

## **DEFERRED COMPENSATION MANAGEMENT PLAN BOARD**

### **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 which will be open to the public:

**Thursday, May 15, 2025, at 9:00 A.M**

This meeting can be accessed from your computer, table, or smartphone by clicking on the link below.

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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**Meeting ID: 283 157 448 407**

**Passcode: SL2Q5R8M**

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A) Call to Order

**calls meeting to order at 9:02am**

B) Consent Agenda

1. August 19, 2024, Regular Meeting Minutes
2. February 13, 2024, Regular Meeting Minutes

**Motion to approve Meeting Minutes made by Rolf Averill, 2<sup>nd</sup> by Jobe Dickinson.**

**Motion passes 4-0**

**Pete Saxton enters meeting 9:04 am**

C) Innovest Q1 Report

1. Q1 2025 Portfolio Review

**Innovest presented the 1st quarter 2025 performance report. The quarterly topics and trends section focused on the evolution of the defined contribution industry from the development of target date funds to assist participants in investing through the Secure 2.0 provisions requiring all newly created ERISA plans being required to**

utilize auto-enrollment and auto-escalation to get employees into plans and at an appropriate deferral rate. The discussion wrapped up with a review of new developments in products designed to help participants decumulate assets from their plan accounts once they've reached retirement age.

The first quarter of 2025 recorded losses in domestic equities and modest gains in international equities and fixed income. While those movements were overshadowed by the markets' massive swings in the wake of President Trump's early April tariff announcements, several factors remained consistent throughout the volatility. A large portion of the S&P 500's movement since December can be attributed to the index's high concentration in seven tech stocks deemed the "Magnificent Seven." Even before the April 2<sup>nd</sup> announcement, these companies were down 15% in 1Q25, while the S&P 500 ex-Mag 7 was up slightly over the same period. Following the announcement, these companies played a dramatic role in the roller coaster of self-offs and rallies as the market rapidly responded to shifts in policy.

Innovest then discussed the plan's investment lineup and there are no changes recommended at this time. No changes in Innovest's manager scorecard occurred over the course of the quarter. The following items are all existing items:

The JPMorgan Equity Income Fund has a minor concern for People. Longtime portfolio manager Clare Hart retired from her role as portfolio manager on this strategy after 20 years at the helm. Co-Managers

Andrew Brandon and David Silberman have the experience to manage the portfolio in Clare's absence, as both have been on the strategy working with her since 2019.

The T. Rowe Price Growth Stock Fund has a minor concern for Performance as the fund has underperformed the benchmark and peer group in both the 3- and 5-year periods. Innovest's Due Diligence team will continue to closely monitor this fund.

The T. Rowe Price International Equity Fund has a minor concern for both People and Process and Philosophy. Longtime manager Sudhir Nanda left the strategy in August 2024; he advised on the fund until he retired at the end of 2024. He was the key decision-maker for the fund for many years and played a significant role in T. Rowe Price's quantitative initiatives over the years. David Corris and Prashant Jeyaganesh took over in August 2024. Prashant worked closely with Sudhir Nanda during his time at T. Rowe Price. The strategy began incorporating T. Rowe Price stock ratings into its stock selection process, a more qualitative measure to complement the fund's heavy quantitative approach. Given this change in process coincides with the manager change, this is a minor concern and Innovest will continue to monitor these changes.

The Invesco Developing Markets Fund has a minor concern for Performance. This fund's performance has lagged its peers, struggling in the 3-year period. This is due in part to relatively high exposure in the Russian Markets. Innovest will continue to monitor the performance of this fund.

1. Q1 2025 457b and 401a Plans Review

**Jeff Cruz presented the 1<sup>st</sup> quarter 2025 City of Tucson Defined Contribution Plans Review report. Total participant balances for the 457(b), 401(a), and 401(a) Contract Executives plans is \$321,009,706. Total participants with a balance between all three plans equals 4,213. The current average balance for 457(b) participants is \$75,625. 457(b) payroll contributions (6 payroll periods for 1st quarter 2025) and rollover deposits into the plan totaled \$4,446,791. The 2024Q4 Empower Quarterly Service document was reviewed.**

E) Administrative Discussions

1. Investment and use of administrative account
2. NAGDCA meeting attendance by Board members
3. Update on Contract renewals for Innovest and Empower

**Motion to approve that the board grant a fee holiday to all participants for 12 months beginning July 1 and that those fees be paid from the administrative account and taking the administrative fee that is left after the fee holiday and move it from the bond fund over to the stable value investment. made by Pete Saxton, 2<sup>nd</sup> by Jobe Dickinson. Motion passes 5-0.**

**Pete Saxton told the members that any attendees of the NAGDCA conference would coordinate travel through the City's Retirement staff.**

**Pete Saxton updated the Board on the completion and signature of both Innovest and Empower contract renewals.**

F) Adjournment

**Motion to Adjourn made by Pete Saxton, 2<sup>nd</sup> by Jobe Dickinson.**

**Motion passes 5-0.**

**Adjourned at 10:37 AM.**

**Members Remotely Present:**

Dennis Woodrich, Elected former employee  
Jason Winsky, Elected member  
Rolf Averill, Elected member  
Jobe Dickinson, Elected former employee  
Pete Saxton, Interim Pension Administrator

**Members absent:**

Aaron William, Deputy Director of Business Services  
Terri Traaen, Director of Human Resources

**Staff Remotely Present:**

Angelica Cota, Pension & Benefits Assistant

Approved:

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Dennis Woodrich  
Chairman of the Board

Date

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Pete Saxton  
Pension & Benefits Administrator

Date