



# CITY OF TOLLESON

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## TOLLESON FIRE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM BOARD MEETING ACTION MINUTES

**ZOOM MEETING ID: 847 5640 5298**

**WEDNESDAY, MARCH 5, 2025**

**5:00 P.M.**

**THIS MEETING WILL BE HELD BY REMOTE PARTICIPATION ONLY.**

Members of the public may participate in the meeting via Zoom with a computer or cell phone by visiting the following direct link: <https://us02web.zoom.us/j/84756405298>.

### **CALL TO ORDER**

**Chair Chavira called the Tolleson Fire Public Safety Retirement Board Meeting to order at 5:01 P.M.**

### **ROLL CALL**

**Present: Chair Christine Chavira, Board Members Jack Garrison and Sheryl Heier.**

**Board Representatives: Board Secretary Wendy Jackson and Board Attorney Lesli Sorensen**

**Administration: Employee Resources Specialist Yareli Zavala and Deputy City Clerk Citlaly Salas**

**Not Present: Board Members Adan Luz Morado and Daniel Hayes**

### **REGULAR AGENDA – ACTION ITEMS**

1. Discussion and Possible Approval of the Fire and Police Public Safety Personnel Retirement Joint Board Meeting Minutes of October 2, 2024.

**Board Member Heier moved to approve the minutes; the motion was seconded by Board Member Garrison. The motion carried 3 to 0.**

**Chair Chavira – Aye**

**Board Member Garrison – Aye**

**Board Member Heier – Aye**

2. Introduction of New Board Members and Board Chair



## **FOR DISCUSSION**

1. Review of the June 2024 Annual Actuarial Valuation and Fire Board Actuarial.
2. Announcements

## **ADJOURNMENT**

**Board Member Garrison moved to adjourn the Fire Public Safety Personnel Retirement System Board Meeting; the motion was seconded by Board Member Heier. The motion carried 3 to 0.**

**Chair Chavira – Aye**

**Board Member Garrison – Aye**

**Board Member Heier – Aye**

**The meeting was adjourned at 5:24 P.M.**

A copy of the agenda background material provided to Board members (with the exception of confidential information or material relating to possible executive sessions) is available for public inspection at the Board's office, 9055 W. Van Buren Street, at the Employee Resources Department.

Pursuant to A.R.S. § 38-431.01 and A.R.S. § 38-431.02, notice is hereby given to the members of the City of Tolleson Fire Public Safety Personnel Retirement System Board and to the general public that the City of Tolleson Fire Public Safety Personnel Retirement System Board will hold a meeting open to the public via Zoom conference.

The City of Tolleson Fire Public Safety Personnel Retirement System Board may vote to go into executive session, which will not be open to the public, to discuss certain matters. The Board may also vote to go into executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03(A)(3); and for the discussion or consideration of documents exempt from public inspection for any matter on the agenda pursuant to A.R.S. § 38-431.03(A)(2); and for the discussion or consideration of employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee or employee of any public body, except that, with the exception of salary discussions an officer, appointee or employee may demand that the discussion or consideration occur at a public meeting. The public body shall provide the officer, appointee or employee with written notice of the executive session as is appropriate but not less than twenty-four hours for the officer, appointee or employee to determine whether the discussion or consideration should occur at a public meeting pursuant to A.R.S. § 38-431.03(A)(1).

Zoom's live transcription feature can provide automatic captioning by clicking on the Closed Caption (CC) button during the meeting.

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**LA CIUDAD DE TOLLESON SE ESFUERZA PARA HACER TODAS LAS REUNIONES PÚBLICAS ACCESIBLE PARA INDIVIDUOS CON DISCAPACIDADES.** Con al menos dos días laborables de previo aviso, se pueden proporcionar adaptaciones en esta reunión para personas con discapacidades visuales, auditivas o del habla, incluido un transcriptor, letra grande, un intérprete, un dispositivo de asistencia auditiva, etc. Llame a la Secretaría Municipal al (623) 936-7111, o los usuarios de TTY pueden marcar 711 para el Servicio de Retransmisión de Arizona (AZRS), para solicitar un alojamiento para participar en esta reunión pública. La Ciudad hará todo lo posible para satisfacer cualquier solicitud de último minuto.

Post-Production File

**City of Tolleson**  
**Public Safety Personnel Retirement Fire Board Meeting Minutes**  
**March 5, 2025**

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CHAVIRA: Okay. Good evening everyone. I am Chair Christine Chavira. Welcome, and I begin this meeting. I'm going to knock to gavel.

I'd like to call the meeting to order, and I'm going to do roll call. If you'll please say -- indicate if you're present.

Board member Daniel Hayes?

Board member Adan Morado?

Board member Sheryl Heier?

HEIER: Present.

CHAVIRA: And board member Jack Garrison?

GARRISON: I'm present.

CHAVIRA: Thank you.

And then board representative, Wendy Jackson?

JACKSON: Present.

CHAVIRA: And our board attorney, Leslie Sorensen?

SORENSEN: Present.

CHAVIRA: Welcome, everyone.

We're going to move on to our regular agenda item, and we'll have a discussion and possible approval of the Fire and Police Public Safety Personnel Retirement Joint Board Meeting Minutes of October 2nd, 2024.

Do we have a motion to approve the October 2nd, 2024 minutes?

HEIER: I make a motion to approve the minutes.

CHAVIRA: Can I have a second?

HEIER: Jack?

GARRISON: Well, I can second those.

CHAVIRA: Thank you.

All oppose, say aye. All -- I'm sorry. All in favor, say aye.

HEIER: Aye.

CHAVIRA: And all opposed, say nay.

Wendy, do I vote as well?

JACKSON: Yes.

CHAVIRA: Okay. So I'm going to do that again. I apologize everyone. I'm a newbie, but we'll get this straight.

SORENSEN: That's okay. You can just say for the record I vote aye as well, and the motion carries. That's fine.

CHAVIRA: For the record, I vote aye and the motion carries.

We have introduction of new board members and board chair. And Mrs. Jackson, you have the floor.

JACKSON: Yes. Great. Thank you.

Good evening, Madam Chair and members of the board. We welcome all the new board members for our Fire Board. We have Jack Garrison. He is new on the board. And Daniel Hayes is continuing.

I don't have the dates in front of me in terms of when membership expires. And, of course, we do have our new board chair.

So the board term is, is two years. And just as a reminder, you already had sent out a link to all of the required trainings. If you could ensure that those trainings are completed, that would be great, and just let us know when it's done. And welcome.

CHAVIRA: Thank you.

Okay. For discussion, we have a review of the June 2024 Annual Accrual Valuation and Fire Board Actuarial.

JACKSON: And I'm going to -- we're going to turn it over to our board attorney, and she's going to pick it up from here.

CHAVIRA: Thank you. Uh-oh. There you are.

HEIER: Leslie, you're still muted.

SORENSEN: Sorry about that.

All right. So if -- okay, there we go.

All right. This is the Actuarial Valuation Report for the Fire -- Tolleson Fire for the fiscal year ending June 30th, 2024. A few key points that I'd like to go over.

If you look here at this box here -- not that box; sorry. This box here. I'm going to talk a

little bit about the contribution rate and the changes that have occurred in the contribution rate since the last valuation, which was conducted June 30th of 2023. So you can see that for your Tier 1 and Tier 2 members, who are those folks that were hired a little less recently. Your Tier 3 members are your new people that are in that hybrid DV DC plan, the contribution rate for those folks are -- was 27.10 percent, and your contribution rate going forward has lowered to 23.59 percent for those folks. The health insurance benefit, which is a monthly supplement that gets paid to your retirees who take the State's insurance, it's through PSPRS and offered by ASRS. Your health fund is extremely well funded, and you do not pay any further contributions to those at this point. So your total contribution rate, which will take effect for the June 2020 or the -- for 2026 fiscal year will be 23.59 percent, which is a drop of about 4 percent.

For your Tier 3 members, you also saw a small drop in the pension and in the health from a total of 8.75 to 8.52 percent. And this is the amount that you pay per employee each year as the contributions to PSPRS to fund their retirement benefits.

When we see drops in contribution rates, we do expect to see increases in funded status, which you'll see reflected in that bottom chart.

Your funded status for your Tier 1 and Tier 2 went from 86 1/2 percent, which, you know, kind of a B+ funded status, to a 91.8 percent funded status, which I would definitely call an A.

Most plans will sort of rotate between eighty to a hundred and twenty percent funded. It's nicer if you can see that, you know, kind of come in to ninety to a hundred and ten percent. Those of you with background understanding PSPRS know that there have been some challenges that the PSPRS big board has taken the last three to five years to really address and has really been bringing these plans from the brink of pretty poor funded status into really excellent health.

It looks to me like your plan was never really at risk, but you have undertaken some really good efforts as an employer to improve your funded status and to lower your contribution rate. That will certainly save you money in the long run.

As you can see for your Tier 3 members, your pension, your funded status went up just very slightly from 107.3 percent to 107.9 percent. And the health plan for your Tier 3 members is very well funded. So the total funded status there for the Tier 3 plan is, you know, approaching that a hundred and ten percent range.

This page details why the contribution rate and the funded status changed, and I'd like to go over these just to sort of see, okay, what decision-making has occurred in the last year? What happened in the stock market that sort of addressed things? And then what did you do as an employer to improve your status?

So you can see this development of the contribution rate in the first chart.

Asset experience, so there was a very slightly negative asset experience that caused a minor increase in the contribution rate.

The payroll base, that half percent negative means that your payroll did not grow as much as was expected. Employees won't necessarily be terribly happy to hear about that, but it does mean that the contribution rate -- there was a downward pressure on the contribution rate because your pay increases did not outpace the actuarial expected pay increases.

The liability experience had a positive effect on your contribution rate. But most importantly here, the additional contribution that the City made towards the police PSPRS fund significantly drove the decrease in your contribution rate. And I think for police, I think you put it an extra maybe \$1.5 million or so, thereabouts, to overfund your contributions for the last year, which then significantly brought down your contribution rates in the future years.

And as your payroll grows, which you do expect to see a little bit of a payroll growth over -- you know, even if it wasn't -- it didn't meet the actuarial expected, as your payroll grows, the lower that your contribution rate is means that you're paying out less dollar for dollar.

The other is always a little troubling to me, and for the last two or three years, it has been having a negative effect on contribution rates, meaning it's been increasing those rates. I'm not terribly satisfied. The description is on the other page and it says,

basically, anything else that might impact contributions.

You could see that if that additional contribution hadn't been made by the City, you'd be in a position of that other would be a really pretty significant driver of a very slight increase, not quite offset. But, you know, I'm always troubled when there's just a catchall that seems to be a pretty high driver.

Funded status, again, we expect to see essentially the exact opposite when it comes to the impact of various issues on your funded status. So you started again at eighty-six and a half percent. The asset experience had a very slightly negative effect on your funded status. But that additional contribution again drove a huge increase of 3.9 percent to your funded status, ultimately resulting in that 91.8 percent.

The Tier 3 members, no additional contributions, obviously, were required for them because that plan is very well funded, it's a very new plan, and it was designed by the legislature to not have so much volatility that was existing in the Tier 1 and Tier 2 with respect to the contribution rates and funded status.

So the plan design with that hybrid, that smaller defined benefit plan and the higher -- and defined contribution kicker is really why we're seeing that stay pretty well funded. I'm going to move on to this page. There's just kind of really one interesting item on this one, but for those of you certainly who are new to the board, it might be interesting to see how is a contribution rate developed.

So the first line on the top is the normal cost, and a normal cost is what it takes to fund one year of an employee's benefit if there were no unfunded status. This is what it costs. It costs 23.77 percent of your payroll to fund a single benefit for one employee for the year.

The employees pay a statutory contribution rate of 7.65 percent. And so you'll see that decreased. That's their contribution towards their benefit towards their normal cost rate, which leaves the employer with whatever's left, which you can see there for the normal cost perspective is 16.12 percent.

If your plan was 100 percent funded, you would only be paying the 16.12 percent.

However, there is still some unfunded liability. The plan is not quite ninety-two percent

funded. So that's where that about 7 1/2 percent is an amortization of the unfunded liability, which is the unfunded cost based on the fact that you're about 92 percent funded, which then develops the full rate into the 23.59 percent.

The health plan, I really don't really touch base on those much. It's not a huge, significant driver, and you can see that at this point, you have a negative unfunded liability, because it's overfunded, and so it's a zero percent rate.

The one thing on this page that is useful as far as hiring retirees, you can see the alternate contribution rate is the statutory minimum of eight percent. So your -- the alternate contribution rate is meant to capture when the City hires back a retiree who is taking the position of an ordinarily contributing PSPRS employee and instead hiring a retiree who does not make contributions to PSPRS. And the impact there happens on the amortization of the unfunded liability.

Basically, PSPRS is not getting made whole because you're not having an employee come into that position. You don't need to pay their normal cost because they're not earning any additional benefits, but you do need to pay off your liability for that for the employee that you would have hired.

And so you can see with your amortization rate at 7.47 percent, that's below the statutory minimum of 8 percent, and so you're just paying the 8 percent, which ultimately will go back and help reduce that funded status in the future -- or reduce the unfunded liability in the future.

I pretty much skip over most of the rest of these pages until we get to plan demographics. But if there are any specific questions, I'm happy to stop for a moment while I get to the demographics pages.

JACKSON: That is all great information. Thank you so much, Ms. Sorensen. You broke it down in very simple layman's terms. Our City's position has always been to try to pay down the unfunded liability. We've been working hard on it for a very long time. So thank you for acknowledging us in that.

SORENSEN: Yeah. Yeah.

Just this last page, I'm just kind of a nerd, so I like all the statistics portions, and it's a

really good way to sort of see a snapshot of what your department looks like.

The right columns are your June 30th, 2023, and your left columns are the 2024 end.

And I like to see, okay, well, what happened to the membership? So you can see that you stayed stable with respect to your active Tier 1 and Tier 2, you still have 17 active police officers, but you did see some growth in the Tier 3, which is what you would expect.

The Tier 1 and Tier 2 are now considered closed plans. There's no new members that are coming in under Tier 1 and Tier 2.

Tier 3 is where all those new those new folks go. So you will expect to see, at some point, a transition from the Tier 1 and Tier 2 into retirement and to see the actives on your Tier 3 grow. And that's slightly borne out here. Your department here for fire was very stable. You know, you saw a slight increase in your Tier 3 membership, but pretty much everything else stayed the same: your retiree count, your DROP retirees, your beneficiaries, your disabilities, and then your inactives.

But I also like to see so what happened? You did see payroll growth in your Tiers 1 and 2 between 2023 and 2024. You would expect that these would be your higher level, higher paid fire employees. The more entry level will be those Tier 3s.

And also see your retirees, on average, are making about \$59,000 in retirement. You can see last year they were making 58-. There was a COLA increase.

And the one other kind of intriguing thing to me here -- and I'm going to go to this page. Well, it's on this page too. So you see this average past service line, and this is the amount of service that an employee has accrued at this point.

Under Tier 1, it's a 20-year retirement. And so you can see that you have a number of employees that are coming to that 20-year mark. And when I go to this page, that's definitely born out. So you can see in these categories here of the 15 to 19, your 20 to 24, your 25 to 29, you've got a number of people who are either already at a normal retirement date or will be quickly approaching it in the next 4 or so years.

From your Tier 3 perspective, again, you've got your younger, you've got -- most of your employees are in the one to four to five to nine bracket, as you would expect, because

the plan is much newer.

JACKSON: If there's DROP -- if there's DROP participants, do we see it on any of these member statistics here?

SORENSEN: You do. Right there --

JACKSON: Oh, I see it right there?

SORENSEN: Yep.

JACKSON: I didn't see that.

SORENSEN: There's DROP retirees.

And so you didn't have anybody enter DROP between the fiscal year. So you still just have one employee on DROP. But I'm -- I would expect that you're going to start seeing some of these guys and these guys, you know, maybe starting to enter that DROP. But from a -- so I -- this is why I like to pay attention to what the plan demographics look like so there can possibly be some planning on the employer or for the department of, you know, here's what we see, here's what's coming.

I'm a little surprised that you do have two guys that have at least 25 years and haven't entered DROP yet. One of them may be the DROP. This is definitely intriguing that you have about six employees that are still considered in the active count who are at least at their 20. And I'm sure someone knows who they are because it's a -- it's a brotherhood. So I'm sure -- I'm sure you all know who it is.

GARRISON: Yeah.

SORENSEN: With that, unless there's any particular questions, you have done your duty as a board to review your annual actuarial valuation.

GARRISON: I got a question, Miss.

SORENSEN: Yeah.

GARRISON: I just -- I'm fairly new to this. I just came on. I'm in Tier 3.

SORENSEN: Yeah.

GARRISON: Is there any talk or any indication that DROP will come back for Tier 3 people?

SORENSEN: I am hearing through some more on the police side, as I'm not as plugged

into, sort of, the fire. let's say like union and lobby groups. But I am hearing that there is a lot of talk of trying to get DROP back, figuring out how to equalize benefits among Tier 1 and 2 and 3. So I don't know that I see anything at the legislature this year planning on that, but I do think that there is some broader discussion about the benefit structure under Tier 3.

GARRISON: Gotcha. Thank you.

SORENSEN: Yeah.

CHAVIRA: And as a layman, what does DROP mean?

SORENSEN: Sure. So it's a Deferred Retirement Option Program, and it's where a person reaches their 20-year retirement and they say, okay, employer, I would like to start receiving my retirement benefit. I want to retire from the City, but I also want to keep working for a little while. And there's a program that's set up in the statute that says you will get your retirement calculated based on the service and salary that you have at the time that you start the program. And then the monthly pension amount that you would have received while you were -- or that you would have received while you were working, gets put into an account, and at the end of your DROP period you receive that as a cash payment, and then you -- then you will start receiving your monthly retirement benefit in your own personal checking account.

CHAVIRA: Okay. Thank you.

SORENSEN: Sure.

GARRISON: So I have a question, if I may, regarding the DROP. There's a five year DROP, and there's an extended to seven years for fire.

SORENSEN: Yes.

GARRISON: Is that five years still -- if you go to the seven years, does that stay in the same plan, or does that switch over to like a 401(k) base for the last two years, contributing to five years into that system as well?

SORENSEN: Right. So for the -- when people do the extended, the first five years' worth of the benefits will go into the standard -- the regular DROP program that's managed by PSPRS.

At the beginning of the sixth year, that money instead gets put into the Nationwide plan and the employee can start directing investments of that money. But yes, it does get segregated after the five-year program.

Once you go -- you extend into the two-year program, the money gets pushed over into a Nationwide account.

GARRISON: Thank you very much for clarifying that, because there's been kind of, like, I'm not sure. I think it does. I'm not really sure if it does or not. So there wasn't really a defined answer on it. So I appreciate it.

SORENSEN: Oh, sure. And if you'd like, I can provide the statutory link for that. And PSPRS, I think, is finally -- I don't I don't mean that to sound rude, but PSPRS has guidance, I believe, now that's on their website regarding how the DROP extensions work, because there definitely was some confusion. I was working with some municipalities on exactly who got to agree to the extensions, those kinds of things. I don't think it was clear initially, but PSPRS did put out some guidance about how that worked. So I think maybe the League of Cities and Towns had a different interpretation than PSPRS had for a while, but I believe that got clarified.

GARRISON: Thank you for the information.

CHAVIRA: Yes, you are absolutely correct.

GARRISON: Thank you for the information.

SORENSEN: Sure.

JACKSON: And Gerardo, we're going to go into the police meeting after this one. So this was geared towards fire, and so the next one will be police.

CHAVIRA: Okay. The next item on the agenda is announcements. Are there any announcements?

JACKSON: No.

CHAVIRA: Okay. Then do we have a motion to adjourn?

GARRISON: Motion to adjourn.

CHAVIRA: Thank you.

Do we have a second? Do we have a second for a motion to adjourn?

SORENSEN: Sheryl, maybe raise your hand.

HEIER: Sorry. I was on mute. I will second, because I had said I moved the motion.

So --

CHAVIRA: Thank you. We have a second. All in favor, say aye.

HEIER: Aye.

CHAVIRA: Aye.

All opposed, say nay. Thank you. The motion is carried and the meeting is adjourned.

Thank you all very much.

GARRISON: Thank you.

**CITY OF TOLLESON**  
**MARCH 5, 2025 PUBLIC SAFETY PERSONNEL RETIREMENT FIRE BOARD MEETING MINUTES**

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APPROVED:



Christine Chavira (Apr 3, 2025 15:23 PDT)

CHRISTINE CHAVIRA, CHAIR

ATTEST:



Wendy Jackson (Apr 5, 2025 19:31 PDT)

WENDY JACKSON, SECRETARY

CERTIFICATION

I HEREBY CERTIFY THAT THE FOREGOING MINUTES ARE A TRUE AND CORRECT COPY OF THE MINUTES OF THE MEETING OF THE FIRE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM BOARD OF THE CITY OF TOLLESON, ARIZONA, HELD ON MARCH 5, 2025. I FURTHER CERTIFY THAT THE MEETING WAS DULY CALLED AND HELD, AND THAT A QUORUM WAS PRESENT.



Wendy Jackson (Apr 5, 2025 19:31 PDT)

WENDY JACKSON, SECRETARY