

DEFERRED COMPENSATION PLAN MANAGEMENT BOARD

Meeting 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.

Thursday, November 13, 2025, at 9:00 A.M.

This meeting can be attended in person at City Hall 255 W Alameda St on the 3rd floor East conference room. Alternatively, this meeting can be accessed from your computer, tablet, or smartphone by clicking on the link below.

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1) Call to Order

Chairman Dennis Woodrich Called the meeting to order at 9:01 a.m.

2) Consent Agenda:

3) Approval of minutes from August 14, 2025

It was moved by Jobe Dickinson, seconded by Teri Traaen, and passed by a roll call vote of 6 to 0 to approve the meeting minute from August 14, 2025 (Angele Ozoemelum absent).

It was moved by Angele Ozoemelum, seconded by Teri Traaen, and passed by a roll call vote of 7 to 0 to revise the minutes to reflect Angele Ozoemelum's attendance and Aaron William's absence.

4) Innovest Q3 Report (Troy Jensen and Rick Rodgers - Innovest)
a) Q3 Report Review

Troy Jensen provided a portfolio review for quarter three of 2025, beginning with some fiduciary training. A retirement plan fiduciary is anyone who has responsibility for other people's money and involved in exercising discretion. Fiduciary Duties include the duty of loyalty, the duty of prudence, duty to diversify, duty to follow plan documents, and the duty to avoid conflicts of interest. Fiduciary functions include selecting and monitoring investments available in the plan, selecting and monitoring the service providers to the plan, ensuring that plan fees are reasonable and for necessary services, interpreting plan provisions and application of plan terms, and ensuring the plan operates in compliance with applicable rules and regulations.

Mr. Jensen said the plan assets were moving in a positive direction. They monitor trends in the 457b plan to ensure participants receive education about their investments when needed. Developed international stocks and emerging market stocks have been the highest performing markets in 2025 due to tariffs and the weakening of the U.S. dollar. The economic update was less positive as consumers worry about inflation and unemployment rates. The current political climate may result in decreases in the federal interest rate around May of 2026. Wage growth has outpaced inflation for a predominant number of years.

Mr. Jensen advised there were no major concerns on the investment manager scorecard. If the emerging market fund continues to struggle Innovest may advise the Board to review alternatives. The T. Rowe Growth stocks are underperforming because the market does not reward their value strategy. Concerns were lifted on the J.P. Morgan equity income fund. T Rowe Price Us Small Cap fund changed their managing philosophy, so Innovest advises monitoring it for at least one more quarter. The target date funds still have solid performance which is good because every one in five dollars in the plans is invested in a target date fund.

- b) Annual update of Investment Policy Statement – discussion

Troy Jensen stated that the Investment Policy governs how the Board selects the investments offered in the plan menu and provides continuity as Board membership changes over time. It has been edited to change language and increase clarity.

Dennis Woodrich asked about the wording stating that Plan fiduciaries may not be liable for plan losses.

Mr. Jensen explained it approximates part of the ERISA code asserting that the participant owns some of the responsibility of their investment choices.

Catherine Langford requested that the language referencing QDIA be updated to remove the ERISA reference as the plan is not governed by ERISA, and references to automatic enrollment be removed.

It was moved by Jobe Dickinson, seconded by Jason Winsky, and passed by a roll call vote of 7 to 0 to approve the Investment Policy Statement with the requested changes.

- 5) Empower Q3 Reports (Jeff Cruz – Empower)
 - a) Q3 2025 Portfolio Review
 - b) Q3 2025 457b and 401a Plans Review

Jeff Cruz provided a high-level plan review. As of September 30, 2025, 4,244 participants had assets in the plans totaling \$356,621,670. There are 4,199 participants in the 457b

plan with assets totaling \$349,950,697. The average balance within the plan is \$83,341 which is up from the average balance at the end of the second quarter of 2025. Over the last five years, since the plan was moved to Empower, a lot of participants have begun making Roth contributions or both Roth and pre-tax contributions. As of September 30, 2025 A total of \$12,411,190 in contributions have entered the plan, \$10,417,746 as pre-tax payroll contributions, \$1,585,936 as Roth payroll contributions, and \$812,772 as rollovers. About \$20.9M has been distributed for various reasons like separation of service, deaths, domestic relations orders, et cetera.

Mr. Cruz described how Keenan Larson, the local empower representative, is identifying and contacting participants who have investments that are not in line with the recommended investment glide path, to prevent over and under exposure to equity investments based on the participant's estimated retirement date. He also described the Empower Communications program utilized to contact and engage participants based on their anticipated needs. The program encourages participants to take actions that will improve saving, investing, and planning for their retirement. The 401a plan has 40 participants with a total balance of about \$5.1M. The 401a executive plan has 5 participants with a total balance of about \$1.5M.

Mr. Cruz advised the Board that any participants who earned more than \$150,000 subject to social security tax in 2025 will only be able to make age based catch up contributions as Roth Contributions. Staff advised that they were working with Empower, City Payroll, and City IT in preparation for the January 1, 2026, effective date.

- 6) Administrative Discussions
 - a) City of Tucson Pension Staff Changes

This item was taken out of order and discussed after the meeting was called to order.

Lisa Lopez advised the Board that Pete Saxton has left the City of Tucson, and she has become the Interim Pension and Banking Administrator. Ms. Lopez summarized her qualifications and confirmed she was sworn in as the City Manager's Appointee on the Board.

- 7) Adjournment

Meeting adjourned at 10:23 a.m.

Members Present:

Dennis Woodrich, Elected Former Employee
Angele Ozoemelam, Director of Business Services
Teri Traaen, Director of Human Resources
Jason Winsky, Elected Member
Rolf Averill, Elected Member
Jobe Dickinson, Elected Former Employee
Lisa Lopez, Interim Pension and Banking Administrator
Teri Traaen, Director of Human Resources

Staff Remotely Present:

Dawn DePorter, Interim Pension Manager
Angelica Cota, Pension Assistant

Guests Remotely Present

Catherine Langford, Yoder & Langford, P.C.
Jeff Cruz, Empower Managing Director
Troy Jensen, Innovest Principal Consultant

Approved:

Dennis Woodrich
Chairman of the Board

Date

Lisa Lopez, MBA
Interim Pension & Banking Administrator

Date