PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
BOARD OF TRUSTEES
EORP SUBCOMMITTEE WORKING GROUP MEETING
December 20, 2017
MINUTES

Present: Mr. Brian P. Tobin, Chairman, Trustee
         Mr. William C. Davis, Trustee – Arrived at 3:15 p.m.
         Mr. Dean M. Scheinert, Trustee
         Mr. Donald A. Smith, Jr., Trustee

Others Present: Mr. Jared A. Smout, Vice Chairman, Administrator
                Ms. Ivy Voss, Assistant Attorney General
                Mr. Christian Palmer, Communications Director
                Mr. Timothy Jackson, Compliance Officer
                Mr. William T. Buividas, Vice Chairman of the PSPRS Board of Trustees and
                Chairman of the PSPRS Defined Contribution Committee
                Mr. Craig Sullivan, Executive Director, County Supervisors Association of Arizona,
                PSPRS Advisory Committee Member
                Ms. Diane McAllister, Public Policy Partners
                Mr. Jim Mann, Executive Director FOP, Labor Council

1. Call to Order; Pledge of Allegiance; Roll Call; Opening remarks.

   The meeting was called to order at 3:00 P.M. by Chairman Tobin. The Pledge of Allegiance was
   led by Mr. Jim Mann. Chairman Tobin's opening remarks included the fact that EORP will run out
   of money in 9 years and today we will discuss the 12/7/17 letter, which is publically available, from
   Gabriel Roeder Smith covering suggestions that may be applicable to EORP and to possibly submit
   some recommendations regarding such to the Arizona Legislature.

2. Review, discussion and possible approval of the Subcommittee Minutes from September 5, 2017.

   MOTION:1-12/20/17
   Motion: At 3:04 p.m.
   To approve the minutes of the EORP Subcommittee Working Group from
   September 5, 2017 as presented.
   Moved by: Mr. Scheinert
   Seconded by: Mr. Smith
   Discussion: None
   In Favor: Unanimous
   Motion: Passes:

3. Discussion with Stakeholders and possible Action regarding the sustainability of the Elected
   Officials' Retirement Plan.

   Administrator Smout discussed points of the GRS letter that indicate the effects of closing the
   EORP plan, setting contribution rates and everything, up to now, that has occurred in the courts
regarding the Hall and Fields cases. The function of the in-flow and out-flow to the plan was discussed and most important is the outflow for the Pension Benefit Increases (PBI). If the state keeps 23.5% contribution rate where it is, $50.1 million needs to come in every year which includes $10 million in court fees plus $5 million in existing appropriations. If the State does not appropriate the additional funds to $50 million, employers will need to pay 61.5% contribution rate. Also discussed were different combinations of rates for stakeholders and the state’s contribution. There was discussion regarding the amortization period which was locked at 30 years when the plan was closed which now has 27 more remaining years. There was a discussion regarding a change in the amortization period and of other factors.

The effects of PBI and changes regarding Tiers 1 and 2 were discussed. Sensitivity of calculations regarding volatility of the assumed rate of return and the possibility that at some point in time a decision may have to be made as to how to pay PBI. The effect of payroll growth assumptions, the number of new hires, asset allocations were topics of discussion.

Chairman Tobin made a suggestion to hire a consultant to assist with this project since we are now under court order to fix the situation this year. As fiduciaries, we must present a range of options to the legislature. Chairman Tobin and Administrator Smout will draft options to be presented to the Board of Trustees.

4. The Subcommittee of 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)(3), including to obtain legal advice from the Board’s attorney on any matter listed on the agenda.

5. Call to the Public.

This is the time for the public to comment. Members of the Subcommittee may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for a later date for further consideration and possible recommendations to the Board of Trustees.

There was no response to the Call to the Public.

6. Schedule future meeting date(s).

No date was set.

7. Adjournment.

The meeting was adjourned at 3:55 P.M.

Mr. Brian P. Tobin, Trustee, Chairman of the EORP Subcommittee Working Group