



## City of Goodyear

See meeting location  
below

### Meeting Minutes

#### Joint Public Safety Personnel Retirement Board

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Tuesday, January 30, 2018

Goodyear City Hall, Room 204  
190 N. Litchfield Rd.  
Goodyear, AZ 85338

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**Immediately following the Fire Public Safety Personnel Retirement Board meeting that begins at  
8:15 AM**

#### **Agenda Amended on 1/25/18 to add Item 6.2**

#### **1. CALL TO ORDER**

Chairman Stipp called the meeting to order at 8:39 AM.

#### **2. ROLL CALL**

**Present:** 6 - Chairman Stipp, Boardmember Hernandez, Boardmember Hughes, Boardmember Mathias, Boardmember Mattie and Boardmember Stewart

**Excused:** 1 - Boardmember Doyle

**MOTION BY Boardmember Hernandez, SECONDED BY Boardmember Mathias, to  
EXCUSE Boardmember Doyle from the meeting. The motion carried by the following vote:**

**Ayes:** 6 - Chairman Stipp, Boardmember Hernandez, Boardmember Hughes, Boardmember Mathias, Boardmember Mattie and Boardmember Stewart

**Excused:** 1 - Boardmember Doyle

Staff Present: Finance Director Doug Sandstrom, Board Secretary Darcie McCracken, Total Compensation Administrator Jeanni Ruddy, and City Clerk Specialist Jean Pannone

#### **3. APPROVE MINUTES**

- 3.1**     [MINUTES](#)     Approve draft minutes of the Joint Public Safety Personnel Retirement Board  
[100-2017](#)     meetings held on June 12, 2017.

**MOTION BY Boardmember Hernandez, SECONDED BY Boardmember Stewart, to  
APPROVE draft minutes of the Joint Public Safety Personnel Retirement Board meetings  
held on June 12, 2017. The motion carried by the following vote:**

**Ayes:** 6 - Chairman Stipp, Boardmember Hernandez, Boardmember Hughes, Boardmember Mathias, Boardmember Mattie and Boardmember Stewart

**Excused:** 1 - Boardmember Doyle

**4. CITIZENS COMMENTS/ APPEARANCES FROM THE FLOOR**

None.

**5. OLD BUSINESS**

None.

**6. NEW BUSINESS**

- 6.1**     [PSPRB 0001](#)     Approve Public Safety Personnel Retirement Police and Fire Boards Rules of Procedure.

Chairman Stipp indicated that the Rules of Board Procedures that are being approved today were reviewed during the last Fire and Police Public Safety Retirement Board Meetings.

**MOTION BY Boardmember Hughes, SECONDED BY Boardmember Hernandez, to APPROVE Public Safety Personnel Retirement Police and Fire Boards Rules of Procedure. The motion carried by the following vote:**

**Ayes:** 6 - Chairman Stipp, Boardmember Hernandez, Boardmember Hughes, Boardmember Mathias, Boardmember Mattie and Boardmember Stewart

**Excused:** 1 - Boardmember Doyle

- 6.2**     [PSPRB 0002](#)     Review and discuss the 2017 Actuarial Report for Pension Funds (Doug Sandstrom, Finance Director)

Finance Director Doug Sandstrom presented.

**Fire**

Summary of System

>97 total members (86 Active members, 8 Retirees, 3 DROP, 0 inactive/vested) - page D-1

>Three Tiered System

- Tier I - Hired prior to 1/1/12
- Tier II - Hired between 1/1/12 and 6/30/17
- Tier III - Hired 7/1/17 and later

**Goodyear Fire Department**

	<b><u>FY2018</u></b>			<b><u>FY2019</u></b>		
	<b><u>Tier I</u></b>	<b><u>Tier II</u></b>	<b><u>Tier III</u></b>	<b><u>Tier I</u></b>	<b><u>Tier II</u></b>	<b><u>Tier III</u></b>
Employee	7.65%	11.65%	9.94%	7.65%	11.65%	9.94%
Employer	24.57%	24.57%	19.24%	26.53%	26.53%	20.59%
- Pension	14.10%	14.10%	9.94%	15.88%	15.88%	9.94%
- Legacy UL	<u>10.47%</u>	<u>10.47%</u>	<u>9.30%</u>	<u>10.65%</u>	<u>10.65%</u>	<u>10.65%</u>
	<u>32.22%</u>	<u>36.22%</u>	<u>29.18%</u>	<u>34.18%</u>	<u>38.18%</u>	<u>30.53%</u>
Funded Status	73.1%		n/a	74.7%		n/a

>To understand effects of reform compare Tier III pension rate

>Main Causes of Increased Contribution Rates/Valuation: (page 2)

- Asset Losses - decreases rate as earnings (12%) exceeded expectations (7.5%)
- Tier II - no impact on rate as Tier I/II population mix changes
- Tier III - will 1st impact rate with next year's valuation
- Payroll Base - increases rate based on total payroll (membership changes)
- PBI gain/Loss - no impact on rate even with retroactive PBI issued
- Benefit Changes - decreases rate
  - Change in Tier II benefit eligibility and multiplier (page F-2)
  - Tier I employee contribution decrease due to Hall Decision
- Assumption changes - decreases rate
  - Dropped investment rate of return from 7.5% to 7.4%
  - Decrease wage inflation assumptions from 4.0% to 3.5%
  - Updated mortality rates
  - Updated withdrawal, disability and retirement assumptions
- Amortization method - No impact, standard 20 year amortization
- Other - increases rate
  - All other factors (turnover, retirement, disabilities, etc...)

>Looking Ahead

- Tier III Benefits will result in a cost decrease as percentage of covered population increases
- Market smoothing and lower payroll increases positively impact rates and funding status
- Unrecognized investment losses continue to push up rates, absent market gains
- Impact of Hall refunds not included

Notable Pages

- A-2 Breakout of Contribution Rate and amount
- A-4 Impact of additional contributions
- A-5 Historical Rates
- B-1 Funding Ratio Detail

- B-2 Forecasted rates thru 2028
- Appendix A-2 Schedule of Employer Contributions

### Police

#### Summary

>138 total members (101 Active members, 24 Retirees, 2 DROP, 11 inactive/vested) - page D-1

>Three Tiered System

- Tier 1 - Hired prior to 1/1/12
- Tier II - Hired between 1/1/12 and 6/30/17
- Tier III - Hired 7/1/17 and later

### Goodyear Police Department

	<b>FY2018</b>			<b>FY2019</b>		
	<u>Tier I</u>	<u>Tier II</u>	<u>Tier III</u>	<u>Tier I</u>	<u>Tier II</u>	<u>Tier III</u>
Employee	7.65%	11.65%	9.94%	7.65%	11.65%	9.94%
Employer	29.93%	29.93%	21.41%	30.70%	30.70%	25.34%
- Pension	15.66%	16.55%	7.14%	<b>15.30%</b>	<b>15.30%</b>	<b>9.94%</b>
- Legacy UL	<u>14.27%</u>	<u>14.27%</u>	<u>14.27%</u>	<u>15.40%</u>	<u>15.40%</u>	<u>15.40%</u>
	<u>37.58%</u>	<u>41.58%</u>	<u>31.35%</u>	<u>38.35%</u>	<u>42.35%</u>	<u>35.28%</u>
Funded Status	62.9%		n/a	62.8%		n/a

>To understand effects of reform compare Tier III pension rate

>Main Causes of Increased Contribution Rates/Decreased Valuation: (page 2)

- Asset Losses - increases rate due to smoothing. Earnings (12%) exceeded expectations (7.5%)
- Tier II - decreased rate as Tier I/II population mix changes
- Tier III - will 1st impact rate with next year's valuation
- Payroll Base - decreases rate based on total payroll (membership changes)
- PBI gain/Loss - increases rate with retroactive PBI issued
- Benefit Changes - decreases rate
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- B-2 Forecasted rates thru 2028
- Appendix A-2 Schedule of Employer Contributions

**Hall Refunds**

- >Court case regarding the contribution rates of PSPRS members that were increased in July, 2011
  - Decision - all employees hired prior to July 20, 2011 were due refunds of increased contribution amounts and a reduction of rate back to 7.65%
- >City was informed of decision and refund amounts in June, 2017
  - 173 members were due refunds
  - Contributions were refunded to employees on July 21, 2017
  - Employees were given the option to delay refund to September 1, 2017
    - Seven (7) members opted to delay
  - In addition to contribution amount, interest was also owed based on payout date of July 21, 2017
    - City was informed of interest amounts and processed all payments in December
- >Refund Payment Totals
  - Police - \$1.0 million (83 members)
  - Fire - \$1.3 million (90 members)
- >Interest Payment Totals
  - Police - \$130,700
  - Fire - \$162,300

**7. INFORMATION ITEMS**

None.

**8. ADJOURNMENT**

There being no further business to discuss, Chairman Stipp adjourned the meeting at 8:50 AM.

Respectfully Submitted by:

\_\_\_\_\_  
Darcie McCracken, Secretary

\_\_\_\_\_  
Bill Stipp, Chairman

Date: \_\_\_\_\_

CERTIFICATION

I hereby certify that the minutes are a true and correct copy of the minutes of the Joint Public Safety Personnel Retirement Board Meeting of the city of Goodyear, Arizona, held on \_\_\_\_\_, 20\_\_\_. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Darcie McCracken, Secretary  
Goodyear Public Safety Personnel Retirement Boards