TUCSON SUPPLEMENTAL RETIREMENT SYSTEM
BOARD OF TRUSTEES
MEETING MINUTES

DATE: **Thursday, March 31, 2016**
TIME: **8:30 a.m.**
PLACE: **Finance Department Conference Room, 5th floor**
City Hall, 255 West Alameda
Tucson, Arizona 85701

Members Present:
Robert Fleming, Chairman
Betsey Conroy, Deputy HR Director
Silvia Amparano, Director of Finance
Michael Coffey, Elected Representative
John O'Hare, Elected Retiree Representative

Staff Present:
Dave Deibel, Deputy City Attorney
Neil Galassi, Pension Administrator
Silvia Navarro, Treasury Administrator
Art Cuaron, Treasury Finance Manager
Dawn Davis, Administrative Assistant

Guests Present:
Ronald Taylor, T. Rowe Price
Kenneth Brooks, T. Rowe Price
Ethan Hugo, Fidelity Investments
Sue Curran, Fidelity Investments

Absent/Excused:
Kevin Larson, City Manager Appointee
Jorge Hernández, Elected Representative

Chairman Fleming called the meeting to order at 8:33 AM.

A. **Consent Agenda**
1. Approval of February 25th, 2016 TSRS Board Meeting Minutes
2. Retirement ratifications for February 2016
3. Retirement ratifications for March 2016
4. February 2016 TSRS Budget Vs Actual Expenses

Chairman Fleming asked for a vote on the approval of the Consent Agenda. The Consent Agenda was approved by a vote of 4-0 (Kevin Larson and Jorge Hernández absent/excused, Chairman Fleming did not vote).

B. **Investment Activity Report**
1. Annual Manager Review – Fidelity – Ethan Hugo, CFA & Sue Curran

Chairman Fleming asked Mr. Hugo and Ms. Curran to allow the questions provided by the Board to shape their presentation.

Ethan Hugo stated the firm had changed their name from Pyramis to Fidelity Institutional but there was no change to process or personnel. The Small Cap Core strategy was closed to new investors at just under $3B in

assets because analysis based on the strategy showed it was at a prudent level. Fidelity managers are incentivized to add value and outperform the benchmark, not manage more assets. The biggest effect this will have on the portfolio was that less time would be spent meeting with prospective clients instead of managing the portfolio.

Chairman Fleming asked how much of Mr. Hugo's time was spent in meetings like this.

Mr. Hugo answered for this meeting he would be out of the office for 48 hours, but he was able to work while traveling. The best estimate would be that he spends a couple of days a month traveling, in meetings, and on conference calls, but he was still able to perform tasks to manage the portfolio during some of that time. Fidelity tries to outperform the Russell 2000 by adding value through stock selection. Their strength is research, multiple layers of perspective and analysis lead to optimized decision making. The research team is constructed to produce multiple, but complimentary, perspectives across stocks, industries, and capitalization. Consistency is key, top down style tilts rarely over perform over the long term, careful research and analysis does.

The research process is fundamentally oriented. They have access to companies because they are such a large organization the companies want Fidelity as an investor. Fidelity does not have a rigorous model dictating what needs to be done and how. They generally hire experienced investors; the Small Cap Core investment team has a portfolio manager with 20 years' experience, 4 US small cap analysts with an average of 17 years' experience, and 18 sector leaders and analysts, focused on US stocks, with an average of 17 years' experience. He then gave an example to illustrate that because of the experience of the various team members he did not have to give direction on how to pick stocks, he was able to trust their expertise and give them latitude to present different ideas. They do not have a style bias which also provides the analysts with that broader latitude making it easier to build a balanced portfolio that is not just growth stocks or just value stocks. Generally, Fidelity looks for companies between $3B and $5B for initial purchase. But that is a moving target because it depends on the capital range of the Russell 2000, which is something that changes with the market because the index is reshuffled at the end of June every year. Fidelity does not sell stocks because they have grown, but the company will receive a higher level of scrutiny when considering whether it is such a good idea to continue to own it. Fidelity makes fundamental decisions about the companies in every case so when the company gets too big that is taken into consideration. At the margin Fidelity tends to sell those names, but sometimes they do exist within the portfolio.

Chairman Fleming asked if exceeding the benchmark weight was more attributable to having bought small cap stocks that grew into mid cap, or attributable to purchasing high level small cap stocks that are on the verge of becoming mid cap stocks.

Mr. Hugo explained it was more due to the appreciation of small cap stocks. Their turnover is between 75% and 125%, but it was around 40% last year. It has not been above 100% since he took over, so they have more stocks appreciating. Risk management and oversight is a key part of the process; risk management and compliance are a part of the team in managing the portfolio by performing analysis and helping the manager understand how the portfolio was positioned to keep it on the right track, avoid style drift, and avoid having volatile beta resulting in exposure to areas of the market with a lot of volatility. As a part of the risk management process several factors, like size, are taken into consideration. An important part of the process is not whether the weighted average market cap of the portfolio is $1.8B and the benchmark is $1.2B, what the expectation of the impact that will have on the performance of the portfolio. Though the portfolio had skewed bigger in terms of median and weighted average market caps than the benchmark, that factor has been de minimis in terms of its influence on performance.

Fidelity sells securities for a variety of reasons. The simplest reason was the stocks have reached the target price in terms of valuation. A lot of the turnover in the portfolio was a result of adding and trimming stocks because there is a lot of volatility in small cap stocks. Fidelity tends to buy weak stocks and trim winners as they increase in value. In most cases a stock that is performing well should hold a smaller position in the portfolio. When prices move Fidelity is constantly questioning whether the thesis developed, when a stock was purchased, still stands. Fidelity did not have a stop loss rule for selling stocks because it would not be rational.

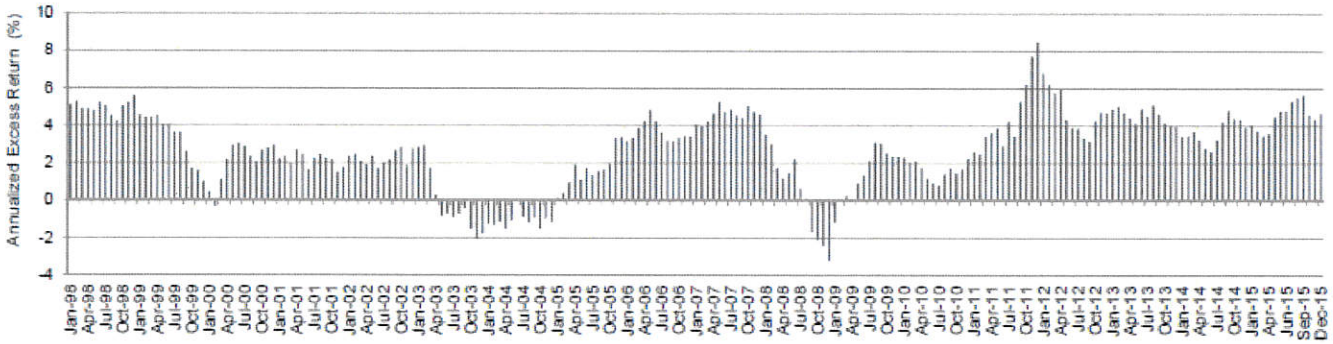
It is fundamentally better to reevaluate each and every stock and ask whether that thesis still stands, and sometimes they end up selling down stocks.

To discuss the market environments in which Fidelity would outperform and underperform, the Board was directed to view the table on page 19 of the presentation booklet.

Small Cap Core Portfolio—Performance Consistency (Gross)

ROLLING 3 YEAR ANNUALIZED EXCESS RETURN VS. R2000

SMALL CAP CORE HAS OUTPERFORMED 88% OF THE PERIODS



Fidelity has generated positive returns relative to the benchmark generally over 3 year periods of time. There are 2 periods of time where the strategy underperformed and in each of those cases there were big inflections in the market; the financial crisis in 2008, and after the post technology, telecom, and media bubble bursting in 2002 and 2003 when it was best to be defensive in the market because it was trending down and high valuation stocks were out of favor. It is difficult to keep over performing when a manager has momentum and the market dynamics change. Fidelity has underperformed year to date mostly due to the fact the portfolio was not turned over aggressively and there was clearly a change in the market dynamics. When there are inflections in the market collateral events take place. For example when energy stocks dropped, high yield spreads widened dramatically because energy was about 15% to 20% of the high yield market. If the portfolio had stocks in consumer discretionary, an area that should benefit from lower energy prices, if there was a lot of leverage on the balance sheet those stocks underperformed. So, there was not a specific type of market environment where Fidelity would over or under perform, but they become concerned when there those types of inflections occur within the market.

The fund had $2.8B in assets as of 12/31/15, 34 clients, and has been closed to new investors excluding some prospects already in process which will account for several hundred million dollars. They do not try to time the market because it does not add value.

Fidelity believes the outlook for US equity markets in 2016 will be more of the same because there continues to be a focus on global monetary policy. The issues in China are affected by the US because their currency is linked to the US Dollar. Since 2011, when Europe double dipped economically and China began decelerating, in isolation the US economy has been doing well. There has been a headwind in economic growth and corporate profitability from the rest of the world. The market will probably continue to exhibit the kind of volatility recently seen. Whether 2016 is an up or down year will depend largely on what happens in the international markets. The US economy is moving toward late cycle where profits have arguably peaked and unemployment is under 5%, this is difficult to sustain for a long period of time and becomes riskier after about 2 years. If there is not a positive contribution to growth from international economies, the US is fragile and the market could be more negative; on the other hand if the stimulus from Europe helps and China stabilizes the headwind could become a tailwind and the US could continue to have decent growth for a period of time. Over the short term stock prices will be driven by expectations for monetary policy which drives liquidity. The long term will be

determined by the contribution of international economies to the US. The US has grown enough and reached capacity utilization and employment that there is not much potential to drive the rest of the world.

John O'Hare stated the small cap stocks have foreign operations generating earnings and asked if it was around 20% on average.

Mr. Hugo answered about 19% of small cap revenue comes from international economies.

Mr. O'Hare asked whether they tended to favor the stocks with international operations, or if it was purely based on the business models.

Mr. Hugo explained they own some companies that are purely domestic as well as some that have a high degree, even over 50%, of exposure to international economies. Even the domestic companies are impacted by global phenomenon. Fidelity tries not to predict the macro environment, but the potential growth from international markets, at different times, can be a pro or a con when they consider a company. Currency movements can also impact the fundamentals.

Mr. O'Hare asked what they predicted the US Dollar would do, or was it a macro issue they would not consider.

Mr. Hugo answered he did not know.

Mr. O'Hare said in the past the portfolio turnover had been 100%.

Mr. Hugo explained since he began managing the portfolio it has not been 100%. In the first couple years his turnover was around 90% and has been trending down ever since. In terms of names the turnover is much lower than that; in the years they turned over 90% they only turned over 45% of the names because most of the turnover was adding and trimming.

Sue Curran stated that one of the items on the agenda, under future agenda items, listed the possibility of indexing the TSRS fund, and asked where the Board was in that discussion.

Chairman Fleming answered the Board was constantly considering and discussing whether active management adds value. The numbers tell them it does in cases like small cap and international most of the time. The reason they continue to discuss it was because the cost of active management was not just manager fees; it included the Board's oversight and other factors.

2. Annual Manager Review – T-Rowe Price – Ronald H. Taylor & L. Kenneth Brooks

This item was taken out of order and considered after item A4.

Kenneth Brooks introduced himself and Ronald Taylor.

John O'Hare asked if T. Rowe Price could send out a Portfolio Manager to meet with the Board since they have so much money invested in the fund.

Mr. Taylor answered it was possible however T. Rowe Price would rather keep the Portfolio Manager in the office managing the fund. As a strategy that puts client interest first they focus on managing the assets for those clients.

Mr. O'Hare stated Fidelity, a firm comparable to T. Rowe Price, sends the Portfolio Manager to all of these meetings.

Mr. Taylor explained some firms have a team of Portfolio Managers managing the strategy, sometimes 4 or 5, any one of whom could be chosen to attend a meeting with clients. At T. Rowe Price they have 1 Lead

Portfolio Manager and an Associate Portfolio Manager managing the assets. If it was that important they would find a way to connect the Board with the Portfolio Manager, using Skype or various technologies, but as a time saving measure T. Rowe Price sends the Portfolio Specialist to these meetings. T. Rowe Price believes it is more important to have the person managing the assets in the office managing those assets, and they believe their 4 and 10 year returns reflect this is a model that delivers value.

Chairman Fleming asked Mr. Taylor and Mr. Brooks to allow the questions provided by the Board to shape their presentation.

Mr. Taylor explained their philosophy was to manage an active large cap portfolio where there is a single decision maker leveraging a fundamental research team with 161 analysts performing fundamental analysis. The analysts make recommendations on stocks that have at least $5B in market capitalization and can grow earnings at least 12% based on the analysts 3 year projection. Rob Sharps has been the Lead Portfolio Manager for this strategy since its inception in the fall of 2001. Rob Sharps will be promoted to run the Global Equity Group as of January 2017. Taymore Tamaddon will begin transitioning in July 2016 to learn from Rob Sharps and assume responsibility of the large cap portfolio at the beginning of 2017. Performance comparisons for T. Rowe Price US equity group portfolio manager transitions since 2005 shows that new managers manage the strategies as well as, if not better than their predecessors. T. Rowe Price generally promotes their managers from within the firm and the numbers show they manage succession well. The 65 to 75 stock portfolio seeking to outperform the Russell 1000 growth by 200 basis points gross over a full market cycle, 150 basis points net, and this will be consistent even with a new manager.

Chairman Fleming asked if there were any anticipated changes to the research process for the transition.

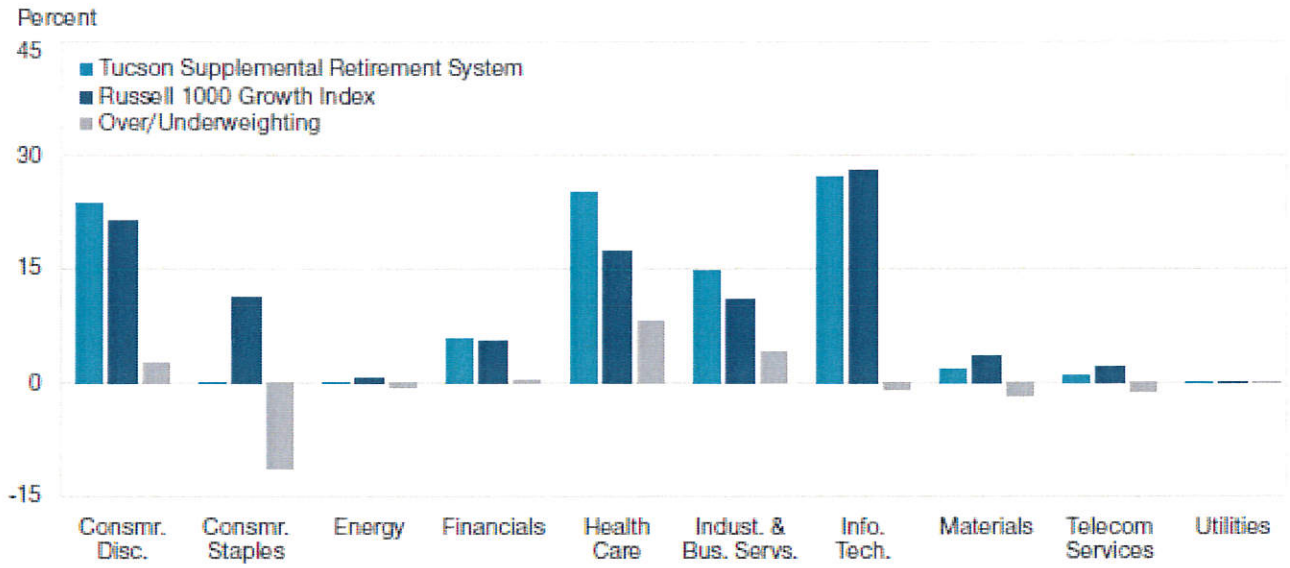
Mr. Taylor answered no; the process was based on fundamental research and has been in place for 30 years so it was not likely to change.

Mr. Brooks explained when there is a transition the firm calls it a change, but it is not really a change because the person stayed within the organization. While typically names will move it is only 1 or 2 a year which is well below the industry standard.

Mr. Taylor stated with regards to the positioning of the portfolio the emphasis is on stock selection. While the portfolio contains 73 stocks, the top 10 names account for 41.6% of the portfolio. Last year was a good year because the largest holding, Amazon.com, was up 120%. The portfolio had higher returns than normal because it owns a number of stocks that performed well. It is important to remember this is a very focused portfolio, with the 20 largest holdings accounting for 59.3% of the assets. T. Rowe Price is a long term investor with the goal to identify companies that are industry disrupters as a result of their business models and innovation. He gave the example of how Amazon.com was affecting brick and mortar businesses like Target and Walmart, and realizing that trend was long term even though e-commerce only accounted for about 12% of retail sales. Ultimately the focus is on stock selection.

Mr. Taylor discussed the portfolio's sector weightings.

SECTOR WEIGHTINGS



The sector weightings are determined by where companies are found that can grow at rates in the mid-teens. Consumer Discretionary, Health Care, Industry, and Technology make up 75% of the portfolio because they are industries with companies that have greater growth opportunities relative to companies in other sectors. The portfolio has virtually no exposure in Utilities, Telecom Services, Materials and Energy; these were the leading sectors in the market environment in the 1st quarter of 2016. The portfolio had a great year and outperformed in 2015, but in 2016 it was down by 6% in the 1st quarter. The market rallied pretty strongly in March so T. Rowe Price felt like the worst was behind them for 2016.

Mr. O'Hare asked how they distinguished between growth and value stocks in the Russell 1000 system.

Mr. Taylor explained they recognized the Russell 1000 was an imperfect index with lagging metrics calibrated every June 30th. The index manager looks at valuation at that point in time so it was not surprising that in June 2015 energy stocks went down because prices were down. This does not impact how T. Rowe Price thinks about the stocks they own. They have a rule that if they own a stock that is in Russell 1000 growth; they will typically have plus or minus 4% of that exposure in the benchmark.

10 LARGEST OVER/UNDERWEIGHTS

Tucson Supplemental Retirement System Relative to the Russell 1000 Growth Index

As of 31 December 2015

10 Largest Overweights	% of Portfolio	% of Index	Difference	10 Largest Underweights	% of Portfolio	% of Index	Difference
Amazon.com	7.6%	2.4%	5.1%	Apple	1.3%	5.7%	-4.4%
Danaher	3.7	0.1	3.6	Walt Disney	0.0	1.7	-1.7
Priceline	4.0	0.6	3.3	Verizon Communications	0.0	1.7	-1.7
Alexion Pharmaceuticals	3.4	0.4	3.0	Home Depot	0.0	1.6	-1.6
Boeing	3.9	1.0	3.0	Coca-Cola	0.0	1.6	-1.6
Visa	4.2	1.4	2.7	PepsiCo	0.0	1.4	-1.4
Allergan	3.1	0.5	2.5	Comcast	0.0	1.2	-1.2
Morgan Stanley	2.4	0.0	2.4	Amgen	0.0	1.2	-1.2
Alphabet	6.4	4.2	2.1	McDonald's	0.0	1.1	-1.1
Intuitive Surgical	2.2	0.2	2.0	Altria Group	0.0	1.0	-1.0

The companies on the left side of the table above are the stocks T. Rowe Price has conviction in, and they own more shares than the benchmark by a significant amount. On the right side of the table are names also in the Russell 1000 growth that T. Rowe Price does not consider growth companies because they were growing at single digit rates and distributing dividends. In the current market environment the names on the right side tend to perform better because they are stocks that perform well in a defensive market.

TOTAL RETURN PERFORMANCE

US Large-Cap Growth Equity Composite

Periods Ended 31 December 2015
Figures Shown in U.S. Dollars

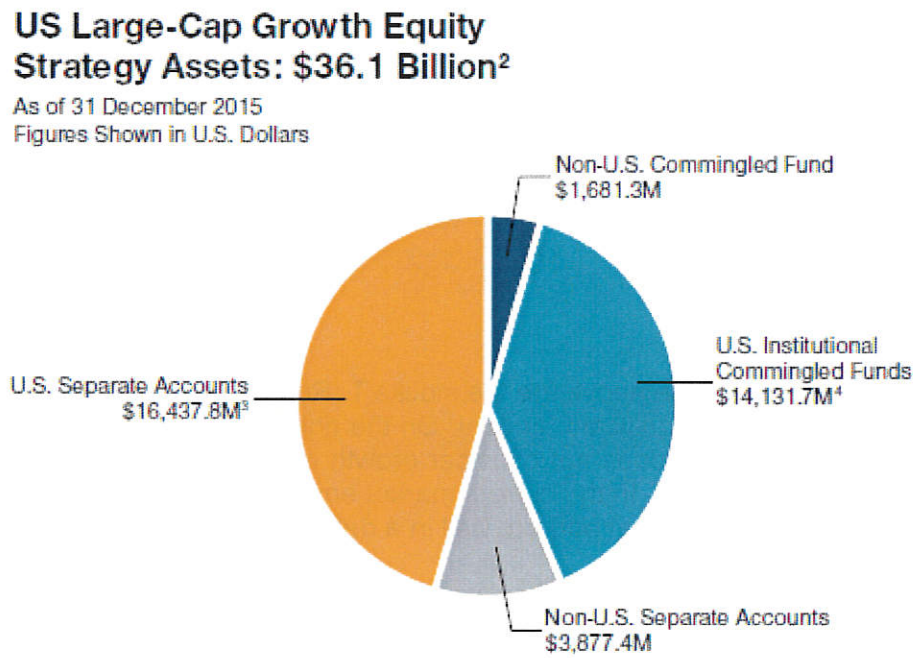
			Annualized			
	Three Months	One Year	Three Years	Five Years	Seven Years	Ten Years
US Large-Cap Growth Equity Composite (Gross of Fees)	9.03%	10.74%	20.69%	15.54%	20.59%	9.97%
US Large-Cap Growth Equity Composite (Net of Fees)[1]	8.89	10.19	20.10	14.97	20.00	9.42
Russell 1000 Growth Index	7.32	5.67	16.83	13.53	17.11	8.53
Value Added (Gross of Fees)[2]	1.71	5.07	3.86	2.01	3.48	1.44

Calendar Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
US Large-Cap Growth Equity Composite (Gross of Fees)	6.88%	9.41%	-40.39%	54.28%	16.77%	-1.19%	18.51%	45.31%	9.26%	10.74%
US Large-Cap Growth Equity Composite (Net of Fees)[1]	6.35	8.87	-40.7	53.54	16.19	-1.68	17.93	44.61	8.72	10.19
Russell 1000 Growth Index	9.07	11.81	-38.44	37.21	16.71	2.64	15.26	33.48	13.05	5.67
Value Added (Gross of Fees)[2]	-2.19	-2.4	-1.95	17.07	0.06	-3.83	3.25	11.83	-3.79	5.07

The tables above show that though they do not always outperform the benchmark T. Rowe Price adds value in a time when investors question whether active managers add value. In markets when investors were risk adverse T. Rowe Price would underperform because investors tended to avoid the highest valued and rapidly

growing dynamic companies. When the market focused on narrow sectors or when investors in the marketplace avoid risk there will be headwinds for T. Rowe Price. In a robust market where there was broad attraction to stocks their fundamental strategy gave them an edge.

The US Large-Cap Growth Equity Strategy was launched with $2M in seed money in 2001 and has since grown to $36.1B in assets. The chart below shows the asset allocations of the fund.



In the last 3 years there were negative flows of about $5B, despite being in the top decile with their 1, 3, 5, 7, and 10 year returns. Investors were redeploying money outside of domestic equity into passive, alternative, international, and global investments. This outflow did not affect performance, and capacity was not an issue at that time, though T. Rowe Price will close strategies to protect clients if they feel that the assets have grown too large.

Given the 2016 1st quarter performance with the markets down 10% in aggregate, and some of the growth stocks being down around 25%, it feels like the worst is behind them for 2016, especially since March 2016 has been the strongest month in the market for T. Rowe Price since October 2015. The Federal Reserve has said they would not be raising interest rates anymore in 2016, valuations were reasonable by historical standards, and a period with earnings continuing to slow was coming to an end. Many traditional cyclical companies cut costs, reduced staffing levels, and bought back shares so it is difficult for them to continue to grow. The stocks owned by T. Rowe Price like Amazon.com and Facebook would continue to grow earnings regardless of the economic environment. While these companies continue to grow they have been impacted by risk adverse investors moving their money to more defensive stocks, so performance is not always linear.

Mr. O'Hare asked when T. Rowe Price thought the market cycle started, and confirmed their goal was to outperform the benchmark by 200 basis points gross in a market cycle.

Mr. Taylor stated their performance goal was 150 basis points gross and 100 basis points net above the benchmark, he previously misspoke on this point. The markets were not predicable. Over rolling periods, since the strategy was launched, in 95% of those periods the strategy outperformed the benchmark. It was difficult to

say when the market would be up again, but the environment in which they were operating was difficult due to macro and sector influences; however over a full market cycle T. Rowe Price can add value.

Neil Galassi asked how inflation would affect equity, given the Federal Reserve does not intend to raise interest rates in 2016 and the consumer economy weighting in the top 10 names in the portfolio.

Mr. Taylor answered no one foresaw the magnitude of the collapse in energy prices. They did not foresee much natural inflation given the drop in oil prices. Energy was not a growth sector though money could be made there. The real factor was what happened with global rates, which were trending down. They monitor inflation but the real value of a growth portfolio was that the companies were not necessarily reliant on strong economic growth.

Mr. O'Hare asked, since the positions were so large, did they move the market when buying new stocks, and how much that would hurt a fund this size.

Mr. Taylor answered they track the impact of their buying and selling. The typical position size and type of purchase was between 50 and 100 basis points at the time of purchase. They buy in increments because the T. Rowe Price portfolios, in aggregate, would all be buying or selling the same stock. They also trim stocks as they increase in value.

3. TSRS Portfolio Composition, Transactions and Performance Review for 02/29/16

Art Cuaron said an executive summary had been provided to the Board with the standard reports. The executive summary contained information from both the standard reports provided by staff and the reports from Callan.

Chairman Fleming asked if staff was considering providing both an executive summary and the reports the Board has received in the past.

Mr. Cuaron answered staff would provide any reports the Board requested.

4. Review and Approval of New Portfolio Composition, Transaction, and Performance Reports

Art Cuaron explained the Callan report was comprehensive and included much of the same data provided in the reports previously provided by staff.

Neil Galassi stated the information given in the executive summary was based on the report from Callan. The Callan report was very easy to understand and put into an executive summary format. He asked the Board to provide any input they thought would improve the executive summary.

Mr. Cuaron explained the thought was to place the report and executive summary on the Consent Agenda. Staff would be at the meeting if any board members felt the need to pull the item from the Consent Agenda for questions and discussion. Staff was also willing to put the reports on the website to make them available to the public.

Chairman Fleming asked staff to bring this item back for approval at the meeting scheduled for 4/28/2016.

C. **Administrative Discussions**

1. Annual TSRS Budget Approval for FY 2017

Silvia Navarro said greater detail had been provided on the budget items as requested by the Board. A breakdown of the Personnel Services budget item was distributed.

John O'Hare asked how the percentage of the 4 TSRS funded position costs had increased from last year.

Silvia Amparano explained all 4 of these positions have been 100% funded by the TSRS fund and there was no plan to change that in the coming fiscal year.

Mr. O'Hare asked whether Mr. Cuaron's salary would still be partially funded by the TSRS fund.

Ms. Amparano answered the Finance Manager position was funded by the general fund. Previously part of his salary had been charged to TSRS for the services provided regarding TSRS investments and services provided to the TSRS Board. The amount of time the Finance Manager will spend on TSRS services has been reduced with the transfer of duties to the Pension Administrator, and as a result TSRS will be charged for less of the Finance Manager's time.

Mr. O'Hare asked why the personnel services actual was $41,539 less than the budgeted amount.

Ms. Amparano explained it was due to vacancies and the shifting in positions resulting in differences in pay between past staff and current staff.

Silvia Navarro explained personnel services only accounted for the 4 positions fully funded by TSRS. Treasury staff whose time was charged to TSRS was included under the Treasury Services item. At that time they did not anticipate using any of the funds attributed to Treasury Services, they account for any unexpected changes that might occur in fiscal year 2017.

A motion to approve the TSRS FY 2017 Budget was made by John O'Hare, 2nd by Michael Coffey, and passed by a vote of 4-0 (Kevin Larson and Jorge Hernández absent/excused, Chairman Fleming did not vote).

2. Report from Board Member on 2015 Fall Public Funds Forum

John O'Hare requested this item be moved to the meeting scheduled for 4/28/2016.

D. **Articles for Board Member Education / Discussion**
   1. PIMCO Cyclical Outlook 2016 – Calmer C's Ahead

E. **Call to Audience** – None heard.

F. **Future Agenda Items**
   1. 50/50 Split Employee/Employer Contributions for New Hires
   2. Education Plan for New Staff and Trustees
   3. Duties and Selection of Advisory Board
   4. Hiring an Intern to Free Staff for Education
   5. TSRS Board Annual Evaluation of Staff and Consultants
   6. Formal Evaluation of Active Managers – 1.5% over benchmark over a given period
   7. RFQ for Actuarial Services
   8. Action Plan for Black Swan Events
   9. Would It Be Better to Index the Whole Fund

Chairman Fleming stated items 1, 2, 3, 8, and 9 could be discussed at the retreat scheduled for 10/28/2016, and the other items could be placed on future agendas for discussion purposes.

John O'Hare asked if all the items could be placed on future agendas for discussion if there was time.

Michael Coffey stated he would rather have material provided prior to the meeting so he could prepare for the discussion.

Silvia Amparano asked if staff should be spending time preparing materials for these items and if so, should the items be scheduled to give staff the time needed.

Mr. O'Hare said since most of the items were his suggestion he could provide staff with more information about why the items were important.

Chairman Fleming asked Mr. O'Hare to select 1 item for the meeting on 4/28/2016 so the Board could see how the process would work out.

Mr. O'Hare requested items F1, F2, and F4.

Chairman Fleming asked whether Mr. O'Hare was proposing separate items to determine whether the Board wanted to discuss them further.

Mr. Coffey stated the Board needed to develop a 2 part process involving determining whether the Board wanted to pursue the item and then direction to staff to prepare the item for further discussion and possible action.

Mr. O'Hare said he thought item F1 was being discussed by Mayor and Council and the Chamber of Commerce which made it important.

Ms. Amparano explained Council Member Kozachik stated he was not willing to pursue it because it would cause recruiting issues. The City recently got away from it because they were having trouble retaining employees due to the policy. This future agenda item list was not meant for the Board to discuss whether they wanted to pursue each individual item; rather they were supposed to prioritize them for discussion at future meetings.

Mr. O'Hare suggested adding items F1 and F2 to the next agenda for full blown discussion and direction to staff.

Chairman Fleming confirmed Mr. O'Hare would submit information on these items to staff for distribution to the Board.

Mr. O'Hare answered yes.

Mr. Coffey asked if it would make a difference if the Board made a recommendation on item F1.

Ms. Amparano answered yes; they could present the Board's recommendation or stance on that item when asked by the Chamber of Commerce, or anyone else, whether they had looked at the information.

The Board decided to add items F1 and F2 to the agenda for 4/28/2016.

Chairman Fleming stated he would push to have the more philosophical items held until the retreat.

Ms. Amparano reminded him he had previously classified item F1 as philosophical.

Chairman Fleming answered he was fine with addressing the item as a response to the Chamber of Commerce.

Neil Galassi advised the Board that there would be between 3 and 5 disability applications on the 4/28/2016 agenda.

G. **Adjournment** – 10:22 AM

Approved:

Robert Fleming Chairman of the Board	4/28/16 Date	Neil S. Galassi Pension Administrator	4/28/16 Date