

TUCSON SUPPLEMENTAL RETIREMENT SYSTEM BOARD OF TRUSTEES
Regular Meeting Minutes
DATE: Friday, October 27, 2023
TIME: 8:30 a.m.
PLACE: City Hall
255 W. Alameda
Tucson, AZ 85701
First Floor Conference Room

A. Call to Order

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

Vivian Newsheller, Kevin Larson and Jeffrey Whiting absent at roll call.

B. Consent Agenda

1. Approval of September 28, 2023, Regular Minutes
2. Approval of October 2023 Ratification Report
3. September 2023 Budget to Actual Report
4. August 2023 Performance Investment Report

Motion to approve Consent Agenda made by Jim Wysocki 2nd by Elsa Quijada. Motion passes 4-0.

C. Disability Application

1. Linda Barraza* (Board may enter Executive Session pursuant to A.R.S. 38-431.03(A)(1) to discuss this agenda item)

Motion to move to Executive session to consider the disability application of Ms. Barraza pursuant of A.R.S. 38-431.03(A)(1) made by Jim Wysocki, 2nd by Jorge Hernandez. Motion passes 4-0.

Executive session begins at 8:32 a.m.

Motion to resume regular session made by Jorge Hernandez, 2nd by Elsa Quijada. Motion passes 4-0.

Regular session resumes at 8:42 a.m.

Motion to approve disability application retroactive payments to September 10th made by Elsa Quijada, 2nd by Jorge Hernandez. Motion passes 4-0.

D. International Equity Finalist Presentations

1. Acadian Asset Management LLC
2. BlackRock
3. Marathon

Andrew Miller presented that Acadian Asset Management LLC started as an international equity firm. Mark Rubin inquires about the difference between Non-U.S. Equity versus Global in the graph presented on page 7. The explanation presented is that Non-U.S. Equity includes emerging markets and gives the broadest opportunity set. The presentation moves on to page 8 which includes a team driven approach which is a "systematic approach". Art Cuaron inquires as to how a decision is made in Acadian. Andrew explains about how there are different levels that a researched item will take to change a policy. After an inquiry from Gordie he notes that the research is continuous in order improve processes. They have

quarterly rollouts of incremental changes in their process. Gordie then asks about their processes when a macroeconomic event happens. Andrew states, “we are stock pickers” and the company responds by reducing the exposed risk of the stocks. Mark inquires as to how many individual investment companies do they have in the vehicle, Andrew states it is approximately 1,100.

Andrew Citron introduces BlackRock by explaining the company’s aim is to provide consistent 1% to 2% alpha for their clients. Mike Bishop opens explaining that they are very data driven, and they are the largest asset manager in the world. After an inquiry about the possible negative consequences of being a market mover, Mike asserts that it is an advantage to the company. He notes that they have an execution plan for liquidity, and how cost impacts the opportunity. Their investment profile is to deliver smaller alphas consistently, so it compounds. He then explains how they utilize big data, as an example they use phone location details and credit card transactions to make decisions about the future. They also utilize social media in their native languages to gather data about companies. Mike notes that they have a strong process in determining cost and risk. Gordie asks about liquidity and Mike states that liquidity is built into the transaction costs. Mike defines risk as volatility of return over and above the benchmark and notes there are many risk models.

Brad Leak introduces Marathon’s investment led culture, which has a lack of bureaucracy. He notes that their philosophy is to invest in both growth companies and value companies. He states that they are proud that over 30% of their client base have been with them for over 20 years. He notes that they are biased in small and mid-cap companies. Nick Longhurst notes they are supply side investors and explains that they have a framework to choose good companies that continue to make a high return, as well as low performing companies that are making changes to be better. Brad explains that they have a new role in the team to handle risk in the portfolio. Mark Rubin inquires if there is any factoring out of companies that have a large presence in the US despite having been based in other countries. After an inquiry about keeping long term investments, they did express that Marathon has a process for evaluating long term investments to determine if it is still valid. Jim inquires as to how they handle macroeconomic events; Nick responds that with long term investments those events shouldn’t matter. Brad notes that they are offering a discounted rate due to the partnership with Callen of a flat 65 basis points.

Motion to award Acadian with the International Equity Mandate made by Jorge Hernandez, 2nd by Elesa Quijada Motion passes 4-0. Meeting temporarily adjourns at 12:09 pm.

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Lunch Break (estimated time – 12:00 p.m. to 1:15 p.m.)
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Reconvene at 1:30 p.m.

E. ESG Investment Education – Callan

Craig Chaikin led the education material regarding Environmental, Social and Governance investment strategy. He notes that historically it was the social aspect that led to many decisions; however recently the environmental factors have become more prominent. After an inquiry, he explains that governance has been around for the longest and has been a focus of active managers. Art inquires how much weight should ESG factors play in decision making. Craig responds that these factors are data points. Gordie notes that the request to start an ESG implementation does not necessarily come from the deciding body, but sometimes from those that they have a fiduciary obligation to.

Discussion held; no action taken.

F. Fiduciary Education – Catherine Langford

Cassie Langford led the education material regarding fiduciary training. She begins by explaining how the city holds much of the power and decisions as the settlor and the board

is the fiduciary. She notes that there are many legal statutes for guiding the actions of fiduciaries. Mark Rubin notes that a fiduciary is always held responsible, even if you are not handling the finances directly. Cassie then details the different duties; such as prudence, loyalty, and compliance. She notes that the board is allowed to pay reasonable fees for services.

Discussion held; no action taken.

G. Administrative Discussions
1. FY 2023 ACFR Award

Art notes that TSRS was awarded the Certificate of Achievement for Excellence in Financial Reporting.

Motion to commend Pete Saxton and staff made by Jim Wysocki, 2nd by Jorge Hernandez. Motion passes 4-0.

H. Call to Audience

Discussion held; no action taken.

I. Future Agenda Items

Art notes that either in November or December a board meeting be canceled.

Discussion held; no action taken.

J. Adjournment

Motion to Adjourn made by Jim Wysocki, 2nd by Elsa Quijada. Motion passes 4-0.

Adjourned at 2:46 p.m.

Members Present:

Mark Rubin, Chairman
Elsa Quijada, Deputy Director of Human Resources
Jorge Hernandez, Elected Representative
James Wysocki, Elected Retiree Representative

Staff Present:

Art Cuaron, Pension & Benefits Administrator
Angelica Cota, Pension Assistant

Guest Present:

Catherine Langford, Yoder & Langford
Gordie Weightman, Callan
Craig Chaikin, Callan
Linda Barraza, Disability Applicant
Susan Moncada, Sister of Disability Applicant
Andrew Miller, Acadian
Scott Brymer, Acadian
Andrew Citron, BlackRock
Mike Bishop, BlackRock
Bradley Leak, Marathon
Nick Longhurst, Marathon

Please Note: Legal action may be taken on any item listed on this agenda

* Pursuant to A.R.S. 38-431.03(A)(3) and (4): the board may hold an executive session for the purposes of obtaining legal advice from an attorney or attorneys for the Board or to consider its position and instruct its attorney(s) in pending or contemplated litigation. The board may also hold an executive session pursuant to A.R.S. 38-431.03(A)(1) for the discussion or consideration of matters specific to an identified public officer, appointee, or employee or pursuant to A.R.S. 38-431.03(A)(2) for purposes of discussion or consideration of records, information or testimony exempt by law from public inspection.

Mark Rubin
Chairman of the Board

Date

Art Cuaron
Pension Administrator

Date