



CITY OF SOMERTON

BEST LITTLE CITY IN ARIZONA

Meeting of the City of Somerton Public Safety Personnel Retirement System Local Boards for Fire

Friday, November 9, 2020 — 11:30 am

ZOOM MEETING

Join Zoom Meeting

<https://us02web.zoom.us/j/86144324578?pwd=bXJleityL0MwUG8rZmVxMzZoWmJuUT09>

Meeting ID: 861 4432 4578

Passcode: 766958

Agenda

1. Roll Call
2. Approval of Minutes for June 9, 2020.
3. Discussion and consideration to select a new chairperson/designee pursuant to ARS
4. Discussion and consideration of accepting Chris Gregory, Tier 1 Member, after attaining 20 years of credited service, to participate in the Deferred Retirement Option Plan (DROP).
5. Committee comments
6. Next meeting date and time
7. Adjournment

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**Joint Meeting of the City of Somerton Public Safety
Personnel Retirement System Local Boards
MINUTES**

Tuesday, June 9, 2020 — 3:00pm
Somerton Public Safety Facility
Main Meeting Room
445 E Main St, Somerton, AZ 85350

The following Local Boards met jointly:

Police

Fire

Dispatchers

The meeting was called to order at 3:00pm by Chairperson Ian McGaughey.

1. Roll Call — All members were present:

Police

Chairperson/Designee: Ian McGaughey

Elected from Membership: Heriberto Madrigal

Elected from Membership: Jose Garza

Appointed Position: Armando Leon

Appointed Position: Priscilla Sotelo

Fire

Chairperson/Designee: Ian McGaughey

Elected from Membership: Javier Hernandez

Elected from Membership: Clemente Ballesteros

Appointed Position: Armando Leon

Appointed Position: Priscilla Sotelo

Dispatchers

Chairperson/Designee: Ian McGaughey

Elected from Membership: Rosie Santana

Elected from Membership: Dora Ballesteros

Appointed Position: Armando Leon

Appointed Position: Priscilla Sotelo

2. Overview of the composition of the Local Boards, their function, and the conduct of meetings

City Attorney Jorge Lozano provide an overview of the purpose and function of the local boards.

3. Discussion and possible action to elect a secretary for each Board as per A.R.S. § 38-847(A)

The following actions were taken to elect a secretary for each other local boards:

Police

Jose Garza made a motion to elect Heriberto Madrigal as secretary of the police local board. Priscilla Sotelo seconded the motion. All members voted in favor.

Fire

Clemente Ballesteros made a motion to elect Javier Hernandez as secretary of the fire local board. Armando Leon seconded the motion. All members voted in favor.

Dispatchers

Dora Ballesteros made a motion to elect herself as secretary of the police local board. Armando Leon seconded the motion. All members voted in favor.

4. Review of potential upcoming actions needed by the Boards

Lt. Garza noted that some additional police hires were forthcoming. It was decided that any potential action needing local board involvement should be sent to Armando Leon, HR Specialist, who would then notify the Chairman to convene a meeting of the appropriate board.

5. Committee comments

City Attorney Lozano stated that no specific action related to hiring new police officers could be taken at this meeting since it wasn't noted in the agenda. Brief discussion was held on procedures in various situations.

6. Next meeting date and time

It was confirmed that each board would determine when it needed to meet by notifying Armando Leon. Each board should meet at least once a year, with a goal of every six months being ideal, outside of any needed actions.

7. Adjournment

Seeing no further business, Chairman McGaughey adjourned the meeting at 3:26pm.



Public Safety Personnel Retirement System

AGENDA ITEM 2

Employers & Local Boards

The Plans administered by the system, in many respects, have a lot of similar components just like other public retirement systems around the country. However, there are aspects to PSPRS that distinguish it from other public retirement plans. For instance, although PSPRS and CORP are a multiple-employer retirement plan, the System is required to maintain separate accounts for each employer that participates in the System. These individual accounts are used to pay benefits exclusively to current and prior employees that transfer credited service (liability remains with the employer) who are part of that specific employer group.

Another unique aspect of PSPRS and CORP is the requirement that each participating employer establish a Local Board that is responsible to determine eligibility for membership and benefits in accordance with statutory provisions. As such, the System relies the boards to ensure proper administration of the plan provisions, so it is critical that both employers and local boards establish strong partnerships in order to make the plan work for their membership. Some common responsibilities of the local board and employer include:

- New Member Enrollments
- Contribution Reporting
- Completing (Retirement, Survivor and Disability) Packets for Members
- Hiring Retirees

How is the Local Pension Board Comprised

Each employer that participates in PSPRS or CORP must establish a five person Local Board, which includes a chairperson, two appointed persons, and two individuals who are contributing members of the Plan (elected by secret ballot election from all the contributing membership for that group).

Employers who participate in PSPRS or CORP may have multiple local boards since each eligible group (i.e. Police, Fire, Corrections Officer, Detention, etc.) must have a separately established local board. As part of the local board structure, a Local Board Secretary must be appointed. The Secretary is responsible for handling all administrative functions for the local board including completing and retaining the minutes of each local board meeting. The Secretary serves as the liaison between the contributing membership, the local board members, and the PSPRS Administrative Office.

Responsibilities of the Local Board

Local Boards have the responsibility for determining, in accordance with the statutory provisions, eligibility for membership, retirement, disability and survivor benefits; to afford any claimant or the board of trustees a right to a rehearing; to appoint medical boards; and to sue and be sued. The local board calculates benefits and has the responsibility to ensure that all benefit packets are completed prior to submitting to the PSPRS Administrative Office. The local board shall have no power to add to, subtract from, modify or waive any of the terms of the System.

PSPRS Education and Training

To assist you in understanding your responsibilities as a Local Board as it relates to the administration of our Plans, or to learn about upcoming changes, the PSPRS offers a variety of training events; for more information, see [Education & Training](#).



Public Safety Personnel

AGENDA ITEM 3

Deferred Retirement Option Plan (DROP)

As a **Tier 1 Member**, at any time after you attain 20 years of credited service (see **Retirement Benefit**), you may elect to participate in the Deferred Retirement Option Plan (DROP). DROP is a voluntary and irrevocable benefit program that offers you the opportunity to receive a one-time lump sum payment, at the time of your retirement, in addition to your monthly retirement benefit. The process to enter into DROP is that at the time you elect to participate, your monthly retirement benefit is calculated (solidified) based on the salary and service at the time of your participation and then that monthly amount is deferred each month while you continue to work with your employer up to a maximum of 60 months (5 years). Then, either before or at 60 months, you would terminate your employment with your employer and officially retire, thus receiving your previously calculated accumulated DROP retirement payments, plus interest, and you would also begin to receive your monthly retirement benefit payments.

At the time you exit DROP and officially retire, PSPRS automatically issues ALL of the taxable portion of your DROP, with interest, into the 401(a) Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP) currently administered by **Nationwide Retirement Solutions**. If you have any previously taxed monies, those funds will be issued to you in the same manner as your monthly retirement payment (either direct deposit or check).

For members wishing to consult with a financial advisor for retirement planning and overall financial wellness, PSPRS has partnered with **Public Safety Financial/Galloway**.

IMPORTANT: If your DROP lump-sum is required to be split with an ex-spouse/alternate payee pursuant to an acceptable certified Domestic Relations Order (DRO) or other court Order, and since all of the taxable portion of the DROP monies are required to be sent to Nationwide Retirement Solutions, PSPRS will direct the entire taxable portion to Nationwide and will advise them of the amount awarded to each party. If there are any previously taxed contributions, those monies will be divided and paid to you and the ex-spouse/alternate payee, as applicable, at the same time and in the same manner as your monthly retirement benefit payments are issued (either direct deposit or check).

As a participant in PSPRS, benefits available to you vary depending on your **Membership Tier**:

Membership Tier 1¹	Interest on the DROP payment is earned at the System's assumed earnings rate, which is set each fiscal year (FY) by the <u>Board of Trustees</u>. The interest rate for the following years is 7.3%: July 1, 2019 to June 30, 2020 (FY 2019/20) July 1, 2020 to June 30, 2021 (FY 2020/21) During DROP participation, the employee and employer stop making contributions to the System.
Membership Tiers 2 and 3	Not available.

Membership Tier 1 DROP Contributions Rollback

Pursuant to 2011 S.B. 1609, Tier 1 members who did not attain 20 years of credited service as of January 1, 2012 were required to continue to make contributions to the System (i.e., DROP Contributions) during their participation in DROP. At the end of their participation in DROP and official election to retire, those DROP contributions, plus interest, were returned to the member in addition to their accumulated DROP and monthly retirement benefit. However, the requirements to pay DROP contributions were reversed in accordance with 2019 S.B. 1146 and, for members that have paid, or previously received, their DROP contributions, the DROP contributions have either been reversed (with interest) through the members employer, or adjusted, as applicable, to the member. All eligible Tier 1 members participating in DROP will receive the same DROP benefits based on the original DROP program.

Making the Choice

You may estimate potential benefits by creating an online account via [Members Only](#), or you may contact your [Local Board](#) for an estimate or retirement packet. For additional benefit information, you may access the [PSPRS Member Handbook](#).