

TUCSON SUPPLEMENTAL RETIREMENT SYSTEM BOARD OF TRUSTEES

Legal Action Report

DATE: Thursday, October 24, 2024

TIME: 8:30 a.m.

PLACE: Housing & Community Development

320 N. Commerce Park Loop

Tucson, AZ 85745

Sentinel Building

Note: Light breakfast items will be available beginning at 7:45 a.m.

A. Call to Order

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

Kevin Larson absent at roll call

B. TSRS Board Service Recognition for Jorge Hernandez **

Mark Rubin presented Jorge Hernandez a plaque for his service to the TSRS Board of Trustees. Jorege Hernandez expressed his gratitude to the Board of Trustees.

Discussion held; no action taken.

C. Interim Human Resources Introduction – Teri Traaen – Interim HR Director **

Item not held as Interim HR Director unable to attend.

D. Consent Agenda (5 min)

1. Approval of August 22, 2024, Regular Minutes
2. Approval of September 2024 Ratification Report
3. Approval of October 2024 Ratification Report
4. August 2024 Budget to Actual Report
5. September 2024 Budget to Actual Report
6. July 2024 Performance Investment Report
7. August 2024 Performance Investment Report

Motion to approve Consent Agenda made by Jeff Whiting, 2nd by Jim Wysocki. Motion passes 4-0.

E. Economic Update and Market Review (45 min)

1. Tiffany Wilding – Managing Director – PIMCO

Tiffany Wilding presented information about the US and the global economy. This presentation and discussion included a review of inflation and some of the factors which make up inflationary data, including the impacts of utilities, food and wages. It also included the role of central banks and interest rates. Tiffany noted that China's economy has issues in property markets and may not be able to grow through exports as it has in the past. Finally she presented information on the high level of national debt.

Discussion held; no action taken.

F. Investment Portfolio Review (1 hour) – PIMCO – Matt Clark

1. PIMCO Stocks Plus
2. PIMCO Diversified Income

Matt Clark and Todd Crabb presented information on fixed income securities. There was discussion of the differences in types of securities and the different yields being realized by type. The yields in the current market are higher than in prior years due to the actions of the federal reserve.

Discussion held; no action taken.

G. Actuarial Valuation Report for June 30, 2024 – Dana Woolfrey - GRS (1 hour)

1. June 30, 2024, TSRS Draft Valuation Report
2. Recommended Contribution Rates for 2026 Plan Year
3. Review of TSRS Funding Projections
4. Acceptance of 06/30/24 Draft Valuation Report; Adoption of FY26 Contribution Rates

Dana Woolfrey presented information on the actuarial valuation for the year ended June 30, 2024. The actuarial firm also conducted an experience study and noted that the study showed an increase in salaries. Dana recommended an increase in the employee contribution rates for those employees in variable tiers due to an increase in the normal cost of pension benefits. Finally, Dana encouraged the Board to consider a plan for future years when the funding policy produces a rate higher than the required contribution rate calculated by the valuation.

Motion to adopted the recommended FY26 Contribution Rates made by Jeff Whiting, 2nd by Jim Wysocki. Motion passes 4-0.

Motion to accept the 06/30/24 Draft Valuation Report made by Jim Wysocki, 2nd by Aaron Williams. Motion passes 4-0.

Lunch Break (estimated time – 11:30 a.m. to 1:00 p.m.)

Reconvene at 1:00 p.m.

Mark Rubin calls meeting to order at 12:44p.m.

H. Revisiting Asset/Liability Study – Continuation from August Meeting – Callan LLC (15 minutes)

Gordie Weightman presented information to remind the Board of the discussion in August about the asset and liability study. The results of the study indicated that the TSRS investment policy was reasonable but if the Board wished to make adjustments, it could do so.

Motion to keep the asset allocation as is made by Jim Wysocki, 2nd by Jeff Whiting. Motion passes 4-0.

I. Investment Portfolio Education – Callan LLC (45 minutes)

1. Real Estate Structure options

Gordie Weightman and Craig Chaikin presented information about the types of real estate managers and how different managers invest in different types of real estate, and how real estate provides diversification from equities and fixed income. There was also discussion about how many managers to employ for real estate investment in order to fulfill the investment policy.

Motion to select two New Core Mangers at 50% allocation each is made by Jeff Whiting, 2nd by Jim Wysocki. Motion passes 4-0.

J. Administrative Discussions (1 hour)

1. Revisiting Disability Code Updates and Revisions

Art Cuaron and Catherine Langford presented information on the City Code and how it might be updated to provide better support for disability application processing. There was discussion and review of specific edits and changes.

Discussion held; no action taken.

2. FY 2023 ACFR Award

Art Cuaron presented to the Board the most recent award for financial reporting.

Motion to commend staff on receiving the 2023 ACFR Award is made by Jim Wysocki, 2nd by Jeff Whiting. Motion passes 4-0.

3. Retired Member Election Process

Art Cuaron presented information to the Board about the need to hold an election for a new member from the retired employee group of members. The presentation included a brief outline of when the process would begin and when it was expected to be complete.

Discussion held; no action taken.

K. Call to Audience

Discussion held; no action taken.

L. Future Agenda Items

Discussion held; no action taken.

M. Adjournment

Motion to Adjourn was made by Jim Wycoki, 2nd by Jeffrey Whiting. Motion passes 4-0.

Adjourned at 3:12 p.m.

Members Present:

Mark Rubin, Chairman
Aaron Williams, Deputy Director Controller
Jim Wycoki, Retiree Elected Representative
Jeffrey Whiting, Elected Representative

Staff Present:

Art Cuaron, Treasury & Pension Administrator
Anastacia Sanders, Pension Assistant
Dawn DePorter, Lead Pension Analyst

Guest Present:

Catherine Langford, Yoder & Langford
Jorge Hernandez, Financial Specialist
Gordie Weightman, Callan
Craig Chaikin, Callan
Dana Woolfrey, GRS
Kerrisha Jenkins, PIMCO
Tiffany Wilding, PIMCO
Matt Clark, PIMCO
Todd Crabb, PIMCO

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.

** Agenda item has been revised.