



PARS 115 Trust Board (115 TRUST)

Monday, March 15, 2021 7:30 am

Pursuant to safe practices during the COVID-19 pandemic, the meeting was held virtually to allow for healthy practices and social distancing. The meeting was accessible at the provided link to allow for participating virtually and/or calling in.

Legal Action Report

1. Call to Order/Roll Call

Board Member Jeffrey Yates called the meeting to order at 7:36 a.m. Roll call was taken, and a quorum was established.

Members present:

Ana Urquijo, Interim Assistant City Manager
Jeffrey Yates, Director, BSD
William Davis, Chief Financial Advisor

Staff Present:

Vivian Newsheller, Administrator, BSD
Jay Nordstrom, Finance Manager, BSD
Marcela Ceballos, Finance Administrator, BSD
Ana Marrufo, Management Assistant, City Clerk's Office
Jaime Corrales, Office Supervisor, City Clerk's Office

2. Administer Loyalty Oaths:

Loyalty oaths were administered to Ana Urquijo, Jeffrey Yates, and William Davis by Jaime Corrales.

3. Call to the Audience

None

4. Appointment of Trustee Board Members

It was moved by Board Member William Davis, duly seconded, and CARRIED by a voice vote of 3 to 0, to approve the appointments of Ana Urquijo, Jeffrey Yates, and William Davis to the PARS 115 Trust Board.

5. Approve Investment Policy

Jeffery Yates, Director of BSD, initiated conversation. He stated that they have been working with PFM to improve the investment policy. He said that it was his understanding that there is a dollar cost averaging strategy to put the money back into the market at 70/30 equities and securities, with a projected return rate of 6.5% to 7%. He asked if anyone felt he had missed anything.

Marcela Ceballos, Finance Administrator, Business Services Department, stated that she believed that Mr. Yates had covered everything. She also stated that they would receive specific instruction from the board after this morning's meeting, and that PFM should have this ready within 3-5 business days.

Mr. Yates responded that changes can be made to the policy as needed, but that approval of the investment policy was necessary to begin investing funds.

William Davis, Chief Financial Advisor, said that his only thought on this, having participated in a few conversations with PFM, was if a formal written investment strategy would be provided.

Mr. Yates stated that there is a detailed investment policy available, and that he believed it had been emailed to the Board. He said that funds were currently in overnight treasuries, providing a 5-point return.

Ms. Ceballos shared her screen to include the Investment Policy.

Mr. Yates asked her to jump to the table in the Investment Policy that shows the mix and types of investments.

Mr. Davis asked if it was their intent to dollar cost average into the equities over the next 12 months.

Mr. Yates replied that it was.

Mr. Yates provided explanation about the table in the Investment Policy. He said that discussion was centered around what the City of Tucson's patience is for returns. He stated that this was crafted based on the City of Tucson's financial tolerance. However, he said this was a projection and that the return rate was not the most important aspect. He said that the priority was to protect the assets and eliminate loss.

Mr. Yates stated that it is his recommendation that this policy be adopted and watch its performance. He said that he believes this is a good sound strategy that secures the assets and allows for growth.

It was moved by Board Member Ana Urquijo, duly seconded, and CARRIED by a voice vote of 3 to 0, to adopt the City of Tucson Public Safety Personal Trust Investment Policy, as submitted.

6. Approve Cash Flow Strategy

Jeffery Yates, Director of BSD, stated that the next item was the cash flow strategy, for putting the cash flow back into the market. He opened this item up for discussion.

Marcela Ceballos, Finance Administrator, Business Services Department, said that the initial cash flow presented for the initial PSPRS Report was available.

Mr. Yates stated that their plan was to bring in the funding from the general fund on a quarterly or 6-month basis earlier in the year to gain more interest earning and the flow those funds back into the market in the dollar cost averaging strategy. He said that the estimated outflows have been provided, so PFM knows when further action is necessary. Furthermore, he said that funds coming out of the trust will be the annual payment to PSPRS and advisory fees. These are based at 6 points. He stated that this strategy will be fully flexed moving into 2022.

Jay Nordstrom, Finance Manager, Business Services Department, asked since these will be paid from the general fund, if reimbursement would be requested through PARS for payment.

Mr. Yates replied that debt services comes out of the general fund pay-as-you-go piece.

No formal action was taken.

7. Future Meeting Date(s) and Agenda Items

Jeffery Yates, Director of BSD, suggested that the board meet again once all vacancies have been filled. He indicated that conversations were being held to determine who is eligible for membership to the board. He stated that they are trying to establish if members can serve two separate boards/commissions, due to the fact that one of the potential members is currently serving on a separate board.

Mr. Yates said that he wants to meet quarterly or every six months for the first year, and then establish a meeting schedule.

William Davis, Chief Financial Advisor, stated that once all vacancies have been filled, it may be a good idea to have PFM come in and discuss the investment strategy.

Mr. Yates agreed. He agreed it was his plan to have PFM and PARS join the meeting.

No formal action was taken.

8. Adjournment – 7:58 am