

CITY OF TUCSON PARS 115 BOARD OF TRUSTEES Minutes

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the PARS 115 Trust Board and to the general public that the PARS 115 Trust Board will hold the following meeting which will be open to the public.

Monday, August 18th at 1:00 pm

This meeting can be accessed from your computer, tablet, or smartphone by clicking on the link below.

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Meeting ID: 269 738 871 563

Passcode: rY33x5wj

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Phone conference ID: 752 329 126#

A. Call to Order

Chairman Keith Dommer calls meeting to order at 1:01 pm

B. Consent Agenda

- a. Approval of Regular Meeting Minutes from May 19, 2025

It was moved by Bill Davis to approve the minutes with the suggested correction to include comments made by Jason Adler during Call to the Audience regarding investment comparisons between the Trust and PSPRS was made by Bill Davis, 2nd by Anna Rosenberry, and passed by a voice vote of 4 to 0.

C. PARS Client Review as of June 30, 2025 – PARS

Angela Tang provided a plan review. The first contribution of \$645M was received in March 2021. Contributions received to

date total \$871.8M. Withdrawals to make payments to PSPRS equal \$324M, and investment earnings total \$139M. The account's ending balance as of June 30, 2025, was \$683.5M.

Carter Kimberly summarized the funding status of PSPRS. The total pension liability for all tiers is just over \$2B. Plan assets equal about \$1.4B. The plan's funded ratio is about 70%, but if the trust assets are excluded that drops to about 35%. Eric Oleary confirmed Tucson is in a comparatively strong position when compared to other PSPRS employers.

D. Investment Performance Review – PFM Asset Management

Senior Portfolio Manager Jeff Kletti CFA, and Director Annette Gaston from PFM Asset Management (PFMAM) presented an investment performance review of the 115 Pension Trust for the quarter ended 06-30-2025. They provided a high-level overview of the economy including recent releases of GDP, consumer sentiment and spending, employment, equity valuations, and discussion around Federal Reserve and rate cut expectations. Board asked questions on future rate cut scenarios and considerations. Next, PFMAM reviewed the Fund performance and allocations, as well as contributors and detractors to performance during the second quarter.

Following the investment update PFMAM provided Asset Allocation Modeling, reviewing the current Fund asset allocation along with three additional allocation scenarios. Board asked several questions to better understand the expected future return and associated risks from the different models in the analysis, as well as questions on alternative asset classes and associated risks with alternative investments. Asset Allocation Modeling provided by PFMAM can be updated and revisited regularly in the future or as needed by the Board.

E. Asset Allocation Study – PFM Asset Management

Following the investment update PFMAM provided Asset Allocation Modeling, reviewing the current Fund asset allocation along with three additional allocation scenarios. Board asked several questions to better understand the expected future return and associated risks from the different models in the analysis, as well as questions on alternative asset classes and associated risks with alternative investments. Asset Allocation Modeling provided by PFMAM can be updated and revisited regularly in the future or as needed by the Board.

F. Administrative discussion - City staff

- a. Duties and responsibilities of trust fund board

Pete Saxton reviewed the City Attorney's explanation of the responsibilities and powers of the PARS115 Board. The Board directed staff to seek further clarification on this matter as the City Attorney's opinion may conflict with the resolution establishing the Trust and the Board's oversight.

- b. Inception to date comparison of trust fund investments

Pete Saxton summarized a brief comparison of the performance of the trust and PSPRS over the three years since the inception of the trust.

Luke Schneider explained that the reason for the trusts significant underperformance in 2022 was because the portfolio was not invested for the entirety of that year.

- c. Notification of Mayor and Council policy to review investment in fossil fuels

Pete Saxton notified the Board that the Mayor and Council adopted a climate action and adaptation plan to identify opportunities for divestment from fossil fuel companies and environmentally harmful organizations.

- d. Board policies

The Board directed pension staff to bring this item back at the meeting scheduled for November 24, 2025.

G. Call to Audience

Jason Adler thanked the board for addressing his previous comments.

H. Future Agenda Items

Discussion held; No formal action taken.

I. Adjournment

It was moved by Bill Davis, seconded by Angele Ozoemelum, to adjourn and passed by a voice vote of 4 to 0.

Meeting adjourned at 1:12 PM.

Board Members Present:

Keith Dommer – Chairman

Bill Davis – Board member

Angele Ozoemelum – Director of Business Services

Anna Rosenberry – Assistant City Manager/Chief Financial Officer

Board Members Absent:

Vacant – Board Member

Staff Present:

Pete Saxton – Pension and Treasury Administrator
Angelica Cota – Pension Assistant

Guests Present:

Luke Schneider – PFM
Jeff Kletti – PFM
Chad Stapleton – PFM
Annete Gaston – PFM
Carter Kimberly – PARS
Eric O’Leary – PARS
Angela Tang – PARS
Charlie Francis - PARS
Hem Regmi – Finance Manager, City of Tucson
Jason Adler – PSPRS Local Board

Approved:

Keith Dommer Date
Chairman of the Board

Lisa Lopez, MBA Date
Interim Pension & Benefits Administrator