

TUCSON SUPPLEMENTAL RETIREMENT SYSTEM BOARD OF TRUSTEES 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, July 23rd, 2020 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.

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

[Join Microsoft Teams Meeting](#)

[+1 213-293-2303](#) United States, Los Angeles (Toll)

Conference ID: 423 460 538#

[Local numbers](#) | [Reset PIN](#) | [Learn more about Teams](#) | [Meeting options](#)

A) Call to Order

Chairman Mark Rubin called the meeting to order at 8:30 am.

B) Introductions

Introductions were given by the Board members.

C) Consent Agenda

1. Approval of Regular Board meeting minutes from February 27, 2020
2. Approval of Special Board meeting minutes from March 9, 2020
3. June 2020 Budget to Actual Report
4. Approval of March 2020 Ratification Report
5. Approval of April 2020 Ratification Report
6. Approval of May 2020 Ratification Report

7. Approval of June 2020 Ratification Report
8. Approval of July 2020 Ratification Report

A motion to approve the consent agenda was made by Kevin Larson, 2nd by Jim Wysocki, passes unanimously.

D) Administrative Discussions

1. TSRS Rate Adoption Update

Art Cuaron informed the Board that Mayor and Council adopted the FY 2021 TSRS rates in May but kept the employee rates the same as FY 2020 and did not adopt the Board recommended rates. He further informed the Board that the employer rate was adopted as recommended at 27.50%.

Discussion held; no formal action taken.

2. Payroll Card Update

Art Cuaron updated the Board on the payroll card program that the Retirement Office implemented in March. This program is administered through US Bank and impacted approximately 30 retirees. Art explained that with the COVID 19 pandemic, the City sought ways to minimize contact with paper. Direction was provided by the City Manager's to implement the program for active and retirees. Art informed the Board that the card is reloadable, and retirees receive their monthly benefit payment on the card with no fees to use the card wherever Visa or Mastercard is accepted. Retirees do also have the option of signing up for direct deposit if they do not want the card.

Discussion held; no formal action taken.

3. TSRS Elected Members Term of Office Update

Art updated the Board that Mayor and Council approved the Code amendment which extends the term of elected TSRS members by one year. This code amendment became effective July 1, 2020.

Discussion held; no formal action taken.

4. Labor Split for Administrative Services Officer/HR Director

Art informed the Board of a request from City management to allocate a third of the Administrative Services Officer/HR Director salary and employee related expenses to the TSRS fund/budget. He explained that the estimated annual impact to the fund is \$78,000.

The Board expressed concern regarding the equity of the split and requested an overview of the time spent on oversight and management of the Retirement Office functions and staff.

A motion to approve the budget allocation of the HR Director failed 4-2, Ana Urquijo abstained. The Board directed staff to bring back this item for additional information.

5. Retreat Update

Art informed the Board that the October retreat would not occur as an in-person event as the Arizona Inn has canceled events through the end of the calendar year. Art is exploring options to hold a virtual type retreat/meeting and will report back to the Board as October nears on the plan for the October meeting

Discussion held; no formal action taken.

6. Update on IFM Global Infrastructure

Art informed the Board that TSRS is now in the que for funding the IFM infrastructure commitment following submission of the necessary documentation by the June deadline. Art explained that he worked with Cassie and Callan to review the documents prior to execution and submission. Art will inform the Board as the capital contribution requests begin.

Discussion held; no formal action taken.

E) Investment Activity Report

1. TSRS Quarterly Investment Review for 03/31/2020 – Callan LLC

Presentation given, discussion held. No formal action taken.

2. TSRS Monthly Investment Review for June 2020 – Callan LLC ^{Note 1}

Item E1 above and E2 were combined in a presentation provided by Paul Erlendson from Callan LLC. Paul provided an overview of the quarterly performance as of June 30, 2020. He stated that in Callan's view, the fund is in balance with regard to its' target allocation and actual allocation of assets as presented in the materials. Paul walked the Board through the manager performance on a net of fee basis and explained the importance of the fund being on target is a significant driver for investment success as over 90% of the funds return can be explained by the asset allocation decision. Paul advised that all managers have been performing well and no changes are recommended but to continue to adhere to the target allocations. He concluded that the weakest link in our portfolio is the real estate managers and recommends that a deeper dive be taken, specifically with JPMorgan to determine the reasons for underperformance.

Presentation given; discussion held. No formal action taken.

- F) For the Board's Consideration
 - 1. City Manager Concerned About CalPERS Investment Strategy
 - 2. How the Experts Are Measuring the Economic Recovery
 - 3. Public Pension Plans Likely to See Flat Returns for Fiscal Year

G) Future Agenda Items

H) Adjournment

Adjourned at 10:23 am

Members Remotely Present:

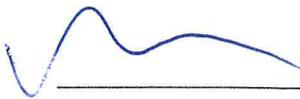
Mark Rubin, Chairman
Ana Urquijo, HR Director
Jeff Yates, Finance Director
Kevin Larson, City Manager Appointee
James Wysocki, Elected Retiree Representative
Jorge Hernandez, Elected Representative
Michael Coffey, Elected Representative

Staff Remotely Present:

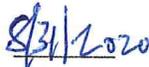
Art Cuaron, Pension & Benefits Administrator
Pete Saxton, Pension Manager
Tina Gamez, Pension Assistant

Guest Remotely Present:

Catherine Langford, Yoder & Langford
Paul Erlendson, Callan LLC
John O'Hare, Constituent



Mark Rubin
Chairman of the Board



Date



Art Cuaron
Pension & Benefits Administrator



Date