

## **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, June 23, 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.**

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

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**Join on your computer or mobile app**

[Click here to join the meeting](#)

**Or call in (audio only)**

[+1 213-293-2303, 684292289#](tel:+12132932303) United States, Los Angeles

Phone Conference ID: 684 292 289#

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A) Call to Order

**Chairman Mark Rubin call meeting to order at 8:30 a.m.**

**Kevin Larson absent at roll call.**

B) Consent Agenda

1. Approval of May 2022 Ratification Report
2. Approval of June 2022 Ratification Report
3. Approval of April 28, 2022, Regular Minutes
4. April 2022 Budget to Actual Report
5. May 2022 Budget to Actual Report

6. April 2022 Investment Performance Report

**Motion to approve Consent agenda made by Jeffrey Whiting, 2<sup>nd</sup> by Jim Wysocki. Motion passes 6-0.**

C) Administrative Discussions

1. Actuarial Equivalence Assumptions

Dana Woolfrey informs the Board that when the Board updated the actuarial assumptions, specifically the discount rate earlier in the calendar year, they did not address the actuarial assumptions used in the TSRS actuarial equivalence calculations which are used in our forms and service purchase calculations. Dana expressed that now could be a good time to update these assumptions given the changes the Board made earlier in the year. She also expressed that the Board could wait until next fall to update them when the System undergoes a full experience study, and her recommendation was to wait until then.

Dana provided some statistics on the number of forms and service purchases done in the prior year so the Board could get an understanding of the impact.

The Board will table discussion until the next experience study for Fall of 2023.

2. Disability Audit Update

The Retirement department attempted on several occasions through Certified mail Correspondence, and phone calls to contact 2 individuals who have not completed the required Disability Audit. Cassie mentions possibly using Fedex or UPS to try and send this letter to the recipient using these other methods for communications.

The Board has approved the suspension of disability payments to the individuals who have not complied with the yearly audit questionnaire. Resumption of payment once the proper documentation has been received will then resume.

**Motion to suspend disability benefits for individuals who have not responded to inquiries regarding their disability status made by Jim Wysocki, 2<sup>nd</sup> Jorge Hernandez. Motion passes 6-0.**

D) Investment Performance Review

1. TSRS Quarterly Investment Review for 331/2021 – Callan

Paul Erlandson presented the 2<sup>nd</sup> quarter Performance report which includes April reports. Aberdeen still underperforming in this quarter, along with PIMCO Stocks plus Cap fund, JP Morgan Income and Growth Real estate funds. Callan Suggests a meeting with Aberdeen to discuss

their underperformance over the last 5 years and possible fee reduction negotiation should be considered. Half of the underperformance is due to Aberdeen's investments falling below benchmark.

Near term results are still slightly negative, but due to the way assets have been allocated using investment strategies implemented by Art and Pete, the fund continues to gain at least a 1% return per year. TSRS fund ended in a billion dollars last year and this year are ranking in at a little over 850 million in the fund. Over a 5-year period, the fund has gained 25-30 million dollars more per year, without using the Actuarial assumptions due to these asset allocation strategies.

2. Fixed Income Portfolio – Active Management Recommendations–Callan

Gordie and Paul will find and propose 5 candidates to the Board in August, who have been prescreened. Suitable candidates to manage 40% of the Fixed Income portfolio are going to be chosen based off their investment styles, number of managed asset accounts, professional staff, portfolio manager structures and experience, historical performance, risk criteria, along with qualities based off how well-established of an organization they are over a 10-year track record.

**Motion directing Callan to bring back a list of qualified Core Managers in accordance with the Candidate profile shown at today's meeting at which point the Board would then vet from that list in a two-meeting process made by Jim Wysocki, 2<sup>nd</sup> Jeffrey Whiting. Motion passes 6-0.**

3. Aberdeen Fee Reduction

Art briefed the Board on a discussion in April when Aberdeen agreed to reduce the yearly fee from \$603 thousand per year to \$520 thousand per year due to their underperformance. This reduces the annual fee by \$83,000 thousand dollars as they continue to manage their portion of the investments within the portfolio.

E) For the Board's Consideration

1. IRS Again Extends Physical Presence Requirement Relief
2. Stocks Return to Earth, With the S&P Nearing a Bear Market
3. The Fed Sure Sounds as if it Expects a Recession

F) Adjournment

**Meeting adjourned at 10:25 a.m.**

**Members Remotely Present:**

Mark Rubin, Chairman

Elsa Quijada, Interim Director of Human Resources

Vivian Newsheller, Deputy Director Controller  
Jorge Hernandez, Elected Representative  
James Wysocki, Elected Retiree Representative  
Jeffrey Whiting, Elected Representative

**Members not present:**

Kevin Larson, City Manager Appointee

**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

E-SIGNED by Mark Rubin  
on 2022-11-04 14:38:15 GMT

November 04, 2022

Mark Rubin  
Chairman of the Board

Date



Art Cuaron

Pension & Benefits Administrator

11/4/2022

Date