



MINUTES

Highlands Fire District PSPRS Local Board

February 1, 2021
4:00 PM

Fire Station 23, Board Room
3350 Old Munds Hwy, Flagstaff, Arizona 86005

Call to Order:

A meeting of the PSPRS Local Board was called to order at 4:00 PM.

Board Members:

Membership PSPRS Local Board. Mrs. Jan Hirsch serves as the Highlands Fire District Fire Board's designee and chairperson of the PSPRS Local Board. Citizen members to the PSPRS Local Board include and Mr. Scott Talboom, and Ms. Jayme Jones whose terms expire on March 30, 2022 and March 30, 2024 respectively. PSPRS members elected by secret ballot include Engineer Kevin Dobbe and Firefighter Lance Kohl, whose terms expire on March 30, 2022 and March 30, 2024 respectively.

Attendance of the February 1, 2021 Meeting was as follows: Ms. Jayme Jones, Secretary; Engineer Kevin Dobbe, and Firefighter Lance Kohl were present. Mr. Tom Hanecak, Fire Board Director, attended to observe. Mrs. Jan Hirsch, Chair and Mr. Scott Talboom were absent.

Secretary:

Ms. Jayme Jones serves as Secretary to the PSPRS Local Board and was present to record the minutes.

Welcome:

Ms. Jayme Jones welcomed attending PSPRS Local Board members as well as Mr. Tom Hanecak, Fire Board Director.

Approval of Minutes:

May 19, 2020, Special Meeting Minutes. The Local Board reviewed the minutes of the May 19, 2020, Special Meeting. A **MOTION** was made by Engineer Dobbe and was seconded Firefighter Kohl to accept the minutes as presented; the motion was unanimously **APPROVED**.

**Discussion and
Possible Action:**

- A. Consideration to approve PSPRS membership of Zachary Lemons effective January 16, 2021, per A.R.S. § 38-859 (A)(1) regarding the requirement to identify any physical or mental condition injury that existed or occurred prior to the member's date of membership, and per A.R.S. § 38-847 (D)(1) regarding Local Board's duty to decide all questions of eligibility for membership.**

Ms. Jones presented Pre-employment Medical Examination Reports for **Zachary Lemons** for the purpose of identifying physical or mental condition or injuries which existed or occurred prior to membership in PSPRS. There were no pre-existing conditions identified or declared. Firefighter Lemons' Date of Hire was effective October 18, 2020, and PSPRS membership effective January 16, 2021. A **MOTION** was made by Engineer Dobbe and was seconded by Firefighter Kohl to approve Firefighter Lemons' membership into PSPRS with no pre-existing physical or mental conditions; the motion was unanimously **APPROVED**.

- B. Consideration to approve termination of Deferred Retirement Option Plan participation and payment of Normal Retirement Pension benefit effective February 1, 2021, for Brian Katrales per A.R.S. § 38-847 (D)(1) regarding Local Board's duty to decide all questions of eligibility for benefits.**

Ms. Jones presented Notification of Drop Benefits and Election from **Captain Brian Katrales** effective January 31, 2021. After discussion, A **MOTION** was made by Engineer Dobbe and was seconded by Firefighter Kohl to determine that Captain Katrales is eligible for PSPRS benefits as presented; the motion was unanimously **APPROVED**.

- C. Consideration to approve Application for Survivor's Benefit for Brigitte Bradley effective December 18, 2020, upon the death of her husband, Michael Bradley per A.R.S. § 38-846 (A) regarding payment of benefit to a surviving spouse of a deceased retired member, and per A.R.S. § 38-847 (D)(1) regarding Local Board's duty to decide all questions of eligibility for benefits.**

Ms. Jones presented an Application for Survivor's Benefit from Mrs. **Brigitte Bradley**. Mrs. Bradley's husband, Chief Michael Bradley (Ret) passed away on December 18, 2020. A **MOTION** was made by Engineer Dobbe and was seconded by Firefighter Kohl to determine that Mrs. Bradley is eligible for benefit payments as presented; the motion was unanimously **APPROVED**.

D. Receive and review the actuarial valuation per A.R.S. § 38-847 (D)(7); Presentation on HFD Actuarial Valuation Summary as of June 30, 2020.

The Board received and reviewed a summary of the *Highlands Fire District Actuarial Valuation the Fiscal Year ended June 30, 2020*. The Local Board discussed that the District's Funded Status had decreased from 59.9 % to 58.5 % for Tier 1 & Tier 2 Members. The Board also discussed the exceedingly high contribution rate, which went from 30.16% to 33.23 % for contributions to be made in FY 2022.

E. Receive and review financial condition of the fund per A.R.S. § 38-847(D)(8); Presentation of Comprehensive Annual Financial Report (CAFR) Transmittal Letter submitted December 11, 2020.

The Local Board received and reviewed a summary of *The Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2020, and the Local Board discussed the financial condition of the fund*. The overall funding status remained relatively flat over last years, as of June 30, 2020, it is 46.9%.

The Local Board reviewed the article — *2020 Update: Market Decline Worsens the Outlook for Public Plans*, which described PSPRS as one of the 20 worst-funded plans of a sampling of roughly 200 state and local government pension plans. It is expected that the funded ratio will steadily decline for the next five years. The article stated, "These sobering statistics highlight the precarious position of the plans..." and they have an "increased risk of exhausting their assets and the high cost of pay-go funding if they do."

Correspondence:

There was no correspondence presented.

Closing Comments:

Ms. Jones presented information about legislative action to allow fire districts to finance loans to pay their unfunded liability. The HFD Fire Board is seriously considering this option.

Adjournment:

A **MOTION** was made by Engineer Dobbe and was seconded by Firefighter Kohl to adjourn; the motion was unanimously **APPROVED**. The meeting adjourned at 4:25 PM.

Respectfully submitted,

Jayme Jones, Secretary PSPRS Local Board

A.R.S. § 38-847(G) ...No later than twenty days after taking action, the local board shall submit to the board of trustees the minutes from the local board meeting that include the name of the member affected by its decision, a description of the action taken and an explanation of the reasons and all documents submitted to the local board for the action taken, including the reports of a medical board...

Pursuant to A.R.S. § 38-847(M) ...The secretary of the local board shall keep a record and prepare minutes of all meetings ... and forward the minutes and all necessary communications to the board of trustees as prescribed by subsection G of this section.

Attn: Fund Manager
3010 E Camelback Rd, Ste. 200
Phoenix, Arizona 85016

APPROVED