



Tucson Police and Fire PSPRS Boards
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MEETING MINUTES
Tucson Police PSPRS Board
Thursday, August 4, 2022 at 1:30 p.m.

COVID-19 UPDATE

The Public Safety Personnel Retirement System and the Board of Trustees are committed to helping slow the spread of COVID-19. Following the recommendations from the Center for Diseases Control and Prevention (CDC), to avoid gatherings of 10 or more people, as well as federal and state emergency declarations related to COVID-19, ***physical attendance at the meeting held in Fire Central Room 262 was limited to members of the Tucson Police and Fire Public Safety Personnel Retirement System Boards and necessary staff only. Some members of the Boards and staff attended remotely, through technological means.***

MEETING NOTE: This meeting was conducted using measures to protect public health. It was held remotely through technological means, as permitted under Arizona law. Specifically, a conference call bridge was established so that members of the public could access the meeting via telephone.

Access to the meeting by telephone was provided through the Microsoft Teams conference call bridge, by *dialing (213) 293-2303 then entering access code 223 386 887 600#*

Members of the public were encouraged NOT TO ATTEND THE MEETING IN PERSON but instead to access the meeting via telephone using the conference call bridge.

Public access to the meeting in Fire Central Room 262 was restricted in order to prevent a large or close gathering of the members of the public and to promote social distancing.

Again, in recognition of the current public health emergency, members of the public were encouraged NOT TO ATTEND THE MEETING IN PERSON but instead to access the meeting via telephone by *dialing the Microsoft Teams conference call bridge at (213) 293-2303 then entering access code 223 386 887 600#*

PLEASE BE AWARE THAT THESE MEASURES WERE IN PLACE TO LIMIT THE NEED FOR MEMBERS OF THE PUBLIC TO PARTICIPATE IN A LARGE PUBLIC GATHERING, WHILE ENSURING THAT THE DISCUSSIONS, DELIBERATIONS AND ACTIONS OF THE *TUCSON POLICE AND FIRE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM BOARDS* WERE TRANSPARENT AND CONDUCTED OPENLY.

Ms. Perez called the Tucson Police PSPRS Board meetings to order at 1:34 p.m.

1. ROLL CALL

Police Board Members:

Present:	Liana Perez	Member
	Rob Brandt	Member
	Mark Ewings	Member

Also Present:	Nathan Weber	Fire Board Member
	Jason Adler	Fire Board Member
	David McEvoy	Board Attorney
	Michael Jesse	Board Secretary
	Tammy Webb	Local Board Office
	Genesis Cubillas	Mayor’s Office, City of Tucson
	Jeremy Michel	Tucson Police Department
	Paul Fimbres	Incoming Civil Service Chair
	Mike Rankin	City Attorney
	Anna Rosenberry	CFO, City of Tucson

A Police Board quorum was established with Ms. Perez and Mr. Brandt attending remotely. Mr. Ewings attended in person. Mayor Romero was absent/excused.

Ms. Perez requested that after Items 1, 2 and 3 are completed, Item 7 be addressed immediately afterword. This would give Mr. Rankin and Ms. Rosenberry the opportunity to speak on their agenda items as they both had other previously scheduled meetings that they needed to attend.

Mr. Jesse introduced the newly elected Civil Service Chair, Mr. Paul Fimbres. With his election to that position, he will hold a seat on the Local PSPRS Police Board and the Local PSPRS Fire Board as soon as his loyalty oaths for those boards can be administered. He will be officially seated by the next board meeting.

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2. POLICE CONSENT AGENDA: ITEMS A – D**A. MINUTES FOR APPROVAL –July 02, 2022****B. PENSION PAYROLL – Additions and deletions to benefits**

<u>Name</u>	<u>Transaction Type</u>	<u>LDW</u>	<u>Eff Date</u>	<u>Ben Amount</u>
Holewinski, Sean	NSR out of DROP	07/28/2022	08/01/2022	\$3,932.91
Strader, John	NSR out of DROP	07/06/2022	08/01/2022	TBD
Taylor, Ralph	Retiree Death	06/28/2022	07/01/2022	(\$4,463.23)
Johnson, Kenneth	Retiree Death	07/14/2022	08/01/2022	(\$6,651.34)
O’Crotty, Peter	Retiree Death	07/07/2022	08/01/2022	(\$5,569.77)

C. ELECTION TO PARTICIPATE IN DROP

<u>Name</u>	<u>Yrs of Srv</u>	<u>Date</u>	<u>Eff. Date</u>
Voss, James	25.025	07/30/2022	08/01/2022
Walker, Jr., Johnny	32.000	07/30/2022	08/01/2022

D. APPROVAL OF EXPENDITURES

<u>Company Name</u>	<u>Description</u>	<u>Date</u>	<u>Amount</u>	<u>Method</u>
McEvoy, Daniels, Darcy	August Retainer	08/04/2022	\$ 400.00	DA-23

Motion by Mr. Brandt, seconded by Mr. Ewings that Police Items A-D are adopted as written. Motion **CARRIED** by a roll call vote of 3-0.

3. FIRE CONSENT AGENDA: ITEMS A – D**A. MINUTES FOR APPROVAL – July 07, 2022****B. PENSION PAYROLL – Additions and deletions to benefits**

<u>Name</u>	<u>Transaction Type</u>	<u>LDW</u>	<u>Eff Date</u>	<u>Ben Amount</u>
Wallentine, Darin	NSR out of DROP	07/05/2022	08/01/2022	TBD
Fillippelli, James	NSR out of DROP	07/25/2022	08/01/2022	\$5,236.98
McNamara, Thomas	Retiree Death	06/21/2022	07/01/2022	(\$5,164.76)

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C. LECTURE TO PARTICIPATE IN DROP

<u>Name</u>	<u>Yrs of Srv</u>	<u>Date</u>	<u>Eff. Date</u>
Pesqueira, Lilliana	21.654	07/29/2022	08/01/2022

D. APPROVAL OF EXPENDITURES

<u>Company Name</u>	<u>Description</u>	<u>Date</u>	<u>Amount</u>	<u>Method</u>
McEvoy, Daniels, Darcy	August Retainer	08/04/2022	\$ 400.00	DA-23
Johnson, Bradley	Disability. Eval.	06/22/2022	\$ 2,484.00	DA-23

No action taken by the Police Board on this Fire Item.

4. ANNUAL DISABILITY PHYSICAL – REQUIREMENT**Police**

<u>Name</u>	<u>DOM:</u>	<u>DOR:</u>	<u>Last Exam</u>	<u>Type</u>
Ives, Jason	02/22/2007	09/10/2021	08/04/2021	Accidental

Motion by Mr. Brandt, seconded by Mr. Ewings, that Mr. Ives remains in compliance with the bi-annual physical requirements and remains eligible to continue receiving disability pension benefits.

Motion **CARRIED** unanimously (3-0).

5. APPLICATION FOR DISABILITY PENSION-Review of Board Physician Report**Police - Attachments**

<u>Name</u>	<u>LDW:</u>	<u>Eff Date:</u>	<u>Application Type</u>
Michel, Jeremy	N/A	N/A	Accidental

Motion made by Mr. Brandt, seconded by Mr. Ewings, that based upon the medical evidence and the report from Dr. Thrasher, Mr. Michel is eligible to receive an Accidental Disability retirement benefit effective as of his separation from employment with the City of Tucson Police Department.

Motion **CARRIED** unanimously (3-0).

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**6. APPLICATION FOR DISABILITY PENSION-Review of Board Physician Report
Fire - Attachments**

<u>Name</u>	<u>LDW:</u>	<u>Eff Date:</u>	<u>Application Type</u>
Nielson IV, William	N/A	N/A	Accidental

No action taken by the Police Board on this Fire Item.

7. FUND/OFFICE INFORMATION

- DROP Period Extension Process – Mike Rankin, City Attorney

Mr. Rankin provided a recap of Senate Bill 1268. The bill was signed by Governor Ducey on July 6, 2022. It went immediately into effect that day under an emergency provision clause.

He explained the requirements for prospective DROP entrants to be automatically eligible for the two-year DROP extension, He also explained that those in the DROP on the effective date of Senate Bill 1268 would require employer approval for the extension. He stated that the City of Tucson is working on developing a formal policy/process for evaluating requests for DROP extensions submitted by DROP participants. In the meantime, it is the intent that City of Tucson, as the employer, will approve members who request an extension that are near the end of their 5-year DROP.

Mr. Rankin said the legislation makes no mention of the role of a local board in the extension decision. Mr. Rankin advised that best practice would be that extensions approved by the City of Tucson also be sent to the Local PSPRS boards for ratification just as the local boards act on the initial entry into DROP and other retirement actions.

Mr. Ewings asked if any criteria would be considered that could preclude an extension. Mr. Rankin said one consideration that might be put into the policy would be recent significant discipline. Other than that, he sees no other factors.

Mr. Weber asked Mr. Rankin if he had reached out to other jurisdictions to see how they might be handling these approvals. Mr. Rankin said that it was a

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topic of discussion among various jurisdictions at a recent Chiefs Conference, but he does personally have not much information as to what the plans of other jurisdictions are. He did confirm that they are talking with each other and comparing notes.

Mr. Rankin confirmed for Mr. Weber that the extension decisions come from the City Manager's office. When the policy is finalized, he expects that it would be required that that requests are first submitted to the Chief of the respective department. The Chief would then make the recommendation to the City Manager's office for the Manager's decision.

Mr. Rankin said that once the policy is finalized it would be provided to the PSPRS Police and Fire Boards and disseminated to employees.

- Section 115 Pension Trust Presentation – Jeff Yates and Anna Rosenberry

Ms. Rosenberry started by saying that the City of Tucson now has a full board in place for the 115 Pension Trust. Two community members are in the process of being seated. There will be a virtual public meeting held the week of August 22, 2022. She said that this has been a difficult first year with the economic downturn and market volatility. However, the City of Tucson has always viewed the investment of the pension bond fund as a long-term strategy that could span years or multiple decades. The intention is to stay the course with the adopted investment policy and continue working to develop a plan to transfer the assets in a strategic way to PSPRS over time. This will be done by working closely with Mike Townsend, PSPRS Administrator.

Mr. Weber asked when the funds would be sent to PSPRS. He was concerned because the last presentation indicated employer contributions were being paid out of the trust, but he did not believe that was the intent for funds in the trust. He said the trust was established to pay off unfunded liability, not just employer contributions. He asked if that was still part of the strategy. Ms. Rosenberry said her understanding was that there were many reasons for issuing the bonds and creating the trust. One was for some cash flow flexibility. It will be determined how that flexibility fits in with the ultimate purpose of addressing the unfunded liability.

Ms. Rosenberry said the plan for turning over the funds to PSPRS needs to be carefully developed. PSPRS encouraged the City of Tucson to work with them on that plan. Rather than turning it over all at once, it was thought that it be timed so PSPRS could put the assets to work in the financial markets in advantageous ways. This will always be a collaboration with PSPRS on the timing of how it is done.

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Ms. Rosenberry expressed concerns about some lower liquidity alternative investments held by PSPRS and the valuation methodologies for those as they are not publicly traded. She wants to get a better understanding of these to incorporate in the development of a strategy for the transfer of funds to PSPRS.

Mr. Weber mentioned the significant decrease in employer contribution rates if the money were used to pay down the unfunded liability, He said this was more something to consider rather a question

Mr. Weber asked if the anticipated lifetime of the trust would still be a maximum of about 5 years as had been communicated in a previous presentation.

Ms. Rosenberry said the goal is to handle the trust funds in a way that maximizes the value for the City of Tucson. The question whether it is a shorter term 3 to 5-year horizon or a 10, 20, or even 30-year horizon remains. It is still open for analysis.

Mr. Adler asked that when the date for the pension trust board meeting scheduled for the week of August 22 was finalized, it be shared with Mr. Jesse so he could inform local PSPRS board members. Mr. Adler said he would like to attend that meeting.

It was decided the next presentation would be at either the October or November meeting of the PSPRS Police and Fire boards.

- Local Board Office Budget – Organizational Change

Mr. Jesse told the Police and Fire Boards he was notified by Tucson Fire that the PSPRS Local Board Office budget no longer resides with Tucson Fire. Tucson Fire was not sure why and Mr. Jesse said he was not sure why. Mr. Jesse noted that the budget was shifted to a unit called General Government.

Ms. Perez offered clarification. She stated that, operationally, the Local Board Office would remain with the Tucson Fire, but funding would now be covered under General Government. The reason being is that it should not appear as though Tucson Fire itself should have to add or supplant additional funding in the event of an overage in the Local Board Office budget. The intent is that the change is simply a new funding mechanism.

- Miscellaneous / Other

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Nothing was brought up for discussion under this item.

8. ADJOURNMENT

The next regular meeting of the Tucson Police and Fire Public Safety Personnel Retirement System Boards is scheduled for **9:00 a.m.** on **Thursday, September 1, 2022** in Fire Central **Room 262**, Tucson Fire Department, 300 S. Fire Central Place, Tucson, AZ.

Ms. Perez adjourned the Police Board meeting at 2:22 p.m.

Michael J. Jesse, Board Secretary

Date

Regina Romero, Chair

Date

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