

# TUCSON SUPPLEMENTAL RETIREMENT SYSTEM BOARD OF TRUSTEES

Meeting Minutes from Thursday, December 14, 2006, 8:30 a.m.

**Members Present:** Brian Bjorndahl, Chairman  
John Moore, City Manager's Appointee  
Cindy Bezaury, Human Resources Director  
Scott Douthitt, Finance Director  
Marie Nemerguth, Employee Representative  
John O'Hare, Employee Representative  
Paul Miner, Retiree Representative

**Staff Present:** Frank Kern, Board Counsel  
Joe Ladenburg, Deputy Finance Director  
Robert Leko, Finance Administrator  
Allan Bentkowski, Investment Manager  
Michael Hermanson, Retirement Manager  
Doris Rentschler, Finance Analyst  
Claire Beaubien, Administrative Assistant

**Guests Present:** Jean Wilkins, CTRA Representative  
John Behrens, Finance Analyst  
Patrick O'Connor, University of Arizona  
Chris Hale, City Courts

A. Call to order

Chairman Brian Bjorndahl called the meeting to order at 8:31 a.m.

B. Consent Agenda

1. Approval of November 16<sup>th</sup>, 2006 Board meeting minutes
2. End of Service Summary Report (thru Nov. 30, 2006)
3. Service & disability retirement facts and figures report - December 2006

At this time a revised calendar of 2007 Board meeting dates was distributed to the Board members. Cindy Bezaury **moved** to approve the consent agenda, seconded by Marie Nemerguth. **Motion passed 7-0.**

C. Applications for Medical Retirement\*

1. Sue Reyes
  2. Patricia Duarte
1. Doris Rentschler discussed Dr. Krasner's report for Ms. Reyes. Also present for the discussion was Chris Hale, from City Courts, where Ms. Reyes works, to give information if needed. Dr. Krasner's report indicated ability to perform her duties, but with multiple restrictions. Chairman Bjorndahl stated that if Ms. Reyes' pain was as extensive as reported by Mr. Hale and Ms. Reyes, further consideration should be made regarding this application. Scott Douthitt **moved** to table the consideration of Ms. Reyes' application pending further information to be obtained from Dr. Krasner and Ms. Reyes' doctor regarding the extent of Ms. Reyes' pain, **seconded** by Cindy Bezaury. **Motion passed 7-0.**
2. Patricia Duarte's application was not complete in time for the Board meeting, so it was not discussed.

D. Investment Activity / Status Report - Portfolio composition, transactions and individual investments

1. Portfolio composition, transactions and individual investments - Allan Bentkowski reported that the TSRS portfolio was valued at \$653 million as of November 30, 2006, on December 13<sup>th</sup> 2006, it was \$658 million.

Six managers were at or above the benchmark on a calendar year-to-date basis. The only manager with negative returns for calendar year-to-date at -4.49% for November was TCW Concentrated Core. Julius Baer continues to do well with a return of 28.85% against their benchmark of 23.29%.

F. 401(a) plan update

Mike Hermanson reported that about 8 persons had signed up to participate in the plan. On December 30<sup>th</sup>, this years enrollment window will close. Each year, on November 1<sup>st</sup>, 2007, a 60 day open enrollment window will begin and end again on December 30<sup>th</sup>. Frank Kern remarked that most prospective participants are concerned with the irrevocability issue. No further action necessary.

G. Employee Pension contribution rate for rehired employees\*

Cindy Bezaury **motioned**, to go into executive session, **seconded** by Marie Nemerguth - **motion passed 7-0**. At the end of the executive session, Scott Douthitt **moved, seconded** by Marie Nemerguth, to go back into regular board meeting - **motion passed 7-0**. Cindy Bezaury suggested a memo approach for employees who have resigned from the City to advise them of their options regarding pension deductions should they return to City of Tucson employment, and staff concurred. No further action necessary.

H. Study group update on post retirement benefit increase policy

Scott Douthitt reported that the group had met on November 30, 2006 and meeting was planned for December 14, 2006. This group should soon have information to report to the board.

I. Election Committee Report – Nominations for TSRS Board

John O'Hare reported that his committee met to discuss the nominations for candidates for the position that will become available in January with Marie Nemerguth's term expiring. The committee unanimously recommends Rhonda Lugo, Karen Leone and Gage Andrews as qualified candidates for the TSRS election ballot. Scott Douthitt **moved, seconded** by Marie Nemerguth, to accept the recommendation for the ballot with these names. **Motion passed 7-0**. Mike Hermanson reported that the ballots would be mailed to active TSRS participants in two weeks.

J. TSRS Meeting Calendar for 2007

A revised calendar was previously handed out, indicating that the January, 2007 meeting will be on January 25<sup>th</sup>, and, at the request of Hewitt consultants, the February Board meeting date has been changed to Tuesday, February 27<sup>th</sup>.

K. Future Agenda Items

1. Hedge Funds – information follow-up
2. Infrastructure Investment – information follow-up

Allan reported that the Hedge Fund education was first on the Board's list of preferred educational topics. Barclays and JPMorgan have fund-to-funds Hedge Funds and either one is willing to give

an educational presentation at one of the 2007 Board meetings, most likely at the February 27<sup>th</sup> meeting. Allan reported that Causeway and Julius Baer representatives will attend the January 25<sup>th</sup> 2007 Board meeting.

L. Call to Audience

Marie Nemerguth expressed her thanks and appreciation for her membership in the TSRS Board for the past three years. She really enjoyed her term of office and promised that she would be back in three years. The Board thanked her for her time and efforts on behalf of all employees.

M. Adjournment

Scott Douthitt **moved, seconded** by Cindy Bezaury to adjourn the meeting. **Motion passed 7-0.** Meeting adjourned 9:32 a.m.

Approved:

\_\_\_\_\_  
Brian Bjorndahl, Chairman of the Board

\_\_\_\_\_  
Date

\_\_\_\_\_  
Mike Hermanson, Ret. Mgr.    \_\_\_\_\_  
Date