

DEFERRED COMPENSATION MANAGEMENT PLAN BOARD Regular Meeting Minutes

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Deferred Compensation Plan Management Board and to the general public that the Deferred Compensation Plan Management Board will hold the following meeting virtually (remotely) using Microsoft Teams on:

Wednesday, November 10, 2021, at 9:00 A.M.

MEETING NOTE: Due to the impacts of the COVID-19 pandemic, which have prompted declarations of a public health emergency at the local, state and federal levels, this meeting will be conducted using measures to protect public health. This meeting will be held remotely through technological means, as permitted under Arizona law. The meeting will not include any items that will involve time set aside for public comments. The meeting will be recorded and posted to City Boards, Committees, and Commissions website for public review.

IN-PERSON ATTENDANCE BY MEMBERS OF THE PUBLIC WILL BE PROHIBITED.

PLEASE BE AWARE THAT THESE MEASURES ARE IN PLACE TO LIMIT THE NEED FOR MEMBERS OF THE PUBLIC TO PARTICIPATE IN LARGE PUBLIC GATHERINGS, WHILE ENSURING THAT THE DISCUSSIONS, DELIBERATIONS AND ACTIONS OF THE DC BOARD ARE TRANSPARENT AND CONDUCTED OPENLY.

For those individuals new to Microsoft Teams, please download the application and be ready when the meeting starts using the following information:

Join on your computer or mobile app

[Click here to join the meeting](#)

Or call in (audio only)

[+1 213-293-2303, 229098418#](#) United States, Los Angeles

Phone Conference ID: 229 098 418#

[Find a local number](#) | [Reset PIN](#) | [Learn More](#) | [Meeting options](#)

A) Call to Order

Chairman Joe Barkenbush calls meeting to order at 9:01am

B) Consent Agenda

1. Approval of Regular Board meeting minutes from August 12, 2021

Motion to approve Consent Agenda made by John O'Hare, 2nd by Dennis Woodrich. Motion passes 5-0

C) Investment Performance Review and Discussion

1. Q3 2021 Market Review

Paul Nacario with Innovest began their 3rd quarter report with a firm update, citing Innovest's 25th year anniversary and receiving "Best Places to Work" from Pension and Investments for the 6th time in 7 years. Paul followed with retirement topics and trends, focusing on a review of fiduciary responsibilities, fiduciary functions, and duties of a fiduciary. Paul then provided an overview of the City's current plan structure, addressing dates for IPS review, fee review, and share class review. Paul finished with a review of the City's plan fees, menu and asset allocation for the 457 and 401a plans. Paul showed that plans with similar sized assets, based on 401(k) Source data, have total plan expenses of 61 basis points, the City is at 38 basis points, well below the similar sized plans average.

Gordon Tewell with Innovest provided commentary on the markets for the 3rd quarter, followed by commentary on the global economy, inflation, fixed income markets, US equity valuations, global equities, and sector performance. Gordon said that the stimulus related demand spike, combined with supply constraints, has resulted in a surge in consumer prices. A significant increase in the number of container ships delayed outside of US ports and a shortage of truck drivers has added to inflationary prices. Regarding interest rates, the market believes the Fed will likely raise short-term rates in late 2022 or early 2023. Stock market valuations in the US remain high relative to historical averages, international equities look attractive compared to US equities. Emerging markets are down, due to China's decline in their markets. For the 3rd quarter, financials led the way in sector performance, while the energy sector led the way for 1 year performance.

2. Q3 2021 Investment Fund Line-up Performance Review

Gordon Tewell then reviewed the current investment options and Manager Score Card. Overall, the Manager Score Card for the City's investment options looked very strong. He cited 3 minor concerns for three funds, 2 due to personnel changes to their team and 1 minor concern due to performance. He cited 2 minimum concerns for two funds, one over a personnel change and one for expenses. Innovest will continue to monitor. Gordon finished by addressing several funds, reviewing performance, performance against the benchmark, and performance against peer group.

D) Empower Plan Analytics Review and Report

1. 457 & 401 Plan Review

Board will bring discussion back in Special December meeting to present the Empower 3rd quarter review.

E) Administrative Discussions

1. Review and Approve Draft Code Amendment

Art is bringing back the draft Code Amendment before the full Board so that the record can reflect the full Board's input and vote on the amendments that the Board has worked in for the prior 3 months.

Motion to submit Board approved Draft Code Amendment to Mayor and Council for final approval made by Elsa Quijada, 2nd by Joe Barkenbush. Motion passes 5-0.

2. Review and Approve Draft Re-write of Board Rules & Regulations

Art is bringing back the draft re-write of the Board Rules and Regulations before the full Board so that the record can reflect the full Board's input and vote on the rules that the Board has worked in for the prior 3 months

Motion to approve Rewrite of Board Rules and Regulations made by Dennis Woodrich, 2nd by Vivian Newsheller. Motion passes 5-0.

3. Notice of Active Member Election

Dennis Woodrich Board term ends 1/31/22. Pension administrator modifying documentation for election to all Retirees to submit ballots. Art will bring back to the Boards attention any participants who are interested in Dennis's seat.

Cassie mentions changes to the City Code and re-write of Board Rules and Regulations will not be effective yet and cannot be applied to this term's elections. Finalization of approval by Mayor and Council will need to be completed before any changes that were agreed by the DC Board will become active.

F) For the Board's Consideration

1. Yield Curve Inverts at the Long End, Are Economic Risks Coming?
2. Graphic: Passive Assets Soar in Target-Date Funds
3. IRS Announces 2022 Retirement Plan Contribution and Benefit Limits

G) Adjournment

Motion to adjourn made by John O'Hare, 2nd by Dennis Woodrich. Motion passes 5-0.

Adjourned at 10:12 am

Members Remotely Present:

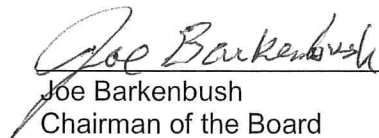
Joe Barkenbush, Chairman
Dennis Woodrich, Elected Member
Elsa Quijada, Deputy Director Human Resources
Vivian Newsheller, Deputy Director Finance
John O'Hare, Elected Member

Staff Remotely Present:

Art Cuaron, Pension & Benefits Administrator
Pete Saxton, Pension Manager
Dawn Davis, Lead Pension Analyst
Noemi Gonzalez, Pension & Benefits Administrative Assistant

Guest Remotely Present:

Catherine Langford, Yoder & Langford
Gordon Tewell, Innovest
Paul Nacario, Innovest
Micaela Palmer, Empower
Cory Sprott Cox, Empower
Mike Foy, Putnam Investments
Jason Winsky, Tucson Police Department
Jobe Dickenson, Retiree

 5-16-2022

Joe Barkenbush Date
Chairman of the Board

 5/20/2022

Art Cuaron Date
Pension & Benefits Administrator