



TOWN OF HUACHUCA CITY

The Sunset City

**MEETING MINUTES OF THE
HUACHUCA CITY TOWN PUBLIC SAFETY PERSONNEL
RETIREMENT SYSTEM BOARD
OCTOBER 21, 2020 at 4:00pm
HUACHUCA CITY TOWN HALL
500 N. GONZALES BLVD.
HUACHUCA CITY, AZ 85616**

AGENDA

A. Call to Order

Chairman

- Pledge of Allegiance
- Roll Call and Ascertain Quorum

The meeting was called to order at: 4:00 pm

The Pledge of Allegiance was led by: Sergeant Thompson

Roll Call.

Present: Joe Hebert, Kyle Arnett, Chris Thompson, Donna Johnson - Secretary (Not voting).

Absent: Johann Wallace, Ashley Pietro.

B. Call to the Public

Chair

A.R.S. 38-431.01 states the Public Body may make an open call to the public during a public meeting, subject to reasonable time, place and manner restrictions, to allow individuals to address the public body on any issue within the jurisdiction of the Public Body. At the conclusion of an open call to the public, individual members of the Public Body may respond to criticism made by those who have addressed the Public Body, may ask staff to review a matter or may ask that a matter be put on a future agenda. However, members of the Public Body shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action.

Call to Public: None

C Consent Agenda

Chair

All items listed in the Consent Agenda are considered routine matters and will be enacted by one motion of the Committee. There will be no separate discussion of these items unless a Committee Member of the Committee, requests that an item or items be removed for discussion. Committee Members may ask questions without the removal of the item from the Consent Agenda. Items removed from the Consent Agenda are considered in their normal sequence as listed on the agenda, unless called out of sequence.

C.1 Consider approval of the minutes of the PSPRS meeting held on February 25, 2020.

Motion: Consent Agenda, **Action:** Approve, **Moved by** Chris Thompson, **Seconded by** Joe Hebert.

Motion passed unanimously.

E. New Business before the Commission

Chair

Public comment will be taken at the beginning of each agenda item, after the subject has been announced by the Chairman and explained by staff. Any citizen who wishes, may speak one time for five minutes on each agenda item before or after Committee discussion. Questions from Committee Members, however, may be directed to staff or a member of the public through the Chairman at any time.

E.1 Discussion and/or Action [Chief Thies]: Chief Thies will provide an update regarding payments into the Public Safety Personnel Retirement System [PSPRS].

Chief Thies presents a slideshow. The first part of the slideshow is a review of the information that was provided in the meeting on February 25, 2020. New items are as follows:

PSPRS Funding Goal

Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity.

Most funds in PSPRS are significantly underfunded and falling well short of the goal of intergenerational equity.

The Council's PSPRS funding ratio goal is 100% (fully funded) by June 30, 2036.

Council established this goal for the following reasons:

- The PSPRS trust funds represent only the Town of Huachuca City's liability
- The fluctuating cost of an UAAL causes strain on the Town's budget, affecting our ability to provide services
- A fully funded pension is the best way to achieve taxpayer and member intergenerational equity

Council has taken the following actions to achieve this goal:

- Maintain ARC payment from operating revenues – Council is committed to maintaining the full ARC payment
- (normal cost and UAAL amortization) from operating funds. The estimated combined ARC for FY19 is \$79,309 (page A-2)
- and will be able to be paid from operating funds without diminishing Town services.
- Additional payments above the ARC
 - Town agrees to pay 17.3% annually to unfunded liability beginning with FY 2020-21. By paying 17.3%
 - annually the unfunded liability will be zero by FY 2030-31.
 - Annually evaluate prior year budget compared to actual expenditures and made an excess payment of \$X on date. (see above)
- Dedicated revenue – N/A

Based on these actions the Council plans to achieve its goal of 100% funding by June 30, 2036,

in accordance with the amortization timeline set forth by the PSPRS June 30, 2017 Actuarial Valuation.

Chief Thies also shared an email from Phil Coleman dated February 21, 2020 that states: As we continue to state, this will always be a moving target based on multiple actuarial assumptions. In the upcoming months, the PSPRS Board of Trustees will be making decisions that will impact the valuations thus having an impact on future cost/contributions. I believe at the February meeting a discussion may occur regarding payroll growth assumptions. Example, currently we use a 3.5% salary grow assumption and that has not been met. So the Board looking into making changes into that assumption. Other considerations that maybe addressed is our assumed rate of return, which is currently 7.3%. Is it to high ?? Or just right ??

In reviewing your valuations, if you review page 4, and look at "Total Employer Cost" comparing 2018/2019 you can see the rate reduction from 21.81% down to 15.37% and cost of \$66,615. to \$38,104. I would encourage a continuance of the \$66,615 into the plan to pay down the UAL.

Another noticeable change from 2018 to 2019 was the payroll assumption. Please note page 18 of the 2019 Foster & Foster valuation, for Tier 1 and 2 "Average Annual Salary" is \$48,924 but the 2019 GRS valuation, page D-1, lists salary at \$59,593.

As of June 30, 2019 you have 5 active members, 1 beneficiary, zero disabilities and no Tier 3 members. You have 5 actives supporting 1 receiving benefits, again that could change and the result would be a change in costs.

Another email from Phil Coleman dated October 9, 2020 stated:

As we discussed this morning, your plan is roughly 92% funded and I believe you're heading in the right direction. If possible, I would encourage budgeting some extra funds to speed up the pay down of the unfunded liability which currently is about \$92,000.00. We just approved a new policy which allows employers to add extra funds biweekly to apply towards your UAL.

As you saw in our recent September 2020 newsletter the Board has approved a change in assumptions effective 7-1-2022 and as a result over time could increase the amount paid by the employer.

Chief Thies also shared the PSPRS FY2020 Fourth Quarter Newsletter.

Joe Hebert: Off topic, did nobody like my idea of taking the monitors off the walls and hanging them from the ceiling back to back so that when you are sitting here or in the audience, you can actually see them? I can't see them on the side like they are from up here.

F. Reports of Current Events by Members: Sergeant Thompson advises of a webinar on February 21st.

F. Police Chief's Report

G. Items to be placed on future agendas: Chief Thies states he will have more current numbers for the meeting in February.

H. Adjournment

Adjournment

Motion: , Action: Adjourn, Moved by Chris Thompson, Seconded by Kyle Arnett.

Motion passed unanimously.

Meeting was adjourned at 4:30 pm October 21, 2020.

Approved by Chairman Wallace, 2021.

Chairman Johann Wallace

Attest: _____
Donna Johnson, Secretary

Seal:

Certification

I hereby certify that the foregoing is a true and correct copy of the Minutes of the Meeting for the Huachuca City Public Safety Personnel Retirement System Board on February 25, 2020. I further certify that the meeting was duly called and a quorum was present.

Donna Johnson, Secretary