

**Public Safety Personnel Retirement
System Funding Policy**

Policy No.	2023-14
Effective Date	09/06/2023
Authorized By	D. Bewley
Supersedes Policy No.	N/A

Objective:

This policy is a statement of the objectives of the Tucson Airport Authority (TAA) regarding the funding of the public safety pension in which it participates for public safety employees participating in the Public Safety Personnel Retirement System (PSPRS) hired before July 1, 2017. It represents a commitment to our participating PSPRS employees and was specifically prepared to ensure TAA's compliance with A.R.S § 38-863.01.

Scope:

This policy will be submitted to PSPRS upon authorization to comply with A.R.S. § 38-863.01. Additionally, in accordance with A.R.S. § 38-863.01, TAA is required to make this policy available on the company website. The aspects of this policy that relate to payroll withholdings and payment of contributions into the PSPRS programs applies to the Finance department and the bi-weekly payroll process.

Definitions/Terminology:

The below terms are used throughout this policy:

Unfunded Actuarial Accrued Liability (UAAL) – This represents the calculated difference between trust assets and the estimated future cost of pensions earned by employees. UAAL arises when actual results in the pension program differ from the assumptions used in previous actuarial valuations.

Annual Required Contribution (ARC) – This represents the annual amount that TAA is required to pay into the pension funds. This amount is a percentage of current payroll expense. The percentage is determined by PSPRS through actuarial valuations. It is comprised of two primary components: normal pension cost – estimated cost of pension benefits earned by participating employees in the current plan year; and amortization of UAAL.

Procedure:

Employees of the TAA participate in PSPRS if they are employed in either police or firefighting capacities and meet the minimum work qualifications. The PSPRS administers an agent multiple-employer defined benefit pension plan. PSPRS acts as a common investment and administrative agent which issues, on an annual basis, financial reports detailing pension plan assets, liabilities, pertinent funding information and actuarial assumptions. Under this structure, PSPRS comingles investment resources of all participating agencies and serves as the statewide uniform distributor

of benefits. However, each participating agency is treated as an individual trust fund, with separately identifiable assets and liabilities. There are two separate participating agencies within TAA: Tucson Airport Authority Police Department (TAAPD), and Tucson Airport Authority Fire Department (TAAFD).

Stability and Frequency of Contributions:

Upon completion of the bi-weekly payroll process, TAA shall remit to the PSPRS all required pension contributions for participating employees as defined by the PSPRS. In general, the required contributions are derived by applying the required percentage contribution rate (published by PSPRS annually) to each employee's pensionable wages (as defined by PSPRS).

Acceptance of Pension Assets and Liabilities:

TAA formally accepts the reported share of pension assets and liabilities for both TAAPD and TAAFD as presented in the GASB 68 statements provided by PSPRS.

GASB 68 statements published by PSPRS for the plan year ended June 30, 2022 for TAAPD and TAAFD reflected the following:

	TAAFD	TAAPD	Total
Total Pension Liability	\$ 20,538,606	\$ 23,493,843	\$ 44,032,449
Plan Fiduciary Net Position	18,347,937	21,821,332	40,169,269
Net Pension Liability (Asset)	\$ 2,190,669	\$ 1,672,511	\$ 3,863,180
Funded Ratio*	89.33%	92.88%	91.23%


**Plan fiduciary net position as a percent of total pension liability*

TAA's funded ratio goal is 100% (fully funded) over a period of 15 years. This is consistent with the standard amortization period per the PSPRS's Actuarial Valuation Report as of June 30, 2022.

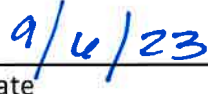
Funded Ratio Target:

TAA will continue to remit ARC payments on a bi-weekly basis as defined by PSPRS with the goal of maintaining a 100% funded ratio. PSPRS reviews its pension assumptions annually. Accordingly, the ARC and amortization period may be adjusted as a result of these reviews. TAA plans to remit ARC as required by PSPRS to achieve its goal of 100% funding within a 15-year period.

Authorized by:



Danette Bewley
President/CEO



Date

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC.,
ADOPTING THE TAA POLICY ON FUNDING PENSION OBLIGATIONS UNDER THE ARIZONA PUBLIC
SAFETY PERSONNEL RETIREMENT SYSTEM FOR FY 2024.**

WHEREAS Arizona Revised Statute (A.R.S.) § 38-863.01 mandates that each governing body shall annually adopt a pension funding policy for the Public Safety Personnel Retirement System (PSPRS) for employees hired before July 1, 2017; and

WHEREAS the Finance and Risk Management Council considered the staff-proposed policy for FY 2024 during its meeting on August 22, 2023, and by 6 to 0 voted to recommend to the Board of Directors that it adopt the policy as presented; and

WHEREAS the Board of Directors accepts the staff recommendations as detailed in the Board Memorandum and *TAA Policy No. 2023-14 – Public Safety Personnel Retirement System Pension Funding Policy FY2024*).

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AS FOLLOWS:

The Board of Directors hereby adopts *TAA Policy No. 2023-14 – Public Safety Personnel Retirement System Pension Funding Policy FY2024* – attached as Exhibit A and incorporated by reference and made a part of this resolution, authorizes the President/CEO or her designee[s] to execute the policy, to transmit the policy to the Public Safety Personnel Retirement System, and to take any further actions necessary to comply with A.R.S. § 38-863.01.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this sixth day of September, 2023.



[Keri Silbyn \(Sep 8, 2023 08:39 PDT\)](#)

Keri Silbyn, Chair of the Board

ATTEST:

APPROVED AS TO FORM:



[Phil Swaim \(Sep 7, 2023 16:56 PDT\)](#)

Phil Swaim, Secretary



[Chris Schmaltz \(Sep 8, 2023 12:45 PDT\)](#)

Christopher Schmaltz, Vice President
and General Counsel