting
   Knowledge|Information Manager

22. Discussion and possible Action on pursuing services for website redesign.
   Mr. Jared A. Smout

23. Discussion and possible Action regarding actuary work sessions.
   Mr. Jared Smout

24. Discussion and possible approval of the Letter of Transmittal for the June 30, 2014 CAFRs for PSPRS, EORP and CORP.
   Mr. Jared A. Smout

25. Discussion and possible Action regarding the use of legal counsel and their scope of work.
   Mr. Jared A. Smout
   Ivy N. Voss, Esq.
   Assistant Attorney General

26. Discussion and possible Action regarding the interpretation of total return as used in ARS § 38-856.
   Mr. Jared A. Smout

27. Discussion and possible Action regarding certain potential transactions and contracts relating to assets managed by Desert Troon.
   Mr. Ryan Parham
   Chief Investment Officer
28. Update, discussion and possible Action concerning the process to select the next System Administrator.

   Mr. Lauren Kingry
   Trustee and Administrator Selection Committee Chairman

29. Appropriate Action to approve the Trustees selected by the Chairman of the Board to serve as chairs, co-chairs and members on the PSPRS Committees.

   Mr. Brian P. Tobin

30. Discussion and appropriate Action regarding Board of Trustee member requests to participate in training, educational and due diligence opportunities.

   Mr. Brian P. Tobin

31. Discussion and consultation with legal counsel and Staff and possible Action regarding IRS determination letter requests, proposed legislation, investment matters, ongoing, contemplated or threatened legal action involving the Trust and Plans, including vendor disputes, public record requests, personnel matters and actual or potential litigation and claims based on contract, tort or statute, including matters involving, judges Thompson and Hall, retired judges Fields and Lankford, retired police officers Rappleyea and Everson, active police officers Parker, Griego, Manganiello and Robles, Cross, the Pivotal Group, the Seldins, and Stroh Ranch Development and Timbervest. The Board may vote to discuss these matters in Executive Session pursuant to A.R.S. §§ 38-431.03(A)(1), (2), (3), (4) and (7) as set forth in item 32.

32. The Board of Trustees may vote to go into Executive Session (which will not be open to the public) to discuss matters pursuant to A.R.S. §§ 38-431.03(A) (1), (2), (3), (4) and (7), as applicable, including to receive legal advice from the Board’s attorneys on any matter listed on the agenda, including:

   a. Discussion and consultation with legal counsel for the purpose of receiving legal advice regarding the use of legal counsel, as authorized by A.R.S. § 38-431.03(A)(3).

   b. Discussion and consultation with legal counsel for the purpose of receiving legal advice regarding potential PSPRS legislative proposals for the 2015 legislative session including items for a possible administrative amendments bill, as authorized by A.R.S. § 38-431.03(A)(3).

   c. Discussion and consultation with legal counsel for the purpose of receiving legal advice regarding the process to select the next System Administrator, as authorized by A.R.S § 38-431.03(A)(3).

   d. Status report from Steptoe & Johnson LLP regarding the four (4) lawsuits challenging provisions of Senate Bill 1609, which lawsuits involve judges Thompson and Hall, retired judges Fields and Lankford, retired police officers Rappleyea and Everson, and police officers Parker, Griego, Manganiello and Robles, as authorized by A.R.S. § 38-431.03(A)(4).

   e. Discussion and consultation with legal counsel for the purpose of receiving legal advice regarding certain potential transactions and contracts relating to assets managed by Desert Troon, as authorized by A.R.S. §§ 38-431.03(A) (3) (7).
Discussion with legal counsel (and possible recommendation to the Board of Trustees) regarding IRS determination letter requests and legal developments, claims and issues (including settlement discussions) involving investment-related public record requests as well as the Trust and Plans’ contracts and investments, including legal matters concerning the Trust’s custodians, lenders, securities lending agents, investment contracts, vendors, advisors, investment managers or joint venturers (as well as any investments managed by the Trust’s investment managers or joint venturers), as authorized by A.R.S. §§ 38-431.03(A) (2), (3), (4) & (7). Matters discussed may include claims or potential claims by, against or involving (or issues concerning) Stroh Ranch Development, Timbervest, the Pivotal Group, Desert Troon Companies, Judicial Watch, Crain Publications (Pensions and Investments Magazine), the Arizona Republic, and/or Millard and Scott Seldin. Discussion may also include the Trust’s negotiations regarding disposition of its joint venture real estate portfolios, as authorized by A.R.S. § 38-431.03(A)(7).

g. Discussion and consultation with legal counsel and Staff regarding internal investigations (including those arising from UNITE HERE!’s allegations concerning ORG Portfolio Management), public record requests, and ongoing or threatened legal action involving the Plans or Trust not otherwise referenced above, including claims involving employee bonuses and plan valuations, Anton Orlich, Ken Fields, Jennifer Wright, Mark Selfridge, Paul Corens, Stacy Alcott, and Michele Weigand, as well as claims raised by the survivors of deceased fire fighters John Percin, Jr., Sean Misner, and Garret Zuppiger, all as authorized by A.R.S. §§ 38-431.03(A) (2), (3) and (4).

h. Discussion with legal counsel regarding the interpretation of total return as used in ARS § 38-856, as authorized by A.R.S. § 38-431.03(A) (3).

33. Set the next meeting date. (Special Board of Trustees meeting currently scheduled for Thursday, January 22, 2015; and next regular monthly meeting currently scheduled for Wednesday, February 25, 2015.)

34. Adjournment.

A copy of the agenda background material that is provided to the Board of Trustees (with the exception of materials relating to possible executive sessions and/or materials exempt by law from public inspection) is available for public inspection at the PSPRS offices located at 3010 East Camelback Road, Suite, 200, Phoenix, Arizona. The agenda is subject to revision up to 24 hours prior to the meeting.
At the request of Chairman Tobin, please find the following attached:

- **2011 GRS Pension Reform Projections** – Various projections performed by our actuaries for possible pension reform during the 2011 legislative session.

- **PSPRS BOT Minutes 12-21-10** – Minutes of the Board of Trustees meeting on December 21, 2010, showing the discussion that ensued prior to adopting the chosen projection to introduce to the Legislature.

- **HB 2198 (EORP)** – The introduced bill for the Elected Officials’ Retirement Plan.

- **HB 2199 (PSPRS)** – The introduced bill for the Public Safety Personnel Retirement System.

- **HB 2200 (CORP)** – The introduced bill for the Corrections Officer Retirement Plan.

These documents are being provided for reference as part of the discussion for the potential legislative proposals agenda item.
<table>
<thead>
<tr>
<th>Study</th>
<th>Current Actives</th>
<th>New Hires</th>
<th>Funded % in 2030</th>
<th>Cont. Rate in 2030</th>
<th>Ultimate Normal Cost</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total Change*</td>
<td>Total Change*</td>
<td>Total Change*</td>
</tr>
<tr>
<td>Alternate 13</td>
<td>DROP Interest, Final 5, Restrict COLA, 4% EE cont, 2%</td>
<td>Same as Current</td>
<td>79.3% N/A</td>
<td>32.4% N/A</td>
<td>18.4% N/A</td>
</tr>
<tr>
<td>Alternate 13a</td>
<td>DROP Interest, EE Cont on DROP pay, Final 5, Restrict COLA, 4% EE cont, avg</td>
<td>Same as Current</td>
<td>80.6% N/A</td>
<td>31.5% N/A</td>
<td>18.6% N/A</td>
</tr>
<tr>
<td>Alternate 14a</td>
<td>Same as 13a, Retirement at 25 yrs</td>
<td>Retirement at 50 and 25 yrs</td>
<td>80.2% -0.4%</td>
<td>29.9% -1.6%</td>
<td>16.9% -1.7%</td>
</tr>
<tr>
<td>Alternate 14b</td>
<td>Same as 13a, Retirement at 52.5 and 25 yrs</td>
<td>Same as current</td>
<td>80.3% -0.5%</td>
<td>29.6% -1.9%</td>
<td>16.5% -2.1%</td>
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<tr>
<td>Alternate 14c</td>
<td>Same as 13a, 2.25% multiplier</td>
<td>Same as current</td>
<td>80.3% -0.3%</td>
<td>30.3% -1.2%</td>
<td>17.2% -1.4%</td>
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<tr>
<td>Alternate 15</td>
<td>Same as 13a, No DROP</td>
<td>Same as current</td>
<td>80.5% -0.1%</td>
<td>31.0% -0.5%</td>
<td>18.0% -0.6%</td>
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<td>Alternate 16</td>
<td>Same as 13a, 50% Spouse Benefit</td>
<td>Same as current</td>
<td>80.5% -0.1%</td>
<td>31.2% -0.3%</td>
<td>18.2% -0.4%</td>
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<tr>
<td>Alternate 17</td>
<td>Same as 13a, 2% Capped Compound COLA</td>
<td>Same as current</td>
<td>81.1% 0.5%</td>
<td>33.0% 1.5%</td>
<td>21.5% 2.9%</td>
</tr>
<tr>
<td>Alternate 18a</td>
<td>Same as 13a, 2% Capped Simple COLA</td>
<td>Same as current</td>
<td>81.0% 0.4%</td>
<td>32.7% 1.2%</td>
<td>21.1% 2.5%</td>
</tr>
<tr>
<td>Alternate 18b</td>
<td>Same as 13a, No COLA</td>
<td>Same as current</td>
<td>80.4% -0.2%</td>
<td>30.4% -1.1%</td>
<td>18.6% 0.0%</td>
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<tr>
<td>Alternate 18c</td>
<td>Same as 13a, COLA Reserve with 11% Threshold</td>
<td>Same as current</td>
<td>80.3% -0.3%</td>
<td>30.7% -0.8%</td>
<td>18.6% 0.0%</td>
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</table>

* Change represents the change from Alternate 13a
Funded % in 2030 represents 75% probability that the funded % will be equal to or greater than the given level
Contribution Rate in 2030 represents 75% probability that the contribution rate will be equal to or less than the given rate
Ultimate Normal Cost represents the ultimate cost of the system (not reduced for employee contributions) based on new hires once the system is 100% funded
The ultimate Normal Cost for all scenarios that have the COLA reserve mechanism is understated because it ignores the operation of the COLA (does not prefund the COLA).
The projections of funded % assume recommended contributions will be made. To the extent that less than the recommended contribution is made, funded %’s will be lower than shown in these projections.
Alternate 13

5 year Final Average Compensation for existing actives and new hires
Restrictive COLA program based on Market Value of Assets
Additional 4% of pay member contributions, phased in over 4 years
Interest rate on the DROP account is capped at 2% per year
All other benefit provisions are the same as current provisions
Alternate 13a

5 year Final Average Compensation for existing actives and new hires
Restrictive COLA program based on Market Value of Assets
Additional 4% of pay member contributions, phased in over 4 years
Employee Contributions on DROP payroll
Interest rate on the DROP account tied to actual return of the fund (minimum 2%; maximum 8%)
All other benefit provisions are the same as current provisions
## PSPRS Projection Results

**Alternate 14a**

### Contribution Rates

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<th>Year</th>
<th>5th Percentile</th>
<th>25th Percentile</th>
<th>Median</th>
<th>75th Percentile</th>
<th>95th Percentile</th>
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<td>2010</td>
<td>21.3%</td>
<td>34.8%</td>
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<tr>
<td>2040</td>
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<td>32.0%</td>
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<td>2045</td>
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### Funded Rate

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<th>Year</th>
<th>5th Percentile</th>
<th>25th Percentile</th>
<th>Median</th>
<th>75th Percentile</th>
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<td>2010</td>
<td>67.7%</td>
<td>52.6%</td>
<td>55.3%</td>
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<td>67.7%</td>
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<tr>
<td>2015</td>
<td>67.7%</td>
<td>52.6%</td>
<td>55.3%</td>
<td>61.7%</td>
<td>67.7%</td>
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<tr>
<td>2020</td>
<td>67.7%</td>
<td>52.6%</td>
<td>55.3%</td>
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<tr>
<td>2025</td>
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<td>52.6%</td>
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### Alternate 14a

**Existing actives**
- 5 year Final Average Compensation for existing actives and new hires
- Restrictive COLA program based on Market Value of Assets
- Additional 4% of pay member contributions, phased in over 4 years
- Employee Contributions on DROP payroll
- Interest rate on the DROP account tied to actual return of the fund (minimum 2%; maximum 8%)
- All other benefit provisions are the same as current provisions

**New hires**
- Retirement after 25 years of service
- All other benefit provisions the same as current actives
PSPRS Projection Results
Alternate 14b

Alternate 14b:
Existing actives
- 5 year Final Average Compensation for existing actives and new hires
- Restrictive COLA program based on Market Value of Assets
- Additional 4% of pay member contributions, phased in over 4 years
- Employee Contributions on DROP payroll
- Interest rate on the DROP account tied to actual return of the fund (minimum 2%, maximum 8%)
- All other benefit provisions are the same as current provisions

New hires
- Normal retirement at age 50 with 25 years of service
- All other benefit provisions the same as current actives

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PSPRS Projection Results
Alternate 14c

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Alternate 14c:
Existing actives
- 5 year Final Average Compensation for existing actives and new hires
- Restrictive COLA program based on Market Value of Assets
- Additional 4% of pay member contributions, phased in over 4 years
- Employee Contributions on DROP payroll
- Interest rate on the DROP account tied to actual return of the fund (minimum 2%; maximum 8%)
- All other benefit provisions are the same as current actives

New hires
- Normal retirement at age 52.5 with 25 years of service
- All other benefit provisions the same as current actives

Alternate 14c
01/13/15
PSPRS Projection Results
Alternate 15

**Contribution Rates**

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**Funded Rate**

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**Alternate 15:**

**Existing actives**
- 5 year Final Average Compensation for existing actives and new hires
- Restrictive COLA program based on Market Value of Assets
- Additional 4% of pay member contributions, phased in over 4 years
- Employee Contributions on DROP payroll
- Interest rate on the DROP account tied to actual return of the fund (minimum 2%; maximum 8%)
- All other benefit provisions are the same as current actives

**New hires**
- 2.25% of FAC multiplier for all years of service
- All other benefit provisions the same as current actives
### PSPRS Projection Results

**Alternate 16**

#### Contribution Rates

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#### Funded Rates

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### Alternate 16:

**Existing actives**

- 5 year Final Average Compensation for existing actives and new hires
- Restrictive COLA program based on Market Value of Assets
- Additional 4% of pay member contributions, phased in over 4 years
- Employee Contributions on DROP payroll
- Interest rate on the DROP account tied to actual return of the fund (minimum 2%; maximum 8%)
- All other benefit provisions are the same as current actives

**New hires**

- No DROP
- All other benefit provisions the same as current actives
Alternate 17:

Existing actives

· 5 year Final Average Compensation for existing actives and new hires
· Restrictive COLA program based on Market Value of Assets
· Additional 4% of pay member contributions, phased in over 4 years
· Employee Contributions on DROP payroll
· Interest rate on the DROP account tied to actual return of the fund (minimum 2%; maximum 8%)
· All other benefit provisions are the same as current actives

New hires

· Post-retirement survivor benefit is 50% of retiree's benefit
· All other benefit provisions the same as current actives
**Alternate 18a:**

**Existing actives:**
- 5 year Final Average Compensation for existing actives and new hires
- Restrictive COLA program based on Market Value of Assets
- Additional 4% of pay member contributions, phased in over 4 years
- Employee Contributions on DROP payroll
- Interest rate on the DROP account tied to actual return of the fund (minimum 2%; maximum 8%)
- All other benefit provisions are the same as current provisions

**New hires:**
- Permanent compound COLA tied to CPI, not to exceed 2% per year
- All other benefit provisions the same as current actives

---

**PSPRS Projection Results**

**Alternate 18a**

**Funded Status**
- Median
- 75% Confidence

**Contribution Rates**
- Median
- 75% Confidence

**Year**
- 2010
- 2015
- 2020
- 2025
- 2030
- 2035
- 2040
- 2045
- 2050

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**Contribution Rates 2010 2015 2020 2025 2030 2035 2040 2045 2050**

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**Funded Rate 2010 2015 2020 2025 2030 2035 2040 2045 2050**

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**PSPRS Projection Results**

**Alternate 18b**

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**Alternate 18b:**

**Existing actives**
- 5 year Final Average Compensation for existing actives and new hires
- Restrictive COLA program based on Market Value of Assets
- Additional 4% of pay member contributions, phased in over 4 years
- Employee Contributions on DROP payroll
- Interest rate on the DROP account tied to actual return of the fund (minimum 2%, maximum 8%)
- All other benefit provisions are the same as current actives

**New hires**
- Permanent simple COLA tied to CPI, not to exceed 2% per year
- All other benefit provisions the same as current actives
PSPRS Projection Results
Alternate 18c

<table>
<thead>
<tr>
<th>Year</th>
<th>Contribution Rates 5th Percentile</th>
<th>Contribution Rates 25th Percentile</th>
<th>Contribution Rates Median</th>
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Alternate 18c:
Existing actives
- 5 year Final Average Compensation for existing actives and new hires
- Restrictive COLA program based on Market Value of Assets
- Additional 4% of pay member contributions, phased in over 4 years
- Employee Contributions on DROP payroll
- Interest rate on the DROP account tied to actual return of the fund (minimum 2%; maximum 8%)
- All other benefit provisions are the same as current actives

New hires
- No COLA
- All other benefit provisions the same as current actives
### Alternate 18d:

**Existing actives**
- 5 year Final Average Compensation for existing actives and new hires
- Restrictive COLA program based on Market Value of Assets
- Additional 4% of pay member contributions, phased in over 4 years
- Employee Contributions on DROP payroll
- Interest rate on the DROP account tied to actual return of the fund (minimum 2%; maximum 8%)
- All other benefit provisions the same as current actives

**New hires**
- COLA program - half of the excess investment return above 11% on new hire assets flows into the COLA reserve; COLA percent increase cannot exceed 2% per year.
- All other benefit provisions the same as current actives

### PSPRS Projection Results

#### Alternate 18d

- **Year**: 2010, 2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050
- **Contribution Rates**
  - **5th Percentile**: 21.3%, 38.5%, 44.9%, 52.4%, 53.3%, 47.0%, 47.5%, 57.6%, 59.2%
  - **25th Percentile**: 21.3%, 34.1%, 35.8%, 36.5%, 30.7%, 26.8%, 25.8%, 25.5%, 26.6%
  - **Median**: 21.3%, 32.9%, 31.4%, 28.9%, 23.2%, 19.7%, 17.2%, 15.9%, 14.6%
  - **75th Percentile**: 21.3%, 31.3%, 27.6%, 22.5%, 16.7%, 11.9%, 8.3%, 5.0%, 2.9%
  - **95th Percentile**: 21.3%, 26.0%, 10.3%, 3.9%, 3.1%, 0.0%, 0.0%, 0.0%, 0.0%

- **Funded Rates**
  - **5th Percentile**: 67.7%, 52.4%, 55.1%, 61.5%, 69.1%, 73.5%, 76.8%, 76.6%, 77.4%
  - **25th Percentile**: 67.7%, 56.0%, 62.3%, 71.4%, 80.3%, 85.5%, 87.6%, 89.1%, 89.0%
  - **Median**: 67.7%, 58.5%, 70.0%, 81.0%, 89.4%, 93.5%, 96.5%, 98.1%, 99.7%
  - **75th Percentile**: 67.7%, 62.0%, 76.5%, 89.5%, 96.9%, 102.0%, 106.1%, 110.4%, 114.8%
  - **95th Percentile**: 67.7%, 67.2%, 87.2%, 100.4%, 113.0%, 125.4%, 137.9%, 152.2%, 162.6%

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Alternate 18d: Gabriel Roeder Smith & Company 01/13/15
Call to Order; Roll Call; Opening remarks………………………………………………………………………………….Mr. Brian Tobin
Board Chairman

The meeting was called to order by Chairman Tobin at 2:30 p.m. Roll was called and all members of the Board were present either by teleconference or in person.

Mr. Tobin stated the Board of Trustees are meeting today to determine how to achieve a goal of 80% funding status in 20 years with a 75% probability of success with the assistance of a number of actuarial studies that have been completed.

Chairman Tobin conducted at Call to the Public:

1. Call to the Public:

This is the time for the public to comment. Members of the Board of Trustees may not discuss items that are not specifically identified on the agenda, except to address criticism from the public. Therefore, pursuant to A.R.S. § 38-431.01(H), the Board of Trustees' reaction to any public comment is limited to addressing criticism or recommending that the Board of Trustees or Staff respond or study such comment or schedule the subject matter for further consideration at a later date after appropriate notice.

Mr. Jimmy Chavez, President of the Arizona Police Association (APA) along with representatives of the Arizona Conference of Police and Sheriffs (AZCOPS) and Fraternal Order of Police (FOP), stated that the groups met yesterday and are united in opposition to the proposals the PSPRS Board of Trustees has approved to this point with regards to PSPRS Plan changes that would
adversely affect the active and retired members of the System. There needs to be exploration of a second tier of benefits for members newly hired into the System and open the discussion with a working session of the Board, constituents, and actuaries in order to get to the goal of 80% funding within a reasonable amount of time. Items that have been discussed and tentatively approved, without actuarial studies having been performed, by the aforementioned groups include:

- 20 years retirement with a 50% benefit and calculated by a 5 year final average calculation (FAC).
- Removal of a 2.5% retroactive escalator at 25 years of service.
- 2% increase of benefit for each year of service after 20 years.
- Maximum pension benefit of 70% with 30 years of service.
- Restructure the COLA Reserve account so that each year the adjustment would be based on the CPI with a maximum of 4%.
- Annual leave not included in the final pension calculation.
- Not opposed to restructure DROP for those not already in the program.
- DROP participants continue to pay contributions.
- Employers pay reduced contributions equal to the amount the employer would pay when a new officer is hired, not at the current salary of the person who enters DROP.
- Employees continue to contribute, but during that time contributions will receive a specified maximum interest rate.
- Monies placed in the System will be returned to the employee when the DROP contract is completed.

Mr. Jim Mann, Executive Director of the Fraternal Order of Police Labor Council (FOP), told the Board that the FOP believes that if the retirement system recommends changes to the current active employees and/or the retirees, those changes would invite a legal challenge. They are willing to examine every option to see how these options would impact the ability to attract and retain the highest quality employees in law enforcement. We know this is a starting point for discussions that are going to have to take place at the legislature. While FOP does not like to have recommendations made that create a second tier, we believe a second tier is most likely the one option that would not invite a legal challenge.

Mr. John Stair, Vice President of the Arizona Conference of Police and Sheriffs (AZCOPS), said the Board has succeeded in doing something no one else has been able to do -- push the law enforcement groups together to try and figure out how we can successfully address this issue. The issue AZCOPS is most concerned about is the potential legal challenge. We want to protect those who already enjoy the benefits of the System and the people who are in it. We are willing to explore a second tier of benefits.

Mr. Tim Hill, President of the Professional Fire Fighters of Arizona (PFFA), spoke to the Board and said that the PFFA continues to be open to consideration of options. He asked the Board to continue working on options and to listen to suggestions brought forward from different employer groups. He requested the current actuarial work be done point by point and not cumulatively. He requested that a working session be held to develop effective and reasonable solutions that is presented in a package that is legally and financially sound prior to submission to the legislature.

Mr. Pete Dunn, representing the Judges of the Superior Court and the Supreme Court of Arizona, reminded the Board not to forget about CORP and EORP. A lot of work has been done with PSPRS; but it is difficult for his constituent group to respond to a proposal for PSPRS without seeing the impact on EORP, which covers the judges.
2. Discussion regarding Fiscal Year 2011 legislative initiatives and further consideration of the specifications adopted at the Special Meeting of the PSPRS Board of Trustees on December 6, 2010 and at the regular Board meeting on December 15, 2010 including further consideration of possible plan modifications for a “2nd Tier” of benefits for New Hires and Action as appropriate.

Mr. Tobin stated that, for this meeting, the Gabriel Roeder Smith & Company (GRS) actuaries prepared alternatives 13 through 18d. At the December 15, 2010 Board of Trustees meeting, changes to the DROP plan were discussed and it was decided to create another alternative which is before the Board today. It is the same as alternative 13 but with the addition that the DROP account interest rate would be one-half of the investment return with a minimum of 2% and a maximum of 8%. In addition DROP participants would be required to make contributions on their salary while in DROP.

If the Board votes to go forward with alternative 13a, by the year 2030 the funding of the System rises to 80.6% with a 75% probability which meets the goal the Board set on December 6, 2010. Then 13a becomes the new baseline and the remaining changes would apply to New Hires.

Mr. Hacking stated in this alternative, employer rates crest in 2025 at 37.4% of payroll. At 2030 the rate drops to 31.5% when the 80% funded goal is attained. These are actuarial value numbers and not market value.

MOTION 12-71-10

At 3:10 p.m.

Motion: To move forward with alternative 13a of the Gabriel Roeder Smith & Company actuarial projections:

- 5 year Final Average Compensation for existing actives and new hires
- Restrictive COLA program based on Market Value of Assets – if funding ratio at Market Value is between 70% and 80%, in-flow is limited to 50% of what otherwise would flow in the COLA reserve; if funding ratio at Market Value is less than 70%, no new in-flow would go to the COLA reserve.
- Additional 4% of pay member contributions, phased in over 4 years with a “maintenance of effort” provision so that employer rates do not automatically go down with no net gain to the Plan
- Employee Contributions on DROP payroll
- Interest rate of the DROP account tied to one-half the actual investment return of the fund (minimum of 2%; maximum of 8%)
- All other provisions are the same as current provisions

Moved by: Ms. Stein
Seconded by: Ms. Roediger
Discussion:

Mr. McHenry stated he is concerned about a possible legal challenge to the 5 year Final Average Compensation as it would adversely affect current active member benefits, since current law calls for a 3 year Final Average Compensation calculation. Mr. Tobin replied that if all the impact of changes is placed on the New Hires, that would pose a huge burden. The restrictive COLA was discussed and Mr. Hacking stated that in any year where the funding ratio, calculated using the market value of assets, is less than 70%, there would be no new in-flow of excess return to the reserve of that fund. At any time when the funding ratio of the fund is between 70% and 80%, only one half of any new in-flow that would otherwise happen, would actually go to the reserve and the reminder would be allocated to the underlying plan in order to help improve the funding ratio of the underlying plan which is where the deficiency is located.

Opposed: Mr. Ferguson, Mr. McHenry
In Favor: Ms. Stein, Ms. Roediger, Mr. Dunne; Mr. Maguire; Mr. Tobin
Motion Passes: Passes 5 to 2
Mr. Maguire stated he voted for the motion, but he believes we are short of the goal.

Ms. Stein suggested a second tier of benefits for New Hires be considered that addresses the number of years of service required for normal retirement and the age at which one can start to draw benefits.

MOTION 12-72-10
At 3:25 p.m.
Motion: To approve alternative 14c in lieu of 14a and 14b. Alternative 14c: Normal retirement at age 52.4 with 25 years of service for New Hires. All other benefit provisions the same as current actives.
Moved by: Ms. Stein
Seconded by: Mr. Maguire
Discussion: None
In Favor: Unanimous
Motion Passes: Passes

Mr. Ferguson asked the Board to consider alternative 16: No DROP for New Hires. Discussion regarding this alternative was held.

MOTION 12-73-10
At 3:41 p.m.
Motion: To approve alternative 16: No DROP for New Hires.
Moved by: Mr. Ferguson
Seconded by: Mr. Maguire
Discussion: Mr. Tobin stated that enough has been done to reach our goal of 80% funded within 20 years with a 75% probability.
Opposed: Mr. Dunne, Ms. Roediger, Mr. McHenry, Mr. Tobin
In Favor: Mr. Ferguson, Mr. Maguire, Ms. Stein
Motion Passes: Motion fails 4 to 3

Mr. Tobin directed Mr. Hacking to go forward with the suggested changes in order for the actuaries to calculate the results. Ongoing discussions can be held for future legislative portions of meeting agendas. Mr. Hacking stated that what has been done for the Public Safety Personnel Retirement System Plan will be adapted to the Elected Officials’ Retirement Plan and the Corrections Officer Retirement Plan and the actuaries would be asked to make the necessary projections. Mr. Tobin directed Mr. Hacking to do so.

Mr. Hacking informed the Board and members attending the meeting that three more meetings will be held:
Constituents Group Reps: December 29, 2010 at 1:00 p.m.
Employer Groups: January 4, 2011 at 10 a.m.
Employer Groups/Constituents: January 6, 2011 at 9 a.m.

3. Call to the Public:

This is the time for the public to comment. Members of the Board of Trustees may not discuss items that are not specifically identified on the agenda, except to address criticism from the public. Therefore, pursuant to A.R.S. § 38-431.01(H), the Board of Trustees’ reaction to any public comment is limited to addressing criticism or recommending that the Board of Trustees or Staff respond or study such comment or schedule the subject matter for further consideration at a later date after appropriate notice.

Mr. Tobin made a second call to the public.
Mr. Jim Mann stated that the role benefits play in attracting and retaining public safety personnel and in particular, the DROP program, is very important and essential to their career planning.

Mr. Jimmy Chavez stated the APA is not in favor of changing the Final Average Compensation from three to five years for current active members.

Mr. Tom Jonovich informed the Board that an honorable start has been made with a prototype unified program to solve the PSPRS Plan’s financial problem and the process to meet the goal of a viable product has been streamlined.

4. Set the next meeting date.

The next meeting is scheduled for January 26, 2011.

5. Adjournment.

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<tr>
<td>Seconded by:</td>
<td>Ms. Roediger</td>
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<tr>
<td>Discussion:</td>
<td>None</td>
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<tr>
<td>In Favor:</td>
<td>Unanimous</td>
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Brian Tobin, Trustee, Chairman

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Lori Roediger, Trustee, Vice Chairperson

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Greg Ferguson, Trustee

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Jeff McHenry, Trustee

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Tim Dunne, Trustee

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Alan Maguire, Trustee

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Randie Stein, Trustee
HB 2198

Introduced by
Representative Robson

AN ACT

AMENDING SECTIONS 38-801, 38-805, 38-808, 38-810 AND 38-818, ARIZONA REVISED STATUTES; RELATING TO THE ELECTED OFFICIALS' RETIREMENT PLAN.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 38-801, Arizona Revised Statutes, is amended to read:

38-801. Definitions

In this article, unless the context otherwise requires:

1. "Accumulated contributions" means the sum of all member contributions deducted from the member's salary pursuant to section 38-810, subsection A plus the amount transferred to the fund on behalf of the member plus the amount deposited in the fund pursuant to section 38-816.

2. "Actuarial equivalent" means equality in present value of the aggregate amounts expected to be received under two different forms of payment, based on mortality and interest assumptions adopted by the board.

3. "Alternate payee" means the spouse or former spouse of a participant as designated in a domestic relations order.

4. "Alternate payee's portion" means benefits that are payable to an alternate payee pursuant to a plan approved domestic relations order.

5. "Average yearly salary" means the result obtained by dividing the total salary paid to an employee during a considered period by the number of years, including fractional years, in which the salary was received. The considered period shall be the three FIVE consecutive years within the last ten completed years of credited service as an elected official that yield the highest average. If an employee does not have three FIVE consecutive years of credited service as an elected official, the considered period is the employee's last consecutive period of employment with a plan employer immediately before retirement.

6. "Board" means the board of trustees of the system.

7. "Credited service" means the number of whole and fractional years of a member's service as an elected official after the elected official's effective date of participation for which member and employer contributions are on deposit with the fund, plus credited service transferred to the plan from another retirement system or plan for public employees of this state, plus service as an elected official before the elected official's effective date of participation that is being funded pursuant to a joinder agreement pursuant to section 38-810, subsection C and section 38-815 or service that was redeemed pursuant to section 38-816. Credited service does not include periods of service for which an active member is uncompensated by the employer and for which no contributions to the plan are made.

8. "Cure period" means the ninety-day period in which a participant or alternate payee may submit an amended domestic relations order and request a determination, calculated from the time the plan issues a determination finding that a previously submitted domestic relations order did not qualify as a plan approved domestic relations order.

9. "Determination" means a written document that indicates to a participant and alternate payee whether a domestic relations order qualifies as a plan approved domestic relations order.
10. "Determination period" means the ninety-day period in which the
plan must review a domestic relations order that is submitted by a
participant or alternate payee to determine whether the domestic relations
order qualifies as a plan approved domestic relations order, calculated from
the time the plan mails a notice of receipt to the participant and alternate
payee.

11. "Direct rollover" means a payment by the plan to an eligible
retirement plan that is specified by the distributee.

12. "Distributee" means a member, a member's surviving spouse or a
member's spouse or former spouse who is the alternate payee under a plan
approved domestic relations order.

13. "Domestic relations order" means an order of a court of this state
that is made pursuant to the domestic relations laws of this state and that
creates or recognizes the existence of an alternate payee's right to, or
assigns to an alternate payee the right to, receive a portion of the benefits
payable to a participant.

14. "Effective date of participation" means August 7, 1985, except with
respect to employers and their elected officials whose contributions to the
plan commence after that date, in which case the effective date of their
participation in the plan is specified in the applicable joinder agreement.

15. "Elected official" means:
   (a) Every elected official of this state.
   (b) Every elected official of each county of this state.
   (c) Every justice of the supreme court, every judge of the court of
       appeals, every judge of the superior court and every full-time superior court
       commissioner, except full-time superior court commissioners who failed to
       make a timely election of membership under the judges' retirement plan,
       repealed on August 7, 1985.
   (d) The administrator of the board if the administrator is a natural
       person.
   (e) Each elected official of an incorporated city or town whose
       employer has executed a proper joinder agreement for coverage of its elected
       officials.

16. "Eligible child" means an unmarried child of a deceased active or
    retired member who meets one of the following qualifications:
    (a) Is under eighteen years of age.
    (b) Is at least eighteen years of age and under twenty-three years of
        age only during any period that the child is a full-time student.
    (c) Is under a disability that began before the child attained
        twenty-three years of age and remains a dependent of the surviving spouse or
        guardian.

17. "Eligible retirement plan" means any of the following that accepts
    a distributee's eligible rollover distribution:
    (a) An individual retirement account described in section 408(a) of
        the internal revenue code.
(b) An individual retirement annuity described in section 408(b) of
the internal revenue code.
(c) An annuity plan described in section 403(a) of the internal
revenue code.
(d) A qualified trust described in section 401(a) of the internal
revenue code.
(e) An annuity contract described in section 403(b) of the internal
revenue code.
(f) An eligible deferred compensation plan described in section 457(b)
of the internal revenue code that is maintained by a state, a political
subdivision of a state or any agency or instrumentality of a state or a
political subdivision of a state and that agrees to separately account for
amounts transferred into the eligible deferred compensation plan from this
plan.
18. "Eligible rollover distribution" means a payment to a distributee,
but does not include any of the following:
(a) Any distribution that is one of a series of substantially equal
periodic payments made not less frequently than annually for the life or life
expectancy of the member or the joint lives or joint life expectancies of the
member and the member's beneficiary or for a specified period of ten years or
more.
(b) Any distribution to the extent the distribution is required under
section 401(a)(9) of the internal revenue code.
(c) The portion of any distribution that is not includable in gross
income.
19. "Employer" means a department, agency or political subdivision of
this state that makes employer contributions to the plan pursuant to section
38-810 on behalf of an elected official who participates in the plan.
20. "Fund" means the elected officials' retirement plan fund.
21. "Notice of receipt" means a written document that is issued by the
plan to a participant and alternate payee and that states that the plan has
received a domestic relations order and a request for a determination that
the domestic relations order is a plan approved domestic relations order.
22. "Participant" means a member who is subject to a domestic relations
order.
23. "Participant's portion" means benefits that are payable to a
participant pursuant to a plan approved domestic relations order.
24. "Pension" means a series of monthly payments to a person who is
entitled to receive benefits under the plan.
25. "Personal representative" means the personal representative of a
deceased alternate payee.
26. "Plan" means the elected officials' retirement plan.
27. "Plan approved domestic relations order" means a domestic relations
order that the plan approves as meeting all the requirements for a plan
approved domestic relations order as otherwise prescribed in this article.
28. "Retired member" means a person who is being paid a pension based on the person's credited service as a member of the plan.

29. "Segregated funds" means the amount of benefits that would currently be payable to an alternate payee pursuant to a domestic relations order under review by the plan, or a domestic relations order submitted to the plan that failed to qualify as a plan approved domestic relations order, if the domestic relations order were determined to be a plan approved domestic relations order.

30. "System" means the public safety personnel retirement system.

Sec. 2. Section 38-805, Arizona Revised Statutes, is amended to read:

38-805. Normal retirement and early retirement pensions

A. A member who becomes an elected official before the effective date of this amendment to this section and who ceases to hold office is eligible for a normal retirement pension, if the member satisfies one of the following requirements:

1. Has attained age sixty-five with five or more years of credited service.

2. Has attained age sixty-two with ten or more years of credited service.

3. Has twenty or more years of credited service.

B. A member who becomes an elected official on or after the effective date of this amendment to this section and who ceases to hold office is eligible for a normal retirement pension, if the member satisfies one of the following requirements:

1. Has attained age sixty-five with five or more years of credited service.

2. Has attained age sixty-two with ten or more years of credited service.

B-. C. A member who has at least five years of credited service and who ceases to hold office as an elected official may take early retirement.

D. On normal or early retirement, a retired member shall receive a pension computed pursuant to section 38-808, subsection B until the member's death.

Sec. 3. Section 38-808, Arizona Revised Statutes, is amended to read:

38-808. Pension payments: computation of amounts; termination

A. Plan retirement commences on the first day of the month following the date of the member's retirement or death. Pension payments shall be received on or about the first day of the month next following the member's plan retirement. The last pension payment shall be made as of the last day of the month in which the death of the retired member or the surviving spouse or minor children occurs. Pension payments shall not be made in advance.

B. The monthly pension shall be equal to one-twelfth of the following amount:
1. Four per cent of the member's average yearly salary multiplied by
the member's credited service, not to exceed eighty per cent of the member's
average yearly salary. This amount shall be reduced if the member takes
early retirement pursuant to section 38-805, subsection B—C. The amount of
reduction is three-twelfths of one per cent for each month the retired
member's early retirement age precedes the member's normal retirement age
pursuant to section 38-805, subsection A OR B, except that the reduction
shall not be more than thirty per cent.

2. A member who meets the requirements for a disability retirement
pension shall receive a disability pension equal to four per cent of the
member's average yearly salary multiplied by twenty years of credited service
if the member has ten or more years of credited service, four per cent of the
member's average yearly salary multiplied by ten years of credited service if
the member has five or more years of credited service but fewer than ten
years of credited service or four per cent of the member's average yearly
salary multiplied by five years of credited service if the member has fewer
than five years of credited service.

C. The plan shall make payments pursuant to section 401(a)(9) of the
internal revenue code and the regulations that are issued under that section.
Notwithstanding any other provision of this plan, beginning January 1, 1987
payment of benefits to a member shall commence no later than April 1 of the
calendar year following the later of:

1. The calendar year in which the member attains seventy and one-half
years of age.

2. The date the member terminates employment.

D. If all pension payments terminate before an amount equal to the
member's accumulated contributions has been paid, the difference between the
member's accumulated contributions and the aggregate amount of pension
payments shall be paid to the person or persons and in such shares as
designated by the retired member in writing and filed with the board. If the
designated person or persons do not survive the retired member, the
difference shall be paid to the estate of the retired member.

Sec. 4. Section 38-810, Arizona Revised Statutes, is amended to read:

38-810. Contributions

A. Each member shall contribute to the fund an amount equal to seven
per cent of the member's gross salary THE AMOUNT PRESCRIBED IN SUBSECTION F
OF THIS SECTION. Contributions of members shall be made by payroll
deductions. Every member is deemed to consent to these deductions. Payment
of a member's compensation, less these payroll deductions, constitutes a full
and complete discharge and satisfaction of all claims and demands by the
member relating to remuneration for the member's services rendered during the
period covered by the payment, except with respect to the benefits provided
under the plan.
B. The board's office shall be credited monthly with monies collected pursuant to section 12-119.01, subsection B, paragraph 2, section 12-120.31, subsection D, paragraph 2, section 12-284.03, subsection A, paragraph 6, section 22-281, subsection C, paragraph 3 and section 41-178. The monies credited to the fund pursuant to this subsection shall be deposited in the fund on a monthly basis, and there shall be a complete accounting of the determination of these monies deposited in the fund.

C. As determined by actuarial valuations performed by the plan's actuary, each employer shall make level per cent compensation contributions sufficient under the actuarial valuation to meet both the normal cost plus the actuarially determined amount required to amortize the unfunded accrued liability over, beginning July 1, 2005, a rolling period of at least twenty and not more than thirty years that is established by the board taking into account the recommendation of the plan's actuary, except that, beginning with fiscal year 2006-2007, the employer contribution rate shall not be less than ten per cent of salary. The monies deposited in the fund pursuant to subsection B of this section shall be used to reduce the contributions required of state and county employers only. Employers that entered the plan under a joinder agreement shall also contribute an amount equal to the unfunded accrued liability for that employer. The unfunded liability for each new employer shall be actuarially determined by the plan's actuary as of the effective date of participation of each employer and shall be payable on the effective date of participation. The minimum employer contribution that is paid and that is in excess of the normal cost plus the actuarially determined amount required to amortize the unfunded accrued liability as calculated pursuant to this subsection shall be used to reduce future employer contribution increases and shall not be used to pay for any increase in benefits that are otherwise payable to members. The board shall separately account for these monies in the fund. After the close of any fiscal year, if the plan's actuary determines that the actuarial valuation of the fund contains excess valuation assets and is more than one hundred per cent funded, the board shall account for fifty per cent of the excess valuation assets in a stabilization reserve account. After the close of any fiscal year, if the plan's actuary determines that the actuarial valuation of the fund has a valuation asset deficiency and an unfunded actuarial accrued liability, the board shall use any valuation assets in the stabilization reserve account, to the extent available, to limit the decline in the fund's funding ratio to not more than two per cent.

D. The department of administration and the treasurer of each county and participating city and town shall transfer to the board the contributions provided for in subsections A and C of this section within ten working days after each payroll date. The state, county treasurers and clerks of the superior court shall transfer the monies credited under subsection B of this section to the board on or before the fifteenth day of each calendar month that follows the month in which the court fees were collected. Contributions
and monies credited under subsection B of this section and transferred after these dates shall include a penalty equal to ten per cent a year, compounded annually, for each day that the contributions or monies credited under subsection B of this section are late. Delinquent payments due under this subsection, together with interest charges as provided in this subsection and court costs, may be recovered by action in a court of competent jurisdiction against the person or persons responsible for the payments or, at the request of the board, may be deducted from any other monies, including excise revenue taxes, payable to a political subdivision by any department or agency of this state. If requested by the board, the state, county treasurers or clerks of the superior court shall transfer the monies credited under subsection B of this section, in an amount determined by the board, directly to the qualified governmental excess benefit arrangement established pursuant to section 38-803.01.

E. The employer shall pay the member contributions required of members on account of compensation earned after August 7, 1985. The paid contributions shall be treated as employer contributions for the purpose of determining tax treatment under the United States internal revenue code. The effective date of the employer payment shall not be before the date the retirement plan has received notification from the United States internal revenue service that pursuant to section 414(h) of the United States internal revenue code the member contributions paid will not be included in gross income for income tax purposes until the paid contributions are distributed by refund or pension payments. The employer shall pay the member contributions from monies established and available in the retirement deduction account, which monies would otherwise have been designated as member contributions and paid to the retirement plan. Member contributions paid pursuant to this subsection shall be treated for all other purposes, in the same manner and to the same extent, as member contributions made before August 7, 1985.

F. THE AMOUNT CONTRIBUTED BY A MEMBER PURSUANT TO SUBSECTION A OF THIS SECTION IS:

1. THROUGH JUNE 30, 2011, SEVEN PER CENT OF THE MEMBER’S GROSS SALARY.
2. FOR FISCAL YEAR 2011-2012, EIGHT PER CENT OF THE MEMBER’S GROSS SALARY.
3. FOR FISCAL YEAR 2012-2013, NINE PER CENT OF THE MEMBER’S GROSS SALARY.
4. FOR FISCAL YEAR 2013-2014, TEN PER CENT OF THE MEMBER’S GROSS SALARY.
5. FOR FISCAL YEAR 2014-2015 AND EACH FISCAL YEAR THEREAFTER, ELEVEN PER CENT OF THE MEMBER’S GROSS SALARY.

Sec. 5. Section 38-818, Arizona Revised Statutes, is amended to read:

38-818. Benefit increases: definition

A. Effective July 1 of each year, each retired member or survivor of a retired member is entitled to receive a permanent increase in the base benefit equal to the amount determined pursuant to this section if either:
1. The retired member or survivor of a retired member was receiving benefits on or before July 31 of the two previous years.
2. The retired member or survivor of a retired member was fifty-five years of age or older on July 1 of the current year and was receiving benefits on or before July 31 of the previous year.

B. The monthly amount of a permanent increase provided by subsection A is determined as follows:
1. Determine the excess investment earnings on the actuarial present value of pensions in payment status.
2. Determine the actuarial present value, as of June 30 of the preceding calendar year, of a one-half of one per cent per month increase in the amount of each pension eligible for an increase.
3. Divide the amount determined in paragraph 1 of this subsection by the amount determined in paragraph 2 of this subsection.
4. From the quotient obtained in paragraph 3 of this subsection, drop any fraction.
5. Multiply the number obtained in paragraph 4 of this subsection by one-half of one per cent.

C. The excess investment earnings of pensions in payment status are equal to the actuarial present value of pensions in payment status multiplied by the positive difference, if any, between the total return of the plan and nine per cent EXCESS INVESTMENT EARNINGS AMOUNT. The excess investment earnings on pensions in payment status are zero if the total return of the plan is less than or equal to nine per cent.

D. As used in this section:
1. Total return and the actuarial present value of pensions in payment status are the amounts published in the annual report of the plan for the fiscal year ending June 30 of the calendar year preceding the July 1 of the increase.


E. All excess investment earnings on pensions in payment status are available for benefit increases as provided in this section. Any excess investment earnings on pensions in payment status from any year which are not used for benefit adjustments for that year are available for future benefit increases in the following years. Earnings on the excess investment earnings on pensions in payment status account balance at the rate of the total return as published in the annual report of the plan shall be added
each year to the excess investment earnings on pensions in payment status
account balance and shall be available for future benefit increases.

F. The maximum benefit increase under this section is limited to four
per cent of the benefit being received on the preceding June 30.

G. FOR THE PURPOSES OF THIS SECTION, "EXCESS INVESTMENT EARNINGS
AMOUNT" MEANS:

1. IF THE RATIO OF THE MARKET VALUE OF ASSETS TO THE ACTUARIAL ACCRUED
LIABILITY OF THE FUND IS SEVENTY PER CENT OR LESS, ZERO.

2. IF THE RATIO OF THE MARKET VALUE OF ASSETS TO THE ACTUARIAL ACCRUED
LIABILITY OF THE FUND IS MORE THAN SEVENTY PER CENT BUT LESS THAN EIGHTY PER
CENT, ONE-QUARTER OF THE POSITIVE DIFFERENCE, IF ANY, BETWEEN THE TOTAL
RETURN OF THE PLAN AND NINE PER CENT.

3. IF THE RATIO OF THE MARKET VALUE OF ASSETS TO THE ACTUARIAL ACCRUED
LIABILITY OF THE FUND IS EIGHTY PER CENT OR MORE, ONE-HALF OF THE POSITIVE
DIFFERENCE, IF ANY, BETWEEN THE TOTAL RETURN OF THE PLAN AND NINE PER CENT.

Sec. 6. Retroactivity
Sections 38-810 and 38-818, Arizona Revised Statutes, as amended by
this act, apply retroactively to from and after June 29, 2011.
State of Arizona
House of Representatives
Fiftieth Legislature
First Regular Session
2011

HB 2199

Introduced by
Representative Robson

AN ACT

AMENDING SECTIONS 38-842, 38-843, 38-844.05, 38-844.06, 38-845, 38-846.01 AND 38-856, ARIZONA REVISED STATUTES; RELATING TO THE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 38-842, Arizona Revised Statutes, is amended to read:

38-842. Definitions

In this article, unless the context otherwise requires:

1. "Accidental disability" means a physical or mental condition that the local board finds totally and permanently prevents an employee from performing a reasonable range of duties within the employee's job classification and that was incurred in the performance of the employee's duty.

2. "Accumulated contributions" means, for each member, the sum of the amount of the member's aggregate contributions made to the fund and the amount, if any, attributable to the employee's contributions before the member's effective date under another public retirement system, other than the federal social security act, and transferred to the fund minus the benefits paid to or on behalf of the member.

3. "Actuarial equivalent" means equality in present value of the aggregate amounts expected to be received under two different forms of payment, based on mortality and interest assumptions adopted by the board.

4. "Alternate payee" means the spouse or former spouse of a participant as designated in a domestic relations order.

5. "Alternate payee's portion" means benefits that are payable to an alternate payee pursuant to a plan approved domestic relations order.

6. "Annuitant" means a person who is receiving a benefit pursuant to section 38-846.01.

7. "Average monthly benefit compensation" means the result obtained by dividing the total compensation paid to an employee during a considered period by the number of months, including fractional months, in which such compensation was received. The considered period shall be the three five consecutive years within the last twenty completed years of credited service that yield the highest average. In the computation under this paragraph, a period of nonpaid or partially paid industrial leave shall be considered based on the compensation the employee would have received in the employee's job classification if the employee was not on industrial leave.

8. "Board" means the board of trustees of the system, who are the persons appointed to invest and operate the fund.

9. "Catastrophic disability" means a physical and not a psychological condition that the local board determines prevents the employee from totally and permanently engaging in any gainful employment and that results from a physical injury incurred in the performance of the employee's duty.

10. "Certified peace officer" means a peace officer certified by the Arizona peace officers standards and training board.

11. "Claimant" means any member or beneficiary who files an application for benefits pursuant to this article.
12. "Compensation" means, for the purpose of computing retirement benefits, base salary, overtime pay, shift differential pay, military differential wage pay and holiday pay paid to an employee by the employer on a regular monthly, semimonthly or biweekly payroll basis and longevity pay paid to an employee at least every six months for which contributions are made to the system pursuant to section 38-843, subsection D. Compensation does not include, for the purpose of computing retirement benefits, payment for unused sick leave, payment in lieu of vacation, payment for compensatory time or payment for any fringe benefits. In addition, compensation does not include, for the purpose of computing retirement benefits, payments made directly or indirectly by the employer to the employee for work performed for a third party on a contracted basis or any other type of agreement under which the third party pays or reimburses the employer for the work performed by the employee for that third party, except for third party contracts between public agencies for law enforcement, criminal, traffic and crime suppression activities training OR FIRE, wildfire, emergency medical or emergency management activities or where the employer supervises the employee’s performance of law enforcement, criminal, traffic and crime suppression activities—training—OR fire, wildfire, emergency medical or emergency management services ACTIVITIES. For the purposes of this paragraph, "base salary" means the amount of compensation each employee is regularly paid for personal services rendered to an employer before the addition of any extra monies, including overtime pay, shift differential pay, holiday pay, longevity pay, fringe benefit pay and similar extra payments.

13. "Credited service" means the member's total period of service before the member's effective date of participation, plus those compensated periods of the member's service thereafter for which the member made contributions to the fund.

14. "Cure period" means the ninety-day period in which a participant or alternate payee may submit an amended domestic relations order and request a determination, calculated from the time the system issues a determination finding that a previously submitted domestic relations order did not qualify as a plan approved domestic relations order.

15. "Depository" means a bank in which all monies of the system are deposited and held and from which all expenditures for benefits, expenses and investments are disbursed.

16. "Determination" means a written document that indicates to a participant and alternate payee whether a domestic relations order qualifies as a plan approved domestic relations order.

17. "Determination period" means the ninety-day period in which the system must review a domestic relations order that is submitted by a participant or alternate payee to determine whether the domestic relations order qualifies as a plan approved domestic relations order, calculated from the time the system mails a notice of receipt to the participant and alternate payee.
18. "Direct rollover" means a payment by the system to an eligible
retirement plan that is specified by the distributee.
19. "Distributee" means a member, a member's surviving spouse or a
member's spouse or former spouse who is the alternate payee under a plan
approved domestic relations order.
20. "Domestic relations order" means an order of a court of this state
that is made pursuant to the domestic relations laws of this state and that
creates or recognizes the existence of an alternate payee's right to, or
assigns to an alternate payee the right to, receive a portion of the benefits
payable to a participant.
21. "Effective date of participation" means July 1, 1968, except with
respect to employers and their covered employees whose contributions to the
fund commence thereafter, the effective date of their participation in the
system is as specified in the applicable joinder agreement.
22. "Effective date of vesting" means the date a member's rights to
benefits vest pursuant to section 38-844.01.
23. "Eligible child" means an unmarried child of a deceased member or
retired member who meets one of the following qualifications:
   (a) Is under eighteen years of age.
   (b) Is at least eighteen years of age and under twenty-three years of
       age only during any period that the child is a full-time student.
   (c) Is under a disability that began before the child attained
       twenty-three years of age and remains a dependent of the surviving spouse or
       guardian.
24. "Eligible groups" means only the following who are regularly
assigned to hazardous duty:
   (a) Municipal police officers who are certified peace officers.
   (b) Municipal fire fighters.
   (c) Paid full-time fire fighters employed directly by a fire district
       organized pursuant to section 48-803 or 48-804 with three or more full-time
       fire fighters, but not including fire fighters employed by a fire district
       pursuant to a contract with a corporation.
   (d) State highway patrol officers who are certified peace officers.
   (e) State fire fighters.
   (f) County sheriffs and deputies who are certified peace officers.
   (g) Game and fish wardens who are certified peace officers.
   (h) Police officers who are certified peace officers and fire fighters
       of a nonprofit corporation operating a public airport pursuant to sections
       28-8423 and 28-8424. A police officer shall be designated pursuant to
       section 28-8426 to aid and supplement state and local law enforcement
       agencies and a fire fighter's sole duty shall be to perform fire fighting
       services, including services required by federal regulations.
   (i) Police officers who are certified peace officers and who are
       appointed by the Arizona board of regents.
(j) Police officers who are certified peace officers and who are appointed by a community college district governing board.
(k) State attorney general investigators who are certified peace officers.
(l) County attorney investigators who are certified peace officers.
(m) Police officers who are certified peace officers and who are employed by an Indian reservation police agency.
(n) Fire fighters who are employed by an Indian reservation firefighting agency.
(o) Police officers who are certified peace officers and who are appointed by the department of administration.
(p) Department of liquor licenses and control investigators who are certified peace officers.
(q) Arizona department of agriculture officers who are certified peace officers.
(r) Arizona state parks board rangers and managers who are certified peace officers.
(s) County park rangers who are certified peace officers.

25. "Eligible retirement plan" means any of the following that accepts a distributee's eligible rollover distribution:
   (a) An individual retirement account described in section 408(a) of the internal revenue code.
   (b) An individual retirement annuity described in section 408(b) of the internal revenue code.
   (c) An annuity plan described in section 403(a) of the internal revenue code.
   (d) A qualified trust described in section 401(a) of the internal revenue code.
   (e) An annuity contract described in section 403(b) of the internal revenue code.
   (f) An eligible deferred compensation plan described in section 457(b) of the internal revenue code that is maintained by a state, a political subdivision of a state or any agency or instrumentality of a state or a political subdivision of a state and that agrees to separately account for amounts transferred into the eligible deferred compensation plan from this plan.

26. "Eligible rollover distribution" means a payment to a distributee, but does not include any of the following:
   (a) Any distribution that is one of a series of substantially equal periodic payments made not less frequently than annually for the life or life expectancy of the member or the joint lives or joint life expectancies of the member and the member's beneficiary or for a specified period of ten years or more.
(b) Any distribution to the extent the distribution is required under section 401(a)(9) of the internal revenue code.

(c) The portion of any distribution that is not includable in gross income.

27. "Employee" means any person who is employed by a participating employer and who is a member of an eligible group but does not include any persons compensated on a contractual or fee basis. If an eligible group requires certified peace officer status and at the option of the local board, employee may include a person who is training to become a certified peace officer.

28. "Employers" means:

(a) Cities contributing to the fire fighters' relief and pension fund as provided in sections 9-951 through 9-971 or statutes amended thereby and antecedent thereto, as of June 30, 1968 on behalf of their full-time paid fire fighters.

(b) Cities contributing under the state police pension laws as provided in sections 9-911 through 9-934 or statutes amended thereby and antecedent thereto, as of June 30, 1968 on behalf of their municipal policemen.

(c) The state highway patrol covered under the state highway patrol retirement system.

(d) The state, or any political subdivision of this state, including towns, cities, fire districts, counties and nonprofit corporations operating public airports pursuant to sections 28-8423 and 28-8424, that has elected to participate in the system on behalf of an eligible group of public safety personnel pursuant to a joinder agreement entered into after July 1, 1968.

(e) Indian tribes that have elected to participate in the system on behalf of an eligible group of public safety personnel pursuant to a joinder agreement entered into after July 1, 1968.

29. "Fund" means the public safety personnel retirement fund, which is the fund established to receive and invest contributions accumulated

30. "Local board" means the retirement board of the employer, who are the persons appointed to administer the system as it applies to their members in the system.

31. "Member" means any full-time employee who meets all of the following qualifications:

(a) Who is either a paid municipal police officer, a paid fire fighter, a law enforcement officer who is employed by this state including the director thereof, a state fire fighter who is primarily assigned to fire fighting duties, a fire fighter or police officer of a nonprofit corporation operating a public airport pursuant to sections 28-8423 and 28-8424, all ranks designated by the Arizona law enforcement merit system council, a state attorney general investigator who is a certified peace officer, a county attorney investigator who is a certified peace officer, a police officer who is appointed by the department of administration and who is a certified peace
officer, a department of liquor licenses and control investigator who is a

certified peace officer, an Arizona department of agriculture officer who is

a certified peace officer, an Arizona state parks board ranger or manager who

is a certified peace officer, a county park ranger who is a certified peace

officer, a person who is a certified peace officer and who is employed by an

Indian reservation police agency, a fire fighter who is employed by an Indian

reservation fire fighting agency or an employee included in a group
designated as eligible employees under a joinder agreement entered into by

their employer after July 1, 1968 and who is or was regularly assigned to

hazardous duty.

(b) Who, on or after the employee's effective date of participation,

is receiving compensation for personal services rendered to an employer or

would be receiving compensation except for an authorized leave of absence.

(c) Whose customary employment is at least forty hours per week or,

for those employees who customarily work fluctuating work weeks, whose

customary employment averages at least forty hours per week.

(d) Who is engaged to work for more than six months in a calendar

year.

(e) Who, if economic conditions exist, is required to take furlough
days or reduce the hours of their THE EMPLOYEE’S normal work week below forty

hours but not less than thirty hours per pay cycle, and maintain their THE

EMPLOYEE’S active member status within the system as long as the hour change
does not extend beyond twelve consecutive months.

(f) Who has not attained age sixty-five before the employee's
effective date of participation or who was over age sixty-five with

twenty-five years or more of service prior to the employee's effective date

of participation.

32. "Normal retirement date" means:

(a) FOR AN EMPLOYEE WHO BECOMES EMPLOYED BY AN EMPLOYER BEFORE THE

EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, the first day of the

calendar month immediately following the employee’s completion of twenty

years of service or the employee's sixty-second birthday and the employee's

completion of fifteen years of service.

(b) FOR AN EMPLOYEE WHO BECOMES EMPLOYED BY AN EMPLOYER ON OR AFTER THE

EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, THE FIRST DAY OF THE

CALENDAR MONTH IMMEDIATELY FOLLOWING THE EMPLOYEE'S COMPLETION OF TWENTY-FIVE

YEARS OF SERVICE IF THE EMPLOYEE IS AT LEAST FIFTY-TWO AND ONE-HALF YEARS OF

AGE.

33. "Notice of receipt" means a written document that is issued by the

system to a participant and alternate payee and that states that the system

has received a domestic relations order and a request for a determination

that the domestic relations order is a plan approved domestic relations

order.
34. "Ordinary disability" means a physical condition that the local board determines will prevent an employee totally and permanently from performing a reasonable range of duties within the employee's department or a mental condition that the local board determines will prevent an employee totally and permanently from engaging in any substantial gainful activity.

35. "Participant" means a member who is subject to a domestic relations order.

36. "Participant's portion" means benefits that are payable to a participant pursuant to a plan approved domestic relations order.

37. "Pension" means a series of monthly amounts that are payable to a person who is entitled to receive benefits under the plan but does not include an annuity that is payable pursuant to section 38-846.01.

38. "Personal representative" means the personal representative of a deceased alternate payee.

39. "Plan approved domestic relations order" means a domestic relations order that the system approves as meeting all the requirements for a plan approved domestic relations order as otherwise prescribed in this article.

40. "Regularly assigned to hazardous duty" means regularly assigned to duties of the type normally expected of municipal police officers, municipal or state fire fighters, eligible fire district fire fighters, state highway patrol officers, county sheriffs and deputies, fish and game wardens, fire fighters and police officers of a nonprofit corporation operating a public airport pursuant to sections 28-8423 and 28-8424, police officers who are appointed by the Arizona board of regents or a community college district governing board, state attorney general investigators who are certified peace officers, county attorney investigators who are certified peace officers, police officers who are appointed by the department of administration and who are certified peace officers, department of liquor licenses and control investigators who are certified peace officers, Arizona department of agriculture officers who are certified peace officers, Arizona state parks board rangers and managers who are certified peace officers, county park rangers who are certified peace officers, police officers who are certified peace officers and who are employed by an Indian reservation police agency or fire fighters who are employed by an Indian reservation fire fighting agency. Those individuals who are assigned solely to support duties such as secretaries, stenographers, clerical personnel, clerks, cooks, maintenance personnel, mechanics and dispatchers are not assigned to hazardous duty regardless of their position classification title. Since the normal duties of those jobs described in this paragraph are constantly changing, questions as to whether a person is or was previously regularly assigned to hazardous duty shall be resolved by the local board on a case-by-case basis. Resolutions by local boards are subject to rehearing and appeal.

41. "Retirement" or "retired" means termination of employment after a member has fulfilled all requirements for a pension OR, FOR A MEMBER WHO BECOMES EMPLOYED BY AN EMPLOYER ON OR AFTER THE EFFECTIVE DATE OF THIS
AMENDMENT TO THIS SECTION, ATTAINS THE AGE AND SERVICE REQUIREMENTS FOR A
NORMAL RETIREMENT DATE. Retirement shall be considered as commencing on the
first day of the month immediately following a member's last day of
employment or authorized leave of absence, if later.
42. "Segregated funds" means the amount of benefits that would
currently be payable to an alternate payee pursuant to a domestic relations
order under review by the system, or a domestic relations order submitted to
the system that failed to qualify as a plan approved domestic relations
order, if the domestic relations order were determined to be a plan approved
domestic relations order.
43. "Service" means the last period of continuous employment of an
employee by the employers before the employee's retirement, except that if
such period includes employment during which the employee would not have
qualified as a member had the system then been effective, such as employment
as a volunteer fire fighter, then only twenty-five per cent of such
noncovered employment shall be considered as service. Any absence that is
authorized by an employer shall not be considered as interrupting continuity
of employment if the employee returns within the period of authorized
absence. Transfers between employers also shall not be considered as
interrupting continuity of employment. Any period during which a member is
receiving sick leave payments or a temporary disability pension shall be
considered as service. Notwithstanding any other provision of this
paragraph, any period during which a person was employed as a full-time paid
fire fighter for a corporation that contracted with an employer to provide
firefighting services on behalf of the employer shall be considered as
service if the employer has elected at its option to treat part or all of the
period the firefighter worked for the company as service in its applicable
joinder agreement. Any reference in this system to the number of years of
service of an employee shall be deemed to include fractional portions of a
year.
44. "State" means the state of Arizona, including any department,
one, board, commission, agency or other instrumentality of the state.
45. "System" means the public safety personnel retirement system
established by this article.
46. "Temporary disability" means a physical or mental condition that
the local board finds totally and temporarily prevents an employee from
performing a reasonable range of duties within the employee's department and
that was incurred in the performance of the employee's duty.

Sec. 2. Section 38-843, Arizona Revised Statutes, is amended to read:
38-843. Contributions

A. Each employer who participates in the system on behalf of a group
of employees who were covered under a prior public retirement system, other
than the federal social security act, shall transfer all securities and
monies attributable to the taxes and contributions of the state other than
the state contribution to social security, the employer and the employees for
the covered group of employees under the other system, such transfer to be
made to the fund subject to all existing liabilities and on or within sixty
days following the employer's effective date. All monies and securities
transferred to the fund shall be credited to the employer's account in the
fund. A record of the market value and the cost value of such transferred
contributions shall be maintained for actuarial and investment purposes.

B. As determined by actuarial valuations reported to the employer and
the local board by the board of trustees, each employer shall make level per
cent of compensation contributions sufficient under such actuarial valuations
to meet both the normal cost plus the actuarially determined amount required
to amortize the unfunded accrued liability over, beginning July 1, 2005, a
rolling period of at least twenty and not more than thirty years that is
established by the board of trustees taking into account the recommendation
of the system's actuary, except that, beginning with fiscal year 2006-2007,
except as otherwise provided, the employer contribution rate shall not be
less than eight per cent of compensation. For any employer whose actual
contribution rate is less than eight per cent of compensation for fiscal year
2006-2007, that employer's contribution rate is not subject to the eight per
cent minimum but, for fiscal year 2006-2007 and each year thereafter, shall
be at least five per cent and not more than the employer's actual
contribution rate. An employer shall have the option of paying a higher
level per cent of compensation thereby reducing its unfunded past service
liability. An employer shall also have the option of increasing its
contributions in order to reduce the contributions required from its members
under subsection C, except that if an employer elects this option the
employer shall pay the same higher level percentage contribution for all
members of the eligible group. During a period when an employee is on
industrial leave and the employee elects to continue contributions during the
period of industrial leave, the employer shall make the contributions based
on the compensation the employee would have received in the employee's job
classification if the employee was in normal employment status. All
contributions made by the employers and all state taxes allocated to the fund
shall be irrevocable and shall be used to pay benefits under the system or to
pay expenses of the system and fund. The minimum employer contribution that
is paid and that is in excess of the normal cost plus the actuarially
determined amount required to amortize the unfunded accrued liability as
calculated pursuant to this subsection shall be used to reduce future
employer contribution increases and shall not be used to pay for an increase
in benefits that are otherwise payable to members. The board shall
separately account for these monies in the fund. Forfeitures arising because
of severance of employment before a member becomes eligible for a pension or
any other reason shall be applied to reduce the cost of the employer, not to
increase the benefits otherwise payable to members. After the close of any
fiscal year, if the system's actuary determines that the actuarial valuation
of an employer's account contains excess valuation assets other than excess
valuation assets that were in the employer's account as of fiscal year
2004-2005 and is more than one hundred per cent funded, the board shall
account for fifty per cent of the excess valuation assets in a stabilization
reserve account. After the close of any fiscal year, if the system's actuary
determines that the actuarial valuation of an employer's account has a
valuation asset deficiency and an unfunded actuarial accrued liability, the
board shall use any valuation assets in the stabilization reserve account for
that employer, to the extent available, to limit the decline in that
employer's funding ratio to not more than two per cent.

C. Each member, throughout the member's period of service from the
member's effective date of participation, shall contribute to the fund an
amount equal to 7.65 per cent of the member's compensation THE AMOUNT
PRESCRIBED IN SUBSECTION E, except as provided in subsection B. During a
period when an employee is on industrial leave and the employee elects to
continue contributions during the period of industrial leave, the employee
shall make the employee's contribution based on the compensation the employee
would have received in the employee's job classification if the employee was
in normal employment status. Contributions of members shall be required as a
condition of employment and membership in the system and shall be made by
payroll deductions. Every employee shall be deemed to consent to such
deductions. Payment of an employee's compensation, less such payroll
deductions, shall constitute a full and complete discharge and satisfaction
of all claims and demands by the employee relating to remuneration for the
employee's services rendered during the period covered by the payment, except
with respect to the benefits provided under the system.

D. Each employer shall transfer to the board the employer and employee
contributions provided for in subsections B and C within ten working days
after each payroll date. Contributions transferred after that date shall
include a penalty of ten per cent per annum, compounded annually, for each
day the contributions are late, such penalty to be paid by the employer.
Delinquent payments due under this subsection, together with interest charges
as provided in this subsection, may be recovered by action in a court of
competent jurisdiction against an employer liable for the payments or, at the
request of the board, may be deducted from any other monies, including excise
revenue taxes, payable to such employer by any department or agency of this
state.

E. THE AMOUNT CONTRIBUTED BY A MEMBER PURSUANT TO SUBSECTION C IS:

1. THROUGH JUNE 30, 2011, 7.65 PER CENT OF THE MEMBER'S COMPENSATION.
2. FOR FISCAL YEAR 2011-2012, 8.65 PER CENT OF THE MEMBER'S
COMPENSATION.
3. FOR FISCAL YEAR 2012-2013, 9.65 PER CENT OF THE MEMBER'S
COMPENSATION.
4. FOR FISCAL YEAR 2013-2014, 10.65 PER CENT OF THE MEMBER'S
COMPENSATION.
5. FOR FISCAL YEAR 2014-2015, 11.65 PER CENT OF THE MEMBER'S
COMPENSATION.
6. FOR FISCAL YEAR 2015-2016 AND EACH FISCAL YEAR THEREAFTER, 11.65
PER CENT OF THE MEMBER'S COMPENSATION OR 33.3 PER CENT OF THE AGGREGATE
COMPUTED EMPLOYER CONTRIBUTION RATE THAT IS CALCULATED PURSUANT TO SUBSECTION
B, WHICHEVER IS LOWER, EXCEPT THAT THE MEMBER CONTRIBUTION RATE SHALL NOT BE
LESS THAN 7.65 PER CENT OF THE MEMBER'S COMPENSATION AND THE EMPLOYER
CONTRIBUTION RATE SHALL NOT BE LESS THAN THE RATE PRESCRIBED IN SUBSECTION B.
AMOUNT OF THE MEMBER'S CONTRIBUTION THAT EXCEEDS 7.65 PER CENT OF THE
MEMBER'S COMPENSATION SHALL NOT BE USED TO REDUCE THE EMPLOYER'S CONTRIBUTION
THAT IS CALCULATED PURSUANT TO SUBSECTION B.

G. In no case shall more than twelve months of credited service be
credited on account of all service rendered by a member in any one year.
Sec. 3. Section 38-844.05, Arizona Revised Statutes, is amended to
read:
38-844.05. Deferred retirement option benefits and
participation accounts
A. A deferred retirement option plan participation account is an
account established within the system on behalf of each deferred retirement
option plan participant. All benefits accrued pursuant to this article shall
be accounted for in the deferred retirement option plan participation
account. A deferred retirement option plan participant does not have a claim
on the assets of the system with respect to the member's deferred retirement
option plan participation account and assets shall not be set aside for any
defered retirement option plan participant that are separate from all other
system assets.
B. All amounts credited to a member's deferred retirement option plan
participation account are fully vested.
C. A member's deferred retirement option plan participation account
shall be credited with the following:
1. An amount, credited monthly, that is computed in the same manner as
a normal retirement benefit using the factors of credited service and average
monthly benefit compensation in effect on the date of deferred retirement
option plan participation.
2. FOR THOSE MEMBERS WHO ELECT TO PARTICIPATE IN THE DEFERRED
RETIREMENT OPTION PLAN BEFORE THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS
SECTION, an amount, credited monthly, that represents interest at a rate
equal to the assumed rate of return determined by the board.
3. FOR THOSE MEMBERS WHO ELECT TO PARTICIPATE IN THE DEFERRED
RETIREMENT OPTION PLAN ON OR AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO
THIS SECTION, AN AMOUNT, CREDITED MONTHLY, EQUAL TO ONE-HALF OF THE TOTAL
RATE OF RETURN OF THE SYSTEM FOR THE PREVIOUS FISCAL YEAR, BUT NOT TO EXCEED
THE SYSTEM'S ASSUMED INVESTMENT RATE OF RETURN BUT AT LEAST TWO PER CENT.
D. The participant is not entitled to receive any amount prescribed by section 38-856 or 38-857 during the deferred retirement option plan participation period.

Sec. 4. Section 38-844.06, Arizona Revised Statutes, is amended to read:

38-844.06. Additional deferred retirement option plan provisions

A. Beginning on the day after the date the member elects to participate in the deferred retirement option plan, employee and employer contributions pursuant to section 38-843 cease with respect to that member, except that, for those members who elect to participate in the deferred retirement option plan on or after the effective date of this amendment to this section, during the period a member is participating in the deferred retirement option plan, the member shall continue to make member contributions as calculated pursuant to section 38-843.

B. A member who elects to participate in the deferred retirement option plan and who becomes disabled during the period of deferred retirement option plan participation is eligible to apply for disability retirement benefits. If the application for disability retirement benefits is approved by the local board:

1. The disability retirement benefits shall be computed using the factors of credited service and average monthly benefit compensation in effect the day before the effective date of the member's deferred retirement option plan participation.

2. All amounts in the member’s deferred retirement option plan participation account shall be distributed pursuant to section 38-844.08.

C. If a member dies during the period of the member’s deferred retirement option plan participation, the designated beneficiary of the member is entitled to receive all amounts in the member’s deferred retirement option plan participation account.

Sec. 5. Section 38-845, Arizona Revised Statutes, is amended to read:

38-845. Amount of retirement benefit: purchase of firearm

A. A member who meets the requirements for a normal pension, who was employed by an employer before the effective date of this amendment to this section and who has twenty years of credited service shall receive a monthly amount which that equals fifty per cent of the member's average monthly benefit compensation. If the member retires with other than twenty years of credited service, the foregoing amount shall be:

1. Reduced by four per cent for each year of credited service under twenty years, with pro rata reduction for any fractional year.

2. Increased by a monthly amount equal to two per cent of the member's average monthly benefit compensation multiplied by the number of the member's years of credited service in excess of twenty years, with pro rata increase for any fractional year, except that if a member retires with twenty-five or more years of credited service the amount shall be increased by a monthly
amount equal to two and one-half per cent of the member's average monthly 
benefit compensation multiplied by the number of the member's years of 
credited service in excess of twenty years, with pro rata increase for any 
fractional year. Notwithstanding the provisions of this subsection, the 
maximum amount payable as a normal pension shall be eighty per cent of the 
average monthly benefit compensation.

B. A member who meets the requirements for an accidental disability 
pension shall receive a monthly amount, which shall be computed in the same 
manner as a normal pension, using the member's average monthly benefit 
compensation before termination of employment and the member's actual 
credited service or twenty years of credited service, whichever is greater.

C. A member who meets the requirements for an ordinary disability 
pension shall receive a monthly amount that is equal to a fraction times the 
member's normal pension that is computed according to subsection A OR G if 
the member had twenty years of credited service. The fraction is the result 
obtained by dividing the member's actual years of credited service, not to 
exceed twenty years of credited service, by twenty.

D. A member who meets the requirements for a temporary disability 
pension shall receive a monthly amount which shall be equal to 
one-twelfth of fifty per cent of the member's annual compensation received 
immediately prior to the date on which the member's disability was incurred.

E. A member who meets the requirements for a catastrophic disability 
pension is entitled to receive a monthly amount computed as follows:

1. For the first sixty months, ninety per cent of the member's average 
monthly benefit compensation before termination of employment.

2. After sixty months, sixty-two and one-half per cent of the member's 
average monthly benefit compensation before termination of employment or 
computed in the same manner as a normal pension using the member's average 
monthly benefit compensation before termination of employment and the 
member's actual credited service, whichever is greater.

F. A member who was employed before September 15, 1989 by an employer 
participating in the system and who retires on or after November 1, 2001 is 
entitled to receive a tax equity benefit allowance consisting of a permanent 
increase of two per cent of the member's base benefit retroactive to the day 
of retirement.

G. A member who meets the requirements for a normal pension, who is 
employed by an employer on or after the effective date of this amendment to 
this section and who has twenty-five years of credited service shall receive 
a monthly amount that equals sixty-two and one-half per cent of the member's 
average monthly benefit compensation. If the member retires with other than 
twenty-five years of credited service, the foregoing amount shall be:

1. Reduced by four per cent for each year of credited service under 
twenty-five years, with pro rata reduction for any fractional year.
2. INCREASED BY A MONTHLY AMOUNT EQUAL TO TWO AND ONE-HALF PER CENT OF
THE MEMBER'S AVERAGE MONTHLY BENEFIT COMPENSATION MULTIPLIED BY THE NUMBER OF
THE MEMBER'S YEARS OF CREDITED SERVICE IN EXCESS OF TWENTY-FIVE YEARS, WITH
PRO RATA INCREASE FOR ANY FRACTIONAL YEAR. NOTWITHSTANDING THE PROVISIONS OF
THIS SUBSECTION, THE MAXIMUM AMOUNT PAYABLE AS A NORMAL PENSION SHALL BE
EIGHTY PER CENT OF THE AVERAGE MONTHLY BENEFIT COMPENSATION.

Gr. H. In addition to the amounts received under subsection A, B, C,
D, or E OR G and subject to the approval of the employer, the pension
includes the ability of a member to purchase the handgun or shotgun issued by
the employer to the member at less than fair market value.

Sec. 6. Section 38-846.01, Arizona Revised Statutes, is amended to
read:

38-846.01. Deferred annuity: exception

If any member who has at least ten years of credited service terminates
employment for reasons other than retirement or disability, the member may
elect to receive a deferred annuity, except that if the annuitant withdraws
all or part of the annuitant's accumulated contributions in the system all
rights in and to a deferred annuity shall be forfeited by the annuitant. A
deferred annuity is a lifetime monthly payment actuarially equivalent to the
annuitant's accumulated contributions in the system plus an equal amount paid
by the employer and shall commence on application on or after the
sixty-second birthday of the annuitant. The annuity is not a retirement
benefit and annuitants are not entitled to receive any amount prescribed by
section 38-845, subsection F, or section 38-846, 38-856 or 38-857.

B. THIS SECTION APPLIES TO A MEMBER WHO BECOMES EMPLOYED BY AN
EMPLOYER ON OR AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION,
EXCEPT THAT SUCH A PERSON WHO ATTAINS A NORMAL RETIREMENT DATE IS ELIGIBLE
FOR RETIREMENT AND A RETIREMENT BENEFIT EVEN IF THE MEMBER TERMINATES
EMPLOYMENT WITH AN EMPLOYER BEFORE THE AGE REQUIREMENT FOR NORMAL RETIREMENT
IF THE MEMBER ATTAINS THE SERVICE REQUIREMENT FOR NORMAL RETIREMENT.

Sec. 7. Section 38-856, Arizona Revised Statutes, is amended to read:

38-856. Benefit increases: definition

A. Effective July 1 of each year, each retired member or survivor of a
retired member is entitled to receive a permanent increase in the base
benefit equal to the amount determined pursuant to this section if either:
1. The retired member or the survivor of a retired member was
receiving benefits on or before July 31 of the two previous years.
2. The retired member or survivor of a retired member was fifty-five
years of age or older on July 1 of the current year and was receiving
benefits on or before July 31 of the previous year.
B. The monthly amount of a permanent increase provided by subsection A
is determined as follows:
   1. Determine the excess investment earnings on the net assets of the
fund.
2. Determine the excess investment earnings account balance.
3. Determine the actuarial present value, as of June 30 of the preceding calendar year, of a five dollar per month increase in the amount of each pension eligible for an increase.
4. Add the amounts determined in paragraphs 1 and 2 of this subsection then divide by the amount determined in paragraph 3 of this subsection.
5. From the quotient obtained in paragraph 4 of this subsection, drop any fraction.
6. Multiply the number obtained in paragraph 5 of this subsection by five dollars.

C. The excess investment earnings on the net assets of the fund are equal to the total assets of the fund less any amount allocated to the excess investment earnings account multiplied by one-half of the positive difference, if any, between the total return of the system and nine per cent THE EXCESS INVESTMENT EARNINGS AMOUNT. The excess investment earnings on the net assets of the fund are zero if the total return of the system is less than or equal to nine per cent.

D. As used in this section: 

1. Total return and the net assets of the fund are the amounts published in the annual report of the system for the fiscal year ending June 30 of the calendar year preceding the July 1 of the increase.


E. All excess investment earnings on the net assets of the fund are available for benefit increases as provided in this section. Any excess investment earnings on the net assets of the fund from any year which THAT are not used for benefit adjustments for that year are available for future benefit increases in the following years. Earnings on the excess investment earnings account balance at the rate of the total return as published in the annual report of the system shall be added each year to the excess investment earnings account and shall be available for future benefit increases.

F. The maximum benefit increase under this section is limited to the equivalent of four per cent of the average normal benefit being received on the preceding June 30.

G. FOR THE PURPOSES OF THIS SECTION, "EXCESS INVESTMENT EARNINGS AMOUNT" MEANS:

1. IF THE RATIO OF THE MARKET VALUE OF ASSETS TO THE ACTUARIAL ACCRUED LIABILITY OF THE FUND IS SEVENTY PER CENT OR LESS, ZERO.

Sec. 8. Retroactivity
Sections 38-843 and 38-856, Arizona Revised Statutes, as amended by this act, apply retroactively to from and after June 29, 2011.
State of Arizona
House of Representatives
Fiftieth Legislature
First Regular Session
2011

HB 2200

Introduced by
Representative Robson

AN ACT

AMENDING SECTION 38-881, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010,
CHAPTER 200, SECTION 53; AMENDING SECTION 38-881, ARIZONA REVISED STATUTES,
AS AMENDED BY LAWS 2010, CHAPTER 200, SECTION 54; AMENDING SECTIONS 38-885,
38-886.01, 38-891, 38-905 AND 38-911, ARIZONA REVISED STATUTES; RELATING TO
THE CORRECTIONS OFFICER RETIREMENT PLAN; PROVIDING FOR CONDITIONAL ENACTMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)
HB 2200

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 38-881, Arizona Revised Statutes, as amended by Laws 2010, chapter 200, section 53, is amended to read:

38-881. Definitions

In this article, unless the context otherwise requires:

1. "Accidental disability" means a physical or mental condition that the local board finds totally and permanently prevents an employee from performing a reasonable range of duties within the employee's department, was incurred in the performance of the employee's duties and was the result of any of the following:

   a. Physical contact with inmates, prisoners, parolees or persons on probation.

   b. Responding to a confrontational situation with inmates, prisoners, parolees or persons on probation.

   c. A job related motor vehicle accident while on official business for the employee's employer. A job related motor vehicle accident does not include an accident that occurs on the way to or from work. Persons found guilty of violating a personnel rule, a rule established by the employee's employer or a state or federal law in connection with a job related motor vehicle accident do not meet the conditions for accidental disability.

2. "Accumulated member contributions" means for each member the sum of the amount of all the member's contributions deducted from the member's salary and paid to the fund, plus member contributions transferred to the fund by another retirement plan covering public employees of this state, plus previously withdrawn accumulated member contributions that are repaid to the fund in accordance with this article, minus any benefits paid to or on behalf of a member.

3. "Actuarial equivalent" means equality in present value of the aggregate amounts expected to be received under two different forms of payment, based on mortality and interest assumptions adopted by the board.

4. "Alternate payee" means the spouse or former spouse of a participant as designated in a domestic relations order.

5. "Alternate payee's portion" means benefits that are payable to an alternate payee pursuant to a plan approved domestic relations order.

6. "Annuitant" means a person who is receiving a benefit pursuant to section 38-911.

7. "Average monthly salary" means one-thirty-sixth of the aggregate amount of salary that is paid a member by a participating employer during a period of thirty-six consecutive months of service in which the member received the highest salary within the last one hundred twenty months of service. Average monthly salary means the aggregate amount of salary that is paid a member divided by the member's months of service if the member has less than thirty-six months of service. In the computation under this paragraph, a period of nonpaid or partially paid industrial leave shall be considered based on the salary the employee would have received in
the employee's job classification if the employee was not on industrial
leave.
8. "Beneficiary" means an individual who is being paid or who has
entitlement to the future payment of a pension on account of a reason other
than the individual's membership in the retirement plan.
9. "Board" means the board of trustees of the public safety personnel
retirement system.
10. "Claimant" means a member, beneficiary or estate that files an
application for benefits with the retirement plan.
11. "Credited service" means credited service transferred to the
retirement plan from another retirement system or plan for public employees
of this state, plus those compensated periods of service as a member of the
retirement plan for which member contributions are on deposit in the fund.
12. "Cure period" means the ninety-day period in which a participant or
alternate payee may submit an amended domestic relations order and request a
determination, calculated from the time the plan issues a determination
finding that a previously submitted domestic relations order did not qualify
as a plan approved domestic relations order.
13. "Designated position" means:
   (a) For a county:
      (i) A county detention officer.
      (ii) A nonuniformed employee of a sheriff's department whose primary
duties require direct contact with inmates.
   (b) For the state department of corrections and the department of
juvenile corrections, only the following specifically designated positions:
      (i) Food service.
      (ii) Nursing personnel.
      (iii) Corrections physician assistant.
      (iv) Therapist.
      (v) Corrections dental assistant.
      (vi) Hygienist.
      (vii) Corrections medical assistant.
      (viii) Correctional service officer, including assistant deputy
warden, deputy warden, warden and superintendent.
      (ix) State correctional program officer.
      (x) Parole or community supervision officers.
      (xi) Investigators.
      (xii) Teachers.
      (xiii) Institutional maintenance workers.
      (xiv) Youth corrections officer.
      (xv) Youth program officer.
      (xvi) Behavioral health treatment unit managers.
      (xvii) The director and assistant directors of the department of
juvenile corrections and the superintendent of the state educational system
for committed youth.
(xviii) The director, deputy directors and assistant directors of the state department of corrections.

(xix) Other positions designated by the local board of the state department of corrections or the local board of the department of juvenile corrections pursuant to section 38-891.

(c) For a city or town, a city or town detention officer.

(d) For an employer of an eligible group as defined in section 38-842, full-time dispatchers.

(e) For the judiciary, probation, surveillance and juvenile detention officers and those positions designated by the local board of the judiciary pursuant to section 38-891.

(f) For the department of public safety, state detention officers.

14. "Determination" means a written document that indicates to a participant and alternate payee whether a domestic relations order qualifies as a plan approved domestic relations order.

15. "Determination period" means the ninety-day period in which the plan must review a domestic relations order that is submitted by a participant or alternate payee to determine whether the domestic relations order qualifies as a plan approved domestic relations order, calculated from the time the plan mails a notice of receipt to the participant and alternate payee.

16. "Direct rollover" means a payment by the plan to an eligible retirement plan that is specified by the distributee.

17. "Distributee" means a member, a member's surviving spouse or a member's spouse or former spouse who is the alternate payee under a plan approved domestic relations order.

18. "Domestic relations order" means an order of a court of this state that is made pursuant to the domestic relations laws of this state and that creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to, receive a portion of the benefits payable to a participant.

19. "Eligible child" means an unmarried child of a deceased active or retired member who meets one of the following qualifications:

(a) Is under eighteen years of age.

(b) Is at least eighteen years of age and under twenty-three years of age only during any period that the child is a full-time student.

(c) Is under a disability that began before the child attained twenty-three years of age and remains a dependent of the surviving spouse or guardian.

20. "Eligible retirement plan" means any of the following that accepts a distributee's eligible rollover distribution:

(a) An individual retirement account described in section 408(a) of the internal revenue code.

(b) An individual retirement annuity described in section 408(b) of the internal revenue code.
(c) An annuity plan described in section 403(a) of the internal revenue code.
(d) A qualified trust described in section 401(a) of the internal revenue code.
(e) An annuity contract described in section 403(b) of the internal revenue code.
(f) An eligible deferred compensation plan described in section 457(b) of the internal revenue code that is maintained by a state, a political subdivision of a state or any agency or instrumentality of a state or a political subdivision of a state and that agrees to separately account for amounts transferred into the eligible deferred compensation plan from this plan.
21. "Eligible rollover distribution" means a payment to a distributee, but does not include any of the following:
   (a) Any distribution that is one of a series of substantially equal periodic payments made not less frequently than annually for the life or life expectancy of the member or the joint lives or joint life expectancies of the member and the member's beneficiary or for a specified period of ten years or more.
   (b) Any distribution to the extent the distribution is required under section 401(a)(9) of the internal revenue code.
   (c) The portion of any distribution that is not includable in gross income.
22. "Employee" means a person employed by a participating employer in a designated position.
23. "Employer" means an agency or department of this state or a political subdivision of this state that has one or more employees in a designated position.
24. "Fund" means the corrections officer retirement plan fund.
25. "Juvenile detention officer" means a juvenile detention officer responsible for the direct custodial supervision of juveniles who are detained in a county juvenile detention center.
26. "Local board" means the retirement board of the employer that consists of persons appointed or elected to administer the plan as it applies to the employer’s members in the plan.
27. "Member" means any employee who meets all of the following qualifications:
   (a) Who is a full-time paid person employed by a participating employer in a designated position.
   (b) Who is receiving salary for personal services rendered to a participating employer or would be receiving salary except for an authorized leave of absence.
   (c) Whose customary employment is at least forty hours each week.
28. "Normal retirement date" means:
(a) FOR AN EMPLOYEE WHO BECOMES EMPLOYED BY AN EMPLOYER BEFORE THE
EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, the first day of the
calendar month immediately following on the employee's completion of twenty
years of service or, in the case of a dispatcher, twenty-five years of
service, the employee's sixty-second birthday and completion of ten years of
service or the month in which the sum of the employee's age and years of
credited service equals eighty.

(b) FOR AN EMPLOYEE WHO BECOMES EMPLOYED BY AN EMPLOYER ON OR AFTER THE
EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, THE FIRST DAY OF THE
CALENDAR MONTH IMMEDIATELY FOLLOWING THE EMPLOYEE'S COMPLETION OF TWENTY-FIVE
YEARS OF SERVICE IF THE EMPLOYEE IS AT LEAST FIFTY-TWO AND ONE-HALF YEARS OF
AGE OR THE EMPLOYEE'S SIXTY-SECOND BIRTHDAY AND COMPLETION OF TEN YEARS OF
SERVICE.

29. "Notice of receipt" means a written document that is issued by the
plan to a participant and alternate payee and that states that the plan has
received a domestic relations order and a request for a determination that
the domestic relations order is a plan approved domestic relations order.

30. "Ordinary disability" means a physical condition that the local
board determines will totally and permanently prevent an employee from
performing a reasonable range of duties within the employee's department or a
mental condition that the local board determines will totally and permanently
prevent an employee from engaging in any substantial gainful activity.

31. "Participant" means a member who is subject to a domestic relations
order.

32. "Participant's portion" means benefits that are payable to a
participant pursuant to a plan approved domestic relations order.

33. "Participating employer" means an employer that the board has
determined to have one or more employees in a designated position or a
county, city, town or department of this state that has entered into a
joinder agreement pursuant to section 38-902.

34. "Pension" means a series of monthly payments by the retirement plan
but does not include an annuity that is payable pursuant to section 38-911.

35. "Personal representative" means the personal representative of a
deceased alternate payee.

36. "Plan approved domestic relations order" means a domestic relations
order that the plan approves as meeting all the requirements for a plan
approved domestic relations order as otherwise prescribed in this article.

37. "Probation or surveillance officer" means an officer appointed
pursuant to section 8-203, 12-251 or 12-259 but does not include other
personnel, office assistants or support staff.

38. "Retired member" means an individual who terminates employment and
who is receiving a pension pursuant to either section 38-885 or 38-886.

39. "Retirement" or "retired" means termination of employment after a
member has fulfilled all requirements for a pension OR FOR A MEMBER WHO
BECOMES EMPLOYED BY AN EMPLOYER ON OR AFTER THE EFFECTIVE DATE OF THIS
AMENDMENT TO THIS SECTION, ATTAINS THE AGE AND SERVICE REQUIREMENTS FOR A NORMAL RETIREMENT DATE.

40. "Retirement plan" or "plan" means the corrections officer retirement plan established by this article.

41. "Salary" means the base salary, shift differential pay, military differential wage pay and holiday pay paid a member for personal services rendered in a designated position to a participating employer on a regular monthly, semimonthly or biweekly payroll basis. Salary includes amounts that are subject to deferred compensation or tax shelter agreements. Salary does not include payment for any remuneration or reimbursement other than as prescribed by this paragraph. For the purposes of this paragraph, "base salary" means the amount of compensation each member is regularly paid for personal services rendered to an employer before the addition of any extra monies, including overtime pay, shift differential pay, holiday pay, fringe benefit pay and similar extra payments.

42. "Segregated funds" means the amount of benefits that would currently be payable to an alternate payee pursuant to a domestic relations order under review by the plan, or a domestic relations order submitted to the plan that failed to qualify as a plan approved domestic relations order, if the domestic relations order were determined to be a plan approved domestic relations order.

43. "Service" means employment rendered to a participating employer as an employee in a designated position. Any absence that is authorized by an employer, including any periods during which the employee is on an employer sponsored long-term disability program, is considered as service if the employee returns or is deemed by the employer to have returned to a designated position within the period of the authorized absence.

44. "Total and permanent disability" means a physical or mental condition that is not an accidental disability, that the local board finds totally and permanently prevents a member from engaging in any gainful employment and that is the direct and proximate result of the member's performance of the member's duty as an employee of a participating employer.

Sec. 2. Section 38-881, Arizona Revised Statutes, as amended by Laws 2010, chapter 200, section 54, is amended effective on the date prescribed in Laws 2005, chapter 324, section 2, but only on the occurrence of the condition prescribed by Laws 2005, chapter 324, section 2, to read:

38-881. Definitions

In this article, unless the context otherwise requires:

1. "Accidental disability" means a physical or mental condition that the local board finds totally and permanently prevents an employee from performing a reasonable range of duties within the employee's department, was incurred in the performance of the employee's duties and was the result of any of the following:
(a) Physical contact with inmates, prisoners, parolees or persons on probation.

(b) Responding to a confrontational situation with inmates, prisoners, parolees or persons on probation.

(c) A job related motor vehicle accident while on official business for the employee's employer. A job related motor vehicle accident does not include an accident that occurs on the way to or from work. Persons found guilty of violating a personnel rule, a rule established by the employee's employer or a state or federal law in connection with a job related motor vehicle accident do not meet the conditions for accidental disability.

2. "Accumulated member contributions" means for each member the sum of the amount of all the member's contributions deducted from the member's salary and paid to the fund, plus member contributions transferred to the fund by another retirement plan covering public employees of this state, plus previously withdrawn accumulated member contributions that are repaid to the fund in accordance with this article, minus any benefits paid to or on behalf of a member.

3. "Actuarial equivalent" means equality in present value of the aggregate amounts expected to be received under two different forms of payment, based on mortality and interest assumptions adopted by the board.

4. "Alternate payee" means the spouse or former spouse of a participant as designated in a domestic relations order.

5. "Alternate payee's portion" means benefits that are payable to an alternate payee pursuant to a plan approved domestic relations order.

6. "Annuitant" means a person who is receiving a benefit pursuant to section 38-911.

7. "Average monthly salary" means one-thirty-sixth ONE-SIXTIETH of the aggregate amount of salary that is paid a member by a participating employer during a period of thirty-six SIXTY consecutive months of service in which the member received the highest salary within the last one hundred twenty months of service. Average monthly salary means the aggregate amount of salary that is paid a member divided by the member's months of service if the member has less than thirty-six SIXTY months of service. In the computation under this paragraph, a period of nonpaid or partially paid industrial leave shall be considered based on the salary the employee would have received in the employee's job classification if the employee was not on industrial leave.

8. "Beneficiary" means an individual who is being paid or who has entitlement to the future payment of a pension on account of a reason other than the individual's membership in the retirement plan.

9. "Board" means the board of trustees of the public safety personnel retirement system.

10. "Claimant" means a member, beneficiary or estate that files an application for benefits with the retirement plan.
11. "Credited service" means credited service transferred to the retirement plan from another retirement system or plan for public employees of this state, plus those compensated periods of service as a member of the retirement plan for which member contributions are on deposit in the fund.

12. "Cure period" means the ninety-day period in which a participant or alternate payee may submit an amended domestic relations order and request a determination, calculated from the time the plan issues a determination finding that a previously submitted domestic relations order did not qualify as a plan approved domestic relations order.

13. "Designated position" means:
   (a) For a county:
      (i) A county detention officer.
      (ii) A nonuniformed employee of a sheriff's department whose primary duties require direct contact with inmates.
   (b) For the state department of corrections and the department of juvenile corrections, only the following specifically designated positions:
      (i) Food service.
      (ii) Nursing personnel.
      (iii) Corrections physician assistant.
      (iv) Therapist.
      (v) Corrections dental assistant.
      (vi) Hygienist.
      (vii) Corrections medical assistant.
      (viii) Correctional service officer, including assistant deputy warden, deputy warden, warden and superintendent.
   (ix) State correctional program officer.
   (x) Parole or community supervision officers.
   (xi) Investigators.
   (xii) Teachers.
   (xiii) Institutional maintenance workers.
   (xiv) Youth corrections officer.
   (xv) Youth program officer.
   (xvi) Behavioral health treatment unit managers.
   (xvii) The director and assistant directors of the department of juvenile corrections and the superintendent of the state educational system for committed youth.
   (xviii) The director, deputy directors and assistant directors of the state department of corrections.
   (xix) Other positions designated by the local board of the state department of corrections or the local board of the department of juvenile corrections pursuant to section 38-891.
   (c) For a city or town, a city or town detention officer.
   (d) For an employer of an eligible group as defined in section 38-842, full-time dispatchers.
(e) For the judiciary, probation, surveillance and juvenile detention
officers and those positions designated by the local board of the judiciary
pursuant to section 38-891.
(f) For the department of public safety, state detention officers.
14. "Determination" means a written document that indicates to a
participant and alternate payee whether a domestic relations order qualifies
as a plan approved domestic relations order.
15. "Determination period" means the ninety-day period in which the
plan must review a domestic relations order that is submitted by a
participant or alternate payee to determine whether the domestic relations
order qualifies as a plan approved domestic relations order, calculated from
the time the plan mails a notice of receipt to the participant and alternate
payee.
16. "Direct rollover" means a payment by the plan to an eligible
retirement plan that is specified by the distributee.
17. "Distributee" means a member, a member's surviving spouse or a
member's spouse or former spouse who is the alternate payee under a plan
approved domestic relations order.
18. "Domestic relations order" means an order of a court of this state
that is made pursuant to the domestic relations laws of this state and that
creates or recognizes the existence of an alternate payee's right to, or
assigns to an alternate payee the right to, receive a portion of the benefits
payable to a participant.
19. "Eligible child" means an unmarried child of a deceased active or
retired member who meets one of the following qualifications:
(a) Is under eighteen years of age.
(b) Is at least eighteen years of age and under twenty-three years of
age only during any period that the child is a full-time student.
(c) Is under a disability that began before the child attained
twenty-three years of age and remains a dependent of the surviving spouse or
guardian.
20. "Eligible retirement plan" means any of the following that accepts
a distributee's eligible rollover distribution:
(a) An individual retirement account described in section 408(a) of
the internal revenue code.
(b) An individual retirement annuity described in section 408(b) of
the internal revenue code.
(c) An annuity plan described in section 403(a) of the internal
revenue code.
(d) A qualified trust described in section 401(a) of the internal
revenue code.
(e) An annuity contract described in section 403(b) of the internal
revenue code.
(f) An eligible deferred compensation plan described in section 457(b) of the internal revenue code that is maintained by a state, a political subdivision of a state or any agency or instrumentality of a state or a political subdivision of a state and that agrees to separately account for amounts transferred into the eligible deferred compensation plan from this plan.

21. "Eligible rollover distribution" means a payment to a distributee, but does not include any of the following:

(a) Any distribution that is one of a series of substantially equal periodic payments made not less frequently than annually for the life or life expectancy of the member or the joint lives or joint life expectancies of the member and the member's beneficiary or for a specified period of ten years or more.

(b) Any distribution to the extent the distribution is required under section 401(a)(9) of the internal revenue code.

(c) The portion of any distribution that is not includable in gross income.

22. "Employee" means a person employed by a participating employer in a designated position.

23. "Employer" means an agency or department of this state or a political subdivision of this state that has one or more employees in a designated position.

24. "Fund" means the corrections officer retirement plan fund.

25. "Juvenile detention officer" means a juvenile detention officer responsible for the direct custodial supervision of juveniles who are detained in a county juvenile detention center.

26. "Local board" means the retirement board of the employer that consists of persons appointed or elected to administer the plan as it applies to the employer's members in the plan.

27. "Member" means any employee who meets all of the following qualifications:

(a) Who is a full-time paid person employed by a participating employer in a designated position.

(b) Who is receiving salary for personal services rendered to a participating employer or would be receiving salary except for an authorized leave of absence.

(c) Whose customary employment is at least forty hours each week.

28. "Normal retirement date" means:

(a) FOR AN EMPLOYEE WHO BECOMES EMPLOYED BY AN EMPLOYER BEFORE THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, the first day of the calendar month immediately following THE employee's completion of twenty years of service or, in the case of a dispatcher, twenty-five years of service, the employee's sixty-second birthday and completion of ten years of service or the month in which the sum of the employee's age and years of credited service equals eighty.
(b) FOR AN EMPLOYEE WHO BECOMES EMPLOYED BY AN EMPLOYER ON OR AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, THE FIRST DAY OF THE CALENDAR MONTH IMMEDIATELY FOLLOWING THE EMPLOYEE'S COMPLETION OF TWENTY-FIVE YEARS OF SERVICE IF THE EMPLOYEE IS AT LEAST FIFTY-TWO AND ONE-HALF YEARS OF AGE OR THE EMPLOYEE'S SIXTY-SECOND BIRTHDAY AND COMPLETION OF TEN YEARS OF SERVICE.

29. "Notice of receipt" means a written document that is issued by the plan to a participant and alternate payee and that states that the plan has received a domestic relations order and a request for a determination that the domestic relations order is a plan approved domestic relations order.

30. "Ordinary disability" means a physical condition that the local board determines will totally and permanently prevent an employee from performing a reasonable range of duties within the employee's department or a mental condition that the local board determines will totally and permanently prevent an employee from engaging in any substantial gainful activity.

31. "Participant" means a member who is subject to a domestic relations order.

32. "Participant's portion" means benefits that are payable to a participant pursuant to a plan approved domestic relations order.

33. "Participating employer" means an employer that the board has determined to have one or more employees in a designated position or a county, city, town or department of this state that has entered into a joinder agreement pursuant to section 38-902.

34. "Pension" means a series of monthly payments by the retirement plan but does not include an annuity that is payable pursuant to section 38-911.

35. "Personal representative" means the personal representative of a deceased alternate payee.

36. "Plan approved domestic relations order" means a domestic relations order that the plan approves as meeting all the requirements for a plan approved domestic relations order as otherwise prescribed in this article.

37. "Probation or surveillance officer" means an officer appointed pursuant to section 8-203, 12-251 or 12-259 but does not include other personnel, office assistants or support staff.

38. "Retired member" means an individual who terminates employment and who is receiving a pension pursuant to either section 38-885 or 38-886.

39. "Retirement" or "retired" means termination of employment after a member has fulfilled all requirements for a pension OR, FOR A MEMBER WHO BECOMES EMPLOYED BY AN EMPLOYER ON OR AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, ATTAINS THE AGE AND SERVICE REQUIREMENTS FOR A NORMAL RETIREMENT DATE.

40. "Retirement plan" or "plan" means the corrections officer retirement plan established by this article.

41. "Salary" means the base salary, overtime pay, shift differential pay, military differential wage pay and holiday pay paid a member for personal services rendered in a designated position to a participating
employer on a regular monthly, semimonthly or biweekly payroll basis, except that for the purposes of this paragraph the amount of overtime included shall not include payments to the member for the sale of compensatory time. Salary includes amounts that are subject to deferred compensation or tax shelter agreements. Salary does not include payment for any remuneration or reimbursement other than as prescribed by this paragraph. For the purposes of this paragraph, "base salary" means the amount of compensation each member is regularly paid for personal services rendered to an employer before the addition of any extra monies, including overtime pay, shift differential pay, holiday pay, payments for the sale of compensatory time, fringe benefit pay and similar extra payments.

42. "Segregated funds" means the amount of benefits that would currently be payable to an alternate payee pursuant to a domestic relations order under review by the plan, or a domestic relations order submitted to the plan that failed to qualify as a plan approved domestic relations order, if the domestic relations order were determined to be a plan approved domestic relations order.

43. "Service" means employment rendered to a participating employer as an employee in a designated position. Any absence that is authorized by an employer, including any periods during which the employee is on an employer sponsored long-term disability program, is considered as service if the employee returns or is deemed by the employer to have returned to a designated position within the period of the authorized absence.

44. "Total and permanent disability" means a physical or mental condition that is not an accidental disability, that the local board finds totally and permanently prevents a member from engaging in any gainful employment and that is the direct and proximate result of the member's performance of the member's duty as an employee of a participating employer.

Sec. 3. Section 38-885, Arizona Revised Statutes, is amended to read:

38-885. Normal retirement; conditions and pension
   A. A member may retire if the member:
      1. Files a written application for normal retirement with the plan in the form prescribed by the plan.
      2. Ceases to be an employee before the date of retirement.
      3. Meets one of the age and service requirements for normal retirement prescribed in subsection B OR D.
   B. A member WHO WAS EMPLOYED BY AN EMPLOYER BEFORE THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION is eligible for a normal retirement pension if the member satisfies one of the following requirements:
      1. Is AT LEAST sixty-two years old OR older OF AGE and has ten or more years of service.
      2. Has twenty or more years of service or, in the case of a dispatcher, twenty-five OR MORE years OF SERVICE.
      3. The sum of the member's age and years of credited service equals at least eighty.
C. A member who meets the requirements for a normal retirement pension pursuant to subsection B and who has twenty years or twenty-five years, as applicable, of credited service is entitled to receive a pension that equals fifty per cent of the member's average monthly salary, except that:

1. If the member retires with more than twenty years of credited service the foregoing amount shall be increased by a monthly amount equal to two per cent of the member's average monthly salary multiplied by the number of the member's years of credited service in excess of twenty years, with pro rata increase for any fractional years, except that if a member retires with twenty-five or more years of credited service the foregoing amount shall be increased by a monthly amount equal to two and one-half per cent of the member's average monthly salary multiplied by the number of the member's years of credited service in excess of twenty years, with pro rata increase for any fractional year.

2. If the member retires pursuant to subsection B but has less than twenty years of credited service, the member is entitled to receive a pension equal to the product of:

(a) Two and one-half per cent of the member's average monthly salary.

(b) The member's credited service.

D. A person who is employed by an employer on or after the effective date of this amendment to this section is eligible for a normal retirement pension if the person satisfies one of the following requirements:

1. Is at least sixty-two years of age and has ten or more years of service.

2. Is at least fifty-two and one-half years of age and has twenty-five or more years of service.

E. A person who meets the requirements for a normal retirement pension pursuant to subsection D and who has twenty-five years of credited service is entitled to receive a pension that equals sixty-two and one-half per cent of the member's average monthly salary, except that:

1. If the person retires with more than twenty-five years of credited service the foregoing amount shall be increased by a monthly amount equal to two and one-half per cent of the member's average monthly salary multiplied by the number of the member's years of credited service in excess of twenty-five years, with pro rata increase for any fractional year.

2. If the person retires pursuant to subsection D but has less than twenty-five years of credited service, the person is entitled to receive a pension equal to the product of:

(a) Two and one-half per cent of the member's average monthly salary.

(b) The member's credited service.

F. In no case shall the amount of a member's pension exceed eighty per cent of the member's average monthly salary. Such limitation does not preclude cost-of-living increases granted by the legislature.
Sec. 4. Section 38-886.01, Arizona Revised Statutes, is amended to read:

38-886.01. Ordinary disability retirement: qualifications; amount of pension; conditions for continued payment of pension; definition

A. A member may retire and receive an ordinary disability pension if the local board finds that all of the following conditions occur:

1. An application for disability retirement is filed with the retirement plan or the local board by either the member or the member's participating employer after the disabling incident or within one year after the date the member ceases to be an employee. Timely application for an ordinary disability pension is a prerequisite to receipt of the pension.

2. The member undergoes all medical examinations and tests ordered by the local board and releases to the local board all medical reports and records requested by the local board.

3. The local board determines that an ordinary disability condition exists that meets the requirements for an ordinary disability.

4. The member is not participating in the reverse deferred retirement option plan pursuant to section 38-885.01.

B. The effective date of an ordinary disability retirement shall not predate the date of disability or the date the member ceases to be an employee.

C. Except for a full-time dispatcher OR A PERSON WHO IS EMPLOYED BY AN EMPLOYER ON OR AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, the amount of an ordinary disability pension is equal to a fraction times the member's normal retirement pension that is computed pursuant to section 38-885, subsection C as if the member had twenty years of credited service. The fraction is the result obtained by dividing the member's actual years of credited service, not to exceed twenty years of credited service, by twenty. For a full-time dispatcher OR A PERSON WHO IS EMPLOYED BY AN EMPLOYER ON OR AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION, the amount of an ordinary disability pension is equal to a fraction times the member's normal retirement pension that is computed pursuant to section 38-885, subsection C OR E as if the member had twenty-five years of credited service. The fraction is the result obtained by dividing the member's actual years of credited service, not to exceed twenty-five years of credited service, by twenty-five.

D. During the period, if any, between the effective date of ordinary disability retirement and the date the disabled retired member attains sixty-two years of age the local board may require a disabled retired member to undergo periodic reevaluation of the continuation of ordinary disability. If the disabled retired member refuses to submit to reevaluation, the local board may suspend payment of the pension. If the refusal continues for one year, the local board may revoke the disabled retired member's rights to the pension. An ordinary disability pension is
terminated if the local board finds the retired member no longer meets the
requirements for ordinary disability retirement.

E. A member does not qualify for an ordinary disability pension if the
local board determines that the member's disability results from any of the
following:
   1. An injury suffered while engaged in a felonious criminal act or
enterprise.
   2. Service in the armed forces of the United States that entitles the
member to a veteran's disability pension.
   3. A physical or mental condition or injury that existed or occurred
before the member's date of membership in the plan.

F. Local boards shall base a finding of ordinary disability on medical
evidence that is obtained by a medical doctor or clinic selected by the local
board and shall disregard any other medical evidence or opinions. If the
local board retains more than one medical doctor or clinic in connection with
the application, the local board shall resolve any material conflicts
presented in the medical evidence that is presented by the medical doctors or
clinics.

G. For the purposes of this section, "ordinary disability" means a
physical condition that the local board determines will prevent an employee
from totally and permanently performing a reasonable range of duties within
the employee's department or a mental condition that the local board
determines will prevent an employee from totally and permanently engaging in
any substantial gainful activity.

Sec. 5. Section 38-891, Arizona Revised Statutes, is amended to read:

38-891. Employer and member contributions

A. As determined by actuarial valuations reported to the employers and
the local boards by the board, each employer shall make level per cent of
salary contributions sufficient under the actuarial valuations to meet both
the normal cost plus the actuarially determined amount required to amortize
the unfunded accrued liability over, beginning July 1, 2005, a rolling period
of at least twenty and not more than thirty years that is established by the
board taking into account the recommendation of the plan's actuary, except
that, beginning with fiscal year 2006-2007, except as otherwise provided, the
employer contribution rate shall not be less than six per cent of salary.
For any employer whose actual contribution rate is less than six per cent of
salary for fiscal year 2006-2007 and each year thereafter, that employer's
contribution rate shall be at least five per cent and not more than the
employer's actual contribution rate. An employer may pay a higher level per
cent of salary thereby reducing its unfunded past service liability. All
contributions made by the employers and all state taxes allocated to the fund
shall be irrevocable and shall be used to pay benefits under the plan or to
pay expenses of the plan and fund. The minimum employer contribution that is
paid and that is in excess of the normal cost plus the actuarially determined
amount required to amortize the unfunded accrued liability as calculated
pursuant to this subsection shall be used to reduce future employer
contribution increases and shall not be used to pay for an increase in
benefits that are otherwise payable to members. The board shall separately
account for these monies in the fund. Forfeitures arising because of
severance of employment before a member becomes eligible for a pension or for
any other reason shall be applied to reduce the cost to the employer, not to
increase the benefits otherwise payable to members. After the close of any
fiscal year, if the plan's actuary determines that the actuarial valuation of
an employer's account contains excess valuation assets other than excess
valuation assets that were in the employer's account as of fiscal year
2004-2005 and is more than one hundred per cent funded, the board shall
account for fifty per cent of the excess valuation assets in a stabilization
reserve account. After the close of any fiscal year, if the plan's actuary
determines that the actuarial valuation of an employer's account has a
valuation asset deficiency and an unfunded actuarial accrued liability, the
board shall use any valuation assets in the stabilization reserve account for
that employer, to the extent available, to limit the decline in that
employer's funding ratio to not more than two per cent.

B. Except as provided by subsection I, Each member shall contribute
7.96 per cent of the member's salary to the retirement plan. Member contributions shall be made by payroll
deduction. Continuation of employment by the member constitutes consent and
agreement to the deduction of the applicable member contribution. Payment of
the member's salary less the deducted contributions constitutes full and
complete discharge and satisfaction of all claims and demands of the member
relating to salary for services rendered during the period covered by the
payment.

C. Each participating employer shall cause the member contributions to
be deducted from the salary of each member. The deducted member
contributions shall be paid to the retirement plan within five working days
and shall be credited to the member's individual account.

D. During a period when an employee is on industrial leave and the
employee elects to continue contributions during the period of industrial
leave, the employer and employee shall make contributions based on the salary
the employee would have received in the employee's job classification if the
employee was in normal employment status.

E. The local board of the state department of corrections or the local
board of the department of juvenile corrections may specify a position within
that department as a designated position if the position is filled by an
employee who has at least five years of credited service under the plan, who
is transferred to temporarily fill the position and who makes a written
request to the local board to specify the position as a designated position
within ninety days of being transferred. On the employee leaving the
position, the position is no longer a designated position. For the purposes
of this subsection, "temporarily filled" means an employee is transferred to
fill the position for a period of not more than one year.

F. The local board of the state department of corrections or the local
board of the department of juvenile corrections may specify a designated
position within the department as a nondenominated position if the position is
filled by an employee who has at least five years of credited service under
the Arizona state retirement system and who makes a written request to the
local board to specify the position as a nondenominated position within ninety
days of accepting the position. On the employee leaving the position, the
position reverts to a designated position.

G. The local board of the judiciary may specify positions within the
administrative office of the courts that require direct contact with and
primarily provide training or technical expertise to county probation,
surveillance or juvenile detention officers as a designated position if the
position is filled by an employee who is a member of the plan currently
employed in a designated position as a probation, surveillance or juvenile
detention officer and who has at least five years of credited service under
the plan. An employee who fills such a position shall make a written request
to the local board to specify the position as a designated position within
ninety days of accepting the position. On the employee leaving the position,
the position reverts to a nondenominated position.

H. Beginning with fiscal year 2008-2009, if the aggregate computed
employer contribution rate that is calculated pursuant to subsection A is
less than six per cent of salary, beginning on July 1 of the following fiscal
year the member contribution rate prescribed in subsection B or I is
permanently reduced by an amount that is equal to the difference between six
per cent and the aggregate computed employer contribution rate.
Notwithstanding this subsection, the member contribution rate shall not be
less than 7.65 per cent of the member's salary.

I. Notwithstanding subsection B, except for a full-time dispatcher, a
member shall contribute 8.41 per cent of the member's salary to the
retirement plan. After the close of any fiscal year, if the plan's actuary
determines that the aggregate ratio of the funding value of accrued assets to
the accrued liabilities of the fund is at least one hundred per cent, from
and after June 30 of the following year, except for a full-time dispatcher, a
member shall contribute 7.96 per cent of the member's salary to the
retirement plan. Additionally, the member's contribution to the retirement
plan may also be permanently reduced pursuant to subsection H.

H. THE AMOUNT CONTRIBUTED BY A MEMBER PURSUANT TO SUBSECTION B IS:

1. THROUGH JUNE 30, 2011, 8.41 PER CENT OF THE MEMBER'S SALARY, EXCEPT
   FOR A FULL-TIME DISPATCHER. THE AMOUNT CONTRIBUTED BY A FULL-TIME DISPATCHER
   THROUGH JUNE 30, 2011 IS 7.96 PER CENT OF THE MEMBER'S SALARY.

2. FOR FISCAL YEAR 2011-2012, 8.91 PER CENT OF THE MEMBER'S SALARY,
   EXCEPT FOR A FULL-TIME DISPATCHER. THE AMOUNT CONTRIBUTED BY A FULL-TIME
   DISPATCHER FOR FISCAL YEAR 2011-2012 IS 8.46 PER CENT OF THE MEMBER'S SALARY.
3. FOR FISCAL YEAR 2012-2013 AND EACH FISCAL YEAR THEREAFTER, 8.91 PER
CENT OF THE MEMBER’S SALARY OR 33.3 PER CENT OF THE AGGREGATE COMPUTED
EMPLOYER CONTRIBUTION RATE THAT IS CALCULATED PURSUANT TO SUBSECTION A,
WHICHEVER IS LOWER, EXCEPT THAT THE MEMBER CONTRIBUTION RATE SHALL NOT BE
LESS THAN 7.65 PER CENT OF THE MEMBER’S COMPENSATION AND THE EMPLOYER
CONTRIBUTION RATE SHALL NOT BE LESS THAN THE RATE PRESCRIBED IN SUBSECTION A.
I. FOR FISCAL YEAR 2011-2012, THE AMOUNT OF THE MEMBER’S CONTRIBUTION
THAT EXCEEDS 8.41 PER CENT OF THE MEMBER’S SALARY FOR A MEMBER OTHER THAN A
FULL-TIME DISPATCHER OR 7.96 PER CENT OF THE MEMBER’S SALARY FOR A FULL-TIME
Dispatcher shall not be used to reduce the employer’s contribution that is
CALCULATED PURSUANT TO SUBSECTION A.

Sec. 6. Section 38-905, Arizona Revised Statutes, is amended to read:
38-905. Benefit increases; definition
A. Effective July 1 of each year, each retired member or survivor of a
retired member is entitled to receive a permanent benefit increase in the
base benefit equal to the amount determined pursuant to this section if
either:
1. The retired member or survivor of the retired member was receiving
benefits on or before July 31 of the previous two years.
2. The retired member or survivor of the retired member was fifty-five
years of age or older on July 1 of the current year and was receiving
benefits on or before July 31 of the previous year.
B. The monthly amount of a permanent increase provided by subsection A
is determined as follows:
1. Determine the excess investment earnings on the net assets of the
fund.
2. Determine the excess investment earnings account balance.
3. Determine the actuarial present value, as of June 30 of the
preceding calendar year, of a five dollar per month increase in the amount of
each pension eligible for an increase.
4. Add the amounts determined in paragraphs 1 and 2 of this subsection
and divide that sum by the amount determined in paragraph 3 of this
subsection.
5. From the quotient obtained in paragraph 4 of this subsection, drop
any fraction.
6. Multiply the number obtained in paragraph 5 of this subsection by
five dollars.
C. The excess investment earnings on the net assets of the fund are
equal to the total assets of the fund less any amount allocated to the excess
investment earnings account multiplied by one half of the positive
difference, if any, between the total return of the plan and nine per cent
THE EXCESS INVESTMENT EARNINGS AMOUNT. The excess investment earnings on the
net assets of the fund are zero if the total return of the plan is less than
or equal to nine per cent.
D. As used in this section:

1. Total return and net assets of the fund are the amounts published in the annual report of the plan for the fiscal year ending June 30 of the calendar year preceding the July 1 of the increase.

2. The ratio of the market value of assets to the actuarial accrued liability of the fund is the number determined by the administrator for the fiscal year ending June 30 of the calendar year preceding the July 1 of the increase.

E. All excess investment earnings on the net assets of the fund are available for benefit increases as provided in this section. Any excess investment earnings on the net assets of the fund from any year which is not used for benefit adjustments for that year are available for future benefit increases in the following years. Earnings on the excess investment earnings account balance at the rate of the total return as published in the annual report of the plan shall be added each year to the excess investment earnings account and shall be available for future benefit increases.

F. The maximum benefit increase under this section is limited to four per cent of the benefit being received on the preceding June 30.

G. For the purposes of this section, "excess investment earnings amount" means:

1. If the ratio of the market value of assets to the actuarial accrued liability of the fund is seventy per cent or less, zero.

2. If the ratio of the market value of assets to the actuarial accrued liability of the fund is more than seventy per cent but less than eighty per cent, one-quarter of the positive difference, if any, between the total return of the plan and nine per cent.

3. If the ratio of the market value of assets to the actuarial accrued liability of the fund is eighty per cent or more, one-half of the positive difference, if any, between the total return of the plan and nine per cent.

Sec. 7. Section 38-911, Arizona Revised Statutes, is amended to read:

38-911. Deferred annuity; eligibility; amount; exception

A. If any member who has at least ten years of credited service terminates employment for reasons other than retirement or disability, the person may elect to receive a deferred annuity, except that if the person withdraws the person's accumulated contributions from the plan, all rights to a deferred annuity are forfeited. A deferred annuity is a lifetime monthly payment that is actuarially equivalent to the annuitant's accumulated contributions in the plan plus an equal amount paid by the employer and commences on application on or after the sixty-second birthday of the annuitant. The deferred annuity is not a retirement benefit and annuitants are not entitled to receive any amount prescribed by section 38-887, 38-888, 38-904, 38-905 or 38-906.

B. This section applies to a member who becomes employed by an employer on or after the effective date of this amendment to this section, except that such a person who attains a normal retirement date is eligible.
FOR RETIREMENT AND A RETIREMENT BENEFIT EVEN IF THE MEMBER TERMINATES
EMPLOYMENT WITH AN EMPLOYER BEFORE THE AGE REQUIREMENT FOR NORMAL RETIREMENT
IF THE MEMBER ATTAINS THE SERVICE REQUIREMENT FOR NORMAL RETIREMENT.

Sec. 8. Retroactivity
Sections 38-891 and 38-905, Arizona Revised Statutes, as amended by
this act, apply retroactively to from and after June 29, 2011.
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Arizona PSPRS Trust - Total Fund</td>
<td>$8,055,438,267</td>
<td>100.00%</td>
<td>0.40%</td>
<td>0.58%</td>
<td>-0.09%</td>
<td>5.59%</td>
<td>6.83%</td>
<td>9.12%</td>
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<tr>
<td>Target Fund Benchmark</td>
<td>0.86%</td>
<td>0.89%</td>
<td>0.21%</td>
<td>5.11%</td>
<td>7.16%</td>
<td>9.54%</td>
<td>9.04%</td>
<td>4.64%</td>
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<tr>
<td>Total Equity</td>
<td>$2,443,458,855</td>
<td>30.33%</td>
<td>10.10%</td>
<td>0.21%</td>
<td>-1.69%</td>
<td>2.96%</td>
<td>7.01%</td>
<td>13.50%</td>
</tr>
<tr>
<td>Target Equity Benchmark</td>
<td>0.86%</td>
<td>0.89%</td>
<td>0.21%</td>
<td>5.11%</td>
<td>7.16%</td>
<td>9.54%</td>
<td>9.04%</td>
<td>4.64%</td>
</tr>
<tr>
<td>U.S. Equity</td>
<td>$1,332,311,426</td>
<td>16.54%</td>
<td>2.73%</td>
<td>4.42%</td>
<td>1.76%</td>
<td>6.58%</td>
<td>12.65%</td>
<td>17.62%</td>
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<tr>
<td>Russell 3000</td>
<td>2.75%</td>
<td>4.80%</td>
<td>2.76%</td>
<td>9.90%</td>
<td>16.07%</td>
<td>19.77%</td>
<td>17.01%</td>
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<tr>
<td>Non-U.S. Equity</td>
<td>$1,111,147,429</td>
<td>13.79%</td>
<td>-0.84%</td>
<td>-4.68%</td>
<td>-5.72%</td>
<td>-1.26%</td>
<td>0.57%</td>
<td>8.15%</td>
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<tr>
<td>MSCI ACWI Ex-US Net</td>
<td>-0.99%</td>
<td>-5.26%</td>
<td>-6.20%</td>
<td>-0.99%</td>
<td>0.06%</td>
<td>7.76%</td>
<td>6.09%</td>
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<tr>
<td>Private Equity</td>
<td>$1,074,206,809</td>
<td>13.34%</td>
<td>0.03%</td>
<td>0.44%</td>
<td>1.02%</td>
<td>16.30%</td>
<td>21.07%</td>
<td>16.64%</td>
</tr>
<tr>
<td>Russell 3000 + 100 bps</td>
<td>2.77%</td>
<td>5.02%</td>
<td>3.07%</td>
<td>10.72%</td>
<td>17.07%</td>
<td>20.77%</td>
<td>18.02%</td>
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<tr>
<td>Fixed Income</td>
<td>$731,244,164</td>
<td>9.08%</td>
<td>0.96%</td>
<td>1.31%</td>
<td>1.21%</td>
<td>6.06%</td>
<td>5.90%</td>
<td>4.49%</td>
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<tr>
<td>BC Global Aggregate</td>
<td>0.01%</td>
<td>-2.24%</td>
<td>-3.13%</td>
<td>1.65%</td>
<td>0.22%</td>
<td>0.72%</td>
<td>2.59%</td>
<td>4.14%</td>
</tr>
<tr>
<td>Credit Opportunities</td>
<td>$677,872,314</td>
<td>8.42%</td>
<td>0.81%</td>
<td>1.88%</td>
<td>2.43%</td>
<td>7.94%</td>
<td>8.86%</td>
<td>10.21%</td>
</tr>
<tr>
<td>50% BofA ML US High Yield BB-B Constrained, 50% CSFB Fixed Income Arbitrage</td>
<td>0.69%</td>
<td>0.84%</td>
<td>0.35%</td>
<td>4.83%</td>
<td>5.62%</td>
<td>7.76%</td>
<td>8.77%</td>
<td>N/A</td>
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<tr>
<td>Absolute Return</td>
<td>$349,393,119</td>
<td>4.34%</td>
<td>0.17%</td>
<td>0.50%</td>
<td>0.67%</td>
<td>1.70%</td>
<td>2.05%</td>
<td>2.07%</td>
</tr>
<tr>
<td>BofA ML 3-Month T-Bill + 200 bps</td>
<td>0.17%</td>
<td>0.50%</td>
<td>0.67%</td>
<td>1.70%</td>
<td>2.05%</td>
<td>2.07%</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>GTAA</td>
<td>$734,255,019</td>
<td>9.12%</td>
<td>0.96%</td>
<td>0.11%</td>
<td>-0.98%</td>
<td>3.12%</td>
<td>3.61%</td>
<td>2.88%</td>
</tr>
<tr>
<td>3-Month LIBOR + 300 bps</td>
<td>-0.96%</td>
<td>-2.26%</td>
<td>-3.13%</td>
<td>1.65%</td>
<td>0.22%</td>
<td>0.72%</td>
<td>2.59%</td>
<td>4.14%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>$598,224,209</td>
<td>7.43%</td>
<td>-0.75%</td>
<td>-0.98%</td>
<td>1.80%</td>
<td>3.19%</td>
<td>3.45%</td>
<td>4.39%</td>
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<tr>
<td>CPI + 200 bps</td>
<td>0.25%</td>
<td>0.44%</td>
<td>0.78%</td>
<td>3.06%</td>
<td>3.65%</td>
<td>3.58%</td>
<td>3.85%</td>
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<tr>
<td>Real Estate</td>
<td>$870,043,800</td>
<td>10.80%</td>
<td>0.33%</td>
<td>2.04%</td>
<td>1.86%</td>
<td>3.80%</td>
<td>-2.38%</td>
<td>2.52%</td>
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<tr>
<td>NCREIF NPI *</td>
<td>0.96%</td>
<td>2.91%</td>
<td>3.89%</td>
<td>9.85%</td>
<td>11.69%</td>
<td>11.18%</td>
<td>11.42%</td>
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<tr>
<td>Risk Parity</td>
<td>$329,007,464</td>
<td>4.08%</td>
<td>1.15%</td>
<td>0.47%</td>
<td>0.21%</td>
<td>7.34%</td>
<td>5.51%</td>
<td>N/A</td>
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<tr>
<td>60% BC Global Aggregate, 30% MSCI AC World Net, 10% Dow Jones-UBS Commodity Index TR</td>
<td>0.14%</td>
<td>-2.28%</td>
<td>-3.65%</td>
<td>1.73%</td>
<td>1.87%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Short Term Investments</td>
<td>$247,732,515</td>
<td>3.08%</td>
<td>0.01%</td>
<td>0.02%</td>
<td>0.02%</td>
<td>0.13%</td>
<td>0.34%</td>
<td>0.00%</td>
</tr>
<tr>
<td>BofA ML 3-Month T-Bill</td>
<td>0.00%</td>
<td>0.01%</td>
<td>0.01%</td>
<td>0.03%</td>
<td>0.05%</td>
<td>0.07%</td>
<td>0.09%</td>
<td>1.58%</td>
</tr>
</tbody>
</table>

Please see Page 2 for additional notes regarding the benchmarks and effective dates.
Target Fund Benchmarks (Effective Dates)

July 1, 2014 to Present: 16% Russell 3000, 14% MSCI World Ex-US Net, 11% Russell 3000 + 100 bps, 7% BC Global Aggregate, 13% Credit Opportunities Benchmark, 4% BoFA ML 3-Month T-Bill + 200 bps, 10% 3-Month LIBOR + 300 bps, 8% CPI + 200 bps, 11% NCREIF NPI, 4% Risk Parity Benchmark and 2% BoFA ML 3-Month T-Bill

July 1, 2013-June 30, 2014: 17% Russell 3000, 14% MSCI ACWI Ex-US Net, 10% Russell 3000 + 100 bps, 8% BC Global Aggregate, 12% Credit Opportunities Benchmark, 4% BoFA ML 3-Month T-Bill + 200 bps, 10% 3-Month LIBOR + 300 bps, 8% CPI + 200 bps, 11% NCREIF NPI, 4% Risk Parity Benchmark and 2% BoFA ML 3-Month T-Bill

July 1, 2012 - June 30, 2013: 18% Russell 3000, 14% MSCI ACWI Ex-US Net, 10% Russell 3000 + 100 bps, 8% BC Global Aggregate, 12% Credit Opportunities Benchmark, 4% BoFA ML 3-Month T-Bill + 200 bps, 10% 3-Month LIBOR + 300 bps, 8% CPI + 200 bps, 11% NCREIF NPI, 4% Risk Parity Benchmark and 2% BoFA ML 3-Month T-Bill

July 1, 2010 - June 30, 2012: 20% Russell 3000, 15% MSCI ACWI Ex-US Net, 8% 3-Month LIBOR + 300 bps, 20% BC US Aggregate, 4% BoFA ML 3-Month T-Bill + 200 bps, 9% BoFA ML US High Yield BB-B Constrained, 8% Russell 3000 + 100 bps, 6% CPI + 200 bps, 8% NCREIF NPI and 2% BoFA ML 3-Month T-Bill

April 1, 2009 - June 30, 2010: 30% Russell 3000, 20% MSCI ACWI Ex-US Net, 20% BC US Aggregate, 8% NCREIF NPI, 8% Russell 3000 + 100 bps, 8% BoFA ML US High Yield BB-B Constrained, 5% CPI + 200 bps and 1% BoFA ML 3-Month T-Bill

July 1, 2007 - March 31, 2009: 46% Wilshire 5000, 21% MSCI ACWI Ex-US Net, 20% BC Gov/Cred, 6% NCREIF NPI, 6% Wilshire 5000 +300 bps and 1% BoFA ML 3-Month T-Bill

July 1, 2006 - June 30, 2007: 76.92% S&P 500, 15.39% S&P 400 and 7.69% S&P 600

July 1, 2002 - June 30, 2006: 100% S&P 500

* The NCREIF NPI index return is published on a quarterly basis approximately six weeks after the end of the quarter and will be updated as soon as it is available. The monthly returns shown above are based on geometric smoothing of the quarterly data.

Target Equity Benchmarks (Effective Dates)

July 1, 2014 to Present: 53.33% Russell 3000 and 46.67% MSCI World Ex-US Net

July 1, 2013 to June 30, 2014: 54.84% Russell 3000 and 45.16% MSCI ACWI Ex-US Net

July 1, 2012 - June 30, 2013: 56.25% Russell 3000 and 43.75% MSCI ACWI Ex-US Net

July 1, 2010 - June 30, 2012: 57.14% Russell 3000 and 42.86% MSCI ACWI Ex-US Net

April 1, 2009 - June 30, 2010: 60% Russell 3000 and 40% MSCI World ACWI ex-US Net

July 1, 2007 - March 31, 2009: 67.69% Wilshire 5000 and 32.31% MSCI ACWI Ex-US Net

July 1, 2006 - June 30, 2007: 76.92% S&P 500, 15.39% S&P 400 and 7.69% S&P 600

July 1, 2002 - June 30, 2006: 100% S&P 500

July 1, 2013-June 30, 2014: 17% Russell 3000, 14% MSCI ACWI Ex-US Net, 10% Russell 3000 + 100 bps, 7% BC Global Aggregate, 13% Credit Opportunities Benchmark, 4% BoFA ML 3-Month T-Bill + 200 bps, 10% 3-Month LIBOR + 300 bps, 8% CPI + 200 bps, 11% NCREIF NPI, 4% Risk Parity Benchmark and 2% BoFA ML 3-Month T-Bill

July 1, 2012 - June 30, 2013: 18% Russell 3000, 14% MSCI ACWI Ex-US Net, 10% Russell 3000 + 100 bps, 8% BC Global Aggregate, 12% Credit Opportunities Benchmark, 4% BoFA ML 3-Month T-Bill + 200 bps, 10% 3-Month LIBOR + 300 bps, 8% CPI + 200 bps, 11% NCREIF NPI, 4% Risk Parity Benchmark and 2% BoFA ML 3-Month T-Bill

July 1, 2010 - June 30, 2012: 20% Russell 3000, 15% MSCI ACWI Ex-US Net, 8% 3-Month LIBOR + 300 bps, 20% BC US Aggregate, 4% BoFA ML 3-Month T-Bill + 200 bps, 9% BoFA ML US High Yield BB-B Constrained, 8% Russell 3000 + 100 bps, 6% CPI + 200 bps, 8% NCREIF NPI and 2% BoFA ML 3-Month T-Bill

April 1, 2009 - June 30, 2010: 30% Russell 3000, 20% MSCI ACWI Ex-US Net, 20% BC US Aggregate, 8% NCREIF NPI, 8% Russell 3000 + 100 bps, 8% BoFA ML US High Yield BB-B Constrained, 5% CPI + 200 bps and 1% BoFA ML 3-Month T-Bill

July 1, 2007 - March 31, 2009: 46% Wilshire 5000, 21% MSCI ACWI Ex-US Net, 20% BC Gov/Cred, 6% NCREIF NPI, 6% Wilshire 5000 +300 bps and 1% BoFA ML 3-Month T-Bill

July 1, 2006 - June 30, 2007: 50% S&P 500, 10% S&P 400, 5% S&P 600, 20% BC Gov/Cred, 10% Expected Annual Return for Real Estate of 8.00% and 5% BoFA ML 3-Month T-Bill

July 1, 2002 - June 30, 2006: 45% S&P 500, 45% BC Gov/Cred and 10% BoFA 3-Month T-Bill

* The NCREIF NPI index return is published on a quarterly basis approximately six weeks after the end of the quarter and will be updated as soon as it is available. The monthly returns shown above are based on geometric smoothing of the quarterly data.
# Arizona PSPRS Trust - Performance as of 11/30/2014 (Gross of Fees)

<table>
<thead>
<tr>
<th>Description</th>
<th>Asset Allocation</th>
<th>7/1/2014</th>
<th>Performance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona PSPRS Trust - Total Fund</td>
<td>$8,122,276,524</td>
<td>100.00%</td>
<td>Month Ending</td>
</tr>
<tr>
<td>Target Fund Benchmark</td>
<td></td>
<td></td>
<td>0.92%</td>
</tr>
<tr>
<td>Target Fund Benchmark</td>
<td></td>
<td></td>
<td>0.81%</td>
</tr>
<tr>
<td>Total Equity</td>
<td>$2,516,219,861</td>
<td>30.98%</td>
<td>30%</td>
</tr>
<tr>
<td>Target Equity Benchmark</td>
<td></td>
<td></td>
<td>1.63%</td>
</tr>
<tr>
<td>U.S. Equity</td>
<td>$1,360,554,403</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>Target Equity Benchmark</td>
<td></td>
<td></td>
<td>2.42%</td>
</tr>
<tr>
<td>Non-U.S. Equity</td>
<td>$1,155,665,457</td>
<td>14%</td>
<td>14%</td>
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<tr>
<td>Target Equity Benchmark</td>
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<td></td>
<td>0.72%</td>
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<tr>
<td>U.S. Equity</td>
<td>$1,077,629,482</td>
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<td>13%</td>
</tr>
<tr>
<td>Total Equity Benchmark</td>
<td></td>
<td></td>
<td>2.49%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>$734,234,048</td>
<td>9.04%</td>
<td>9%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>$705,113,353</td>
<td>8.68%</td>
<td>8%</td>
</tr>
<tr>
<td>Total Equity Benchmark</td>
<td></td>
<td></td>
<td>0.87%</td>
</tr>
<tr>
<td>Credit Opportunities</td>
<td></td>
<td></td>
<td>50% BofA ML US High Yield BB-B Constrained, 50% CSFB Fixed Income Arbitrage</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>$353,666,755</td>
<td>4.35%</td>
<td>4%</td>
</tr>
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<td>Target Equity Benchmark</td>
<td></td>
<td></td>
<td>0.17%</td>
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<tr>
<td>GTAA</td>
<td>$747,305,147</td>
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<td>10%</td>
</tr>
<tr>
<td>Target Equity Benchmark</td>
<td></td>
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<td>0.26%</td>
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<tr>
<td>Real Assets</td>
<td>$595,748,261</td>
<td>7.33%</td>
<td>8%</td>
</tr>
<tr>
<td>Target Equity Benchmark</td>
<td></td>
<td></td>
<td>-0.21%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>$853,597,889</td>
<td>10.51%</td>
<td>11%</td>
</tr>
<tr>
<td>NCREIF NPI *</td>
<td></td>
<td></td>
<td>0.87%</td>
</tr>
<tr>
<td>Risk Parity</td>
<td>$330,697,926</td>
<td>4.07%</td>
<td>4%</td>
</tr>
<tr>
<td>Target Equity Benchmark</td>
<td></td>
<td></td>
<td>-0.12%</td>
</tr>
<tr>
<td>Short Term Investments</td>
<td>$208,063,802</td>
<td>2.56%</td>
<td>2%</td>
</tr>
<tr>
<td>Target Equity Benchmark</td>
<td></td>
<td></td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Please see Page 2 for additional notes regarding the benchmarks and effective dates.
Target Fund Benchmarks (Effective Dates)

July 1, 2014 to Present: 16% Russell 3000, 14% MSCI World Ex-US Net, 11% Russell 5000 + 100 bps, 7% BC Global Aggregate, 13% Credit Opportunities Benchmark, 4% BoFA ML 3-Month T-Bill + 200 bps, 10% 3-Month LIBOR + 300 bps, 8% CPI + 200 bps, 11% NCREIF NPI, 4% Risk Parity Benchmark and 2% BoFA ML 3-Month T-Bill

July 1, 2013-June 30, 2014: 17% Russell 3000, 14% MSCI ACWI Ex-US Net, 10% Russell 3000 + 100 bps, 8% BC Global Aggregate, 12% Credit Opportunities Benchmark, 4% BoFA ML 3-Month T-Bill + 200 bps, 10% 3-Month LIBOR + 300 bps, 8% CPI + 200 bps, 11% NCREIF NPI, 4% Risk Parity Benchmark and 2% BoFA ML 3-Month T-Bill

July 1, 2012 - June 30, 2013: 18% Russell 3000, 14% MSCI ACWI Ex-US Net, 9% Russell 3000 + 100 bps, 12% BC Global Aggregate, 12% Credit Opportunities Benchmark, 4% BoFA ML 3-Month T-Bill + 200 bps, 8% 3-Month LIBOR + 300 bps, 7% CPI + 200 bps, 10% NCREIF NPI, 4% Risk Parity Benchmark and 2% BoFA ML 3-Month T-Bill

July 1, 2010 - June 30, 2012: 20% Russell 3000, 15% MSCI ACWI Ex-US Net, 8% 3-Month LIBOR + 300 bps, 20% BC US Aggregate, 4% BoFA ML 3-Month T-Bill + 200 bps, 9% BoFA ML US High Yield BB-B Constrained, 8% Russell 3000 + 100 bps, 6% CPI + 200 bps, 8% NCREIF NPI and 2% BoFA ML 3-Month T-Bill

April 1, 2009 - June 30, 2010: 30% Russell 3000, 20% MSCI ACWI Ex-US Net, 20% BC US Aggregate, 8% NCREIF NPI, 8% Russell 3000 + 100 bps, 8% BoFA ML US High Yield BB-B Constrained, 5% CPI + 200 bps and 1% BoFA ML 3-Month T-Bill

July 1, 2007 - March 31, 2009: 46% Wilshire 5000, 21% MSCI ACWI Ex-US Net, 20% BC Gov/Cred, 6% NCREIF NPI, 6% Wilshire 5000 +300 bps and 1% BoFA ML 3-Month T-Bill

July 1, 2006 - June 30, 2007: 50% S&P 500, 10% S&P 400, 5% S&P 600, 20% BC Gov/Cred, 10% Expected Annual Return for Real Estate of 8.00% and 5% BoFA ML 3-Month T-Bill

July 1, 2002 - June 30, 2006: 45% S&P 500, 45% BC Gov/Cred and 10% BoFA 3-Month T-Bill

* The NCREIF NPI index return is published on a quarterly basis approximately six weeks after the end of the quarter and will be updated as soon as it is available. The monthly returns shown above are based on geometric smoothing of the quarterly data.

Target Equity Benchmarks (Effective Dates)

July 1, 2014 to Present: 53.33% Russell 3000 and 46.67% MSCI World Ex-US Net

July 1, 2013 to June 30, 2014: 54.84% Russell 3000 and 45.16% MSCI ACWI Ex-US Net

July 1, 2012 - June 30, 2013: 56.25% Russell 3000 and 43.75% MSCI ACWI Ex-US Net

July 1, 2010 - June 30, 2012: 57.14% Russell 3000 and 42.86% MSCI ACWI Ex-US Net

April 1, 2009 - June 30, 2010: 60% Russell 3000 and 40% MSCI World ACWI ex-US Net

July 1, 2007 - March 31, 2009: 67.69% Wilshire 5000 and 32.31% MSCI ACWI Ex-US Net

July 1, 2006 - June 30, 2007: 76.92% S&P 500, 15.39% S&P 400 and 7.69% S&P 600

July 1, 2002 - June 30, 2006: 100% S&P 500
Public Safety Personnel Retirement Systems

Compliance Report as of October 31, 2014

Portfolio Compliance:

We reviewed the PSPRS portfolio as of October 31, 2014 for compliance with the Amended and Restated Statement of Investment Policies (Investment Policies) as adopted by the Board of Trustees. The portfolio is in compliance with the Investment Policies.
Public Safety Personnel Retirement Systems

Compliance Report as of November 30, 2014

Portfolio Compliance:

We reviewed the PSPRS portfolio as of November 30, 2014 for compliance with the Amended and Restated Statement of Investment Policies (Investment Policies) as adopted by the Board of Trustees. The portfolio is in compliance with the Investment Policies.
PUBLIC SAFETY PERSONNEL 
RETIREMENT SYSTEM

Fiscal Year 2015 Budget with Expenses as of January 12, 2015

THIRD QUARTER
EXECUTIVE SUMMARY

TOTAL
In total the agency should come in 10.73% over budget and 10.27% over budget including Litigation.

Administration
Professional Services – Legal is projected to be over budget at end of fiscal year by $429,003. This will be updated as more information is known.
Prof Serv – Personnel Fees – ADOA is projected to be over budget at the end of fiscal year by $6,800 for additional costs to have ADOA to process payroll.

Investment
Professional Services – Legal is projected to be over budget at end of fiscal year by $679,892.
Prof Serv – Employment Solutions is projected to be over budget at the end of the fiscal year by $15,065. This service provides background checks of prospective investment partners/managers.

NOTE: Per Investment staff, the quarter ended December 31, 2014 was a very active quarter for new investments. This accounts for the increase in legal fees and employment solutions. Employment solutions were also higher because background checks are included in outside legal counsel invoices, but now more investment deals are handled in house. The remainder of the year is not expected to be so active.

IT Operations
Moved $29,119 from Compliance budget, Prof Services – Financial Risk Management to IT Operations, License & Maintenance – Other for hardware and software related to implementation of Microsoft Sharepoint Server. See Page 3 for Sharepoint justification.
OVERVIEW OF BUDGET UNDER/(OVER)

<table>
<thead>
<tr>
<th>Legal Expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration *</td>
<td>(429,003)</td>
</tr>
<tr>
<td>Investment</td>
<td>(679,892)</td>
</tr>
<tr>
<td>Litigation</td>
<td>0</td>
</tr>
<tr>
<td>Legal Expenses</td>
<td>(1,108,895)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Expenses over budget</td>
<td></td>
</tr>
<tr>
<td>Prof Serv - Employment Solutions (background checks)</td>
<td>(15,065)</td>
</tr>
<tr>
<td>Total</td>
<td>(1,123,960)</td>
</tr>
</tbody>
</table>

*Kutak billings not including investments/litigation.

**Vendors other than Kutak, not including investments/litigation.
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PSPRS Knowledge|Information Management (K|IM)

K|IM Portal Project Justification and SharePoint Purchase Approval

Project ID: P114  Project Start Date: 10/4/2014  Project End Date: Q3 FY2015

PSPRS Administrator: Jared Smout  Phone: 602.255.5575 Ext 2010  Email: jared.smout@psprs.com

IT Operations Manager: Sam Meier  Phone: 602.255.5575 Ext 2048  Email: samuel.meier@psprs.com

Project Justification

Project Update Submitted: 11/12/2014  Submitted and Prepared by: Lisa Sweeting, Knowledge|Information Manager

Affected Areas: The changes outlined in this document affect the internal systems, procedures and information flows across PSPRS.

<table>
<thead>
<tr>
<th>Spending Start Date</th>
<th>Spending End Date</th>
<th>Proposed Development Costs</th>
<th>Dollars Spent To Date</th>
<th>Proposed</th>
<th>Current</th>
<th>Previous</th>
<th>Total</th>
<th>Remaining Budget</th>
<th>% Spent to Date</th>
<th>Revision Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/04/14</td>
<td>12/31/14</td>
<td>$27,619</td>
<td>$14,446</td>
<td>$3,000</td>
<td>$1,850</td>
<td>$1,850</td>
<td>$10,169</td>
<td>$3,000</td>
<td>0%</td>
<td>A purchase order was sent to CDW-G for remaining hardware in the amount of $10,015.58</td>
</tr>
</tbody>
</table>

Change Description

PSPRS Current Situation: Presently, PSPRS documentation and records are organized by department on the S: Drive. Permissions only support access by internal PSPRS staff and restrictions cannot be set beyond "yes or no" folder-level access. Viewing our records from a structural perspective, we do not have an established central point of records control; documentation is not reviewed for accuracy on a scheduled basis and changes to written procedures are not formally approved prior to posting and/or distribution. Most importantly, there is a lack of integration between our paper and electronic records. The current records management emphasis is on maintaining organized information silos.

PSPRS Future Situation: Following the K|IM Portal/SharePoint (SP) deployment, our records management emphasis will be on controlling documents and records from a central management point; reducing physical storage costs and litigation risks, process streamlining and improvement, team collaboration, enabling reporting metrics/dashboard tracking system and building an ISO certified quality management system that will see us well into the future. The longer we wait to build and deploy our SP platform, the longer we miss out on these benefits.

Page 1 of 3
SharePoint Key Benefits Summary

- **Electronic Records Management:** The short story is that retaining paper records costs PSPRS additional money in transportation and storage fees and does not support the strategic goals of the State Library Archives and Public Records (LAPR) office or global quality community. While the total elimination of paper is not feasible in our environment, through the continual use and maturity of SharePoint (SP) we will make positive headway towards that end. The SP Records Center will allow us to generate electronic forms and provide a central repository/window into our records. We will establish SP Content Types to organize records according to the LAPR Record Series Codes and then use SP Rules to apply State mandated retention periods. The SP Rules will generate system alerts when record retention periods are met and then launch a workflow to route the records to a designated folder for archive or destruction. This records management functionality will prompt us to eliminate outdated records that steal server (and warehouse space) and create liabilities where they are retained past their required period or outlive the official record.

- **Procedural Integrity:** With SP, the need to email documents for review to multiple staff members and then struggle with the manual merging of changes and tracking of who did what, will be eliminated. When a document is stored in an SP Library, multiple staff members will be able to edit it at the same time; this is called Co-Authoring. In PSPRS, we will only use co-authoring to collaborate on the drafting of new procedures. For existing procedures, we will institute a more controlled approach, requiring Document Owners to be responsible for updates to their assigned process maps/procedures and records. SP also offers a "check-in/check-out document" functionality that will enable us to track revision history, restore previous versions and establish document-level controls to ensure the integrity of our work procedures and records.

- **Project Team Collaboration:** We will build SP Project Team sites, which will allow teams controlled access to project schedules and create virtual meeting rooms for team collaboration. Using SP OneNote project team members can capture ideas and thoughts during virtual brainstorming sessions, essentially creating a "virtual whiteboard." Team members can simultaneously "toss out ideas" and instantly see what has been added to the whiteboard. Each person’s contribution (content chunk) will be tagged with its name, which will allow us to search content at a later date to see who originally supplied it. Using SP Workflows, project managers will spend less time gathering team updates and feedback, because they can design workflows to automatically assign tasks to team members, track participation and enforce action item due dates.

- **Metrics Reporting:** The SP Dashboard Designer will provide us with a tool to track, measure and display performance against our individual, management and team goals. We can create linkages between our low-level goals and high-level strategic initiatives and then display the overall metrics in a graphical, scorecard format. We can also pull data from other PSPRS databases, create relationships between the new data and our existing SP tables and analyze the combined data in Excel PivotTables and then display the results in Excel PivotCharts.

- **Career and Personal Growth:** The administration of our SP site must not rest solely on the shoulders of IT. For our SP implementation to be successful, every member of PSPRS must be engaged in its development and utilization. Many of us will need to assume an SP Role (Knowledge/Information Management Role) in addition to our normal job duties. Roles will include: SP/K|IM Portal Manager; SP Document Control Manager; SP Trainer; SP Process Improvement Manager; Documentation Reviewers/Peer Reviewers and Change Control/Quality Review Committee Members.

- **Security:** IT can configure top-down controls in SP to enforce PSPRS policies on both the server and applications, enabling easier content management and recovery. SP Site Policies and Permissions can be set at the document/record level, increasing information security and essentially customizing views, as each team member will only see information that he/she has permission to access.

- **Legal and Audit:** With the SP Legal eDiscovery Center, we will be able to quickly locate critical data stored within SP, system drives and Outlook mailboxes in order to comply with audit and FOIA requests. Mailboxes that have been searched pursuant to legal requests can be placed "on-hold" so that content added after the initial search will be held separately for inclusion in future searches. eDiscovery functionality will be limited to select staff members as identified by the PSPRS Administrator.

- **Training:** SP can function as the hub for new hire and ongoing training materials. We can build a New Hire Checklist and certain State required forms right into the SP site and route form/task completion notifications to the HR Manager using workflows.

- **Communications:** The PSPRS Communications Manager can establish an SP Blog to generate procedural updates using an interactive, fun newsfeed type of functionality. This will allow up-to-the-minute information to be distributed to the staff and remain available until removed. Documents, videos and links may be included with the posts and all team members may reply to them, unless a post has been set to "locked/no replies allowed." This ability to limit replies will ensure that the blog does not become cluttered with replies when no reply is warranted, as in the case of policy statements and emergency directives.

- **Meetings:** By establishing SP Meeting Workspaces, we will no longer need to include attachments with Outlook meeting requests. SP Workspaces act as repositories for meeting agendas, attachments and minutes. Instead of attaching materials to meeting requests, we will insert a link in the body of the email to the SP location where the meeting materials are stored. This will result in less Outlook server space being used, while also promoting the continual use of our SP document repositories and collaboration and quality tools.

- **Board of Trustees SP Access:** IT will provide the Board with a Group User ID and password that will enable remote access to the K|IM Portal/SP.
# SharePoint Implementation Dependencies, Constraints and Risks

A common complaint from disgruntled, former SharePoint (SP) users is that the SP sites they experienced were haphazardly installed and contained old, duplicate and disorganized information. In order for PSPRS’ SP implementation to be successful and not end up in the poorly deployed, expensive tool graveyard, we must balance the responsibilities of IT with that of our management team and staff. While IT is responsible for the performance, stability and availability of our SP site, we must not hold IT responsible for its design, customization, utilization and relevance. To this end, it is imperative that we understand our SP project dependencies and implement a long-term governance strategy, as outlined below:

1. PSPRS Board of Trustees and Administrator “buy-in.” In order for any system implementation to be successful, it must be supported from the top down.
2. Approved IT SP development budget and software/hardware purchase orders.
3. Appointed SP Project Manager, IT SP Platform Administrator, SP Document and Records Manager, Document/Peer Reviewers, SP Trainer and SP Auditor (SP roles, not additional headcount or jobs).
4. Documented and approved IT SP install and configuration plan (determine if SP will replace or speak to any existing or planned databases).
5. Documented and up-to-date SP implementation project timeline, requirements definition, gap analysis/closure plans and development cost tracking.
6. Accurate and complete PSPRS Document Index and Review Schedule and Records Index and Destruction Schedule.
7. Documented and controlled PSPRS policies, process maps, procedures and records.
8. Trained and engaged PSPRS staff.
9. Established and dedicated PSPRS Change Control/Quality Review Committee, represented by department managers.

Another determining factor in our success is that the SP implementation must solve at least one “pain point” for each department and staff member. A pain point is an emotional, business-related problem that whether real or perceived, creates stress for a department or staff member. The SP Project Manager or delegate will poll the staff to gather a list of pain points to add to the project gap analysis so that all concerns receive project-level visibility and attention.

<table>
<thead>
<tr>
<th>Submitted by (printed name):</th>
<th>Administrator Approval (signature):</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lisa Sweeting, Knowledge</td>
<td>Information Manager</td>
<td>[Signature]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Manager Approval (printed name):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reviewed by: Sam Meier, IT Operations Manager (SP Implementation Manager)</td>
</tr>
</tbody>
</table>

**Reviewer Comments:**
I have reviewed and approved the updated numbers in the Proposed Development Costs section.
## All Departments Budget to Actual

**Public Safety Personnel Retirement System**  
*Fiscal Year Projections*  
*01/14/15*

### ALL DEPARTMENTS BUDGET SUMMARY

<table>
<thead>
<tr>
<th>Department</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>6,239,629</td>
<td>3,194,991</td>
<td>3,044,638</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Education &amp; Training</td>
<td>176,900</td>
<td>53,171</td>
<td>126,230</td>
<td>(2,501)</td>
<td>(1.41%)</td>
</tr>
<tr>
<td>Professional Services</td>
<td>3,108,337</td>
<td>2,414,744</td>
<td>1,824,571</td>
<td>(1,130,978)</td>
<td>(36.39%)</td>
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<tr>
<td>Board of Trustees</td>
<td>453,250</td>
<td>222,537</td>
<td>231,213</td>
<td>(500)</td>
<td>(0.11%)</td>
</tr>
<tr>
<td>Communications</td>
<td>72,344</td>
<td>28,585</td>
<td>44,319</td>
<td>(560)</td>
<td>(0.77%)</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>76,660</td>
<td>40,745</td>
<td>34,773</td>
<td>1,142</td>
<td>1.49%</td>
</tr>
<tr>
<td>Building</td>
<td>154,850</td>
<td>98,349</td>
<td>60,915</td>
<td>(4,414)</td>
<td>(2.85%)</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>38,250</td>
<td>27,719</td>
<td>10,653</td>
<td>(122)</td>
<td>(0.32%)</td>
</tr>
<tr>
<td>Furniture &amp; Equipment</td>
<td>407,819</td>
<td>281,405</td>
<td>140,951</td>
<td>(14,537)</td>
<td>(3.56%)</td>
</tr>
<tr>
<td>Capital</td>
<td>13,250</td>
<td>17</td>
<td>13,233</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>All Departments Budget Total</td>
<td>10,741,289</td>
<td>6,362,263</td>
<td>5,531,496</td>
<td>(1,152,470)</td>
<td>(10.73%)</td>
</tr>
<tr>
<td>Litigation</td>
<td>480,000</td>
<td>261,398</td>
<td>218,602</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total With Litigation</td>
<td>11,221,289</td>
<td>6,623,661</td>
<td>5,750,098</td>
<td>(1,152,470)</td>
<td>(10.27%)</td>
</tr>
</tbody>
</table>

**Column Descriptions:**  
- 2015 Budget contains the budget approved by the Board of Trustees.  
- 2015 Expenses contains paid invoices to date.  
- Projected Expenses consist of two components: (1) unpaid invoices that are included in the budget; (2) unpaid invoices for anticipated expenses that have arisen after the budget was approved.  
- (Over) Under compares 2015 Expenses plus Projected Expenses to the 2015 Budget.  
- (Over) Under Budget % is percentage of (Over) Under to 2015 Budget.
# All Departments Budget to Actual

## Public Safety Personnel Retirement System

### Fiscal Year Projections

01/14/15

<table>
<thead>
<tr>
<th>Personnel Services</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Wages</td>
<td>1,016,409</td>
<td>548,440</td>
<td>467,969</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>DC Plan - ER Matching</td>
<td>60,985</td>
<td>14,536</td>
<td>46,449</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>105,347</td>
<td>55,267</td>
<td>50,080</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Payroll Expenses - Other</td>
<td>200,102</td>
<td>97,762</td>
<td>102,340</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Personnel Services</strong></td>
<td><strong>1,382,843</strong></td>
<td><strong>716,005</strong></td>
<td><strong>666,838</strong></td>
<td>-</td>
<td><strong>0.00%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education &amp; Training</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel Expense - Other</td>
<td>4,300</td>
<td>5,199</td>
<td>-</td>
<td>(899)</td>
<td>(20.91%)</td>
</tr>
<tr>
<td>Training Expense - Conferences</td>
<td>8,000</td>
<td>272</td>
<td>7,728</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Training Exp - Professional Dues &amp; Subsc</td>
<td>14,000</td>
<td>12,628</td>
<td>1,601</td>
<td>(229)</td>
<td>(1.64%)</td>
</tr>
<tr>
<td><strong>Total Education &amp; Training</strong></td>
<td><strong>26,300</strong></td>
<td><strong>18,099</strong></td>
<td><strong>9,329</strong></td>
<td>(1,128)</td>
<td>(4.29%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Professional Services</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Services-Actuarial</td>
<td>190,000</td>
<td>148,000</td>
<td>42,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Prof Services-Due Diligence Other</td>
<td>1,000</td>
<td>1,065</td>
<td>(65)</td>
<td>(6.50%)</td>
<td></td>
</tr>
<tr>
<td>Prof Serv Admin-Compensation Studies</td>
<td>4,250</td>
<td>-</td>
<td>4,250</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Prof Serv Admin-Legislative Liaison</td>
<td>213,600</td>
<td>116,800</td>
<td>96,800</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Prof Serv Admin-Actuarial Studies</td>
<td>110,000</td>
<td>45,000</td>
<td>65,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Prof Serv - Personnel Fees - ADOA</td>
<td>34,206</td>
<td>20,652</td>
<td>20,640</td>
<td>(6,906)</td>
<td>(20.19%)</td>
</tr>
<tr>
<td>Legal Services- Legal Counsel</td>
<td>125,000</td>
<td>314,003</td>
<td>240,000</td>
<td>(429,003)</td>
<td>(343.20%)</td>
</tr>
<tr>
<td>Legal Services - AG</td>
<td>165,000</td>
<td>150,100</td>
<td>14,900</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Legal Services-Other</td>
<td>50,000</td>
<td>41,986</td>
<td>8,014</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Professional Services - Other</td>
<td>72,000</td>
<td>39,445</td>
<td>32,555</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Prof Serv - Actuarial Audit</td>
<td>180,000</td>
<td>-</td>
<td>180,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Professional Services</strong></td>
<td><strong>1,145,056</strong></td>
<td><strong>877,051</strong></td>
<td><strong>703,979</strong></td>
<td>(435,974)</td>
<td>(38.07%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Litigation</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Services - Settlement</td>
<td>30,418</td>
<td>30,418</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Legal Services - Litigation</td>
<td>449,582</td>
<td>230,980</td>
<td>218,602</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Litigation</strong></td>
<td><strong>480,000</strong></td>
<td><strong>261,398</strong></td>
<td><strong>218,602</strong></td>
<td>-</td>
<td><strong>0.00%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Communications</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Contractual Services</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary Services</td>
<td>8,160</td>
<td>1,694</td>
<td>5,324</td>
<td>1,142</td>
<td>14.00%</td>
</tr>
<tr>
<td><strong>Total Contractual Services</strong></td>
<td><strong>8,160</strong></td>
<td><strong>1,694</strong></td>
<td><strong>5,324</strong></td>
<td><strong>1,142</strong></td>
<td><strong>14.00%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Furniture &amp; Equipment</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Total ADM Department Budget</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total ADM Department Budget</td>
<td>3,042,359</td>
<td>1,874,247</td>
<td>1,604,072</td>
<td>(435,960)</td>
<td>(14.33%)</td>
</tr>
</tbody>
</table>

**Column Descriptions:**
- 2015 Budget contains the budget approved by the Board of Trustees.
- 2015 Expenses contains paid invoices to date.
- Projected Expenses consist of two components: (1) unpaid invoices that are included in the budget; (2) unpaid invoices for anticipated expenses that have arisen after the budget was approved.
- (Over) Under compares 2015 Expenses plus Projected Expenses to the 2015 Budget.
- (Over) Under Budget % is percentage of (Over) Under to 2015 Budget.
# All Departments Budget to Actual

**Public Safety Personnel Retirement System**  
*Fiscal Year Projections*  
01/14/15

<table>
<thead>
<tr>
<th>AGENCY DEPARTMENT BUDGET</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Professional Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional Services - Other</td>
<td>500</td>
<td>314</td>
<td>186</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Prof Serv Agency-On Site Shredding</td>
<td>850</td>
<td>218</td>
<td>632</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Prof Serv Agency-Records Management</td>
<td>7,000</td>
<td>5,156</td>
<td>1,844</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Professional Services</strong></td>
<td>8,350</td>
<td>5,688</td>
<td>2,662</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Communications</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing-External - Other</td>
<td>100</td>
<td>360</td>
<td>-</td>
<td>(260)</td>
<td>(260.00%)</td>
</tr>
<tr>
<td>Delivery Service</td>
<td>1,000</td>
<td>1,300</td>
<td>-</td>
<td>(300)</td>
<td>(30.00%)</td>
</tr>
<tr>
<td>Postage Meter</td>
<td>9,000</td>
<td>5,117</td>
<td>3,883</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Communications</strong></td>
<td>10,100</td>
<td>6,777</td>
<td>3,883</td>
<td>(560)</td>
<td>(5.54%)</td>
</tr>
<tr>
<td><strong>Contractual Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Copier/Printer Supplies</td>
<td>10,000</td>
<td>7,981</td>
<td>2,019</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Envelopes</td>
<td>250</td>
<td>372</td>
<td>-</td>
<td>(122)</td>
<td>(48.80%)</td>
</tr>
<tr>
<td>Forms</td>
<td>1,000</td>
<td>466</td>
<td>534</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Office Supplies - General</td>
<td>24,000</td>
<td>18,059</td>
<td>5,941</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Other Office Expense</td>
<td>3,000</td>
<td>841</td>
<td>2,159</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Operating Expense</strong></td>
<td>38,250</td>
<td>27,719</td>
<td>10,653</td>
<td>(122)</td>
<td>(0.32%)</td>
</tr>
<tr>
<td><strong>Total AGN Department Budget</strong></td>
<td>56,700</td>
<td>40,184</td>
<td>17,198</td>
<td>(682)</td>
<td>(1.20%)</td>
</tr>
</tbody>
</table>

**Column Descriptions:**
- 2015 Budget contains the budget approved by the Board of Trustees.
- 2015 Expenses contains paid invoices to date.
- Projected Expenses consist of two components: (1) unpaid invoices that are included in the budget; (2) unpaid invoices for anticipated expenses that have arisen after the budget was approved.
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All Departments Budget to Actual
Public Safety Personnel Retirement System
*Fiscal Year Projections*
01/14/15

<table>
<thead>
<tr>
<th></th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BOARD OF TRUSTEES BUDGET</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board of Trustee</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board of Trustees Board Meetings</td>
<td>10,000</td>
<td>5,609</td>
<td>4,391</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Board of Trustees Education &amp; Training</td>
<td>4,000</td>
<td>945</td>
<td>3,055</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Board of Trustees Special Initiatives</td>
<td>-</td>
<td>500</td>
<td>-</td>
<td>(500)</td>
<td>0.00%</td>
</tr>
<tr>
<td>Board of Trustees Expenses - Other</td>
<td>9,250</td>
<td>483</td>
<td>8,767</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Prof Serv Admin-Board Consultant</td>
<td>430,000</td>
<td>215,000</td>
<td>215,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Board of Trustee</strong></td>
<td>453,250</td>
<td>222,537</td>
<td>231,213</td>
<td>(500)</td>
<td>(0.11%)</td>
</tr>
<tr>
<td><strong>Total BOT Department Budget</strong></td>
<td>453,250</td>
<td>222,537</td>
<td>231,213</td>
<td>(500)</td>
<td>(0.11%)</td>
</tr>
</tbody>
</table>

**Column Descriptions:**
- 2015 Budget contains the budget approved by the Board of Trustees.
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- Projected Expenses consist of two components: (1) unpaid invoices that are included in the budget;
(2) unpaid invoices for anticipated expenses that have arisen after the budget was approved.
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- (Over) Under Budget % is percentage of (Over) Under to 2015 Budget.
### BUILDING DEPARTMENT BUDGET

#### Building Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Utilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>55,000</td>
<td>28,912</td>
<td>26,088</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Janitorial</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Janitorial Services</td>
<td>22,800</td>
<td>12,565</td>
<td>10,235</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Window Cleaning</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Window Cleaning</td>
<td>1,560</td>
<td>740</td>
<td>820</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Elevator</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elevator</td>
<td>4,800</td>
<td>1,038</td>
<td>3,762</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Security System</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security System</td>
<td>360</td>
<td>180</td>
<td>180</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Repair &amp; Maintenance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repairs and Maintenance - Other</td>
<td>11,000</td>
<td>8,224</td>
<td>2,776</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Rep &amp; Maint - Air Conditioning</td>
<td>11,500</td>
<td>15,914</td>
<td>-</td>
<td>(4,414)</td>
<td>(38.38%)</td>
</tr>
<tr>
<td><strong>Property &amp; Sales Taxes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property &amp; Sales Taxes - County</td>
<td>763</td>
<td>382</td>
<td>381</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Property &amp; Sales Taxes - City</td>
<td>3,207</td>
<td>1,603</td>
<td>1,604</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Insurance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>10,600</td>
<td>9,500</td>
<td>1,100</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Condo Association</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Condo Association Fees</td>
<td>29,400</td>
<td>17,200</td>
<td>12,200</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Other Occupancy Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cleaning Supplies</td>
<td>420</td>
<td>239</td>
<td>181</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Lock Maintenance</td>
<td>2,000</td>
<td>927</td>
<td>1,073</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Pest Control</td>
<td>1,440</td>
<td>925</td>
<td>515</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Building Expenses</strong></td>
<td>154,850</td>
<td>98,349</td>
<td>60,915</td>
<td>(4,414)</td>
<td>(2.85%)</td>
</tr>
</tbody>
</table>

#### Capital

<table>
<thead>
<tr>
<th>Description</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Improvements</td>
<td>5,000</td>
<td>-</td>
<td>5,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Bldg Improve - Alarm &amp; Video</td>
<td>5,250</td>
<td>17</td>
<td>5,233</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Bldg Improve - Furniture &amp; Equipment</td>
<td>3,000</td>
<td>-</td>
<td>3,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Capital</strong></td>
<td>13,250</td>
<td>17</td>
<td>13,233</td>
<td>-</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**Total BLD Department Budget**

<table>
<thead>
<tr>
<th>Description</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total BLD Department Budget</strong></td>
<td>168,100</td>
<td>98,366</td>
<td>74,148</td>
<td>(4,414)</td>
<td>(2.63%)</td>
</tr>
</tbody>
</table>

**Column Descriptions:**
- 2012 Budget contains the budget approved by the Board of Trustees.
- 2012 Expenses contains paid invoices to date.
- Projected Expenses consist of two components: (1) unpaid invoices that are included in the budget; (2) unpaid invoices for anticipated expenses that have arisen after the budget was approved.
- (Over) Under compares 2012 Expenses plus Projected Expenses to the 2012 Budget.
- (Over) Under Budget % is percentage of (Over) Under to 2012 Budget.
### COMPLIANCE DEPARTMENT BUDGET

**Personnel Services**

<table>
<thead>
<tr>
<th>Item</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Wages</td>
<td>167,528</td>
<td>90,207</td>
<td>77,321</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>DC Plan - ER Matching</td>
<td>10,052</td>
<td>1,148</td>
<td>8,904</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>23,731</td>
<td>13,234</td>
<td>10,497</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Payroll Expenses - Other</td>
<td>32,919</td>
<td>17,593</td>
<td>15,326</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Personnel Services</strong></td>
<td><strong>234,230</strong></td>
<td><strong>122,182</strong></td>
<td><strong>112,048</strong></td>
<td>-</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**Education & Training**

<table>
<thead>
<tr>
<th>Item</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel Expense - Other</td>
<td>4,000</td>
<td>813</td>
<td>3,187</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Training Expense - Conferences</td>
<td>2,000</td>
<td>389</td>
<td>1,611</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Training Exp - Professional Dues &amp; Subsc</td>
<td>2,000</td>
<td>787</td>
<td>1,213</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Education &amp; Training</strong></td>
<td><strong>8,000</strong></td>
<td><strong>1,989</strong></td>
<td><strong>6,011</strong></td>
<td>-</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**Professional Services**

<table>
<thead>
<tr>
<th>Item</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prof Services - Financial Risk Management</td>
<td>4,931</td>
<td>-</td>
<td>4,931</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Prof Serv - IT Audit</td>
<td>20,000</td>
<td>-</td>
<td>20,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Professional Services</strong></td>
<td><strong>24,931</strong></td>
<td>-</td>
<td><strong>24,931</strong></td>
<td>-</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**Communications**


**Contractual Services**


**Furniture & Equipment**

<table>
<thead>
<tr>
<th>Item</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**Total Furniture & Equipment**

| Total Furniture & Equipment | 1,000 | - | 1,000 | - | 0.00% |

**Total COM Department Budget**

| Total COM Department Budget | 268,161 | 124,171 | 143,990 | - | 0.00% |

**Column Descriptions:**
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- (Over) Under compares 2015 Expenses plus Projected Expenses to the 2015 Budget.
- (Over) Under Budget % is percentage of (Over) Under to 2015 Budget.
### All Departments Budget to Actual

#### Public Safety Personnel Retirement System

**Fiscal Year Projections**

**01/14/15**

<table>
<thead>
<tr>
<th></th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCE DEPARTMENT BUDGET</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Personnel Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
<td>380,862</td>
<td>198,790</td>
<td>182,072</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>DC Plan - ER Matching</td>
<td>18,805</td>
<td>8,145</td>
<td>10,660</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>56,809</td>
<td>28,278</td>
<td>28,531</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Payroll Expenses - Other</td>
<td>71,709</td>
<td>37,621</td>
<td>34,088</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total Personnel Services</td>
<td>528,185</td>
<td>272,834</td>
<td>255,351</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Education &amp; Training</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training Expense - Conferences</td>
<td>-</td>
<td>579</td>
<td>-</td>
<td>(579)</td>
<td>0.00%</td>
</tr>
<tr>
<td>Training Exp - Professional Dues &amp; Subsc</td>
<td>1,000</td>
<td>467</td>
<td>533</td>
<td>(579)</td>
<td>(57.90%)</td>
</tr>
<tr>
<td>Total Education &amp; Training</td>
<td>1,000</td>
<td>1,046</td>
<td>533</td>
<td>(579)</td>
<td>(57.90%)</td>
</tr>
<tr>
<td><strong>Professional Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional Services-Auditing</td>
<td>110,000</td>
<td>55,777</td>
<td>54,223</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Prof Serv Finance-Annual Report</td>
<td>3,000</td>
<td>1,740</td>
<td>1,260</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Prof Serv Finance-Banking</td>
<td>-</td>
<td>47</td>
<td>-</td>
<td>(47)</td>
<td>0.00%</td>
</tr>
<tr>
<td>Prof Serv Finance-Accounting Software</td>
<td>5,000</td>
<td>4,526</td>
<td>474</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total Professional Services</td>
<td>118,000</td>
<td>62,090</td>
<td>55,957</td>
<td>(47)</td>
<td>(0.04%)</td>
</tr>
<tr>
<td><strong>Communications</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Postage - Wells Fargo</td>
<td>16,500</td>
<td>-</td>
<td>16,500</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total Communications</td>
<td>16,500</td>
<td>-</td>
<td>16,500</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Contractual Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Furniture &amp; Equipment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total FIN Department Budget</td>
<td>663,685</td>
<td>335,970</td>
<td>328,341</td>
<td>(626)</td>
<td>(0.09%)</td>
</tr>
</tbody>
</table>

**Column Descriptions:**
- 2015 Budget contains the budget approved by the Board of Trustees.
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## All Departments Budget to Actual

### Public Safety Personnel Retirement System

**Fiscal Year Projections**

**01/14/15**

<table>
<thead>
<tr>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personnel Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
<td>1,076,478</td>
<td>554,026</td>
<td>522,452</td>
<td>-</td>
</tr>
<tr>
<td>Staff Bonus</td>
<td>75,000</td>
<td>75,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>DC Plan - ER Matching</td>
<td>62,195</td>
<td>29,543</td>
<td>32,652</td>
<td>-</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>85,243</td>
<td>45,899</td>
<td>39,344</td>
<td>-</td>
</tr>
<tr>
<td>Payroll Expenses - Other</td>
<td>177,887</td>
<td>102,580</td>
<td>75,307</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Personnel Services</strong></td>
<td>1,476,803</td>
<td>807,048</td>
<td>669,755</td>
<td>-</td>
</tr>
<tr>
<td><strong>Education &amp; Training</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel Expense - Other</td>
<td>65,000</td>
<td>21,160</td>
<td>43,840</td>
<td>-</td>
</tr>
<tr>
<td>Training Expense - Conferences</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
</tr>
<tr>
<td>Training Exp - Professional Dues &amp; Subsc</td>
<td>5,500</td>
<td>4,749</td>
<td>751</td>
<td>-</td>
</tr>
<tr>
<td>Training Exp - Investment Research</td>
<td>42,000</td>
<td>-</td>
<td>42,000</td>
<td>-</td>
</tr>
<tr>
<td>Training Exp - Tuition Reimbursement</td>
<td>4,000</td>
<td>1,524</td>
<td>2,476</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Education &amp; Training</strong></td>
<td>117,500</td>
<td>27,433</td>
<td>90,067</td>
<td>-</td>
</tr>
<tr>
<td><strong>Professional Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prof Serv Inv-Hedgefund Service</td>
<td>640,000</td>
<td>288,000</td>
<td>352,000</td>
<td>-</td>
</tr>
<tr>
<td>Prof Serv Inv-Bank Fees</td>
<td>205,000</td>
<td>155,021</td>
<td>49,979</td>
<td>-</td>
</tr>
<tr>
<td>Prof Serv Inv-Employment Solutions</td>
<td>150,000</td>
<td>155,095</td>
<td>9,970</td>
<td>(15,065)</td>
</tr>
<tr>
<td>Prof Serv Inv-Portfolio Management</td>
<td>310,000</td>
<td>160,000</td>
<td>150,000</td>
<td>-</td>
</tr>
<tr>
<td>Prof Serv Inv-Equity Advisors</td>
<td>100,000</td>
<td>58,333</td>
<td>41,667</td>
<td>-</td>
</tr>
<tr>
<td>Prof Serv - Valuations-Legacy Real Estate</td>
<td>200,000</td>
<td>-</td>
<td>200,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Professional Services</strong></td>
<td>1,605,000</td>
<td>816,449</td>
<td>803,616</td>
<td>(15,065)</td>
</tr>
<tr>
<td><strong>Furniture &amp; Equipment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture &amp; Equipment Totals</td>
<td>147,925</td>
<td>88,002</td>
<td>68,125</td>
<td>(8,202)</td>
</tr>
<tr>
<td><strong>Total INV Department Budget</strong></td>
<td>3,547,228</td>
<td>2,392,398</td>
<td>1,857,989</td>
<td>(703,159)</td>
</tr>
</tbody>
</table>

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## IT NETWORK SERVICES DEPARTMENT BUDGET

### Personnel Services

<table>
<thead>
<tr>
<th>Item</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Wages</td>
<td>284,659</td>
<td>149,510</td>
<td>135,149</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>DC Plan - ER Matching</td>
<td>11,794</td>
<td>3,356</td>
<td>8,438</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>37,469</td>
<td>20,175</td>
<td>17,294</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Payroll Expenses - Other</td>
<td>55,936</td>
<td>29,332</td>
<td>26,604</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Personnel Services</strong></td>
<td><strong>389,858</strong></td>
<td><strong>202,373</strong></td>
<td><strong>187,485</strong></td>
<td>-</td>
<td><strong>0.00%</strong></td>
</tr>
</tbody>
</table>

### Education & Training

<table>
<thead>
<tr>
<th>Item</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel Expense - Other</td>
<td>6,500</td>
<td>1,339</td>
<td>5,161</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Training Exp - Tuition Reimbursement</td>
<td>5,250</td>
<td>2,435</td>
<td>2,815</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Training Expense - Other</td>
<td>11,000</td>
<td>120</td>
<td>10,880</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Education &amp; Training</strong></td>
<td><strong>22,750</strong></td>
<td><strong>3,894</strong></td>
<td><strong>18,856</strong></td>
<td>-</td>
<td><strong>0.00%</strong></td>
</tr>
</tbody>
</table>

### Professional Services

<table>
<thead>
<tr>
<th>Item</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Services - Other</td>
<td>7,000</td>
<td>-</td>
<td>7,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Professional Services</strong></td>
<td><strong>7,000</strong></td>
<td><strong>-</strong></td>
<td><strong>7,000</strong></td>
<td>-</td>
<td><strong>0.00%</strong></td>
</tr>
</tbody>
</table>

### Communications

<table>
<thead>
<tr>
<th>Item</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications-Telephone</td>
<td>23,280</td>
<td>9,038</td>
<td>14,242</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Communications-Internet</td>
<td>22,464</td>
<td>12,770</td>
<td>9,694</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Communications</strong></td>
<td><strong>45,744</strong></td>
<td><strong>21,808</strong></td>
<td><strong>23,936</strong></td>
<td>-</td>
<td><strong>0.00%</strong></td>
</tr>
</tbody>
</table>

### Contractual Services

<table>
<thead>
<tr>
<th>Item</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Server</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Server - Other</td>
<td>8,000</td>
<td>11,034</td>
<td>-</td>
<td>(3,034)</td>
<td>(37.93%)</td>
</tr>
<tr>
<td>Server - Replacement</td>
<td>95,000</td>
<td>87,750</td>
<td>7,250</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Workstations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Printers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printers - Maintenance</td>
<td>2,000</td>
<td>-</td>
<td>2,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure - Offsite Storage</td>
<td>5,100</td>
<td>1,791</td>
<td>3,309</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Infrastructure - DR Service</td>
<td>8,400</td>
<td>4,970</td>
<td>3,430</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Infrastructure - Data Center</td>
<td>18,300</td>
<td>11,125</td>
<td>7,175</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Infrastructure - Spam Filter</td>
<td>1,000</td>
<td>902</td>
<td>98</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Infrastructure - Remote Access</td>
<td>4,300</td>
<td>3,001</td>
<td>1,299</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Infrastructure - SSL Certificates</td>
<td>200</td>
<td>-</td>
<td>200</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Infrastructure - Monitoring</td>
<td>3,250</td>
<td>3,054</td>
<td>196</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Infrastructure - Webfilter</td>
<td>4,700</td>
<td>4,609</td>
<td>91</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Infrastructure - Antivirus</td>
<td>1,500</td>
<td>-</td>
<td>1,500</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Infrastructure - Virtual Server</td>
<td>14,000</td>
<td>12,361</td>
<td>1,639</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Infrastructure - Network Support</td>
<td>4,600</td>
<td>-</td>
<td>4,600</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Infrastructure - Room Monitor</td>
<td>100</td>
<td>85</td>
<td>15</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Infrastructure - Servers</td>
<td>4,500</td>
<td>1,826</td>
<td>2,674</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Infrastructure - Storage</td>
<td>7,900</td>
<td>-</td>
<td>7,900</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Infrastructure - Switching</td>
<td>6,800</td>
<td>8,635</td>
<td>-</td>
<td>(1,835)</td>
<td>(26.99%)</td>
</tr>
<tr>
<td>Infrastructure - Phone System</td>
<td>200</td>
<td>-</td>
<td>200</td>
<td>-</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

### Software

<table>
<thead>
<tr>
<th>Item</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
</table>
All Departments Budget to Actual  
Public Safety Personnel Retirement System  
*Fiscal Year Projections*  
*01/14/15*

<table>
<thead>
<tr>
<th></th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software - Other</td>
<td>2,000</td>
<td>-</td>
<td>2,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>License &amp; Maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>License &amp; Maintenance - Other</td>
<td>29,119</td>
<td>14,836</td>
<td>14,283</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>License &amp; Maintenance - Imaging Licensing</td>
<td>18,750</td>
<td>20,176</td>
<td>-</td>
<td>(1,426)</td>
<td>(7.61%)</td>
</tr>
<tr>
<td>Contingency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Furniture &amp; Equipment</td>
<td>239,719</td>
<td>186,155</td>
<td>59,859</td>
<td>(6,295)</td>
<td>(2.63%)</td>
</tr>
<tr>
<td>Total ITN Department Budget</td>
<td>705,071</td>
<td>414,230</td>
<td>297,136</td>
<td>(6,295)</td>
<td>(0.89%)</td>
</tr>
</tbody>
</table>

**Column Descriptions:**  
- 2015 Budget contains the budget approved by the Board of Trustees.  
- 2015 Expenses contains paid invoices to date.  
- Projected Expenses consist of two components: (1) unpaid invoices that are included in the budget; (2) unpaid invoices for anticipated expenses that have arisen after the budget was approved.  
- (Over) Under compares 2015 Expenses plus Projected Expenses to the 2015 Budget.  
- (Over) Under Budget % is percentage of (Over) Under to 2015 Budget.
## IT SYSTEMS DEVELOPMENT DEPARTMENT BUDGET

### Personnel Services

<table>
<thead>
<tr>
<th>Description</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Wages</td>
<td>430,296</td>
<td>226,785</td>
<td>203,511</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>DC Plan - ER Matching</td>
<td>9,763</td>
<td>3,952</td>
<td>5,811</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>81,870</td>
<td>44,083</td>
<td>37,787</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Payroll Expenses - Other</td>
<td>84,494</td>
<td>41,302</td>
<td>43,192</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Personnel Services</strong></td>
<td><strong>606,423</strong></td>
<td><strong>316,122</strong></td>
<td><strong>290,301</strong></td>
<td><strong>-</strong></td>
<td><strong>0.00%</strong></td>
</tr>
</tbody>
</table>

### Education & Training

<table>
<thead>
<tr>
<th>Description</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training Exp - Professional Dues &amp; Subsc</td>
<td>150</td>
<td>-</td>
<td>150</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Education &amp; Training</strong></td>
<td><strong>150</strong></td>
<td><strong>-</strong></td>
<td><strong>150</strong></td>
<td><strong>-</strong></td>
<td><strong>0.00%</strong></td>
</tr>
</tbody>
</table>

### Contractual Services

<table>
<thead>
<tr>
<th>Description</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software - SQL Server</td>
<td>6,825</td>
<td>-</td>
<td>6,825</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Software - Enterprise Software</td>
<td>5,900</td>
<td>5,940</td>
<td>-</td>
<td>(40)</td>
<td>(0.68%)</td>
</tr>
<tr>
<td>Software - Go-To-Webinar</td>
<td>950</td>
<td>-</td>
<td>950</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Software - Go-To-Meeting</td>
<td>550</td>
<td>-</td>
<td>550</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>License &amp; Maintenance - Other</td>
<td>450</td>
<td>300</td>
<td>150</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>License &amp; Mtn - Backup Line</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Software - Other</td>
<td>2,000</td>
<td>1,008</td>
<td>992</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>F&amp;E - Repairs &amp; Maintenance</td>
<td>1,500</td>
<td>-</td>
<td>1,500</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Furniture &amp; Equipment</strong></td>
<td><strong>19,175</strong></td>
<td><strong>7,248</strong></td>
<td><strong>11,967</strong></td>
<td><strong>(40)</strong></td>
<td><strong>(0.21%)</strong></td>
</tr>
</tbody>
</table>

### Contingency

<table>
<thead>
<tr>
<th>Description</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total IT Systems Department Budget</strong></td>
<td><strong>625,748</strong></td>
<td><strong>323,370</strong></td>
<td><strong>302,418</strong></td>
<td><strong>(40)</strong></td>
<td><strong>(0.01%)</strong></td>
</tr>
</tbody>
</table>

### Column Descriptions:

- 2012 Budget contains the budget approved by the Board of Trustees.
- 2012 Expenses contains paid invoices to date.
- Projected Expenses consist of two components: (1) unpaid invoices that are included in the budget; (2) unpaid invoices for anticipated expenses that have arisen after the budget was approved.
- (Over) Under compares 2012 Expenses plus Projected Expenses to the 2012 Budget.
- (Over) Under Budget % is percentage of (Over) Under to 2012 Budget.
### MEMBER SERVICES DIVISION BUDGET

#### Personnel Services

<table>
<thead>
<tr>
<th></th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Wages</td>
<td>1,140,653</td>
<td>541,677</td>
<td>598,976</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>DC Plan - ER Matching</td>
<td>57,840</td>
<td>18,666</td>
<td>39,174</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>198,656</td>
<td>92,650</td>
<td>106,006</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Payroll Expenses - Other</td>
<td>224,138</td>
<td>105,434</td>
<td>118,704</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Personnel Services</strong></td>
<td><strong>1,621,287</strong></td>
<td><strong>758,427</strong></td>
<td><strong>862,860</strong></td>
<td><strong>-</strong></td>
<td><strong>0.00%</strong></td>
</tr>
</tbody>
</table>

#### Education & Training

<table>
<thead>
<tr>
<th></th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel Expense - Other</td>
<td>-</td>
<td>710</td>
<td>84</td>
<td>(794)</td>
<td>0.00%</td>
</tr>
<tr>
<td>Training Expense - Conferences</td>
<td>400</td>
<td>-</td>
<td>400</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Training Exp - Tuition Reimbursement</td>
<td>800</td>
<td>-</td>
<td>800</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Education &amp; Training</strong></td>
<td><strong>1,200</strong></td>
<td><strong>710</strong></td>
<td><strong>1,284</strong></td>
<td><strong>(794)</strong></td>
<td><strong>(66.17%)</strong></td>
</tr>
</tbody>
</table>

#### Professional Services

#### Communications

#### Contractual Services

<table>
<thead>
<tr>
<th></th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Services</td>
<td>8,500</td>
<td>8,124</td>
<td>376</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Scanning Services</td>
<td>60,000</td>
<td>30,927</td>
<td>29,073</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Contractual Services</strong></td>
<td><strong>68,500</strong></td>
<td><strong>39,051</strong></td>
<td><strong>29,449</strong></td>
<td><strong>-</strong></td>
<td><strong>0.00%</strong></td>
</tr>
</tbody>
</table>

#### Furniture & Equipment

<table>
<thead>
<tr>
<th></th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>Projected Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,690,987</td>
<td>798,188</td>
<td>893,593</td>
<td>(794)</td>
<td>(0.05%)</td>
</tr>
</tbody>
</table>

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# All Departments Budget to Actual

**Public Safety Personnel Retirement System**  
**Year to Date**  
**01/14/15**

## ALL DEPARTMENTS BUDGET SUMMARY

<table>
<thead>
<tr>
<th>Department</th>
<th>2015 Budget</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>6,239,629</td>
<td>3,194,991</td>
<td>3,194,991</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Education &amp; Training</td>
<td>176,900</td>
<td>66,074</td>
<td>53,171</td>
<td>12,903</td>
<td>19.53%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>3,108,337</td>
<td>1,532,777</td>
<td>2,414,744</td>
<td>(881,967)</td>
<td>(57.54%)</td>
</tr>
<tr>
<td>Board of Trustees</td>
<td>453,250</td>
<td>223,011</td>
<td>222,537</td>
<td>474</td>
<td>0.21%</td>
</tr>
<tr>
<td>Communications</td>
<td>72,344</td>
<td>28,358</td>
<td>28,585</td>
<td>(227)</td>
<td>(0.80%)</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>76,660</td>
<td>41,887</td>
<td>40,745</td>
<td>1,142</td>
<td>2.73%</td>
</tr>
<tr>
<td>Building</td>
<td>154,850</td>
<td>99,781</td>
<td>98,349</td>
<td>1,432</td>
<td>1.44%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>38,250</td>
<td>27,597</td>
<td>27,719</td>
<td>(122)</td>
<td>(0.44%)</td>
</tr>
<tr>
<td>Furniture &amp; Equipment</td>
<td>407,819</td>
<td>285,448</td>
<td>281,405</td>
<td>4,043</td>
<td>1.42%</td>
</tr>
<tr>
<td>Capital</td>
<td>13,250</td>
<td>17</td>
<td>17</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>All Departments Budget Total</strong></td>
<td>10,741,289</td>
<td>5,499,941</td>
<td>6,362,263</td>
<td>(862,322)</td>
<td>(15.68%)</td>
</tr>
<tr>
<td>Litigation</td>
<td>480,000</td>
<td>249,330</td>
<td>261,398</td>
<td>(12,068)</td>
<td>(4.84%)</td>
</tr>
<tr>
<td><strong>Total With Litigation</strong></td>
<td>11,221,289</td>
<td>5,749,271</td>
<td>6,623,661</td>
<td>(874,390)</td>
<td>(15.21%)</td>
</tr>
</tbody>
</table>

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## All Departments Budget to Actual

### Public Safety Personnel Retirement System

**Year to Date**

**01/14/15**

<table>
<thead>
<tr>
<th>2015 Budget</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,016,409</td>
<td>548,440</td>
<td>548,440</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>60,985</td>
<td>14,536</td>
<td>14,536</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>105,347</td>
<td>55,267</td>
<td>55,267</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>200,102</td>
<td>97,762</td>
<td>97,762</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Personnel Services</strong></td>
<td><strong>1,382,843</strong></td>
<td><strong>716,005</strong></td>
<td><strong>716,005</strong></td>
<td><strong>0.00%</strong></td>
</tr>
</tbody>
</table>

### Education & Training

| Travel Expense - Other | 4,300 | 4,300 | 5,199 | (899) | (20.91%) |
| Training Expense - Conferences | 8,000 | 519 | 272 | 247 | 47.59% |
| Training Exp - Professional Dues | 14,000 | 14,000 | 12,628 | 1,372 | 9.80% |
| **Total Education & Training** | **26,300** | **18,819** | **18,099** | **720** | **3.83%** |

### Professional Services

| Professional Services-Actuarial | 190,000 | 148,000 | 148,000 | - | 0.00% |
| Prof Services-Due Diligence Othe | 1,000 | 1,000 | 1,065 | (65) | (6.50%) |
| Prof Serv Admin-Compensation S | 4,250 | - | - | - | 0.00% |
| Prof Serv Admin-Legislative Liais | 213,600 | 124,600 | 116,800 | 7,800 | 6.26% |
| Prof Serv Admin-Actuarial Studie | 110,000 | 75,000 | 45,000 | 30,000 | 40.00% |
| Prof Serv - Personnel Fees - AD | 34,206 | 15,696 | 20,852 | (4,956) | (31.57%) |
| Legal Services- Legal Counsel | 125,000 | 31,250 | 314,003 | (282,753) | (904.81%) |
| Legal Services - AG | 165,000 | 150,100 | 150,100 | - | 0.00% |
| Legal Services-Other | 50,000 | 41,986 | 41,986 | - | 0.00% |
| Professional Services - Other | 72,000 | 39,445 | 39,445 | - | 0.00% |
| Prof Serv - Actuarial Audit | 180,000 | - | - | - | 0.00% |
| **Total Professional Services** | **1,145,056** | **627,077** | **877,051** | **(249,974)** | **(39.86%)** |

### Litigation

| Legal Services - Settlement | 30,418 | - | 30,418 | (30,418) | 0.00% |
| Legal Services - Litigation | 449,582 | 249,330 | 230,980 | 18,350 | 7.36% |
| **Total Litigation** | **480,000** | **249,330** | **261,398** | **(12,068)** | **(4.84%)** |

### Communications

| Temporary Services | 8,160 | 2,836 | 1,694 | 1,142 | 40.27% |
| **Total Contractual Services** | **8,160** | **2,836** | **1,694** | **1,142** | **40.27%** |

### Furniture & Equipment

| **Total ADM Department Budget** | **3,042,359** | **1,614,067** | **1,874,247** | **(260,180)** | **(16.12%)** |

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# All Departments Budget to Actual

Public Safety Personnel Retirement System

**Year to Date**

01/14/15

<table>
<thead>
<tr>
<th>AGENCY DEPARTMENT BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Professional Services</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Professional Services - Other</td>
</tr>
<tr>
<td>Prof Serv Agency-On Site Shredd</td>
</tr>
<tr>
<td>Prof Serv Agency-Records Mana</td>
</tr>
<tr>
<td>Total Professional Services</td>
</tr>
<tr>
<td><strong>Communications</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Printing-External - Other</td>
</tr>
<tr>
<td>Delivery Service</td>
</tr>
<tr>
<td>Postage Meter</td>
</tr>
<tr>
<td>Total Communications</td>
</tr>
<tr>
<td><strong>Contractual Services</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Copier/Printer Supplies</td>
</tr>
<tr>
<td>Envelopes</td>
</tr>
<tr>
<td>Forms</td>
</tr>
<tr>
<td>Office Supplies - General</td>
</tr>
<tr>
<td>Other Office Expense</td>
</tr>
<tr>
<td>Total Operating Expense</td>
</tr>
<tr>
<td><strong>Total AGN Department Budget</strong></td>
</tr>
</tbody>
</table>

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## All Departments Budget to Actual

### Public Safety Personnel Retirement System

**Year to Date**

### 01/14/15

<table>
<thead>
<tr>
<th></th>
<th>2015 Budget</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board of Trustees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board of Trustees Board Meeting</td>
<td>10,000</td>
<td>6,583</td>
<td>5,609</td>
<td>974</td>
<td>14.80%</td>
</tr>
<tr>
<td>Board of Trustees Education &amp; Tr</td>
<td>4,000</td>
<td>945</td>
<td>945</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Board of Trustees Special Initiati</td>
<td>-</td>
<td>-</td>
<td>500</td>
<td>(500)</td>
<td>0.00%</td>
</tr>
<tr>
<td>Board of Trustees Expenses - Ot</td>
<td>9,250</td>
<td>483</td>
<td>483</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Prof Serv Admin-Board Consultan</td>
<td>430,000</td>
<td>215,000</td>
<td>215,000</td>
<td>-</td>
<td>0.00%</td>
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<tr>
<td><strong>Total Board of Trustee</strong></td>
<td>453,250</td>
<td>223,011</td>
<td>222,537</td>
<td>474</td>
<td>0.21%</td>
</tr>
<tr>
<td><strong>Total BOT Department Budget</strong></td>
<td>453,250</td>
<td>223,011</td>
<td>222,537</td>
<td>474</td>
<td>0.21%</td>
</tr>
</tbody>
</table>

### Column Descriptions:
- **2015 Budget** contains the budget approved by the Board of Trustees.
- **2015 Expenses** contains paid invoices to date.
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- **(Over) Under Budget %** is percentage of (Over) Under to 2015 Budget.
### All Departments Budget to Actual
#### Public Safety Personnel Retirement System
#### Year to Date
##### 01/14/15

<table>
<thead>
<tr>
<th>2015 Budget</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BUILDING DEPARTMENT BUDGET</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Building Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Utilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>55,000</td>
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<td>3,120</td>
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<td><strong>Janitorial</strong></td>
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<tr>
<td>Janitorial Services</td>
<td>22,800</td>
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<tr>
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<td></td>
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<tr>
<td>Window Cleaning</td>
<td>1,560</td>
<td>740</td>
<td>740</td>
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<td><strong>Elevator</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Elevator</td>
<td>4,800</td>
<td>1,211</td>
<td>1,038</td>
<td>173</td>
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<tr>
<td>Security System</td>
<td>360</td>
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<td>-</td>
</tr>
<tr>
<td><strong>Repair &amp; Maintenance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Repairs and Maintenance - Other</td>
<td>11,000</td>
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<td>8,224</td>
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<td>Rep &amp; Maint - Air Conditioning</td>
<td>11,500</td>
<td>11,500</td>
<td>15,914</td>
<td>(4,414)</td>
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<td><strong>Property &amp; Sales Taxes</strong></td>
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<td>Property &amp; Sales Taxes - County</td>
<td>763</td>
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<td>Property &amp; Sales Taxes - City</td>
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<td>1,603</td>
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<td><strong>Insurance</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Insurance</td>
<td>10,600</td>
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<td>-</td>
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<tr>
<td><strong>Condo Association</strong></td>
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<td>Condo Association Fees</td>
<td>29,400</td>
<td>19,645</td>
<td>17,200</td>
<td>2,445</td>
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<td><strong>Other Occupancy Expenses</strong></td>
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<td>Cleaning Supplies</td>
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<td>239</td>
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<td>-</td>
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<td>Lock Maintenance</td>
<td>2,000</td>
<td>927</td>
<td>927</td>
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<td>Pest Control</td>
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<td>1,033</td>
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<td>108</td>
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<td>98,349</td>
<td>1,432</td>
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<td><strong>Capital</strong></td>
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<tr>
<td>Building Improvements</td>
<td>5,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Bldg Improve - Alarm &amp; Video</td>
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<td>17</td>
<td>17</td>
<td>-</td>
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<tr>
<td>Bldg Improve - Furniture &amp; Equip</td>
<td>3,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Total Capital</strong></td>
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<td>17</td>
<td>17</td>
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<tr>
<td><strong>Total BLD Department Budget</strong></td>
<td>168,100</td>
<td>99,798</td>
<td>98,366</td>
<td>1,432</td>
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</tbody>
</table>

**Column Descriptions:**
- 2012 Budget contains the budget approved by the Board of Trustees.
- 2012 Expenses contains paid invoices to date.
- Projected Expenses consist of two components: (1) unpaid invoices that are included in the budget; (2) unpaid invoices for anticipated expenses that have arisen after the budget was approved.
- (Over) Under compares 2012 Expenses plus Projected Expenses to the 2012 Budget.
- (Over) Under Budget % is percentage of (Over) Under to 2012 Budget.
## All Departments Budget to Actual
### Public Safety Personnel Retirement System
#### Year to Date
##### 01/14/15

### COMPLIANCE DEPARTMENT BUDGET

<table>
<thead>
<tr>
<th>Department</th>
<th>2015 Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personnel Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
<td>167,528</td>
<td>90,207</td>
<td>90,207</td>
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<tr>
<td>DC Plan - ER Matching</td>
<td>10,052</td>
<td>1,148</td>
<td>1,148</td>
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</tr>
<tr>
<td>Fringe Benefits</td>
<td>23,731</td>
<td>13,234</td>
<td>13,234</td>
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<tr>
<td>Payroll Expenses - Other</td>
<td>32,919</td>
<td>17,593</td>
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<td><strong>Total Personnel Services</strong></td>
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</tr>
<tr>
<td><strong>Education &amp; Training</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel Expense - Other</td>
<td>4,000</td>
<td>813</td>
<td>813</td>
<td>-</td>
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<tr>
<td>Training Expense - Conferences</td>
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<td>389</td>
<td>-</td>
</tr>
<tr>
<td>Training Exp - Professional Dues</td>
<td>2,000</td>
<td>787</td>
<td>787</td>
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</tr>
<tr>
<td><strong>Total Education &amp; Training</strong></td>
<td>8,000</td>
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<td>1,989</td>
<td>-</td>
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<tr>
<td><strong>Professional Services</strong></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Prof Services - Financial Risk</td>
<td>4,931</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prof Serv - IT Audit</td>
<td>20,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Professional Services</strong></td>
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<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Communications</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contractual Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Furniture &amp; Equipment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software</td>
<td>1,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Furniture &amp; Equipment</strong></td>
<td>1,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total COM Department Budget</strong></td>
<td>268,161</td>
<td>124,171</td>
<td>124,171</td>
<td>-</td>
</tr>
</tbody>
</table>

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- **2015 Budget** contains the budget approved by the Board of Trustees.
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- **Projected Expenses** consist of two components: (1) unpaid invoices that are included in the budget; (2) unpaid invoices for anticipated expenses that have arisen after the budget was approved.
- **(Over) Under Budget %** is percentage of (Over) Under to 2015 Budget.
## All Departments Budget to Actual
### Public Safety Personnel Retirement System
#### Year to Date
##### 01/14/15

<table>
<thead>
<tr>
<th>Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCE DEPARTMENT BUDGET</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Personnel Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
<td>380,862</td>
<td>198,790</td>
<td>198,790</td>
</tr>
<tr>
<td>DC Plan - ER Matching</td>
<td>18,805</td>
<td>8,145</td>
<td>8,145</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>56,809</td>
<td>28,278</td>
<td>28,278</td>
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<tr>
<td>Payroll Expenses - Other</td>
<td>71,709</td>
<td>37,621</td>
<td>37,621</td>
</tr>
<tr>
<td><strong>Total Personnel Services</strong></td>
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<td>272,834</td>
<td>272,834</td>
</tr>
<tr>
<td><strong>Education &amp; Training</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training Expense - Conferences</td>
<td>-</td>
<td>-</td>
<td>579</td>
</tr>
<tr>
<td>Training Exp - Professional Dues</td>
<td>1,000</td>
<td>467</td>
<td>467</td>
</tr>
<tr>
<td><strong>Total Education &amp; Training</strong></td>
<td>1,000</td>
<td>467</td>
<td>1,046</td>
</tr>
<tr>
<td><strong>Professional Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional Services-Auditing</td>
<td>110,000</td>
<td>55,777</td>
<td>55,777</td>
</tr>
<tr>
<td>Prof Serv Finance-Annual Report</td>
<td>3,000</td>
<td>1,740</td>
<td>1,740</td>
</tr>
<tr>
<td>Prof Serv Finance-Banking</td>
<td>-</td>
<td>-</td>
<td>47</td>
</tr>
<tr>
<td>Prof Serv Finance-Accounting So</td>
<td>5,000</td>
<td>4,526</td>
<td>4,526</td>
</tr>
<tr>
<td><strong>Total Professional Services</strong></td>
<td>118,000</td>
<td>62,043</td>
<td>62,090</td>
</tr>
<tr>
<td><strong>Communications</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Postage - Wells Fargo</td>
<td>16,500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Communications</strong></td>
<td>16,500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Contractual Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Furniture &amp; Equipment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total FIN Department Budget</strong></td>
<td>663,685</td>
<td>335,344</td>
<td>335,970</td>
</tr>
</tbody>
</table>

### Column Descriptions:
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- (Over) Under Budget % is percentage of (Over) Under to 2015 Budget.
<table>
<thead>
<tr>
<th>INVESTMENTS DEPARTMENT BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personnel Services</strong></td>
</tr>
<tr>
<td>Salaries &amp; Wages</td>
</tr>
<tr>
<td>Staff Bonus</td>
</tr>
<tr>
<td>DC Plan - ER Matching</td>
</tr>
<tr>
<td>Fringe Benefits</td>
</tr>
<tr>
<td>Payroll Expenses - Other</td>
</tr>
<tr>
<td><strong>Total Personnel Services</strong></td>
</tr>
<tr>
<td><strong>Education &amp; Training</strong></td>
</tr>
<tr>
<td>Travel Expense - Other</td>
</tr>
<tr>
<td>Training Expense - Conferences</td>
</tr>
<tr>
<td>Training Exp - Professional Dues</td>
</tr>
<tr>
<td>Training Exp - Investment Resear</td>
</tr>
<tr>
<td>Training Exp - Tuition Reimbur</td>
</tr>
<tr>
<td><strong>Total Education &amp; Training</strong></td>
</tr>
<tr>
<td><strong>Professional Services</strong></td>
</tr>
<tr>
<td>Prof Serv Inv-Hedgefund Service</td>
</tr>
<tr>
<td>Prof Serv Inv-Bank Fees</td>
</tr>
<tr>
<td>Prof Serv Inv-Employment Soluti</td>
</tr>
<tr>
<td>Prof Serv Inv-Portfolio Managem</td>
</tr>
<tr>
<td>Prof Serv Inv-Equity Advisors</td>
</tr>
<tr>
<td>Prof Serv - Valuations-Legacy Re</td>
</tr>
<tr>
<td><strong>Total Professional Services</strong></td>
</tr>
<tr>
<td><strong>Funiture &amp; Equipment</strong></td>
</tr>
<tr>
<td>Legal Services</td>
</tr>
<tr>
<td>Legal Services - Other</td>
</tr>
<tr>
<td><strong>Total Legal</strong></td>
</tr>
<tr>
<td><strong>Computer Equipment &amp; Supplies</strong></td>
</tr>
<tr>
<td>Software - Investment Analytics</td>
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<tr>
<td>Software - Investment CRM</td>
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<td>Software - Risk Management</td>
</tr>
<tr>
<td>Software - Research</td>
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<tr>
<td>Software - Monitoring &amp; Reporting</td>
</tr>
<tr>
<td><strong>Furniture &amp; Equipment Totals</strong></td>
</tr>
<tr>
<td><strong>Total INV Department Budget</strong></td>
</tr>
</tbody>
</table>

**Column Descriptions:**
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- (Over) Under Budget % is percentage of (Over) Under to 2015 Budget.
## IT NETWORK SERVICES DEPARTMENT BUDGET

### Personnel Services

<table>
<thead>
<tr>
<th>Service</th>
<th>Budget 2015</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Wages</td>
<td>284,659</td>
<td>149,510</td>
<td>149,510</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>DC Plan - ER Matching</td>
<td>11,794</td>
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<td>-</td>
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<td>Fringe Benefits</td>
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<td>Payroll Expenses - Other</td>
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<td><strong>Total Personnel Services</strong></td>
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<td><strong>202,373</strong></td>
<td>-</td>
<td><strong>0.00%</strong></td>
</tr>
</tbody>
</table>

### Education & Training

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Budget 2015</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel Expense - Other</td>
<td>6,500</td>
<td>1,339</td>
<td>1,339</td>
<td>-</td>
<td>0.00%</td>
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<td>Training Exp - Tuition Reimbur</td>
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<tr>
<td>Training Expense - Other</td>
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<td>120</td>
<td>120</td>
<td>-</td>
<td>0.00%</td>
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<td><strong>Total Education &amp; Training</strong></td>
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<td>-</td>
<td><strong>0.00%</strong></td>
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</tbody>
</table>

### Professional Services

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Budget 2015</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Services - Other</td>
<td>7,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
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<tr>
<td><strong>Total Professional Services</strong></td>
<td><strong>7,000</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>0.00%</strong></td>
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</tbody>
</table>

### Communications

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Budget 2015</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
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</thead>
<tbody>
<tr>
<td>Communications-Telephone</td>
<td>23,280</td>
<td>9,224</td>
<td>9,038</td>
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</tr>
<tr>
<td>Communications-Internet</td>
<td>22,464</td>
<td>12,917</td>
<td>12,770</td>
<td>147</td>
<td>1.14%</td>
</tr>
<tr>
<td><strong>Total Communications</strong></td>
<td><strong>45,744</strong></td>
<td><strong>22,141</strong></td>
<td><strong>21,808</strong></td>
<td><strong>333</strong></td>
<td><strong>1.50%</strong></td>
</tr>
</tbody>
</table>

### Furniture & Equipment

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Budget 2015</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Server - Other</td>
<td>8,000</td>
<td>8,000</td>
<td>11,034</td>
<td>(3,034)</td>
<td>(37.93%)</td>
</tr>
<tr>
<td>Server - Replacement</td>
<td>95,000</td>
<td>87,750</td>
<td>87,750</td>
<td>-</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

### Workstations

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Budget 2015</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Printers - Maintenance</td>
<td>2,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

### Infrastructure

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Budget 2015</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offsite Storage</td>
<td>5,100</td>
<td>1,791</td>
<td>1,791</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>DR Service</td>
<td>8,400</td>
<td>6,390</td>
<td>4,970</td>
<td>1,420</td>
<td>22.22%</td>
</tr>
<tr>
<td>Data Center</td>
<td>18,300</td>
<td>13,060</td>
<td>11,125</td>
<td>1,935</td>
<td>14.82%</td>
</tr>
<tr>
<td>Spam Filter</td>
<td>1,000</td>
<td>902</td>
<td>902</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Remote Access</td>
<td>4,300</td>
<td>3,943</td>
<td>3,001</td>
<td>942</td>
<td>23.89%</td>
</tr>
<tr>
<td>SSL Certificates</td>
<td>200</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Monitoring</td>
<td>3,250</td>
<td>3,054</td>
<td>3,054</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Webfilter</td>
<td>4,700</td>
<td>4,609</td>
<td>4,609</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Antivirus</td>
<td>1,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Virtual Server</td>
<td>14,000</td>
<td>12,361</td>
<td>12,361</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Network Support</td>
<td>4,600</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Room Monitor</td>
<td>100</td>
<td>85</td>
<td>85</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Servers</td>
<td>4,500</td>
<td>1,826</td>
<td>1,826</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Storage</td>
<td>7,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Switching</td>
<td>6,800</td>
<td>6,800</td>
<td>8,635</td>
<td>(1,835)</td>
<td>(26.99%)</td>
</tr>
<tr>
<td>Phone System</td>
<td>200</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
</tbody>
</table>
### All Departments Budget to Actual

**Public Safety Personnel Retirement System**

**Year to Date**

**01/14/15**

<table>
<thead>
<tr>
<th></th>
<th>2015 Budget</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Software</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Software - Other</td>
<td>2,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>License &amp; Maintenance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>License &amp; Maintenance - Other</td>
<td>29,119</td>
<td>29,119</td>
<td>14,836</td>
<td>14,283</td>
<td>49.05%</td>
</tr>
<tr>
<td>License &amp; Maintenance - Imaging</td>
<td>18,750</td>
<td>18,750</td>
<td>20,176</td>
<td>(1,426)</td>
<td>(7.61%)</td>
</tr>
<tr>
<td><strong>Contingency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Furniture &amp; Equipment</td>
<td>239,719</td>
<td>198,440</td>
<td>186,155</td>
<td>12,285</td>
<td>6.19%</td>
</tr>
<tr>
<td><strong>Total ITN Department Budget</strong></td>
<td>705,071</td>
<td>426,848</td>
<td>414,230</td>
<td>12,618</td>
<td>2.96%</td>
</tr>
</tbody>
</table>

**Column Descriptions:**
- 2015 Budget contains the budget approved by the Board of Trustees.
- 2015 Expenses contains paid invoices to date.
- Projected Expenses consist of two components: (1) unpaid invoices that are included in the budget; (2) unpaid invoices for anticipated expenses that have arisen after the budget was approved.
- (Over) Under compares 2015 Expenses plus Projected Expenses to the 2015 Budget.
- (Over) Under Budget % is percentage of (Over) Under to 2015 Budget.
### IT SYSTEMS DEVELOPMENT DEPARTMENT BUDGET

#### Personnel Services

<table>
<thead>
<tr>
<th>Item</th>
<th>2015 Budget</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Wages</td>
<td>430,296</td>
<td>226,785</td>
<td>226,785</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>DC Plan - ER Matching</td>
<td>9,763</td>
<td>3,952</td>
<td>3,952</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>81,870</td>
<td>44,083</td>
<td>44,083</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Payroll Expenses - Other</td>
<td>84,494</td>
<td>41,302</td>
<td>41,302</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Personnel Services</strong></td>
<td><strong>606,423</strong></td>
<td><strong>316,122</strong></td>
<td><strong>316,122</strong></td>
<td>-</td>
<td><strong>0.00%</strong></td>
</tr>
</tbody>
</table>

#### Education & Training

<table>
<thead>
<tr>
<th>Item</th>
<th>2015 Budget</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training Exp - Professional Dues</td>
<td>150</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Education &amp; Training</strong></td>
<td><strong>150</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td><strong>0.00%</strong></td>
</tr>
</tbody>
</table>

#### Contractual Services

<table>
<thead>
<tr>
<th>Item</th>
<th>2015 Budget</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software - SQL Server</td>
<td>6,825</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Software - Enterprise Software</td>
<td>5,900</td>
<td>5,900</td>
<td>5,940</td>
<td>(40)</td>
<td>(0.68%)</td>
</tr>
<tr>
<td>Software - Go-To-Webinar</td>
<td>950</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Software - Go-To-Meeting</td>
<td>550</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>License &amp; Maintenance - Other</td>
<td>450</td>
<td>300</td>
<td>300</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>License &amp; Mtn - Backup Line</td>
<td>1,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Software - Other</td>
<td>2,000</td>
<td>1,008</td>
<td>1,008</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>F&amp;E - Repairs &amp; Maintenance</td>
<td>1,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Furniture &amp; Equipment</strong></td>
<td><strong>19,175</strong></td>
<td><strong>7,208</strong></td>
<td><strong>7,248</strong></td>
<td>(40)</td>
<td>(0.55%)</td>
</tr>
</tbody>
</table>

#### Contingency

<table>
<thead>
<tr>
<th>Item</th>
<th>2015 Budget</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Furniture &amp; Equipment</strong></td>
<td><strong>19,175</strong></td>
<td><strong>7,208</strong></td>
<td><strong>7,248</strong></td>
<td>(40)</td>
<td>(0.55%)</td>
</tr>
<tr>
<td><strong>Total ITS Department Budget</strong></td>
<td><strong>625,748</strong></td>
<td><strong>323,330</strong></td>
<td><strong>323,370</strong></td>
<td>(40)</td>
<td>(0.01%)</td>
</tr>
</tbody>
</table>

**Column Descriptions:**
- 2012 Budget contains the budget approved by the Board of Trustees.
- 2012 Expenses contains paid invoices to date.
- Projected Expenses consist of two components: (1) unpaid invoices that are included in the budget; (2) unpaid invoices for anticipated expenses that have arisen after the budget was approved.
- (Over) Under compares 2012 Expenses plus Projected Expenses to the 2012 Budget.
- (Over) Under Budget % is percentage of (Over) Under to 2012 Budget.
## MEMBER SERVICES DIVISION BUDGET

### Personnel Services

<table>
<thead>
<tr>
<th></th>
<th>2015 Budget</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Wages</td>
<td>1,140,653</td>
<td>541,677</td>
<td>541,677</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>DC Plan - ER Matching</td>
<td>57,840</td>
<td>18,666</td>
<td>18,666</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>198,656</td>
<td>92,650</td>
<td>92,650</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Payroll Expenses - Other</td>
<td>224,138</td>
<td>105,434</td>
<td>105,434</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Personnel Services</strong></td>
<td><strong>1,621,287</strong></td>
<td><strong>758,427</strong></td>
<td><strong>758,427</strong></td>
<td>-</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

### Education & Training

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel Expense - Other</td>
<td>-</td>
<td>-</td>
<td>710</td>
<td>(710)</td>
<td>0.00%</td>
</tr>
<tr>
<td>Training Expense - Conferences</td>
<td>400</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Training Exp - Tuition Reimburs</td>
<td>800</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Education &amp; Training</strong></td>
<td><strong>1,200</strong></td>
<td>-</td>
<td>710</td>
<td>(710)</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

### Professional Services

### Communications

### Contractual Services

<table>
<thead>
<tr>
<th></th>
<th>2015 Budget</th>
<th>FYTD Budget</th>
<th>FYTD Expenses</th>
<th>(Over) Under</th>
<th>(Over) Under Budget %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Services</td>
<td>8,500</td>
<td>8,124</td>
<td>8,124</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Scanning Services</td>
<td>60,000</td>
<td>30,927</td>
<td>30,927</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Contractual Services</strong></td>
<td><strong>68,500</strong></td>
<td><strong>39,051</strong></td>
<td><strong>39,051</strong></td>
<td>-</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

### Furniture & Equipment

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

**Total MSD Department Budget**: 1,690,987 797,478 798,188 (710) 0.09%

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- (Over) Under Budget % is percentage of (Over) Under to 2015 Budget.
Local Board Outreach:

- Distribution of the November/December 2014 Newsletter.
- Distribution of the January/February 2015 Newsletter.
- Presentation on site to Golder Ranch Fire District and other groups in the Southern Arizona area about the Local Board Duties and Actuarial Reports and Q and A. (21 attendees)
- Presentation on site to the Pascua Pueblo Fire District on Benefit Overview and Duties of the Local Board Secretary (33 attendees)
- Explanation and discussion of the new actuarial report with Youngtown, Arizona Game and Fish, City of South Tucson about the new rates and funding level.
- Working with Montezuma Rimrock Fire District to establish their board in order to act on a disability retirement application currently submitted.
  - Prior outreach had been attempted in 2012 and 2013 during our review of boards that had not shown as meeting within the last year.
2014 Actuarial Reports
Please see our website and from the FRONT PAGE you may access the Consolidated and Individual Reports.

You can also click on the following links:
- PSPRS Consolidated Annual Report
- CORP Consolidated Annual Report
- EORP Consolidated Annual Report
- Actuarial Reports by Employer
- Memo from Acting Administrator Jared Smout
Investment Department Update
The last couple of months (September and October) have been marked by substantial volatility in investment markets. U.S. stock markets surged from 4 percent to 5 percent in August, but fell in September and part of October before a slight correction. With only a few days left in October, U.S. stocks are down about -13 percent for the fiscal year. As we have previously reported, the Trust has considerably less exposure to U.S. stocks and, as a result, has experienced only some of that volatility. Through the end of September the Trust was down less than half of one percent. That is still a ways from the Trust’s assumed earnings rate of 7.85 percent but remarkably better than a 13 percent loss. Escaping broad market swings unscathed is almost impossible because of the resulting propensity to trigger panicked selling. In such scenarios, investors sell financial assets that to them appear to be risky, without discriminating between high and low quality. This results in wholesale value erosion for all financial assets regardless of whether they are stocks, high yield bonds or emerging market equities.

The Trust’s portfolio is constructed to tolerate volatility and to provide a more stable rate of return. This is accomplished through careful diversification. You can read more about our views on diversification in an academic piece written by PSPRS entitled “Modern Pension Fund Diversification.” The paper was published in the Social Sciences Research Network weekly top-10 list before being accepted by the Journal of Asset Management – arguably the most rigorous journal in our field. We maintain that the portfolio must contain complementary exposures in order to increase the chances of achieving the actuarial rate of return of 7.85 percent. Diversification helps mitigate the risk of losing capital and over time offers superior returns relative to concentrated portfolios when volatility is considered. No portfolio guarantees positive returns every year, but we are pleased with the portfolio’s resiliency so far and look forward to sharing additional details in future newsletters.

Thank you for your support.

Same-Sex Marriage
Effective October 17, 2014, U.S. District Judge John W. Sedwick declared Arizona’s ban on same-sex marriage unconstitutional and instructed the state to remove the ban effective immediately.

What does this mean to the Local Board and to the members?

- In general, same-sex legally married couples who marry in Arizona or in other states where it is legally recognized will now be able to qualify for a surviving spouse pension and health insurance benefits pursuant to statute(s).

- A.R.S. §§ 38-846(A), 38-887, and 38-807(A) - Requires that upon the death of a retired member, the member and spouse must be married for two consecutive years at the time of the members death in order to qualify for the surviving
spouse pension. Please note that there is no time-requirement of marriage for a member that is currently employed with a PSPRS, CORP or EORP employer and making contributing to the Plan/System.

• It is required that the PSPRS receive a copy of the recorded/filed marriage license or certificate. Failure to provide acceptable documentation validating that the marriage was recorded/filed with the Clerk of the Court/County may affect eligibility for the surviving spouse pension (and health insurance benefits).

Because litigation for same-sex marriage varies from state to state, the PSPRS will continuously review policies and procedures. This is not an official version of the Arizona Revised Statutes, or applicable laws. If there are any discrepancies, the official version(s) will prevail.

Active Members Department Spotlight
Our Active Member services department serves more than 34,000 members included within the three plans, with 250 employer groups under those plans. During the last 10 years the Active Member services has grown considerably alongside legislative and plan changes. Alison Lidstone is a part of these highly dedicated and very motivated staffers. Ali graduated from ASU WP Carey School of Business in 2011 with a Business Communications degree and she made the Dean’s list three semesters during her academic career. In addition to her scholastic burden, which included taking 15 or more credit hours a semester, Ali spent 20 hours a week waiting tables at a local Red Lobster, and just after graduation and starting with PSPRS, Ali married the love of her life, Rob! Since Ali joined PSPRS she has been instrumental in helping streamline processes within the service purchase and fiscal year-end-close procedures. Her attention to detail and 100-watt smile have made her a staff favorite, and the membership asks for her by name. Active Member services are a high energy group providing service to the younger cross section of our membership. With ever-changing legislation our staff has to be flexible, pro-active, and forward-thinking. Ali has all of those qualities and her grace and customer service skills raise the bar for all PSPRS employees. Ali can be contacted at the office Tuesday through Friday, normal office hours on those days at extension 2009. If your department’s active membership or board staff is in need of assistance you will be hard pressed to find anyone finer than Alison!

Local Board Training
Below are the dates, times, and topics of our currently scheduled trainings for fall 2014.

We would like to invite local boards who live in the southern region of Arizona to attend in person at the following training session. A review of the duties and responsibilities will be discussed and the actuarial reports.
Date: December 5, 2014, 10 AM
Plan Benefits, who should I contact if I am ready to retire? Duties of the Local Board Secretary
Location: 4631 W. Calle Torim Tucson, AZ 85757
Contact: Bernice Rodriguez at Bernice.E.Rodriguez@pascuayaqui-nsn.gov or Don Mineer at don@psprs.com to register

Contact Information
PSPRS Administrative Offices
(for PSPRS, CORP, and EORP)
3010 E. Camelback Road, Suite 200
Phoenix, Arizona 85016
Tel. (602) 255-5575
Toll-Free (877) 925-5575
General Fax: (602) 255-5572
Active Members Fax: (602) 296-2368
Retired Members Fax: (602) 296-2369

E-Mail Directory
Below is an e-mail directory for the most common inquiries we receive, sorted alphabetically by inquiry.

Active Members Services: ladawn@psprs.com
Cancer Insurance Program: annette@psprs.com
Employer Contribution issues: web_support@psprs.com
Members Only issues: web_support@psprs.com
Retired Members Services: bonnie@psprs.com
Service purchases or transfers: tony@psprs.com
Training inquiries: rortega@psprs.com or don@psprs.com
Website content: webmaster@psprs.com
1099-R Statements
The 1099-R will be available to the retired and refunding members on January 31, 2015. Our office continues to mail a hard copy to the membership, and of course the on-line offers instant access. Members will create an account in the Members Only portal- and then be able to retrieve their personal information, including the 1099-R.

One of the most common calls our office receives during tax time is in regards to Box 5 on the 1099-R. Our retired members believe it indicates their Medical and Dental Insurance premium deductions; and it is labeled as such on the form. However, the information is in regards to the “non-taxable portion” of their gross pension total. For the sake of tax reporting this dollar amount should NOT be included in reportable income as the member paid taxes on these earnings during his employment.

Did You Know?
In case you missed it...

PSPRS was cleared of any criminal wrongdoing related to its investment practices by the U.S. Department of Justice in late November. The federal investigation into PSPRS lasted more than a year and stemmed from former employees’ allegations that PSPRS investment staff overvalued real estate properties in order to trigger bonuses for themselves.

The finding by the U.S. Department of Justice, which investigated together with the FBI, exonerates PSPRS as an agency and its board of trustees. News of the announcement was made during a press conference at the office of PSPRS.
“From our perspective we feel vindicated, to say the least, even though we’ve known all along we had done nothing wrong, the allegations were not true and they were never true,” said PSPRS Board of Trustees Chairman Brian Tobin.

Participants of the press conference included PSPRS defense attorney Jim Belanger, PSPRS Audit and Compliance Officer Bridget Feeley, past-president of the Professional Firefighters of Arizona Tim Hill and Tobin.

According to Belanger, the absolving of the agency is a major development, as investigating authorities do not absolve entities without first finding no evidence of criminal conduct by personnel.

Mr. Belanger said federal authorities rarely make exonerations public, although a similar absolving of PSPRS investment staff could be issued in coming months.

It is important for local boards, members and the public to know that PSPRS and its staff members have consistently denied any wrongdoing. Additionally, values of assets are not determined by PSPRS staff. Valuations are typically determined by external asset managers associated with PSPRS investment partners.

The valuations of the real estate investment in question were reviewed and approved by several independent accounting firms, consultants and auditors. The Arizona Auditor General’s Office also concluded the contested valuations were “entirely appropriate.”

PSPRS members and beneficiaries are encouraged to watch the Nov. 24 press conference, which can be viewed at www.psprs.com.

Investment Department
As expected, market volatility reappeared in 2014 as evidenced by wide market swings in global stock prices, the significant devaluation of the Euro relative to the US dollar (a 15% decline over a period of about six months) and, of course, the price of crude oil (at its lowest level in seven years). It is almost impossible to escape these broad market swings unscathed because they have a propensity to trigger panicked selling. When investors panic, they sell financial assets that to them appear to be risky, without discriminating between high and low quality assets, and put the money in cash. This results in wholesale value erosion for all financial assets regardless of whether they are stocks, high yield bonds, or emerging market equities. Most pension plans do not have the luxury of avoiding or ignoring risk. If we use a US Treasury bill to proxy the return an investor would receive over the next year without assuming any risk the return would be 0.25% if purchased today (1/6/15). However, the Trust has a return target of 7.85%, which means the Trust must hold assets that contain some level of risk to meet the assumed earnings rate otherwise it would only earn 0.25%. We think the keys to success are twofold; to construct a portfolio of complimentary exposures and to recognize a long-term view is required because volatility can never be eliminated (and in some instances it creates attractive investment opportunities).
We are happy to report that through the end of November the Trust’s annualized three- 
year and five-year returns are 9.75% and 8.29% respectively, both above the assumed 
earnings rate. No portfolio guarantees positive returns every year, but we are pleased 
with the portfolio’s resiliency so far and look forward to sharing additional details in 
future newsletters.

Thank you for your support.

**Active Member Services Department**

Another year has come and gone. Based on the most recent combined actuarial 
valuation dated June 30, 2014, the Alternate rate for all 3 Plans has been determined. 
PSPRS is 28.62%, CORP is 11.33% and EORP will remain at 23.50%. As of July 1st, 2015 
the Alternate transmittals on-line will reflect these new rates. Please take these 
percentages into account for budgeting purposes. The regular contributions rates were 
also made available in your individual actuarial valuations.

**Retired Member Services Department**

Each September we update our website with information needed by our local boards. 
We have posted the changes to our retirement instruction manual and spreadsheets to 
help you with your responsibilities. Please review this information. Please begin using 
the updated spreadsheets to process all benefit types. Beginning with January 2015 
effective retirements, our Retired Members Department will not accept retirement 
packets with documents dated 9/13 (September 2013 edition of forms). You will find the 
form version on the upper right hand side of each document.

Also, as a reminder, if you have not met twice this year, be sure to meet and send in the 
minutes from your meeting. It is required by law to meet twice a year.

Working in accordance and by schedule of the Arizona State Records and Archives 
department, the PSPRS administrative office will no longer keep the paper copies of the 
minutes of each employer’s board meetings. However, statute still requires that we 
receive via certified mail, but we will no longer maintain the paper copies. It would be 
advisable that each employer group seek legal opinion and guidance on your document 
retention policies for your agency as we are unable to provide guidance for each board.

**Active Members Department Spotlight**

LaDawn Toger is our Active Member Services Manager for Public Safety Retirement 
pension fund. She has spent the past 23 years with PSPRS wearing a variety of hats. 
Over two decades ago when LaDawn joined our staff she had graduated from Glendale 
High school and had another part time job. She began as a file clerk with a desk located 
in the hallway! As her amazing skill-set proved invaluable, she moved through the office 
assisting the Member Services with contributions, processing reports, benefits, and 
detective like file location prowess. If something was amiss or difficult to locate, 
LaDawn was the first and last stop! As the years have traveled by her involvement with 
our Local Boards, the City and State agency employer staff, and membership became
her focus. She is a seasoned expert on inter-system/plan transfers and the statutes specific to our Active membership. With over twenty years of experience the employers and members find her a wealth of information, and her historical value to our organization is beyond compare. LaDawn leads a staff of 5 terrific people, and they accomplish all of the new enrollments, refunds, transfers, redemption of service, payroll, Local Board assistance, annual and fiscal balancing and reporting, scanning, and keeping current with the ever changing statutes which govern the plans. She is quick thinking and problem solving from beginning to end, and the pension fund could not manage without her. You may reach LaDawn at her extension, 2002, Monday through Friday.

**PSPRS Educational Seminar**

I’d like to extend an invitation to all of our employer groups to attend a free educational session regarding PSPRS where we will discuss our current state with regards to unfunded liability and the impact of recent court decisions. We will also unveil tools developed by our actuaries designed to aid employers in making decisions impacting your account. This is a joint effort with the League of Arizona Cities and Towns where Scott McCarty, Chairman of the League’s Pension Task Force, will also discuss options currently available to employers to help assess your own situation and the tools you can utilize to pay down your unfunded pension liabilities. Scott’s presentation will include discussion of a document being developed by the Task Force highlighting employer best practices for managing your individual PSPRS account.

The following dates and locations have been finalized:

**Monday, February 2, 2015, Oro Valley**
Council Chambers, Oro Valley Town Hall  
11000 North La Cañada Drive  
Oro Valley, AZ 85737  
2:00 - 4:30 pm

**Monday, February 23, 2015, Phoenix**
Burton Barr Central Library - Pulliam Auditorium  
1221 North Central Avenue  
Phoenix, AZ 85004  
1:00 - 4:00 pm

**Friday, February 27, 2015, Show Low**
Council Chambers  
181 North 9th Street  
Show Low, AZ 85901  
9:00 am– 12:00 pm

**Tuesday, February 10, 2015, Yuma**
Council Chambers, Yuma City Hall  
One City Plaza  
Yuma, AZ 85364  
11:00 am - 2:00 pm

**Tuesday, February 24, 2015, Flagstaff**
Council Chambers, Flagstaff City Hall  
211 West Aspen Avenue  
Flagstaff, AZ 86001  
9:00 am– 12:00 pm
Please check our website (www.psprs.com) for further details and make note that we will send an e-mail notification to all employer contacts (local board, finance, etc.) within our system. To register, please email rsvp-psprsworkshops@azleague.org and provide your name, title, and the location you want to attend or call 602-258-5786.

We look forward to seeing you there.

Jared Smout
PSPRS Acting Administrator

On another note: While PSPRS is not affiliated nor promoting the Arizona Society of CPAs, I would like to inform you of their Governmental Accounting Conference on February 13, 2015 where the bulk of the conference will be focusing on the new GASB pronouncements for pension accounting that you have been learning about and will need to implement with your June 30, 2015 CAFR. You will learn more about these pronouncements, what your responsibility is, what we will be providing for you, and receive additional guidance from the Office of the Auditor General to help you. You can learn more and register for this conference by visiting their website at www.ascpa.com (click CPE > Conferences > Governmental Accounting Conference).

Contact Information
PSPRS Administrative Offices
(for PSPRS, CORP, and EORP)
3010 E. Camelback Road, Suite 200
Phoenix, Arizona 85016
Tel. (602) 255-5575
Toll-Free (877) 925-5575
General Fax: (602) 255-5572
Active Members Fax: (602) 296-2368
Retired Members Fax: (602) 296-2369

E-Mail Directory
Below is an e-mail directory for the most common inquiries we receive, sorted alphabetically by inquiry.

Active Members Services: ladawn@psprs.com
Cancer Insurance Program: annette@psprs.com
Employer Contribution issues: web_support@psprs.com
Members Only issues: web_support@psprs.com
Retired Members Services: bonnie@psprs.com
Service purchases or transfers: tony@psprs.com
Training inquiries: rortega@psprs.com or don@psprs.com
Website content: webmaster@psprs.com
AGREEMENT FOR PROVISION OF AUDITING SERVICES

This Agreement for Provision of Auditing Services ("Agreement") is effective November 19, 2014 and is between (a) the Board of Trustees ("Board of Trustees") of the Public Safety Personnel Retirement System, in its capacity as statutory trustee of the following qualified plans: (i) Public Safety Personnel Retirement System ("System"), (ii) Elected Officials’ Retirement Plan ("EORP"), (iii) Corrections Officer Retirement Plan ("CORP") and the (iv) Fire Fighter and Peace Officer Cancer Insurance Policy Program ("FFPOCIPP"), (collectively, the “Plans”), and (b) Heinfeld, Meech & Co., P.C. ("Company"), an Arizona professional corporation.

RECITALS

A. The Plans are agencies of the State of Arizona statutorily authorized to provide retirement, disability, survivor, and/or insurance benefits to Arizona’s public safety officers, elected officials and judges.

B. The Plans are required to be audited, annually, by a qualified and competent independent auditing firm.

C. To protect the Plans, the Board of Trustees has concluded it needs to retain a knowledgeable, experienced and reputable outside auditing firm not affiliated with or beholden to the Plans’ staff, outside managers or vendors, and whose duty of loyalty lies solely to the Board of Trustees, to audit the Plans and provide a fresh and independent perspective on how the Plans are (and should be) operated.

D. The Company represents it is qualified and capable of performing an independent audit of the Plans as specified by the Board of Trustees.

E. The Board of Trustees has determined that the Company is ideally suited to serve as the Board of Trustees’ outside auditor, and the Company is willing to serve the Board of Trustees as its outside auditor in accordance with the terms of this Agreement.

NOW THEREFORE, the parties agree as follows:

1. Services to be Rendered. During the term of this Agreement, the Company shall provide the Board of Trustees all services set forth in Exhibit 1 attached hereto and incorporated herein by this reference (the “Services”). The Company acknowledges and agrees that its duties and responsibilities under this Agreement are solely for the benefit of the Board of Trustees (and not the Plans’ staff, outside managers or vendors), and that the Company’s duty of loyalty under this Agreement lies exclusively with the Board of Trustees and no other person, unless expressly directed by the Board of Trustees.

2. Compensation to Company. In exchange for its provision of the Services to the Board of Trustees, the Board of Trustees shall pay the Company an annual fee of One Hundred Forty-Eight Thousand, Nine Hundred Thirty-Five Dollars $148,935.00 (the “Annual Fee”). Unless otherwise provided herein, the Annual Fee includes compensation to the Company for all costs incurred by the Company in performing the Services.
of any kind incurred by the Company to perform the Services, including (i) Company’s preparation, delivery and distribution of reports, (ii) Company’s provision of professional services, and (iii) all in-house or third party expenses attributable to delivery of the Services. Thus, except for Reimbursable Costs, as defined below, Company shall not charge the Board of Trustees any amount in addition to the Annual Fee as and for (a) the purchase, use or lease of premises, hardware, software or equipment, (b) mailing, delivery, copying, printing and binding charges, (c) local and long distance facsimile and telephonic transmission expenses, (d) travel, food, mileage, and accommodation expenses (e) secretarial and clerical support, (f) research costs or (g) the services of any subcontractors retained by Company to perform the Services. If authorized by the Board of Trustees in writing, the Board of Trustees may agree to reimburse the Company for the actual cost, without markup, of certain extraordinary third-party expenses incurred by Company in connection with its performance of the Services (the “Reimbursable Costs”).

3. **Reimbursement Policy and Billing Requirements.** The Annual Fee shall be payable by the Plans to Company for the GASB 67 and GASB 68 procedures in four equal monthly installments, each in the amount of fourteen thousand, three hundred sixty dollars ($14,360.00) which will be tendered to the Plans between the months of January 2015 and April 2015 and for the financial statement audits in five equal installments, each in the amount of sixteen thousand, four hundred sixty-nine dollars and ten cents ($16,469.10) which will tendered to the Plans between the months of May 2015 and November 2015 and one final installment in the amount of nine thousand, one hundred forty-nine dollars and fifty cents ($9,149.50) which will be tendered to the Plans in December 2015 (each payment, an “Installment”). Except as otherwise stated herein, each Installment shall be paid by the Plans within 30 days of presentation to the Plans’ Administrator of a statement for the amount due (each, a “Statement”). The final Installment of $9,149.50 will be paid on the date the Board of Trustees receives and accepts the audited reports for each of the Plans. Each Statement for an Installment shall contain an itemization of any authorized Reimbursable Costs, as well as a monthly report detailing the Company’s performance of Services through the date of such Statement. Statements shall be sent to the System’s Administrator for review and processing, to the following address:

Jared Smout, Acting Administrator  
Public Safety Personnel Retirement System  
3010 E. Camelback Road, Suite 200  
Phoenix, Arizona 85016  

Payment shall be made to Company within thirty (30) days of the Administrator’s receipt and approval of each Statement.

4. **Term.** The term of this Agreement shall be one year, from January 1, 2015 through December 31, 2015.

5. **Representations.** Company makes the following representations, which are agreed to be material to and form a part of the inducement for this Agreement:
(a.) Company has the expertise, support staff and facilities necessary to provide the Services described in this Agreement and the attached Exhibit 1;

(b) Company does not have any actual or potential interests adverse to the Board of Trustees or the Plans nor does Company represent a person or firm with an interest adverse to the Board of Trustees or Plans with reference to the subject of this Agreement;

(c) Company shall diligently provide all required Services in a timely, ethical and professional manner and in accordance with the terms and conditions stated in this Agreement; and

(d) Company shall maintain its independence from the Plans’ staff, any outside manager, and the System’s actual and potential vendors, and shall take no action that frustrates or impairs Company’s duty of loyalty to the Board of Trustees under this Agreement.

6. **Assignment.** Company shall not assign or transfer its interests, duties or responsibilities in or to this Agreement, or any part hereof, without the Board of Trustees’ prior express written consent. Company shall not assign any monies due or which become due to Company under this Agreement without the Board of Trustees’ prior express written consent.

7. **Negation of Partnership/Employment.** In the performance of all Services under this Agreement, Company shall be, and acknowledges that Company is, in fact and law, an independent contractor and not an agent or employee of the Board of Trustees or Plans. Company has and retains the right to exercise full supervision and control of the manner and methods of providing Services to the Board of Trustees and Plans under this Agreement. Company retains full supervision and control over the employment, direction, compensation and discharge of all persons assisting Company in the provision of Services under this Agreement. With respect to Company’s employees, if any, Company shall be solely responsible for payment of wages, benefits and other compensation, compliance with all occupational safety, welfare and civil rights laws, tax withholding and payment of employee taxes, of whatever nature, and compliance with any and all other laws regulating employment.

8. **Indemnification.** Company shall indemnify, protect, defend and hold harmless the Board of Trustees and Plans, including all individual Board of Trustee Members, Administrators, Assistant Administrators, members, beneficiaries, officers, officials, employees, local boards, lawyers and agents (each a “Covered Person”) from and against all liabilities, obligations, losses, damages, judgments, costs or expenses (including legal fees and costs of investigation) (each a “Loss” and collectively, “Losses”) arising from any act, omission, fault, negligence or willful misconduct committed by Company in connection with its performance of the Services. Company acknowledges and agrees that its obligation to indemnify and defend in this Section: (i) is an immediate obligation, independent of its other obligations hereunder; (ii) applies to any Loss which actually or potentially falls within the scope of this Section, regardless of whether the applicable allegations are or may be groundless, false or fraudulent; and (iii) arises at and continues after the time the Loss is tendered to Company.
9. **Insurance.** Company, in order to protect the Board of Trustees and Plans, including all individual Board of Trustees Members, Administrators, Assistant Administrators, members, beneficiaries, officials, agents, officers, local boards, employees and lawyers, against all claims and liability for death, injury, loss and damage as a result of Company’s actions in connection with the performance of Company’s obligations, as required in this Agreement, shall secure and maintain insurance as described below. Company shall not perform any Services under this Agreement until Company has obtained all insurance required under this Section. Company shall pay any premiums, deductibles and self-insured retentions under all required insurance policies.

(a) Company shall maintain in full force and effect, at all times during the term of this Agreement, the following insurance:

(i) Commercial General Liability insurance, including, but not limited to, Contractual Liability insurance (specifically concerning the indemnity provisions of this Agreement), Personal Injury (including bodily injury and death), and Property Damage for liability arising out of Company’s performance of work under this Agreement. Said insurance coverage shall have minimum limits for Bodily Injury and Property Damage liability of one million U.S. dollars ($1,000,000.00) each occurrence and two million U.S. dollars ($2,000,000) aggregate.

(ii) Automobile Liability insurance against claims of Personal Injury (including bodily injury and death) and Property Damage covering all owned, leased, hired and non-owned vehicles used in the performance of services pursuant to this Agreement with minimum limits for Bodily Injury and Property Damage liability of five hundred thousand U.S. dollars ($500,000) each occurrence and one million U.S. dollars ($1,000,000) aggregate. Such insurance shall be provided by a business or commercial vehicle policy.

(iii) Professional Liability and/or Errors & Omissions insurance covering claims of professional negligence with minimum limits of one million U.S. dollars ($1,000,000) each occurrence and five million U.S. dollars ($5,000,000) aggregate.

(b) Company shall maintain the above-stated insurance coverages until the completion of all of Company’s obligations under this Agreement. Such insurance coverages shall not be reduced, modified, or canceled without thirty (30) days prior written notice to the Board of Trustees. Company shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits have been exhausted or upon insolvency of the insurer that issued the policy.

10. **Termination.** Either party to this Agreement may, at its election, terminate this Agreement by written notice (a “30 Day Notice of Termination”). A 30 Day Notice of
Termination will be deemed effective thirty (30) days after personal delivery or delivery by courier. Upon termination of this Agreement pursuant to a 30 Day Notice of Termination, Company shall be paid only that portion of the Annual Fee owed for the month in which the termination is effective; the balance, if any, of the Annual Fee for any remaining months of the year, shall be waived, and the Board of Trustees and Plans shall have no liability therefore. The Board of Trustees may terminate this Agreement immediately, without notice and without further obligation to the Board of Trustees or Plans, if the Board of Trustees reasonably believes Company is in default of any provision of this Agreement.

11. **Ownership of Documents.** All documents, pamphlets, brochures, books, data compilations, reports, materials and films, web presentations, recordings, broadcasts, and materials of every form and description, whether in written, analog, digital, film or electronic form, prepared by Company (or its agents) pursuant to this Agreement or in connection with the performance of the Services and delivered to the Board of Trustees and Plans, as well as all documents or information provided Company by the Board of Trustees and Plans (collectively, the "Materials") are and shall remain the property of the Board of Trustees and Plans, unless the parties agree otherwise, in writing. The Board of Trustees and Plans shall have no obligation to return the originals or copies of the Materials to Company upon termination of this Agreement.

12. **Notices.** All notices required or provided for in this Agreement shall be provided to the parties hereto at the following addresses. A 30 Day Notice of Termination shall be delivered by personal delivery or delivery by courier. All other notices may be delivered by personal delivery, delivery by courier, U.S. mail, or private express mail service such as Federal Express. Notices delivered personally or by courier shall be deemed received upon receipt; notices which are mailed by U.S. mail or private mail service shall be deemed received five (5) days after mailing. A party may change the address to which notice is to be given by giving notice to the other party, as provided above.

   To The System:
   Brian P. Tobin, Chairman
   The Board of Trustees of the
   Public Safety Personnel Retirement System
   3010 E. Camelback Road, Suite 200
   Phoenix, Arizona 85016

   To The Company:
   Corey Arvizu, CPA
   Heinfeld, Meech & Co., P.C.
   10120 N. Oracle Road
   Tucson, Arizona 85704

13. **Sole Agreement.** This document, which includes Exhibit 1, contains the entire agreement of the parties hereto relating to the Services, rights, obligations and covenants contained herein and assumed by the parties respectively. No inducements, representations or promises have been made, other than those recited in this Agreement. No oral promise, modification, change or inducement shall be effective or given any force or effect.
14. **Authority to Bind Plans.** Except as otherwise authorized herein, it is understood that in Company’s performance of any and all duties under this Agreement, Company has no authority to bind the Board of Trustees or Plans to any agreements or undertakings.

15. **Modifications of Agreement.** This Agreement may be modified only by a writing signed by both of the parties hereto.

16. **Nonwaiver.** No covenant or condition of this Agreement can be waived except by the written consent of the party adversely affected by such waiver. Forbearance or indulgence by either party hereto in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed. Either party hereto shall be entitled to invoke any remedy available to them under this Agreement or by law or in equity despite any forbearance or indulgence.

17. **Choice of Law/Venue.** The parties hereto agree that the provisions of this Agreement will be construed and enforced pursuant to the laws of the State of Arizona, without regard to choice of law principles. The venue for all litigation or other disputes relative to this Agreement shall be Phoenix, Arizona.

18. **Confidentiality.** Company shall not, without the written consent of the Board of Trustees, communicate confidential information, designated in writing or identified in this Agreement as such, to any third party and shall protect such information from inadvertent disclosure to any third party in the same manner that Company protects its own confidential information, unless such disclosure is required in response to a validly issued subpoena or other process of law. Upon completion of this Agreement, the provisions of this paragraph shall continue to survive. Company’s obligation of confidentiality will not apply to information that (a) is or becomes available from public sources through no breach of Company’s obligations hereunder; (b) is already in Company’s possession without an obligation of confidentiality; (c) is rightfully disclosed to Company from a third party without an obligation of confidentiality; or (d) is required to be disclosed by court or regulatory order, provided Company gives the Board of Trustees prompt notice of any such order.

19. **Enforcement of Remedies.** No right or remedy herein conferred on or reserved to the Board of Trustees or to Company is exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder or now or hereafter existing by law or in equity or by statute or otherwise, and may be enforced concurrently or from time to time.

20. **Severability.** Should any part, term, portion or provision of this Agreement be decided finally to be in conflict with any law of the United States or the State of Arizona, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the agreement which the parties intended to enter into in the first instance.
21. **Captions and Interpretation.** Section headings in this Agreement are used solely for convenience, and shall be wholly disregarded in the construction of this Agreement. No provision of this Agreement shall be interpreted for or against a party hereto because that party or its legal representative drafted such provision, and this Agreement shall be construed as if jointly prepared by the parties. The Recitals set forth in this Agreement are hereby incorporated into and made part of this Agreement.

22. **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

23. **Nondiscrimination.** Neither Company, nor any officer, agent, employee, servant or sub-agent of Company, shall discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, religion, national origin, age, or sex, either directly, indirectly or through contractual or other arrangements.

24. **Non-Collusion Covenant.** Company represents and agrees that it has not entered into any contingent fee arrangement with any firm or person concerning this Agreement, nor has Company received any incentive or special payment from the Board of Trustees or Plans or any other person apart from the consideration specified in this Agreement.

25. **Signature Authority.** Each party has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement. If any court or administrative agency determines that the Board of Trustees does not have authority to enter into this Agreement, the Board of Trustees and Plans shall not be liable to Company or any third party by reason of such determination or by reason of this Agreement.

26. **Attorneys’ Fees.** The prevailing party in any litigation arising out of or concerning this Agreement shall be awarded its reasonable attorneys’ fees and all costs and expenses of litigation, whether those fees and costs are incurred at trial or on appeal or in connection with any mediation or court-ordered arbitration. Such an award shall be made for the prevailing party and against the non-prevailing party by the court or arbitrator adjudicating the litigation and not a jury.

27. **Arbitration.** As required by A.R.S. § 12-1518(B), the parties agree that, before filing any lawsuit, they will use non-binding arbitration in all disputes arising out of this Agreement which are subject to mandatory arbitration pursuant to rules adopted under A.R.S. § 12-133. The parties shall mutually agree on one neutral arbitrator, with each party paying half of any arbitrator’s fee. In the event the parties are unable to agree on one neutral arbitrator, each party shall nominate one neutral arbitrator, and the two arbitrators nominated by the parties shall confer and appoint one neutral arbitrator to hear the dispute. Any neutral arbitrator selected pursuant to this section will be domiciled in Maricopa County, Arizona.

28. **Fiduciary Relation.** In accordance with Arizona law, Company acknowledges that in connection with its performance of the Services, it is a fiduciary of the Board of Trustees and
Plans to the extent of its advice. As a fiduciary of the Board of Trustees and Plans, Company is obligated to exercise scrupulous good faith and candor in the performance of the Services, and refrain from self-dealing or other acts which might benefit the Company at the expense of the Board of Trustees or Plans.

29. **Nonexclusivity.** Company understands and acknowledges that this Agreement is nonexclusive and is for the sole convenience of the Board of Trustees and Plans, who reserve the right to obtain like services from other sources for any reason.

THE BOARD OF TRUSTEES of the PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

By __________________________  By _________________________
Brian P. Tobin               Corey Arvizu
Chairman                      CPA/Partner
Fed. Id. No. 86-0558065

HEINFELD, MEECH & CO., P.C.

Approved as to form:

By __________________________
Ivy Voss
Assistant Attorney General
EXHIBIT 1

COMPANY shall perform the following work for the Board of Trustees on behalf of each of the Plans:

1. An audit of each of the Plans’ financial statements for the fiscal year ending June 30, 2015, as required by Arizona statute and in conformance with generally accepted government auditing standards (GAGAS).

2. The Plans will prepare and have available adjusted work trial balance, draft financial statements, and any other supporting schedules requested in advance by Company, by September 15. So long as such documents are provided to Company by September 15, Company shall issue audited financial statements of each Plan no later than October 31. The audit shall be in complete accordance with Arizona statutes and GAGAS. The Plans are responsible for determining the sufficiency of the audited financial statements, and Company shall be responsible for compliance.

3. Audited financial statements of the Plans issued by Company shall include a report on compliance and internal control over financial reporting, based on the audit and in conformance with GAGAS. Company agrees to inform the Chair of the Board of Trustees, the Board of Trustees’ Fiduciary Counsel and appropriate members of management of irregularities and illegal acts. In addition, Company agrees to inform the Chairman of the Board of Trustees, the Board of Trustees’ Fiduciary Counsel, and appropriate members of management of significant audit adjustments and/or reportable conditions.

ADDENDUM OF MANDATORY PROVISIONS
FOR ARIZONA STATE AGENCIES

Notwithstanding any provision of the Agreement for Services including all exhibits and other attachments or riders thereto ("the Agreement") to the contrary, Heinfeld, Meech & Co., P.C. ("Contractor") agrees to abide the following terms and provisions that are required for contracts with the Public Safety Personnel Retirement System, ("the Department"), an agency of the State of Arizona:

1. Notwithstanding any provision of the Agreement to the contrary, the Department does not have authority to indemnify Contractor. All claims against the Department arising under the Agreement are claims against the State of Arizona and must be submitted in accordance with ARS § 12-821.01.

2. To the extent that payment obligations of the Department are paid with funds appropriated or subject to appropriation by the Arizona Legislature the following provision applies. Every payment obligation of the Department under this Agreement is conditioned upon the availability of funds appropriated and allocated for the payment of such obligation. If funds are not appropriated, allocated and available or if the appropriation is changed by the legislature resulting in funds no longer being available for the continuance of this Agreement, this Agreement may be terminated by the Department or any other agency of the State of Arizona at the end of the period for which funds are available. No liability shall accrue to the Department or any other agency of the State of Arizona in the event this provision is exercised, and neither the Department nor any other agency of the State of Arizona shall be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.

3. Pursuant to A.R.S. §§ 35-214 and 35-215, the Contractor shall retain all business records relating to this Agreement for a period of five years after completion of the Agreement. All records shall be subject to inspection and audit by the State of Arizona at reasonable times. Upon request, the Contractor shall produce the original of any or all such records at the offices of the Department.

4. The requirements of A.R.S. § 38-511 apply to this Agreement. The Department may cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Department is, at any time while this Agreement or any extension is in effect, an employee, agent or consultant of Contractor with respect to the subject matter of this Agreement.

5. Contractor shall comply with Executive Order 2009-9, which mandates that all persons, regardless of race, color, religion, sex, age, or national origin not mentioned in Order shall have equal access to employment opportunities, and all other applicable state and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act. Contractor shall take affirmative action to ensure that applicants for employment and
employees are not discriminated against due to race, creed, color, religion, sex, national origin or disability.

6. Scrutinized Business Operations. Pursuant to A.R.S. § 35-391.06 and 35-393.06, the Contractor certifies that it does not have a scrutinized business operation in Sudan or Iran. For the purpose of this Section the term “scrutinized business operations” shall have the meanings set forth in A.R.S. § 35-391 and 35-393, as applicable. If the State of Arizona or the Department determines that the Contractor submitted a false certification, the Department may impose remedies as provided by law including cancellation or termination of this Agreement.

7. Compliance requirements with applicable immigration laws.
   a. The Contractor warrants compliance with all applicable Federal and state immigration laws and regulations relating to employees and further warrants, to the extent that it has business operations located within the State of Arizona, that it complies and shall comply through the term of the Agreement with Section A.R.S. § 23-214, Subsection A. (That subsection reads: “After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the e-verify program.”)
   b. A breach of a warranty regarding compliance with immigration laws and regulations shall be deemed a material breach of the contract and the Contractor may be subject to penalties up to and including termination of the Agreement.
   c. The Department retains the legal right to inspect the papers of any employee who works on the Agreement to ensure that the Contractor or subcontractor is complying with the warranty under paragraph 7(a) of this Addendum.

8. Contractor assigns to the Department any claim for overcharges resulting from antitrust violations to the extent that such violations concern materials or services supplied by third parties to Contractor toward fulfillment of this Agreement.

9. This Agreement shall be construed in accordance the laws of the State of Arizona.

10. The parties to this Agreement agree to resolve all disputes arising out of or relating to this Agreement through arbitration to the extent required by A.R.S. § 12-1518 except as may be required by other applicable statutes.

By: ____________________________ By: ____________________________
Name: Corye Arriza Name: ____________________________
Title: Purch— Title: ____________________________
Date: 11/4/15 Date: ____________________________
Overview

Background
Avant Strategies has provided communications and spokesperson services to the PSPRS since January 2014. These services include providing the System with a Spokesperson, as well as strategic, communications and crisis support to assist Administrators, staff and the Board of Trustees in managing media and public records requests, clarifying inaccuracies in coverage that involves the System, ongoing litigation, investment reports and other topics and events that arise. In the past 11 months Avant's team has worked smoothly with System administrators and the Board of Trustees to provide these services, help the System communicate more effectively to its members, staff, stakeholders, the media and the public. These efforts include but are not limited to a series of communications needs such as dealing with the data breach and subsequent member identity protection the leadership transition in July, conveying investment-related accomplishments as well as the exoneration of the System by the Department of Justice.

Goals and Objectives
In 2015, Avant recommends a shift from its current reactive communications strategy to a more proactive approach in order to continue correcting the record about the Systems’ performance, leadership, challenges, and services for the benefit of all parties, including stakeholders, elected officials, members, media and the public at large. This includes the development and cultivation of additional media venues, internal communications and online assets that will more fully explain PSPRS business. This proactive approach would complement, not replace the current Spokesperson services rendered in 2014. The budget and deliverables for this expanded Scope of Work are as follows:

Ongoing Communications Strategy (Expanded Scope of Services)

Scope of Work
The expanded Scope of Work below is designed to work best when the team works closely with the Board of Trustees and established Spokesperson. As you can see from the attached Status Reports and accompanying documents from our work with PSPRS to date, the regular strategic and creative content needed to support our proactive communications strategy is just as critical as the Spokesperson in place to help tell the PSPRS story.

The components and recommended activities of the Ongoing Communications Strategy (Expanded Scope of Work) will be as follows:

- Develop positive story angles and reach out to statewide publications to discuss coverage opportunities.
- Diversify PSPRS media coverage through targeted story pitches, meet-and-greets with PSPRS trustees, officers and staff members in local and national outlets.
- Increase awareness/knowledge of PSPRS functions, duties and importance among non-metro and community newspapers and media.
- Increase media accessibility of trustees, officers and staff members for metro and non-metro media.
- Assist staff publishing of a regular PSPRS newsletter through editing, topic creation, employee biographies, creation of reoccurring features, such as ‘Ask PSPRS anything’ (hypothetical example), ‘letters to staff,’ highlight retiring public safety officers, email tip line to help identify and recognize deeds of public safety officers.
- Assist staff communication with stakeholders.
- Assist with compliance with public records requests.
• Assist staff with handling media inquiries

**Deliverables**
As part of these services to develop and execute key messaging content for the System, the following deliverables will be met:

1. Timely, reliable assistance in handling all media and public relations related affairs, including responding to media and public inquiries, preparing and executing events and creating materials for press and public and offering media guidance for board members and staff.
2. Write content, media response copy and content marketing pieces for the Board to post on their website, online and in other TBD public forums
3. Set up meetings with key groups and stakeholders to build the System’s supporter base
4. Write and / or assist in the creation of monthly newsletters for members
5. Respond to media, media coverage and online forums as needed

**Budget:**

**Communications Services:**

- **Spokesperson:** $7,000 per month
- **Managing and Executing Original Content:** $2,000 per month

**Subtotal:** $9000 per month

**Bios:**

**Meghaen Dell’Artino, Managing Partner**
Meghaen is the Managing Partner at Public Policy Partners, LLC. She has over 15 years of experience in the political process in Arizona. Prior to her opening her own consulting firm, which she recently merged with Public Policy Partners, LLC, she was the Vice President of Government Affairs for the Arizona Association of Realtors®, where she managed the Government Affairs department, as well as their state legislation and independent expenditure campaigns. Previously, she was Arizona Corporation Commissioner Bob Stump’s Policy Advisor. While serving as his Policy Advisor, she gained a vast amount of knowledge in regulatory issues affecting energy, water and telecommunication. She is equipped with diverse expertise including, but not limited to: tax policy, health care, energy policy, education, technology, pharmaceuticals, telecommunication, homebuilding industry, real estate industry, and economic development. She has also worked on national, state, county and local candidate campaigns as well as statewide initiatives.
Christian Palmer, Public Relations and Communications
Christian brings a track record of successful media management for a political officeholder and award-winning political news, feature, column and investigative reporting. His public relations highlights include working with The New York Times, USA Today, MSNBC and the Arizona Republic. His journalistic milestones include breaking stories that prompted an impeachment, instigated public policy lawsuits and resulted in changes to several state laws. He has excellent knowledge of and positive relationships with many members of Arizona’s print, radio and television press, and national press. Christian also brings hands-on experience with legislative, executive and judicial matters, and a solid understanding of political dynamics faced by clients. As a graduate of ASU’s Walter Cronkite School of Journalism, Christian served as an Arizona Capitol Times reporter, the associate editor of the Yellow Sheet Report and as a board member of the Arizona Press Club.
1. **Current Status of SharePoint systems**

At this time SharePoint is up and running and can support all of the modules in this report, but the solution still needs to go through a full quality assurance process to ensure a smooth roll out. SharePoint is a full development platform and as a result there are many different modules it offers than can help PSPRS; this report concentrates on the most needed aspects of the solution that we plan on implementing in the next 6-12 months.

2. **eDiscovery / In-place Holds**

Currently, SharePoint allows for authorized users to run eDiscovery searches of all requestable electronic information other than e-mail archives (which still requires IT Operations to assist). By creating such a portal it allows legal staff to perform FOIA and subpoena requests and will speed up the searches due to more efficient technology and the streamlined ability to search from one location.

Next fiscal year we plan on requesting the ability to add e-mail archives so all electronic information that can be requested via a FOIA request or Subpoena can be summoned from the web portal. Additionally, any searches may allow us to create in-place holds that will “catch” deleted items that are part of the hold and store them in a separate location until a legal hold is up. Once in place, this will allow users to continue to operate without having to consider legal holds in their day to day business operations.

![Fig 1: The ability to hold items as well as search and export to fulfill FOIA/Subpoena requests.](image-url)

3. **File Storage, access auditing, and document retention**

Unlike normal Microsoft Windows file shares, SharePoint 2013 allows for auditing of all types of file access and modifications. Windows servers do not allow for access monitoring, which is an important aspect of many security guidelines including HIPAA Security. It is for these reasons PSPRS will migrate all possible document shares on Windows to SharePoint. All departments (and some sub-departments) will have their own drive letters and also will have access to the files via a simple internal website.
Another function that is above and beyond what file shares have to offer is document retention. Upon being moved to this solution, documents/records will need to be grouped by retention policy and retention policies can be applied to the groups. If documents cannot be broken apart into groups with the same retention period, it may be more feasible to group by similar retention periods and apply the most conservative schedule. Depending on the will of management, once documents meet their destruction date, they can either automatically be destroyed or can be placed into a queue where either the information steward or retention manager can review documents before final destruction.

4. Department Portals

While more complex portals are beyond the current capabilities of the ITO department’s current skillset, simple department-based portals can be created that can offer quick access to important shared resources. Websites can also contain links or embedded excel documents, though excel documents can only be for reference as you cannot edit the documents through SharePoint’s interface. While it may not seem practical at first glance, this can be a very useful for creating a standard method of information access across all users of a department. When/if any new users are brought into a department, all of the tools they require can be just a click away.