

**SUBMITTED BY:** Rocio Garcia-Pedroza, HR Manager

**MANAGEMENT TEAM REVIEW:** Luis Pedroza, Interim City Manager

**FOCUS AREA:** Other / NA

**ORGANIZATIONAL  
IMPROVEMENTS:**

**SUBJECT:** **RESOLUTION NO. 21-1480**, a Resolution of the Mayor and Council of the City of Douglas, Cochise County, Arizona, ADOPTING the City of Douglas 2021 PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM PENSION FUNDING POLICY.

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**EXECUTIVE SUMMARY:**

ARS 38-863.01 requires each governing body with Public Safety Personnel Retirement System plans to annually adopt a pension funding policy and formally accept the employer's share of the assets and liabilities under the system based on the system's actuarial valuation report.

**BACKGROUND:**

On October 10, 2018, Mayor & Council passed a Pension Funding Policy for the City's Public Safety Personnel Retirement System plans as required by HB2097 passed during the 2018 Legislative Session. ARS 38-863.01 requires for this policy to be updated and adopted annually.

**DISCUSSION:**

As required by ARS 38-863.01, the intent of this policy is to clearly communicate the Council's pension funding objectives that address the following:

- (a) How to maintain stability of the governing body's contributions to the system.
- (b) How and when the governing body's funding requirements of the system will be met.
- (c) Defining the governing body's funded ratio target under the system and the timeline for reaching the targeted funded ratio.

In addition, the policy depicts the employer's share of the assets and liabilities under the system based on the system's latest actuarial valuation report.

After adoption, we are required to post the pension funding policy on our website and transmit the pension funding policy to the board.

Through this policy, Council agrees to continue to pay the annual required contribution (ACR) percentages set by PSPRS, as determined through annual actuarial valuations. We are outlining the recent issuance of Taxable Pledged Revenue Obligations (PROs) to fund the plans at or close to 100% and the establishment of a Contingency Reserve Fund (CFR) to provide for additional contributions when the plans fall below 100% funding.

Based on this, Council expects the PSPRS June 30, 2021 Actuarial Valuation reports to be at or near 100% funding for the plans.

**“...I MOVE THAT THE MAYOR AND COUNCIL APPROVE RESOLUTION NO. 21-1480.”**

**FISCAL IMPACT:**

N/A