State of Arizona  
Senate  
Fifty-fifth Legislature  
Second Regular Session  
2022

CHAPTER 73  
SENATE BILL 1084  
AN ACT  
AMENDING SECTIONS 38-643 AND 38-801, ARIZONA REVISED STATUTES; REPEALING SECTION 38-803, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 405, SECTION 12; AMENDING SECTION 38-803, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2019, CHAPTER 36, SECTION 2; REPEALING SECTION 38-832, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2019, CHAPTER 36, SECTION 5; REPEALING SECTION 38-840.01, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 405, SECTION 14; AMENDING SECTION 38-840.01, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2019, CHAPTER 36, SECTION 7; AMENDING SECTION 38-842, ARIZONA REVISED STATUTES; REPEALING SECTION 38-848, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 405, SECTION 15; AMENDING SECTION 38-848, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 34, SECTION 4 AND CHAPTER 251, SECTION 2; REPEALING SECTION 38-848.02, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 405, SECTION 16; AMENDING SECTION 38-848.02, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2019, CHAPTER 36, SECTION 10; REPEALING SECTION 38-866, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 405, SECTION 17; AMENDING SECTION 38-866, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2019, CHAPTER 36, SECTION 13; AMENDING SECTION 38-881, ARIZONA REVISED STATUTES; REPEALING SECTION 38-883, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 405, SECTION 18; AMENDING SECTION 38-883, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2019, CHAPTER 36, SECTION 17; RELATING TO PUBLIC RETIREMENT SYSTEMS.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 38-643, Arizona Revised Statutes, is amended to read:

38-643. Public safety cancer insurance policy program account

A. The public safety cancer insurance policy program account is established and shall be under the exclusive control of the board. The board shall deposit monies collected pursuant to section 38-642 in the account to pay the cost of providing a group cancer insurance policy under the program and the cost of administering the program.

B. The board may use up to ten percent of the monies deposited in the account each year ending July 31 to pay the costs of administering the program, except that board attorney fees and court costs relating to the program shall be paid out of the account and are not subject to this limitation. If no monies are deposited in the account in a given year, the board may use up to five percent of the monies deposited in the account in the most recent year in which there was a deposit to pay the costs of administering the program.

C. The board shall cause an independent audit of the account to be performed at the end of each fiscal year and shall report the results of the audit to each employer within six months following the end of the fiscal year.

D. The employer contributions and securities in the account and investment earnings on monies in the account are exempt from state, county and municipal taxes.

E. The program is a welfare benefit plan or trust intended to pay expenses incurred in the treatment of cancer as provided in the policy of insurance secured or established by the board pursuant to section 38-642. The legislature intends that the program's income be excluded as gross income for the purposes of the assessment of federal income tax under section 115 of the internal revenue code and that coverage under the program be excluded as gross income to the employees or retirees under section 106 of the internal revenue code. The board may adopt additional program provisions as are necessary to fulfill its intent that the program's income and premiums are not subject to federal income tax.

F. TO THE EXTENT REQUIRED TO EXCLUDE COVERAGE UNDER THE PROGRAM AS GROSS INCOME OF PARTICIPANTS, EMPLOYERS REQUIRED TO PARTICIPATE IN THE PROGRAM SHALL PAY THE PREMIUMS FOR THE COST OF THE PROGRAM AND INCLUDE THE PREMIUM AMOUNT AS WAGES OF THE FIREFIGHTERS AND PEACE OFFICERS PARTICIPATING IN THE PROGRAM SUBJECT TO FEDERAL AND STATE INCOME AND EMPLOYMENT TAXES.

G. Employers, the board of trustees and any member of a local board do not guarantee the account in any manner against loss or depreciation and are not liable for any act or failure to act made in good
faith pursuant to this article, including determinations on program
claims.

Sec. 2. Section 38-801, Arizona Revised Statutes, is amended to
read:

38-801. Definitions
In this article, unless the context otherwise requires:
1. "Accumulated contributions" means the sum of all member
contributions deducted from the member's salary pursuant to section
38-810, subsection A plus the amount transferred to the fund on behalf of
the member plus the amount deposited in the fund pursuant to section
38-816.
2. "Actuarial equivalent" means equality in present value of the
aggregate amounts expected to be received under two different forms of
payment, based on mortality and interest assumptions adopted by the board.
3. "Alternate payee" means the spouse or former spouse of a
participant as designated in a domestic relations order.
4. "Alternate payee's portion" means benefits that are payable to
an alternate payee pursuant to a plan approved domestic relations order.
5. "Average yearly salary" means the result obtained by dividing
the total salary paid to an employee during a considered period by the
number of years, including fractional years, in which the salary was
received. The considered period shall be:
(a) For an elected official who becomes a member of the plan before
January 1, 2012, the three consecutive years within the last ten completed
years of credited service as an elected official that yield the highest
average. If a member does not have three consecutive years of credited
service as an elected official, the considered period is the member's last
consecutive period of employment with a plan employer immediately before
retirement.
(b) For an elected official who becomes a member of the plan on or
after January 1, 2012, the five consecutive years within the last ten
completed years of credited service as an elected official that yield the
highest average. If a member does not have five consecutive years of
credited service as an elected official, the considered period is the
member's last consecutive period of employment with a plan employer
immediately before retirement.
6. "Board" means the board of trustees of the system.
7. "Credited service" means the number of whole and fractional
years of a member's service as an elected official after the elected
official's effective date of participation for which member and employer
contributions are on deposit with the fund, plus credited service
transferred to the plan from another retirement system or plan for public
employees of this state, plus service as an elected official before the
elected official's effective date of participation that is being funded
pursuant to a joinder agreement pursuant to section 38-815 or service that
was redeemed pursuant to section 38-816. Credited service does not include periods of service for which an active member is uncompensated by the employer and for which no contributions to the plan are made.

8. "Cure period" means the ninety-day period in which a participant or alternate payee may submit an amended domestic relations order and request a determination, calculated from the time the plan issues a determination finding that a previously submitted domestic relations order did not qualify as a plan approved domestic relations order.

9. "Determination" means a written document that indicates to a participant and alternate payee whether a domestic relations order qualifies as a plan approved domestic relations order.

10. "Determination period" means the ninety-day period in which the plan must review a domestic relations order that is submitted by a participant or alternate payee to determine whether the domestic relations order qualifies as a plan approved domestic relations order, calculated from the time the plan mails a notice of receipt to the participant and alternate payee.

11. "Direct rollover" means a payment by the plan to an eligible retirement plan that is specified by the distributee.

12. "Distributee" means a member, a member’s surviving spouse or a member’s spouse or former spouse who is the alternate payee under a plan approved domestic relations order.

13. "Domestic relations order" means an order of a court of this state that is made pursuant to the domestic relations laws of this state and that creates or recognizes the existence of an alternate payee’s right to, or assigns to an alternate payee the right to, receive a portion of the benefits payable to a participant.

14. "Effective date of participation" means August 7, 1985, except with respect to employers and their elected officials whose contributions to the plan commence after that date, in which case the effective date of their participation in the plan is specified in the applicable joinder agreement.

15. "Elected official" means:
   (a) Every elected official of this state who was a member of the plan on December 31, 2013.
   (b) Every elected official of each county of this state who was a member of the plan on December 31, 2013.
   (c) Every justice of the supreme court, every judge of the court of appeals, every judge of the superior court and every full-time superior court commissioner, except full-time superior court commissioners who failed to make a timely election of membership under the judges' retirement plan, repealed on August 7, 1985, who was a member of the plan on December 31, 2013.
(d) The administrator of the board if the administrator is a natural person but only if the administrator is employed by the board before January 1, 2012.

(e) Each elected official of an incorporated city or town whose employer has executed a proper joinder agreement for coverage of its elected officials and who was a member of the plan on December 31, 2013.

16. "Eligible child" means an unmarried child of a deceased active or retired member who meets one of the following qualifications:
   (a) Is under eighteen years of age.
   (b) Is at least eighteen years of age and under twenty-three years of age only during any period that the child is a full-time student.
   (c) Is under a disability that began before the child attained twenty-three years of age and remains a dependent of the surviving spouse or guardian.

17. "Eligible retirement plan" means any of the following that accepts a distributee's eligible rollover distribution:
   (a) An individual retirement account described in section 408(a) of the internal revenue code.
   (b) An individual retirement annuity described in section 408(b) of the internal revenue code.
   (c) An annuity plan described in section 403(a) of the internal revenue code.
   (d) A qualified trust described in section 401(a) of the internal revenue code.
   (e) An annuity contract described in section 403(b) of the internal revenue code.
   (f) An eligible deferred compensation plan described in section 457(b) of the internal revenue code that is maintained by a state, a political subdivision of a state or any agency or instrumentality of a state or a political subdivision of a state and that agrees to separately account for amounts transferred into the eligible deferred compensation plan from this plan.
   (g) EFFECTIVE JANUARY 1, 2008, A ROTH INDIVIDUAL RETIREMENT ACCOUNT THAT SATISFIES THE REQUIREMENTS OF SECTION 408A OF THE INTERNAL REVENUE CODE.
   (h) FOR DISTRIBUTIONS MADE AFTER DECEMBER 18, 2015, A SIMPLE RETIREMENT ACCOUNT AS DEFINED IN SECTION 408(p) OF THE INTERNAL REVENUE CODE.

18. "Eligible rollover distribution" means a payment to a distributee, but does not include any of the following:
   (a) Any distribution that is one of a series of substantially equal periodic payments made not less frequently than annually for the life or life expectancy of the member or the joint lives or joint life expectancies of the member and the member's beneficiary or for a specified period of ten years or more.
(b) Any distribution to the extent the distribution is required under section 401(a)(9) of the internal revenue code.

(c) The portion of any distribution that is not includable in gross income.

(d) Any distribution made to satisfy the requirements of section 415 of the internal revenue code.

(e) Hardship distributions.

(f) Similar items designated by the commissioner of the United States internal revenue service in revenue rulings, notices and other guidance published in the internal revenue bulletin.

19. "Employer" means a department, agency or political subdivision of this state that makes employer contributions to the plan pursuant to section 38-810 on behalf of an elected official who participates in the plan.

20. "Fund" means the elected officials' retirement plan fund.

21. "Notice of receipt" means a written document that is issued by the plan to a participant and alternate payee and that states that the plan has received a domestic relations order and a request for a determination that the domestic relations order is a plan approved domestic relations order.

22. "Participant" means a member who is subject to a domestic relations order.

23. "Participant's portion" means benefits that are payable to a participant pursuant to a plan approved domestic relations order.

24. "Pension" means a series of monthly payments to a person who is entitled to receive benefits under the plan.

25. "Personal representative" means the personal representative of a deceased alternate payee.

26. "Physician" means a physician who is licensed pursuant to title 32, chapter 13 or 17.

27. "Plan" means the elected officials' retirement plan.

28. "Plan approved domestic relations order" means a domestic relations order that the plan approves as meeting all the requirements for a plan approved domestic relations order as otherwise prescribed in this article.

29. "Plan year" or "fiscal year" means the period beginning on July 1 of any year and ending on June 30 of the next succeeding year.

30. "Retired member" means a person who is being paid a pension based on the person's credited service as a member of the plan.

31. "Segregated funds" means the amount of benefits that would currently be payable to an alternate payee pursuant to a domestic relations order under review by the plan, or a domestic relations order submitted to the plan that failed to qualify as a plan approved domestic relations order, if the domestic relations order were determined to be a plan approved domestic relations order.
32. "System" means the public safety personnel retirement system.

Sec. 3. Repeal
Section 38-803, Arizona Revised Statutes, as amended by Laws 2021, chapter 405, section 12, is repealed.

Sec. 4. Section 38-803, Arizona Revised Statutes, as amended by Laws 2019, chapter 36, section 2, is amended to read:

38-803. Powers and duties of the board; reporting requirements

A. The board, in the administration, management and operation of the plan and fund, shall:
1. Account for the operation, administration and investment expenses and allocate them against investment income.
2. Contract on a fee basis with an actuary to make an actuarial valuation of the plan based on the valuation method and valuation assumptions recommended by the actuary and approved by the board. The actuary shall be a member of the American academy of actuaries.
3. Contract on a fee basis with an independent auditing firm to make an annual audit of the accounting records of the fund and file a copy of the audit with the auditor general.
4. Invest the monies in the fund as provided in article 4 of this chapter.
5. Within a period of six months after the close of each fiscal year, submit a detailed report of the operation and the investment performance of the plan to the governor, the legislature and the members of the plan.
6. By November 1 of each year provide a preliminary report and by December 31 of each year provide a final report to the governor, the speaker of the house of representatives and the president of the senate on the contribution rate for the ensuing fiscal year.

B. The board, in the administration, management and operation of the plan and fund, may:
1. Employ services as it deems necessary.
2. Either keep invested monies separate or commingle invested monies as it deems appropriate.
3. Delegate authority as it deems necessary and prudent to the administrator employed pursuant to section 38-848, subsection M, paragraph 6.
4. Do all acts, whether expressly authorized, that are deemed necessary or proper for the protection of the fund.

Sec. 5. Repeal
Section 38-832, Arizona Revised Statutes, as amended by Laws 2021, chapter 405, section 13, is repealed.
Sec. 6. Section 38-832, Arizona Revised Statutes, as amended by Laws 2019, chapter 36, section 5, is amended to read:

38-832. Defined contribution system; annual report; quarterly statements

A. The board shall establish, design and administer a defined contribution system to provide for the retirement of elected officials.

B. The purpose of this article is to provide a defined contribution system that is fully funded on a current basis from employer and member contributions.

C. The legislature intends that the defined contribution system for members under this article be designed to be a qualified government plan under section 401(a) of the internal revenue code, as amended, or successor provisions of law, and be exempt from taxation under section 501 of the internal revenue code. The board may adopt any additional provisions to the defined contribution system that are necessary to fulfill this intent. On or before December 31, 2013, the board shall submit to the internal revenue service a request for a determination letter that the defined contribution system is a plan qualified under section 401(a) of the internal revenue code and a private letter ruling that all member contributions that are picked up by the employer as provided in section 38-833 shall be treated as employer contributions pursuant to section 414(h) of the internal revenue code.

D. The board may:

1. Employ the services of the third-party administrator that is contracted on September 13, 2013 to administer the supplemental defined contribution plan pursuant to article 8 of this chapter to also administer the defined contribution system.

2. Employ other services it deems necessary, including legal services, for the operation and administration of the defined contribution system.

3. Perform all acts, whether or not expressly authorized, that it deems necessary and proper for the operation and protection of the system.

E. The board shall adopt policies regarding the defined contribution system, including the administration of the member and employer contributions, investment options, termination in the defined contribution system, the administration of the payout options under the defined contribution system and the administration of the member distributions.

F. On receipt of the determination letter and private letter ruling from the internal revenue service, the board shall participate in a competitive bid process at least once every five years to contract with a private person or any qualified company or companies to administer the defined contribution system established under this section.
G. Any contract for a third-party administrator of the defined contribution system shall include competitive fees, quarterly meetings with the public safety personnel retirement system, annual updates to the board on the status of the defined contribution system and quarterly statements to each member. On or before December 31 of each year, the board shall report the status of the defined contribution system to the governor, the president of the senate, the speaker of the house of representatives and the joint legislative budget committee.

Sec. 7. Repeal

Section 38-840.01, Arizona Revised Statutes, as amended by Laws 2021, chapter 405, section 14, is repealed.

Sec. 8. Section 38-840.01, Arizona Revised Statutes, as amended by Laws 2019, chapter 36, section 7, is amended to read:

38-840.01. EODC disability program; administration; power and duties of the board; hearing; annual report

A. The elected officials' defined contribution retirement system disability program is established for members of the elected officials' defined contribution retirement system. The board shall administer the EODC disability program.

B. The board may delegate authority to administer the program as it deems necessary and prudent to the administrator employed pursuant to section 38-848.

C. The board, in the administration, management and operation of the program, shall:

1. Account for the operation, administration and investment expenses and allocate them against investment income.

2. Contract on a fee basis with an actuary to make an actuarial valuation of the program based on the valuation method and valuation assumptions recommended by the actuary and approved by the board. The actuary shall be a member of the American academy of actuaries.

3. Contract on a fee basis with an independent auditing firm to make an annual audit of the accounting records of the EODC disability program trust fund and file a copy of the audit with the auditor general.

4. Invest the monies in the EODC disability program trust fund as provided in article 4 of this chapter.

5. On or before December 31 of each year, submit to the governor, the speaker of the house of representatives and the president of the senate a detailed report of the operation and the investment performance of the program that includes the contribution rate for the ensuing fiscal year.

D. The board, in the administration, management and operation of the program, may:

1. Employ services as it deems necessary.

2. Either keep invested monies separate or commingle invested monies as it deems appropriate.
3. Do all acts, whether expressly authorized, that may be deemed necessary or proper for the protection of the EODC disability program trust fund.

4. Determine the rights, benefits or obligations of any person under this article and afford any person dissatisfied with a determination of the person's rights, benefits or obligations under this article with a hearing on the determination.

Sec. 9. Section 38-842, Arizona Revised Statutes, is amended to read:

38-842. Definitions

In this article, unless the context otherwise requires:

1. "Accidental disability" means a physical or mental condition that the local board finds totally and permanently prevents an employee from performing a reasonable range of duties within the employee's job classification and that was incurred in the performance of the employee's duty.

2. "Accumulated contributions" means, for each member, the sum of the amount of the member's aggregate contributions made to the fund and the amount, if any, attributable to the employee's contributions before the member's effective date under another public retirement system, other than the federal social security act, and transferred to the fund minus the benefits paid to or on behalf of the member.

3. "Actuarial equivalent" means equality in present value of the aggregate amounts expected to be received under two different forms of payment, based on mortality and interest assumptions adopted by the board.

4. "Alternate payee" means the spouse or former spouse of a participant as designated in a domestic relations order.

5. "Alternate payee's portion" means benefits that are payable to an alternate payee pursuant to a plan approved domestic relations order.

6. "Annuitant" means a person who is receiving a benefit pursuant to section 38-846.01.

7. "Average monthly benefit compensation" means the result obtained by dividing the total compensation paid to an employee during a considered period by the number of months, including fractional months, in which such compensation was received. For an employee who becomes a member of the system:

(a) Before January 1, 2012, the considered period shall be the three consecutive years within the last twenty completed years of credited service that yield the highest average. In the computation under this subdivision, a period of nonpaid or partially paid industrial leave shall be considered based on the compensation the employee would have received in the employee's job classification if the employee was not on industrial leave.
(b) On or after January 1, 2012 and before July 1, 2017, the considered period is the five consecutive years within the last twenty completed years of credited service that yield the highest average. In the computation under this subdivision, a period of nonpaid or partially paid industrial leave shall be considered based on the compensation the employee would have received in the employee's job classification if the employee was not on industrial leave.

(c) On or after July 1, 2017, the considered period is the five consecutive years within the last fifteen completed years of credited service that yield the highest average. In the computation under this subdivision, a period of nonpaid or partially paid industrial leave shall be considered based on the compensation the employee would have received in the employee's job classification if the employee was not on industrial leave.

8. "Board" means the board of trustees of the system, who are the persons appointed to invest and operate the fund.

9. "Catastrophic disability" means a physical and not a psychological condition that the local board determines prevents the employee from totally and permanently engaging in any gainful employment and that results from a physical injury incurred in the performance of the employee's duty.

10. "Certified peace officer" means a peace officer certified by the Arizona peace officer standards and training board.

11. "Claimant" means any member or beneficiary who files an application for benefits pursuant to this article.

12. "Compensation" means, for the purpose of computing retirement benefits, base salary, overtime pay, shift differential pay, military differential wage pay, compensatory time used by an employee in lieu of overtime not otherwise paid by an employer and holiday pay paid to an employee by the employer for the employee's performance of services in an eligible group on a regular monthly, semimonthly or biweekly payroll basis and longevity pay paid to an employee at least every six months for which contributions are made to the system pursuant to section 38-843, subsection D. Compensation does not include, for the purpose of computing retirement benefits, payment for unused sick leave, payment in lieu of vacation, payment for unused compensatory time or payment for any fringe benefits. In addition, compensation does not include, for the purpose of computing retirement benefits, payments made directly or indirectly by the employer to the employee for work performed for a third party on a contracted basis or any other type of agreement under which the third party pays or reimburses the employer for the work performed by the employee for that third party, except for third-party contracts between public agencies for law enforcement, criminal, traffic and crime suppression activities training or fire, wildfire, emergency medical or emergency management activities or where the employer supervises the
employee's performance of law enforcement, criminal, traffic and crime suppression activities training or fire, wildfire, emergency medical or emergency management activities. For the purposes of this paragraph, "base salary" means the amount of compensation each employee is regularly paid for personal services rendered to an employer before the addition of any extra monies, including overtime pay, shift differential pay, holiday pay, longevity pay, fringe benefit pay and similar extra payments.

13. "Credited service" means the member's total period of service before the member's effective date of participation, plus those compensated periods of the member's service thereafter for which the member made contributions to the fund.

14. "Cure period" means the ninety-day period in which a participant or alternate payee may submit an amended domestic relations order and request a determination, calculated from the time the system issues a determination finding that a previously submitted domestic relations order did not qualify as a plan approved domestic relations order.

15. "Depository" means a bank in which all monies of the system are deposited and held and from which all expenditures for benefits, expenses and investments are disbursed.

16. "Determination" means a written document that indicates to a participant and alternate payee whether a domestic relations order qualifies as a plan approved domestic relations order.

17. "Determination period" means the ninety-day period in which the system must review a domestic relations order that is submitted by a participant or alternate payee to determine whether the domestic relations order qualifies as a plan approved domestic relations order, calculated from the time the system mails a notice of receipt to the participant and alternate payee.

18. "Direct rollover" means a payment by the system to an eligible retirement plan that is specified by the distributee.

19. "Distributee" means a member, a member's surviving spouse or a member's spouse or former spouse who is the alternate payee under a plan approved domestic relations order.

20. "Domestic relations order" means an order of a court of this state that is made pursuant to the domestic relations laws of this state and that creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to, receive a portion of the benefits payable to a participant.

21. "Effective date of participation" means July 1, 1968, except with respect to employers and their covered employees whose contributions to the fund commence thereafter, the effective date of their participation in the system is as specified in the applicable joinder agreement.

22. "Effective date of vesting" means the date a member's rights to benefits vest pursuant to section 38-844.01.
23. "Eligible child" means an unmarried child of a deceased member or retired member who meets one of the following qualifications:
   (a) Is under eighteen years of age.
   (b) Is at least eighteen years of age and under twenty-three years of age only during any period that the child is a full-time student.
   (c) Is under a disability that began before the child attained twenty-three years of age and remains a dependent of the surviving spouse or guardian.

24. "Eligible groups" means only the following who are regularly assigned to hazardous duty:
   (a) Municipal police officers who are certified peace officers.
   (b) Municipal firefighters.
   (c) Paid full-time firefighters employed directly by a fire district organized pursuant to section 48-803 or 48-804 or a joint powers authority pursuant to section 48-805.01 with three or more full-time firefighters, but not including firefighters employed by a fire district pursuant to a contract with a corporation.
   (d) State highway patrol officers who are certified peace officers.
   (e) State firefighters.
   (f) County sheriffs and deputies who are certified peace officers.
   (g) Game and fish wardens who are certified peace officers.
   (h) Police officers who are certified peace officers and firefighters of a nonprofit corporation operating a public airport pursuant to sections 28-8423 and 28-8424. A police officer shall be designated pursuant to section 28-8426 to aid and supplement state and local law enforcement agencies and a firefighter's sole duty shall be to perform firefighting services, including services required by federal regulations.
   (i) Police officers who are certified peace officers and who are appointed by the Arizona board of regents.
   (j) Police officers who are certified peace officers and who are appointed by a community college district governing board.
   (k) State attorney general investigators who are certified peace officers.
   (l) County attorney investigators who are certified peace officers.
   (m) Police officers who are certified peace officers and who are employed by an Indian reservation police agency.
   (n) Firefighters who are employed by an Indian reservation firefighting agency.
   (o) Department of liquor licenses and control investigators who are certified peace officers.
   (p) Arizona department of agriculture officers who are certified peace officers.
   (q) Arizona state parks board rangers and managers who are certified peace officers.
(r) County park rangers who are certified peace officers.
(s) GAME RANGERS WHO ARE CERTIFIED PEACE OFFICERS AND WHO ARE
EMPLOYED BY AN INDIAN RESERVATION.

25. "Eligible retirement plan" means any of the following that
accepts a distributee's eligible rollover distribution:
   (a) An individual retirement account described in section 408(a) of
the internal revenue code.
   (b) An individual retirement annuity described in section 408(b) of
the internal revenue code.
   (c) An annuity plan described in section 403(a) of the internal
revenue code.
   (d) A qualified trust described in section 401(a) of the internal
revenue code.
   (e) An annuity contract described in section 403(b) of the internal
revenue code.
   (f) An eligible deferred compensation plan described in section
457(b) of the internal revenue code that is maintained by a state, a
political subdivision of a state or any agency or instrumentality of a
state or a political subdivision of a state and that agrees to separately
account for amounts transferred into the eligible deferred compensation
plan from this plan.
   (g) A Roth individual retirement account that satisfies the
requirements of section 408A of the internal revenue code.
   (h) FOR DISTRIBUTIONS MADE AFTER DECEMBER 18, 2015, A SIMPLE
RETIREMENT ACCOUNT AS DEFINED IN SECTION 408(p) OF THE INTERNAL REVENUE
CODE.

26. "Eligible rollover distribution" means a payment to a
distributee, but does not include any of the following:
   (a) Any distribution that is one of a series of substantially equal
periodic payments made not less frequently than annually for the life or
life expectancy of the member or the joint lives or joint life
expectancies of the member and the member's beneficiary or for a specified
period of ten years or more.
   (b) Any distribution to the extent the distribution is required
under section 401(a)(9) of the internal revenue code.
   (c) The portion of any distribution that MAY not BE INCLUDED in gross income.
   (d) Any distribution made to satisfy the requirements of section
415 of the internal revenue code.
   (e) Hardship distributions.
   (f) Similar items designated by the commissioner of the United
States internal revenue service in revenue rulings, notices and other
guidance published in the internal revenue bulletin.

27. "Employee" means any person who is employed by a participating
employer and who is a member of an eligible group but does not include any
persons compensated on a contractual or fee basis. If an eligible group
requires certified peace officer status or firefighter certification and
at the option of the local board, employee may include a person who is
training to become a certified peace officer or firefighter.

28. "Employers" means:
   (a) Cities contributing to the fire fighters' relief and pension
       fund as provided in sections 9-951 through 9-973 or statutes amended
       thereby and antecedent thereto, as of June 30, 1968 on behalf of their
       full-time paid firefighters.
   (b) Cities contributing under the state police pension laws as
       provided in sections 9-911 through 9-934 or statutes amended thereby and
       antecedent thereto, as of June 30, 1968 on behalf of their municipal
       policemen.
   (c) The state highway patrol covered under the state highway patrol
       retirement system.
   (d) The state, or any political subdivision of this state, including towns, cities, fire districts, joint powers authorities, counties and nonprofit corporations operating public airports pursuant to sections 28-8423 and 28-8424, that has elected to participate in the system on behalf of an eligible group of public safety personnel pursuant to a joinder agreement entered into after July 1, 1968.
   (e) Indian tribes that have elected to participate in the system on
       behalf of an eligible group of public safety personnel pursuant to a
       joinder agreement entered into after July 1, 1968.

29. "Fund" means the public safety personnel retirement fund, which
is the fund established to receive and invest contributions accumulated
under the system and from which benefits are paid.

30. "Local board" means the retirement board of the employer, who
are the persons appointed to administer the system as it applies to their
members in the system.

31. "Member":
   (a) Means any full-time employee who meets all of the following
       qualifications:
       (i) Who is either a paid municipal police officer, a paid
           firefighter, a law enforcement officer who is employed by this state
           including the director thereof, a state firefighter who is primarily
           assigned to firefighting duties, a firefighter or police officer of a
           nonprofit corporation operating a public airport pursuant to sections
           28-8423 and 28-8424, all ranks designated by the Arizona law enforcement
           merit system council, a state attorney general investigator who is a
           certified peace officer, a county attorney investigator who is a certified
           peace officer, a department of liquor licenses and control investigator
           who is a certified peace officer, an Arizona department of agriculture
           officer who is a certified peace officer, an Arizona state parks board
           ranger or manager who is a certified peace officer, a county park ranger
who is a certified peace officer, a person who is a certified peace officer and who is employed by an Indian reservation police agency. A GAME RANGER WHO IS A CERTIFIED PEACE OFFICER AND WHO IS EMPLOYED BY AN INDIAN RESERVATION, a firefighter who is employed by an Indian reservation firefighting agency or an employee included in a group designated as eligible employees under a joinder agreement entered into by their employer after July 1, 1968 and who is or was regularly assigned to hazardous duty or, beginning retroactively to January 1, 2009, who is a police chief or a fire chief.

(ii) Who, on or after the employee's effective date of participation, is receiving compensation for personal services rendered to an employer or would be receiving compensation except for an authorized leave of absence.

(iii) Whose customary employment is at least forty hours per week or, for those employees who customarily work fluctuating workweeks, whose customary employment averages at least forty hours per week.

(iv) Who is engaged to work for more than six months in a calendar year.

(v) Who, if economic conditions exist, is required to take furlough days or reduce the hours of the employee's normal workweek below forty hours but not less than thirty hours per pay cycle, and maintain the employee's active member status within the system as long as the hour change does not extend beyond twelve consecutive months.

(vi) Who has not attained age sixty-five before the employee's effective date of participation or who was over age sixty-five with twenty-five years or more of service prior to the employee's effective date of participation.

(b) Does not include an employee who is hired on or after July 1, 2017, who makes the irrevocable election to participate solely in the public safety personnel defined contribution retirement plan established pursuant to article 4.1 of this chapter and who was not an active, an inactive or a retired member of the system or a member of the system with a disability on June 30, 2017.

32. "Normal retirement date" means:

(a) For an employee who becomes a member of the system before January 1, 2012, the first day of the calendar month immediately following the employee's completion of twenty years of service or the employee's sixty-second birthday and the employee's completion of fifteen years of service.

(b) For an employee who becomes a member of the system on or after January 1, 2012 and before July 1, 2017, the first day of the calendar month immediately following the employee's completion of either twenty-five years of service or fifteen years of credited service if the employee is at least fifty-two and one-half years of age.
(c) For an employee who becomes a member of the system on or after
July 1, 2017, the first day of the calendar month immediately following
the employee's completion of fifteen years of credited service if the
employee is at least fifty-five years of age.

33. "Notice of receipt" means a written document that is issued by
the system to a participant and alternate payee and that states that the
system has received a domestic relations order and a request for a
determination that the domestic relations order is a plan approved
domestic relations order.

34. "Ordinary disability" means a physical condition that the local
board determines will prevent an employee totally and permanently from
performing a reasonable range of duties within the employee's department
or a mental condition that the local board determines will prevent an
employee totally and permanently from engaging in any substantial gainful
activity.

35. "Participant" means a member who is subject to a domestic
relations order.

36. "Participant's portion" means benefits that are payable to a
participant pursuant to a plan approved domestic relations order.

37. "Pension" means a series of monthly amounts that are payable to
a person who is entitled to receive benefits under the plan but does not
include an annuity that is payable pursuant to section 38-846.01.

38. "Personal representative" means the personal representative of
a deceased alternate payee.

39. "Physician" means a physician who is licensed pursuant to title
32, chapter 13 or 17.

40. "Plan approved domestic relations order" means a domestic
relations order that the system approves as meeting all the requirements
for a plan approved domestic relations order as otherwise prescribed in
this article.

41. "Plan year" or "fiscal year" means the period beginning on
July 1 of any year and ending on June 30 of the next succeeding year.

42. "Regularly assigned to hazardous duty" means regularly assigned
to duties of the type normally expected of municipal police officers,
municipal or state firefighters, eligible fire district firefighters,
state highway patrol officers, county sheriffs and deputies, fish and game
wardens, firefighters and police officers of a nonprofit corporation
operating a public airport pursuant to sections 28-8423 and 28-8424,
police officers who are appointed by the Arizona board of regents or a
community college district governing board, state attorney general
investigators who are certified peace officers, county attorney
investigators who are certified peace officers, department of liquor
licenses and control investigators who are certified peace officers,
Arizona department of agriculture officers who are certified peace
officers, Arizona state parks board rangers and managers who are certified
peace officers, county park rangers who are certified peace officers, police officers who are certified peace officers and who are employed by an Indian reservation police agency, or firefighters who are employed by an Indian reservation firefighting agency OR GAME RANGERS WHO ARE CERTIFIED PEACE OFFICERS AND WHO ARE EMPLOYED BY AN INDIAN RESERVATION. Those individuals who are assigned solely to support duties such as secretaries, stenographers, clerical personnel, clerks, cooks, maintenance personnel, mechanics and dispatchers are not assigned to hazardous duty regardless of their position classification title. Since the normal duties of those jobs described in this paragraph are constantly changing, questions as to whether a person is or was previously regularly assigned to hazardous duty shall be resolved by the local board on a case-by-case basis. Resolutions by local boards are subject to rehearing and appeal.

43. "Retirement" or "retired" means termination of employment after a member has fulfilled all requirements for a pension, for an employee who becomes a member of the system on or after January 1, 2012 and before July 1, 2017, attains the age and service requirements for a normal retirement date or for an employee who becomes a member of the system on or after July 1, 2017 attains the age and credited service requirements for a normal retirement date. Retirement shall be considered as commencing on the first day of the month immediately following a member's last day of employment or authorized leave of absence, if later.

44. "Segregated funds" means the amount of benefits that would currently be payable to an alternate payee pursuant to a domestic relations order under review by the system, or a domestic relations order submitted to the system that failed to qualify as a plan approved domestic relations order, if the domestic relations order were determined to be a plan approved domestic relations order.

45. "Service" means the last period of continuous employment of an employee by the employers before the employee's retirement, except that if such period includes employment during which the employee would not have qualified as a member had the system then been effective, such as employment as a volunteer firefighter, then only twenty-five percent of such noncovered employment shall be considered as service. Any absence that is authorized by an employer shall not be considered as interrupting continuity of employment if the employee returns within the period of authorized absence. Transfers between employers also shall not be considered as interrupting continuity of employment. Any period during which a member is receiving sick leave payments or a temporary disability pension shall be considered as service. Notwithstanding any other provision of this paragraph, any period during which a person was employed as a full-time paid firefighter for a corporation that contracted with an employer to provide firefighting services on behalf of the employer shall be considered as service if the employer has elected at its option to
treat part or all of the period the firefighter worked for the company as
service in its applicable joinder agreement. Any reference in this system
to the number of years of service of an employee shall be deemed to
include fractional portions of a year.
46. "State" means the state of Arizona, including any department,
office, board, commission, agency or other instrumentality of the THIS
state.
47. "System" means the public safety personnel retirement system
established by this article.
48. "Temporary disability" means a physical or mental condition
that the local board finds totally and temporarily prevents an employee
from performing a reasonable range of duties within the employee's
department and that was incurred in the performance of the employee's
duty.

Sec. 10. Repeal
Section 38-848, Arizona Revised Statutes, as amended by Laws 2021,
chapter 405, section 15, is repealed.
Sec. 11. Section 38-848, Arizona Revised Statutes, as amended by
Laws 2021, chapter 34, section 4 and chapter 251, section 2, is amended to
read:
38-848. Board of trustees; powers and duties; reporting
requirements; independent trust fund; administrator; agents and employees; advisory
committee
A. The board of trustees shall consist of nine members and shall
have the rights, powers and duties that are set forth in this section.
The term of office of members shall be five years to expire on the third
Monday in January of the appropriate year. The board shall select a
chairperson from among its members each calendar year. Members are
eligible to receive compensation in an amount of $50 a day, but not to
exceed $1,000 in any one fiscal year, and are eligible for reimbursement
of expenses pursuant to chapter 4, article 2 of this title. The board
consists of the following members appointed as follows:
1. Two members representing law enforcement, one of whom is
appointed by the president of the senate and one of whom is appointed by
the governor. A statewide association representing law enforcement in
this state shall forward nominations to the appointing elected officials,
providing at least three nominees for each position. At least one of the
members appointed under this paragraph shall be an elected local board
member.
2. Two members representing firefighters, one of whom is appointed
by the speaker of the house of representatives and one of whom is
appointed by the governor. A statewide association representing
firefighters in this state shall forward nominations to the appointing
elected officials, providing at least three nominees for each position.
At least one of the members appointed under this paragraph shall be an elected local board member.

3. Three members representing cities and towns in this state, one of whom is appointed by the president of the senate, one of whom is appointed by the speaker of the house of representatives and one of whom is appointed by the governor. An association representing cities and towns in this state shall forward nominations to the appointing elected officials, providing at least three nominees for each position. These nominees shall represent taxpayers or employers and may not be members of the system.

4. One member who represents counties in this state and who is appointed by the governor. An association representing county supervisors in this state shall forward nominations to the governor, providing at least three nominees for the position. These nominees shall represent taxpayers or employers and may not be members of the system.

5. One member who is appointed by the governor from a list of three nominees forwarded by the board. The board shall select the nominees to forward to the governor from a list of at least five nominees received from the advisory committee.

B. Each appointment made pursuant to subsection A of this section shall be chosen from the list of nominees provided to the appointing elected official. For any appointment made by the governor pursuant to subsection A of this section, before appointment by the governor, a prospective member of the board shall submit a full set of fingerprints to the governor to obtain a state and federal criminal records check pursuant to section 41-1750 and Public Law 92-544. The department of public safety may exchange this fingerprint data with the federal bureau of investigation. A board member may be reappointed. Notwithstanding section 38-295, a board member may be removed from office only for cause by the appointing power or because the board member has vacated the member's seat on the board. A board member who is removed for cause shall be provided written notice and an opportunity for a response. The appointing power may remove a board member based on written findings that specify the reason for removal. Any vacancy that occurs other than by expiration of a term shall be filled for the balance of the term. All vacancies shall be filled in the same manner as the initial appointment. A board member vacates the office if the member either:

1. Is absent without excuse from three consecutive regular meetings of the board.

2. Resigns, dies or becomes unable to perform board member duties.

C. The members of the board who are appointed pursuant to subsection A of this section and who are not members of the system shall be independent, qualified professionals who are responsible for the performance of fiduciary duties and other responsibilities required to preserve and protect the fund and shall have at least ten years'
substantial experience as any one or a combination of the following:

1. A portfolio manager acting in a fiduciary capacity.
2. A securities analyst.
3. A senior executive or principal of a trust institution, investment organization or endowment fund acting either in a management or an investment-related capacity.
4. A chartered financial analyst in good standing as determined by the chartered financial analyst institute.
5. A current or former professor or instructor at the college or university level in the field of economics, finance, actuarial science, accounting or pension-related subjects.
6. An economist.
7. Any other senior executive engaged in the field of public or private finances or with experience with public pension systems.
8. A senior executive in insurance, banking, underwriting, auditing, human resources or risk management.

D. All monies in the fund shall be deposited and held in a public safety personnel retirement system depository. Monies in the fund shall be disbursed from the depository separate and apart from all monies or funds of this state and the agencies, instrumentalities and subdivisions of this state, except that the board may commingle the assets of the fund and the assets of all other plans entrusted to its management in one or more group trusts, subject to the crediting of receipts and earnings and charging of payments to the appropriate employer, system or plan. The monies shall be secured by the depository in which they are deposited and held to the same extent and in the same manner as required by the general depository law of this state. For purposes of making the decision to invest in securities owned by the fund or any plan or trust administered by the board, the fund and assets of the plans and the plans' trusts are subject to the sole management of the board for the purpose of this article except that, on the board's election to invest in a particular security or make a particular investment, the assets comprising the security or investment may be chosen and managed by third parties approved by the board. The board may invest in portfolios of securities chosen and managed by a third party. The board's decision to invest in securities such as mutual funds, commingled investment funds, exchange traded funds, private equity or venture capital limited partnerships, real estate limited partnerships or limited liability companies and real estate investment trusts whose assets are chosen and managed by third parties is not an improper delegation of the board's investment authority.

E. All contributions under this system and other retirement plans that the board administers shall be forwarded to the board and shall be held, invested and reinvested by the board as provided in this article. All property and monies of the fund and other retirement plans that the board administers, including income from investments and from all
other sources, shall be retained for the exclusive benefit of members, as
provided in the system and other retirement plans that the board
administers, and shall be used to pay benefits to members or their
beneficiaries or to pay expenses of operation and administration of the
system and fund and other retirement plans that the board administers.

F. The board shall have the full power in its sole discretion to
invest and reinvest, alter and change the monies accumulated under the
system and other retirement plans and trusts that the board administers as
provided in this article. In addition to its power to make investments
managed by others, the board may delegate the authority the board deems
necessary and prudent to investment management pursuant to section
38-848.03, as well as to the administrator, employed by the board pursuant
to subsection M, paragraph 6 of this section, and any deputy or assistant
administrators to invest the monies of the system and other retirement
plans and trusts that the board administers if the administrator,
investment management and any deputy or assistant administrators follow
the investment policies that are adopted by the board. The board may
commingle securities and monies of the fund, the elected officials'
retirement plan, the corrections officer retirement plan and other plans
or monies entrusted to its care, subject to the crediting of receipts and
earnings and charging of payments to the account of the appropriate
employer, system or plan. In making every investment, the board shall
exercise the judgment and care under the circumstances then prevailing
that persons of ordinary prudence, discretion and intelligence exercise in
the management of their own affairs, not in regard to speculation but in
regard to the permanent disposition of their funds, considering the
probable income from their funds as well as the probable safety of their
capital, if:

1. Not more than eighty percent of the combined assets of the
system or other plans that the board manages is invested at any given time
in corporate stocks, based on the cost value of the stocks irrespective of
capital appreciation.

2. Not more than five percent of the combined assets of the system
or other plans that the board manages is invested in corporate stock
issued by any one corporation, other than corporate stock issued by
corporations chartered by the United States government or corporate stock
issued by a bank or insurance company.

3. Not more than five percent of the voting stock of any one
 corporation is owned by the system and other plans that the board
administers, except that this limitation does not apply to membership
interests in limited liability companies.

4. Corporate stocks and exchange traded funds eligible for direct
purchase are restricted to stocks and exchange traded funds that, except
for bank stocks, insurance stocks, stocks acquired for coinvestment in
connection with the system's or the plans' or trusts' commingled
investments and interests in limited liability companies and mutual funds, are any of the following:

(a) Listed or approved on issuance for listing on an exchange registered under the securities exchange act of 1934, as amended (15 United States Code sections 78a through 78pp).

(b) Designated or approved on notice of issuance for designation on the national market system of a national securities association registered under the securities exchange act of 1934, as amended (15 United States Code sections 78a through 78pp).

(c) Listed or approved on issuance for listing on an exchange registered under the laws of this state or any other state.

(d) Listed or approved on issuance for listing on an exchange of a foreign country with which the United States is maintaining diplomatic relations at the time of purchase, except that not more than twenty percent of the combined assets of the system and other plans that the board manages is invested in foreign securities, based on the cost value of the stocks irrespective of capital appreciation.

(e) An exchange traded fund that is recommended by the chief investment officer of the system, that is registered under the investment company act of 1940 (15 United States Code sections 80a-1 through 80a-64) and that is both traded on a public exchange and based on a publicly recognized index.

G. Notwithstanding any other law, the board is not required to invest in any type of investment that is dictated or required by any entity of the federal government and that is intended to fund economic development projects, public works or social programs, but may consider such economically targeted investments pursuant to its fiduciary responsibility. The board, on behalf of the system and all other plans or trusts the board administers, may invest in, lend monies to or guarantee the repayment of monies by a limited liability company, limited partnership, joint venture, partnership, limited liability partnership or trust in which the system and plans or trusts have a financial interest, whether the entity is closely held or publicly traded and that, in turn, may be engaged in any lawful activity, including venture capital, private equity, the ownership, development, management, improvement or operation of real property and any improvements or businesses on real property or the lending of monies.

H. Conference call meetings of the board that are held for investment purposes only are not subject to chapter 3, article 3.1 of this title, except that the board shall maintain minutes of these conference call meetings and make them available for public inspection within twenty-four hours after the meeting. The board shall review the minutes of each conference call meeting and shall ratify all legal actions taken during each conference call meeting at the next scheduled meeting of the board.
I. The board is not liable for the exercise of more than ordinary
care and prudence in the selection of investments and performance of its
duties under the system and is not limited to so-called "legal investments
for trustees", but all monies of the system and other plans that the board
administers shall be invested subject to all of the conditions,
limitations and restrictions imposed by law.
J. Except as provided in subsection F of this section, the board
may:
1. Invest and reinvest the principal and income of all assets that
the board manages without distinction between principal and income.
2. Sell, exchange, convey, transfer or otherwise dispose of any
investments made on behalf of the system or other plans the board
administers in the name of the system or plans by private contract or at
public auction.
3. Also:
   (a) Vote on any stocks, bonds or other securities.
   (b) Give general or special proxies or powers of attorney with or
       without power of substitution.
   (c) Exercise any conversion privileges, subscription rights or
       other options and make any payments incidental to the exercise of the
       conversion privileges, subscription rights or other options.
   (d) Consent to or otherwise participate in corporate
       reorganizations or other changes affecting corporate securities, delegate
       discretionary powers and pay any assessments or charges in connection
       therewith.
   (e) Generally exercise any of the powers of an owner with respect
       to stocks, bonds, securities or other investments held in or owned by the
       system or other plans whose assets the board administers.
4. Make, execute, acknowledge and deliver any other instruments
   that may be necessary or appropriate to carry out the powers granted in
   this section.
5. Register any investment held by the system or other plans whose
   assets the board administers in the name of the system or plan or in the
   name of a nominee or trust.
6. At the expense of the system or other plans that the board
   administers, enter into an agreement with any bank or banks for the
   safekeeping and handling of securities and other investments coming into
   the possession of the board. The agreement shall be entered into under
terms and conditions that secure the proper safeguarding, inventory,
withdrawal and handling of the securities and other investments. Access
to and deposit or withdrawal of the securities from any place of deposit
selected by the board is not allowed and may not be made except as the
terms of the agreement provide.
7. Appear before local boards and the courts of this state and political subdivisions of this state through counsel or an appointed representative to protect the fund or the assets of other plans that the board administers. The board is not responsible for the actions or omissions of the local boards under this system but may require a review or rehearing of actions or omissions of local boards. A limitation period does not prohibit the board or administrator from contesting or require the board or administrator to implement or comply with a local board decision that violates the internal revenue code or that threatens to impair the tax-qualified status of the system or any plan administered by the board or administrator.

8. Empower the fund administrator to take actions on behalf of the board that are necessary for the protection and administration of the fund or the assets of other plans that the board administers pursuant to the guidelines of the board.

9. Do all acts, whether or not expressly authorized, that may be deemed necessary or proper for the protection of the investments held in the fund or owned by other plans or trusts that the board administers.

10. Settle threatened or actual litigation against any system or plan that the board administers.

K. Investment expenses and operation and administrative expenses of the board shall be accounted for separately and allocated against investment income.

L. The board, as soon as possible within a period of six months following the close of any fiscal year, shall transmit to the governor and the legislature a comprehensive annual financial report on the operation of the system and other plans that the board administers that contains, among other things:

1. A balance sheet.
2. A statement of income and expenditures for the year.
3. A report on an actuarial valuation of its assets and liabilities.
4. A list of investments owned.
5. The total rate of return, yield on cost, and percent of cost to market value of the fund and the assets of other plans that the board administers.
6. Any other statistical and financial data that may be necessary for the proper understanding of the financial condition of the system and other plans that the board administers and the results of their operations. A synopsis of the annual report shall be published for the information of members of the system, the elected officials' retirement plan or the corrections officer retirement plan.
7. An analysis of the long-term level percent of employer contributions and compensation structure and whether the funding methodology is sufficient to pay one hundred percent of the unfunded accrued liability under the elected officials' retirement plan.

8. An estimate of the aggregate employer contribution rate for the public safety personnel retirement system for the next ten fiscal years and an estimate of the aggregate employer contribution rate for the corrections officer retirement plan for the next ten fiscal years.

9. An estimate of the employer contribution rates for the next ten fiscal years for each of the following employers within the public safety personnel retirement system:
   (a) Department of liquor licenses and control.
   (b) Department of public safety.
   (c) Northern Arizona university.
   (d) University of Arizona.
   (e) Arizona state university.
   (f) Arizona game and fish department.
   (g) Department of law.
   (h) Department of emergency and military affairs.
   (i) Arizona state parks board.

10. An estimate of the employer contribution rates for the next ten fiscal years for each of the following employers within the corrections officer retirement plan:
   (a) State department of corrections.
   (b) Department of public safety.
   (c) The judiciary.
   (d) Department of juvenile corrections.

11. An estimate of the aggregate fees paid for private equity investments and other alternative investments, including management fees and performance fees and carried interest.

M. The board shall:

1. Maintain the accounts of the system and other plans that the board administers and issue statements to each employer annually and to each member who requests a statement.

2. Report the results of the actuarial valuations to the local boards and employers.

3. Contract on a fee basis with an independent investment counsel to advise the board in the investment management of the fund and assets of other plans that the board administers and with an independent auditing firm to audit the board's accounting.

4. Allow the auditor general to make an annual audit and transmit the results to the governor and the legislature.

5. Contract on a fee basis with an actuary who shall make actuarial valuations of the system and other plans that the board administers, be the technical adviser of the board on matters regarding the operation of
the funds created by the provisions of the system, the elected officials' retirement plan, the corrections officer retirement plan and the public safety cancer insurance policy program and perform other duties required in connection therewith. The actuary must be a member of a nationally recognized association or society of actuaries.

6. Employ, as administrator, a person, state department or other body to serve at the pleasure of the board.

7. Establish procedures and guidelines for contracts with actuaries, auditors, investment counsel and legal counsel and for safeguarding of securities.

8. Issue a request for proposals every five years for an external auditor. The board is not required to change its auditor after issuing the request for proposals.

9. Develop a policy regarding routine stress testing of the retirement systems and plans administered by the board at the employer level and system level. The stress test shall use industry standards, such as the inclusion of assumptions regarding investment returns, inflation, population growth, payroll growth and employer contributions. For the purposes of this paragraph, "stress test" means an assessment of the risk exposure of the retirement system or plan, including scenario analysis, simulation analysis and sensitivity analysis.

N. The administrator, under the direction of the board, shall:

1. Administer this article.

2. Be responsible for the recruitment, hiring and day-to-day management of employees.

3. Invest the monies of the system and other plans that the board administers as the board deems necessary and prudent as provided in subsections F and J of this section and subject to the investment policies and fund objectives adopted by the board.

4. Establish and maintain an adequate system of accounts and records for the system and other plans that the board administers, which shall be integrated with the accounts, records and procedures of the employers so that the system and other plans that the board administers operate most effectively and at minimum expense and that duplication of records and accounts is avoided.

5. In accordance with the board's governance policy and procedures and the budget adopted by the board, hire employees and services the administrator deems necessary and prescribe their duties, including the hiring of one or more deputy or assistant administrators to manage the system's operations, investments and legal affairs.

6. Be responsible for income, the collection of the income and the accuracy of all expenditures.

7. Recommend to the board annual contracts for the system's actuary, auditor, investment counsel, legal counsel and safeguarding of securities.
8. Perform additional duties and powers prescribed by the board and delegated to the administrator.

O. The system is an independent trust fund and the board is not subject to title 41, chapter 6. Contracts for goods and services approved by the board are not subject to title 41, chapter 23. As an independent trust fund whose assets are separate and apart from all other funds of this state, the system and the board are not subject to the restrictions prescribed in section 35-154 or article IX, sections 5 and 8, Constitution of Arizona. Loans, guarantees, investment management agreements and investment contracts that are entered into by the board are contracts memorializing obligations or interests in securities that the board has concluded, after thorough due diligence, do not involve investments in Sudan or Iran or otherwise provide support to terrorists or in any way facilitate illegal immigration into the United States. These contracts do not involve the procurement, supply or provision of goods, equipment, labor, materials or services that would require the warranties required by section 41-4401.

P. The board, the administrator, the deputy or assistant administrators and all persons employed by them are subject to title 41, chapter 4, article 4. The administrator, deputy or assistant administrators and other employees of the board are entitled to receive compensation pursuant to section 38-611.

Q. In consultation with the director of the department of administration, the board may enter into employment agreements and establish the terms of those agreements with persons holding any of the following system positions:

1. Administrator.
2. Deputy or assistant administrator.
3. Chief investment officer.
4. Deputy chief investment officer.
5. Fiduciary or investment counsel.

R. The attorney general or an attorney approved by the attorney general and paid by the fund is the attorney for the board and shall represent the board in any legal proceeding or forum that the board deems appropriate. The board, administrator, deputy or assistant administrators and employees of the board are not personally liable for any acts done in their official capacity in good faith reliance on the written opinions of the board’s attorney.

S. At least once in each five-year period after the effective date, the actuary shall make an actuarial investigation into the mortality, service and compensation experience of the members and beneficiaries of the system and other plans that the board administers and shall make a special valuation of the assets and liabilities of the monies of the system and plans. Taking into account the results of the investigation and special valuation, the board shall adopt for the system and other
plans that the board administers those mortality, service and other tables deemed necessary.

T. On the basis of the tables the board adopts, the actuary shall make a valuation of the assets and liabilities of the funds of the system and other plans that the board administers at least every year. By November 1 of each year the board shall provide a preliminary report and by December 31 of each year provide a final report to the governor, the speaker of the house of representatives and the president of the senate on the contribution rate for the ensuing fiscal year.

U. Neither the board nor any member or employee of the board shall directly or indirectly, for the board, the member or the employee or as an agent, in any manner use the monies or deposits of the fund except to make current and necessary payments, nor shall the board or any member or employee become an endorser or surety or in any manner an obligor for monies loaned by or borrowed from the fund or the assets of any other plans that the board administers.

V. Financial or commercial information that is provided to the board, employees of the board and attorneys of the board in connection with investments in which the board has invested or investments the board has considered for investment is confidential, proprietary and not a public record if the information is information that would customarily not be released to the public by the person or entity from whom the information was obtained.

W. A person who is a dealer as defined in section 44-1801 and who is involved in securities or investments related to the board's investments is not eligible to serve on the board.

X. The public safety personnel retirement system advisory committee is established and shall serve as a liaison between the board and the members and employers of the system. The president of the senate and the speaker of the house of representatives shall each appoint to the committee one member who is either a legislator or a legislative staff member. The remaining members of the committee shall be appointed by the chairperson of the board from names submitted to the chairperson by associations representing law enforcement, firefighters, state government, counties, cities and towns and tribal governments. The committee shall select a chairperson from among its members each calendar year. The committee members appointed by the chairperson of the board shall consist of the following ten members:

1. A member who is a law enforcement officer.
2. A member who is a firefighter.
3. A member of the elected officials' retirement plan.
4. A member of the corrections officer retirement plan.
5. A retiree from the public safety personnel retirement system.
6. A representative from a city or town in this state.
7. A representative from a county in this state.
8. A representative from a fire district in this state.
9. A representative from a state employer.
10. A representative from a tribal government located in this state.

Sec. 12. Repeal
Section 38-848.02, Arizona Revised Statutes, as amended by Laws 2021, chapter 405, section 16, is repealed.

Sec. 13. Section 38-848.02, Arizona Revised Statutes, as amended by Laws 2019, chapter 36, section 10, is amended to read:

38-848.02. Board of trustees; report on employer and employee costs; posting funding ratio
A. On or before December 31 of each year, the board of trustees shall provide to the legislature and the joint legislative budget committee and shall post on its website the shared cost structure of employees and employers, the funding status and the rate of return. The report to the legislature shall include when the trigger to the reduction in the employee rates is being met.
B. The board of trustees shall post on its website for each plan the board administers each employer’s funding ratio.

Sec. 14. Repeal
Section 38-866, Arizona Revised Statutes, as amended by Laws 2021, chapter 405, section 17, is repealed.

Sec. 15. Section 38-866, Arizona Revised Statutes, as amended by Laws 2019, chapter 36, section 13, is amended to read:

38-866. Defined contribution plan design; purpose; powers and duties of the board; administration; annual report
A. The board shall establish, design and administer a defined contribution plan to provide for the retirement of specified participants beginning July 1, 2017.
B. The purpose of this article is to provide a defined contribution plan that is fully funded on a current basis from employer and participant contributions.
C. The legislature intends that the defined contribution plan for participants under this article be designed to be a qualified governmental plan under section 401(a) of the internal revenue code, as amended, or successor provisions of law, and be exempt from taxation under section 501 of the internal revenue code. The board may adopt any additional provision to the defined contribution plan that is necessary to fulfill this intent. Consistent with this intent, the board may submit to the internal revenue service a request for a determination letter that the defined contribution plan is a plan qualified under section 401(a) of the internal revenue code and a private letter ruling that all participant contributions that are picked up by the employer as provided in section
38-867 shall be treated as employer contributions pursuant to section 414(h) of the internal revenue code.

D. The board shall:

1. Enter into a contract with a provider or providers to provide retirement plan investments, plan administration and services to participants in the defined contribution plan. The plan shall provide for appropriate long-term retirement-oriented investments and shall include both fixed and variable deferred annuity options. The board shall consider all of the following when determining a company with which to contract:
   
   (a) The financial stability of the company and the ability of the company to provide the contracted rights and benefits to the participants.
   
   (b) The cost of the investments, plan administration and services to the participants.
   
   (c) The experience of the company in providing defined contribution retirement plans in lieu of defined benefit plan participation to public employees.
   
   (d) The experience of the company in paying retirement income to public employees.
   
   (e) The experience of the company in providing plan education, counseling and advice to participants in public employee retirement plans that are offered in lieu of state defined benefit plan participation.

2. Require under a contract that a provider provide education, counseling and objective participant-specific plan advice to participants. Any participant-specific advice and counseling shall be administered by a federally registered investment advisor. The federally registered investment advisor shall act as a fiduciary to participants and is required to act in the participant’s best interest.

3. Require under the contract that the defined contribution plan include not less than five and not more than twenty-five predetermined investment portfolio options to participants. The predetermined investment portfolio options shall include options that reflect different risk profiles and options that automatically reallocate and rebalance contributions as a participant ages. In addition, the defined contribution plan may permit participants to construct investment portfolios using some or all of the investment options comprising the predetermined investment portfolio options.

4. Require under a contract that the defined contribution retirement plan offer participants a menu of lifetime annuity options, either fixed or variable or a combination of both.

E. The board may:

1. Employ other services it deems necessary, including legal services, for the operation and administration of the defined contribution plan.
2. Perform all acts, whether or not expressly authorized, that it deems necessary and proper for the operation and protection of the plan.

F. The board shall adopt policies regarding the defined contribution plan, including the administration of the participant and employer contributions, investment options, termination of participation in the defined contribution plan, administration of the payout options under the defined contribution plan and administration of the participant distributions.

G. The board shall participate in a competitive bid process at least once every five years to contract with a private person or any qualified company or companies to administer the defined contribution plan established pursuant to this article.

H. Any contract for a third-party administrator of the defined contribution plan shall include competitive fees and provisions requiring quarterly meetings with the system, annual updates to the board on the status of the defined contribution plan and quarterly statements to each participant. On or before December 31 of each year, the board shall report the status of the defined contribution plan to the governor, the president of the senate, the speaker of the house of representatives and the joint legislative budget committee.

Sec. 16. Section 38-881, Arizona Revised Statutes, is amended to read:

38-881. Definitions
In this article, unless the context otherwise requires:
1. "Accidental disability" means a physical or mental condition that the local board finds totally and permanently prevents an employee from performing a reasonable range of duties within the employee's department and was incurred in the performance of the employee's duties.

2. "Accumulated member contributions" means for each member the sum of the amount of all the member's contributions deducted from the member's salary and paid to the fund, plus member contributions transferred to the fund by another retirement plan covering public employees of this state, plus previously withdrawn accumulated member contributions that are repaid to the fund in accordance with this article, minus any benefits paid to or on behalf of a member.

3. "Actuarial equivalent" means equality in present value of the aggregate amounts expected to be received under two different forms of payment, based on mortality and interest assumptions adopted by the board.

4. "Alternate payee" means the spouse or former spouse of a participant as designated in a domestic relations order.

5. "Alternate payee's portion" means benefits that are payable to an alternate payee pursuant to a plan approved domestic relations order.

6. "Annuitant" means a person who is receiving a benefit pursuant to section 38-911.
7. "Average monthly salary" means:
   (a) For an employee who becomes a member of the plan:
      (i) Before January 1, 2012, one-thirty-sixth of the aggregate
          amount of salary that is paid a member by a participating employer during
          a period of thirty-six consecutive months of service in which the member
          received the highest salary within the last one hundred twenty months of
          service.
      (ii) On or after January 1, 2012 and before July 1, 2018, one-sixtieth of the aggregate amount of salary that is paid a member by a participating employer during a period of sixty consecutive months of service in which the member received the highest salary within the last one hundred twenty months of service.
      (iii) On or after July 1, 2018, one-sixtieth of the aggregate amount of salary that is paid a member by a participating employer during a period of sixty consecutive months of service in which the member received the highest salary within the last one hundred twenty months of service.
   (b) The aggregate amount of salary that is paid a member divided by
       the member's months of service if the member has less than thirty-six or
       sixty months of service. In the computation under this paragraph, a
       period of nonpaid or partially paid industrial leave shall be considered
       based on the salary the employee would have received in the employee's job
       classification if the employee was not on industrial leave.
8. "Beneficiary" means an individual who is being paid or who has
   entitlement to the future payment of a pension on account of a reason
   other than the individual's membership in the retirement plan.
9. "Board" means the board of trustees of the public safety personnel retirement system.
10. "Claimant" means a member, beneficiary or estate that files an
    application for benefits with the retirement plan.
11. "Credited service" means credited service transferred to the
    retirement plan from another retirement system or plan for public
    employees of this state, plus those compensated periods of service as a
    member of the retirement plan for which member contributions are on
    deposit in the fund.
12. "Cure period" means the ninety-day period in which a
    participant or alternate payee may submit an amended domestic relations
    order and request a determination, calculated from the time the plan
    issues a determination finding that a previously submitted domestic
    relations order did not qualify as a plan approved domestic relations
    order.
13. "Designated position" means:
    (a) For a county:
       (i) A county detention officer.
(ii) A nonuniformed employee of a sheriff's department whose primary duties require direct contact with inmates.

(b) For the state department of corrections and the department of juvenile corrections, only the following specifically designated positions:

(i) Food service.
(ii) Nursing personnel.
(iii) Corrections physician assistant.
(iv) Therapist.
(v) Corrections dental assistant.
(vi) Hygienist.
(vii) Corrections medical assistant.
(viii) Correctional service officer, including assistant deputy warden, deputy warden, warden and superintendent.
(ix) State correctional program officer.
(x) Parole or community supervision officers.
(xi) Investigators.
(xii) Teachers.
(xiii) Institutional maintenance workers.
(xiv) Youth corrections officer.
(xv) Youth program officer.
(xvi) Behavioral health treatment unit managers.
(xvii) The director and assistant directors of the department of juvenile corrections and the superintendent of the state educational system for committed youth.
(xviii) The director, deputy directors and assistant directors of the state department of corrections.
(xix) Other positions designated by the local board of the state department of corrections or the local board of the department of juvenile corrections pursuant to section 38-891.

(c) For a city or town, a city or town detention officer.

(d) For an employer of an eligible group as defined in section 38-842, full-time dispatchers.

(e) For the judiciary, juvenile detention officers and those positions designated by the local board of the judiciary pursuant to section 38-891.

(f) For the department of public safety, state detention officers.

(g) For the judiciary, probation and surveillance officers.

14. "Determination" means a written document that indicates to a participant and alternate payee whether a domestic relations order qualifies as a plan approved domestic relations order.

15. "Determination period" means the ninety-day period in which the plan must review a domestic relations order that is submitted by a participant or alternate payee to determine whether the domestic relations order qualifies as a plan approved domestic relations order, calculated
from the time the plan mails a notice of receipt to the participant and alternate payee.

16. "Direct rollover" means a payment by the plan to an eligible retirement plan that is specified by the distributee.

17. "Distributee" means a member, a member's surviving spouse or a member's spouse or former spouse who is the alternate payee under a plan approved domestic relations order.

18. "Domestic relations order" means an order of a court of this state that is made pursuant to the domestic relations laws of this state and that creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to, receive a portion of the benefits payable to a participant.

19. "Eligible child" means an unmarried child of a deceased active or retired member who meets one of the following qualifications:
   (a) Is under eighteen years of age.
   (b) Is at least eighteen years of age and under twenty-three years of age only during any period that the child is a full-time student.
   (c) Is under a disability that began before the child attained twenty-three years of age and remains a dependent of the surviving spouse or guardian.

20. "Eligible retirement plan" means any of the following that accepts a distributee's eligible rollover distribution:
   (a) An individual retirement account described in section 408(a) of the internal revenue code.
   (b) An individual retirement annuity described in section 408(b) of the internal revenue code.
   (c) An annuity plan described in section 403(a) of the internal revenue code.
   (d) A qualified trust described in section 401(a) of the internal revenue code.
   (e) An annuity contract described in section 403(b) of the internal revenue code.
   (f) An eligible deferred compensation plan described in section 457(b) of the internal revenue code that is maintained by a state, a political subdivision of a state or any agency or instrumentality of a state or a political subdivision of a state and that agrees to separately account for amounts transferred into the eligible deferred compensation plan from this plan.
   (g) EFFECTIVE JANUARY 1, 2008, A ROTH INDIVIDUAL RETIREMENT ACCOUNT THAT SATISFIES THE REQUIREMENTS OF SECTION 408A OF THE INTERNAL REVENUE CODE.
   (h) FOR DISTRIBUTIONS MADE AFTER DECEMBER 18, 2015, A SIMPLE RETIREMENT ACCOUNT AS DEFINED IN SECTION 408(p) OF THE INTERNAL REVENUE CODE.
21. "Eligible rollover distribution" means a payment to a distributee, but does not include any of the following:
   (a) Any distribution that is one of a series of substantially equal periodic payments made not less frequently than annually for the life or life expectancy of the member or the joint lives or joint life expectancies of the member and the member's beneficiary or for a specified period of ten years or more.
   (b) Any distribution to the extent the distribution is required under section 401(a)(9) of the internal revenue code.
   (c) The portion of any distribution that is not includable in gross income.
   (d) Any distribution made to satisfy the requirements of section 415 of the internal revenue code.
   (e) Hardship distributions.
   (f) Similar items designated by the commissioner of the United States internal revenue service in revenue rulings, notices and other guidance published in the internal revenue bulletin.

22. "Employee" means a person employed by a participating employer in a designated position.

23. "Employer" means an agency or department of this state or a political subdivision of this state that has one or more employees in a designated position.

24. "Fund" means the corrections officer retirement plan fund.

25. "Juvenile detention officer" means a juvenile detention officer responsible for the direct custodial supervision of juveniles who are detained in a county juvenile detention center.

26. "Local board" means the retirement board of the employer that consists of persons appointed or elected to administer the plan as it applies to the employer's members in the plan.

27. "Member":
   (a) Means any employee who meets all of the following qualifications:
      (i) Who is a full-time paid person employed by a participating employer in a designated position.
      (ii) Who is receiving salary for personal services rendered to a participating employer or would be receiving salary except for an authorized leave of absence.
      (iii) Whose customary employment is at least forty hours each week.
   (b) Includes an employee who meets the requirements of subdivision (a) of this paragraph, who is hired on or after July 1, 2018, who is in a designated position as defined in paragraph 13, subdivision (g) of this section and who makes the irrevocable election to participate in the plan pursuant to section 38-881.01.
(c) Except as provided in subdivision (b) of this paragraph, does not include an employee who is hired on or after July 1, 2018, unless the employee was an active, an inactive or a retired member of the plan or a member of the plan with a disability on June 30, 2018.

28. "Normal retirement date" means:
(a) For an employee who becomes a member of the plan before January 1, 2012, the first day of the calendar month immediately following the employee's completion of twenty years of service or, in the case of a dispatcher, twenty-five years of service, the employee's sixty-second birthday and completion of ten years of service or the month in which the sum of the employee's age and years of credited service equals eighty.
(b) For an employee who becomes a member of the plan on or after January 1, 2012 and before July 1, 2018, the first day of the calendar month immediately following the employee's completion of twenty-five years of service if the employee is at least fifty-two and one-half years of age or the employee's sixty-second birthday and completion of ten years of service.
(c) For an employee who becomes a member of the plan on or after July 1, 2018, the first day of the calendar month immediately following the employee's completion of ten years of credited service if the employee is at least fifty-five years of age.

29. "Notice of receipt" means a written document that is issued by the plan to a participant and alternate payee and that states that the plan has received a domestic relations order and a request for a determination that the domestic relations order is a plan approved domestic relations order.

30. "Ordinary disability" means a physical condition that the local board determines will totally and permanently prevent an employee from performing a reasonable range of duties within the employee's department or a mental condition that the local board determines will totally and permanently prevent an employee from engaging in any substantial gainful activity.

31. "Participant" means a member who is subject to a domestic relations order.

32. "Participant's portion" means benefits that are payable to a participant pursuant to a plan approved domestic relations order.

33. "Participating employer" means an employer that the board has determined to have one or more employees in a designated position or a county, city, town or department of this state that has entered into a joinder agreement pursuant to section 38-902.

34. "Pension" means a series of monthly payments by the retirement plan but does not include an annuity that is payable pursuant to section 38-911.

35. "Personal representative" means the personal representative of a deceased alternate payee.
36. "Physician" means a physician who is licensed pursuant to title 32, chapter 13 or 17.

37. "Plan approved domestic relations order" means a domestic relations order that the plan approves as meeting all the requirements for a plan approved domestic relations order as otherwise prescribed in this article.

38. "Plan year" or "fiscal year" means the period beginning on July 1 of any year and ending on June 30 of the next succeeding year.

39. "Probation or surveillance officer" means an officer appointed pursuant to section 8-203, 12-251 or 12-259 but does not include other personnel, office assistants or support staff.

40. "Retired member" means an individual who terminates employment and who is receiving a pension pursuant to either section 38-885 or 38-886.

41. "Retirement" or "retired" means termination of employment after a member has fulfilled all requirements for a pension or, for an employee who becomes a member of the plan on or after January 1, 2012, attains the age and service requirements for a normal retirement date.

42. "Retirement plan" or "plan" means the corrections officer retirement plan established by this article.

43. "Salary" means the base salary, shift differential pay, military differential wage pay and holiday pay paid a member for personal services rendered in a designated position to a participating employer on a regular monthly, semimonthly or biweekly payroll basis. Salary includes amounts that are subject to deferred compensation or tax shelter agreements. Salary does not include payment for any remuneration or reimbursement other than as prescribed by this paragraph. For the purposes of this paragraph, "base salary" means the amount of compensation each member is regularly paid for personal services rendered to an employer before the addition of any extra monies, including overtime pay, shift differential pay, holiday pay, fringe benefit pay and similar extra payments.

44. "Segregated funds" means the amount of benefits that would currently be payable to an alternate payee pursuant to a domestic relations order under review by the plan, or a domestic relations order submitted to the plan that failed to qualify as a plan approved domestic relations order, if the domestic relations order were determined to be a plan approved domestic relations order.

45. "Service" means employment rendered to a participating employer as an employee in a designated position. Any absence that is authorized by an employer, including any periods during which the employee is on an employer-sponsored long-term disability program, is considered as service if the employee returns or is deemed by the employer to have returned to a designated position within the period of the authorized absence.
46. "Total and permanent disability" means a physical or mental condition that is not an accidental disability, that the local board finds totally and permanently prevents a member from engaging in any gainful employment and that is the direct and proximate result of the member's performance of the member's duty as an employee of a participating employer.

Sec. 17. Repeal
Section 38-883, Arizona Revised Statutes, as amended by Laws 2021, chapter 405, section 18, is repealed.

Sec. 18. Section 38-883, Arizona Revised Statutes, as amended by Laws 2019, chapter 36, section 17, is amended to read:

A. The board shall:

1. Maintain records of the operation and administration of the plan and fund.
2. Contract on a fee basis for an independent annual audit of the accounting records of the plan and fund and file a copy of the audit report with the auditor general.
3. Employ on a fee basis an independent firm of actuaries to perform annual actuarial valuations for each participating employer of the plan and fund based on an actuarial cost method and actuarial assumptions recommended by the actuary and adopted by the board. The actuarial valuations shall be performed by or under the direct supervision of an actuary who is a member of the American academy of actuaries. By November 1 of each year, the board shall provide a preliminary report and by December 31 of each year provide a final report to the governor, the speaker of the house of representatives and the president of the senate on the contribution rate for the ensuing fiscal year.
4. Invest and reinvest the monies and assets of the fund in accordance with the investment provisions of the public safety personnel retirement system. The board may commingle securities and monies of the fund subject to the crediting of receipts and earnings and charging of payments to the account of the appropriate employer.
5. Submit a detailed annual report of the operation and investment performance of the plan and fund to the governor, the legislature and the members of the plan. The board shall submit the annual report not later than six months after the end of the fiscal year to which it pertains.

B. The board of trustees may:

1. Employ services it deems necessary, including legal services, for the operation and administration of the plan and fund.
2. Utilize separate or commingled investment vehicles.
3. Delegate authority to the administrator employed pursuant to section 38-848, subsection M, paragraph 6.
4. Appear before local boards and the courts and political subdivisions of this state through counsel or appointed representatives to protect the fund. The board of trustees is not responsible for the actions or omissions of the local boards under this plan but may seek review or a rehearing of actions or omissions of local boards. The board of trustees does not have a duty to review actions of the local boards but may do so, in its discretion, in order to protect the fund.

5. Perform all acts, whether or not expressly authorized, that it deems necessary and proper for the protection of the plan and fund.

APPROVED BY THE GOVERNOR MARCH 25, 2022.