

TUCSON SUPPLEMENTAL RETIREMENT SYSTEM BOARD OF TRUSTEES Regular Meeting Minutes

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Tucson Supplemental Retirement System (TSRS) Board of Trustees and to the general public that the TSRS Board will hold the following meeting virtually (remotely) using Microsoft Teams on:

Thursday, January 27, 2022, at 8:30 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 TSRS 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, 870928791# United States, Los Angeles

Phone Conference ID: 870 928 791#

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

A) Call to Order

Meeting called to order by Chairman Mark Rubin at 8:30am.

B) Consent Agenda

1. Approval of December 2021 Ratification Report
2. Approval of January 2022 Ratification Report
3. Approval of November 18, 2021, Regular Minutes
4. December 2021 Budget to Actual Report

Approval of Consent Agenda made by Jim Wysocki, 2nd by Jeff Whiting. Motion passes 7-0.

C) Administrative Discussions

1. Continuation of Funding Policy Review

This item is continuation from the special meeting held on 1/19 to discuss the Board's current funding policy.

Art Cuaron informed the Board that per their Direction, he met with Joyce Garland and Liana Perez from the City Manager's Office to discuss the Board's consideration of the assumption set changes. Art indicated that they were generally supportive of the recommended changes, but they wanted to see additional scenarios on how it would impact the City's budget. Art also mentioned that in the near-term the City would likely remain committed to the 27.5%. He also stressed to the City Manager's Office that the Board can act independently and likely would, despite comments received from the Manager's Office. Art also mentioned to Joyce and Liana that the Board is seeking the feedback to ensure the Board and City continue to work in a collaborative and cohesive manner to reach full funding. Art told the Board he would take back the scenarios presented in today's meeting to the Manager's Office and would likely have feedback in time for the Board's regular February meeting.

Art encouraged the Board to allow the Manager's Office to review the scenarios and provide feedback in accordance with Board direction provided in January.

Kevin Larson agreed and recommended the Board follow through with the spirit of the Board's direction provided in our last meeting.

Dana Woolfrey and Paul Wood from Gabriel Roeder Smith (GRS) provided a presentation to the Board that included additional Board requested information that followed the study session on January 19th pertaining to the recommendation from GRS to close and shorten the amortization period and reduce the discount rate to 6.75%. Dana and Paul walked the Board through a variety of future funding projections based on differing levels of return assumptions and open vs. closed amortizations and 15 vs. 20-year amortization periods. GRS also discussed future funding projections with the Board based on the variety of assumptions contained in the presentation. GRS concluded the presentation with a summary that indicated the Board's current funding policy on its own, without the City's continued 27.5% contribution, does not target or achieve full funding. Strengthening the policy would ensure the System stays on course to reach full funding with or without the 27.5%. They noted that the strengthen policy does carry some additional risk of breaching the 27.5% current City threshold in periods of sustained poor returns but also offered that with proper volatility strategies this risk can be managed. In closing GRS continued to strongly recommend the Board close the amortization period and

consider shortening the amortization period to 15 years and reducing the discount rate to 6.75% as additional levers to strengthen the funding policy.

Board discussion and dialogue followed the presentation along with additional questions and answers from the Board and GRS.

Art will put this item on the agenda for February for additional discussion and likely will have feedback from the City Manager's Office.

D) For the Board's Consideration

1. A Plan Sponsor Should Seek Out a Retirement Plan Dentist
2. Negative Bond Yields Spell Big Trouble for Institutional Investors
3. Marin Pension Board Takes Conservative Approach on Big Gains

E) Adjournment

Meeting adjourned 9:39am.

Members Remotely Present:

Mark Rubin, Chairman
Elsa Quijada, Deputy Director Human Resources
Kevin Larson, City Manager Appointee
Vivian Newsheller, Deputy Director Controller
Jorge Hernandez, Elected Representative
James Wysocki, Elected Retiree Representative
Jeffrey Whiting, Elected Representative

Staff Remotely Present:

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

Guest Remotely Present:

Catherine Langford, Yoder & Langford
Paul Erlendson, Callan LLC
Dana Woolfrey, GRS
Paul Wood, GRS
John O'Hare, Guest

E-SIGNED by Mark Rubin
on 2022-04-22 23:20:15 GMT

April 22, 2022

Mark Rubin

Date

Chairman of the Board



Art Cuaron

Pension & Benefits Administrator



Date