

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

ADVISORY COMMITTEE MEETING

October 27, 2020

MINUTES

Present: Mr. Kenny Tims, Committee Chairman – remote
Mr. Joe Hester, Committee Vice Chairman – remote
Mr. Craig Sullivan – remote
Mr. Tom Belshe – remote
Ms. Grace Appelbe – remote
Mr. Daven Byrd – remote
Mr. John Flynn – remote
Mr. Jay Polk – remote
Mr. Richard Mehner – remote at 9:10 AM

Absent: Mr. Manual Johnson

Others Present: Mr. Michael Townsend, Administrator – remote
Mr. Michael Smarik, Deputy Administrator
Mr. William Buividas, Trustee
Mr. Brian Moore, Trustee – remote
Ms. Cheryl Cohen, Investments Executive Assistant – remote
Mr. Mark Steed, Chief Investment Officer – remote
Ms. Claudia Martinez, Executive Assistant – remote
Ms. Dianne McCallister, Public Policy Partners – remote
Mr. Doug Cole, HighGround – remote
Mr. Brad Heinrichs, Foster & Foster – remote
Ms. Vivian Padilla, Media & Publications Specialist
Mr. Chris Francis, IT Operations Manager

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

*Mr. Kenny Tims
Committee Chairman*

The meeting was called to order by Committee Chairman Tims at 9:03 AM. The Pledge of Allegiance was recited and roll was called.

2. 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, due to COVID19 physical presence of the public was not permitted.

3. Review, discussion and possible approval of the Advisory Committee Meeting Minutes from August 18, 2020.

Mr. Kenny Tims

Moved by: Mr. Jay Polk

Second by: Mr. Daven Byrd

Time: 9:06 AM

Motion: Approval of the minutes as presented.

Discussion: None

Vote: 8 – 0 (Mr. Mehner ABSENT at the time)

4. Discussion and consideration of comments to the Board of Trustees regarding the Board of Trustees nomination process for Trustees with expiring terms.

Mr. Kenny Tims

Ms. McCallister informed the Committee that to ensure statute was being followed it is requested that groups follow the initial process even if they choose the current board member be reappointed, due to the vague language in the statute in regarding the reappointment process. Committee agreed to create the list, as required by statute, to review at the next Committee meeting. Ms. McCallister also advised the Board of Trustees referred consideration of clarifying legislation regarding the Board nomination and appointment process to the Committee.

5. Update, discussion and consideration of comments to the Board of Trustees regarding the PSPRS funding policy and actuarial assumptions.

*Mr. Brad Heinrichs
Foster & Foster*

Presentation regarding the PSPRS funding policy was provided by Mr. Heinrichs. Presentation included the signification, purpose and background on funding concerns, such as overfunded employers, of the funding policy. Mr. Heinrichs discussed potential items to be addressed; (a) maintaining adequate assets, (b) maintaining stability of employer contribution rates, (c) maintaining accountability and transparency, (d) promoting intergenerational equity, (d) providing a reasonable margin, and (f) continuation of reducing the UAAL. Mr. Heinrichs advised such objectives could be reached by using an actuarial cost method, an asset smoothing method, an amortization method, a funding target and risk management. Committee members, Mr. Heinrichs and Mr. Townsend engaged in discussion regarding the objectives and the Committee's next steps.

6. Update, discussion and consideration of comments to the Board of Trustees regarding the Advisory Committee's work plan for FY2021.

*Mr. Kenny Tims
Mr. Michael Townsend
Administrator*

A suggested work plan was provided by Mr. Townsend. Work plan included funding policy revisions, healthcare insurance options for retirees, consideration of asset allocation pools, possible revision of plan segregation of pension and health subsidy reserves, employer and member communication of PSPRS Board topics, and potential legislation clarification regarding the Board nomination and appointment process.

Moved by: Mr. Tom Belshe

Second by: Mr. Jay Polk

Time: 10:37 AM

Motion: Approve the work plan as discussed for the PSPRS Advisory Committee.

Discussion: None

Vote: 9 – 0

7. Schedule future meeting date(s).

Mr. Tims advised the next meeting is tentatively scheduled for November 10, 2020 at 9:00 AM. Following that meeting the Committee would not meet until January of 2021.

8. Adjournment.

Moved by: Mr. Joe Hester

Second by: Mr. Grace Appelbe

Time: 10:38 AM

Motion: To adjourn meeting.

Discussion: None

Vote: 9 – 0 Passed

Mr. Kenny Tims, Committee Chairman