Virtual 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.

CITY OF TUCSON PARS 115 BOARD OF TRUSTEES

Monday, March 9, 2026, at 1:30 pm

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

Join the meeting now

Meeting ID: 214 816 253 460 69

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A) Call to Order

Chairman Keith Dommer called the meeting to order at 1:01 p.m.

B) Consent Agenda
1. Approval of Regular Meeting Minutes from November 24, 2025

It was moved by Anna Rosenberry, seconded by William Davis, and passed by a roll call vote of 4 to 0, to approve the regular meeting minutes from November 24, 2025.

C) PARs Client Review as of 12-31-2025 – PARs (30 minutes)

Angela Tang advised that as of December 31, 2025, contributions in the amount of $256M had been made for a total of $901M since inception. Disbursements of $380.4M were made and expenses totaled $2.87M. Total investment earnings come out to $194.9M with an ending account balance of $712.7M.

Carter Kimberly discussed the City's PSPRS funding status. Police and Fire. As of June 30, 2025 Police and Fire tiers 1 and 2 have about an unfunded liability around $1.24B for a funding rate of about 37 to 39%. Tier 3 is much stronger because of the pension reforms enacted for that tier. When the $712M in the trust is included with the PSPRS assets the City's effective funded status is around 73.7%. This is not actuarially based information; it is meant for conversation purposes only.

D) Investment Performance Review – PFM Asset Management (45 minutes)

1. Investment Performance Review as of 12/31/25

Jeff Kletti explained that recent market events will influence a lot of the numbers to be presented today at year end. The economy has slowed, resulting in a GDP of about 4%. Unemployment is about 4.4%, with the expectation that it will go a little higher. Corporations are holding off on hiring waiting as federal policies unfold. Inflation is around 3%. When inflation is high the Fed tends to keep interest rates high. Consumer sentiment makes it difficult to anticipate consumer spending given the effects of inflation and unemployment. Earnings growth has been strong in domestic equity and PFM thinks the market is fairly valued. In international equity value has outperformed growth, which is relatively new, which is expected to continue. In the bond market rates are expected to stay higher longer because of inflation and the resulting Fed policies. Politics have resulted in a lot of volatility in the market. Concerns over the next six to twelve months are inflation, labor market, and political policy risk. The only real change from the last quarter is the increased political policy risks. The firms in private equity are sitting on a lot of uninvested cash as they search for investments, which is a concern because it makes PFM question the quality of their investments. Gas prices are a big concern given the effect they have on discretionary spending. Historically, nine out of the ten recessions since World War II were preceded by a spike in gas prices. However, PFM does not believe a recession is coming.

Mr. Kletti stated that over the last three years the portfolio returns have been a little over 15%. PFM's expectations are that over the next five years those numbers should be in high single digits. They expected fixed income rates to come down, but the expectation has shifted as rates remain steady. Overall, the current Investment Policy is working to achieve the goals and objectives of the Board and no significant changes would be recommended.

E) Investment Policy Review

The Board directed staff to bring this item back to the meeting scheduled for June 8, 2026.

F) Call to Audience

None heard.

G) Future Agenda Items

- **Investment Policy Review**
- **Board Rules and Regulations**
- **PARS115 Trust Financial Plan**
- **Current and upcoming board vacancies**
- **Asset Allocation Study**

H) Adjournment

It was moved by William Davis, seconded by Angele Ozoemelam, and passed by a vote of 4 to 0 to adjourn.

Adjourned at 1:59 p.m.

Board Members Present:

Keith Dommer, Chairman
William Davis, Board Member
Anna Rosenberry, City of Tucson CFO
Angele Ozoemelam, City of Tucson Director of Business Services

Board Members Absent:

Vacant, Board Member

Staff Present:

Lisa Lopez, City of Tucson Interim Pension and Banking Administrator
Dawn DePorter. City of Tucson Interim Pension Manager

Guests Present:

Carter Kimberly, PARS
Angela Tang, PARS
Charles Frances, PARS
Eric O'Leary, PARS
Jeff Kletti, PFM
Jason Adler, PSPRS Local Board Member