2019 Comprehensive Annual Financial Report

For Fiscal Year Ended August 31, 2019 and 2018

CITY of EL PASO
EMPLOYEES RETIREMENT TRUST
a.k.a. El Paso City Employees' Pension Fund

A Component Unit of the City of El Paso, Texas

Comprehensive Annual Financial Report
For Fiscal Year Ended August 31, 2019 and 2018

Robert Ash
Executive Director

City of El Paso Employees Retirement Trust
1039 Chelsea St.
El Paso, Texas 79903
(915) 212-0012
www.eppension.org
A Component Unit of the City of El Paso, Texas

Prepared by the Staff of the City of El Paso Employees Retirement Trust
with assistance of the Fund's Professional Auditors,
Actuary and Investment Consultants

TABLE OF C O N T E N T S

Page

TABLE OF C O N T E N T S

Page

INVESTMENT SECTION

ACTUARIAL SECTION

TABLE OF C O N T E N T S

Page

Tables

STATISTICAL SECTION

CITY *of* EL PASO
EMPLOYEES RETIREMENT TRUST

February 10, 2020

Board of Trustees

City of El Paso Employees Retirement Trust

1039 Chelsea St.

El Paso, Texas 79903

Members of the Board of Trustees:

Attached is the Comprehensive Annual Financial Report (hereinafter referred to as "CAFR") of the City of El Paso Employees Retirement Trust. This CAFR is more detailed than the Annual Financial Report booklet which we provide to you as a quick guide regarding the accounting and actuarial position of the Trust.

The Trust's office staff has compiled the information included in this report from several sources. These sources included the most recent audited financial statements and actuarial valuations. As you know the Trust is guided by the plan document found in Section 2.64 of the El Paso Municipal Code but also by Rules and Regulations, not inconsistent with the plan document. Therefore some of the information in this document comes from various policies or rules approved by the Board of Trustees. We believe the contents fairly reflect the current accounting and actuarial position of the Trust as has been reported to the Board by outside professional accounting and actuarial firms.

The CAFR includes five main areas of focus:

Area One: Introductory letter, Trust organization, consultants, investment managers and Summary Plan Description.

Area Two: Financial Section which includes the most recent current audit report from the Trust's Independent Auditors including the financial statements, notes to the financial statements and supplementary information.

Area Three: Investments denoting investment activity, policies, historical returns and miscellaneous investment schedules.

Area Four: Actuarial information which includes the results from the most recent actuarial valuation.

Area Five: Recent plan changes and data.

This CAFR is designed to be a tool in order to gain additional understanding of the City of El Paso Employees Retirement Trust. However, our staff remains available to answer any specific questions regarding the information contained in this report.

Financial Information

The most recent independent audit performed by the Trust's independent auditors, Carr, Riggs and Ingram LLC, contains a description of the services they provided and the methods used during the audit. Each year, as required by law, the Trust engages a professional audit firm to review the Trust's accounting information, internal controls and issue an opinion regarding the operations of the Trust and the related financial statements for the year. Included in their report are notes. The notes help explain some of the accounting treatment for certain aspects of Trust operations. In addition, the Board in conjunction with Trust staff prepared a Management Discussion and Analysis (hereinafter referred to as "MD&A"). This discussion is also included in the annual audit. The MD&A highlights the financial operations during the year and identifies any significant changes made during the year.

The Trust's independent auditors have issued an unmodified opinion for many years. In addition, there have been limited management comments made by the auditors as a result of their review. No management letter comments were received for the latest audit. The resulting opinions have provided reasonable assurance to the Board, plan participants and retirees that the financial statements present fairly, in all material respects, the net trust assets available for pension benefits and that the financial statements are in conformity with Generally Accepted Accounting Principles or "GAAP". There were no major accounting changes for the fiscal year ended August 31, 2019.

The Comptroller of the plan sponsor serves as Treasurer of the Trust and provides unaudited financial reports to the Board at each Board meeting. The Board is able to ask questions of the Trust Treasurer and staff regarding the Treasurer's reports. The Comptroller, or her representative(s), is also a non-voting member of the Trust's Investment Committee and attends such monthly meetings.

The Trust management provides for a system of internal controls with the purpose of providing reasonable rather than an absolute assurance that the financial statements are free from material misstatements Internal controls are evaluated by the Trust's independent auditors in the process of conducting the Trust's annual audit. While it is possible to implement certain additional internal controls the cost to incorporate these additional controls are at times not cost-effective and therefore not implemented. The staff and Audit Committee of the Board discuss internal controls with the Trust's independent auditors during the entrance and exit conferences. Internal controls are considered using a cost/benefit analysis. In addition, the City's Internal Audit Department periodically conducts reviews which include an assessment of the Trust's internal controls.

Organization

The City of El Paso Employees Retirement Trust is a multi-employer defined benefit pension fund which has been in continuous operation for over 70-years. While it is currently defined as a multiple employer plan the plan currently consists of one main employer which is the City of El Paso. The participants in the plan are governed by the plan document found in Section 2.64 of the El Paso Municipal Code.

The pension staff and some related agencies employees are also participants in the retirement trust. The plan is governed by a local ordinance passed by the City Council of the City of El Paso and can only be amended by the plan sponsor, the City of El Paso. The trust provides benefits to retired employees of the City of El Paso except for those employees who participate in the El Paso Fire and Police Pension plans, temporary employees, some contract employees and elected officials.

The Board of Trustees of the Trust manages the Trust with the assistance of employees hired by the Board. The Board is comprised, pursuant to the plan document, of 2 elected members of the El Paso City Council, 1 retiree member, 4 elected employees who are eligible to participate in the Trust and 2 outside citizens who reside in El Paso, Texas. The 2 City Council members, the retiree representative and 2 citizen appointees are appointed by the City and serve for 2-year terms. The employee representatives are elected by Trust participants and serve 4-year terms. For board appointments after April 2018, no City Council, citizen, or retiree member appointee may hold a board position for more than 8 years throughout their lifetime. There are no limits on the number of terms in which an elected Board member may serve so long as they remain qualified to serve.

Investments

The Trust's overall investment objective is to achieve the highest level of return with a prudent level of risk. Trust investments and asset allocations are developed by the Board with the advice from the Trust's professional investment consultant. The Trust invests with a long-term objective of funding retirement benefits over generations. The Trust has developed an investment policy that is monitored and modified from time-to-time as may be desirable at the discretion of the Board with input from the Trust's professional investment consultant.

Investments are made by the Board with the goal of achieving a long term return of at least the actuarial rate of return which is currently 7.5 percent. Another goal of the Trust is to make strategic allocations to maximize possible return with a reasonable risk tolerance by diversifying the investment options within the Trust's investment portfolio.

Actuarial Information

The Board is required to perform an actuarial valuation at least every two years. The Trust hires an enrolled actuary for this purpose. The Trust's actuary, Buck Global, LLC provides the Board with critical information regarding how well funded the plan is at the time of the actuarial valuation. The actuary also assists the Board in maintaining reasonable assumptions in the actuarial valuations by performing Experience Studies every five years. Experience studies are conducted periodically with the last one completed in 2016. The Trust has a goal of maintaining an amortization period for any unfunded actuarial accrued liability which complies with the period required by GASB and the Texas State Pension Review Board which is currently twenty-five years. The Trust has requested that interim valuations be performed in the intervening years when a full actuary is not performed. The interim valuation is used by the Board to provide a less exact snapshot in time of the Trust's actuarial position. As of the end of the last fiscal year, the amount of the unfunded actuarial accrued liability was $217,986,352 and the funding period was 17 years. Investment returns for the past year were positive, up about 1.93 percent, but did not achieve the assumed investment return of 7.5 percent. The investment returns were under the assumed investment return rate which is primarily responsible for the increase in the years to amortize the unfunded liability by 3 years. The market value of the Trust's assets decreased by about $18 million dollars and the years to amortize the unfunded liability increased to 17 years. The funding ratio at the end of fiscal year 2019 was 79.3 percent. The Trust's current amortization period for the unfunded actuarial accrued liability is within the goals of the Trust. The amortization period is below that required by GASB and the Texas State Pension Review Board. However, Trust management continues to strive to reduce the unfunded actuarial accrued liability and the resulting amortization period.

In order to improve the financial position of the Trust, the City of El Paso in consultation with the Board of Trustees created a second tier of benefits for those participants who were hired after August 31, 2011. At that time vesting and the amount of contributions were changed. Other changes were also made to the benefits of the second tier group of participants. Members of the second tier of benefits were not generally able to retire under the new provisions until August 2018. Please refer to the actuarial section of the CAFR regarding additional actuarial details.

This CAFR is prepared by the staff of the Board of Trustees who in concert with the Board of Trustees, as management, is responsible for the information contained in the CAFR. Trust management, its auditors, actuary and investment consultants have worked to prepare an accurate CAFR and their efforts in this regard are greatly appreciated. Information included in this CAFR is believed to be comprehensive and made based upon the best information available as of the date of completion. Much of the information necessarily related back to the end of the most recent fiscal year. Should you have any questions regarding the information in the CAFR please do not hesitate to contact me or any member of the staff.

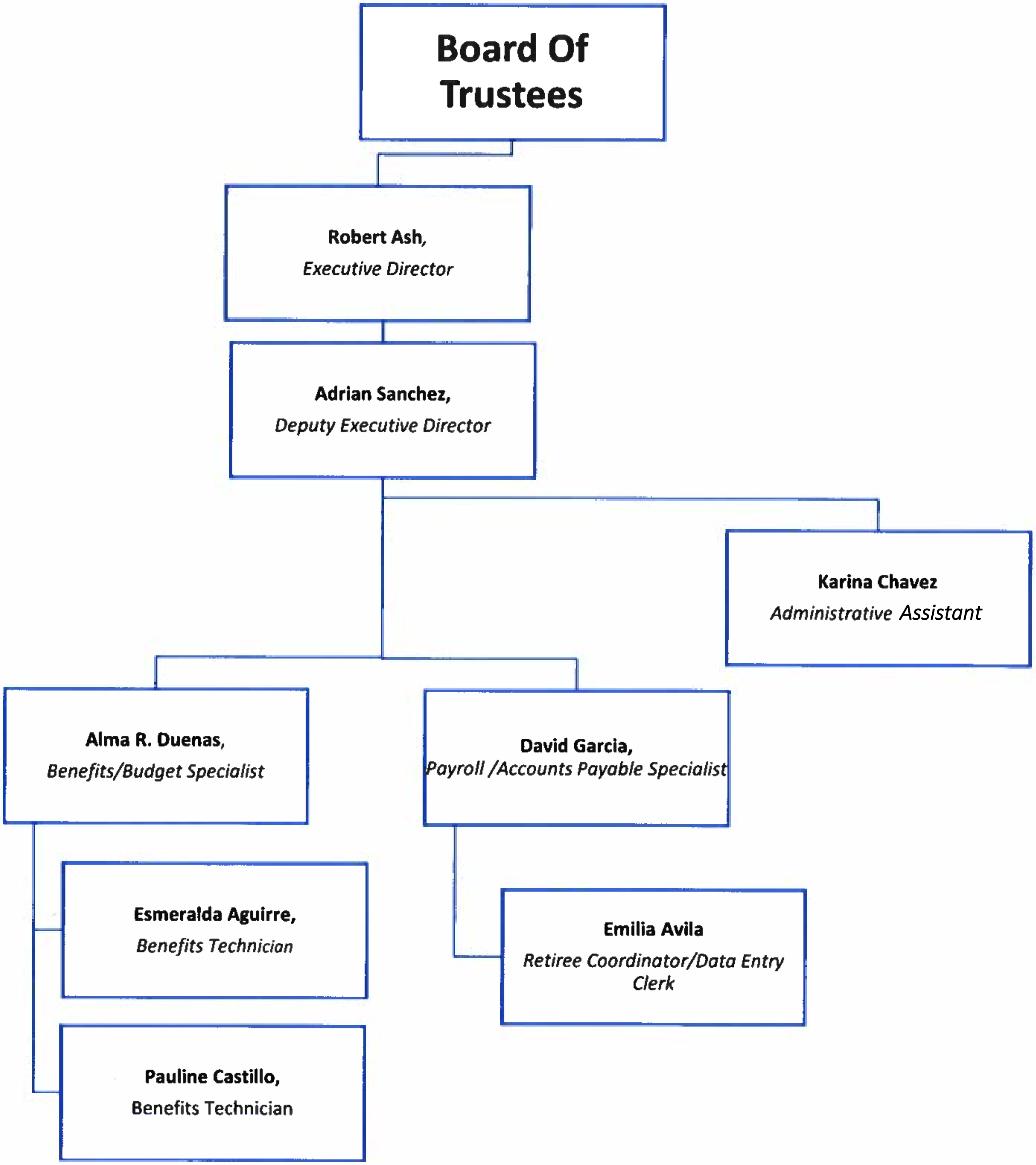
Sincerely,

Robert Ash

Executive Director/Board Secretary

Board of Trustees

Administrative Organization



Please refer to the Investment Section, page XX for the Schedule of Management Fees and Broker Commissions.

PROFESSIONAL SERVICE PROVIDERS

Actuary:
- Buck Global, LLC

Auditors:
- CARR, RIGGS & INGRAM
  CPAs and Advisors

Custodian:
- BNY Mellon Asset Services

Legal Counsels:
- Eduardo Miranda, General Counsel
- Pat Gordon, Tax Counsel
  Gordon, Davis, Johnson, Shane P.C.

Investment Consultant:
- Callan LLC

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of El Paso

Employees Retirement Trust

Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

August 31, 2018

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
810 East Yandell Drive
El Paso, TX 79902

(915) 532-8400
(915) 532-8405 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
City of El Paso Employees Retirement Trust
El Paso, Texas

We have audited the accompanying financial statements of the City of El Paso Employees Retirement Trust (the "Fund"), a component unit of the City of El Paso, Texas (the "City"), which comprise the statements of fiduciary net position as of August 31, 2019, and the statements of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Fund as of August 31, 2019, and the changes in fiduciary net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the Fund are intended to present the financial position and the changes in financial position of only the Fund. They do not purport to, and do not, present fairly the financial position of the City of El Paso, Texas, as of August 31, 2019, the changes in its financial position for the year then ended in conformity in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis on pages 11-13 and the GASB supplementary pension schedules on pages 42-46 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purposes of forming an opinion on the basic financial statements as a whole. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Period Financial Statements

The financial statements of City of El Paso Employees Retirement Trust as of August 31, 2018, were audited by other auditors whose report dated February 14, 2019, expressed an unmodified opinion on those financial statements.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
El Paso, Texas
January 30, 2020

The Management's Discussion and Analysis (MD&A) on the financial performance of City of El Paso Employees Retirement Trust (the "Fund") provides an overview of the Fund's financial activities for the fiscal year ended August 31, 2019. For more detailed information regarding the Fund's financial activities, the reader should also review the actual financial statements, including notes and supplementary schedules.

2019 FINANCIAL HIGHLIGHTS

Net position held in trust for pension benefits (net position) decreased during the fiscal year 2019 by $13.3 million.

The major reason for the decrease in net assets was due to the performance of the capital markets, which resulted in net investment gain of $12.8 million. Employer and plan member contributions totaled $42.1 million, an increase of $0.98 million over the previous fiscal year. The increase in contributions was primarily due to an increase in employee pay rates. The cash balances includes cash held by investment managers used for investments and cash at the fund's custodial bank used to pay for operation expenses.

Benefit payments made during fiscal year 2019 totaled $62.2 million, an increase of $4.1 million over the fiscal year 2018 mainly due to an increase in number of retirees and larger benefit payments to the new retirees.

2018 FINANCIAL HIGHLIGHTS

Net position held in trust for pension benefits (net position) increased during the fiscal year 2018 by $43.4 million.

The major reason for the increase in net assets was due to the performance of the capital markets, which resulted in net investment gain of $65.4 million. Employer and plan member contributions totaled $41.2 million, an increase of $0.7 million over the previous fiscal year. The increase in contributions was primarily due to an increase in employee pay rates. The cash balances includes cash held by investment managers used for investments and cash at the fund's custodial bank used to pay for operation expenses.

Benefit payments made during fiscal year 2018 totaled $58.1 million, an increase of $0.1 million over the fiscal year 2017 mainly due to an increase in number of retirees and larger benefit payments to the new retirees.

FINANCIAL STATEMENTS

The financial statements of the Fund include statements of fiduciary net position and changes in fiduciary net position available for benefits. The purpose of these statements is to present information about the Fund's present and future ability to pay benefits when they are due. These statements are presented using an economic resource measurement focus and the accrual basis of accounting.

The financial statements also include notes that explain the history and purpose of the Fund, significant accounting policies, investment details, statutory disclosures and other required supplementary information regarding the financial position of the Fund.

SUMMARIZED FINANCIAL INFORMATION

The following table displays the total assets, liabilities and net position of the Fund:

Condensed Financial Information

	Year Ended August 31,			Changes	
	2019	2018	2017	2019-2018	2018-2017
Assets	$ 812,915,732	$ 825,795,487	$ 779,979,862	-1.56%	5.87%
Liabilities	6,291,741	5,829,199	3,427,239	7.93%	70.08%
Net position	806,623,991	819,966,288	776,552,623	-1.63%	5.59%

The total net position decreased by $13,342,297 or 1.6%, during the fiscal year 2019 to $806,623,991. The decrease in net position is primarily a result of the fair value of investment assets decreasing due to negative performance of capital markets during the current year. Total net position increased by $43,413,665, or 5.59%, during fiscal year 2018 to $819,966,288. The increase in net position was primarily a result of the fair value of investment assets increasing due to positive performance of the capital markets during the year.

The following table displays the changes in plan net position of the Fund:

	Year Ended August 31,			Changes	
	2019	2018	2017	2019-2018	2018-2017
Contributions	$ 42,171,245	$ 41,192,201	$ 40,481,412	2.38%	1.76%
Net investment income	12,819,847	65,372,489	75,370,973	-80.39%	-13.27%
Total additions	54,991,092	106,564,690	115,852,385	-48.40%	-8.02%
Benefits paid to plan members	62,251,632	58,094,939	57,972,792	7.16%	0.21%
Refunds	4,215,138	2,889,443	3,104,773	45.88%	-6.94%
Prepaid COLA payments	105,000	130,000	-	-19.23%	0.00%
Administrative expenses	1,761,619	2,036,643	1,325,640	-13.50%	53.63%
Total deductions	68,333,389	63,151,025	62,403,205	8.21%	1.20%
Net (decrease) increase in net position	$ (13,342,297)	$ 43,413,665	$ 53,449,180	-130.73%	-18.78%

Contributions increased during fiscal years 2019 and 2018 primarily due to increases in employee pay rates. Benefits paid increased during fiscal year 2019 due to an increase in the number of retirees and larger benefit payments to new retirees.

Administrative expenses decreased during fiscal year 2019 related to an decrease in custodial fees, legal fees and other operating expenses. During fiscal year 2018, administrative expenses increased due to an increase in custodial fees, legal fees and other operating expenses.

FINANCIAL CONTACT

Any questions regarding financial statements of the Fund should be directed to the Fund Administrator, 1039 Chelsea Street, El Paso, Texas 79903 or by telephoning (915) 212-0112

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Statements of Fiduciary Net Position

As of August 31,	2019	2018
Assets		
Cash and cash equivalents	$ 17,959,516	$ 7,433,888
Receivables		
Commission credits receivable	3,697	105,042
Due from brokers for securites sold	980,616	3,558,783
Employer contributions	1,163,286	1,047,510
Plan member contributions	740,828	667,228
Accrued interest and dividends	928,171	664,340
Foreign currency fluctuation	-	1,584
Total receivables	3,816,598	6,044,487
Prepaid insurance	23,249	17,360
Investments, at fair value		
U.S. government securities	36,477,002	32,086,839
Corporate bonds and notes	40,710,385	38,991,174
Absolute return investments	95,310,343	126,830,615
Corporate stocks	95,722,540	101,459,644
Bank collective investment funds	186,724,608	180,019,198
Commingled funds		
Fixed income	87,268,787	73,142,079
Corporate stocks	77,373,002	81,629,104
Private real estate	73,437,789	72,817,424
Private equity investments	76,494,426	62,394,830
Master limited partnership	18,443,282	39,817,825
Total investments, at fair value	787,962,164	809,188,732
Capital assets, net		
Non-depreciable capital assets	958,774	3,111,020
Depreciable capital assets	2,195,431	-
Total capitals assets, net	3,154,205	3,111,020
Total assets	812,915,732	825,795,487
Liabilities		
Due to brokers for securities purchased	5,338,049	4,777,992
Accrued expenses	949,995	946,165
Unearned revenue-commission credits	3,697	105,042
Total liabilities	6,291,741	5,829,199
Net position - restricted for pensions	$ 806,623,991	$ 819,966,288

The accompanying notes are an integral part of these financial statements.

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Statements of Changes in Fiduciary Net Position

For the years ended August 31,	2019	2018
Additions		
Contributions:		
Employer	$ 26,424,696	$ 25,651,488
Plan members	15,746,549	15,540,713
Total contributions	42,171,245	41,192,201
Investment (loss) income:		
Net appreciation in fair value of investments	7,981,580	64,832,061
Interest	4,169,630	3,915,267
Dividends	3,552,203	3,186,719
Securities lending income	37,424	6,801
Investment advisor fees	(2,987,728)	(6,578,777)
Miscellaneous income(expense)	66,738	10,418
Net investment income	12,819,847	65,372,489
Total additions	54,991,092	106,564,690
Deletions		
Benefits paid to plan members	62,251,632	58,094,939
Refunds	4,215,138	2,889,443
Prepaid COLA payments	105,000	130,000
Administrative expenses	1,761,619	2,036,643
Total deletions	68,333,389	63,151,025
Net (decrease) increase in fiduciary net position	(13,342,297)	43,413,665
Net position restricted for pensions, beginning of year	819,966,288	776,552,623
Net position restricted for pensions, end of year	$ 806,623,991	$ 819,966,288

The accompanying notes are an integral part of these financial statements.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City of El Paso Employees Retirement Trust ("Fund" or "Plan") is a single-employer Public Employee Retirement System ("PERS") defined benefit plan administered by the Board of Trustees ("Board") of the Fund and was established in accordance with authority granted by Chapter 2.64 of the *El Paso City Code*. The Fund is a component unit (fiduciary find type) of the City of El Paso, Texas ("City").

Basis of Accounting

The accounting policies of the Fund have been established to conform to generally accepted accounting principles for state and local governments as promulgated by authoritative pronouncements issued by the Governmental Accounting Standards Board. The Fund is accounted for on an economic resources measurement focus using the accrual basis of accounting.

Valuation of Investments

Investments are stated at fair value in the accompanying statements of fiduciary net position. The fair value of marketable investments, including U.S government securities, corporate bonds and stocks, is determined by the latest bid price or by the closing exchange price at statements of fiduciary net position dates. The fair value of investment in bank collective investment, commingled funds, real estate investment funds and private equity limited partnerships are determined by the investment managers based on fair value of the underlying securities in the funds. In general, the fair value of the underlying securities held in real estate investment funds are based upon property appraisal reports prepared by independent real estate appraisers (members of the Appraisal Institute or an equivalent organization) within a reasonable amount of time following acquisition of the real estate and no less frequently than annually thereafter. In general, the fair value of the underlying securities held in private equity limited partnerships are based on GASB Statement No. 72, *Fair Value Measurement,* and limited partnership financial statements are audited by independent certified public accountants. Bank collective investment funds are governed by Section 9.18 of Regulation 9 issued by the Office of Comptroller of the Currency and by the other applicable regulations as defined by the Mellon Bank, N.A. Employee Benefit Collective Investment Fund Plan.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net appreciation in fair value of investments reflected in the accompanying statements of changes in fiduciary net position represents gains or losses realized during the year plus or minus the change in the net unrealized gains or losses on investments. The change in net unrealized gains or losses on investments represents the change in the difference between the cost and fair value of investments at the beginning versus the end of the fiscal year.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

GASB standards require that all capital assets be recorded and depreciated in the government-wide financial statements.

Capital assets are defined as assets with an initial cost of $5,000 or more and an estimated useful life greater than one year. Capital assets are recorded at cost, if purchased or constructed, or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major improvements are capitalized and depreciated over the estimated remaining useful lives of the related capital assets. Capital assets are depreciated or amortized using the straight-line method and the following estimated useful lives:

Building and improvements	25 to 50 years
Furniture and equipment	5 to 12 years
Software	5 years

When capital assets are retired from service or otherwise disposed of, any gain or loss on disposal of assets is recognized.

Securities Lending Transactions

The Fund enters into securities lending transactions with broker/dealers for which fees are paid to the Fund and are recognized as revenue during the periods in which they were loaned. The Board may legally and contractually authorize the use of the Fund's securities for lending transactions. The securities involved in the lending transactions continue to be recorded at fair value in the accompanying financial statements. Parameters are established by the Fund's investment guidelines for securities lending transactions. These guidelines require that all securities lending occur with specified broker/dealers and that securities lending transactions be collateralized using U.S. issuer securities at 102% and non-U.S. issuer securities at 105% of the fair value of the securities loaned. U.S. issued securities used as collateral are marked to the market on a daily basis to evaluate whether the collateralization requirements of the fair value of investments is always maintained. The Fund may not pledge or sell the collateral securities except on default of the borrower and therefore not recorded as assets in the accompanying financial statements. Because of this, the Fund administration believes there is some minimal credit risk associated with securities lending transactions. There is no loss indemnification provided to the Fund by the investment managers to broker/dealers.

Due to Brokers

The liability for due to brokers for securities purchased consist of unpaid amount for security purchases.

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued expenses

Accrued expenses are comprised of unpaid investment advisor fees, the payroll expenditures based of amounts earned by the employees through August 31, 2019, along with applicable Social Security Taxes and Medicare payable.

Revenue and Expense Recognition

Plan member and employer contributions are recognized (additions) in the period in which the plan member services are performed. Benefits and refunds are recognized when paid in accordance with the terms of the Plan. Expenses (deductions) are recognized as incurred.

The Fund's brokers accumulate commission rebates that are restricted for the use by the Fund under agreements with brokers for capital expenditures, research and development and investment-related expenditures. Proposed expenditures of these funds go before the Board for approval. Brokers provide the Fund detailed statements on commission rebates with credits earned and requested payments. Knowing that direct brokerage commission rebates are available, investment managers use these brokers as directed by the Fund's *Investment Rules and Regulations.* The available credits are reported as unearned revenue until such time as qualifying expenditures are made, in which the use of the credits is reported as a reduction in the appropriate expense categories in the accompanying statements of changes in fiduciary net position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Fund's management to make estimate and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities and the actuarial valuation of the Fund's benefits at the date of the financial statements, and the reported changes in fiduciary net position during the reporting period. Actual results may differ from those estimates.

Subsequent Events

The Plan has evaluated events subsequent to August 31, 2019, for events that would possibly require adjustment or disclosure in these financial statements, through January 30, 2020, the date that these statements were available to be issued. There were no events identified form additional disclosure.

NOTE 2: DESCRIPTION OF THE RETIREMENT PLAN

Substantially all full-time employees of the City are eligible to participate in the Plan, except for uniformed firefighters and police officers who are covered under separate plans. Nonemployer contributions are limited to participating employees of the Fund.

NOTE 2: DESCRIPTION OF THE RETIREMENT PLAN (Continued)

The designated purpose of the Fund is to provide retirement, death and disability benefits to participants or their beneficiaries. The Fund is administered by the Board of Directors, which is comprised of two citizens, who are not officers of employees of the City, nominated by the mayor and approved by city council, four elected City employees, a retiree and two district representatives as designated by city council. The Board contracts with an independent pension custodian, investment managers, and investment consultant, and actuary and an attorney to assist in managing the Fund.

The Fund's membership was as follows at August 31:

	2019	2018
Inactive plan members (or their beneficiaries) currently receiving benefits	3,396	3,174
Inactive plan members entitled to but not yet receiving benefits	195	181
Active plan members	4,452	4,345
Total plan members	8,043	7,700

Through August 31, 2019 and 2018, the City is the only contributing employer. The Fund pays direct administrative costs. The City provides indirect administrative support such as IT services. The Fund reimburses the City for various costs of processing pension checks, such as postage and supplies.

Contribution rates for the Fund are based upon local statutes as enacted by the El Paso City Council and are note actuarially determined. However, each time a new actuarial valuation is performed, contribution requirements are compared to the actuarially determined amount necessary to fund service costs and amortize the unfunded actuarial liability (using entry-age-normal cost method) over 30 years. As of the most recent actuarial valuation, the contribution rate was 23.00% of annual covered payroll.

Contributions were made as follows:

	Employer Contributions		Employee Contributions		Total	
For the Years Ended August 31,	Amount	Stated Percentage of Covered Payroll	Amount	Stated Percentage of Covered Payroll	Amount	Stated Percentage of Covered Payroll
2019	$ 26,424,696	14.05%	$ 15,746,549	8.95%	$ 42,171,245	23.00%
2018	25,651,488	14.05%	15,540,713	8.95%	41,192,201	23.00%
2017	25,327,071	14.05%	15,154,341	8.95%	40,481,412	23.00%

The Fund is not required to maintain any legally required reserves.

NOTE 2: DESCRIPTION OF THE RETIREMENT PLAN (Continued)

Participation is mandatory for classified employees (except permanent part-time employees). For nonclassified employees, participation is mandatory for employees hired after July 1997. Classified employees include all persons who are permanent, full-time employees and are not otherwise excluded from the Fund.

Members who were first participants prior to September 1, 2011, accrue benefits based on Tier I provisions as follows:

Participants who leave the Plan before completion of five years of service receive a refund of their contributions. Participants leaving the Plan with more than five years by less than 10 years of service may receive a refund of the contributions plus interest at 5.5% compounded annually.

Participants become fully vested after reaching 40 years of age and 10 years of service or 45 years of age and 7 years of service. Normal retirement is the earlier of: (i) 55 years of age with 10 years of service, (ii) 60 years of age with 7 years of service or (iii) 30 years of service, regardless of age. Participants who have met the minimum vesting requirements may retire, but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement, which will provide an actuarially reduced pension benefit upon termination. Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.5% of average monthly gross earnings received by the employee during the three years immediately prior to retirement, or 2.5 % of the average monthly base salary received by the employee during the year immediately prior to retirement, or 2.5% of the monthly base salary pay for the month immediately prior to retirement, whichever is greater, multiplied by the number of completed years of service, plus .2083 of 1% of such average for each additional completed or fractional part of a month of service.

Members who were first participants on or after September 1, 2011, accrue benefits based on Tier II provisions as follows:

Participants who leave the Plan before completion of seven years of service receive a refund of their contributions. Participants leaving the Plan with more than seven years but less than 10 years of service may receive a refund of their contributions plus interest at 3% compounded annually.

Participants become fully vested after reaching 45 years of age and seven years of service. Normal retirement is the earlier of: (i) 60 years of age with 7 years of service, (ii) 35 years of service, regardless of age. Participants who have met the minimum vesting requirements may retire, but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement, which will provide an actuarially reduced pension benefit upon termination. Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.25% of average monthly gross earnings received by the employee during the three years immediately prior to retirement, multiplied by the number of completed years of service, plus .1875 of 1% of such average for each additional completed or fractional part of a month of service, limited to 90% of the 3 year average final pay.

NOTE 2: DESCRIPTION OF THE RETIREMENT PLAN (Continued)

A pension benefit is available to surviving spouses and dependents. The Plan includes no automatic increase in retirement benefits. However, the Board, at its discretion after consideration of a recent actuarial review of the funding status, may provide ad-hoc costs of living or other increases in retirement benefits.

NOTE 3: NET PENSION LIABILITY

The components of the net pension liability of the City at August 31, were as follows:

	2019	2018
Total pension liability	$ 1,054,386,823	$ 1,024,379,167
Plan's fiduciary net position	806,623,991	819,966,288
City's net pension liability	$ 247,762,832	$ 204,412,879
Plan's fiduciary net position as a percentage of the total pension liability	76.50%	80.05%

Actuarial Assumptions

The total pension liability as of August 31, 2019, was determined based on July 1, 2018 data using the following actuarial assumptions:

Cost of living benefits increases	None
Inflation	3.0%
Salary increases	3.0%, average, including inflation
Investment rate of return	7.5%, compounded annually, net of expenses
Actuarial cost method	Entry-age-normal-level percentage of pay
Asset valuation method	Plan invested assets are reported at fair value

Mortality rates for non-disabled participants are based on the RP-2014 employee tables with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 Tables for Disabled Lives.

The actuarial assumptions used in the September 1, 2018 valuation were based on the results of an actuarial experience study performed on 2018.

NOTE 3: NET PENSION LIABILITY (Continued)

The long-term expected rate of return on pension fund investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) and developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension fund's target asset allocation as of August 31, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	8.20%
International equity	6.90%
Fixed income	2.00%
Real estate	4.60%
Absolute return	3.80%
Private equity	11.70%
MPL	8.20%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions will be based on the rates established by Ordinance. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB 67. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 3.58% as of August 31, 2019. The corresponding rate was 3.57% as of August 31, 2018.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability as of August 31, 2019, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	$ 372,822,910	$ 247,762,832	$ 149,972,475

NOTE 4: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING

The Fund's cash equivalents and investments are managed by various investment managers who have discretionary authority over the assets managed by them, within the investment guidelines established by the Board, under contracts with the Fund. The cash equivalents and investments are held by the Fund's custodian in the Fund's name. The cash equivalents and investments are uninsured and generally consist of short-term securities, U.S. and foreign government securities, domestic and foreign corporate debt and equity securities, real estate trusts and financial derivatives. Certain investment managers have invested in certain bank collective investment funds, which invest primarily in U.S. corporate stocks and government bonds. The bank collective funds may also invest in foreign exchange contracts, stock index futures and temporary collective investment funds and may enter into collateralized securities lending transactions. Certain investment managers also invest in private equity limited partnerships.

Through adherence to the Fund's Investment Rules and Regulations, management attempts to limit or mitigate certain risks. Certain of these requirements are listed below:

- **Large Cap Index Equity Managers –** Investment is passively managed and is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. Permissible investments at S&P 500 Index commingled funds or exchange-traded funds ("ETFs").

- **Large Cap Dynamic Managers** - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The portfolio will actively allocate assets across the equity, fixed income and cash markets of the U.S. The assets of the portfolio may be invested in securities, derivatives and a combination of other collective funds. Long and short positions in financial futures, options on financial futures, index options, exchange-traded options and over-the-counter options, may be used.

- **Small/Mid Cap Equity Managers –** Under current policies, the portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations greater than $500 million and under $15 billion; the market capitalization of certain securities may be less than or greater than this range at times. The portfolio may invest in publicly traded stocks of U.S. corporations, American depositary receipts ("ADRs"), publicly traded stocks of foreign corporations listed on U.S. stock exchanges, ETFs and short-term investments, money market instruments or equivalent. The maximum position size in any one company will be 5% of the portfolio value at the time of purchase and shall not exceed a maximum appreciated position size of 8% of the portfolio value. Leverage, short sales and buying and selling on margin are not permitted.

- **All Cap Equity Managers –** Under current policies, the portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations that span the broad equity market in concentrated manner, generally with 20-80 holdings. The portfolio may invest in publicly traded stocks of U.S. corporations, ADRs, publicly traded stocks of foreign corporations, ETFs and short-term investments, money market instruments or equivalent. Leverage, short sales and buying and selling on margin are not permitted.

NOTE 4: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

- **International Equity-Developed Country Index Managers –** Investment passively managed is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. Permissible investments are MSCI EAFE Index commingled funds or ETFs.

- **International Equity-All Country Managers –** Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The portfolio will invest primarily in equity-related securities of issuers that are located in, or that do significant business in countries other than the United States, including emerging market countries. The portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries. The maximum position size will be 6% in any one company. The maximum position size will be 35% in any one country. The maximum emerging markets weight is the MSCI ACWI ex-US IMI Index weight plus 15%.

- **International Equity-Emerging Markets Managers –** Investment is made with commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The portfolio will invest in equity and equity-related securities of at least 80% of its assets in issuers that are located in, or that do significant business in emerging market countries. The portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries. The maximum position size will be 6% in any one company. The maximum position size will be 20% in any one county.

- **International Equity-All County Small Cap Managers -** Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The portfolio will invest primarily in equity and equity-related securities of issuers that are located in, or that do significant business in countries other than the United States, including emerging market countries. The portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries. The maximum position size will be 6% in any one company. The maximum position size will be 35% in any one country. The maximum emerging markets weight is the MSCI ACWI ex-US Small Cap Index weight plus 15%.

- **Fixed Income Core Index Managers –** Investments are passively managed and are made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. Permissible investments are Barclays Capital Aggregate Index commingled funds or ETFs.

- **Fixed Income Core Plus Managers –** Under current policies, except for U.S. Treasury, its agencies, agency MBS and approved derivative products, the fixed income account shall not contain more than 5% of any issuer. The account will not invest more than 15% in cash and cash equivalents and will not invest in equity securities, with the exception of preferred and convertible preferred securities, in which no more than 10% will be invested. The account may invest up to 15% in illiquid securities. The account may invest up to 35% in non-investment grade bonds; defined as bonds that are rated non-investment grade by two of the three major ratings agencies. The dollar weighted credit quality of the account will generally be AA or less, with a minimum dollar weighted-average quality of BBB-. The effective duration of the account should range between +25%/-40% of the benchmark's duration. The account will not employ leverage.

NOTE 4: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

- **Fixed Income Opportunistic Managers** – Under normal market conditions, the fund may invest up to 50% in bonds that are rated below investment grade (below BBB-/Baa3) by the various credit rating agencies or securities that are not rated. In addition, the fund may leverage its capital. In normal market conditions, the manager may borrow up to 35% of the fund for investment purposes. If the investment manager believes market conditions are unfavorable to participants, the manager may invest up to 100% of the fund in U.S. or non-U.S. currency denominated short-term investments, including cash or cash equivalents.

- **Real Estate Managers** – Real estate investments will be diversified to the extent possible by geographic location and property type. For real estate investment trusts ("REITs"), managers cannot invest in undeveloped, non-income producing property, cannot invest in funds where leverage is intended to exceed 30% of the fair value of the fund and cannot invest in non-U.S. real estate. For private real estate investments, managers should diversify the portfolio by property type and by various geographic regions of the U.S. Leverage is limited to no more than 30% of the fund. The quarterly standard deviation of returns for REITs and private real estate should be no greater than 150% of their respective benchmark indices.

- **Private Equity Managers** – As private equity fund-of-funds vehicles are commingled, closed-end, finite-life limited liability entities; the investment guidelines will be determined by the fund-of-funds legal documentation. The pooled/fund-of-funds vehicle should not represent more than 20% of the total fair value of the pooled/fund-of-fund. It is also preferred that this holds true for any other investor in the pooled/fund-of-funds. The manager of the fund-of-funds vehicle shall be a bank or a registered advisor under the *Investment Advisors Act of 1940.* If fund-of-funds provides the option of receiving distributions in cash or securities, the trust will opt to receive cash.

- **Master Limited Partnerships** – Investment objective is to achieve long-term growth of capital and out-perform the S&P MLP Index. Management of the portfolio will seek to achieve the investment objective through investments primarily in master limited partnerships ("MLPs") and energy-related C-corporations. Security and sector selection, portfolio structure and timing of purchases and sales are delegated to the manager of the portfolio, subject to these guidelines: the portfolio will hold approximately 20-30 securities, no single security will exceed the greater of 10% of the portfolio's fair value, or 120% of the security's weight within the benchmark, cash and cash equivalents will be no more than 10% of the portfolio's assets. Authorized investments include MLPs, securities of energy-related C-corporations and limited liability energy companies that trade on United States stock exchanges, as well as initial public offerings of these investments.

- **Absolute Return** – Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The assets may be invested in common stock, ADRs, global depositary receipts ("GDRs"), preferred stock, ETFs, participation notes, fixed income securities, futures, options, real estate (tradable securities), commodities (tradable securities) and cash and cash equivalents. Currency exposures may be obtained through currency spot, forward and swap contracts.

NOTE 4: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

The following was the Board's adopted asset allocation policy as of August 31, 2019:

Asset Class	Target Allocation
Domestic equity	24%
International equity	16%
Fixed income	19%
Real estate	10%
Master limited partnerships (MLPs)	5%
Private equity	10%
Absolute Return	15%
Cash	1%
	100%

The preceding target allocation was amended in 2017. This was done to reflect a reduction in the previous allocation to international equity and fixed income and to increase the allocation to absolute return and private equity. The previous target allocation was 20% international equity, 25% fixed income, 23% domestic equity, 10% absolute return, 10% real estate, 7% private equity and 5% master limited partnerships.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Fund's investment policy does not specifically address custodial credit risk for deposits. As of August 31, 2019 and 2018, the Fund holds no deposits.

Investments

Interest rate risk is the risk that the fair value of securities will fall due to changes in market interest rates. The Fund's policy is to minimize interest rate risk by structuring the investment portfolio so that the duration securities are held and the coupon rates of such are appropriately diversified.

NOTE 4: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

As of August 31, 2019 and 2018, the Fund had the following investments subject to interest rate risk:

	2019		2018	
Investment Type	**Fair Value**	**Weighted-Average Maturity (In Years)**	**Fair Value**	**Weighted-Average Maturity (In Years)**
Cash equivalents (money market funds)	$ 17,892,996	0.33	$ 5,191,686	1.22
Government fixed income	33,726,363	23.14	32,086,839	23.14
Corporate bonds and notes	42,318,711	6.83	38,110,325	6.83
Bank collective investment funds	35,936,062	12.97	37,121,867	12.97
Commingled funds	51,332,725	2.63	36,020,213	2.63
Total	$ 181,206,857		$ 148,530,930	
Portfolio weighted-average maturity		9.25		10.67

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Nationally-recognized statistical rating organizations assign ratings to measure credit risks. These rating agencies assess a firm's or government's willingness and ability to repay its debt obligations based on many factors.

The Fund employs one core bond manager that primarily invests in U.S. fixed income and non-U.S. fixed income securities. The Fund also invests in two commingled funds, one passive core fixed income index fund and one opportunistic fixed income fund. The investment management agreement between the Fund and its core bond manager contains specific guidelines that identify permitted fixed income investments.

Permitted securities and derivatives of the Fund's opportunistic income fund include fixed and floating-rate debt securities and debt obligations of governments and government-related or corporate issuers worldwide; foreign currencies or securities linked to assets or currencies of any nation; and derivatives on any of the previously mentioned securities. Of the total net assets in the opportunistic fixed income fund, 50% may be invested in bonds that are rated below investment grade (below BBB-) or securities that are not rated.

The Fund's investment policy indicates that the fixed income core plus manager may invest up to 35% of net assets in non-investment grade bonds, at time of purchase. The fixed income core plus portfolio obligations will generally have a dollar weighted average credit quality of generally AA or less, with a minimum dollar weighted average credit quality of BBB-.

NOTE 4: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

The following table identifies the credit quality of the Fund's fixed income strategies based on portfolio holdings as of August 31, 2019 and 2018:

August 31, 2019						
S&P Quality Rating	Total Fair Value	Asset-Backed Securities	Commercial Mortgaged-Backed Securities	Collateralized Mortgage Obligations	Corporates (a)	Government & Agency Obligations (b)
U.S. Treasuries	$ 15,226,913	$ -	$ -	$ -	$ -	$ 15,226,913
GNMA Securities	3,378,978	-	-	-	-	3,378,978
AAA	1,102,322	-	476,552	448,323	177,447	-
AA+	18,985,759	-	-	202,549	526,309	18,256,901
AA	-	-	-	-	-	-
AA-	62,083	62,083	-	-	-	-
A+	52,664,437	-	-	-	1,331,712	51,332,725
A	579,828	103,217	-	-	476,611	-
A-	39,355,335	-	-	-	39,355,335	-
BBB+	2,851,034	82,301	-	-	2,768,733	-
BBB	9,108,833	363,858	-	-	8,744,975	-
BBB-	11,547,784		-	-	11,547,784	-
BB+	1,669,125	-	-	-	1,669,125	-
BB	4,252,339	-	-	-	4,252,339	-
BB-	447,014	-	-	-	447,014	-
B+	987,722	-	-	-	987,722	-
B	475,293	-	-	-	475,293	-
B-	303,525	-	-	-	303,525	-
CCC	-	-	-	-	-	-
CCC-	-	-	-	-	-	-
D	-	-	-	-	-	-
NR	1,457,850	-	-	480,628	977,222	-
Totals	$ 164,456,174	$ 611,459	$ 476,552	$ 1,131,500	$ 74,041,146	$ 88,195,517

(a) Corporate Bonds might include convertible preferred stocks and convertible bonds.
(b) Includes international and municipal holdings.

NOTE 4: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

August 31, 2018

S&P Quality Rating	Total Fair Value	Asset-Backed Securities	Commercial Mortgaged-Backed Securities	Collateralized Mortgage Obligations	Corporates (a)	Government & Agency Obligations (b)
U.S. Treasuries	$ 13,741,938	$ -	$ -	$ -	$ -	$ 13,741,938
GNMA Securities	5,776,024	-	-	-	-	5,776,024
AAA	3,635,161	2,445,617	32,758	177,023	198,664	781,100
AA+	37,963,475	239,656	18,799,198	80,875	181,939	18,661,807
AA	4,840,019	338,072	-	-	193,645	4,308,302
AA-	1,268,486	-	-	-	1,144,911	123,575
A+	2,782,046	164,196	-	-	2,385,514	232,336
A	2,456,656	312,756	-	-	2,122,218	21,682
A-	9,706,769	-	-	128,889	2,089,068	7,488,811
BBB+	6,969,156	-	-	99,827	4,616,929	2,252,400
BBB	13,369,639	509,696	-	-	6,729,889	6,130,054
BBB-	9,333,833	1,289,193	-	139,602	7,858,942	46,096
BB+	2,729,453	765,132	-	45,588	1,918,733	-
BB	1,674,110	422,451	-	-	1,251,659	-
BB-	6,911,523	7,961	-	475,392	2,346,819	4,081,352
B+	918,512	457,310	-	35,720	261,005	164,478
B	4,112,213	288,648	-	-	406,014	3,417,551
B-	1,940,790	-	-	-	-	1,940,790
CCC	-	-	-	-	-	-
CCC-	-	-	-	-	-	-
D	-	-	-	-	-	-
NR	14,052,507	2,821,848	489,896	2,919,192	911,461	6,910,110
Totals	$ 144,182,310	$ 10,062,536	$ 19,321,852	$ 4,102,108	$ 34,617,410	$ 76,078,406

(a) Corporate Bonds might include convertible preferred stocks and convertible bonds.
(b) Includes international and municipal holdings.

At August 31, 2019 and 2018, the Fund held various bond instruments in the aggregate fair value of $164,456,174 and $144,182,309, respectively. Fixed income core plus portfolios held bond instruments with ratings of BBB or better by Standard & Poor's. Approximately 1% of the portfolio was of non-investment grade bonds as of August 31, 2019.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. The Fund's investment policy does not allow for the investment portfolio to hold more than 10% in any one company. The following table represents the fair value of investments that represents 5% or more of the Fund's net position at August 31, 2019 and 2018.

These investments were in bank collective investment and commingled funds, which consist of diversified portfolios of investments as described above, and none of these investments consist of any one company holding 5% or more of the total investment.

NOTE 4: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

	Shares/ Par Value	Fair Value
August 31, 2019		
EB MCM Daily Valued International Specialized Investment Fund		
Mellon Capital Management Corporation	122,305	$ 55,322,892
EB MCM Daily Valued Stock Index Fund		
Mellon Capital Management Corporation	17,535	75,160,647
EB MCM Daily Valued Dynamic U.S Equity Fund		
Mellon Capital Management Corporation	163,530	56,241,069
EB MCM Daily Valued Aggregate Bond Index Fund		
Mellon Capital Management Corporation	92,170	51,332,725
Allianz Structured Alpha 1000 Plus LLC		
Allianz Structured Alpha 1000 Plus LLC	49,871,491	49,871,491
August 31, 2018		
EB MCM Daily Valued International Specialized Investment Fund		
Mellon Capital Management Corporation	109,322	$ 50,923,860
EB MCM Daily Valued Stock Index Fund		
Mellon Capital Management Corporation	17,607	66,081,007
EB MCM Daily Valued Dynamic U.S Equity Fund		
Mellon Capital Management Corporation	170,518	55,781,605
Allianz Structured Alpha 1000 Plus LLC		
Allianz Structured Alpha 1000 Plus LLC	62,930,825	62,930,825

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Fund's investment policy allows 13%-19% of equity securities be invested in foreign markets. The Fund's exposure to foreign currency risk at August 31, 2019 and 2018 was as follows:

NOTE 4: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

	2019		
Local Currency Name	**Equity**	**Fixed Income**	**Total**
Argentine Peso	$ -	$ 2,867,247	$ 2,867,247
Australian Dollar	4,010,245	-	4,010,245
Bermudian Dollar	180,166	-	180,166
Brazilian Real	3,106,176	7,414,174	10,520,350
British Pound	14,816,114	-	14,816,114
Canadian Dollar	4,292,891	-	4,292,891
Chilean Peso	525,306	-	525,306
Chinese Renminbi	7,582,271	-	7,582,271
Columbian Peso	147,595	2,520,946	2,668,541
Danish Krone	1,813,711	-	1,813,711
Euro Currency Unit	29,866,048	-	29,866,048
Ghanaian Cedi	-	2,134,136	2,134,136
Hong Kong Dollar	5,833,417	-	5,833,417
Indian Rupee	3,233,012	-	3,233,012
Indonesian Rupiah	971,737	5,678,777	6,650,514
Israeli Shekel	1,424,742	-	1,424,742
Japanese Yen	20,801,536	-	20,801,536
Kenyan Shilling	-	247,065	247,065
Macau Pataca	66,041	-	66,041
Malaysian Ringgit	839,030	-	839,030
Mexican Peso	843,896	4,669,966	5,513,862
New Zealand Dollar	757,351	-	757,351
Norwegian Krone	447,474	-	447,474
Philippine Peso	425,119	417,202	842,321
Polish Zloty	225,160	-	225,160
Qatari Riyal	75,843	-	75,843
Russian Ruble	853,913	-	853,913
Singapore Dollar	1,342,856	-	1,342,856
South African Rand	2,928,550	16,664	2,945,214
South Korean Won	4,477,010	6,619,269	11,096,279
Swedish Krona	3,082,658	-	3,082,658
Swiss Franc	7,870,437	2,336	7,872,773
Taiwanese Dollar	4,194,564	-	4,194,564
Thai Baht	780,051	3,181,311	3,961,362
Turkish Lira	158,903	-	158,903
Ukrainian Hryvnia	-	166,970	166,970
United Arab Emirates Dirham	42,242	-	42,242
Total	$ 128,016,065	$ 35,936,063	$ 163,952,128

NOTE 4: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

	2018		
Local Currency Name	**Equity**	**Fixed Income**	**Total**
Argentine Peso	$ -	$ 3,440,996	$ 3,440,996
Australian Dollar	3,442,453	-	3,442,453
Brazilian Real	2,483,698	5,053,209	7,536,907
British Pound	14,123,543	-	14,123,543
Canadian Dollar	4,515,348	-	4,515,348
Columbian Peso	-	2,223,051	2,223,051
Danish Krone	1,557,382	-	1,557,382
Euro Currency Unit	28,580,082	-	28,580,082
Ghanaian Cedi	-	2,068,289	2,068,289
Hong Kong Dollar	11,846,429	-	11,846,429
Indian Rupee	1,982,640	4,432,964	6,415,604
Indonesian Rupiah	837,702	4,288,666	5,126,368
Japanese Yen	21,898,284	-	21,898,284
Mexican Peso	1,131,719	9,431,970	10,563,689
Philippine Peso	483,634	727,735	1,211,369
Singapore Dollar	1,042,046	-	1,042,046
South African Rand	2,511,773	1,446	2,513,219
South Korean Won	4,579,467	47,934	4,627,401
Swedish Krona	3,215,005	-	3,215,005
Swiss Franc	5,923,188	1,256	5,924,444
Taiwanese Dollar	4,367,203	-	4,367,203
Thai Baht	928,290	2,293,860	3,222,150
Other	3,745,666	991,913	4,737,579
Total	$ 119,195,552	$ 35,003,289	$ 154,198,841

Security Lending Transactions

State statutes and board of trustees' policies permit the Fund to lend its securities to broker/dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Fund currently participates in a security lending short duration lending pool. All securities loans can be terminated on demand by either the Fund or the borrower, although the average term of the loans is one week. The relationship between the maturities of the investment pool and the system's loans is affected by the maturities of the securities loans made by other entities that can use the agent's pool, which the Fund cannot determine.

NOTE 4: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

Custodial credit risk for securities lending transactions is the risk that, in the event of the failure of the counterparty, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For the years ended August 31, 2019 and 2018, the Fund had no credit risk exposure to borrowers because the amounts of the Fund owes the borrowers exceed the amounts the borrowers owe the Fund. Fair value of securities loaned by type of investment at August 31 was as follows:

	2019	2018
Corporate Stocks	$ 25,766,839	$ 27,090,494

Rate of Return

For the years ended August 31, 2019 and 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.95% and 8.74%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 5: DISCLOSURES ABOUT FAIR VALUE OF ASSETS

Fair Value Measurements

GASB 72, Fair Value Measurements and Application, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 inputs to the valuation methodology is unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs to the valuation methodology are inputs that are unobservable and significant to the fair value measurement.

NOTE 5: DISCLOSURES ABOUT FAIR VALUE OF ASSETS (Continued)

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statements of fiduciary net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2019 and 2018:

		2019 Fair Value Measurements Using		
	August 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S government securities	$ 39,352,164	$ -	$ 39,352,164	$ -
Corporate bonds and notes	37,835,223	-	37,835,223	-
Total debt securities	77,187,387	-	77,187,387	-
Corporate Stocks				
All cap equity	32,113,390	32,113,390	-	-
Small/Mid cap equity	63,609,150	63,609,150	-	-
Total corporate stocks	95,722,540	95,722,540	-	-
Master limited partnerships	18,443,282	18,443,282		
Total investments by fair value level	191,353,209	$ 114,165,822	$ 77,187,387	$ -
Investments Measured at the Net Asset Value (NAV) (a)				
Absolute return investments	95,310,343			
Bank collective investment funds				
Large cap index	75,160,647			
Large cap dynamic	56,241,069			
International equity developed	55,322,892			
Total bank collective investment funds	186,724,608			
Commingled funds - fixed income				
Fixed income opportunistic	35,936,062			
Fixed income core index	51,332,725			
Total commingled funds - fixed income	87,268,787			
Commingled funds - corporate stocks				
International equity - all country	27,283,436			
International equity - all country small cap	24,229,534			
International equity - emerging markets	25,860,032			
Total commingled funds - corporate stocks	77,373,002			
Real Estate				
Private real estate	73,437,789			
Total real estate	73,437,789			
Private equity investments	76,494,426			
Total investments measured at the NAV	596,608,955			
Total investments measured at fair value	$ 787,962,164			

(a) Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value heirarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of fiduciary net position.

NOTE 5: DISCLOSURES ABOUT FAIR VALUE OF ASSETS (Continued)

		2018 Fair Value Measurements Using		
	August 31, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S government securities	$ 32,086,839	$ -	$ 32,086,839	$ -
Corporate bonds and notes	38,991,174	-	38,991,174	-
Total debt securities	71,078,013	-	71,078,013	-
Corporate Stocks				
All cap equity	33,488,943	33,488,943	-	-
Small/Mid cap equity	67,970,700	67,970,700	-	-
Total corporate stocks	101,459,643	101,459,643	-	-
Master limited partnerships	39,817,825	39,817,825		
Total investments by fair value level	212,355,481	$ 141,277,468	$ 71,078,013	$ -
Investments Measured at the Net Asset Value (NAV) (a)				
Absolute return investments	126,830,615			
Bank collective investment funds				
Large cap index	73,313,733			
Large cap dynamic	55,781,605			
International equity developed	50,923,860			
Total bank collective investment funds	180,019,198			
Commingled funds - fixed income				
Fixed income opportunistic	36,020,213			
Fixed income core index	37,121,867			
Total commingled funds - fixed income	73,142,080			
Commingled funds - corporate stocks				
International equity - all country	27,220,866			
International equity - all country small cap	25,932,157			
International equity - emerging markets	28,476,081			
Total commingled funds - corporate stocks	81,629,104			
Real Estate				
Private real estate	72,817,424			
Total real estate	72,817,424			
Private equity investments	62,394,830			
Total investments measured at the NAV	596,833,251			
Total investments measured at fair value	$ 809,188,732			

(a) Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value heirarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of fiduciary net position.

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of fiduciary net position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended August 31, 2019.

NOTE 5: DISCLOSURES ABOUT FAIR VALUE OF ASSETS (Continued)

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table:

	Fair Value at August 31, 2019	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Absolute return investments	$ 95,310,343		Daily	Daily to 30 days
Large cap index	75,160,647		Daily	1 day
Large cap dynamic	56,241,069		Daily	Daily
International equity - developed	55,322,892		Daily	2 days
Fixed income opportunistic	35,936,062		Daily	Daily
Fixed income core index	51,332,725		Daily	2 days
International equity - all country	27,283,436		Daily	3 days
International equity - all country small cap	24,229,534		Daily	Daily
International equity - emerging markets (commingled)	25,860,032		Daily	30 days
Private real estate	73,437,789		Daily	90 days
Private equity investments	76,494,426	$ 47,333,675	Daily	5 days
Total investments measured at the NAV	$ 596,608,955			

	Fair Value at August 31, 2018	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Absolute return investments	$ 126,830,615		Daily	Daily to 30 days
Large cap index	73,313,733		Daily	1 day
Large cap dynamic	55,781,605		Daily	Daily
International equity - developed	50,923,860		Daily	2 days
Fixed income opportunistic	36,020,213		Daily	Daily
Fixed income core index	37,121,867		Daily	2 days
International equity - all country	27,220,866		Daily	3 days
International equity - all country small cap	25,932,157		Daily	Daily
International equity - emerging markets (commingled)	28,476,081		Daily	30 days
Private real estate	72,817,424		Daily	90 days
Private equity investments	62,394,830	$ 64,600,000	Daily	5 days
Total investments measured at the NAV	$ 596,833,251			

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2019 was as follows:

	Balance August 31, 2018	Additions	Transfers	Balance August 31, 2019
Capital assets not being depreciated:				
Land	$ 942,044	$ 16,730	$ -	$ 958,774
Construction in progress	2,168,976	-	(2,168,976)	-
Total capital assets not being depreciated	3,111,020	16,730	(2,168,976)	958,774
Capital assets being depreciated:				
Buildings and improvements	-	95,828	1,229,307	1,325,135
Furniture and equipment	-	102,118	139,669	241,787
Software	-	35,000	800,000	835,000
Total capital assets being depreciated	-	232,946	2,168,976	2,401,922
Less accumulated depreciation:				
Buildings and improvements	-	(30,368)	-	(30,368)
Furniture and equipment	-	(23,040)	-	(23,040)
Software	-	(153,083)	-	(153,083)
Total accumulated depreciation	-	(206,491)	-	(206,491)
Total capital assets, net of depreciation	$ 3,111,020	$ 43,185	$ -	$ 3,154,205

Depreciation expense of $206,491 was charged to administrative expenses.

NOTE 6: CAPITAL ASSETS (Continued)

Capital asset activity for the year ended August 31, 2018 was as follows:

	Balance August 31, 2017	Additions	Deletions	Balance August 31, 2018
Capital assets not being depreciated:				
Land	$ 891,306	$ 50,738	$ -	$ 942,044
Construction in progress	-	2,168,976	-	2,168,976
Total capital assets not being depreciated	$ 891,306	$ 2,219,714	$ -	$ 3,111,020

Depreciation was not charged as the assets were not placed in-service as of August 31, 2018.

NOTE 7: FUND TERMINATION

Although not anticipated, should the Fund terminate at some future time, its net position generally will not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's accumulated benefits will be paid depends on the priority of those benefits. Benefits under the Fund are not guaranteed by the Pension Benefit Guaranty Corporation.

NOTE 8: PLAN TAX STATUS AND ERISA

The Fund is a PERS and is exempt from federal income taxes and the provisions of the *Employee Retirement Income Security Act of 1974* ("ERISA"). Additionally, the Plan obtained its latest determination letter on May 29, 2013, in which the Internal Revenue Service stated that the Plan and related trust, as then designed, were in compliance with the applicable requirements of the *Internal Revenue Code* ("IRC") and therefore not subject to tax. The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the IRC.

NOTE 9: RELATED PARTY TRANSACTIONS

An affiliate of the Fund's custodian is an investment manager for the Fund, which managed $238,057,333 and $271,141,065 of the Fund's investments at August 31, 2019 and 2018, respectively. As of August 31, 2019 and 2018, the Fund accrued investment management fees of $42,788 and $39,000, respectively, for the services of that investment manager. For the years ended August 31, 2019 and 2018, the Fund incurred $230,533 and $236,121, respectively, in management fees with this investment manager.

Required Supplementary Information

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Schedule of Changes in Net Pension Liability and Related Ratios

For the year ended August 31,	2019	2018
Total Pension Liability		
Service cost	$ 20,769,411	$ 20,418,111
Interest	75,886,822	72,439,238
Difference between expected and actual experience	-	16,640,620
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(66,648,577)	(61,114,382)
Net change in total pension liability	30,007,656	48,383,587
Total pension liability, beginning of year	1,024,379,167	975,995,580
Total pension liability, end of year (a)	$ 1,054,386,823	$ 1,024,379,167
Plan Fiduciary Net Position		
Contributions - employer	$ 26,424,696	$ 25,651,488
Contributions - plan member	15,746,549	15,540,713
Net investment income	12,819,847	65,372,489
Benefit payments, including refunds of employee contributions	(66,571,770)	(61,114,382)
Administrative expenses	(1,761,619)	(2,036,643)
Net change in plan fiduciary net position	(13,342,297)	43,413,665
Plan fiduciary net position, beginning of year	819,966,288	776,552,623
Plan fiduciary net position, end of year (b)	$ 806,623,991	$ 819,966,288
City's net pension liability, end of year = (a) - (b)	$ 247,762,832	$ 204,412,879
Plan's fiduciary net position as a % of total pension liability	76.50%	80.05%
Covered payroll	$ 172,242,295	$ 161,026,109
Plan's net pension liability as a % of covered payroll	143.85%	126.94%

Notes to Schedule:

Schedule is intended to show information for 10 years. However, until a full 10-year trend is complied, years for which the information is available will be presented.

See independent auditors' report.

	2017	2016	2015	2014
	$ 20,418,111	$ 23,021,764	$ 22,243,250	$ 20,691,396
	70,199,486	66,845,529	64,244,529	61,812,817
	-	(22,728,241)	115,295	4,691,256
	-	37,572,898	-	-
	(60,394,115)	(54,383,629)	(50,788,937)	(52,592,834)
	30,223,482	50,328,321	35,814,137	34,602,635
	945,772,098	895,443,777	859,629,640	825,027,005
	$ 975,995,580	$ 945,772,098	$ 895,443,777	$ 859,629,640
	$ 25,327,071	$ 23,370,111	$ 22,916,913	$ 21,830,044
	15,154,341	14,886,249	14,595,935	14,039,600
	75,370,973	40,260,073	(17,872,916)	107,723,189
	(61,077,565)	(54,383,629)	(50,788,937)	(52,592,834)
	(1,325,640)	(1,417,530)	(1,355,351)	(1,143,272)
	53,449,180	22,715,274	(32,504,356)	89,856,727
	723,103,443	700,388,169	732,892,525	643,035,798
	$ 776,552,623	$ 723,103,443	$ 700,388,169	$ 732,892,525
	$ 199,442,957	$ 222,668,655	$ 195,055,608	$ 126,737,115
	79.57%	76.46%	78.22%	85.26%
	$ 161,026,109	$ 156,336,028	$ 158,990,084	$ 153,613,308
	123.86%	142.43%	122.68%	82.50%

See independent auditors' report.

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Schedule of Employer Contributions

For the year ended August 31,	**2019**	2018
Actuarially determined contributions (ADC)*	**$ 16,488,437**	$ 16,086,508
Contributions related to the ADC	**25,761,130**	25,651,488
Contributions deficiency (excess)	**(9,272,693)**	(9,564,980)
Covered payroll (payroll)	**$ 167,255,529**	$ 161,026,108
Contributions as a percentage of payroll	**15.40%**	15.93%

* Based on estimated payroll

See independent auditors' report.

2017	2016	2015	2014
$ 16,274,581	$ 18,306,287	$ 18,848,390	$ 21,501,985
25,327,071	23,370,111	22,916,913	21,739,159
(9,052,490)	(5,063,824)	(4,068,523)	(237,174)
$ 156,336,028	$ 158,990,084	$ 153,613,608	$ 152,911,275
16.20%	14.70%	14.92%	14.22%

See independent auditors' report.

Schedule of Investment Returns

	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	1.95%	8.74%	10.29%	6.36%	-2.86%	17.22%

Note: This schedule is presented to illustrate the requirement to show 10 years of information. However, until a full 10-year trend is compiled, years for which the information is available will be presented.

See independent auditors' report.

Other Supplementary Information

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Comparative Summary of Revenue by Source and Expense by Type

Revenue by Source*

Years Ended August 31,	Interest, Dividends and Net Securities Lending Income	Employer Contributions (a)	Plan Member Contributions (a)	Net Appreciation (Depreciation) in Fair Value of Investments	Total	Employer Contributions as a Percentage of Covered Payroll
2019	$ 7,759,257	$ 26,424,696	$ 15,746,549	$ 7,981,580	$ 57,912,082	14.05%
2018	7,108,787	25,651,488	15,540,713	64,832,061	113,133,049	14.05%
2017	6,459,227	25,327,071	15,154,341	74,716,005	121,656,644	14.05%
2016	7,563,107	23,370,111	14,886,249	37,856,062	83,675,529	14.05%
2015	7,433,579	22,916,913	14,595,935	(21,734,515)	23,211,912	14.05%
2014	8,039,815	21,830,044	14,039,600	103,082,579	146,992,038	13.45%
2013	9,096,062	20,499,707	13,328,629	63,890,162	106,814,560	12.85%
2012	5,162,832	19,181,091	12,607,172	43,642,344	80,593,439	12.25%

* Excludes increase (decrease) in commission credits receivable

Expenses by Type

Years Ended August 31,	Benefits	Refunds	Investment Fees (b)	Administrative Expenses		Total
2019	$ 62,251,632	$ 4,215,138	$ 2,987,728	$ 1,761,619	(c)	$ 71,216,117
2018	58,094,939	2,889,443	6,578,777	2,036,643	(c)	69,599,802
2017	57,972,792	3,104,773	5,783,774	1,325,640		68,186,979
2016	51,554,209	2,829,420	5,104,720	1,417,530		60,905,879
2015	48,419,841	2,369,096	3,510,570	1,355,351		55,654,858
2014	49,375,280	3,217,554	3,336,994	1,143,272		57,073,100
2013	43,021,060	2,159,129	2,932,444	1,176,347		49,288,980

(a) Employee and employer contribution rates are based upon local statutes; contribution rates are note actuarially determined
(b) Investment fees are made up entirely of investment manager fees
(c) Detail listed on Comparative Summary of Administrative Expenses

See independent auditors' report.

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Comparative Summary of Administrative Expenses
For the Years Ended August 31, 2019 and 2018

	2019	2018
Custodial fees	$ 46,347	$ 189,890
Consulting fees	294,649	288,158
Trustee	353,925	-
Legal	145,877	151,251
Travel/education-employee	8,411	2,080
Audit/accounting	2,200	81,250
Actuary	63,885	24,352
Wages and benefits	634,260	693,830
Other operating expenses	25,937	201,397
Miscellaneous	-	324,810
Depreciation	206,491	-
Software & Computer Fees	13,333	-
Land expense	-	405
Liability insurance	(33,696)	79,220
Total administrative expenses	$ 1,761,619	$ 2,036,643

See independent auditors' report.

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Schedule of Investment Manager Expenses
For the Years Ended August 31, 2019 and 2018

	2019			
	Fair Value of Assets Under Management			Total Fees
U.S. government securities managers	$	36,477,002	$	100,497
Corporate bonds and notes manager		40,710,385		339,779
Corporate stock managers		95,722,540		627,011
Bank collective investments funds managers		186,724,608		219,945
Commingled funds: fixed income funds managers		87,268,787		335,579
Commingled funds: corporate stocks managers		77,373,002		427,088
Private real estate Managers		73,437,789		371,918
Private equity investment managers		76,494,426		-
Absolute returns investment managers		95,310,343		362,696
Master limited partnership Managers		18,443,282		203,213
Total	$	787,962,164	$	2,987,728

See independent auditors' report.

2018			
	Fair Value of Assets Under Management		Total Fees
$	32,086,839	$	79,482
	38,991,174		96,585
	101,459,644		826,625
	180,019,198		236,122
	81,629,104		527,697
	73,142,079		465,638
	72,817,424		668,778
	62,394,830		1,145,419
	126,830,615		2,260,235
	39,817,825		272,196
$	809,188,732	$	6,578,777

See independent auditors' report.

INVESTMENT SECTION

Callan

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February 29, 2020

Board of Trustees
City of El Paso Employees' Retirement Trust
1039 Chelsea
El Paso, TX 79903

RE: Report on 2019's Investment Activities

Dear Board Members:

The El Paso City Council created a City Employees' Pension Board of Trustees that makes investments for the sole interest of the participants and beneficiaries of the City of El Paso Employees Retirement Trust (the Fund). The primary purpose of the investments is to generate appropriate risk-adjusted rates of return that, in combination with a sound actuarial funding policy, will enable the Fund to pay all pension benefit obligations when due. The Fund's fiscal year-end is August 31st.

The Fund maintains a policy of broad diversification to help control the volatility of achieving the target rate of return over the long run. The Board understands that its target rate of return is associated with a certain degree of risk. Any risk resulting from the implementation of the Fund's investment policy must be done in a prudent, thoughtful, non-speculative manner.

Fund assets are to be invested with the care, skill, and diligence that a prudent person acting in a like capacity would undertake. The Board acknowledges that, in the process, they have the goal of controlling costs associated with the administration and management of the Fund's investments.

In establishing its risk tolerance, the Board considered its ability to withstand short- and intermediate-term volatility given the nature of contemporaneous market conditions. The Board also reviewed the long-term characteristics of various asset classes, focusing on balancing risk with expected return. As of August 31, 2019, the Fund's strategic asset allocation policy included the following eight asset classes: domestic equity; international equity; fixed income; private equity; absolute return, real estate; master limited partnerships (MLPs); and cash.

The table on the following page shows how the Fund was invested in those eight asset classes in dollars and as a percent of the Total Fund at the end of fiscal-year 2019.

City of El Paso Employees Retirement Trust
Asset Allocation as of August 31, 2019

Asset Class	Fair Value $(000)	Allocation (%)
Domestic Equity	229,443	29%
International Equity	132,695	17%
Fixed Income	165,136	21%
Private Equity	73,278	9%
Real Estate	74,525	9%
MLP	18,855	2%
Absolute Return	95,289	12%
Cash	10,905	1%
Total Fund	**800,126**	**100%**

The Board, with information and advice provided by their investment consultant, closely monitors the Fund's asset mix to assure compliance with the adopted Investment Policy Statement and appropriate city ordinances that regulate the investment process.

On an ongoing basis, the Board implements a performance measurement and evaluation process that examines rates of return for the Total Fund, the eight major asset classes, and the fund's individual managers. The Board compares returns to broad market indices and relevant "peer groups" of investment managers with similar investment styles. Investment measurements and comparisons have been made using standard performance evaluation methods and results are presented in a manner consistent with investment industry best practices. All returns are time-weighted rates of return calculated by the Fund's investment consultant on the basis of fair value and cash flow data provided by the Fund's bank custodian.

The Fund's total return and target benchmark return for the fiscal year, the last three, five, seven, and ten years ended August 31, 2019 are provided in the table below.

	Annualized Returns				
	1 Year	3 Year	5 Year	7 Year	10 Year
Total Fund	**2.38%**	**7.11%**	**5.03%**	**7.74%**	**8.60%**
Strategic Blended Index	2.73%	7.33%	5.39%	7.85%	8.79%

Yours truly,

Alex Browning

Alex Browning
Callan, LLC
Senior Vice President

Investment Managers

Domestic Equity

- Mellon Equity Index
- Mellon Dynamic US Equity
- Vulcan All Cap
- Wedge
- Riverbridge

International Equity

- Mellon International Stock Index
- Franklin Templeton Int'l Equity
- Lazard International Equity
- AQR Emerging Markets

Private Equity

- PAPEF VII
- PASF II
- PAPEF VIII
- PASF III
- PAPEF IX

Domestic Fixed Income

- Mellon Aggregate Index
- Janus Core Plus
- Franklin Templeton Global Plus

Real Estate

- USB Trumbull Fund
- Heitman

MLP

- Salient Advisors

Absolute Return

- Allianz
- AQR Style Premia
- Invesco

Investment Guidelines

General

The Board is responsible for the investment of all assets and for establishing policies and practices. All investments shall be made for the purposes of providing benefits to participants and their beneficiaries and defraying the expenses related to administering the Fund as determined by the Board.

The Board may, at its discretion, retain investment advisors to manage all or a portion of the Fund assets. These advisors shall be selected from established and financially sound organizations which have a proven and demonstrable record in managing funds with characteristics appropriate for the risk/return profile of the Fund assets. The selection process will involve a disciplined approach that will be fully documented for the Board's records.

All assets should be properly diversified to reduce the potential of a single security or single sector of securities having a disproportionate impact on the portfolio.

Given the expense, difficulty of obtaining adequate diversification, related custody costs and ultimate size of the Fund's commitments to various asset classes, commingled funds may be used as the vehicle for the investment in such asset classes. In such cases, the investment guidelines will be governed by the fund's governing documents.

The following guidelines would apply to investment mandates utilized by the Fund:

Large Cap Index Equity

Investment Guidelines

This investment will be passively managed. Permissible investments are S&P 500 Index or Russell 1000 commingled funds or Exchange Traded Funds (ETFs).

As such, the investment guidelines will be governed by the fund's governing documents.

Investment Objective

The investment objective is to achieve a return approximating the total return of the S&P 500 or Russell 1000 Indexes before fees.

Large Cap Dynamic

Investment Guidelines

In order to ensure adequate diversification and prudently manage the costs, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents.

Investment Objective

The investment objective is to achieve long-term capital appreciation and out-perform the S&P 500 Index.

Investment Strategy

The Portfolio will actively allocate assets across the equity, fixed income, and cash markets of the United States. The volatility of the portfolio should be similar or less than the S&P 500 Index. The assets of the Portfolio may be invested in securities, derivatives, and a combination of other collective funds.

Portfolio Restrictions

Long and short positions in financial futures, options on financial futures, index options, exchange-traded options, and over-the-counter options, may be used.

Cash investments or assets used as collateral underlying the derivatives positions may be comprised of other collective funds and short to medium-term debt of investment grade that may include, without limitation, Treasury bills and notes, corporate obligations, commercial paper, repurchase agreements, and obligations of government sponsored enterprises.

Small/Mid Cap Equity

Investment Guidelines

Investment Objective

The investment objective is to achieve long-term capital appreciation and out-perform the manager's style specific Russell 2500 Index.

Investment Strategy

The Portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations greater than $500 million and under $15 billion; the market capitalization of certain securities may be less than or greater than this range at times. The portfolio may invest in publicly traded stocks of U.S. corporations, American Depository Receipts (ADRs), publicly traded stocks of foreign corporations listed on U.S. stock exchanges, Exchange Traded Funds (ETFs), and short-term investments, money market instruments or equivalent.

Portfolio Restrictions

Company Weightings – The maximum position size in any one company will be 5% of the portfolio value at the time of purchase and shall not exceed a maximum appreciated position size of 8% of the portfolio value.

Leverage, short sales, and buying and selling on margin are not permitted.

Cash – Under normal circumstances, the Portfolio may invest up to 5% of its assets in cash and cash equivalents (exclusive of cash necessary for the settlement of transactions).

All Cap Equity

Investment Guidelines

Investment Objective

The investment objective is to achieve long-term capital appreciation and out-perform the Russell 3000 Index. In addition, the goal is to achieve a meaningful return above inflation over a 5-year period.

Investment Strategy

The Portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations that span the broad equity market in a concentrated manner, generally with 20-80 holdings. The portfolio may invest in publicly traded stocks of U.S. corporations, American Depository Receipts (ADRs), publicly traded stocks of foreign corporations, Exchange Traded Funds (ETFs), and short-term investments, money market instruments or equivalent.

Portfolio Restrictions

Leverage, short sales, and buying and selling on margin are not permitted.

Cash – The Portfolio may hold cash if securities meeting the manager's criteria are not available.

International Equity-Developed Index

Investment Guidelines

This investment will be passively managed. Permissible investments are MSCI EAFE Index commingled funds or Exchange Traded Funds (ETFs).

In order to ensure adequate diversification and prudently manage the costs associated with the custody of international investments, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents.

International Equity-All Country

Investment Guidelines

In order to ensure adequate diversification and prudently manage the costs associated with the custody of international investments, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents.

Investment Objective

The investment objective is to achieve long-term capital appreciation and out-perform the MSCI ACWI ex-US IMI Index.

Investment Strategy

The Portfolio will invest primarily in equity and equity-related securities of issuers that are located in, or that do significant business in, countries other than the United States, including emerging market countries. The Portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries.

Portfolio Restrictions

Company Weightings – The maximum position size will be 6% in any one company.

Country Weightings – The maximum position size will be 35% in any one country. The maximum emerging markets weight is the Index weight plus 15%.

Cash – Under normal circumstances, the Portfolio may invest up to 5% of its assets in cash and cash equivalents (exclusive of cash necessary for the settlement of transactions).

International Equity-Emerging Markets

Investment Guidelines

In order to ensure adequate diversification and prudently manage the costs associated with the custody of international investments, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents.

Investment Objective

The investment objective is to achieve long-term capital appreciation and out-perform the MSCI Emerging Markets Index.

Investment Strategy

The Portfolio will invest primarily in equity and equity-related securities of at least 80% of its assets in issuers that are located in, or that do significant business in emerging market countries. The Portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries.

Portfolio Restrictions

Company Weightings – The maximum position size will be 6% in any one company.

Country Weightings – The maximum position size will be 20% in any one country.

Cash – Under normal circumstances, the Portfolio may invest up to 5% of its assets in cash and cash equivalents (exclusive of cash necessary for the settlement of transactions).

International Equity-All Country Small Cap

Investment Guidelines

In order to ensure adequate diversification and prudently manage the costs associated with the custody of international investments, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents.

Investment Objective

The investment objective is to achieve long-term capital appreciation and out-perform the MSCI ACWI ex-US Small Cap Index.

Investment Strategy

The Portfolio will invest primarily in equity and equity-related securities of issuers that are located in, or that do significant business in, countries other than the United States, including emerging market countries. The Portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries.

Portfolio Restrictions

Company Weightings – The maximum position size will be 6% in any one company.

Country Weightings – The maximum position size will be 35% in any one country. The maximum emerging markets weight is the Index weight plus 15%.

Cash – Under normal circumstances, the Portfolio may invest up to 5% of its assets in cash and cash equivalents (exclusive of cash necessary for the settlement of transactions).

Fixed Income Core Index

Investment Guidelines

This investment will be passively managed. Permissible investments are Barclays Capital Aggregate Index commingled funds or Exchange Traded Funds (ETFs).

In order to ensure adequate diversification and prudently manage the costs associated with the custody fixed income investments, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents.

Fixed Income Core Plus

Investment Guidelines

Investment Objective:

- Provide a total return that exceeds that of the Benchmark Portfolio with a commensurate amount of risk (risk as defined by standard deviation).

A. Main Objective

The main objective for the management of the account is to outperform the benchmark, the Barclays U.S. Aggregate Bond Index, in a risk adjusted manner. The strategy is designed for long term investors who primarily seek total return.

B. Investment Universe and Limitations

1. **Allowable Investments**
   a. Corporate bonds and notes
   b. Government securities, including agencies
   c. Certificate of deposit
   d. Discount notes
   e. Repurchase agreements
   f. Bank Loans
   g. Asset backed and mortgage backed securities
   h. Depository receipts
   i. Real estate investment trusts (debt only)
   j. Publicly traded limited partnerships (debt only)
   k. Preferred and convertible preferred.
   l. 144A securities

2. **General Restrictions**
   a. The effective duration of the account will generally be +25%/-40% of the benchmark index, under normal circumstances.

   b. The account will generally not invest more than 15% of its net assets in cash and cash equivalents.

   c. The maximum issuer position size will be limited to 5% of net assets at the time of purchase, excluding those issued by the U.S. Government, its agencies, agency MBS, and approved derivative products.

   d. The account will not invest in equity securities, with the exception of preferred and convertible preferred securities, in which no more than 10% will be invested.

   e. The account may invest up to 15% of net assets at time of purchase, in illiquid securities. 144A securities deemed liquid by the Portfolio Manager or Head Fixed Income Trader will not be considered in the illiquid concentration.

f. The account may invest up to 35% in non-investment grade bonds, at time of purchase. Non-investment grade bonds are defined as bonds that are rated non-investment grade by two of the three major ratings agencies (BB+ or lower by Standard & Poor's Rating Service and Fitch, Inc., or Ba1 or lower by Moody's Investors Service, Inc.).

g. The dollar weighted average credit quality of the account will generally be AA or less, with a minimum dollar weighted average credit quality of BBB-.

h. For split rated securities, the following methodology will be used:

i. If the security is rated by all three rating agencies (S&P, Moody's, and Fitch), the middle rating will apply.

ii. If the security is rated by all three rating agencies with two or more ratings the same, the majority rating will apply.

iii. If the security is rated by only two rating agencies the lowest rating will apply.

3. Foreign Securities

a. The account may invest in U.S. dollar denominated securities issued by non-U.S. domiciled issuers and/or entities, although it intends to primarily invest in securities issued by U.S. domiciled issuers and/or entities.

4. Derivatives

a. The account may invest in over the counter (OTC) and exchange traded futures, options, swaps (including index credit default swaps) and structured products. (Agreements will need to be put in place with counterparties prior to trading in these types of instruments.)

b. The use of interest rate derivatives is acceptable to manage overall duration of the portfolio.

c. The client will be notified prior to investing in any other type of derivative not referenced above.

5. **Short Selling**
   a. The account may sell securities short, including futures, swaps, structured products and call options.

6. **Miscellaneous**
   a. The account is to be managed in USD.

   b. The account will not employ leverage.

   c. Investment types not explicitly allowed in these guidelines may still be used by the manager if deemed to be appropriate. Client permission will be sought if the investment type is intended to be a primary strategy, defined as greater than 5% of net assets of the account.

Fixed Income Opportunistic

Investment Guidelines

In order to ensure adequate diversification and prudently manage the costs associated with the custody of opportunistic fixed income investments, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents.

Purpose and Investment Policies

The fund's principal investment objective is to maximize, consistent with prudent investment management, total investment return consisting of a combination of interest income, capital appreciation, and currency gains. The fund will employ a long-term fundamental, research-driven approach and will focus on identifying potential sources of high total return worldwide.

Under normal market conditions, the fund's primary investments will include fixed- and floating-rate debt securities and debt obligations of governments, and government-related or corporate issuers worldwide; foreign currencies or securities linked to assets or currencies of any nation; and derivatives on any of the previously mentioned securities. As part of the strategy, the fund may have short exposures. Under normal market conditions, the Fund may invest up to 50% of total net assets in bonds that are rated below investment grade (below BBB-/Baa3) by the various credit rating agencies, or securities that are not rated.

Eligible Securities

The fund may invest (but is not required or limited to investing) in the following instruments:

- U.S. Treasury securities
- Government/sovereign bonds
- Government-related bonds
- Supranational bonds
- Inflation-linked government bonds
- Mortgages, including mortgage-backed securities (MBS), asset-backed securities (ABS) and commercial-backed securities (CMBS)
- Corporate bonds, including investment grade and high-yield bonds
- Municipal bonds

- Convertible bonds and convertible preferred stock
- Emerging market debt securities
- Bank loans
- Private placement debt securities, including 144A securities
- Collateralized debt obligations and collateralized loan obligations
- Money market instruments, cash and cash equivalents
- Exchange traded funds/notes, mutual funds, and other open-end investment structures

Derivative Exposure
In addition to the securities listed above, derivatives (including, but not limited, to those listed below) may be used by the fund, including for the purposes of managing the risks of the portfolio and gaining exposure to certain asset classes.

- Forward currency exchange contracts (including, but not limited to, cross-currency forwards)
- Buying and selling over-the-counter and exchange traded options (including, but not limited to, currency options and options on interest rates)
- Swaps (including, but not limited to, credit default swaps (single name and index/basket), total return swaps, interest rate swaps, currency swaps, cross currency swaps)
- Futures and options on futures (including, but not limited to, futures on interest rates, bonds, fixed income indexes, securities and currencies)
- Structured notes or securities (including, but not limited to, credit linked notes), including where coupon or principal payments are linked or indexed to non-U.S. exchange rates, index returns, yield curve shapes, or other eligible investments

There are no limitations with respect to the number or combination of derivative instruments which may be used at any given time or the frequency with which the investment manager may use derivatives to implement the investment strategy. The investment manager may use derivatives for hedging purposes, as well as for gaining long and short exposures.

Under normal market conditions, the investment manager generally expects to utilize derivatives to gain exposures in an amount comparable to an equivalent unleveraged portfolio of bonds, but may exceed this amount on an opportunistic basis.

The fund may take advantage of opportunities in other derivative instruments which are not presently contemplated for the Fund or which are not currently available but which may be developed, to the extent such opportunities are consistent with the Fund's investment objective.

Leverage
The fund may leverage its capital if the investment manager believes that the use of leverage may enable the fund to achieve a higher rate of return. Accordingly, the fund would pledge its securities to the lender in order to borrow additional funds for investment purposes. Under normal market conditions, the investment manager generally does not expect to borrow additional funds for investment purposes, but on an opportunistic basis, may borrow up to 35% of total net assets of the fund for investment purposes (this excludes short-term borrowings for temporary cash management purposes). The investment manager may utilize derivative instruments including, but not limited to, futures, swaps, forwards, and options for both hedging and investment purposes, which may be considered by some as forms of leverage but are not included in this limit.

Temporary Investments
When the investment manager believes market or economic conditions are unfavorable for participants, is unable to locate suitable investment opportunities, or seeks to maintain liquidity, the investment manager may invest up to one hundred percent (100%) of the fund's assets in U.S. or non-U.S. currency denominated short-term investments, including cash or cash equivalents.

Real Estate

Investment Guidelines

The Board reserves the right to consider investment of the Fund's assets in real property, either on a direct basis or as a participant in a commingled real estate fund managed by a bank, insurance company, or other professional real estate investment manager. Real estate investments will be diversified to the extent possible both by geographic location and property type.

Private real estate managers are expected to invest in private real estate equity located within the United States or the District of Columbia. The following types of investments may be purchased by the manager: private real estate equity, equity-orientated debt, mortgages, construction loans, mezzanine debt on real estate, and private investment vehicles in such instruments designed for tax-exempt investors. The emphasis in the portfolio will be on investments in the stabilized operating stages of their life cycle; however, riskier equity investments in the development, leasing, and redevelopment stages will also be considered in minority positions in the portfolios. The manager should manage risk by using investment quality assets for their type and location. The portfolio should be diversified by property type (office, retail, industrial, or residential) and by the various geographic regions of the country. Leverage is to be limited to no more than 30% of the fund.

Private Equity

Investment Guidelines

Introduction

The private equity investments made on behalf of City of El Paso Employees Retirement Trust ("CEPERT") will consist primarily of limited partnership investments in diversified private equity portfolios (e.g., venture capital, acquisition, special situation, subordinated debt, and restructuring funds, etc.). CEPERT will invest in private equity through institutional closed-end, finite-life commingled private equity fund-of-funds vehicles. Eligible fund-of-funds may employ either a primary partnership or secondary partnership strategy. The fund-of-funds vehicles will be limited liability partnerships, limited liability corporations, or group trusts. Investments directly in stand-alone corporate finance limited partnerships and direct investments in companies are not currently considered appropriate. The vehicle's manager(s) will have discretion with respect to the management of the fund-of-funds investment program, operating within the parameters delineated in the commingled fund's legal documentation.

To maintain an appropriate funded status on a net asset value basis, CEPERT will be required to make periodic commitments to additional fund-of-funds vehicles managed by either the same or different fund-of-funds managers. CEPERT's staff will work with the consultant and the managers to determine appropriate commitment timing and amounts and periodically present a recommended plan to the Investment Committee.

To ensure adequate access and diversification, CEPERT may utilize multiple fund-of-funds providers. There is no specific limit to the number of vendors to be utilized. However, CEPERT will limit the number of vendors employed to the extent practical. Only those firms committed to providing ongoing access to the private equity arena through fund-of-funds offerings, that have a demonstrated record of investing client funds in top tier private equity partnerships and that limit assets accepted for management to sums that can in fact be committed in top tier funds will be considered.

CEPERT recognizes that many well-qualified fund-of-funds providers make direct private equity investments within the fund-of-funds vehicles. Such investments are permissible provided that they constitute a comparatively small portion of the total fund of funds asset base (typically less than 20%). These direct investments are not required and CEPERT's staff, when provided a choice, may elect to exclude such investments.

Investment Objective

The investment objective of the private equity allocation is to achieve consistent positive real returns and to maximize long-term total return within prudent levels of risk through capital appreciation and diversification. CEPERT's holdings will be professionally managed on a cash-to-cash basis and will have broad exposure to all key private corporate finance strategies (e.g., venture capital, acquisition, special situation, etc.), with allocations to the various strategies diversified in a manner consist with institutional private equity programs generally.

Performance Objectives

Due to the inevitability of short-term market fluctuations that may cause variations in the investments' performance and the long lead-time associated with private equity, it is intended that the performance objectives outlined below will be achieved by the fund-of-funds over the life of the vehicle(s), generally 12 years. However, the Board reserves the right to evaluate the funds' interim performance. Annual performance will be evaluated to test progress toward attainment of these longer-term goals. It is understood that there are likely to be short-term periods during which performance deviates from expectations. Minimum expectations are as follows:

1. It is expected that the private equity program will over rolling 5-year periods provide net of fee returns in excess of those available in the public markets. The return target for the private equity program is the Russell 3000 Index plus 300 basis points calculated on a time-weighted basis. The rate of return for the fund-of-funds will also be calculated on an internal rate of return basis net of all fees and expenses.

2. The fund's IRR performance will also be benchmarked on a vintage year basis against peer groups in the Thomson Reuter's Private Equity Database. These return comparisons will be net of underlying partnership fees and expenses, but gross of the fund-of-funds' fees and expenses. It is expected that the vehicles will attain performance rankings consistent with the top-quartile levels of return evidenced in the database.

Attainment of these objectives does not guarantee continued investment by the Board in a specific manager's fund-of-funds vehicles, nor does failure to achieve these guidelines ensure a lack of future investment support for follow-on vehicles. Providers are selected at the discretion of the Board.

In private equity investing there is the risk of sustaining a loss on any of the individual investments. It is CEPERT's expectation that, while specific investments may incur losses of all or part of capital invested, a diversified portfolio of holdings will produce a positive rate of return in the expected range set forth above.

Guidelines

As private equity fund-of-funds vehicles are commingled, closed-end, finite-life limited liability entities, the investment guidelines will be determined by the fund-of-funds legal documentation. But, the vehicle's manager in managing the portfolio should take prudent care. In addition, the following stipulation(s) apply:

- The CEPERT funds invested in the pooled/fund-of-funds vehicle should not represent more than 20% of the total market value of the pooled/fund-of-funds. It is also preferred that this holds true for any other investor in these pooled/fund-of-funds.

- The manager of the fund-of-funds vehicle shall be a Bank or a registered advisor under the Investment Advisors Act of 1940.

- If the fund-of-funds provides the option of receiving distributions in cash or securities, the Trust will opt to receive cash.

Reporting Requirements
Reporting requirements will be governed by the fund-of-funds legal documentation, which at a minimum will provide for quarterly unaudited financial statements and other relevant investment holdings-related exhibits, and annual audited financial statements and relevant investment holdings-related exhibits.

Cash

Investment Guidelines

The investment objective is to produce a return that equates to prevailing short-term rates applicable to the quality specified below.

All monies not deployed in other permitted investments shall be invested in short-term investment vehicles as provided below.

Money market instruments shall include:

- Direct obligations of the U.S. Treasury including bills, notes, and bonds, and repurchase agreements secured by those obligations.
- U.S. Government and U.S. Treasury money market mutual funds that are SEC registered and comply with Rule 2(a)-7 under the Investment Company Act of 1940. The investment guidelines will be governed by the fund's governing documents.

Investment Manager Excess Returns

The table below details the time-weighted rates of return for the fund's investment managers over various time periods ended February 28, 2019. Negative manager excess returns are shown in red, positive excess returns in blue. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended August 31, 2019

	Last Month	Last 3 Months	Fiscal To Date	Last 3 Years	Last 5 Years
Domestic Equity	(2.18%)	7.00%	1.32%	12.47%	9.49%
Russell 3000 Index	(2.04%)	6.40%	1.31%	12.24%	9.60%
Excess Return	(0.15%)	0.60%	0.01%	0.23%	(0.11%)
Mellon Equity Index (06/94)	(1.59%)	6.76%	2.73%	12.65%	10.09%
S&P 500 Index	(1.58%)	6.87%	2.92%	12.70%	10.11%
Excess Return	(0.01%)	(0.11%)	(0.19%)	(0.05%)	(0.02%)
Mellon Dynamic US Equity (12/13)	(0.41%)	8.97%	4.90%	14.79%	12.67%
S&P 500 Index	(1.58%)	6.87%	2.92%	12.70%	10.11%
Excess Return	1.18%	2.10%	1.97%	2.09%	2.56%
Vulcan All Cap (12/13)**	(5.25%)	9.86%	0.31%	11.23%	7.48%
Russell 3000 Index	(2.04%)	6.40%	1.31%	12.24%	9.60%
Excess Return	(3.22%)	3.46%	(1.00%)	(1.01%)	(2.12%)
Wedge (12/11)	(4.99%)	3.17%	(10.30%)	4.70%	4.84%
Wedge Spliced Index*	(4.87%)	1.94%	(9.29%)	8.20%	6.23%
Excess Return	(0.12%)	1.23%	(1.01%)	(3.50%)	(1.40%)
Riverbridge (10/13)	(0.98%)	5.28%	4.58%	16.68%	11.56%
Riverbridge Spliced Index****	(2.84%)	6.35%	(4.45%)	10.09%	7.34%
Excess Return	1.86%	(1.08%)	9.04%	6.59%	4.22%
International Equity	(3.12%)	1.27%	(4.37%)	5.78%	1.53%
MSCI ACWI ex-US IMI Index	(3.06%)	1.40%	(4.08%)	5.71%	1.49%
Excess Return	(0.06%)	(0.12%)	(0.30%)	0.08%	0.04%
Mellon International (03/13)	(2.61%)	1.90%	(2.93%)	6.32%	2.23%
MSCI EAFE Index	(2.59%)	1.88%	(3.26%)	5.91%	1.89%
Excess Return	(0.02%)	0.02%	0.32%	0.41%	0.34%
Franklin Templeton Int'l Equity (04/13)	(2.83%)	1.53%	(6.57%)	5.43%	2.44%
MSCI ACWI ex-US Small Cap	(2.88%)	0.73%	(9.01%)	4.65%	2.28%
Excess Return	0.05%	0.80%	2.44%	0.77%	0.16%
Lazard International Equity (04/13)	(2.66%)	2.22%	0.23%	7.22%	2.62%
MSCI ACWI ex-US IMI	(3.06%)	1.40%	(4.08%)	5.71%	1.49%
Excess Return	0.40%	0.82%	4.31%	1.51%	1.12%
AQR Emerging Markets (05/14)	(4.91%)	(0.97%)	(9.19%)	4.43%	(0.92%)
MSCI Emerging Mkts Idx	(4.85%)	0.02%	(3.98%)	6.16%	0.76%
Excess Return	(0.06%)	(0.98%)	(5.21%)	(1.72%)	(1.67%)
Private Equity	(2.04%)	(1.96%)	20.05%	13.11%	12.98%
Russell 3000 Index	(2.04%)	6.40%	1.31%	12.24%	9.60%
Excess Return	0.00%	(8.36%)	18.74%	0.87%	3.38%
PAPEF VII (01/13)*****	(2.04%)	(2.61%)	24.74%	15.47%	13.21%
Russell 3000 Index	(2.04%)	6.40%	1.31%	12.24%	9.60%
Excess Return	0.00%	(9.01%)	23.43%	3.23%	3.61%
PASF II (01/13)*****	(2.04%)	2.88%	12.87%	9.63%	12.73%
Russell 3000 Index	(2.04%)	6.40%	1.31%	12.24%	9.60%
Excess Return	0.00%	(3.52%)	11.56%	(2.61%)	3.13%
PAPEF VIII (04/16)*****	(2.04%)	(3.39%)	15.19%	9.41%	-
Russell 3000 Index	(2.04%)	6.40%	1.31%	12.24%	9.60%
Excess Return	0.00%	(9.79%)	13.88%	(2.83%)	-
PASF III (01/17)*****	(2.04%)	(1.15%)	32.22%	-	-
Russell 3000 Index	(2.04%)	6.40%	1.31%	12.24%	9.60%
Excess Return	0.00%	(7.55%)	30.91%	-	-
PAPEF IX (06/18)*****	(2.04%)	(6.58%)	5.06%	-	-
Russell 3000 Index	(2.04%)	6.40%	1.31%	12.24%	9.60%
Excess Return	0.00%	(12.99%)	3.75%	-	-

All returns are net of fees.
Fiscal Year is September 1st - August 31st.
* Wedge Spliced Index is the Russell 2500 Value Index as of 4/1/2019.
**Fund is under watch.
**** Riverbridge Spliced Index is the Russell 2500 Growth Index as of 4/1/2019.
***** Portfolio Advisors is lagged 1 quarter, and proxied to the benchmark until quarter end data is received.

Investment Manager Excess Returns

The table below details the time-weighted rates of return for the fund's investment managers over various time periods ended February 28, 2019. Negative manager excess returns are shown in red, positive excess returns in blue. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended August 31, 2019

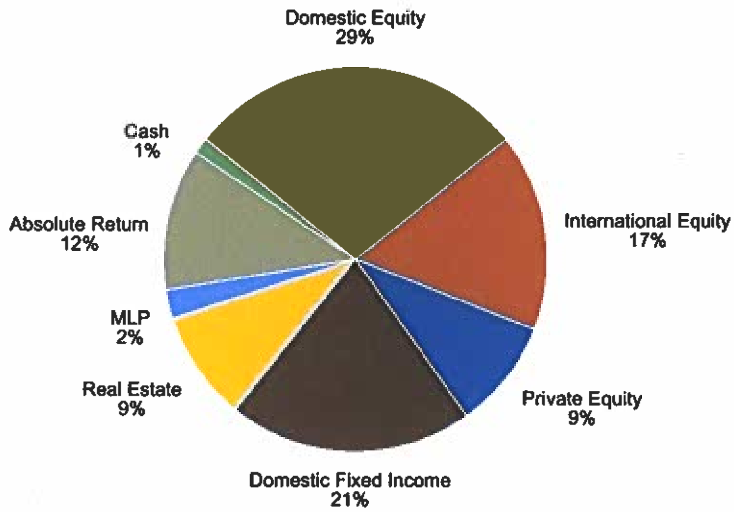
	Last Month	Last 3 Months	Fiscal Year To Date	Last 3 Years	Last 5 Years
Fixed Income	(0.03%)	2.30%	7.45%	2.90%	2.40%
Blmbg Aggregate Index	2.59%	4.11%	10.17%	3.09%	3.35%
Excess Return	(2.62%)	(1.81%)	(2.72%)	(0.19%)	(0.95%)
Mellon Agg Index (01/06)	2.57%	4.10%	10.12%	2.64%	2.96%
Blmbg Aggregate Index	2.59%	4.11%	10.17%	3.09%	3.35%
Excess Return	(0.02%)	(0.01%)	(0.05%)	(0.45%)	(0.39%)
Janus Core Plus (11/12)	2.48%	4.59%	9.55%	3.27%	3.13%
Blmbg Aggregate Index	2.59%	4.11%	10.17%	3.09%	3.35%
Excess Return	(0.11%)	0.49%	(0.62%)	0.18%	(0.22%)
Franklin Templeton Global Plus(11/12)	(8.23%)	(4.85%)	(0.23%)	1.82%	(0.01%)
Blmbg Multiverse Index	1.83%	3.91%	7.77%	2.32%	1.74%
Excess Return	(10.06%)	(8.76%)	(8.00%)	(0.51%)	(1.75%)
Real Estate	0.37%	(1.52%)	1.96%	4.46%	6.30%
Real Estate Benchmark****	0.37%	1.12%	5.47%	6.15%	8.25%
Excess Return	0.00%	(2.64%)	(3.51%)	(1.69%)	(1.95%)
UBS Trumbull Fund (01/12)***(**)	0.37%	(3.18%)	(0.06%)	3.67%	6.30%
NFI-ODCE Equal Weight Net	0.37%	1.12%	5.47%	6.77%	8.82%
Excess Return	0.00%	(4.30%)	(5.53%)	(3.09%)	(2.52%)
Heitman (10/15)***	0.37%	0.17%	4.03%	6.11%	-
NFI-ODCE Equal Weight Net	0.37%	1.12%	5.47%	6.77%	8.82%
Excess Return	0.00%	(0.95%)	(1.44%)	(0.66%)	-
MLPs					
Salient Advisors (08/14)**	(4.41%)	(3.15%)	(10.59%)	(0.94%)	(7.57%)
S&P MLP Index	(5.35%)	(1.52%)	(8.33%)	(0.33%)	(8.32%)
Excess Return	0.94%	(1.63%)	(2.26%)	(0.61%)	0.75%
Absolute Return	(0.22%)	1.49%	(0.88%)	3.83%	-
60% ACWI/40% BC Gbl Agg	(0.61%)	4.24%	3.22%	6.47%	-
Excess Return	0.39%	(2.75%)	(4.10%)	(2.63%)	-
Allianz (11/15)	(0.30%)	3.94%	4.82%	7.67%	-
3-month Treasury Bill + 10%	0.99%	2.98%	12.36%	11.50%	-
Excess Return	(1.29%)	0.96%	(7.54%)	(3.83%)	-
AQR Style Premia (4/16)	(1.53%)	(3.51%)	(13.34%)	(2.68%)	-
3-month Treasury Bill + 8%	0.83%	2.52%	10.36%	9.50%	-
Excess Return	(2.36%)	(6.02%)	(23.70%)	(12.18%)	-
Invesco (7/17)	1.41%	1.24%	1.95%	-	-
3-month Treasury Bill + 4%	0.53%	1.58%	6.36%	-	-
Excess Return	0.89%	(0.34%)	(4.41%)	-	-
Cash	0.23%	0.61%	2.87%	2.20%	2.07%
3-month Treasury Bill	0.21%	0.61%	2.36%	1.50%	0.95%
Excess Return	0.03%	(0.00%)	0.51%	0.70%	1.13%
Total Fund	(1.47%)	2.18%	1.92%	6.67%	4.61%
Strategic Blended Index*	(0.94%)	4.05%	2.73%	7.33%	5.39%
Excess Return	(0.53%)	(1.87%)	(0.81%)	(0.66%)	(0.78%)

* Current Month Target = 26.0% Russell 3000 Index, 19.0% Blmbg Aggregate, 16.0% MSCI ACWI ex US IMI, 10.0% Russell 3000 Index, 10.0% NCREIF NFI-ODCE Eq Wt Net, 9.0% MSCI ACWI, 6.0% Blmbg Glob Agg Unhedged, 3.0% S&P MLP Index and 1.0% 3-month Treasury Bill.
**Fund is under watch.
*** UBS Trumbull and Heitman and proxied to the benchmark until quarter end data is received.
**** The Real Estate Benchmark is the NFI-ODCE Equal Weight Net as of 1/31/2017.

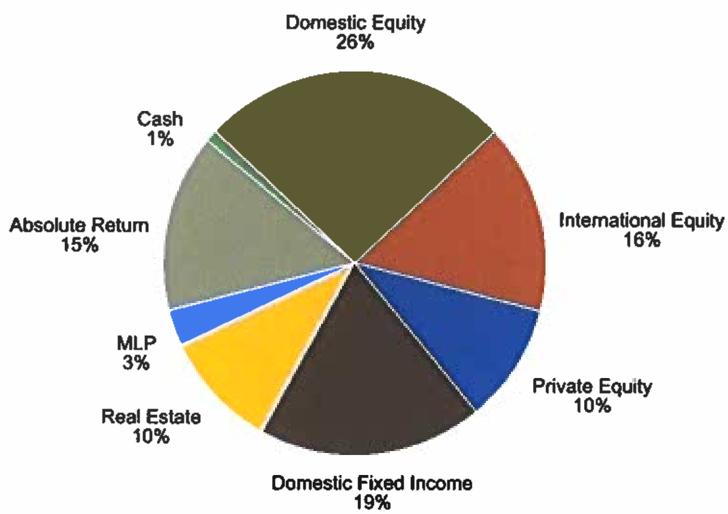
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of August 31, 2019. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



Asset Class	$Dollars Actual	Percent Actual	Percent Target	Percent Difference	$Dollars Difference
Domestic Equity	229,443,390	28.7%	26.0%	2.7%	21,410,656
International Equity	132,694,703	16.6%	16.0%	0.6%	4,674,558
Private Equity	73,277,780	9.2%	10.0%	(0.8%)	(6,734,814)
Domestic Fixed Income	165,136,217	20.6%	19.0%	1.6%	13,112,292
Real Estate	74,524,674	9.3%	10.0%	(0.7%)	(5,487,920)
MLP	18,855,248	2.4%	3.0%	(0.6%)	(5,148,529)
Absolute Return	95,288,952	11.9%	15.0%	(3.1%)	(24,729,942)
Cash	10,904,964	1.4%	1.0%	0.4%	2,903,705
Total	800,125,928	100.0%	100.0%		

*Current Month Target Performance is calculated using monthly rebalancing.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of August 31, 2019, with the distribution as of July 31, 2019. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	August 31, 2019				July 31, 2019	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Domestic Equity	**$229,443,390**	**28.68%**	**$(194,112)**	**$(4,929,688)**	**$234,567,189**	**28.76%**
Mellon Equity Index	75,160,656	9.39%	(6,856)	(1,210,241)	76,377,753	9.37%
Mellon Dynamic US Equity	56,241,070	7.03%	(41,674)	(187,810)	56,470,553	6.92%
Vulcan All Cap**	32,738,434	4.09%	0	(1,815,820)	34,554,253	4.24%
Wedge**	28,477,403	3.56%	(62,716)	(1,432,540)	29,972,659	3.68%
Riverbridge	36,825,828	4.60%	(82,866)	(283,277)	37,191,971	4.56%
International Equity	**$132,694,703**	**16.58%**	**$(25,948)**	**$(4,241,517)**	**$136,962,168**	**16.79%**
Mellon International Stock Index	55,322,893	6.91%	(7,469)	(1,472,911)	56,803,273	6.96%
LSV*	868	0.00%	0	(10)	878	0.00%
Franklin Templeton Int'l Equity	24,229,378	3.03%	0	(705,715)	24,935,093	3.06%
Lazard International Equity	27,283,242	3.41%	0	(746,448)	28,029,691	3.44%
AQR Emerging Markets**	25,858,322	3.23%	(18,479)	(1,316,433)	27,193,234	3.33%
Private Equity	**$73,277,780**	**9.16%**	**$0**	**$(1,524,852)**	**$74,802,631**	**9.17%**
PAPEF VII	25,053,831	3.13%	0	(521,350)	25,575,182	3.14%
PASF II	10,091,737	1.26%	0	(210,001)	10,301,738	1.26%
PAPEF VIII	18,895,872	2.36%	0	(393,208)	19,289,080	2.37%
PASF III	14,323,760	1.79%	0	(298,066)	14,621,826	1.79%
PAPEF IX	4,912,578	0.61%	0	(102,227)	5,014,805	0.61%
Domestic Fixed Income	**$165,136,217**	**20.64%**	**$(51,362)**	**$1,895**	**$165,185,683**	**20.25%**
Mellon Aggregate Index	51,332,728	6.42%	(4,430)	1,292,471	50,044,686	6.14%
Janus Core Plus	77,867,428	9.73%	(46,932)	1,932,025	75,982,334	9.32%
Franklin Templeton Global Plus	35,936,062	4.49%	0	(3,222,601)	39,158,662	4.80%
Real Estate	**$74,524,674**	**9.31%**	**$0**	**$276,278**	**$74,248,396**	**9.10%**
UBS Trumbull Fund**	36,966,816	4.62%	0	137,044	36,829,773	4.52%
Heitman	37,557,858	4.69%	0	139,235	37,418,624	4.59%
MLP	**$18,855,248**	**2.36%**	**$(6,000,000)**	**$(1,128,972)**	**$25,984,220**	**3.19%**
Salient Advisors**	18,855,248	2.36%	(6,000,000)	(1,128,972)	25,984,220	3.19%
Absolute Return	**$95,288,952**	**11.91%**	**$(61,687)**	**$(149,608)**	**$95,500,247**	**11.71%**
Allianz	49,871,491	6.23%	0	(151,318)	50,022,810	6.13%
AQR Style Premia	23,513,399	2.94%	0	(365,244)	23,878,643	2.93%
Invesco	21,904,062	2.74%	(61,687)	366,955	21,598,794	2.65%
Cash	**$10,904,964**	**1.36%**	**$2,573,741**	**$20,462**	**$8,310,760**	**1.02%**
Total Fund	**$800,125,928**	**100.0%**	**$(3,759,367)**	**$(11,676,000)**	**$815,561,296**	**100.0%**

*Fund has been liquidated, only cash position remains.
**Fund is under watch.

CITY OF EL PASO EMPLOYEES RETIREMENT TRUST
(A Component Unit of the City of El Paso, Texas)
SCHEDULE OF MANAGEMENT FEES AND BROKER COMMISSIONS
AUGUST 31, 2019

MANAGEMENT FEES	
U.S. GOVERNMENT SECURITIES MANAGERS	$100,497
CORPORATE BONDS AND NOTES MANAGER	$339,779
COPORATE STOCK MANAGERS	$627,011
BANK COLLECTIVE INVESTMENT FUNDS MANAGERS	$219,945
COMMINGLED FIXED INCOME FUNDS MANAGERS	$335,579
COMMINGLED CORPORATE STOCK MANAGERS	$427,088
PRIVATE REAL ESTATE MANAGERS	$371,918
PRIVATE EQUITY INVESTMENT MANAGERS	-
ABSOLUTE VALUE INVESTMENT MANAGERS	$362,696
MASTER LIMITED PARTNERSHIP MANAGERS	$203,213
TOTAL	$2,987,728

BROKER COMMISSIONS	
BAIRD, ROBERT W & CO INC, MILWAUKEE	$1,925.18
BARCLAYS CAPITAL LE, NEW JERSEY	$2,968.21
BARCLAYS CAPITAL LE, NEW YORK	$2,900.00
BERNSTEIN SANFORD C & CO, NEW YORK	$7,070.89
BTIG LLC, NEW YORK	$1,792.86
CANTOR FITZGERALD & CO INC, NEW YORK	$9,900.31
CITIGROUP GBL MKTS INC, NEW YORK	$2,272.01
COWEN AND COMPANY, LLC, JERSEY CITY	$4,015.90
DIRECT TRADING, UNITED STATES	$1,090.09
GOLDMAN SCAHS & CO, NY	$3,469.29
J.P. MORGAN SECURITIES INC, NEW YORK	$3,128.66
JEFFERIES & CO INC, NEW YORK	$2,473.11
JONESTRADING INSTL SVCS LLC, NEW YORK	$6,266.37
JONESTRADING INSTL SVCS LLC, WESTLAKE	$5,236.67
LIQUIDNET INC., NEW YORK	$1,095.35
MERRILL LYNCH PIERCE FENNER SMITH INC NY	$6,799.71
MIZUHO SECURITIES USA INC, NEW YORK	$2,323.92
MORGAN STANLEY & CO INC, NY	$9,984.30
NATIONAL FINL SVCS CORP, NEW YORK	$5,225.14
RBC CAPITAL MARKETS LLC, NEW YORK	$1,391.79
USB SECURITIES LLC, STAMFORD	$1,280.77
WELLS FARGO SECURITIES LLC, CHARLOTTE	$2,079.86
OTHER	$7,213.46
TOTAL	$91,903.85

ACTUARIAL SECTION

November 12, 2019

Mr. Robert B. Ash
Pension Administrator
City of El Paso Employees Retirement Trust
1039 Chelsea Street
El Paso, TX 79903

Re: September 1, 2019 Roll-Forward Valuation Results

Dear Robert,

This report provides the results of the September 1, 2019 roll-forward valuation of the City of El Paso Employees Retirement Trust (Plan). It is based on a roll-forward of the September 1, 2018 valuation liabilities (assuming no liability gains or losses during the year) and the August 31, 2019 unaudited asset statement that was provided to us by the City. Attached is an exhibit that provides the key valuation results (the September 1, 2018 valuation results are shown for comparison purposes).

This roll-forward valuation is based on the participant data, plan provisions, and actuarial assumptions and methods described in the September 1, 2018 actuarial valuation report dated February 6, 2019.

Use of this report by anyone other than the City or the Board may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, Buck recommends requesting it to perform an advance review of any statement, document, or filing based on information contained in this report. Buck will accept no liability for any such statement; document or filing made without prior review by Buck.

Where presented, references to "funded ratio" and "unfunded accrued liability" typically are measured on an actuarial value of assets basis. It should be noted that the same measurements using market value of assets would result in different funded ratios and unfunded accrued liabilities. Moreover, the funded ratio presented is appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the Plan if the Plan were to settle (i.e., purchase annuities) for all or a portion of its liabilities.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. An analysis of the potential range of such future differences is beyond the scope of this valuation.

ASOP 51 is a new Actuarial Standard of Practice that was effective for measurements on or after November 1, 2018. The actuary is required to identify, but not necessarily quantify, risks that, in his/her professional judgment, may reasonably be anticipated to significantly affect the Plan's future financial condition.

Under ASOP 51, risk is defined as the potential of actual future measurements deviating from expected future measurements resulting from actual future experience deviating from actuarially assumed experience.

The more significant risk factors affecting the future funded status and contribution rates of the Plan are described below:

1. Investment Risk - The potential that future investment returns will be different than the current assumption of 7.5%. Plan costs are very sensitive to the market return. If market returns are lower than the assumed rate of return on assets, future costs will increase.

2. Contribution Risk - Under the El Paso City Municipal Code, the City contributes 14.05% of pay each year and active members contribute 8.95% of pay each year. The Actuarially Determined Contribution (ADC) for the plan year beginning September 1, 2019 is 10.20% of pay (excluding active member contributions)[1]. The ADC is currently less than the fixed City contribution rate of 14.05%. This should be monitored closely to ensure the contributions to the Plan do not fall below the ADC. If this were to happen, the liabilities of the Plan would grow faster than the assets, which would cause the unfunded liability and ADC to increase over time.

3. Longevity Risk - The potential that mortality rates of plan participants will be different than assumed. The mortality assumption includes an assumption for future mortality improvement. If participants live longer than the life expectancies predicted by the baseline mortality table and mortality improvement scale, benefits will be paid over a longer period of time than expected, which will lead to increases in liabilities and costs.

4. Other Demographic Risk - The potential that demographic experience patterns (especially retirement and turnover) will be different than assumed. If participants retire earlier than expected based on the retirement assumption, or lower turnover leads to more participants receiving benefits than expected, future liabilities and costs will increase.

We will be performing an experience study for the 4-year period September 1, 2014 to August 31, 2018. Based on that experience study, the Board may adopt new assumptions which could lead to higher liabilities and contribution rates.

[1] If the Unfunded Actuarial Accrued Liability were to be amortized over 25 years (rather than 30 years), the ADC for the plan year beginning September 1, 2019 would increase from 10.20% of pay to 10.93% of pay.

This report was prepared under my supervision and in accordance with all applicable Actuarial Standards of Practice. I am a Fellow of the Society of Actuaries, an Enrolled Actuary, a Member of the American Academy of Actuaries and a Fellow of the Conference of Consulting Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

I am available to discuss this report with you at your convenience. I can be reached at (602) 803-6174.

Buck Global, LLC (Buck)

David J. Kershner, FSA, EA, MAAA, FCA
Principal

Valuation Date:	September 1, 2019	September 1, 2018
Membership[2]		
Active		4,345
Terminated with deferred benefits[3]		181
Retired paid from Plan[4]		3,174
Compensation		
Total	$172,242,295	$ 167,225,529
Average	$39,642	$ 38,487
Assets		
Market value	$ 802,755,755	$ 820,416,288
Actuarial value (AVA)	$ 836,400,471	$ 822,926,030
Valuation Results		
Actuarial Accrued Liability (AAL)	$ 1,054,386,823	$ 1,024,379,167
Funded ratio (AVA/AAL)	79.3%	80.3%
Unfunded Actuarial Accrued Liability (UAAL)	$ 217,986,352	$ 201,453,137
UAAL funding period	17 years	14 years
City's 30-year Funding Cost	10.20%	9.86%

[2] Census data as of July 1 preceding valuation date.
[3] Excludes terminated members entitled to refunds of contributions paid after July 1.
[4] Excludes retirees for whom annuities were purchased from Prudential, but whose cost-of-living increases are paid by the Plan.

BUCK

February 6, 2019

Mr. Robert B. Ash
Pension Administrator
City of El Paso Employees' Retirement Trust
1039 Chelsea St.
El Paso, TX 79903

Dear Robert,

This report summarizes the results of the September 1, 2018 actuarial valuation of the City of El Paso Employees Retirement Trust (Plan).

The primary purposes of the valuation are to (i) determine the adequacy of the current contribution rate of the City, (ii) describe the current financial condition of the Plan, and (iii) analyze changes in the Plan's condition since the last valuation.

Valuations are prepared biennially, as of September 1 of even years. September 1 is the first day of the Plan's plan year. Interim valuations are prepared as of September 1 of odd years based on updated assets and a roll-forward of liabilities from the previous valuation.

Use of this report for any other purpose or by anyone other than the City and the Plan's auditors may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, Buck recommends requesting it to perform an advance review of any statement, document, or filing based on information contained in this report. Buck will accept no liability for any such statement, document or filing made without prior review by Buck.

The actuarial valuation reflects the benefit and contribution provisions set forth in the Plan's statutes. A summary of the benefit provisions used in the valuation is presented in Schedule B. There were no changes in benefit provisions since the previous valuation.

The actuarial assumptions and methods used in the valuation are presented in Schedule C. In my opinion, the actuarial assumptions are reasonable, taking into account the experience of the Plan and reasonable long-term expectations, and represent my best estimate of the anticipated long-term experience under the Plan. The assumptions and methods are the same as those used in the previous valuation.

Member data for active, retired, and inactive members was supplied as of July 1, 2018 by the City. The City is solely responsible for the accuracy and comprehensiveness of the data. We did not verify the data submitted but did perform tests for consistency and reasonableness. Asset information was supplied by the City.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. An analysis of the potential range of such future differences is beyond the scope of this valuation.

Where presented, references to "funded ratio" and "unfunded accrued liability" typically are measured on an actuarial value of assets basis. It should be noted that the same measurements using market value of assets would result in different funded ratios and unfunded accrued liabilities. Moreover, the funded ratio presented is appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the Plan if the Plan were to settle (i.e., purchase annuities) for all or a portion of its liabilities.

This report was prepared under my supervision and in accordance with all applicable Actuarial Standards of Practice. I am a Fellow of the Society of Actuaries, an Enrolled Actuary, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

I am available to discuss this report with you at your convenience. I can be reached at (602) 803-6174.

Buck Global, LLC (Buck)

David J. Kershner, FSA, EA, MAAA, FCA
Principal

Section 1 – Summary of Results

	September 1, 2018	September 1, 2016
Membership[1]		
Active	4,345	4,217
Terminated with deferred benefits[2]	181	141
Retired paid from Plan[3]	3,174	2,863
Compensation		
Total	$ 167,225,529	$ 156,336,028
Average	$ 38,487	$ 37,073
Assets		
Market value	$ 820,416,288	$ 723,103,443
Actuarial value	$ 822,926,030	$ 749,026,818
Valuation Results		
Actuarial accrued liability (AAL)	$ 1,024,379,167	$ 945,772,098
Assets (actuarial)	$ 822,926,030	$ 749,026,818
Funded ratio (actuarial)	80.3%	79.2%
Unfunded actuarial accrued liability (UAAL)	$ 201,453,137	$ 196,745,280
UAAL funding period	14 years	17 years
30-year Funding Cost for the City		
Normal cost rate	2.99%	3.24%
UAAL amortization rate	6.87%	7.17%
Total rate	9.86%	10.41%

[1] Census data is as of July 1 preceding the valuation date.
[2] Excludes terminated members entitled to refunds of contributions paid after July 1.
[3] Excludes retirees for whom annuities were purchased from Prudential, but whose cost-of-living increases are paid by the Plan.

Section 2 – Comments on the Valuation

Overview

The overall funding of the Plan has improved since the September 1, 2016 valuation. This is mainly due to a combination of lower-than-expected salary increases and better-than-expected asset returns over the past two-year period.

Section 3 shows in more detail the changes to the UAAL, the funding cost, and the UAAL funding period based on the current contribution rates.

Funding Status

There are two significant measures of the funding status of the Plan. The first is the 30-year funding cost. This is the City contribution rate required to pay the normal cost and to amortize the UAAL over a 30-year period. This rate is currently 9.86% of total salary compared with the City's actual contribution rate of 14.05% of total salary. Section 3 shows a reconciliation of the changes between the 2016 and 2018 figures.

The other measure is the UAAL funding period. This is the length of time in years that will be required to amortize the current UAAL based on the current contribution rates. This period is currently 14 years, compared to 17 years in 2016.

Benefit Provisions

Schedule B summarizes the benefit provisions of the Plan. The provisions were changed effective September 1, 2011 so that Members of the Plan prior to September 1, 2011 are eligible for the First Tier Plan, and Members of the Plan on or after September 1, 2011 are eligible for the Second Tier Plan. There are no significant benefits which were not taken into account in this valuation. There were no changes to the benefit provisions since the previous valuation.

Actuarial Assumptions and Methods

Schedule C describes the assumptions and methods used for this valuation. An experience study was performed in 2016. Based on that study, the Board adopted assumption changes in 2016 to better reflect anticipated experience of the Plan. There were no changes to the actuarial assumptions or methods since the previous valuation.

Financial Data

The financial data used in this report was provided by the City.

Section 5 shows a reconciliation of the Plan's assets between 2016 and 2018, and the development of the actuarial value of assets (AVA). To minimize volatility in contribution rates, we use an adjusted market value, which phases in market gains and losses (compared to the assumed investment return rate) over five years. The market returns for the two years since the last valuation were 10.4% and 8.4%, while the actuarial returns were 7.7% and 7.4%.

Membership Statistics

Data on active and retired members was supplied by the City as of July 1, 2018. The active membership increased from 4,217 to 4,345 between 2016 and 2018, a 3.0% increase over the two-year period, while payroll grew from $156.3 million to $167.2 million over the same period, a 7.0% increase. Schedule A shows a summary of the membership data used in the valuation.

Section 3 – Actuarial Funding Requirements

Actuarial Liabilities, Costs and Funding Period

		September 1, 2018	September 1, 2016
1.	Covered Payroll	$ 167,225,529	$ 156,336,028
2.	Actuarial present value of future pay	$ 1,318,186,404	$ 1,204,554,432
3.	Current contribution rates		
	a. City	14.05%	14.05%
	b. Member	8.95%	8.95%
	c. Total	23.00%	23.00%
4.	Normal cost rate		
	a. Total (before adjustment for overtime)	12.42%	12.68%
	b. Total (after adjustment for overtime)	11.94%	12.19%
	c. Member contribution rate	8.95%	8.95%
	d. Employer normal cost rate (4b – 4c)	2.99%	3.24%
5.	Actuarial present value of future benefits	$ 1,188,097,918	$ 1,098,509,600
6.	Actuarial present value of future normal costs (4a x 2)	$ 163,718,751	$ 152,737,502
7.	Actuarial accrued liability (5 – 6)	$ 1,024,379,167	$ 945,772,098
8.	Actuarial value of assets	$ 822,926,030	$ 749,026,818
9.	Unfunded actuarial accrued liability (UAAL) (7 – 8)	$ 201,453,137	$ 196,745,280
10.	30-year funding cost for City		
	a. Employer normal cost rate (4d)	2.99%	3.24%
	b. UAAL amortization rate	6.87%	7.17%
	c. Total	9.86%	10.41%
11.	Margin over/(under) 30-year cost (3a – 10c)	4.19%	3.64%
12.	Funding period to amortize UAAL	14 years	17 years

Section 3 – Actuarial Funding Requirements (continued)

Analysis of Change in UAAL

1. UAAL as of September 1, 2016	$	196,745,280
2. Changes due to:		
a. Expected increase/(decrease)		(6,193,226)
b. Actual contributions greater than expected		(6,201,749)
c. Other changes including liability experience		18,075,155
d. Asset experience		(972,323)
e. Assumption Changes		0
Total Changes	$	4,707,857
3. UAAL as of September 1, 2018	$	201,453,137

Analysis of Change in Funding Cost

1. 30-year funding cost as of September 1, 2016	10.41%
2. Changes due to:	
a. Actual contributions greater than expected	(0.21)%
b. Liability experience	(0.31)%
c. Asset experience	(0.03)%
d. Assumption changes	0.00%
Total	(0.55)%
3. 30-year funding cost as of September 1, 2018	9.86%

Section 3 – Actuarial Funding Requirements (continued)

Analysis of Change in Funding Period

1.	Funding period as of September 1, 2016	17 years
2.	Changes due to:	
	a. Passage of time	(2)
	b. Actual contributions greater than expected	(1)
	c. Liability experience	1
	d. Asset experience	(1)
	e. Assumption changes	0
	Total	(3)
3.	Funding period as of September 1, 2018	14 years

Section 4 – Historical Funding Information

Historical Funding Detail

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
September 1, 2008	552.8	631.6	78.8	87.5%	136.5	57.7%
September 1, 2010	569.7	710.0	140.3	80.2%	143.1	98.0%
September 1, 2012	581.7	788.2	206.5	73.8%	147.7	139.8%
September 1, 2014	663.1	859.7	196.7	77.1%	153.6	128.0%
September 1, 2016	749.0	945.8	196.7	79.2%	156.3	125.9%
September 1, 2018	822.9	1,024.4	201.5	80.3%	167.2	120.5%

Schedule of Employer Contributions

Period Ending	Annual Required Contribution	Percentage Contributed
August 31, 2009	17,245,402	100%
August 31, 2010	17,626,236	100%
August 31, 2011	18,356,531	98%
August 31, 2012	19,605,418	100%
August 31, 2013	21,075,292	97%
August 31, 2014	22,649,727	96%
August 31, 2015	22,916,913	100%
August 31, 2016	23,370,111	100%
August 31, 2017	25,327,071	100%
August 31, 2018	25,651,488	100%

Section 5 – Summary of Asset Information

Reconciliation of Fund Assets

	Period Ending	
	August 31, 2018	August 31, 2017
1. Value of fund at beginning of period	$ 776,552,623	$ 723,103,443
2. Contributions		
a. City	$ 25,651,488	$ 25,327,071
b. Member	15,540,713	15,154,341
c. Total	$ 41,192,201	$ 40,481,412
3. Benefit payments	(61,114,382)	(61,077,565)
4. Investment earnings	65,481,720	75,370,973
5. Administrative expenses	(1,695,874)	(1,325,640)
6. Value of assets at end of period	$ 820,416,288	$ 776,552,623

Section 5 – Summary of Asset Information (continued)

Determination of Excess Investment Earnings to be Deferred

	Period Ending August 31, 2018	August 31, 2017
1. Market value at beginning of period	$ 776,552,623	$ 723,103,443
2. Cash flows		
a. City contributions	$ 25,651,488	$ 25,327,071
b. Member contributions	15,540,713	15,154,341
c. Benefit payments	(58,224,939)	(57,972,792)
d. Refunds	(2,889,443)	(3,104,773)
e. Total	$ (19,922,181)	$ (20,596,153)
3. Weighted cash flows (2e x 50%)	$ (9,961,091)	$ (10,298,077)
4. Assets available (1 + 3)	$ 766,591,532	$ 712,805,366
5. Assumed investment return rate	7.50%	7.50%
6. Expected net return (4 x 5)	$ 57,494,365	$ 53,460,402
7. Actual net return		
a. Total investment return	$ 65,481,720	$ 75,370,973
b. Administrative expenses	(1,695,874)	(1,325,640)
c. Net return	$ 63,785,846	$ 74,045,333
8. Gains/(losses) subject to deferral (7c - 6)	$ 6,291,481	$ 20,584,931

Section 5 – Summary of Asset Information (continued)

Calculation of Actuarial Value of Assets

1. Market value of assets as of August 31, 2018 $ 820,416,288
2. Deferral amounts

Year	Total Gain/(Loss)	Percent Deferred	Deferral Amount
2017-2018	$ 6,291,481	80%	$ 5,033,185
2016-2017	20,584,931	60%	12,350,958
2015-2016	(13,081,797)	40%	(5,232,719)
2014-2015	(73,305,829)	20%	(14,661,166)
Total			$ (2,509,742)

3. Actuarial value of assets (1 – 2e) $ 822,926,030

Schedule A - Membership Data

		September 1, 2018[1]	September 1, 2016[1]
1.	Active members		
	a. Number vested	1,902	2,008
	b. Number non-vested	2,443	2,209
	c. Total	4,345	4,217
	d. Covered payroll	$ 167,225,529	$ 156,336,028
	e. Average annual pay	$ 38,487	$ 37,073
	f. Average age	45.8	46.5
	g. Average service (years)	10.1	10.6
2.	Retired members		
	a. Number currently being paid from Plan[2]	3,174	2,863
	b. Total current annual benefit	$ 59,700,507	$ 52,488,661
	c. Average current annual benefit	$ 18,809	$ 18,333
	d. Average age	69.8	69.4
3.	Deferred vested members		
	a. Number entitled to deferred benefits[3]	181	141
	b. Total deferred annual benefit	$ 2,624,290	$ 1,949,199
	c. Average deferred annual benefit	$ 14,499	$ 13,824
	d. Average age	48.4	49.7

[1] Census data provided as of July 1 preceding valuation date is assumed to be the same as of September 1. Compensation amounts have been adjusted for two months at assumed salary increases.

[2] Excludes retirees for whom annuities were purchased from Prudential, but whose cost-of-living increases are paid by the Plan (198 as of July 1, 2016 and 161 as of July 1, 2018).

[3] Excludes terminated members entitled to refunds of contributions paid after July 1 (311 members with $3,002,034 in contributions as of July 1, 2016 and 504 members with $4,579,540 in contributions as of July 1, 2018).

Schedule B - Summary of Benefit Provisions

First Tier Plan

Final Wages

The greatest of (i) average of Member's total earnings in the 36 months before retirement, (ii) average of Member's base pay for the year before retirement, or (iii) Member's base pay in the month preceding retirement.

Member

All classified civil service employees of the City of El Paso, except for members of the Policemen's or Firemen's Pension Fund. Permanent part-time employees and certain full-time employees not in the classified civil service are not required to participate but may elect to do so. Special rules apply to certain "grant-funded" employees. The First Tier Plan applies to employees who become plan participants prior to September 1, 2011.

Credited Service

Years and months of service while a Member. At retirement, a Member may convert unused sick leave to service under the plan. An unlimited amount of sick leave may be converted to benefit service. Alternatively, up to six months of sick leave may be applied to meet a benefit eligibility requirement, but if so used, such service cannot also be used in the calculation of the benefit amount.

Contribution Rates

Effective September 1, 2014, active members contribute 8.95% of his/her wages per year. The City contributes 14.05% of the member's wages per year.

Service Retirement Benefits

Normal Retirement Benefit

Eligibility

Age 55 with 10 years of Credited Service, age 60 with 7 years of Credited Service, or 30 years of Credited Service, if earlier.

Benefit

2.50% of Final Wages times years of Credited Service, subject to a minimum benefit of $75.

Early Retirement Benefit

Eligibility

Age 40 with 10 years of Credited Service, or age 45 with at least 7 years of Credited Service.

Benefit

2.50% of Final Wages times years of Credited Service, multiplied by the appropriate actuarial reduction factor.

Deferred Retirement Benefit

Eligibility

Age 40 with 10 years of Credited Service, or age 45 with at least 7 years of Credited Service.

Benefit

2.50% of Final Wages times years of Credited Service, payable at early retirement age reduced in accordance with the Early Retirement Benefit or unreduced at normal retirement age.

Schedule B - Summary of Benefit Provisions (continued)

Withdrawal (Refund) of Contributions

Eligibility

Immediate.

Benefit

Total employee contributions without interest. If the member has more than five years of service, contributions are paid with interest, credited annually at 5.5%. No other benefits are payable under the Plan once the contributions are withdrawn.

Survivor Benefits

Qualified Surviving Spouse or Child Benefit

Eligibility

Death of a Member due to a job-related accident or age 40 with ten years of service or age 45 with seven years of service.

Benefit

Amount payable if Member had retired immediately prior to death with a Joint and 100% option, subject to a \$75 per month minimum benefit. If death is due to a job-related accident, there is a minimum \$550 per month benefit and the benefit is computed as if the Member were age 70 with 30 years of service. Benefits payable to the surviving spouse continue for life or until remarriage. If Member was not eligible for Early Retirement or death was not due to a job-related accident, a refund of contributions is available to the beneficiary, as described above.

Disability Retirement Benefit

Eligibility

Disability as a result of a job-related cause or any injury not due to the Member's own fault if Member has seven years of service.

Benefit

2.50% of Final Wages times Credited Service, with a minimum benefit of \$75 per month (or \$250 per month if disability is job-related).

Normal Form of Retirement Benefit

Joint and 2/3 survivor annuity. Optional forms of benefit are life only, joint and 100% survivor, joint and 50% survivor, and modified cash refund.

Schedule B - Summary of Benefit Provisions (continued)

Second Tier Plan

Final Wages

The average of Member's total earnings in the 36 months before retirement.

Member

All classified civil service employees of the City of El Paso, except for members of the Policemen's or Firemen's Pension Fund. Permanent part-time employees and certain full-time employees not in the classified civil service are not required to participate but may elect to do so. Special rules apply to certain "grant-funded" employees. The Second Tier Plan applies to employees who become plan participants after August 31, 2011.

Credited Service

Years and months of service while a Member. At retirement, a Member may convert unused sick leave to service under the plan. An unlimited amount of sick leave may be converted to benefit service. Alternatively, up to six months of sick leave may be applied to meet a benefit eligibility requirement, but if so used, such service cannot also be used in the calculation of the benefit amount.

Contribution Rates

Effective September 1, 2014, active members contribute 8.95% of his/her wages per year. The City contributes 14.05% of the member's wages per year.

Service Retirement Benefits

Normal Retirement Benefit

Eligibility

Age 60 with 7 years of Credited Service, or 35 years of Credited Service, if earlier.

Benefit

2.25% of Final Wages times years of Credited Service, subject to a minimum benefit of $75, limited to 90% of the 3-year final average pay.

Early Retirement Benefit

Eligibility

Age 45 with 7 years of Credited Service.

Benefit

2.25% of Final Wages times years of Credited Service, multiplied by the appropriate actuarial reduction factor.

Deferred Retirement Benefit

Eligibility

Age 45 with 7 years of Credited Service.

Benefit

2.25% of Final Wages times years of Credited Service, payable at early retirement age reduced in accordance with the Early Retirement Benefit or unreduced at normal retirement age.

Schedule B - Summary of Benefit Provisions (continued)

Withdrawal (Refund) of Contributions

Eligibility

Immediate.

Benefit

Total employee contributions without interest. If the member has more than seven years of service, contributions are paid with interest, credited annually at 3.0%. No other benefits are payable under the Plan once the contributions are withdrawn.

Survivor Benefits

Qualified Surviving Spouse or Child Benefit

Eligibility

Death of a Member due to a job-related accident or age 45 with seven years of service.

Benefit

Amount payable if Member had retired immediately prior to death with a Joint and 100% option, subject to a $75 per month minimum benefit. If death is due to a job-related accident, there is a minimum $550 per month benefit and the benefit is computed as if the Member were age 70 with 30 years of service. Benefits payable to the surviving spouse continue for life or until remarriage. If Member was not eligible for Early Retirement or death was not due to a job-related accident, a refund of contributions is available to the beneficiary, as described above.

Disability Retirement Benefit

Eligibility

Disability as a result of a job-related cause or any injury not due to the Member's own fault if Member has seven years of service.

Benefit

2.25% of Final Wages times Credited Service, with a minimum benefit of $75 per month (or $250 per month if disability is job-related).

Normal Form of Retirement Benefit

Joint and 2/3 survivor annuity. Optional forms of benefit are life only, joint and 100% survivor, joint and 50% survivor, and modified cash refund.

Changes in Plan Provisions Since the Previous Valuation

None.

Schedule C - Statement of Actuarial Methods and Assumptions

Basis for Assumptions

The economic and demographic assumptions used in the valuation were adopted by the Board in consultation with Buck. The Board's established practice is to review the experience of the Plan periodically to determine if any changes to the valuation assumptions are warranted. In general, the assumptions used in the valuation are based on recommendations made and approved by the Board as part of an Experience Study covering plan years from September 1, 2010 through August 31, 2014.

Investment Return

7.50% per annum, net of expenses. This rate reflects an underlying inflation rate of 3.00% and a real rate of return of 4.50%.

Separations Before Normal Retirement

Representative values of the assumed annual rates of withdrawal are as follows:

	Withdrawal					
	Years of Credited Service					
Age	1	2	3	4	5	>=6
25	10.0%	10.0%	9.00%	8.00%	7.00%	9.0%
30	10.0	10.0	9.00	8.00	7.00	10.0
35	10.0	10.0	9.00	8.00	7.00	5.0
40	10.0	10.0	9.00	8.00	7.00	4.0
45	10.0	10.0	9.00	8.00	7.00	2.5
50	10.0	10.0	9.00	8.00	7.00	1.5
55	10.0	10.0	9.00	8.00	7.00	1.5
60	10.0	10.0	9.00	8.00	7.00	1.5

Mortality

Mortality rates for non-disabled participants are based on the RP-2014 employee tables with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 Tables for Disabled Lives.

Disability

None assumed.

Death

5% of deaths among active participants are assumed to be job-related deaths. The remaining 95% of deaths are assumed not to be job-related.

Schedule C - Statement of Actuarial Methods and Assumptions (continued)

Salary Increases

The assumed annual rates of future salary increase attributable to longevity and promotion are as follows:

Years of Service	Annual Rate of Salary Increase
0	4.50%
1	4.50
2	4.50
3	4.00
4	4.00
5	4.00
6	4.00
7	3.50
8	3.50
9	3.50
10	3.50
11	3.50
12	3.00
13	3.00
14	3.00
15	3.00
16	3.00
17	3.00
18	3.00
19	3.00
20	3.00
21	3.00
22	3.00
23	3.00
24 or more	3.00

Total payroll is assumed to increase 3.00% per year. This increase rate is solely due to the effect of inflation on salaries, with no allowance for future membership growth.

Overtime is assumed to be 4% of base and longevity pay.

Schedule C - Statement of Actuarial Methods and Assumptions (continued)

Retirement Rates

The percentage of those eligible for normal retirement assumed to retire at various ages is as follows:

Retirement Rates					
	Tier 1			Tier 2	
Age	Male	Female	Age	Male	Female
45	10.0%	9.0%	45	5.0%	5.0%
50	10.0	9.0	50	5.0	5.0
55	12.0	10.0	55	8.0	7.0
62	20.0	10.0	62	10.0	7.0
65	20.0	20.0	65	10.0	12.0
70	40.0	25.0	70	40.0	20.0
75	100.0	100.0	75	100.0	100.0

Spouses

100% of active members are assumed to be married with the male three years older than the female. No children's benefits were valued.

Form of Payment

85% of participants eligible for early retirement are assumed to be paid through a joint and 2/3 survivor annuity. The remaining 15% of participants eligible for early retirement are assumed to elect a refund of contributions.

Future Expenses

None assumed.

Valuation Method

The method used to determine Normal Cost and Accrued Actuarial Liability is the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, an annual Normal Cost is determined for each covered active Member which is the contribution required to provide all the projected pension benefits assuming this contribution is payable over a period ending on the date of retirement (separation from active service) and expressed as a level percentage of compensation. The Actuarial Accrued Liability is determined as the excess of the total present value of all pension benefits over the total present value of future Normal Costs. The Unfunded Actuarial Accrued Liability as of the valuation date is determined as the excess of the Actuarial Accrued Liability over the Actuarial Value of Assets of the Plan.

Schedule C - Statement of Actuarial Methods and Assumptions (continued)

Actuarial Value of Assets

The actuarial value of assets is calculated based on the following formula:

$$MV \quad - (8/10) \times G/(L)_1 - (6/10) \times G/(L)_2$$
$$- (4/10) \times G/(L)_3 - (2/10) \times G/(L)_4$$

where:

MV = the market value of assets as of the valuation date

$G/(L)_i$ = the asset gain or (loss) (i.e., actual return on assets less expected return on assets) for the i-th year preceding the valuation date.

Changes in Methods and Assumptions Since the Previous Valuation

None.

Schedule D – Glossary of Terms

Actuarial Accrued Liability

The portion, as determined by a particular cost method, of the total present value of benefits that is attributable to past service credit.

Actuarial Assumptions

Estimates of future experience with respect to rates of mortality, disability, turnover, retirement rate or rates of investment income and salary increases. Actuarial assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Gain (Loss) or Liability/Asset Experience

A measure of the difference between actual and expected experience based upon a set of actuarial assumptions.

Actuarial Present Value of Future Benefits

Also referred to as the present value of benefits. It is the value, as of a specified date, of an amount payable in the future, where the amount has been adjusted to reflect both the time value of money and the probability that the payment is actually made.

Actuarial Present Value of Future Normal Costs

The value, as of a specified date, of future normal costs, equal to the employer normal cost rate times the actuarial present value of future pay.

Actuarial Present Value of Future Pay

The value, as of a specified date, of future pay where the amount has been adjusted to reflect both the future value of money and the probability that the payment is actually made.

Amortization Rate or UAAL Payment

That portion of the pension plan contribution which is designed to pay off (amortize) the unfunded actuarial accrued liability in a systematic fashion.

Cost-of-living adjustments

Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.

Covered Payroll

The rate of pay as of a specified date adjusted with a half-year salary increase based on the assumed salary increase assumptions.

Entry Age Actuarial Cost Method

This method assumes that the annual costs are the level premiums needed from entry age until retirement age to fund the ultimate retirement benefit. These premiums are expressed as a percentage of salary. The portion of this actuarial present value allocated to a valuation year is called the normal cost.

Schedule D – Glossary of Terms (continued)

Normal Cost

The ongoing annual cost allocated to the system by a particular actuarial cost method for providing benefits (future cost). Normal cost payments are made during the working lifetime of the member.

Unfunded Actuarial Accrued Liability

The excess of the actuarial accrued liability over the actuarial value of assets.

Vested Benefit

The benefit an employee is entitled to, based on vesting service, even if the employee separates from active service prior to normal retirement age.

Table 1 - The Number and Average Annual Wages of Active Members Distributed by Fifth Age and Service as of September 1, 2018

	Years of Credited Service										
Attained Age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	56 24,314	64 26,965	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	120
25 to 29	101 29,753	257 32,599	34 28,457	0 0	0 0	0 0	0 0	0 0	0 0	0 0	392
30 to 34	61 30,700	253 33,256	136 40,020	19 40,219	0 0	0 0	0 0	0 0	0 0	0 0	469
35 to 39	60 34,609	185 35,377	136 37,473	96 38,945	11 37,985	1 37,624	0 0	0 0	0 0	0 0	489
40 to 44	37 29,570	150 36,575	124 38,648	125 46,591	63 48,171	11 40,431	2 63,222	0 0	0 0	0 0	512
45 to 49	41 30,175	123 36,352	104 38,293	133 40,897	102 45,846	78 42,148	28 40,660	1 48,357	0 0	0 0	610
50 to 54	28 32,598	87 39,658	110 34,400	109 38,367	106 41,153	91 47,403	92 46,126	19 52,665	1 52,154	0 0	643
55 to 59	15 32,284	76 35,178	95 35,725	117 37,658	104 37,977	77 44,054	90 44,546	42 46,492	4 118,978	1 42,901	621
60 to 64	9 40,561	31 36,729	52 37,478	74 38,230	67 40,408	43 43,992	42 54,058	19 46,111	10 80,125	4 75,615	351
65 to 69	4 37,131	10 35,540	14 56,480	26 42,471	20 36,292	13 39,414	13 52,026	7 52,953	1 48,143	5 65,954	113
70 & up	1 36,037	1 36,531	2 88,634	7 35,880	5 33,033	2 47,737	2 37,096	2 34,064	0 0	3 40,290	25
Total	413	1,237	807	706	478	316	269	90	16	13	4,345

Table 2 - The Number and Annual Retirement Allowances of Retired Members, Disabled Members and Beneficiaries by Age as of July 1, 2018

Age	Number	Benefit	Average Benefit
Less than 20	1	$ 15,829	$ 15,829
29	1	8,527	8,527
32	1	16,842	16,842
33	1	24,161	24,161
37	1	7,999	7,999
39	1	5,400	5,400
42	1	5,803	5,803
45	3	36,235	12,078
46	2	37,959	18,980
47	2	18,727	9,364
48	7	54,534	7,791
49	4	43,419	10,855
50	3	43,450	14,483
51	12	119,387	9,949
52	15	277,117	18,474
53	17	189,580	11,152
54	16	213,505	13,344
55	26	692,190	26,623
56	57	1,107,009	19,421
57	62	1,500,329	24,199
58	68	1,563,936	22,999
59	87	1,828,612	21,019
60	101	2,556,388	25,311
61	91	1,888,866	20,757
62	105	2,170,926	20,675
63	131	2,776,987	21,198
64	113	2,223,316	19,675
65	151	3,228,606	21,381
66	133	2,808,589	21,117
67	138	2,874,681	20,831
68	130	2,479,173	19,071
69	117	2,026,332	17,319
70	129	2,805,499	21,748
71	122	2,696,898	22,106
72	153	3,102,826	20,280
73	105	1,880,278	17,907
74	81	1,342,140	16,570

Table 2 - The Number and Annual Retirement Allowances of Retired Members, Disabled Members and Beneficiaries by Age as of July 2018 (continued)

Age	Number	Benefit	Average Benefit
75	96	1,511,283	15,743
76	85	1,723,096	20,272
77	67	1,350,326	20,154
78	75	1,252,905	16,705
79	62	946,182	15,261
80	61	900,021	14,754
81	61	913,763	14,980
82	60	773,318	12,889
83	63	1,001,288	15,893
84	55	875,494	15,918
85	38	512,352	13,483
86	56	740,886	13,230
87	33	390,914	11,846
88	30	402,049	13,402
89	33	398,249	12,068
90	34	406,104	11,944
91 & over	77	930,222	12,081
TOTAL	3,174	$ 59,700,507	$ 18,809

Table 3 - The Number and Future Annual Allowances of Terminated Members, Entitled to a Future Benefit by Age as of July 1, 2018

Age	Number	Benefit	Average Benefit
Less than 25	1	$ 960	$ 960
28	1	960	960
30	1	17,880	17,880
32	3	5,832	1,944
33	3	20,325	6,775
34	1	2,188	2,188
35	4	34,191	8,548
36	1	5,660	5,660
37	1	63,480	63,480
38	3	68,520	22,840
39	5	86,695	17,339
40	6	129,564	21,594
41	2	8,160	4,080
42	5	38,258	7,652
43	3	14,007	4,669
44	7	82,339	11,763
45	6	93,063	15,511
46	8	78,484	9,811
47	6	151,463	25,244
48	10	281,731	28,173
49	7	92,004	13,143
50	5	68,616	13,723
51	9	188,084	20,898
52	9	105,945	11,772
53	11	115,090	10,463
54	15	286,592	19,106
55	15	201,778	13,452
56	8	128,982	16,123
57	3	35,008	11,669
58	7	49,275	7,039
59	3	30,840	10,280
61	5	79,496	15,899
63	2	21,720	10,860
64	1	3,120	3,120
66	1	19,170	19,170
70	1	10,013	10,013
71	1	4,797	4,797
TOTAL	181	$ 2,624,290	$ 14,499

STATISTICAL SECTION

City of El Paso Employees Retirement Trust
Statements of Changes in Net Position Available for Benefits

	2019	2018	2017	2016	2015	2014	2013	2012
Additions								
Contributions								
Employer	26,424,696	25,651,488	25,327,071	23,370,111	22,916,913	21,830,044	20,499,707	19,181,091
Participants	15,746,549	15,540,713	15,154,341	14,886,249	14,595,935	14,039,600	13,328,629	12,607,172
Total contributions	42,171,245	41,192,201	40,481,412	38,256,360	37,512,848	35,869,644	33,828,336	31,788,263
Investment Income								
Net appreciation (depreciation) in fair value of investments	7,981,580	64,832,061	74,716,005	37,856,062	(21,734,515)	103,082,579	62,831,147	43,642,344
Interest	4,169,630	3,915,267	3,808,906	4,444,138	4,888,211	5,484,840	4,183,790	1,306,942
Dividends	3,552,203	3,186,719	2,582,152	2,980,264	2,359,009	2,373,927	4,490,895	3,708,793
Securities lending income, net of expenses	37,424	6,801	45,478	90,861	126,526	117,691	273,912	146,097
Investment advisor fees	(2,987,728)	(6,578,777)	(5,783,774)	(5,104,720)	(3,510,570)	(3,336,994)	(1,873,429)	(2,097,716)
Increase in commission credits receivable	-	-	-	(6,532)	(1,577)	1,146	15,076	7,358
Miscellaneous income/(expenses)	66,738	10,418	2,206	-	-	-	-	-
Net investment income (loss)	12,819,847	65,372,489	75,370,973	40,260,073	(17,872,916)	107,723,189	69,921,391	46,713,818
Total additions (deductions)	54,991,092	106,564,690	115,852,385	78,516,433	19,639,932	143,592,833	103,749,727	78,502,081
Deductions								
Benefits paid to participants	62,251,632	58,094,939	57,972,792	51,554,209	48,419,841	49,375,280	43,021,060	41,688,297
Refunds	4,215,138	2,889,443	3,104,773	2,829,420	2,369,096	3,217,554	2,159,129	2,605,377
Prepaid COLA payments	105,000	130,000	-	-	-	-	-	-
Administrative expenses	1,761,619	2,036,643	1,325,640	1,417,530	1,355,351	1,143,272	1,176,347	1,108,470
Total deductions	68,333,389	63,151,025	62,403,205	55,801,159	52,144,288	53,736,106	46,356,536	45,402,144
Change in Net Position	(13,342,297)	43,413,665	53,449,180	22,715,274	(32,504,356)	89,856,727	57,393,191	33,099,937
Net Position Available for Benefits, Beginning of Year	819,966,288	776,552,623	723,103,443	700,388,169	732,892,525	643,035,798	585,642,607	552,542,670
Net Position Available for Benefits, End of Year	$ 806,623,991	$ 819,966,288	$ 776,552,623	$ 723,103,443	$ 700,388,169	$ 732,892,525	$ 643,035,798	$ 585,642,607

City of El Paso Employees Retirement Trust
Statements of Changes in Net Position Available for Benefits
(Continued)

Additions	2011	2010	2009	2008	2007	2006	2005	2004
Contributions								
Employer	17,948,799	17,626,236	17,245,402	16,505,427	14,574,850	13,239,686	12,707,913	12,987,074
Participants	11,938,545	11,814,128	11,533,666	11,169,467	9,763,642	8,872,231	8,492,888	8,578,958
Total contributions	29,887,344	29,440,364	28,779,068	27,674,894	24,338,492	22,111,917	21,200,801	21,566,032
Investment Income								
Net appreciation in fair value of investments	65,579,647	36,543,336	(49,772,720)	(32,191,401)	58,337,028	38,528,649	54,252,571	25,698,944
Interest	2,899,936	3,096,694	2,198,128	1,390,187	2,647,484	3,573,996	4,489,414	6,442,852
Dividends	2,865,256	2,696,987	2,967,150	5,223,787	4,256,079	2,515,307	2,179,770	3,120,981
Securities lending income, net of expenses	146,709	116,128	378,898	478,113	250,126	209,120	152,895	95,097
Investment advisor fees	(2,546,539)	(3,195,031)	(1,876,814)	(3,066,724)	(1,778,283)	(2,520,589)	(1,574,475)	(2,074,403)
Increase in commission credits receivable	8,927	35,815	37,452	(15,560)	46,965	30,455	54,352	(34,444)
Net investment income (loss)	68,953,936	39,293,929	(46,067,906)	(28,181,598)	63,759,399	42,336,938	59,554,527	33,249,027
Total additions (deductions)	98,841,280	68,734,293	(17,288,838)	(506,704)	88,097,891	64,448,855	80,755,328	54,815,059
Deductions								
Benefits paid to participants	37,686,480	35,223,728	32,854,259	30,114,367	30,189,990	25,754,190	23,932,789	22,120,587
Refunds	1,896,665	1,987,231	2,027,657	2,513,020	2,213,943	2,150,218	2,254,148	1,805,758
Administrative expenses	918,940	753,466	748,789	847,517	723,690	647,095	534,143	539,265
Total deductions	40,502,085	37,964,425	35,630,705	33,474,904	33,127,623	28,551,503	26,721,080	24,465,610
Change in Net Position	58,339,195	30,769,868	(52,919,543)	(33,981,608)	54,970,268	35,897,352	54,034,248	30,349,449
Net Position Available for Benefits, Beginning of Year	494,203,475	463,433,607	516,353,150	550,334,758	495,364,490	459,467,138	405,432,890	375,083,441
Net Position Available for Benefits, End of Year	$ 552,542,670	$ 494,203,475	$ 463,433,607	$ 516,353,150	$ 550,334,758	$ 495,364,490	$ 459,467,138	$ 405,432,890

City of El Paso Employees Retirement Trust
(A Component Unit of the City of El Paso, Texas)
Schedule of Average Benefit Payment Amounts

	Number Receiving Benefits	Total Current annual benefit	Average current annual benefit	Average monthly benefit
September 1, 2018	3,174	$59,700,507	$18,809	$1,567
September 1, 2016	2,863	$52,488,661	$18,333	$1,528
September 1, 2014	2,627	$46,393,663	$17,660	$1,472
September 1, 2012	2,399	$40,881,148	$17,041	$1,420
September 1, 2010	2,172	$35,674,776	$16,425	$1,369
September 1, 2008	1,944	$30,512,360	$15,696	$1,308
September 1, 2006	1,743	$26,086,939	$14,967	$1,247
September 1, 2004	1,579	$22,488,610	$14,242	$1,187

City of El Paso Employees Retirement Trust
(A Component Unit of the City of El Paso, Texas)
Average Benefit Payments by Years of Credited Service

Member Retiring & Receiving Benefit During Fiscal Year

		Years of Credited Service						
		7-10	**11-15**	**16-20**	**21-25**	**26-30**	**30+**	**All**
2019	Average monthly benefit	$ 811	$ 1,153	$ 1,613	$ 2,291	$ 2,778	$ 5,236	$ 2,074
	Average monthly salary	$ 3,911	$ 3,528	$ 3,419	$ 3,754	$ 3,980	$ 5,768	$ 3,888
	Number of retirees	24	51	43	20	51	18	207
2018	Average monthly benefit	$ 829	$ 1,122	$ 1,948	$ 2,386	$ 3,286	$ 3,938	$ 1,993
	Average monthly salary	$ 3,676	$ 3,247	$ 4,124	$ 3,813	$ 4,412	$ 4,322	$ 3,863
	Number of retirees	36	44	40	28	30	17	195
2017	Average monthly benefit	$ 628	$ 1,059	$ 1,777	$ 2,194	$ 3,228	$ 3,536	$ 2,002
	Average monthly salary	$ 2,939	$ 3,191	$ 3,741	$ 3,740	$ 4,467	$ 4,105	$ 3,696
	Number of retirees	29	33	38	33	37	17	188
2016	Average monthly benefit	$ 782	$ 1,167	$ 1,829	$ 2,161	$ 2,773	$ 4,232	$ 1,925
	Average monthly salary	$ 3,760	$ 3,303	$ 3,869	$ 3,701	$ 3,801	$ 4,674	$ 3,921
	Number of retirees	29	30	31	34	30	11	165
2015	Average monthly benefit	$ 784	$ 1,211	$ 1,795	$ 2,373	$ 2,780	$ 3,920	$ 1,910
	Average monthly salary	$ 3,582	$ 3,662	$ 3,845	$ 4,061	$ 3,796	$ 4,363	$ 3,797
	Number of retirees	26	36	30	33	19	13	157
2014	Average monthly benefit	$ 803	$ 1,346	$ 1,423	$ 1,993	$ 2,697	$ 3,399	$ 1,786
	Average monthly salary	$ 3,766	$ 3,877	$ 3,136	$ 3,539	$ 3,678	$ 3,688	$ 3,624
	Number of retirees	23	32	22	30	21	12	140

Note: This schedule is presented to illustrate the requirement to show 10 years of information. However, until a full 10-year trend is complied, years for which the information is available will be presented.

CITY OF EL PASO EMPLOYEES RETIREMENT TRUST ADMINISTRATION BUDGET		
ACCT #	DESCRIPTION	FY2019 Adopted
501000	Salaries & Wages	538,329
501002	Overtime Pay (PTG testing)	3,000
501020	Equipment Allowance	3,800
	TOTAL SALARIES & WAGES	**545,129**
501100	Worker's Compensation	1,581
501101	Unemployment Compensation	545
501108	Pretax Fund Health Employee	39,000
501114	Life Insurance	388
501117	Car Allowance	4,800
501118	Insurance & Ancillary Benefits	33,000
501120	Other Employee Benefits (Def Comp)	12,882
501124	Fund Pension Plan Contribution	76,591
501129	FICA Fund Match	30,311
501130	FICA Med - Fund Match	7,904
	TOTAL EMPLOYEE BENEFITS	**207,003**
	Total Salary & Benefits	**752,132**
521120	Health Care Providers Services	2,500
521130	Interpreter Services	500
521520	Investigative Services	1,800
	TOTAL PROFESSIONAL SERVICES	**4,800**
522020	Data Process Service Contracts	66,667
522060	Maint. Services Contract - Janitorial	12,000
522090	Printing Services Contracts	9,900
522120	Security and Access Control Contracts	2,000
522150	Outside Contracts - NOC	7,500
522200	Pest Control Contracts	1,000
522210	Groundkeeping Horticulture Contracts	3,500
522260	Building/Facility Maintenance Contracts	1,000
522290	Office Equipment Maint. Contracts	1,000
	TOTAL OUTSIDE CONTRACTS	**104,567**
523020	Print Shop Alloc-Interfund Services	150
523040	Mail Room Charges	21,000
	TOTAL INTERFUND SERVICES	**21,150**
524000	Buildings - Lease (Apr - Jul)	1,855
524130	Copier Contract Services	7,000
	TOTAL BUILDING LEASES	**8,855**

CITY OF EL PASO EMPLOYEES RETIREMENT TRUST ADMINISTRATION BUDGET		
ACCT #	**DESCRIPTION**	**FY2019 Adopted**
531000	Office Supplies	9,000
531040	Computer Equip Supp & Maint	16,000
531110	Cleaning Supplies	1,500
531140	Building Maintenance Supplies	1,500
	TOTAL MATERIALS & SUPPLIES	**28,000**
532000	Building Facilities Maintenance Repair	500
532005	Facility Maintenance	500
	TOTAL BLDGS FACILITIES MAIN REP	**1,000**
533020	Data Processing Equipment 500-4999.99	4,100
	TOTAL MINOR EQUIPMENT & FURNITURE	**4,100**
540000	Phone	300
540010	Long Distance	100
540020	Wireless Communication Service (internet & cable)	2,000
540030	Postage	600
	TOTAL COMMUNICATIONS	**3,000**
541000	Electricity	15,000
541010	Water, Sewer & Trash	10,000
541020	Natural Gas	7,000
	TOTAL UTILITIES	**32,000**
542010	Fiduciary & Investment Education Expense	6,000
542020	Trustee Fiduciary & Investment Ed Expense	11,000
542030	Mileage Allowance	300
	TOTAL TRAVEL	**17,300**
544050	Operating Contingency Reserve	5,000
544120	Seminars/Continuing Education Exp	675
544140	Prof Licenses & Memberships Exp	5,500
544240	Tuition Reimbursement	4,000
	TOTAL OPERATING EXPENDITURES	**15,175**
	Total Operations	**239,947**
580080	Major Office Equipment & Appliances	3,000
580090	Furniture & Fixtures	3,000
580580	Audio Visual	35,695
	CAPITAL EXPENDITURES	**41,695**
	Total Administration Budget	**1,033,773**