1. August 26, 2015 - Public Safety Retirement Board - Agenda

   Documents:

   2015AUG26_PSRB_PM_AG.PDF

2. August 26, 2015 - Public Safety Retirement Board - Packet

   Documents:

   2015AUG26_PSRB_PM_PK.PDF

Town of Chino Valley

MEETING NOTICE
PUBLIC SAFETY RETIREMENT BOARD

PUBLIC MEETING	**Council Conference Room**
Wednesday, August 26, 2015	**202 N. State Route 89**
4:00 P.M.	**Chino Valley, Arizona**

AGENDA

1) CALL TO ORDER

2) ROLL CALL

3) APPROVAL OF MINUTES

a) Consideration and possible action to approve the January 13, 2015 public meeting minutes.

4) CALL TO THE PUBLIC

Call to the Public is an opportunity for the public to address the Board concerning a subject that is not on the agenda. Public comment is encouraged. Individuals are limited to speak for three (3) minutes. The total time for Call to the Public may be up to 15 minutes per meeting. Board action taken as a result of public comment will be limited to directing staff to study the matter, scheduling the matter for further consideration and decision at a later date, or responding to criticism.

5) OLD BUSINESS

6) NEW BUSINESS

a) Review correspondence and newsletter.

7) EXECUTIVE SESSION

The Board may vote to recess the Regular Meeting and hold than Executive Session, which will not be open to the public, for the following purposes:

a) Pursuant to A.R.S. Section 38-431.03(A)(2) for discussion and consideration of records exempt by law from public inspection, including the receipt and discussion of information or testimony that is specifically required to be maintained as confidential by state or federal law.

b) Pursuant to A.R.S. Section 38-847.01(A) and (B)(1)(2) and (3) for discussion and consideration of all necessary information from employer to render a decision on the employee's eligibility for membership in the Public Safety Personnel Retirement System.

Employees:

- Steven Brian Angel
- Lori Diane Carver

8) ACTION ITEMS RESUMED

After the Executive Session, the Board will reconvene the Regular Meeting.

a) Action regarding approval of the following employee into the Public Safety Retirement System:

- Steven Brian Angel
- Lori Diane Carver

9) ADJOURNMENT

Dated this 18th day of August, 2015.

By: ***Cecilia Grittman General Services Director, Board Secretary***

The Town of Chino Valley endeavors to make all public meetings accessible to persons with disabilities. Please call 636-2646 (voice) or 711 (Telecommunications Arizona Relay Service) 48 hours prior to the meeting to request a reasonable accommodation to participate in this meeting.

Supporting documentation furnished to the Public Safety Subcommittee with this agenda are available for review on the Town website at http://www.chinoaz.net/agendacenter and the Town Clerk's Office.

Public notice is hereby given that three (3) or more members of the Mayor and Town Council may be present at this meeting.

Town of Chino Valley

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TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Public Safety Retirement Board Meeting

Meeting Date:	08/26/2015		
Contact Person:	Cecilia Grittman, Assistant Town Manager		
Department:	General Services		
Item Type:	New Business	**Estimated length of Staff Presentation:**	
Physical location of item:	N/A		

Information

AGENDA ITEM TITLE:

Review correspondence and newsletter.

SITUATION AND ANALYSIS

.

Attachments

PSPRS Memo 1

PSPRS Memo 2

Updates for

July & August 2015

Memo

GASB 68

Forms and Benefit schedule for updates and changes

Alternate Contribution Rates

Contributions on Contracted Third Party Work

Marriage Certificates vs. Marriage Licenses

Notification of the Death of member

Return to Work Process and Procedures

Board of Trustees Reduces Assumed Earnings Rate

While PSPRS achieved slightly more than 13 percent investment returns for fiscal year 2014, the Board of Trustees has been counseled by its actuarial consultant for

the past few years to reduce it's above average assumed earnings rate to a more modest 7.5 percent. *During a meeting in May, the Board voted to accept the recommendations to reduce the rate, which is the discount rate used in all actuarial valuation projections and a key component to investment strategy.*

This downward adjustment became effective July 1, 2015, and is expected to create slight increases in contribution rates for local employers. However, it will not be implemented in the annual actuarial valuations until June 30, 2016, which means it will not be reflected in the employer contribution rates until July 1, 2017. The Board of Trustees in June considered but declined to make the new assumed earnings rate effective with the June 30, 2015 valuations.

Allan Martin, who consults several public pensions, including PSPRS and ASRS, told the PSPRS Board of Trustees during a June meeting, that the reduced amount of 7.5 percent was not at all unusual compared to rates set by other public pension plans.

Martin calculated PSPRS stood a 57 percent chance of exceeding a 7.85 percent return rate over 30 years during a presentation in which he recommended PSPRS slightly change its portfolio allocation strategy to reflect its new rate.

His recommendation included slight reductions in PSPRS holdings in US small cap equities and real estate, which now make up 3 percent and 11 percent, respectively, of the PSPRS portfolio.

The consultant added he believed all PSPRS investment expectations and strategies were "very appropriate" given the risk levels of the fund.

GASB 68

The 2015 fiscal year has come to an end rather quickly. *The schedules provided for employers by the Public Safety Personnel Retirement System (PSPRS), the Correction Officers' Retirement Plan (CORP) and the Elected Officials' Retirement Plan (EORP), as well as the census data schedules needed for the employer auditors, will be posted on our website.*

First, the active member census data reports for the employer auditors are currently available on the employer payroll website. If you have not been set up on the employer website or need help with the website, please call Patrice Robinson at (602)-296-2568.

We have been working with our actuary, Gabriel Roeder Smith & Company (GRS), and our auditor, Heinfeld, Meech & Co. (HM), and have some dates we would like to share.

PSPRS and CORP (non-AOC) Employers:
We have received all reports from the actuary, and our auditors will need to audit and give an opinion on the Schedule of Changes in Fiduciary Net Position by Employer.

EORP and CORP-AOC Employers:
We anticipate having all reports from the actuary, by end of June and then our auditors will need to audit and give an opinion on the Schedule of Pension Amounts by Employer.

Our goal is to have these schedules posted to our employer website (same as census data) by the end of July. You will receive an email when the schedules are complete.

If anyone has any questions, please feel free to call Leslie Clark at (602) 296-2523 or email at lclark@psprs.com.

Forms and Benefit schedule for updates and changes...

The System would like to remind local boards that approved; original, complete and correct retirement packets must be received by our office on or before the ***tenth of the month*** *in which benefits are to be paid. Any packets received after the tenth will be processed the following month (even if the packet is complete and correct). As such, local boards will need to ensure that the delay is clearly communicated to their members.*

The following is a list of the "cut-off dates" for receipt of the approved, original, complete and correct retirement packets-including those months where the 10th falls on a weekend:

Friday,
July 10, 2015

Monday,
August 10, 2015

Thursday,
September 10, 2015

Friday,
October 9, 2015
(the 10th is a Saturday)

Tuesday,
November 10, 2015

Thursday,
December 10, 2015

Monday,
January 11, 2016
(the 10th is on a Sunday)

Wednesday,
February 10, 2016

Thursday,
March 10, 2016

Alternate Contribution Rates

The alternate contribution rate was enacted to recapture lost contributions due to a retiree returning to work in a covered position, thereby not contributing to the Fund. The alternate contribution rate is that portion of the employer rate attributable to the amortization of the unfunded liability. The following table shows the historical ACR rate for each plan by fiscal year:

Fiscal Year	PSPRS (ARS 38-843.05)	EORP (ARS 38-810.04)	CORP (ARS 38-891.01)
2011 - 2012	10.51%	14.17%	6.00%
2012 - 2013	14.57%	19.11%	6.00%
2013 - 2014	17.07%	21.31%	6.18%
2014 - 2015	19.65%	23.50%	7.34%
2015 - 2016	28.62%	23.50%	11.33%

Currently, these rates for PSPRS and CORP are based on the aggregate actuarial valuation and EORP is set by statute. Beginning July 1, 2016, the rates for PSPRS and CORP will be based on your individual actuarial valuations and we are seeking feedback from the employers as to this change in policy.

More information will be shared soon, so please watch for it.

Contributions on Contracted Third Party Work

It has been brought to our attention that contributions may not be withheld and submitted by some employers for law enforcement activities contracted to a third party. Just as a reminder, in accordance with Arizona Revised Statutes § 38-842, paragraph 12, compensation received through a contracted third party where those activities are supervised by the employer is pensionable. Should you have any questions about or need guidance on a particular situation, please do not hesitate to contact our office.

Marriage Certificates vs. Marriage Licenses

Marriage document requirements...

We would like to remind boards that we cannot accept marriage licenses when it comes to processing benefits. *This is especially important for survivor benefits.*

Statutes require that a couple must be married for two consecutive years to grant a survivor benefit to a widow or widower who survives a retiree. If the individual is the survivor of an active member, they must have been married at time of death. In order to award this type of benefit, local boards must ensure that a lawful marriage has occurred, and the only document that proves that fact, is a member's marriage certificate. The marriage certificate validates that the marriage occurred and that is was properly filed and certified with the appropriate county/state legal entity. The System requires that when you are processing a survivor benefit and gathering the necessary supporting documents that you collect from the survivor a copy of a truly certified marriage certificate.

Notification of the Death of member...

If a member passes away it is in the best interest of the local board to report the death to PSPRS via email or phone call.

Sometimes the member's deceased relative will call or our office will get an email. If we receive a death notification we would communicate the information to the local board secretary.

If you learn about a death of a member, survivor or other beneficiary, please notify our office. It is the responsibility of the local board to let us know if a pension recipient has passed away if you are aware the pension should be stopped.

Return to Work Process and Procedures

PSPRS - Local Board Return to Work Determinations

If a retiree is hired by the SAME employer, and in any capacity, the local board MUST review the following as required in A.R.S. 38-849 and notify PSPRS within 10 days of the retiree's re-employment (or sooner if possible):

1. *Did the retiree retire under an accidental or ordinary disability?*

    a) If <u>NO</u>, then see the next question.
    b) If <u>YES</u>, if the retiree retired with an accidental or ordinary disability under 20 years of service (Tier 1) or 25 years under service (Tier 2) and has not yet reached their normal retirement eligibility, did the local board determine that the retiree has sufficiently recovered in the opinion of the board based on a medical examination by a designated physician appointed by the local board and that the retiree is able to engage in a reasonable range of duties within the department?

i) If YES, proceed to Questions 2 and 3.

2. Did the retiree wait 1 year from the effective date of retirement to return to work in any capacity to the same employer?

a) If YES, provide a copy of the board minutes showing the board reviewed the return to work determination and provide copies of the old and new job descriptions to PSPRS for review.
b) If NO, then the retiree's pension must be suspended unless he/she meets the 60-day rule *(see below)*.

3. Did the retiree wait 60 days from the effective date of retirement to return to work in an entry level, non-supervisory position and compete in an open competitive process?

a) If YES, provide a copy of board minutes showing the board reviewed the return to work determination and provide copies of the old and new job descriptions to PSPRS for review.
b) If NO, then the retiree's pension must be suspended and a copy of the board minutes showing the board reviewed the return to work determination must be provided to PSPRS along with a copy of the old and new job descriptions.

4. Note: The Local Board minutes should include the following information when reviewing return to work determinations:

a) Name of retiree
b) Effective date of retirement
c) Date of re-employment
d) Old job title and copy of job description
e) New job title and copy of job description
f) Verification that retiree competed in an open-competitive process for the 60-day rule
g) Acknowledge whether or not the employer is responsible for paying the Alternate Contribution Rate (ACR) to PSPRS
h) What section of A.R.S. 38-849 applies or was reviewed by the board when making the determination and whether the retiree is entitled to continue receiving his/her pension benefits or if they are to be suspended effective what date.

If a retiree is hired by a DIFFERENT PSPRS employer (not the same employer from which they retired), the new/hiring local board MUST review the

following:

1. *Did the retiree retire under a disability from their former PSPRS employer?*

   a) If NO, then proceed to the next question.
   b) If YES, if the retiree retired with under 20 years of service (Tier 1) or 25 years under service (Tier 2) and has not yet reached their normal retirement eligibility, then the retiree must have a medical release from the retiring local board to be able to return to work in a covered PSPRS position. If the retiree has met normal retirement eligibility, proceed to next question. If the retiree has not met normal retirement eligibility, then he/she must become a participating member of PSPRS again and their pension must be stopped.

2. *When the retiree is hired into a covered PSPRS position, he must acknowledge that the employer is responsible for paying the ACR to PSPRS.*

3. *Provide a copy of the Local Board minutes to PSPRS to include the following information:*

   a) Name of retiree
   b) Effective date of retirement and from what PSPRS employer
   c) Date of re-employment
   d) New job title and whether the position is covered under PSPRS or not
   e) Verification whether the retiree is receiving disability benefits from PSPRS and if so, whether he/she has met normal retirement eligibility and whether their pension benefits should be suspended and become a contributing member again to PSPRS.
   (Note: PSPRS can verify this information if needed)
   d) Acknowledge whether or not the new employer is responsible for paying ACR to PSPRS

Public Safety Personnel Retirement System

(PSPRS)

E-Mail Directory

Directory for the most common inquiries we receive, sorted alphabetically.

Active Members Services
ladawn@psprs.com

Contact Information:
PSPRS Administrative Offices
(for PSPRS, CORP & EORP)

602.255.5575 Telephone

877.925.5575 Toll-Free

602.255.5572 General Fax

602.296.2368 Active Members Fax

602.296.2369 Retired Members Fax

Cancer Insurance Program
annette@psprs.com

Employer Contribution Issues
web_support@psprs.com

Members Only Issues
web_support@psprs.com

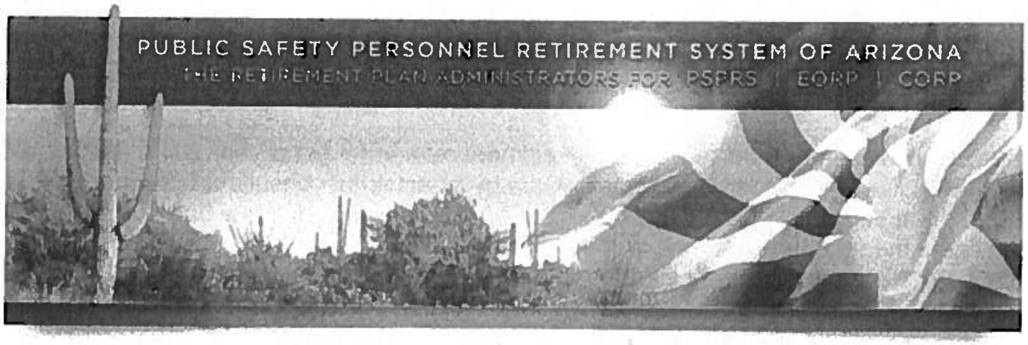
Retired Members Services
bonnie@psprs.com

Service Purchases or Transfers
tony@psprs.com

Training Inquiries
rortega@psprs.com or
don@psprs.com

Website Content
webmaster@psprs.com

Public Safety Personnel Retirement System | 3010 East Camelback Road, Suite 200 | Phoenix | AZ | 85016



PSPRS | Newsletter

Volume 7, Issue 5

Court Agrees to Hear Hall Lawsuit

Mailing Address, Name Change, Beneficiary, and Email Updates

Active Member Statements

REMINDER

Just as a reminder, all active members may access their statements and contribution history through our members' only website with their login name and password. If you have not already created an account, you may do so on the site. Also, if you do not have access to the Internet, you may contact our office for a statement at any time.

Board of Trustees Reduces Assumed Earnings Rate

While PSPRS achieved slightly more than 13 percent investment returns for fiscal year 2014, the Board of Trustees has been counseled for the past few years by its actuarial consultant to reduce its above average assumed earnings rate to a more modest 7.5 percent. During a meeting in May, the Board voted to accept the recommendations to reduce the rate, which is the discount rate used in all actuarial valuation projections and a key component to investment strategy.

This downward adjustment became effective July 1, 2015, and is expected to create slight increases in contribution rates for local employers. However, it will not be implemented in the annual actuarial valuations until June 30, 2016, which means it will not be reflected in the employer contribution rates until July 1, 2017. The Board of Trustees in June considered but declined to make the new assumed earnings rate effective with the June 30, 2015, valuations.

Allan Martin, who consults several public pensions, including PSPRS and ASRS, told the PSPRS Board of Trustees during a June meeting, that the reduced amount of 7.5 percent was not at all unusual compared to rates set by other public pension plans.

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His recommendation included slight reductions in PSPRS holdings in US small cap equities and real estate, which now make up 3 percent and 11 percent, respectively, of the PSPRS portfolio.

The consultant added he believed all PSPRS investment expectations and strategies were "very appropriate" given the risk levels of the fund.

Change in Rate Impacts TIER 1 DROP

The recent reduction of the PSPRS assumed earnings rate will affect certain public safety employees who are enrolled in the deferred retirement option plan (DROP). The assumed earnings rate also serves as the variable interest rate for those public safety officers eligible for or participating in Tier 1 DROP (those who had 20 years of credited service by or before December 31, 2011).

This change in the assumed earnings rate does not impact Tier 2 participants (those who acquired 20 years of credited service by or after Jan. 1, 2012). The Tier 2 DROP interest rate is annually adjusted to the actuarial smoothed rate of return and remains at 3.1 percent.

Similarly, the assumed rate change does not amend the Reverse DROP interest rate for the Corrections Officer Retirement Plan (CORP). That rate is based upon 5-Year Treasury note return rates. The CORP Reverse DROP benefit, however, will remain available only until June 30, 2016, when it is set to expire under ARS 38-885.01(B).

SERVICE PURCHASES PART 1

The Discount Rate

A recent audit of our processes and procedures for calculating service purchases revealed that certain actuarial tables were not updated to reflect the most recent legislative changes to those specific calculations. The issue in question was the discount rate being used.

Arizona Revised Statutes § 38-853.01(B) dictates that "the discount rate used by the actuary for the redemption calculation pursuant to this subsection is an amount equal to the lesser of the assumed rate of return that is prescribed by the board or an amount equal to the yield on a ten-year treasury note as of March 1 that is published by the Federal Reserve board plus two percent."

The discount rate is the interest rate used to calculate these service purchases and the audit revealed the assumed rate was still being used and not the yield on the ten-year Treasury note plus 2 percent. This change in the rate only affects the calculations of out-of-state, Rural Metro, and pre-joinder service purchases performed on or after August 2, 2012.

Using this lower rate on these types of service purchases will result in a significantly higher cost for the member. However, preliminary research has indicated this error impacts a relatively small group of individuals who have already purchased this time. Also, it should be clear that it does not affect any military service purchases, transfers from another state retirement system, inter-system transfers, redemptions of prior service, or repayment of refunded service - the bulk of the types of service purchase requests we receive.

Unfortunately, in our haste to correct this error and properly implement the law, many felt that we did not provide proper notification for transition to this higher cost, thereby disallowing numerous others who were planning to purchase this time at some future date the ability to make appropriate adjustments to their retirement plans. As such, we have held discussions with member representatives to address those concerns and to research the issue further for a more involved process to a resolution.

SERVICE PURCHASES PART 2

The Assumed Rate

The change in the assumed earnings rate previously mentioned will also affect all other types of service purchases because it is the discount rate used for actuarial calculations (of which service purchases are). The lower the discount rate, the more money you need today to reach the future value of that projection. Even though the change in the assumed rate was effective July 1, 2015, there hasn't been much time to communicate this change to the membership and the effects it has on the cost of their service purchases. Further, the Board of Trustees will review all of the various rates and their frequency of changes and implementation at an upcoming meeting. Therefore, in an effort to be more transparent and allow members to appropriately plan better for their retirement, we will not implement the new rate in the service purchase calculations earlier than October 1, 2015.

SERVICE PURCHASES PART 3

Payroll Deduction Agreements

Legislation from the 2012 session enabled the System to provide its membership with the ability to purchase service on a payroll basis through payroll deduction agreements with the assumption it would be processed on a pre-tax basis. However, this required IRS approval, which was sought shortly after the law's enactment. Unfortunately, in February 2015, after a very lengthy IRS process, and on the advice of tax counsel, the Board of Trustees withdrew their request to the IRS for a private letter ruling (PLR) to allow for service purchase agreements to be considered pre-tax. It was clear that the IRS will no longer be issuing these types of PLRs. However, that does not preclude us from providing these purchases on an after-tax basis (form and method to be determined) and we would like to know the interest of the membership in doing so.

Please provide your thoughts to communications@psprs.com.

Court Agrees to Hear Hall Lawsuit

In June, the Arizona Supreme Court agreed to consider another constitutional challenge against pension reform efforts signed into law in 2011.

The *Hall v. EORP* (Elected Officials Retirement Plan) lawsuit filed by two then-active judges seeks to reverse the effects of 2011 legislation that, among other things, reduced future permanent benefits increases and implemented higher employee contribution rates.

The challenged provisions of the 2011 law were intended to alleviate strain and elevate funding levels for the pension plans operated by PSPRS, including EORP and the Corrections Officers Retirement Plan (CORP).

Unlike the *Fields* lawsuit decided in February 2014, which pertained to retired employees covered by plans under PSPRS, the *Hall* litigation covers active employees. It also seeks retroactive reimbursements to make up for increased employee contribution rates.

The Arizona Supreme Court has set a briefing schedule but has yet to announce a scheduled date for oral arguments. At trial court, the *Hall* lawsuit resulted in a decision that both the increased contribution rates and changes to the permanent benefit increase formula for active employees broke provisions of the state constitution.

Attorneys for the state and the plaintiffs agreed to request that the lawsuit bypass the state Court of Appeals in favor of a direct route to the Supreme Court.

Mailing Address, Name Change, Beneficiary, & Email *Updates*

Every day PSPRS mails important benefit information to our members, both active and retired. If we don't have the correct mailing address, the US Post Office returns it to us because we do not allow our mail to be forwarded. *This procedure is for the protection of our members. However, without a working address, we cannot re-send the mail. The majority of what we send is time-sensitive, so that can create real problems for our members. We consider address information to be confidential. We can't take the information over the telephone; we need your written signature (not electronic) to make any changes to your file.*

What are we routinely sending? For active members it could be memo letters, transfer letters, service purchase packets, and refund letters. For retired members we send packets for retirements, disabilities and DROP as well as some monthly pension checks. In addition, we send health, dental and cancer insurance information to eligible members. For all members we send various change forms (on request), for divorce or child support and, at the end of each calendar year, the *1099-R* forms for tax reporting are sent to anyone who received a benefit or refund from PSPRS during the previous calendar year. When the situation arises, we send survivor or guardian benefit packets if a member passes away.

It's easy to keep a mailing address current for us:
www.psprs.com

For Retired Members only, log in to your PSPRS Members Only portal on our website www.psprs.com to make the changes electronically; Active Members will have to use a form to make the updated changes. Use Form 9 for address and name changes, and Form 8 for change of Beneficiary Designation. Retired Members may also use the paper form as not all of our membership has electronic access. Your email address update ***must*** *be made in writing, using Form 9, as the security and confidentiality of your email account is of the upmost importance to us. Feel free to call for further assistance.*

Please Let Us Introduce...
Brian C. Dunham

We have some incredible talent within our agency, and Brian C. Dunham, is a great example of our talented staff. *Brian serves as our Senior Financial Accountant along with his team under Finance Director John Hendricks. Brian is an integral part of this creatively brilliant group, which lends daily and direct support to our Member Services staff.*

Brian grew up in New York and attended SUNY Cortland, home of the Red Dragons. He was a part of the graduation class of 1989. Shortly after graduation, Brian moved to Palm Desert, California, trading snow for pristine desert and sunshine! During this time, he also married his lovely wife, Deya, and they were blessed with two sons. He left California and in 1998 moved to Mesa to work as an accountant and programmer for Arizona-based companies. In 2001, Brian was hired by Arizona State Retirement System, and in 2006 PSPRS was fortunate enough to have the opportunity to offer Brian employment in our accounting department. As they say, "the rest is history!"

Brian is dedicated to the monthly benefit pension process which he and our IT Development Manager, Jon Chase, have streamlined down to a 25-minute process! This single duty involves accuracy and timeliness in processing 17,405 retired member pension payments each month. Our retired membership only continues to grow in numbers, the automation of the payroll process was quite necessary and very timely! Brian is responsible for all daily deposits, Account Payable, refunds for the terminating membership, monitoring the GL transactions, and completes the month end close and balancing in the internal general ledger. In 2010, he redesigned the Comprehensive Annual Financial Reports for PSPRS, EORP, CORP, and the FFCI using Microsoft Publisher. Now as we close the fiscal year, he once again has redesigned the reports to be all inclusive, combining the financial data and information from all three plans into a single annual report. His final pièce de résistance is the automation of the contribution process moving from 100 percent manual to a 99 percent automated process. Brian is most proud of this accomplishment, and we the staff are simply amazed!

You may reach Brian at the PSPRS administrative office Monday through Friday until 3:30 pm at extension 2008.

Public Safety Personnel Retirement System
(PSPRS)

Contact Information:
PSPRS Administrative Offices
(for PSPRS, CORP & EORP)

602.255.5575 Telephone

877.925.5575 Toll-Free

602.255.5572 General Fax

602.296.2368 Active Members Fax

602.296.2369 Retired Members Fax

Public Safety Personnel Retirement System 3010 East Camelback Road, Suite 200 Phoenix AZ 85016

Public Safety Personnel Retirement System
State of Arizona

July 27, 2015
PRESS RELEASE
Contact: Christian Palmer
Phone: 602-486-1447

Feds: No actions against PSPRS investment partner

Securities commission ends inquiry of Desert Troon Companies, Inc.

PHOENIX – The U.S. Securities and Exchange Commission this month notified PSPRS investment partner Desert Troon Companies, Inc., that it will not recommend any action against the real estate investment firm or its personnel.

Federal investigations produced no evidence to support previous accusations of several former PSPRS employees who alleged senior PSPRS staff members manipulated values of real estate ventures jointly managed with the Desert Troon Companies for the purpose of triggering employee bonus pay. PSPRS has consistently denied those allegations.

The investigations of PSPRS, were begun following the accusations of former employees, were conducted by the Federal Bureau of Investigation, the U.S. Department of Justice and the U.S. Securities and Exchange Commission. All were formally concluded this year without evidence of misconduct.

Brian Tobin, chairman of the PSPRS Board of Trustees, said that the S.E.C. notice to PSPRS investment partner Desert Troon Companies only adds to the evidence that no wrongdoing relating to PSPRS real estate investments occurred.

"There is no longer any possible explanation besides the fact that PSPRS, its investment team and its investment partners did absolutely nothing wrong," Tobin said. "To see these investigations of PSPRS and its investment partner reach the same conclusion says it all."

In response to the allegations, which drew repeated coverage from state and national news outlets, the Desert Troon Companies filed a defamation and interference with business lawsuit in May 2014 against former PSPRS employees Andrew Carriker, Paul Corens, Anton Orlich and Mark Selfridge.

The litigation is ongoing after a Maricopa County Superior Court judge rejected several attempts by the defendants to dismiss the lawsuit. Likewise, PSPRS is actively litigating the return of hundreds of thousands of PSPRS documents, many of which are confidential, from Orlich.

The resolved federal investigations followed several other major reviews of PSPRS real estate investment matters involving Desert Troon. The matter was previously vetted by independent accounting firms Ernst & Young and Heinfeld Meech Company, real estate experts with ORG Portfolio Management, opposing staff reports and the Office of the Arizona Auditor General.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
ENFORCEMENT

July 9, 2015

David E. Shein, Esq.
Chester & Shein, P.C.
8777 North Gainey Center Drive
Suite 191
Scottsdale, Arizona 85258

Re: In the Matter of Desert Troon Companies, Inc. (MHO-12686)

Dear Mr. Shein:

We have concluded the investigation as to Desert Troon Limited, L.L.C. ("Desert Troon"). Based on the information we have as of this date, we do not intend to recommend an enforcement action by the Commission against Desert Troon or any of its principals or employees. We are providing this notice under the guidelines set out in the final paragraph of Securities Act Release No. 5310, which states in part that the notice "must in no way be construed as indicating that the party has been exonerated or that no action may ultimately result from the staff's investigation." (The full text of Release No. 5310 can be found at: http://www.sec.gov/divisions/enforce/wells-release.pdf.)

Sincerely,

Adam S. Aderton
Assistant Director