PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

ADVISORY COMMITTEE
MEETING

September 20, 2017

MINUTES

Present:  Mr. Ken Strobeck, Chairman
          Mr. Kenny Tims, Vice Chairman
          Mr. Daven Byrd – Excused
          Mr. Matt Clark
          Mr. John Flynn
          Mr. Joe Hester
          Mr. Manuel Johnson – via telephone
          Mr. Richard Mehner
          Mr. Jay Polk
          Mr. Craig Sullivan

Others Present:  Mr. Jared A. Smout, Administrator
                 Mr. Dave DeJonge, Deputy Administrator
                 Ms. Ivy Voss, Assistant Attorney General
                 Ms. Michelle Pechan, Paralegal
                 Mr. Don Mineer, Local Board Training Coordinator
                 Mr. Christian Palmer, Communications Director
                 Ms. Patricia Shaner, Human Resources Director
                 Mr. Ruben Vargas, Records Officer
                 Ms. Dianne McAllister, Public Policy Partners
                 Mr. Doug Cole, High Ground
                 Mr. Nick Ponder, Pension Policy Analyst, The League of Arizona Cities and Towns
                 Mr. Tom Iannucci, President, Cortex Applied Research

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

Chairman Strobeck called the meeting to order at 10:00 a.m. The Pledge of Allegiance was recited.

2. Review, discussion and possible approval of the Advisory Committee Meeting Minutes from February 27, 2017.

MOTION: 1-9/20/17
          At 10:04 a.m.
          Motion to approve the Advisory Committee Meeting Minutes from February 27, 2017 as written.

          Moved by: Mr. Tims
          Seconded by: Mr. Clark
          Discussion: None
          In Favor: Unanimous
          Motion: Passes
3. Presentations, discussion and possible Action regarding local board consolidation.

Mr. Ken Strobeck

Mr. Iannucci of Cortex presented background information regarding work that has been accomplished to date to implement the consolidation of the Local Boards. Risk pooling of Tier 3 members has been accomplished. Consolidation of 233 Local Boards for Tier 3 members was discussed as to the duties mandated by statutes. There many other tasks performed by other parties that are not explicit in the statutes. Further discussion included information regarding duties of the PSPRS office which includes training of the Local Boards and decisions regarding disabilities. Before PSPRS was created, employers operated separately and the reasons for the change was discussed. There are some discrepancies between Local Board procedures and decision-making policies.

Several stakeholder outreach meetings were held in order to listen to feedback and to identify their topics for consideration regarding consolidation of the Local Boards from June to November 2016.

The study about risk pooling and consolidation that was completed by Cortex included three alternatives for consolidation of Local Boards. (1) Status quo with enhancements, (2) a single state-wide board, (3) partial consolidation. The recommendation was for partial consolidation which would result in a structure of 17 large Local Boards for those with over 250 members; 27 county boards to be established by combining 208 smaller boards each with less than 250 members and one state board combining the 8 smaller state agencies into one. The total would be 45 Local Boards. This possibly could be subject to exemptions and opt-ins. Advantages and implementation issues were identified and discussed.

Another proposed recommendation would be a hybrid of alternatives 1 and 2. All Local Boards would continue as they are but be provided additional governance training and support by PSPRS. Boards that do not wish to remain under status quo could request to be consolidated into a new state-wide administrative board that would be created subject to a predetermined stakeholder process and further subject to approval by the PSPRS Board of Trustees.

Several recent developments have occurred. Risk pooling began July 1, 2017, the Advisory Committee was established in 2017 and an alternative proposal was recommended by the League of Cities and Towns. Mr. Ponder described the research that has been completed by the League regarding the disability process and the issues with the current one. The League's proposal would include one Medical Board for employers in those entities that are risk-pooled. For those that are not risk-pooled, they maintain their Local Boards or opt-in to the Medical Board. Administrative decisions to be determined by PSPRS, medical decisions to be made by medical professionals. The proposal also included the establishment of ad hoc agreements between small and large employers to assist those on disability with light duty situations.

**MOTION:2-9/20/17**

Motion: At 11:32 a.m. To accept the recommendation outlined by the League of Cities and Towns that there will be one Medical Board for employers in the risk pool while the non-pooled employers will maintain their Local Boards or choose to opt-in to the Medical Board. To further that motion, that the full Trust Board look at ensuring that there are co-representation of employees, employers and with a third party to be worked out to insure independence when selecting the Medical Board. This is to be reviewed in three years at the minimum.

Moved by: Mr. Clark
Seconded by: Mr. Sullivan
Discussion: To be clear this is medical review of disabilities.
In Favor: Unanimous
Motion: Passes
4. Discussion and possible Action regarding a new PSPRS employer liaison position.

   Mr. Jared A. Smout
   Administrator

The PSPRS Board of Trustees approved funding for a new Employer Relationship Manager position. This position was requested to better meet the needs of the employers with the current issues they are dealing with. Administrator Smout was seeking input from the Advisory Committee as to the skills, knowledge and abilities desired by the stakeholders to meet their needs.

5. Call to the Public.

This is the time for the public to comment. Members of the Committee 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).

   The next meeting was scheduled for Wednesday, October 18 at 10:00 a.m.

7. Adjournment.

The meeting was adjourned at 11:52 a.m.

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Mr. Ken Strobeck, Chairman