

IRC Section 115 Trust Annual Report

As of December 31, 2023



Trust Background

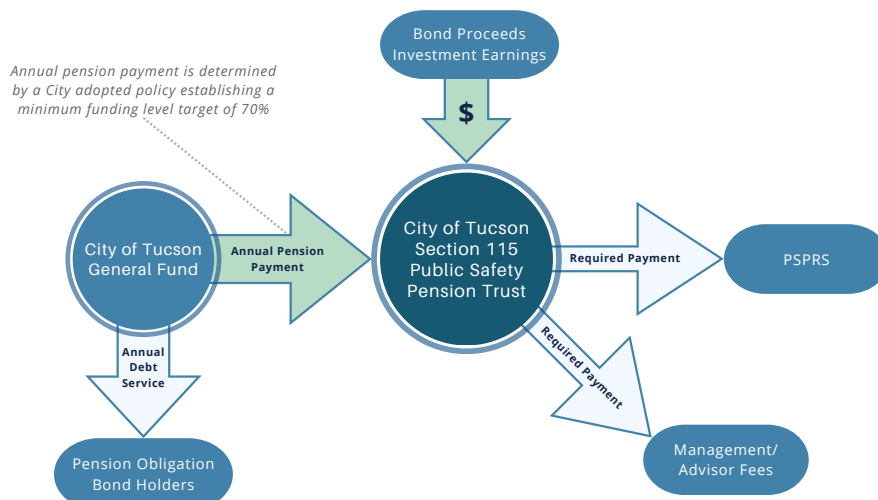
On January 5, 2021, the City Council approved issuance of Certificates of Participation in an amount not to exceed \$670 million to: (a) increase the funding status of the City's Public Safety Personnel Retirement System (PSPRS) plans and (b) stabilize the general fund contributions to PSPRS. Separately, the Council also approved a resolution adopting the Public Agency Retirement Services (PARS) IRC Section 115 Trust to be used in connection with investment of the bond proceeds/earnings and serve as a vehicle to hold and invest funds contributed from the General Fund to address the City's PSPRS obligation.

The City subsequently executed PARS' Trust documents, and program trustee, U.S. Bank, established the City's Trust account. On March 3, 2021, the City contributed \$645 million in bond proceeds to initially fund the Trust. PFM Asset Management commenced investment of Trust assets.

Trust Features

INVESTMENT FLEXIBILITY	IRREVOCABLE	EXCLUSIVE BENEFIT	CONTRIBUTIONS	DISTRIBUTIONS	COMPLIANCE	FINANCIAL STATEMENTS
Enables the City to maintain control and oversight of assets (bond proceeds)	Once contributions are made to the Trust, they can only be used for pension related expenses	For the benefit of employees, retirees, and beneficiaries	City has full control over contribution amounts and timing; it has established funding schedule	Assets can be sent directly to PSPRS or to reimburse the City for its costs; but not to pay bond debt service	Trust has an IRS Private Letter Ruling to protect its tax qualified status: ongoing compliance for state and IRS law	Trust balance is considered an asset, but not a direct offset to net PSPRS liability

Trust Flow of Assets



Trust Activity

OVERVIEW SINCE TRUST FUNDING INCEPTION

March 1, 2021 - December 31, 2023

Initial Contribution: \$645,000,000

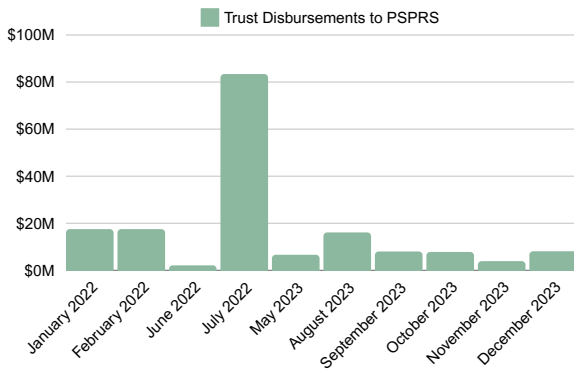
Total Contributions: \$752,085,870

Disbursements: (\$164,357,181)

Expenses: (\$1,521,790)

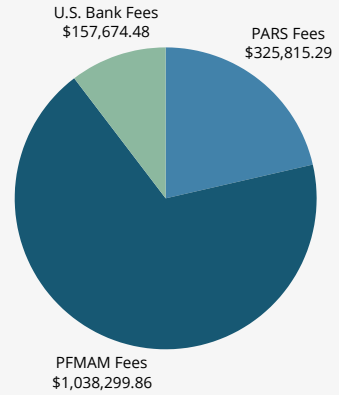
Total Investment Earnings: \$15,449,972

Account Balance: \$601,656,871



TRUST EXPENSES

Breakdown of fees paid to the Trust providers.

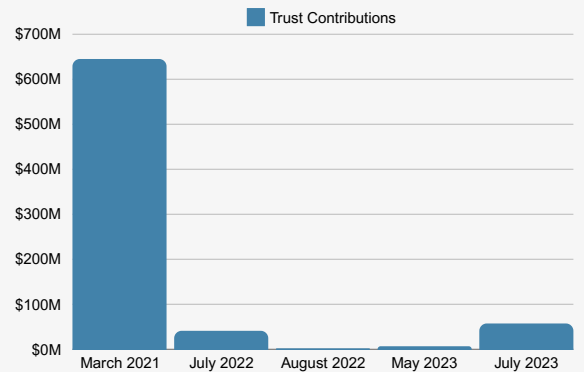


TRUST DISBURSEMENTS TO PSPRS:

(\$164,357,181)

TRUST CONTRIBUTIONS:

\$107,085,870



*Based on Trust account valuation provided by PARS (Trust Administrator), and U.S. Bank (Trustee).

Trust Board



COMPOSITION

5 members: the City Manager or designee, Chief Financial Officer, the City's Financial Advisor and 2 members who reside or work within City of Tucson.

Current members:

Keith Dommer
Stacey Lemos
Angele Ozoemelam
Anna Rosenberry
William Davis



MEETINGS

Meets quarterly approximately 6 to 7 weeks after the end of the quarter.

Agenda items include: Trust cash flow, projections, investment performance, Trust activity and financial reporting.



PURPOSE

To provide oversight of the Trust and its investments.

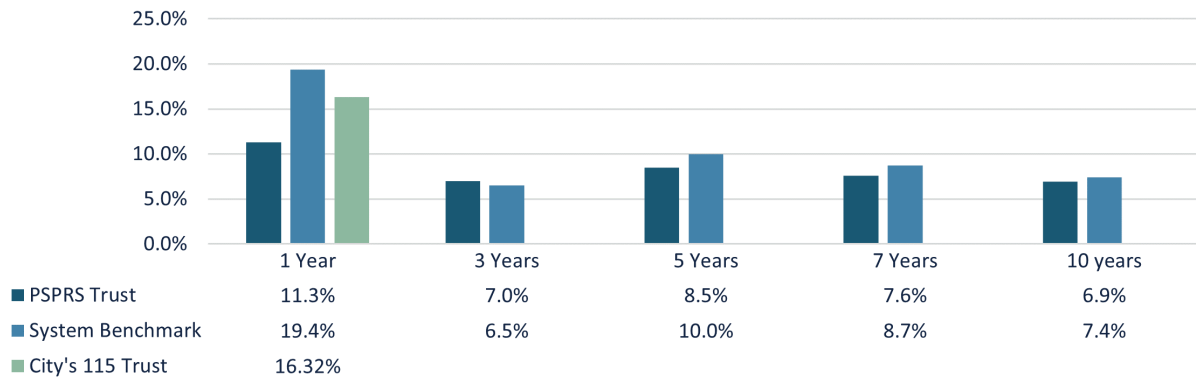
Trust Investments

	Allocation		Performance(%)							
	Market Value (\$)	%	1 Month	1 Quarter	Year To Date	1 Year	2 Years	3 Years	Since Inception	Inception Date
Total Fund	596,680,613	100.00	3.07	8.09	3.25	16.32	3.99	N/A	2.32	04/01/2021
<i>Blended Benchmark</i>			2.76	7.76	3.00	16.94	4.06	N/A	2.54	04/01/2021
Domestic Equity	293,244,169	49.15	5.16	11.80	6.34	24.94	7.68	N/A	8.33	04/01/2021
International Equity	150,027,979	25.14	3.42	7.21	1.81	14.04	0.18	N/A	-1.47	04/01/2021
Fixed Income	148,891,661	24.95	-1.20	2.68	-1.14	4.86	-2.18	N/A	-2.01	04/01/2021
Cash Equivalent	4,516,805	0.76	0.41	1.30	0.86	5.16	3.65	N/A	2.50	04/01/2021

Returns are net of mutual fund fees and are expressed as percentages. Asset class level returns may vary from individual underlying manager returns due to cash flows.

PSPRS vs. City's IRC Section 115 Trust Investment Returns

As of December 31, 2023



Source: PSPRS Fund Performance on website (www.psprs.com).

Disclaimer: Investment advisory services are provided by PFM Asset Management LLC ("PFMAM"), an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. The information contained is not an offer to purchase or sell any securities. Additional applicable regulatory information is available upon request. For more information regarding PFMAM's services please visit www.pfmam.com.