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# 2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED  
AUGUST 31, 2022 AND 2021



A COMPONENT UNIT OF THE CITY OF EL PASO, TEXAS

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# Comprehensive Annual Financial Report For Fiscal Year Ended August 31, 2022 and 2021

Robert Ash  
Executive Director

City of El Paso Employees Retirement Trust  
1039 Chelsea St.  
El Paso, Texas 79903  
(915) 212-0012  
[www.eppension.org](http://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

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## INTRODUCTORY SECTION





**February 15, 2023**

**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 Annual Comprehensive Financial Report (hereinafter referred to as "ACFR") of the City of El Paso Employees Retirement Trust. This ACFR 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 ACFR 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 ACFR 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, 2022.

The Comptroller of the plan sponsor provides unaudited financial reports to the Board at each Board meeting. The Board is able to ask questions of the Comptroller and staff regarding the Treasurer's reports. The Comptroller or her representative(s) are able to attend such monthly Investment Committee 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 Financial Oversight 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 trust 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 employees of related agencies 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. 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 7.25 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 four years. Experience studies are conducted periodically with the last one completed in 2020. 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 \$224,055,610 and the funding period was 14 years. Investment returns for the past year were negative, down about 7.8 percent, which was less than the assumed investment return of 7.25 percent. The investment returns were less than the assumed investment return rate which is primarily responsible for the increase in

the years to amortize the unfunded liability by 1-year. The market value of the Trust's assets decreased by about \$151.1 million dollars and the years to amortize the unfunded liability increased to 14 years. The funding ratio, based on actuarial value of assets, at the end of fiscal year 2022 was 80.9 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 ACFR regarding additional actuarial details.

This ACFR 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 ACFR. Trust management, its auditors, actuary and investment consultants have worked to prepare an accurate ACFR and their efforts in this regard are greatly appreciated. Information included in this ACFR 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 ACFR please do not hesitate to contact me or any member of the staff.

Sincerely,



Robert Ash  
Executive Director/Board Secretary

# Board of Trustees

The current members of the City of El Paso Employees Retirement Trust Board of Trustees are:

## **Appointed Members**

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**Matt C. Kerr**  
Chairman



**Deborah G. Hamlyn**



**Rene Peña**



**Rep. Isabel Salcido**



**Rep. Joe Molinar**

## **Elected Members**

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**Karl C. Rimkus**  
Vice-Chairman



**Mario R. Hernandez**



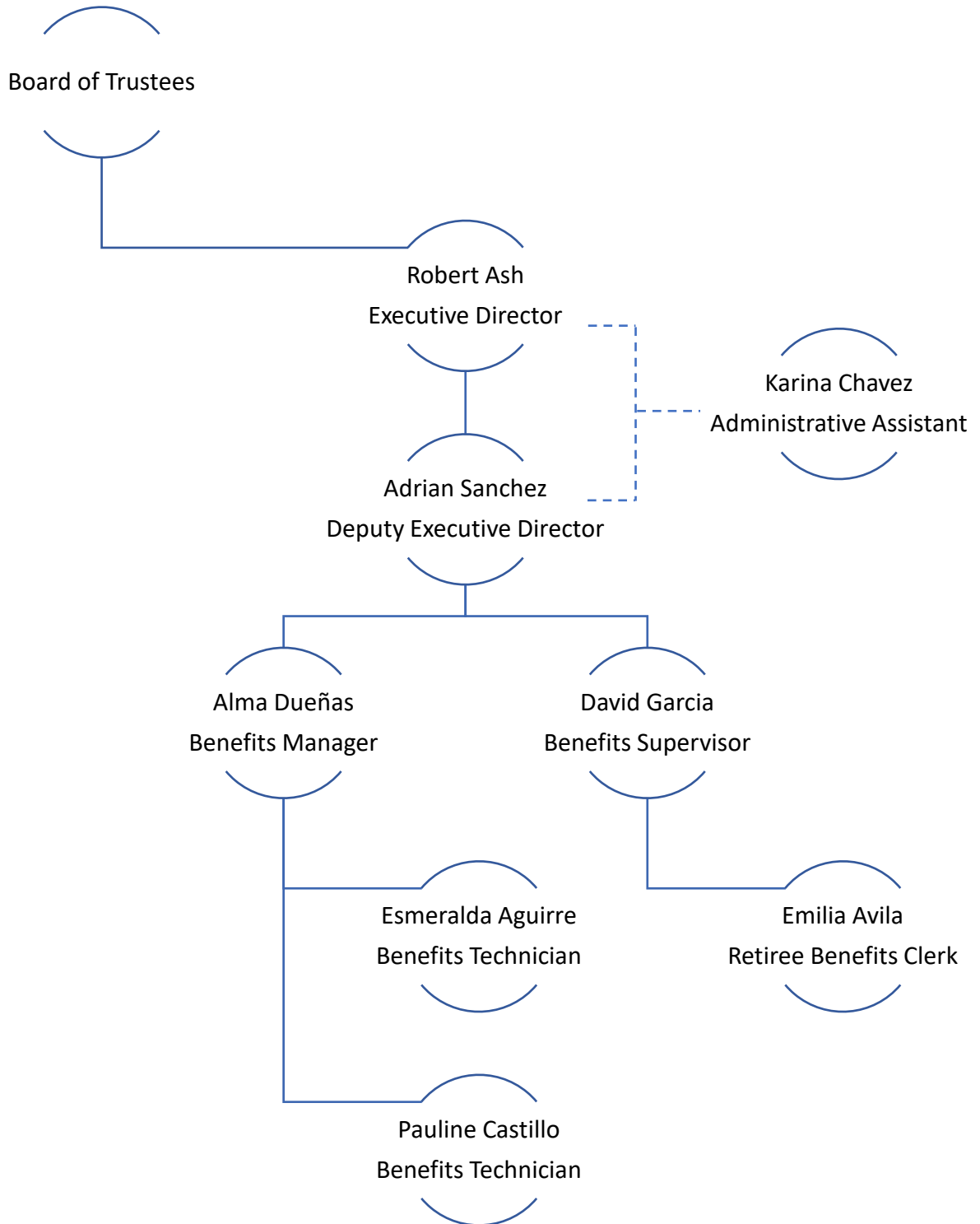
**Diana Nuñez**



**Isaura Valdez**

The Retirement Trust Executive Director serves as Secretary to the Board but does not vote and is not counted for purposes of establishing a quorum.

# Administrative Organization



## PROFESSIONAL SERVICE PROVIDERS

### Actuary

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Buck Global LLC

### Auditors

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Carr, Riggs & Ingram CPAs and Advisors

### Custodian

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BNY Mellon Asset Servicing

### Legal Counsel

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Eduardo Miranda

General Counsel

Gordon, Davis, Johnson & Shane P.C.

Tax Counsel

### Investment Consultant

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Callan LLC

See the Investment Section of this report for list of investment managers on page 66 and schedule of management fees and broker commissions on page 87.





Government Finance Officers Association

**Certificate of  
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Presented to

**City of El Paso Employees Retirement Trust  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

August 31, 2021

*Christopher P. Morill*

Executive Director/CEO





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## FINANCIAL SECTION



## INDEPENDENT AUDITORS' REPORT

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

### Opinions

We have audited the accompanying financial statements of the City of El Paso Employee 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, 2022 and 2021, and the statements of changes in fiduciary net position for the years 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund, as of August 31, 2022 and 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### 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, 2022 and 2021, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 to 18 and the GASB supplementary pension schedules on pages 50 to 55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 the 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 supplementary information, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, investment section, actuarial section, and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

Carr, Riggs & Ingram, LLC  
El Paso, Texas  
February 15, 2023

**City of El Paso Employees Retirement Trust  
(A Component of the City of El Paso, Texas)  
Management's Discussion and Analysis**

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, 2022. For more detailed information regarding the Fund's financial activities, the reader should also review the actual financial statements, including notes and supplementary schedules.

**2022 FINANCIAL HIGHLIGHTS**

Net position held in trust for pension benefits (net position) decreased during the fiscal year 2022 by \$130 million.

The major reason for the decrease in net assets was due to the performance of the capital markets, which resulted in net investment loss of \$87.6 million. Employer and plan member contributions totaled \$42.8 million, an increase of \$2.1 million from the previous fiscal year. The increase in contributions was primarily due to increases 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 2022 totaled \$78 million, an increase of \$2.3 million over the fiscal year 2021 mainly due to an increase in number of retirees and larger benefit payments to the new retirees.

**2021 FINANCIAL HIGHLIGHTS**

Net position held in trust for pension benefits (net position) increased during the fiscal year 2021 by \$160.7 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 \$202.1 million. Employer and plan member contributions totaled \$40.7 million, a decrease of \$0.7 million from the previous fiscal year. The decrease in contributions was primarily due to a decrease 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 2021 totaled \$75.7 million, an increase of \$9.1 million over the fiscal year 2020 mainly due to an increase in number of retirees and larger benefit payments to the new retirees.

**City of El Paso Employees Retirement Trust  
(A Component of the City of El Paso, Texas)  
Management's Discussion and Analysis**

**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:

<b>Condensed Financial Information</b>					
	<b>Year Ended August 31,</b>			<b>Changes</b>	
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2022-2021</b>	<b>2021-2020</b>
Assets	\$ 910,568,533	\$ 1,040,728,155	\$ 879,694,980	-12.51%	18.31%
Liabilities	2,294,622	2,044,009	1,705,584	12.26%	19.84%
Net position	\$ 908,273,911	\$ 1,038,684,146	\$ 877,989,396	-12.56%	18.30%

The total net position decreased by \$130,410,235 or 12.6%, during the fiscal year 2022 to \$908,273,911. 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 \$160,694,750, or 18.3%, during fiscal year 2021 to \$1,038,684,146. 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.

**City of El Paso Employees Retirement Trust  
(A Component of the City of El Paso, Texas)  
Management's Discussion and Analysis**

**SUMMARIZED FINANCIAL INFORMATION (Continued)**

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

	Year Ended August 31,			Changes	
	2022	2021	2020	2022-2021	2021-2020
Contributions	\$ 42,762,191	\$ 40,702,548	\$ 41,410,781	5.06%	-1.71%
Net investment income	(87,579,875)	202,050,667	102,470,526	-143.35%	97.18%
Total additions	(44,817,684)	242,753,215	143,881,307	-118.46%	68.72%
Benefits paid to plan members	78,002,080	75,728,963	66,555,726	3.00%	13.78%
Refunds	5,441,578	3,804,288	3,737,266	43.04%	1.79%
Prepaid COLA payments	216,000	84,000	84,000	157.14%	0.00%
Administrative expenses	1,932,893	2,441,214	2,138,910	-20.82%	14.13%
Total deductions	85,592,551	82,058,465	72,515,902	4.31%	13.16%
Net increase (decrease) in net position	\$ (130,410,235)	\$ 160,694,750	\$ 71,365,405	-181.15%	125.17%

Contributions increased during fiscal year 2022 primarily due to increases in employee pay rates and decreased in 2021 primarily due to decreases in employee pay rates. Benefits paid increased during fiscal year 2022 due to an increase in the number of retirees and larger benefit payments to new retirees.

Administrative expenses decreased during fiscal year 2022 related to a decrease in consulting fees, legal fees, actuary, other operating expenses and miscellaneous expenses. During fiscal year 2021, administrative expenses increased due to an increase in custodial fees, consulting fees, legal fees, wages and benefits, 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.



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## BASIC FINANCIAL SECTION



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

<b>August 31,</b>	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 16,371,921	\$ 5,237,145
Receivables		
Commission credits receivable	7,883	7,883
Due from brokers for securities sold	-	9,324
Employer contributions	1,249,208	1,125,176
Plan member contributions	795,561	716,349
Accrued interest and dividends	106,459	99,380
Total receivables	2,159,111	1,958,112
Prepaid insurance	23,210	24,021
Investments, at fair value		
Corporate stocks	-	57,204,722
Bank collective investment funds	435,935,431	386,639,407
Commingled funds		
Fixed income	151,225,313	168,209,104
Corporate stocks	52,467,826	211,646,739
Private real estate	108,186,000	86,581,226
Private equity investments	141,925,312	120,711,148
Total investments, at fair value	889,739,882	1,030,992,346
Capital assets		
Capital assets not being depreciated	571,674	571,674
Capital assets being depreciated	2,623,506	2,623,506
Less accumulated depreciation	(920,771)	(678,649)
Total capitals assets	2,274,409	2,516,531
<b>Total assets</b>	<b>910,568,533</b>	<b>1,040,728,155</b>
<b>Liabilities</b>		
Accrued expenses	2,286,739	2,036,126
Unearned revenue-commission credits	7,883	7,883
<b>Total liabilities</b>	<b>2,294,622</b>	<b>2,044,009</b>
<b>Net position - restricted for pensions</b>	<b>\$ 908,273,911</b>	<b>\$ 1,038,684,146</b>

*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**

<b>For the years ended August 31,</b>	<b>2022</b>	<b>2021</b>
<b>Additions</b>		
Contributions		
Employer	\$ 26,096,411	\$ 25,603,188
Plan members	16,665,780	15,099,360
Total contributions	42,762,191	40,702,548
Investment (loss) income		
Net (depreciation) appreciation in fair value of investments	(89,489,954)	201,182,318
Interest	793,010	1,049,280
Dividends	3,597,637	2,548,310
Securities lending income	-	24,567
Investment advisor fees	(2,480,568)	(2,753,808)
Net investment (loss) income	(87,579,875)	202,050,667
Total additions	(44,817,684)	242,753,215
<b>Deletions</b>		
Benefits paid to plan members	78,002,080	75,728,963
Refunds	5,441,578	3,804,288
Prudential COLA payments	216,000	84,000
Administrative expenses	1,932,893	2,441,214
Total deletions	85,592,551	82,058,465
<b>Net (decrease) increase in fiduciary net position</b>	<b>(130,410,235)</b>	<b>160,694,750</b>
<b>Net position restricted for pensions, beginning of year</b>	<b>1,038,684,146</b>	<b>877,989,396</b>
<b>Net position restricted for pensions, end of year</b>	<b>\$ 908,273,911</b>	<b>\$ 1,038,684,146</b>

*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)**  
**Notes to Financial Statements**

**NOTE 1: DESCRIPTION OF THE PLAN**

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 fund type) of the City of El Paso, Texas ("City").

***General***

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.

***Eligibility***

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.

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

	<b>2022</b>	<b>2021</b>
Inactive plan members (or their beneficiaries)		
currently receiving benefits	3,657	3,719
Inactive plan members entitled to but not yet		
receiving benefits	173	213
Active plan members	4,128	4,154
Total plan members	7,958	8,086

***Contributions***

Through August 31, 2022 and 2021, 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 not 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.

**City of El Paso Employees Retirement Trust**  
**(A Component of the City of El Paso, Texas)**  
**Notes to Financial Statements**

**NOTE 1: DESCRIPTION OF THE PLAN (Continued)**

***Contributions (Continued)***

Contributions were made as follows:

For the Years Ended August 31,	Employer Contributions		Employee Contributions		Total	
	Amount	Stated Percentage of Covered Payroll	Amount	Stated Percentage of Covered Payroll	Amount	Stated Percentage of Covered Payroll
2022	\$ 26,096,411	14.05%	\$ 16,665,780	8.95%	\$ 42,762,191	23.00%
2021	25,603,188	14.05%	15,099,360	8.95%	40,702,548	23.00%
2020	25,296,642	14.05%	16,114,139	8.95%	41,410,781	23.00%

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

***Vesting***

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.

**City of El Paso Employees Retirement Trust**  
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**Notes to Financial Statements**

**NOTE 1: DESCRIPTION OF THE PLAN (Continued)**

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, or (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.

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 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***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.

***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.

**City of El Paso Employees Retirement Trust**  
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**Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 Government Accounting Standards Board ("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.

***Receivables***

All receivables are reported at their gross value. In the statement of fiduciary net position, employer and employee contributions are recorded based on amounts earned by the employees through August 31, 2022 and 2021. Employer and employee contributions are considered to be 100% collectible.

***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.

**City of El Paso Employees Retirement Trust  
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Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Revenue and Expense Recognition (Continued)***

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.

***Capital Assets***

GASB standards require that all capital assets be recorded and depreciated in the statements of fiduciary net position and changes in fiduciary net position.

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.



**City of El Paso Employees Retirement Trust**  
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**Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 amounts for security purchases.

***Accrued expenses***

Accrued expenses are comprised of unpaid investment advisor fees, the payroll expenditures based of amounts earned by the employees through August 31, 2022 and 2021, along with applicable Social Security Taxes and Medicare payable.

***Risks and Uncertainties***

The Plan invests in various investment securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in value of investment securities will occur in the near term and that these changes could materially affect amounts reported in the Plan's financial statements.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 15, 2023. See Note 10 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statement.

**City of El Paso Employees Retirement Trust**  
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**Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued and Implemented Accounting Pronouncements***

The Fund implemented GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The implementation of this Statement had no impact on the Fund's reporting in the current fiscal year.

The Fund also implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The implementation of this Statement had no impact on the Fund's reporting in the current fiscal year.

The Fund implemented GASB Statement No. 92, *Omnibus 2020*, was issued. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The implementation of this Statement had no impact on the Fund's reporting in the current fiscal year.

The Fund implemented GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The implementation of this Statement had no impact on the Fund's reporting in the current fiscal year.

**City of El Paso Employees Retirement Trust**  
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**Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued and Implemented Accounting Pronouncements (Continued)***

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 (This new effective date reflects the immediate implementation of GASB Statement No. 95).

In March of 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

**City of El Paso Employees Retirement Trust**  
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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently Issued and Implemented Accounting Pronouncements (Continued)***

In May 2022, GASB issued Statement No. 99, *Omnibus 2022*. The requirements of this Statement establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP) (formerly, food stamps), nonmonetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this Statement will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The requirements of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

The Fund is evaluating the requirements of the above statements and the impact on reporting.

**NOTE 3: 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.

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**Notes to Financial Statements**

**NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)**

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 or Russell 1000 commingled funds or exchange-traded funds ("ETFs").
- **Large Cap 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 \$100 million and under \$5 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, as well as real estate investment trusts ("REITs"), preferred stocks, convertible securities, American depositary receipts ("ADRs") of non-U.S. issuers, , publicly traded stocks of foreign corporations listed on U.S. stock exchanges, Exchange Traded Funds ("ETFs"), futures and short-term investments, money market instruments or equivalent. Leverage, short sales and buying and selling on margin are not permitted.
- **All Cap Equity Managers** - For the year ended August 31, 2021, 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. No all cap equity was held at August 31, 2022.
- **International Equity-Developed Country Index Managers** - For the year ended August 31, 2021, 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. No International Equity-Developed Country Index was held at August 31, 2022.

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**Notes to Financial Statements**

**NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)**

- **International Equity-All Country Managers** - For the year ended August 31, 2021, 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. For the year ended August 31, 2021, 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%. No International Equity-All Country was held at August 31, 2022.
- **International Equity-Emerging Markets Managers** - For the year ended August 31, 2021, investment is made with commingled funds. As such, the investment guidelines are governed by the fund's prospectus. For the year ended August 31, 2021, 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 country. No International Equity-Emerging Markets was held at August 31, 2022.
- **International Equity-All County Small Cap Managers** - For the year ended August 31, 2021, investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. For the year ended August 31, 2021, 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%. No International Equity-All County Small Cap was held at August 31, 2022.
- **International Equity-All County ex-U.S. Investable Markets Index Managers** - This investment will be passively managed. Permissible investment are MSCI ACWI ex-U.S. IMI Index commingled funds or EFTs. As such, the investment guidelines will be governed by the fund's governing documents. No International Equity-All County ex-U.S. Investable Market Index was held at August 31, 2021.
- **International Equity-All County ex-U.S. Investable Markets Managers** - This investment will be made using a commingled fund. As such, the investment guidelines will be governed by the fund's governing documents. 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. No International Equity-All County ex-U.S. Investable Market was held at August 31, 2021.

**City of El Paso Employees Retirement Trust**  
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**Notes to Financial Statements**

**NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)**

- **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. For August 31, 2022 permissible investments are Bloomberg Aggregate Bond Index commingled funds or ETFs. For August 31, 2021 permissible investments are Barclays Capital Aggregate Index commingled funds or ETFs.
- **Fixed Income Core Plus Managers** - Under current policies for the year ended August 31, 2022 and 2021, 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 may invest up to 20% and 35% in non-investment grade bonds for the year ended August 31, 2022 and 2021, respectively; 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 +/- 1.5 years or +25%/-40% of the benchmark's duration for the year ended August 31, 2022 and 2021, respectively. The account will not employ leverage.
- **Real Estate Managers** - For the year ended August 31, 2022 and 2021, real estate investments will be diversified to the extent possible by geographic location and property type. 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.
- **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.

The following was the Board's adopted asset allocation policy as of August 31, 2022:

<b>Asset Class</b>	<b>Target Allocation</b>
Domestic equity	31%
International equity	21%
Fixed income	24%
Real estate	10%
Private equity	13%
Cash	1%
	100%

**City of El Paso Employees Retirement Trust**  
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**Notes to Financial Statements**

**NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)**

***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, 2022 and 2021, 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.

As of August 31, 2022 and 2021, the Fund had the following investments subject to interest rate risk:

<b>Investment Type</b>	<b>2022</b>		<b>2021</b>	
	<b>Fair Value</b>	<b>Weighted-Average Maturity (In Years)</b>	<b>Fair Value</b>	<b>Weighted-Average Maturity (In Years)</b>
Cash equivalents (money market funds)	\$ 16,371,921	0.08	\$ 5,237,145	0.08
Bank collective investment funds	435,935,431	-	120,672,290	-
Commingled funds	151,225,313	-	47,536,814	-
<b>Total</b>	<b>\$ 603,532,665</b>		<b>\$ 173,446,249</b>	
<b>Portfolio weighted-average maturity</b>		<b>0.00</b>		<b>0.00</b>

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.



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**NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)**

***Investments (Continued)***

For the year ended August 31, 2022 and 2021 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-.

The following table identifies the credit quality of the Fund's fixed income strategies based on portfolio holdings as of August 31, 2022 and 2021:

August 31, 2022						
S&P Quality Rating	Total Fair Value	Asset-Backed Securities	Commercial Mortgaged-Backed Securities	Collateralized Mortgage Obligations	Corporates (a)	Government & Agency Obligations (b)
A+	\$ 435,935,431	\$ -	\$ -	\$ -	\$ -	\$ 435,935,431
NR	151,225,313	-	-	-	151,225,313	-
Totals	\$ 587,160,744	\$ -	\$ -	\$ -	\$ 151,225,313	\$ 435,935,431

(a) Corporate Bonds might include convertible preferred stocks and convertible bonds.

(b) Includes international and municipal holdings.

August 31, 2021						
S&P Quality Rating	Total Fair Value	Asset-Backed Securities	Commercial Mortgaged-Backed Securities	Collateralized Mortgage Obligations	Corporates (a)	Government & Agency Obligations (b)
A+	\$ 120,672,290	\$ -	\$ -	\$ -	\$ -	\$ 120,672,290
NR	47,536,814	-	-	-	47,536,814	-
Totals	\$ 168,209,104	\$ -	\$ -	\$ -	\$ 47,536,814	\$ 120,672,290

(a) Corporate Bonds might include convertible preferred stocks and convertible bonds.

(b) Includes international and municipal holdings.

At August 31, 2022 and 2021, the Fund held various bond instruments in the aggregate fair value of \$587,160,744 and \$168,209,104, respectively. Fixed income core plus portfolios held bond instruments with ratings of BBB or better by Standard & Poor's. Approximately 26% of the portfolio was of non-investment grade bonds as of August 31, 2022.

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, 2022 and 2021.

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**Notes to Financial Statements**

**NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)**

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.

	Shares/ Par Value	Fair Value
<b>August 31, 2022</b>		
BNYMM DB SL SCWI_EX US IMI		
Mellon Capital Management Corporation	8,146,022	\$ 65,286,845
Mellon DB SL Stock Index Fund		
Mellon Capital Management Corporation	15,082	91,812,088
MCM Dynamic U.S Equity Fund		
Mellon Capital Management Corporation	164,253	79,404,909
EB MCM Aggregate Bond Index Fund		
Mellon Capital Management Corporation	194,486	101,965,171
Blackrock Total Return Bond Fund		
Blackrock Capital Management	4,883,178	52,451,058
Wellington Fund		
Wellington Capital Management	4,566,390	52,467,826
Arrowstreet International Equity ACWI EX US CIT Class A		
Arrowstreet CIT	353,797	51,375,537
<b>August 31, 2021</b>		
Mellon DB SL International Stock Investment Fund		
Mellon Capital Management Corporation	154,940	94,518,960
Mellon DB SL Stock Index Fund		
Mellon Capital Management Corporation	17,871	122,544,365
Mellon NSL Dynamic U.S Equity Fund		
Mellon Capital Management Corporation	193,100	108,776,932
Mellon DB SL Aggregate Bond Index Fund		
Mellon Capital Management Corporation	203,671	120,672,290
Blackrock Total Return Bond Fund		
Blackrock Capital Management	4,892,849	59,748,563
Wellington Fund		
Wellington Capital Management	4,454,948	60,186,342
WTC-CIF II SMID Cap Res-Series 3		
Wellington Capital Management	2,277,258	57,204,722
AB US Small and Mid Cap Core		
Bernstein	3,023,329	60,799,150

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**NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)**

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 18%-24% of equity securities be invested in foreign markets. The Fund's exposure to foreign currency risk at August 31, 2022 and 2021 was as follows:

Local Currency Name	2022		
	Equity	Fixed Income	Total
Australian Dollar	\$ 4,298,165	\$ -	\$ 4,298,165
Brazilian Real	2,170,576	-	2,170,576
British Pound	12,543,008	-	12,543,008
Canadian Dollar	9,537,484	-	9,537,484
Chilean Peso	116,465	-	116,465
Chinese Renminbi	6,388,621	-	6,388,621
Columbian Peso	29,011	-	29,011
Czech Koruna	25,764	-	25,764
Danish Krone	3,058,855	-	3,058,855
Egyptian Pound	17,849	-	17,849
Euro Currency Unit	31,149,165	-	31,149,165
Hong Kong Dollar	6,059,607	-	6,059,607
Hungarian Forint	30,901	-	30,901
Indian Rupee	3,703,012	-	3,703,012
Indonesian Rupiah	950,601	-	950,601
Israeli Shekel	1,279,557	-	1,279,557
Japanese Yen	21,205,714	-	21,205,714
Jordan Dinar	6,175	-	6,175
Kuwaiti Dinar	171,286	-	171,286
Malaysian Ringgit	327,642	-	327,642
Mexican Peso	375,230	-	375,230
New Zealand Dollar	136,220	-	136,220
Norwegian Krone	917,729	-	917,729
Pakistani Rupee	128	-	128
Peru Sol	3	-	3
Philippine Peso	150,109	-	150,109
Polish Zloty	120,056	-	120,056
Qatari Riyal	219,678	-	219,678
Russian Ruble	447,352	-	447,352
Saudi Arabia Riyal	843,277	-	843,277
Singapore Dollar	583,333	-	583,333
South African Rand	1,642,963	-	1,642,963
South Korean Won	5,882,149	-	5,882,149
Swedish Krona	2,961,929	-	2,961,929
Swiss Franc	5,879,165	-	5,879,165
Taiwanese Dollar	7,342,576	-	7,342,576
Thai Baht	438,464	-	438,464
Turkish Lira	90,300	-	90,300
United Arab Emirates Dirham	235,197	-	235,197
<b>Total</b>	<b>\$ 131,335,316</b>	<b>\$ -</b>	<b>\$ 131,335,316</b>

**City of El Paso Employees Retirement Trust**  
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**Notes to Financial Statements**

**NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)**

Local Currency Name	2021		
	Equity	Fixed Income	Total
Australian Dollar	\$ 7,411,881	\$ -	\$ 7,411,881
Bahamian Dollar	542,461	-	542,461
Brazilian Real	3,788,692	-	3,788,692
British Pound	19,447,352	-	19,447,352
Canadian Dollar	3,914,631	-	3,914,631
Chilean Peso	149,628	-	149,628
Chinese Renminbi	21,720,455	-	21,720,455
Danish Krone	4,028,305	-	4,028,305
Euro Currency Unit	58,783,890	-	58,783,890
Hong Kong Dollar	6,193,022	-	6,193,022
Indian Rupee	5,188,799	-	5,188,799
Indonesian Rupiah	2,011,733	-	2,011,733
Israeli Shekel	1,025,897	-	1,025,897
Japanese Yen	38,239,618	-	38,239,618
Jordan Dinar	32,285	-	32,285
Macau Pataca	68,792	-	68,792
Malaysian Ringgit	857,671	-	857,671
Mexican Peso	1,516,291	-	1,516,291
New Zealand Dollar	295,836	-	295,836
Norwegian Krone	1,695,271	-	1,695,271
Philippine Peso	227,435	-	227,435
Polish Zloty	23,038	-	23,038
Qatari Riyal	151,759	-	151,759
Russian Ruble	977,970	-	977,970
Saudi Arabia Riyal	1,216,986	-	1,216,986
Singapore Dollar	1,420,304	-	1,420,304
South African Rand	2,172,012	-	2,172,012
South Korean Won	8,964,892	-	8,964,892
Swedish Krona	7,149,472	-	7,149,472
Swiss Franc	14,815,851	-	14,815,851
Taiwanese Dollar	9,279,197	-	9,279,197
Thai Baht	1,483,141	-	1,483,141
Turkish Lira	106,849	-	106,849
United Arab Emirates Dirham	109,141	-	109,141
<b>Total</b>	<b>\$ 225,010,557</b>	<b>\$ -</b>	<b>\$ 225,010,557</b>

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments that are in the possession of an outside party. Of the Fund's \$225,010,557 in foreign equity none is in the name of the Fund. Fund's investment policy does not specifically address custodial credit risk for deposits.

**City of El Paso Employees Retirement Trust  
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Notes to Financial Statements**

**NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)**

***Rate of Return***

For the years ended August 31, 2022 and 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (9.37)% and 19.72%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**NOTE 4: 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.

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**NOTE 4: 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, 2022 and 2021:

		2022		
		Fair Value Measurements Using		
	August 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments Measured at the Net Asset Value (NAV) (a)</b>				
Bank collective investment funds				
Large cap index	144,263,146			
Large cap dynamic	79,404,909			
Small/Mid cap equity	95,605,994			
International equity developed	116,661,382			
Total bank collective investment funds	435,935,431			
Commingled funds - fixed income				
Fixed income core index	151,225,313			
Total commingled funds - fixed income	151,225,313			
Commingled funds - corporate stocks				
Fixed income core index	52,467,826			
International equity - all country small cap	-			
International equity - emerging markets	-			
Total commingled funds - corporate stocks	52,467,826			
Real Estate				
Private real estate	108,186,000			
Total real estate	108,186,000			
Private equity investments	141,925,312			
Total investments measured at the NAV	889,739,882			
Total investments measured at fair value	\$ 889,739,882			

(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 hierarchy. 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.

**City of El Paso Employees Retirement Trust**  
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**Notes to Financial Statements**

**NOTE 4: DISCLOSURES ABOUT FAIR VALUE OF ASSETS (Continued)**

***Recurring Measurements (Continued)***

			2021		
			Fair Value Measurements Using		
	August 31, 2021		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>					
Corporate Stocks					
Small/Mid cap equity	\$ 57,204,722	\$	57,204,722	\$ -	\$ -
Total corporate stocks	57,204,722		57,204,722	-	-
Total investments by fair value level	57,204,722	\$	57,204,722	\$ -	\$ -
<b>Investments Measured at the Net Asset Value (NAV) (a)</b>					
Bank collective investment funds					
Large cap index	122,544,365				
Large cap dynamic	108,776,932				
Small/Mid cap equity	60,799,150				
International equity developed	94,518,960				
Total bank collective investment funds	386,639,407				
Commingled funds - fixed income					
Fixed income core index	168,209,104				
Total commingled funds - fixed income	168,209,104				
Commingled funds - corporate stocks					
Fixed income core index	119,934,905				
International equity - all country small cap	47,582,527				
International equity - emerging markets	44,129,307				
Total commingled funds - corporate stocks	211,646,739				
Real Estate					
Private real estate	86,581,226				
Total real estate	86,581,226				
Private equity investments	120,711,148				
Total investments measured at the NAV	973,787,624				
Total investments measured at fair value	\$ 1,030,992,346				

(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 hierarchy. 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, 2022.

**City of El Paso Employees Retirement Trust**  
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**NOTE 4: 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:

	<b>Fair Value at August 31, 2022</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (If Currently Eligible)</b>	<b>Redemption Notice Period</b>
Large cap index	\$ 144,263,146	\$ -	Daily	1 day
Large cap dynamic	79,404,909	-	Daily	Daily
Small/Mid cap equity	95,605,994	-	Daily	Daily
International equity - developed	116,661,382	-	Daily	2 days
Fixed income core index	203,693,139	-	Daily	2 days
Private real estate	108,186,000	-	Daily	90 days
Private equity investments	141,925,312	114,705,263	Daily	5 days
<b>Total investments measured at the NAV</b>	<b>\$ 889,739,882</b>			

	<b>Fair Value at August 31, 2021</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (If Currently Eligible)</b>	<b>Redemption Notice Period</b>
Large cap index	\$ 122,544,365	\$ -	Daily	1 day
Large cap dynamic	108,776,932	-	Daily	Daily
Small/Mid cap equity	60,799,150	-	Daily	Daily
International equity - developed	94,518,960	-	Daily	2 days
Fixed income core index	288,144,009	-	Daily	2 days
International equity - all country small cap	47,582,527	-	Daily	Daily
International equity - emerging markets (commingled)	44,129,307	-	Daily	30 days
Private real estate	86,581,226	-	Daily	90 days
Private equity investments	120,711,148	27,513,661	Daily	5 days
<b>Total investments measured at the NAV</b>	<b>\$ 973,787,624</b>			



**City of El Paso Employees Retirement Trust**  
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**NOTE 5: NET PENSION LIABILITY**

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

	<b>2022</b>	<b>2021</b>
Total pension liability	\$ 1,118,495,801	\$ 1,108,078,648
Plan's fiduciary net position	908,273,911	1,038,684,146
City's net pension liability	\$ 210,221,890	\$ 69,394,502
Plan's fiduciary net position as a percentage of the total pension liability	81.20%	93.74%

***Actuarial Assumptions***

The total pension liability as of August 31, 2022 and 2021, was determined based on July 1, 2020 and July 1, 2018 data, respectively 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	7.25%, 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 active and deferred participants are based on the RP-2014 employee tables with Blue Collar adjustment projected with Scale MP-2019 on a fully generational basis. Mortality rates for healthy retirees and survivors are based on the RP-2014 healthy annuitant tables with Blue Collar adjustment (92% of male rates and 100% of female rates) projected with Scale MP-2019 on a fully generational basis. Mortality rates for disabled participants are based on the RP-2014 disabled annuitant table projected with Scale MP-2019 on a fully generational basis.

The actuarial assumptions used in the July 1, 2020 and July 1, 2018 valuation were based on the results of an actuarial experience study performed on 2018.

**City of El Paso Employees Retirement Trust**  
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**Notes to Financial Statements**

**NOTE 5: 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, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<b>Asset Class</b>	<b>Long-term Expected Real Rate of Return</b>
Domestic equity	7.26%
International equity	6.24%
Fixed income	0.78%
Real estate	4.17%
Private equity	10.72%

***Discount Rate***

The discount rate used to measure the total pension liability was 7.25%. 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 4.29% as of August 31, 2022. The corresponding rate was 2.40% as of August 31, 2021.

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

The following presents the net pension liability as of August 31, 2022, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<b>1% Decrease 6.25%</b>	<b>Current Discount Rate 7.25%</b>	<b>1% Increase 8.25%</b>
City's net pension liability	\$ 337,202,942	\$ 210,221,890	\$ 104,558,307

**City of El Paso Employees Retirement Trust**  
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**NOTE 6: CAPITAL ASSETS**

Capital asset activity for the year ended August 31, 2022 was as follows:

	Balance August 31, 2021	Additions	Deletions	Balance August 31, 2022
Capital assets not being depreciated				
Land	\$ 521,174	\$ -	\$ -	\$ 521,174
Construction in progress	50,500	-	-	50,500
Total capital assets not being depreciated	571,674	-	-	571,674
Capital assets being depreciated				
Buildings and improvements	1,468,790	-	-	1,468,790
Furniture and equipment	301,716	-	-	301,716
Software	853,000	-	-	853,000
Total capital assets being depreciated	2,623,506	-	-	2,623,506
Less accumulated depreciation				
Buildings and improvements	(101,739)	(36,720)	-	(138,459)
Furniture and equipment	(86,227)	(34,802)	-	(121,029)
Software	(490,683)	(170,600)	-	(661,283)
Total accumulated depreciation	(678,649)	(242,122)	-	(920,771)
Total capital assets, net of depreciation	\$ 2,516,531	\$ (242,122)	\$ -	\$ 2,274,409

Depreciation expense of \$242,122 for the year ended August 31, 2022 was charged to administrative expenses.

**City of El Paso Employees Retirement Trust**  
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**NOTE 6: CAPITAL ASSETS (Continued)**

Capital asset activity for the year ended August 31, 2021 was as follows:

	Balance August 31, 2020	Additions	Deletions	Balance August 31, 2021
Capital assets not being depreciated				
Land	\$ 521,174	\$ -	\$ -	\$ 521,174
Construction in progress	-	50,500	-	50,500
Total capital assets not being depreciated	521,174	50,500	-	571,674
Capital assets being depreciated				
Buildings and improvements	1,468,790	-	-	1,468,790
Furniture and equipment	301,716	-	-	301,716
Software	835,000	18,000	-	853,000
Total capital assets being depreciated	2,605,506	18,000	-	2,623,506
Less accumulated depreciation				
Buildings and improvements	(66,542)	(35,197)	-	(101,739)
Furniture and equipment	(61,636)	(24,591)	-	(86,227)
Software	(320,083)	(170,600)	-	(490,683)
Total accumulated depreciation	(448,261)	(230,388)	-	(678,649)
Total capital assets, net of depreciation	\$ 2,678,419	\$ (161,888)	\$ -	\$ 2,516,531

Depreciation expense of \$230,388 for the year ended August 31, 2021 was charged to administrative expenses.

**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.

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**NOTE 8: PLAN TAX STATUS AND ERISA**

The Fund is a Public Employees' Retirement System ("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 \$338,469,014 and \$446,512,547 of the Fund's investments at August 31, 2022 and 2021, respectively. As of August 31, 2022 and 2021, the Fund accrued investment management fees of \$28,847 and \$48,619, respectively, for the services of that investment manager. For the years ended August 31, 2022 and 2021, the Fund incurred \$337,332 and \$321,132, respectively, in management fees with this investment manager.

**NOTE 10: SUBSEQUENT EVENTS**

The date to which events occurring after August 31, 2022, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is February 15, 2023, which is the date on which the financial statements were issued.

The Fund funded approximately \$40,000,000 in US Treasury instruments in December 2022. This was funded with proceeds from a trade from the bond index funds.



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## **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**

<i>For the year ended August 31,</i>	<b>2022</b>	2021	2020
<b>Total Pension Liability</b>			
Service cost	\$ 21,360,553	\$ 20,839,564	\$ 21,392,493
Interest	73,932,733	77,447,854	78,045,365
Difference between expected and actual experience	-	1,526,057	-
Changes of assumptions	-	20,343	-
Benefit payments, including refunds of employee contributions	(84,876,133)	(75,230,941)	(70,348,910)
Net change in total pension liability	10,417,153	24,602,877	29,088,948
Total pension liability, beginning of year	1,108,078,648	1,083,475,771	1,054,386,823
Total pension liability, end of year (a)	\$ 1,118,495,801	\$ 1,108,078,648	\$ 1,083,475,771
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 26,096,411	\$ 25,603,188	\$ 25,296,642
Contributions - plan member	16,665,780	15,099,360	16,114,139
Net investment income	(87,579,875)	202,050,667	102,470,526
Benefit payments, including refunds of employee contributions	(83,659,658)	(79,617,251)	(70,376,992)
Administrative expenses	(1,932,893)	(2,441,214)	(2,138,910)
Net change in plan fiduciary net position	(130,410,235)	160,694,750	71,365,405
Plan fiduciary net position, beginning of year	1,038,684,146	877,989,396	806,623,991
Plan fiduciary net position, end of year (b)	\$ 908,273,911	\$ 1,038,684,146	877,989,396
City's net pension liability, end of year = (a) - (b)	\$ 210,221,890	\$ 69,394,502	\$ 205,486,375
Plan's fiduciary net position as a % of total pension liability	81.20%	93.74%	81.03%
Covered payroll	\$ 176,284,754	\$ 171,985,126	\$ 177,409,564
Plan's net pension liability as a % of covered payroll	119.25%	40.35%	115.83%

**Notes to Schedule:**

*Changes of assumptions:* There were no assumption changes since the last actuarial valuation.

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.



	2019	2018	2017	2016	2015	2014
\$	20,769,411	\$ 20,418,111	\$ 20,418,111	\$ 23,021,764	\$ 22,243,250	\$ 20,691,396
	75,886,822	72,439,238	70,199,486	66,845,529	64,244,529	61,812,817
	-	16,640,620	-	(22,728,241)	115,295	4,691,256
	-	-	-	37,572,898	-	-
	(66,648,577)	(61,114,382)	(60,394,115)	(54,383,629)	(50,788,937)	(52,592,834)
	30,007,656	48,383,587	30,223,482	50,328,321	35,814,137	34,602,635
	1,024,379,167	975,995,580	945,772,098	895,443,777	859,629,640	825,027,005
\$	1,054,386,823	\$ 1,024,379,167	\$ 975,995,580	\$ 945,772,098	\$ 895,443,777	\$ 859,629,640
\$	26,424,696	\$ 25,651,488	\$ 25,327,071	\$ 23,370,111	\$ 22,916,913	\$ 21,830,044
	15,746,549	15,540,713	15,154,341	14,886,249	14,595,935	14,039,600
	12,819,847	65,372,489	75,370,973	40,260,073	(17,872,916)	107,723,189
	(66,571,770)	(61,114,382)	(61,077,565)	(54,383,629)	(50,788,937)	(52,592,834)
	(1,761,619)	(2,036,643)	(1,325,640)	(1,417,530)	(1,355,351)	(1,143,272)
	(13,342,297)	43,413,665	53,449,180	22,715,274	(32,504,356)	89,856,727
	819,966,288	776,552,623	723,103,443	700,388,169	732,892,525	643,035,798
\$	806,623,991	\$ 819,966,288	\$ 776,552,623	\$ 723,103,443	\$ 700,388,169	\$ 732,892,525
\$	247,762,832	\$ 204,412,879	\$ 199,442,957	\$ 222,668,655	\$ 195,055,608	\$ 126,737,115
	76.50%	80.05%	79.57%	76.46%	78.22%	85.26%
\$	172,242,295	\$ 167,255,529	\$ 161,026,109	\$ 156,336,028	\$ 158,990,084	\$ 153,613,308
	143.85%	122.22%	123.86%	142.43%	122.68%	82.50%

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

<i>For the year ended August 31,</i>	<b>2022</b>	2021	2020
Actuarially determined contributions (ADC)*	<b>\$ 18,423,047</b>	\$ 19,812,687	\$ 17,568,714
Contributions related to the ADC	<b>26,096,411</b>	25,603,188	25,296,642
Contributions deficiency (excess)	<b>(7,673,364)</b>	(5,790,501)	(7,727,928)
Covered payroll (payroll)	<b>\$ 176,284,754</b>	\$ 171,985,126	\$ 172,242,295
Contributions as a percentage of payroll	<b>14.80%</b>	14.89%	14.69%

\* Based on estimated payroll

2019	2018	2017	2016	2015	2014
\$ 16,488,437	\$ 16,086,508	\$ 16,274,581	\$ 18,306,287	\$ 18,848,390	\$ 21,501,985
25,761,130	25,651,488	25,327,071	23,370,111	22,916,913	21,739,159
(9,272,693)	(9,564,980)	(9,052,490)	(5,063,824)	(4,068,523)	(237,174)
\$ 167,225,529	\$ 161,026,108	\$ 156,336,028	\$ 158,990,084	\$ 153,613,608	\$ 152,911,275
15.41%	15.93%	16.20%	14.70%	14.92%	14.22%

**City of El Paso Employees Retirement Trust**  
**(A Component of the City of El Paso, Texas)**  
**Schedule of Investment Returns**

	2022	2021	2020
Annual money-weighted rate of return, net of investment expense	-9.37%	19.72%	12.08%

**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.

2019	2018	2017	2016	2015	2014
1.95%	8.74%	10.29%	6.36%	-2.86%	17.22%



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## 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\***

<b>Years Ended August 31,</b>	<b>Interest, Dividends and Net Securities Lending Income</b>	<b>Employer Contributions (a)</b>	<b>Plan Member Contributions (a)</b>	<b>Net Appreciation (Depreciation) in Fair Value of Investments</b>	<b>Total</b>	<b>Employer Contributions as a Percentage of Covered Payroll</b>
2022	\$ 4,390,647	\$ 26,096,411	\$ 16,665,780	\$ (89,489,954)	\$ (42,337,116)	14.05%
2021	3,622,157	25,603,188	15,099,360	201,182,318	245,507,023	14.05%
2020	6,477,162	25,296,642	16,114,139	99,563,115	147,451,058	14.05%
2019	7,759,257	26,424,696	15,746,549	7,981,580	57,912,082	14.05%
2018	6,459,227	25,327,071	15,154,341	74,716,005	121,656,644	14.05%
2017	7,563,107	23,370,111	14,886,249	37,856,062	83,675,529	14.05%
2016	7,433,579	22,916,913	14,595,935	(21,734,515)	23,211,912	14.05%
2015	8,039,815	21,830,044	14,039,600	103,082,579	146,992,038	13.45%
2014	9,096,062	20,499,707	13,328,629	63,890,162	106,814,560	12.85%
2013	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**

<b>Years Ended August 31,</b>	<b>Benefits</b>	<b>Refunds</b>	<b>Investment Fees (b)</b>	<b>Administrative Expenses</b>	<b>Total</b>
2022	\$ 78,002,080	\$ 5,441,578	\$ 2,480,568	\$ 1,932,893 (c)	\$ 87,857,119
2021	75,728,963	3,804,288	2,753,808	2,441,214 (c)	84,728,273
2020	6,655,726	3,737,266	3,589,807	2,138,910	16,121,709
2019	62,251,632	4,215,138	2,987,728	1,761,619	71,216,117
2018	57,972,792	3,104,773	5,783,774	1,325,640	68,186,979
2017	51,554,209	2,829,420	5,104,720	1,417,530	60,905,879
2016	48,419,841	2,369,096	3,510,570	1,355,351	55,654,858
2015	49,375,280	3,217,554	3,336,994	1,143,272	57,073,100
2014	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 not actuarially determined

(b) Investment fees are made up entirely of investment manager fees

(c) Detail listed on Comparative Summary of Administrative Expenses



**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, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
Custodian/custodial fees	\$ 196,471	\$ 175,082
Consulting fees	314,143	379,537
Legal	23,581	361,002
Travel/education-employee	3,338	558
Audit/accounting	28,750	28,750
Actuary	35,711	50,393
Wages and benefits	856,594	785,614
Other operating expenses	210,131	366,472
Miscellaneous	22,052	63,418
Depreciation	242,122	230,388
Total administrative expenses	\$ 1,932,893	\$ 2,441,214

**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, 2022 and 2021**

	<b>2022</b>	
	<b>Fair Value of Assets Under Management</b>	<b>Total Fees</b>
Corporate bonds and notes manager	\$ -	\$ -
Corporate stock managers	-	516,608
Bank collective investments funds managers	435,935,431	291,360
Commingled funds: fixed income funds managers	151,225,313	592,990
Commingled funds: corporate stocks managers	52,467,826	246,574
Private real estate Managers	108,186,000	833,036
Private equity investment managers	141,925,312	-
Absolute returns investment managers	-	-
<b>Total</b>	<b>\$ 889,739,882</b>	<b>\$ 2,480,568</b>

2021	
Fair Value of Assets Under Management	Total Fees
\$ -	\$ 29,911
57,204,722	997,334
386,639,407	86,788
168,209,104	699,892
211,646,739	639,115
86,581,226	254,680
120,711,148	-
-	46,088
\$ 1,030,992,346	\$ 2,753,808



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## INVESTMENT SECTION





January 2023

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

**RE: Report on Fiscal Year 2022'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 31<sup>st</sup>.

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, 2022, the Fund's strategic asset allocation policy included the following six asset classes: domestic equity; international equity; fixed income; private equity; real estate; and cash.

The table on the following page shows how the Fund was invested in those six asset classes in dollars and as a percentage of the Total Fund at the end of fiscal-year 2022.

**City of El Paso Employees Retirement Trust**  
**Asset Allocation as of August 31, 2022**

<b>Asset Class</b>	<b>Fair Value (\$000)</b>	<b>Allocation (%)</b>
Domestic Equity	266,823	29.2%
International Equity	165,922	18.2%
Private Equity	150,827	16.5%
Domestic Fixed Income	206,885	22.7%
Real Estate	108,186	11.8%
Cash	14,569	1.6%
<b>Total</b>	<b>913,219</b>	<b>100.0%</b>

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 six major asset classes currently utilized, 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 net of fees total return and target benchmark return for the fiscal year, the last three, five, seven, and ten years ended August 31, 2022 are provided in the table below.

<b>Annualized Return</b>					
	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>7 Year</b>	<b>10 Year</b>
Total Fund (Net)	-5.3%	9.1%	7.4%	7.6%	7.9%
Strategic Blended Index	-10.7%	6.8%	6.5%	7.2%	7.6%

Yours truly,



Alex Browning  
Callan, LLC  
Senior Vice President

# INVESTMENT MANAGERS

## Domestic Equity

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Alliance Bernstein  
Mellon Capital  
Newton  
Wellington

## International Equity

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AQR  
Arrowstreet  
Franklin Templeton  
Lazard  
Mellon Capital

## Private Equity

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Portfolio Advisors

## Domestic Fixed Income

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BlackRock  
Mellon Capital  
Wellington

## Real Estate

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Heitman  
UBS





## **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**

In order to ensure adequate diversification and prudently manage the costs, this investment will be made using one or more commingled funds(s).

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 Russell 2500 Index.

### **Investment Strategy**

The Fund(s) will invest primarily in a diversified portfolio of equity and equity-related securities of issuers that are located in the United States with market capitalizations greater than \$100 million and the greater of \$5 billion of the top end of the Russell 2500 Index (the "Market Capitalization Range") at the time of initial purchase; 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, as well as real estate investment trusts ("REITs"), preferred stocks, convertible securities, American Depositary Receipts (ADRs) of non-U.S. issuers, publicly traded stocks of foreign corporations listed on U.S. stock exchanges, Exchange Traded Funds (ETFs), futures, and short-term investments, money market instruments or equivalent.

### **Portfolio Restrictions**

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

Cash – Generally, Funds may invest up to 5% of assets in cash and cash equivalents (exclusive of cash necessary for the settlement of transactions), subject to a maximum of 10% of assets

## **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(s) is to outperform the U.S. bond market, as represented by the Bloomberg Barclays U.S. Aggregate Bond Index, in a risk adjusted manner. The strategy is designed for long-term investors who primarily seek total return.

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

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

### **B. Investment Universe and Limitations**

#### **1. Allowable Investments**

- a. U.S. Government and Agency securities
- b. Sovereign and supranational securities
- c. Corporate securities and bank loans
- d. Non-U.S. issuer securities (including Yankee bonds, Eurobonds, and Global bonds)
- e. Mortgage securities (including CMOs, whole loans, and CMBS)
- f. Asset-backed securities
- g. Inflation-linked bonds
- h. Medium-term notes
- i. Municipal securities
- j. Insurance surplus notes and capital securities
- k. Credit-linked notes and structured notes
- l. Repurchase and reverse purchase agreements
- m. Private placement (Rule 144A), bank loans, and other restricted securities

#### **2. General Restrictions**

- a. The average duration of the Fund(s) generally ranges between +/- 1.5 years of the average duration of the benchmark index, under normal circumstances.
- b. The average credit quality of the Fund(s) is investment-grade. Exposure to debt obligations rated below investment grade will generally be limited to 20% of Fund assets.

Credit ratings for issues will be the highest of Moody's, S&P's, or Fitch's long-term ratings. If an issue is unrated, then an equivalent credit rating as deemed appropriate by the manager(s) may be used.

- c. The Fund(s) seeks broad diversification by market sector, industry, and issuer. Net credit exposure to any single issuer will generally not represent more than 5% of the Fund at time of purchase (this restriction may not apply to issues of the U.S. Treasury, issue of U.S. government agencies, or the investment-grade debt obligations of OECD member countries and their instrumentalities).
- d. STIF funds may be used as a cash "sweep" vehicle to manage uninvested cash, or to manage reinvested cash collateral, that engage in securities lending transactions. Such cash or cash collateral may be invested in STIF funds in a manner that generally seeks as high a level of current income as is consistent with liquidity and stability of principal.

### **3. Foreign Securities**

- a. Non-U.S. dollar exposure may be entirely hedged, partially hedged, or fully unhedged depending on the investment outlook. Currency forwards, options, and futures are employed to adjust and hedge the Portfolio's currency exposure. Exposure to non-U.S. dollar denominated issues and currencies will generally be limited to 20% of Fund assets.

### **4. Derivatives**

- a. The Fund(s) may buy and sell exchange-traded and over-the-counter derivative instruments, including interest rate, credit, index, and currency futures; currency, interest rate, total rate of return, and credit default swaps; currency, bond, and swap options; deliverable and non-deliverable currency forward contracts; bonds for settlement; "to-be-announced" (TBA) securities; and other derivative instruments for risk management purposes and otherwise in pursuit of the Fund's objective.

### **5. Short Selling**

- a. The Fund(s) may sell securities short, including futures, swaps, structured products and call options for duration management or other purposes.

### **6. Miscellaneous**

- a. The Fund(s) is to be managed in USD.
- b. The Fund(s) will not employ leverage.
- c. Investment types not explicitly allowed in these guidelines may still be used by the manager(s) if deemed to be appropriate.

## **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 consistent 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 rates of return for the fund's investment managers over various time periods ended August 31, 2022. Negative manager excess returns are shown in red, positive excess returns in green. 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, 2022

	Last Month	Fiscal YTD	Last 3 Year	Last 5 Years
<b>Domestic Equity</b>	<b>(3.85%)</b>	<b>(14.81%)</b>	<b>10.17%</b>	<b>10.39%</b>
Russell 3000 Index	(3.73%)	(13.28%)	11.90%	11.29%
<b>Excess Return</b>	<b>(0.11%)</b>	<b>(1.53%)</b>	<b>(1.73%)</b>	<b>(0.89%)</b>
Mellon Equity Index (06/94)	(4.08%)	(11.01%)	12.44%	11.82%
S&P 500 Index	(4.08%)	(11.23%)	12.39%	11.82%
<b>Excess Return</b>	<b>(0.01%)</b>	<b>0.22%</b>	<b>0.04%</b>	<b>(0.01%)</b>
Newton Dynamic US Equity (12/13)	(4.44%)	(14.45%)	11.69%	12.31%
S&P 500 Index	(4.08%)	(11.23%)	12.39%	11.82%
<b>Excess Return</b>	<b>(0.37%)</b>	<b>(3.22%)</b>	<b>(0.70%)</b>	<b>0.48%</b>
Wellington SMID (03/21)	(2.97%)	(17.75%)	-	-
Russell 2500 Index	(2.66%)	(15.54%)	9.57%	8.54%
<b>Excess Return</b>	<b>(0.31%)</b>	<b>(2.20%)</b>	<b>-</b>	<b>-</b>
AllianceBernstein (05/21)	(3.25%)	(20.14%)	-	-
Russell 2500 Index	(2.66%)	(15.54%)	9.57%	8.54%
<b>Excess Return</b>	<b>(0.59%)</b>	<b>(4.59%)</b>	<b>-</b>	<b>-</b>
<b>International Equity</b>	<b>(3.46%)</b>	<b>(21.76%)</b>	<b>3.18%</b>	<b>1.59%</b>
MSCI ACWI ex US IMI	(3.13%)	(19.96%)	3.18%	1.75%
<b>Excess Return</b>	<b>(0.33%)</b>	<b>(1.80%)</b>	<b>0.00%</b>	<b>(0.15%)</b>
Mellon ACWI ex-US IMI (11/21)	(3.15%)	-	-	-
MSCI ACWI ex US IMI	(3.13%)	(19.96%)	3.18%	1.75%
<b>Excess Return</b>	<b>(0.02%)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Arrowstreet ACWI ex-US IMI (11/21)	(2.46%)	-	-	-
MSCI ACWI ex US IMI	(3.13%)	(19.96%)	3.18%	1.75%
<b>Excess Return</b>	<b>0.67%</b>	<b>-</b>	<b>-</b>	<b>-</b>
Lazard International Equity (04/13)	(4.89%)	(28.91%)	0.87%	1.79%
MSCI ACWI ex US IMI	(3.13%)	(19.96%)	3.18%	1.75%
<b>Excess Return</b>	<b>(1.76%)</b>	<b>(8.94%)</b>	<b>(2.30%)</b>	<b>0.05%</b>
<b>Private Equity</b>	<b>(3.73%)</b>	<b>53.71%</b>	<b>37.46%</b>	<b>27.25%</b>
Russell 3000 Index	(3.73%)	(13.28%)	11.90%	11.29%
<b>Excess Return</b>	<b>0.00%</b>	<b>66.99%</b>	<b>25.56%</b>	<b>15.97%</b>
PAPEF VII (01/13)(4)	(3.73%)	37.79%	40.04%	30.23%
Russell 3000 Index	(3.73%)	(13.28%)	11.90%	11.29%
<b>Excess Return</b>	<b>0.00%</b>	<b>51.07%</b>	<b>28.14%</b>	<b>18.94%</b>
PASF II (01/13)(4)	(3.73%)	39.38%	23.46%	17.49%
Russell 3000 Index	(3.73%)	(13.28%)	11.90%	11.29%
<b>Excess Return</b>	<b>0.00%</b>	<b>52.66%</b>	<b>11.57%</b>	<b>6.21%</b>
PAPEF VIII (04/16)(4)	(3.73%)	56.50%	36.99%	27.03%
Russell 3000 Index	(3.73%)	(13.28%)	11.90%	11.29%
<b>Excess Return</b>	<b>0.00%</b>	<b>69.78%</b>	<b>25.09%</b>	<b>15.74%</b>
PASF III (01/17)(4)	(3.73%)	48.36%	30.23%	22.80%
Russell 3000 Index	(3.73%)	(13.28%)	11.90%	11.29%
<b>Excess Return</b>	<b>0.00%</b>	<b>61.64%</b>	<b>18.33%</b>	<b>11.52%</b>
PAPEF IX (06/18)(4)	(3.73%)	58.55%	37.58%	-
Russell 3000 Index	(3.73%)	(13.28%)	11.90%	11.29%
<b>Excess Return</b>	<b>0.00%</b>	<b>71.83%</b>	<b>25.68%</b>	<b>-</b>
PASF IV (01/22)(4)	(3.73%)	-	-	-
Russell 3000 Index	(3.73%)	(13.28%)	11.90%	11.29%
<b>Excess Return</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>
PAPEF XI (06/22)(4)	(3.73%)	-	-	-
Russell 3000 Index	(3.73%)	(13.28%)	11.90%	11.29%
<b>Excess Return</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>

All returns are net of fees, time-weighted rates of return based on market/appraised values and cash flows.

The Fiscal Year is September 1st - August 31st.

(3) Fund is under watch.

(4) 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 rates of return for the fund's investment managers over various time periods ended August 31, 2022. Negative manager excess returns are shown in red, positive excess returns in green. 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, 2022

	Last Month	Fiscal YTD	Last 3 Year	Last 5 Years
<b>Fixed Income</b>	<b>(2.64%)</b>	<b>(12.05%)</b>	<b>(1.57%)</b>	<b>0.60%</b>
Blmbg Aggregate Index	(2.83%)	(11.52%)	(2.00%)	0.52%
<b>Excess Return</b>	<b>0.18%</b>	<b>(0.54%)</b>	<b>0.43%</b>	<b>0.08%</b>
Mellon Agg Index (01/06)	(2.84%)	(11.58%)	(2.01%)	0.37%
Blmbg Aggregate Index	(2.83%)	(11.52%)	(2.00%)	0.52%
<b>Excess Return</b>	<b>(0.02%)</b>	<b>(0.06%)</b>	<b>(0.02%)</b>	<b>(0.15%)</b>
BlackRock(08/20)	(2.59%)	(12.23%)	-	-
Blmbg Aggregate Index	(2.83%)	(11.52%)	(2.00%)	0.52%
<b>Excess Return</b>	<b>0.23%</b>	<b>(0.71%)</b>	<b>-</b>	<b>-</b>
Wellington(08/20)	(2.31%)	(12.82%)	-	-
Blmbg Aggregate Index	(2.83%)	(11.52%)	(2.00%)	0.52%
<b>Excess Return</b>	<b>0.52%</b>	<b>(1.31%)</b>	<b>-</b>	<b>-</b>
<b>Real Estate</b>	<b>1.43%</b>	<b>32.18%</b>	<b>10.83%</b>	<b>8.12%</b>
Real Estate Benchmark(6)	1.43%	26.96%	13.05%	10.45%
<b>Excess Return</b>	<b>0.00%</b>	<b>5.22%</b>	<b>(2.22%)</b>	<b>(2.32%)</b>
UBS Trumbull Fund (01/12)(3)(5)	1.43%	27.44%	8.23%	6.11%
NFI-ODCE Equal Weight Net	1.43%	26.96%	13.05%	10.45%
<b>Excess Return</b>	<b>0.00%</b>	<b>0.49%</b>	<b>(4.82%)</b>	<b>(4.34%)</b>
Heitman (10/15)(5)	1.43%	35.81%	13.07%	9.93%
NFI-ODCE Equal Weight Net	1.43%	26.96%	13.05%	10.45%
<b>Excess Return</b>	<b>0.00%</b>	<b>8.85%</b>	<b>0.03%</b>	<b>(0.51%)</b>
<b>Cash</b>	<b>0.32%</b>	<b>0.44%</b>	<b>1.04%</b>	<b>1.64%</b>
3-month Treasury Bill	0.16%	0.37%	0.57%	1.12%
<b>Excess Return</b>	<b>0.16%</b>	<b>0.07%</b>	<b>0.47%</b>	<b>0.52%</b>
<b>Total Fund</b>	<b>(2.79%)</b>	<b>(4.46%)</b>	<b>9.41%</b>	<b>7.60%</b>
Strategic Blended Index*	(2.83%)	(10.51%)	6.92%	6.54%
<b>Excess Return</b>	<b>0.04%</b>	<b>6.06%</b>	<b>2.50%</b>	<b>1.06%</b>

\* Current Month Target = 31.0% Russell 3000 Index, 24.0% Blmbg Aggregate, 21.0% MSCI ACWI xUS IMI, 13.0% Russell 3000 Index, 10.0% NCREIF NFI-ODCE Eq Wt Net and 1.0% 3-month Treasury Bill.

All returns are net of fees, time-weighted rates of return based on market/appraised values and cash flows.

The Fiscal Year is September 1st - August 31st.

(3) Fund is under watch.

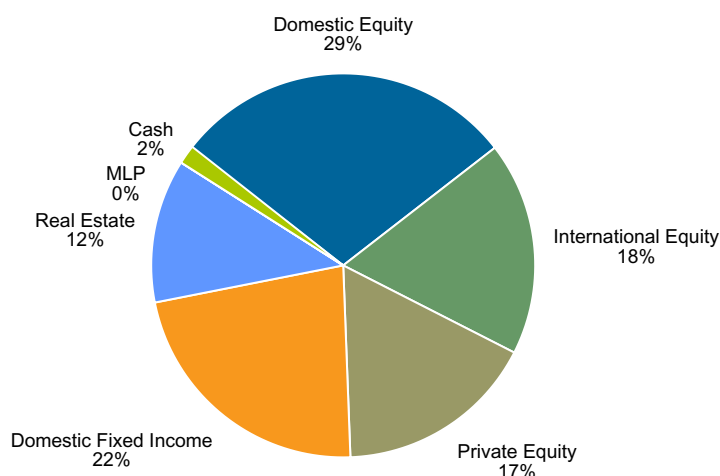
(5) UBS Trumbull and Heitman are proxied to the benchmark until quarter end data is received.

(6) The Real Estate Benchmark is the NFI-ODCE Equal Weight Net as of 1/31/2017.

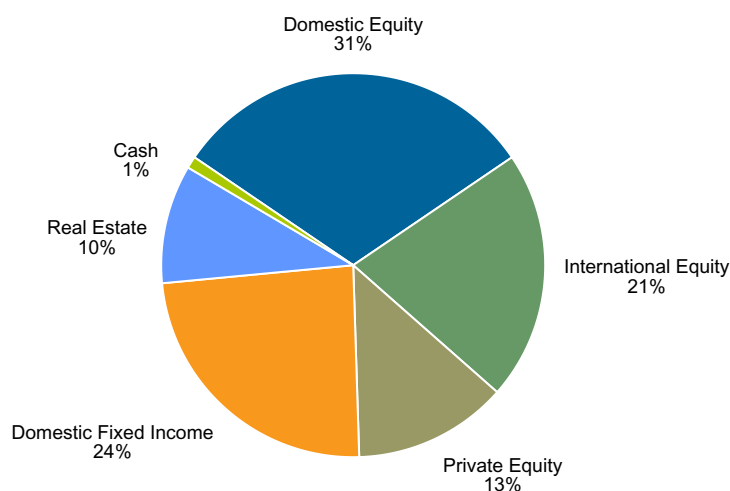
## Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of August 31, 2022. 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	266,822,991	29.0%	31.0%	(2.0%)	(18,705,516)
International Equity	165,921,524	18.0%	21.0%	(3.0%)	(27,501,006)
Private Equity	155,556,156	16.9%	13.0%	3.9%	35,818,400
Domestic Fixed Income	206,884,610	22.5%	24.0%	(1.5%)	(14,169,711)
Real Estate	111,297,853	12.1%	10.0%	2.1%	19,191,883
MLP	7,553	0.0%	0.0%	0.0%	7,553
Cash	14,569,005	1.6%	1.0%	0.6%	5,358,408
Total	921,059,692	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, 2022, with the distribution as of July 31, 2022. 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, 2022				July 31, 2022	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
<b>Domestic Equity</b>	<b>\$266,822,991</b>	<b>28.97%</b>	<b>\$(7,825)</b>	<b>\$(10,664,007)</b>	<b>\$277,494,823</b>	<b>29.19%</b>
Mellon Equity Index	91,812,088	9.97%	(7,825)	(3,901,199)	95,721,112	10.07%
Newton Dynamic US Equity	79,404,909	8.62%	0	(3,692,411)	83,097,320	8.74%
Wellington SMID	47,051,327	5.11%	0	(1,437,799)	48,489,126	5.10%
AllianceBernstein	48,554,667	5.27%	0	(1,632,598)	50,187,265	5.28%
<b>International Equity</b>	<b>\$165,921,524</b>	<b>18.01%</b>	<b>\$(12,702)</b>	<b>\$(5,940,068)</b>	<b>\$171,874,294</b>	<b>18.08%</b>
Mellon ACWI ex-US IMI	65,286,845	7.09%	(12,702)	(2,112,278)	67,411,826	7.09%
Arrowstreet ACWI ex-US IMI	51,374,537	5.58%	0	(1,295,604)	52,670,141	5.54%
Lazard International Equity	49,260,142	5.35%	0	(2,532,185)	51,792,327	5.45%
<b>Private Equity</b>	<b>\$155,556,156</b>	<b>16.89%</b>	<b>\$0</b>	<b>\$(6,030,240)</b>	<b>\$161,586,396</b>	<b>17.00%</b>
PAPEF VII	29,316,035	3.18%	0	(1,136,456)	30,452,491	3.20%
PASF II	5,379,116	0.58%	0	(208,524)	5,587,640	0.59%
PAPEF VIII	35,089,042	3.81%	0	(1,360,251)	36,449,293	3.83%
PASF III	32,376,048	3.52%	0	(1,255,080)	33,631,128	3.54%
PAPEF IX	22,623,359	2.46%	0	(877,010)	23,500,369	2.47%
PASF IV	26,746,246	2.90%	0	(1,036,836)	27,783,082	2.92%
PAPEF XI	4,026,310	0.44%	0	(156,083)	4,182,393	0.44%
<b>Domestic Fixed Income</b>	<b>\$206,884,610</b>	<b>22.46%</b>	<b>\$(33,459)</b>	<b>\$(5,585,677)</b>	<b>\$212,503,746</b>	<b>22.35%</b>
Mellon Aggregate Index	101,965,171	11.07%	(8,320)	(2,974,347)	104,947,838	11.04%
BlackRock	52,451,612	5.69%	(25,139)	(1,371,316)	53,848,068	5.66%
Wellington	52,467,826	5.70%	0	(1,240,014)	53,707,840	5.65%
<b>Real Estate</b>	<b>\$111,297,853</b>	<b>12.08%</b>	<b>\$0</b>	<b>\$1,566,958</b>	<b>\$109,730,896</b>	<b>11.54%</b>
UBS Trumbull Fund(3)	46,520,257	5.05%	0	654,957	45,865,301	4.82%
Heitman	64,777,596	7.03%	0	912,001	63,865,595	6.72%
<b>MLP</b>	<b>\$7,553</b>	<b>0.00%</b>	<b>\$0</b>	<b>\$(1)</b>	<b>\$7,555</b>	<b>0.00%</b>
Salient Advisors(1)	7,553	0.00%	0	(1)	7,555	0.00%
<b>Cash</b>	<b>\$14,569,005</b>	<b>1.58%</b>	<b>\$(2,894,315)</b>	<b>\$62,463</b>	<b>\$17,400,856</b>	<b>1.83%</b>
<b>Total Fund</b>	<b>\$921,059,692</b>	<b>100.0%</b>	<b>\$(2,948,301)</b>	<b>\$(26,590,572)</b>	<b>\$950,598,565</b>	<b>100.0%</b>

(1)Fund has been liquidated, only cash position remains.

(3)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  
AUGUST 31, 2022

MANAGEMENT FEES	
CORPORATE BONDS AND NOTES MANAGER	-
COPORATE STOCK MANAGERS	\$516,608
BANK COLLECTIVE INVESTMENT FUNDS MANAGERS	\$291,360
COMMINGLED FIXED INCOME FUNDS MANAGERS	\$592,990
COMMINGLED CORPORATE STOCK MANAGERS	\$246,574
PRIVATE REAL ESTATE MANAGERS	\$833,036
ABSOLUTE RETURNS INVESTMENT MANAGERS	-
TOTAL	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$2,480,568</div>

**Fee Disclosure**

The City of El Paso Employees Retirement Trust pays an average of 0.62% of market value in annual commissions and fees for investment Management.

## Direct and Indirect Fees and Commissions

ASSET CLASS	MANAGEMENT FEES PAID FROM TRUST	MANAGEMENT FEES NETTED FROM RETURNS	TOTAL INVESTMENT MANAGEMENT FEES (Management Fees Netted from Returns + Management Fees Paid From Trust)	BROKERAGE FEES/COMMISSIONS	PROFIT SHARE/CARRIED INTEREST	TOTAL DIRECT AND INDIRECT FEES AND COMMISSIONS (Management Fees + Brokerage Fees/Commissions + Profit Share)
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Equity	\$ 1,235,423.54	\$ 755,636.16	\$ 1,991,059.70	\$ -	\$ -	\$ 1,991,060
Fixed Income	\$ 231,018.89	\$ -	\$ 231,018.89	\$ -	\$ -	\$ 231,019
Real Assets	\$ 260,700.61	\$ 541,201.00	\$ 801,901.61	\$ -	\$ -	\$ 801,902
Alternative/Other	\$ 1,645,416.68	\$ -	\$ 1,645,416.68	\$ -	\$ 285,206	\$ 1,930,623
TOTAL	\$ 3,372,560	\$ 1,296,837	\$ 4,669,397	\$ -	\$ 285,206	\$ 4,954,603

## Alternative/Other

[illegible]

## Investment Managers

List of Investment Manager Names
Alliance Bernstein
AQR
Arrowstreet
BlackRock
Franklin Templeton
Heitman
Lazard
Mellon
Newton
Portfolio Advisors
UBS
Wellington

## Total Investment Expenses

<b>Total Direct and Indirect Fees and Commissions</b>	<b>\$</b>	<b>4,954,603</b>
<b>Investment Services</b>		
Custodial	\$	196,471.00
Research	\$	-
Investment Consulting	\$	314,143.28
Legal	\$	-
<b>Total</b>	<b>\$</b>	<b>510,614.28</b>
<b>Total Investment Expenses</b> (Total Direct and Indirect Fees and Commissions + Investment Services)	<b>\$</b>	<b>5,465,217</b>

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## ACTUARIAL SECTION





January 31, 2023

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, 2022 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 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.

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 our opinion, the actuarial assumptions are reasonable, taking into account the experience of the Plan and reasonable long-term expectations, and represent our best estimate of the anticipated long-term experience under the Plan. The assumptions and methods used in the valuation were adopted by the Board based on (i) the experience study for the period September 1, 2014 to August 31, 2018, and (ii) the funding policy that was formalized in 2019. All assumptions are evaluated and discussed annually with the appropriate parties, and actuarial gain/loss experience is reviewed during each valuation to see if any changes are needed. All assumptions represent our best estimate of future experience.



Member data for active, retired, and inactive members was supplied as of July 1, 2022 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 on November 15, 2022.

Governmental Accounting Standards Board (GASB) Statement No. 67 (GASB 67) was effective for the Plan beginning with fiscal year ending August 31, 2014. We have prepared the member data tables shown in Schedule A of this report for the Statistical Section of the ACFR, as well as the summary of actuarial assumptions shown in Schedule C of this report. Please see our separate GASB 67 reports for other information needed for the ACFR.

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.

Actuarial Standard of Practice No. 51 ("ASOP 51") applies to funding calculations such as those presented in this report and requires certain disclosures of potential risks. Schedule D presents an assessment of the key risks applicable to this plan, as well as historical information and plan maturity measures.

Actuarial Standard of Practice No. 56 ("ASOP 56") provides guidance to actuaries when performing actuarial services with respect to designing, developing, selecting, modifying, using, reviewing, or evaluating models. Buck uses third-party software in the performance of annual actuarial valuations and projections. The model is intended to calculate the liabilities associated with the provisions of the plan using data and assumptions as of the measurement date under the funding rules specified in this report. The output from the third-party vendor software is used as input to an internally developed model that applies applicable funding rules to the liabilities derived and other inputs, such as plan assets and contributions, to generate the exhibits found in this report. Buck has an extensive review process whereby the results of the liability calculations are checked using detailed sample output, changes from year to year are summarized by source, and significant deviations from expectations are investigated. Other funding outputs and the internal model are similarly reviewed in detail and at a high level for accuracy, reasonability and consistency with prior results. Buck also reviews the third-party model when significant changes are made to the software. The review is performed by experts within the company who are familiar with applicable funding rules as well as the manner in which the model generates its output. If significant changes are made to the internal model, extra checking and review are completed. Significant changes to the internal model that are applicable to multiple clients are generally developed, checked and reviewed by multiple experts within the company who are familiar with the details of the required changes.

ASOPs 27 and 35 require the actuary to disclose the information and analysis used to support the actuary's determination that the assumptions selected by the plan sponsor do not significantly conflict with what, in the actuary's professional judgment, are reasonable for the purpose of the measurement. In the case of the plan sponsor's selection of expected return on assets ("EROA"), the signing actuaries have used economic information and tools provided by Buck's Financial Risk Management ("FRM") practice. A spreadsheet tool created by the FRM team converts averages, standard deviations, and correlations from Buck's Capital Markets Assumptions ("CMA") that are used for stochastic forecasting into approximate percentile ranges for the arithmetic and geometric average returns. It is intended to suggest possible reasonable ranges for EROA without attempting to predict or select a specific best estimate rate of return. It takes

into account the duration (horizon) of investment and the target allocation of assets in the portfolio to various asset classes. Based on the actuary's analysis, including consistency with other assumptions used in the valuation and the percentiles generated by the spreadsheet described above, and review of actuarial gain/loss analysis, the actuary believes the assumptions do not conflict with what, in the actuary's professional judgment, are reasonable for the purpose of the measurement.

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 our supervision and in accordance with all applicable Actuarial Standards of Practice. The assumptions and methods used for funding purposes meet the requirements of all applicable Actuarial Standards of Practice. We are Fellows of the Society of Actuaries, Enrolled Actuaries, Members of the American Academy of Actuaries, and Fellows of the Conference of Consulting Actuaries. We meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.


We are available to discuss this report with you at your convenience. David can be reached at 602-803-6174 and Beth can be reached at (208) 724-5297.

Sincerely,

Buck Global, LLC (Buck)



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



Elizabeth A. Wiley, FSA, EA, MAAA, FCA  
Senior Consultant

## Section 1 – Summary of Results

	September 1, 2022	September 1, 2020
Membership <sup>1</sup>		
Active	4,128	4,304
Terminated with deferred benefits <sup>2</sup>	173	162
Retired paid from Plan <sup>3</sup>	3,657	3,476
Compensation		
Total	\$ 180,531,963	\$ 167,790,367
Average	\$ 43,734	\$ 38,985
Assets		
Market value	\$ 907,610,032	\$ 877,989,396
Actuarial value	\$ 947,404,127	\$ 867,570,209
Valuation Results		
Actuarial Accrued Liability (AAL)	\$ 1,171,459,737	\$ 1,085,022,171
Actuarial Value of Assets (AVA)	\$ 947,404,127	\$ 867,570,209
Funded ratio (AVA/AAL)	80.9%	80.0%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 224,055,610	\$ 217,451,962
UAAL funding period	14 years	16 years
Actuarially Determined Contribution (ADC)		
Normal cost rate (net of member contributions)	2.47%	2.99%
UAAL amortization rate	<u>8.55%</u>	<u>8.53%</u>
Total rate	11.02%	11.52%
Excess of City's Fixed Contribution Rate Over ADC	3.03%	2.53%

<sup>1</sup> Census data as of July 1 preceding the valuation date.

<sup>2</sup> Excludes terminated members entitled to refunds of contributions paid after July 1.

<sup>3</sup> 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 funded status of the Plan has decreased since the September 1, 2020 valuation. Pay increases were higher than anticipated and more retirements than expected increased liabilities. A \$1,500 13<sup>th</sup> check issued in 2021 was paid from plan assets but was not reflected in the liabilities as of the beginning of the year, thereby increasing the unfunded liability. Assets performed better than expected in fiscal year 2021 but lower than expected in fiscal year 2022<sup>1</sup>.

Section 3 shows in more detail the changes to the UAAL.

### Funding Status

There are two significant measures of the funding status of the Plan.

- The first is the Actuarially Determined Contribution (ADC). This is the City's contribution rate (the ADC as a percentage of payroll) that is required to pay the Normal Cost and to amortize the UAAL over 25-year periods. This rate is currently 11.02% of pay (the City's fixed contribution rate is 14.05% of pay). The corresponding rate from the September 1, 2020 valuation was 11.52%.
- The second 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 fixed contribution rates. This period is currently 14 years, compared to 16 years in 2020.

### 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 in the valuation. These assumptions and methods were adopted by the Board based on the experience study for the period September 1, 2014 to August 31, 2018 and the funding policy that was formalized in 2019. There were no changes to the assumptions or methods since the previous valuation.

### Financial Data

The financial data used in this report was provided by the City on November 15, 2022.

Section 5 shows a reconciliation of the Plan's assets between August 31, 2020 through August 31, 2021, and from August 31, 2021 through August 31, 2022, and shows the development of the Actuarial Value of Assets (AVA). To minimize volatility in contribution rates, we use an adjusted market value (AVA) which phases in market gains and losses over five years. The market returns for the two years since the last valuation were 21.5% and -7.8% for fiscal years 2021 and 2022 respectively. The actuarial returns were 10.7% and 7.4% for fiscal years 2021 and 2022 respectively.

### Membership Statistics

Data on active and retired members was supplied by the City as of July 1, 2022. The active membership decreased from 4,304 to 4,128 between 2020 and 2022, while payroll increased from \$167.8 million to \$180.5 million over the same period. The number of retirees and beneficiaries receiving benefits increased from 3,476 to 3,657 during this 2-year period. Schedule A provides a summary of the membership data used in the current and prior valuations.

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<sup>1</sup> The market returns were approximately 21.5% in fiscal year 2021 and -7.8% in fiscal year 2022.

## Section 3 – Actuarial Funding Requirements

### Actuarial Liabilities, Costs and Funding Period

	September 1, 2022	September 1, 2020
1. Covered Payroll (excluding 4% overtime load)	\$ 180,531,963	\$ 167,790,367
2. Actuarial present value of future pay	\$ 1,386,012,391	\$ 1,266,925,833
3. Current contribution rates		
a. City	14.05%	14.05%
b. Member	<u>8.95%</u>	<u>8.95%</u>
c. Total	23.00%	23.00%
4. Normal cost rate		
a. Total (before adjustment for overtime)	11.88%	12.42%
b. Total (after adjustment for overtime)	11.42%	11.94%
c. Member contribution rate	8.95%	8.95%
d. Employer normal cost rate (4b – 4c)	2.47%	2.99%
5. Actuarial present value of future benefits	\$ 1,336,118,009	\$ 1,242,374,359
6. Actuarial present value of future normal costs (4a x 2)	\$ 164,658,272	\$ 157,352,188
7. Actuarial accrued liability (5 – 6)	\$ 1,171,459,737	\$ 1,085,022,171
8. Actuarial value of assets	\$ 947,404,127	\$ 867,570,209
9. Unfunded actuarial accrued liability (UAAL) (7 – 8)	\$ 224,055,610	\$ 217,451,962
10. City's Actuarially Determined Contribution (ADC)		
a. Employer normal cost rate (4d)	2.47%	2.99%
b. UAAL amortization rate	<u>8.55%</u>	<u>8.53%</u>
c. Total	11.02%	11.52%
11. Margin over/(under) ADC (3a – 10c)	3.03%	2.53%
12. UAAL funding period	14 years	16 years

## Section 3 – Actuarial Funding Requirements (continued)

### Analysis of Change in UAAL

1. UAAL as of September 1, 2020	\$ 217,451,962
2. Changes due to:	
a. Expected increase/(decrease)	1,211,813
b. Actual contributions greater than expected	(12,188,063)
c. Other changes including liability experience	42,499,554
d. Asset experience	(30,509,189)
e. Assumption Changes	0
f. 13 <sup>th</sup> Check	5,589,533
Total Changes	\$ 6,603,648
3. UAAL as of September 1, 2022	\$ 224,055,610

### Schedule of UAAL Layered Amortizations

Layer	Amortization Period		Balances		End-of-Year Payment
	Date Created	Years Remaining	Initial	Outstanding	
Initial <sup>1</sup>	9/1/2019	22	\$ 217,986,352	\$ 221,526,633	\$ 15,936,939
Change in Assumptions	9/1/2020	23	20,343	20,538	1,440
FY20 Experience <sup>2</sup>	9/1/2020	23	(2,683,153)	(2,708,881)	(189,958)
FY21 Experience <sup>3</sup>	9/1/2021	24	(33,526,549)	(33,712,197)	(2,308,315)
FY22 Experience <sup>4</sup>	9/1/2022	25	38,929,517	38,929,517	2,606,824
Total				\$ 224,055,610	\$ 16,046,930

<sup>1</sup> Based on the September 1, 2019 roll-forward valuation (includes the FY19 asset loss).

<sup>2</sup> Combination of liability experience, FY20 asset experience, and contributions greater than expected.

<sup>3</sup> Combination of FY21 asset experience and contributions greater than expected.

<sup>4</sup> Combination of liability experience, FY22 asset experience, and contributions greater than expected.

## Section 4 – Historical Funding Information

### Historical Funding Detail (in \$millions)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) – Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll <sup>1</sup>	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%
September 1, 2020	867.6	1,085.0	217.5	80.0%	167.8	129.6%
September 1, 2022	947.4	1,171.5	224.1	80.9%	180.5	124.1%

<sup>1</sup> Excluding 4% overtime load.

## Section 4 – Historical Funding Information (continued)

### Schedule of Employer Contributions

Valuation Date	Fiscal Year Ending	City's Actuarially Determined Contribution <sup>1</sup>	Percentage Contributed
September 1, 2008	August 31, 2009	13,459,678	128.1%
September 1, 2010	August 31, 2011	17,544,977	100.5%
September 1, 2012	August 31, 2013	20,668,877	94.5%
September 1, 2014	August 31, 2015	18,848,390	121.6%
September 1, 2016	August 31, 2017	16,274,581	155.6%
September 1, 2018	August 31, 2019	16,488,437	156.2%
September 1, 2020	August 31, 2021	19,329,450	131.5%
September 1, 2022	August 31, 2023	19,894,622	TBD

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<sup>1</sup> Based on projected payroll.



## Section 4 – Historical Funding Information (continued)

### Solvency Test

Valuation as of September 1	(1) Active Member Contributions	(2) Retirees, Beneficiaries, and Deferred Vested	(3) Active Member Employer Financed	Actuarial Value of Assets	Portion of Accrued Liability Covered by Valuation Assets (1) (2) (3)
2012	\$ 125,711,138	\$ 402,599,130	\$ 259,894,173	\$ 581,725,101	100% 100% 21%
2014	138,800,612	447,319,039	273,625,284	663,063,411	100% 100% 28%
2016	149,806,820	551,471,729	244,493,549	749,026,818	100% 100% 20%
2018	175,353,211	622,985,979	226,039,977	822,926,030	100% 100% 11%
2020	175,731,674	702,353,131	206,937,366	867,570,209	100% 99% 0%
2022	172,662,959	778,884,327	219,912,451	947,404,127	100% 99% 0%

## Section 5 – Summary of Asset Information

### Reconciliation of Plan Assets

	Period Ending	
	August 31, 2022	August 31, 2021
1. Market value of assets at beginning of period	\$ 1,028,462,335	\$ 877,989,396
2. Contributions		
a. City	\$ 26,090,035	\$ 25,416,971
b. Member	<u>15,998,718</u>	<u>14,905,816</u>
c. Total	\$ 42,088,753	\$ 40,322,787
3. Benefit payments and refunds	(84,876,133)	(75,230,941)
4. Investment earnings (net of investment expenses)	(76,419,409)	190,067,092
5. Administrative expenses	<u>(1,645,514)</u>	<u>(4,685,999)</u>
6. Market value of assets at end of period	\$ 907,610,032	\$ 1,028,462,335

## Section 5 – Summary of Asset Information (continued)

### Determination of Investment Earnings to be Deferred

	Period Ending	
	August 31, 2022	August 31, 2021
1. Market value at beginning of period	\$ 1,028,462,335	\$ 877,989,396
2. Cash flows		
a. City contributions	\$ 26,090,035	\$ 25,416,971
b. Member contributions	15,998,718	14,905,816
c. Benefit payments	(79,297,591)	(71,426,654)
d. Refunds	<u>(5,578,542)</u>	<u>(3,804,287)</u>
e. Total	\$ (42,787,380)	\$ (34,908,154)
3. Weighted cash flows (2e x 50%)	\$ (21,393,690)	\$ (17,454,077)
4. Assets available (1 + 3)	\$ 1,007,068,645	\$ 860,535,319
5. Assumed investment return rate	7.25%	7.25%
6. Expected net return (4 x 5)	\$ 73,012,477	\$ 62,388,811
7. Actual net return		
a. Total investment return	\$ (76,419,409)	\$ 190,067,092
b. Administrative expenses	<u>(1,645,514)</u>	<u>(4,685,999)</u>
c. Net return	\$ (78,064,923)	\$ 185,381,093
8. Gain/(loss) subject to deferral (7c - 6)	\$ (151,077,400)	\$ 122,992,282

## Section 5 – Summary of Asset Information (continued)

### Calculation of Actuarial Value of Assets

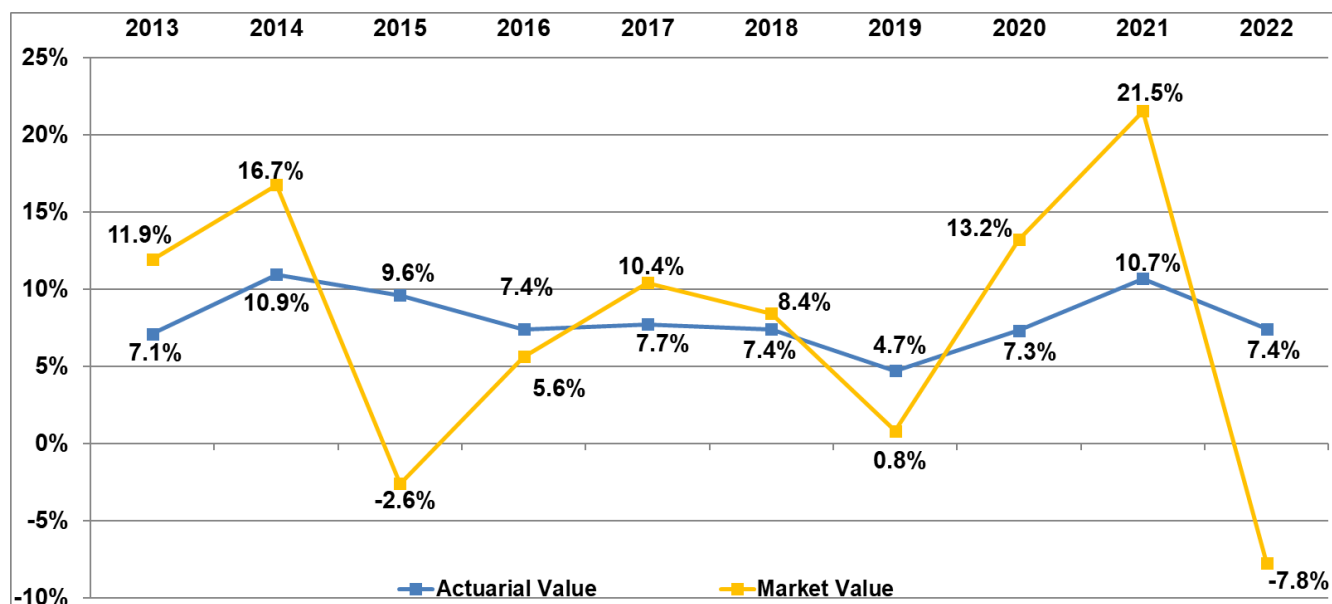
1. Market value of assets as of August 31, 2022 \$ 907,610,032

2. Deferral amounts

Year	Total Gain/(Loss)	Percent Deferred	Deferral Amount
2021-2022	\$ (151,077,400)	80%	\$ (120,861,920)
2020-2021	122,992,282	60%	73,795,396
2019-2020	45,079,403	40%	18,031,761
2018-2019	(53,796,523)	20%	(10,759,305)
Total			\$ (39,794,095)

3. Actuarial value of assets as of September 1, 2022 (1 – 2) \$ 947,404,127

### Historical Asset Rates of Return



## Section 6 – 10-Year Projections<sup>1</sup>

FYE	Expected City Contributions	Expected Member Contributions	Expected Benefit Payments	Expected Refunds
August 31, 2023	\$ 26,742,286	\$ 16,398,686	\$ 85,226,143	\$ 5,718,006
August 31, 2024	27,410,843	16,808,653	77,088,847	5,860,956
August 31, 2025	28,096,114	17,228,869	79,229,495	6,007,480
August 31, 2026	28,798,517	17,659,591	81,232,207	6,157,667
August 31, 2027	29,518,480	18,101,081	83,060,028	6,311,608
August 31, 2028	30,256,442	18,553,608	85,013,401	6,469,398
August 31, 2029	31,012,853	19,017,448	86,742,796	6,631,133
August 31, 2030	31,788,174	19,492,884	88,470,509	6,796,912
August 31, 2031	32,582,879	19,980,206	90,184,969	6,966,835
August 31, 2032	33,397,451	20,479,712	91,699,819	7,141,005

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<sup>1</sup> Based on projected payroll.

# Schedule A - Membership Data

September 1, 2022<sup>1</sup> September 1, 2020<sup>1</sup> September 1, 2018<sup>1</sup> September 1, 2016<sup>1</sup> September 1, 2014<sup>1</sup>

1. Active members					
a. Number vested	1,293	1,585	1,902	2,008	1,996
b. Number non-vested	<u>2,835</u>	<u>2,719</u>	<u>2,443</u>	<u>2,209</u>	<u>2,153</u>
c. Total	4,128	4,304	4,345	4,217	4,149
d. Covered payroll	\$ 180,531,963	\$ 167,790,367	\$ 167,225,529	\$ 156,336,028	\$ 153,613,608
e. Average annual pay	\$ 43,734	\$ 38,985	\$ 38,487	\$ 37,073	\$ 37,024
f. Percent change in average annual pay	12.2%	1.3%	3.8%	0.1%	3.6%
g. Average age	45.2	45.4	45.8	46.5	46.8
h. Average service (years)	9.9	9.6	10.1	10.6	10.7
2. Retired members					
a. Number currently being paid from Plan <sup>2</sup>	3,657	3,476	3,174	2,863	2,627
b. Total current annual benefit	\$ 75,621,789	\$ 68,772,742	\$ 59,700,507	\$ 52,488,661	\$ 46,393,663
c. Average current annual benefit	\$ 20,679	\$ 19,785	\$ 18,809	\$ 18,333	\$ 17,660
d. Average age	70.4	70.2	69.8	69.4	69.1
3. Deferred vested members					
a. Number entitled to deferred benefits <sup>3</sup>	173	162	181	141	150
b. Total deferred annual benefit	\$ 2,531,924	\$ 2,238,717	\$ 2,624,290	\$ 1,949,199	\$ 1,981,100
c. Average deferred annual benefit	\$ 14,635	\$ 13,819	\$ 14,499	\$ 13,824	\$ 13,207
d. Average age	50.4	49.7	48.4	49.7	49.1

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

<sup>2</sup> Excludes retirees for whom annuities were purchased from Prudential, but whose cost-of-living increases are paid by the Plan (120 as of July 1, 2020; 99 as of July 1, 2022).

<sup>3</sup> Excludes terminated members entitled to refunds of contributions paid after July 1 (999 members with \$7,407,577 in contributions as of July 1, 2020; 1,367 members with \$10,133,543 in contributions as of July 1, 2022).

## Schedule A - Pension Benefit Recipients (Retirees and Beneficiaries) Added to and Removed from Rolls

Valuation Date	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls – End of Year</u>		Percent Increase in Pension Benefits	Average Annual Pension Benefit
	Number	Annual Pension Benefits	Number	Annual Pension Benefits	Number	Annual Pension Benefits		
September 1, 2022	471	\$ 12,699,881	290	\$ 5,850,834	3,657	\$ 75,621,789	10.0%	\$ 20,679
September 1, 2020	514	\$ 11,931,948	212	\$ 2,859,713	3,476	\$ 68,772,742	15.2%	\$ 19,785
September 1, 2018	492	\$ 10,185,670	181	\$ 2,973,824	3,174	\$ 59,700,507	13.7%	\$ 18,809

# **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

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. The assumptions and methods used in the valuation are based on the experience study for the period September 1, 2014 through August 31, 2018, and the funding policy that was formalized in 2019.

### Investment Return

7.25% per year, net of expenses.

### Separations Before Normal Retirement

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

Age	Withdrawal					
	Years of Credited Service					
	1	2	3	4	5	6+
25	15.0%	15.0%	12.0%	12.0%	10.0%	9.0%
30	15.0	15.0	12.0	12.0	10.0	9.0
35	15.0	15.0	9.0	12.0	10.0	7.0
40	10.0	10.0	9.0	8.0	7.0	7.0
45	10.0	10.0	9.0	8.0	7.0	7.0
50	7.5	7.5	6.0	4.0	7.0	6.0
55	7.5	7.5	6.0	4.0	4.0	6.0
60	7.5	7.5	6.0	4.0	4.0	6.0

### Mortality

Mortality rates for active and deferred participants are based on the RP-2014 employee tables with Blue Collar adjustment projected with Scale MP-2019 on a fully generational basis. Mortality rates for healthy retirees and survivors are based on the RP-2014 healthy annuitant tables with Blue Collar adjustment (92% of male rates and 100% of female rates) projected with Scale MP-2019 on a fully generational basis. Mortality rates for disabled participants are based on the RP-2014 disabled annuitant table projected with Scale MP-2019 on a fully generational basis.

### Disability

None assumed.

### Occupational 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
Less than 3	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 or more	2.75

Total payroll is assumed to increase 2.50% 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 retirement assumed to retire at various ages are shown below for Tier 1:

Tier 1 Retirement Rates					
Early			Normal		
Age	Male	Female	Age	Male	Female
40	3.0%	3.0%	40	n/a	n/a
45	3.0	3.5	45	6.0%	9.0%
50	4.0	3.5	50	6.0	9.0
55	4.0	4.0	55	12.0	10.0
60	—	—	60	12.0	10.0
65	—	—	65	25.0	20.0
70	—	—	70	40.0	25.0
75+	—	—	75	100.0	100.0

The percentage of those eligible for retirement assumed to retire at various ages are shown below for Tier 2:

Tier 2 Retirement Rates					
Early			Normal		
Age	Male	Female	Age	Male	Female
45	2.5%	2.5%	45	2.5%	2.5%
50	1.5	1.5	50	1.5	1.5
55	—	—	55	1.5	7.0
60	—	—	60	8.0	7.0
65	—	—	65	10.0	12.0
70	—	—	70	40.0	20.0
75+	—	—	75+	100.0	100.0

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

### 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. Effective with the September 1, 2019 roll-forward valuation, the Unfunded Actuarial Accrued Liability is amortized over closed 25-year periods ("layers").

### Actuarial Value of Assets

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

$$\begin{aligned} MV & - (8/10) \times G/(L)_1 - (6/10) \times G/(L)_2 \\ & - (4/10) \times G/(L)_3 - (2/10) \times G/(L)_4 \end{aligned}$$

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 – ASOP 51 Assessment of Risks

Actuarial Standard of Practice No. 51 (ASOP 51) requires certain disclosures of potential risks to the plan and provides useful information for intended users of actuarial reports that determine plan contributions or evaluate the adequacy of specified contribution levels to support benefit provisions.

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:

### Investment Risk

The potential that future investment returns will be different than the current assumption of 7.25%. 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.

### 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, 2022 is 11.02% of pay (excluding active member contributions). 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.

### 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.

### 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.

### Other Risks

Payroll does not grow as expected, thereby increasing future Actuarially Determined Contribution rates.

This information is provided to comply with ASOP 51 and furnish beneficial information on potential risks to the plan. **This list is not all-inclusive**; it is an attempt to identify the more significant risks and how those risks might affect the results shown in this report.

Note that ASOP 51 does not require the actuary to evaluate the ability or willingness of the plan sponsor to make contributions to the plan when due, or to assess the likelihood or consequences of potential future changes in law. In addition, this valuation report is not intended to provide investment advice or to provide guidance on the management or reduction of risk.

## Historical Information

Monitoring certain information over time may help understand risks faced by the Plan. Historical information is included throughout this report. Some examples are:

- Historical Asset Rates of Return in Section 5 illustrates how the Plan's assets have performed over time.
- Funded Ratio History shown in Section 4 illustrates how the Plan's funded status (comparison of actuarial accrued liabilities to actuarial value of assets) has changed over time.



## Schedule D – ASOP 51 Assessment of Risks (continued)

- Section 4 shows how the Actuarially Determined Contribution has changed over time.
- Schedule A shows how member census data has changed over time.

### Plan Maturity Measures

There are certain measures that may aid in understanding the significant risks to the Plan.

Ratio of Cash Flow to Assets	September 1, 2018	September 1, 2020	September 1, 2022
1. Retiree and Beneficiary Actuarial Accrued Liability	\$598,442,205	\$677,266,185	\$ 748,113,778
2. Total Actuarial Accrued Liability	1,024,379,167	1,085,022,171	1,171,459,737
3. Ratio, (1) ÷ (2)	58.4%	62.4%	63.9%

A high percentage of liability concentrated on participants in pay status indicates a mature plan (often a ratio above 60% - 65%). An increasing percentage may indicate a need for a less risky asset allocation, which may lead to a lower long-term return on asset assumption and increased costs. Higher percentages may also indicate greater investment risk as benefit payments may be greater than contributions creating an increased reliance on investment returns. This ratio should be monitored each year in the future.

Ratio of Cash Flow to Assets	FYE August 31, 2020	FYE August 31, 2021	FYE August 31, 2022
1. Contributions	\$41,410,781	\$40,322,787	\$42,088,753
2. Benefit Payments and Refunds	<u>70,376,992</u>	<u>75,230,941</u>	<u>84,876,133</u>
3. Cash Flow, (1) - (2)	\$ (28,966,211)	\$ (34,908,154)	\$ (42,787,380)
4. Fair Value of Assets	\$ 877,989,396	\$ 1,028,462,335	\$ 907,610,032
5. Ratio, (3) ÷ (4)	(3.3%)	(3.4%)	(4.7%)

When this cash flow ratio is negative, more cash is being paid out than deposited in the trust. Negative cash flow indicates the trust needs to rely on investment returns to cover benefit payments and/or may need to invest in more liquid assets to cover the benefit payments. More liquid assets may not generate the same returns as less liquid assets, which can increase the investment risk. Currently, the low magnitude of the ratio implies there may already be enough liquid assets to cover the benefit payments, less investment return is needed to cover the shortfall, or only a small portion of assets will need to be converted to cash. Therefore, the investment risk is likely not amplified at this time. This maturity measure should be monitored in the future.

Contribution Volatility	FYE August 31, 2020	FYE August 31, 2021	FYE August 31, 2022
1. Fair Value of Assets	\$ 877,989,396	\$ 1,028,462,335	\$ 907,610,032
2. Payroll	172,242,295	167,790,367	171,985,126
3. Asset to Payroll Ratio, (1) ÷ (2)	509.7%	612.9%	527.7%
4. Accrued Liability	\$1,054,386,523	\$1,108,078,648	\$1,171,459,737
5. Liability to Payroll Ratio, (4) ÷ (2)	612.2%	660.4%	681.1%

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 10% may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 5%. Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, if an assumption change increases the liability of two plans by the same percent, the plan with a liability-to-payroll ratio of 10% may experience twice the contribution volatility than a plan with a liability-to-payroll ratio of 5%.

## **Schedule E – 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 E – 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, 2022**

Attained Age	Years of Credited Service										Total
	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	
<b>Under 25</b>	71 29,008	56 29,808	1 28,941	0 0	0 0	0 0	0 0	0 0	0 0	0 0	128
<b>25 to 29</b>	142 33,033	230 36,128	46 40,726	0 0	0 0	0 0	0 0	0 0	0 0	0 0	418
<b>30 to 34</b>	94 34,114	209 39,646	146 43,499	10 44,236	0 0	0 0	0 0	0 0	0 0	0 0	459
<b>35 to 39</b>	67 36,393	144 39,244	171 43,655	77 55,248	18 43,358	0 0	0 0	0 0	0 0	0 0	477
<b>40 to 44</b>	49 33,808	143 40,108	139 46,312	91 49,927	72 50,497	10 58,729	0 0	0 0	0 0	0 0	504
<b>45 to 49</b>	31 39,625	99 38,960	137 44,517	108 49,134	93 55,836	62 61,138	6 59,717	1 81,158	0 0	0 0	537
<b>50 to 54</b>	36 36,000	118 37,666	86 40,820	85 47,530	99 48,509	81 52,289	65 49,514	15 49,590	0 0	0 0	585
<b>55 to 59</b>	19 37,236	88 37,388	88 51,516	94 43,170	81 47,902	57 50,573	51 65,708	25 57,230	7 62,575	0 0	510
<b>60 to 64</b>	13 40,733	50 40,508	74 39,399	58 40,216	65 49,463	52 47,732	28 55,196	25 65,150	12 94,860	1 47,606	378
<b>65 to 69</b>	1 33,180	18 37,757	14 42,827	17 37,073	20 47,134	15 53,219	8 52,388	3 47,498	2 83,447	0 0	98
<b>70 &amp; up</b>	0 0	6 25,369	8 44,517	3 38,055	11 45,632	1 35,035	2 53,511	2 37,472	0 0	1 39,652	34
<b>Total</b>	523	1,161	910	543	459	278	160	71	21	2	4,128

**Table 2 - The Number and Annual Retirement Allowances of Retired Members, Disabled Members and Beneficiaries by Age as of July 1, 2022**

<b>Age</b>	<b>Number</b>	<b>Benefit</b>	<b>Average Benefit</b>
Less than 20	2	\$ 9,200	\$ 4,600
36	1	16,842	16,842
37	1	24,161	24,161
38	1	13,183	13,183
39	1	7,566	7,566
40	1	18,031	18,031
41	1	7,999	7,999
46	2	54,577	27,289
47	1	6,140	6,140
48	1	8,856	8,856
49	3	29,342	9,781
50	3	45,760	15,253
51	6	50,228	8,371
52	14	229,845	16,418
53	17	184,370	10,845
54	16	390,921	24,433
55	27	495,434	18,349
56	41	1,007,421	24,571
57	48	913,846	19,038
58	70	1,990,773	28,440
59	91	2,522,095	27,715
60	112	2,638,452	23,558
61	103	2,557,154	24,827
62	101	2,391,376	23,677
63	150	3,379,585	22,531
64	150	3,851,671	25,678
65	141	3,258,484	23,110
66	164	3,598,930	21,945
67	167	3,759,558	22,512
68	142	3,025,154	21,304
69	186	3,995,877	21,483
70	167	3,845,128	23,025
71	150	3,154,296	21,029
72	126	2,381,887	18,904
73	126	2,282,198	18,113
74	131	2,754,785	21,029
75	120	2,631,536	21,929

**Table 2 - The Number and Annual Retirement Allowances of Retired Members, Disabled Members and Beneficiaries by Age as of July 1, 2022 (continued)**

Age	Number	Benefit	Average Benefit
76	152	3,047,470	20,049
77	93	1,717,728	18,470
78	79	1,364,719	17,275
79	87	1,368,362	15,728
80	80	1,624,157	20,302
81	54	1,123,738	20,810
82	73	1,229,263	16,839
83	55	821,967	14,945
84	52	778,218	14,966
85	50	757,261	15,145
86	46	624,828	13,583
87	54	798,487	14,787
88	39	599,574	15,374
89	23	360,260	15,663
90	40	578,770	14,469
90 & over	<u>96</u>	<u>1,294,326</u>	<u>13,483</u>
TOTAL	3,657	\$ 75,621,789	\$ 20,679

**Table 3 - The Number and Future Annual Allowances of Terminated Members, Entitled to a Future Benefit by Age as of July 1, 2022**

Age	Number	Benefit	Average Benefit
32	1	\$ 960	\$ 960
34	1	17,880	17,880
36	2	5,832	2,916
37	1	525	525
38	1	2,188	2,188
39	4	34,191	8,548
40	1	5,660	5,660
41	1	20,756	20,756
42	5	99,559	19,912
43	4	84,845	21,211
44	6	122,697	20,450
45	3	36,976	12,325
46	9	103,993	11,555
47	9	140,264	15,585
48	11	185,615	16,874
49	9	144,522	16,058
50	6	66,075	11,013
51	11	254,128	23,103
52	14	248,629	17,759
53	16	238,808	14,926
54	13	222,432	17,110
55	13	199,280	15,329
56	5	55,812	11,162
57	5	19,126	3,825
58	2	10,776	5,388
59	3	16,560	5,520
60	4	77,003	19,251
61	3	22,560	7,520
62	4	41,835	10,459
63	2	19,080	9,540
65	2	13,440	6,720
67	1	15,120	15,120
75	<u>1</u>	<u>4,797</u>	<u>4,797</u>
TOTAL	173	\$ 2,531,924	\$ 14,635





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## STATISTICAL SECTION



The Statistical Section of the Trust's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Trust's overall financial health.

## **Financial Trends**

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These schedules contain trend information to help the reader understand and assess changes in the Trust's financial position over time.

- Statement of Changes in Net Positions Available for Benefit

## **Operating Information**

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These schedules provide contextual information regarding benefit payments to retirees and the Trust's retiree population.

- Schedule of Average Benefit Payment Amounts
- Average Benefit Payments by Years of Credited Service



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

<b>Additions</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Contributions</b>								
Employer	26,096,411	25,603,188	25,296,642	26,424,696	25,651,488	25,327,071	23,370,111	22,916,913
Participants	16,665,780	15,099,360	16,114,139	15,746,549	15,540,713	15,154,341	14,886,249	14,595,935
Total contributions	42,762,191	40,702,548	41,410,781	42,171,245	41,192,201	40,481,412	38,256,360	37,512,848
<b>Investment Income</b>								
Net appreciation (depreciation) in fair value of investments	(89,489,954)	201,182,318	99,563,115	7,981,580	64,832,061	74,716,005	37,856,062	(21,734,515)
Interest	793,010	1,049,280	4,109,088	4,169,630	3,915,267	3,808,906	4,444,138	4,888,211
Dividends	3,597,637	2,548,310	2,356,890	3,552,203	3,186,719	2,582,152	2,980,264	2,359,009
Securities lending income, net of expenses	-	24,567	11,184	37,424	6,801	45,478	90,861	126,526
Investment advisor fees	(2,480,568)	(2,753,808)	(3,589,807)	(2,987,728)	(6,578,777)	(5,783,774)	(5,104,720)	(3,510,570)
Increase in commission credits receivable	-	-	-	-	-	-	(6,532)	(1,577)
Gain on Disposition of assets	-	-	19,939	-	-	-	-	-
Miscellaneous income/(expenses)	-	-	117	66,738	10,418	2,206	-	-
Net investment income (loss)	(87,579,875)	202,050,667	102,470,526	12,819,847	65,372,489	75,370,973	40,260,073	(17,872,916)
Total additions (deductions)	(44,817,684)	242,753,215	143,881,307	54,991,092	106,564,690	115,852,385	78,516,433	19,639,932
<b>Deductions</b>								
Benefits paid to participants	78,002,080	75,728,963	66,555,726	62,251,632	58,094,939	57,972,792	51,554,209	48,419,841
Refunds	5,441,578	3,804,288	3,737,266	4,215,138	2,889,443	3,104,773	2,829,420	2,369,096
Prepaid COLA payments	216,000	84,000	84,000	105,000	130,000	-	-	-
Administrative expenses	1,932,893	2,441,214	2,138,910	1,761,619	2,036,643	1,325,640	1,417,530	1,355,351
Total deductions	85,592,551	82,058,465	72,515,902	68,333,389	63,151,025	62,403,205	55,801,159	52,144,288
<b>Change in Net Position</b>	(130,410,235)	160,694,750	71,365,405	(13,342,297)	43,413,665	53,449,180	22,715,274	(32,504,356)
<b>Net Position Available for Benefits, Beginning of Year</b>	1,038,684,146	877,989,396	806,623,991	819,966,288	776,552,623	723,103,443	700,388,169	732,892,525
<b>Net Position Available for Benefits, End of Year</b>	\$ 908,273,911	\$ 1,038,684,146	\$ 877,989,396	\$ 806,623,991	\$ 819,966,288	\$ 776,552,623	\$ 723,103,443	\$ 700,388,169

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

	2014	2013	2012	2011	2010	2009	2008	2007
<b>Additions</b>								
<b>Contributions</b>								
Employer	21,830,044	20,499,707	19,181,091	17,948,799	17,626,236	17,245,402	16,505,427	14,574,850
Participants	14,039,600	13,328,629	12,607,172	11,938,545	11,814,128	11,533,666	11,169,467	9,763,642
Total contributions	35,869,644	33,828,336	31,788,263	29,887,344	29,440,364	28,779,068	27,674,894	24,338,492
<b>Investment Income</b>								
Net appreciation in fair value of investments	103,082,579	62,831,147	43,642,344	65,579,647	36,543,336	(49,772,720)	(32,191,401)	58,337,028
Interest	5,484,840	4,183,790	1,306,942	2,895,936	3,096,694	2,198,128	1,390,187	2,647,484
Dividends	2,373,927	4,490,895	3,708,793	2,865,256	2,696,987	2,967,150	5,223,787	4,256,079
Securities lending income, net of expenses	117,691	273,912	146,097	146,709	116,128	378,898	478,113	250,126
Investment advisor fees	(3,336,994)	(1,873,429)	(2,097,716)	(2,546,539)	(3,195,031)	(1,876,814)	(3,066,724)	(1,778,283)
Increase in commission credits receivable	1,146	15,076	7,358	8,927	35,815	37,452	(15,560)	46,965
Gain on Disposition of assets	-	-	-	-	-	-	-	-
Miscellaneous income/(expenses)	-	-	-	-	-	-	-	-
Net investment income (loss)	107,723,189	69,921,391	46,713,818	68,953,936	39,293,929	(46,067,906)	(28,181,598)	63,759,399
Total additions (deductions)	143,592,833	103,749,727	78,502,081	98,841,280	68,734,293	(17,288,838)	(506,704)	88,097,891
<b>Deductions</b>								
Benefits paid to participants	49,375,280	43,021,060	41,688,297	37,686,480	35,223,728	32,854,259	30,114,367	30,189,990
Refunds	3,217,554	2,159,129	2,605,377	1,896,665	1,987,231	2,027,657	2,513,020	2,213,943
Prepaid COLA payments	-	-	-	-	-	-	-	-
Administrative expenses	1,143,272	1,176,347	1,108,470	918,940	753,466	748,789	847,517	723,690
Total deductions	53,736,106	46,356,536	45,402,144	40,502,085	37,964,425	35,630,705	33,474,904	33,127,623
<b>Change in Net Position</b>	89,856,727	57,393,191	33,099,937	58,339,195	30,769,868	(52,919,543)	(33,981,608)	54,970,268
<b>Net Position Available for Benefits, Beginning of Year</b>	643,035,798	585,642,607	552,542,670	494,203,475	463,433,607	516,353,150	550,334,758	495,364,490
<b>Net Position Available for Benefits, End of Year</b>	\$ 732,892,525	\$ 643,035,798	\$ 585,642,607	\$ 552,542,670	\$ 494,203,475	\$ 463,433,607	\$ 516,353,150	\$ 550,334,758

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, 2022	3,657	\$75,621,789	\$20,679	\$1,723
September 1, 2020	3,476	\$68,772,742	\$19,785	\$1,649
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

Members Retiring & Receiving Benefit During Fiscal Year

		Years of Credited Service						
		<u>7-10</u>	<u>11-15</u>	<u>16-20</u>	<u>21-25</u>	<u>26-30</u>	<u>30+</u>	<u>All</u>
2022	Average monthly benefit	\$ 651	\$ 1,338	\$ 1,873	\$ 2,144	\$ 3,358	\$ 3,758	\$ 1,994
	Average monthly salary	\$ 3,565	\$ 3,775	\$ 3,952	\$ 3,722	\$ 4,673	\$ 4,306	\$ 3,966
	Number of retirees	23	48	34	22	27	15	169
2021	Average monthly benefit	\$ 795	\$ 1,125	\$ 1,808	\$ 2,283	\$ 3,302	\$ 4,152	\$ 2,143
	Average monthly salary	\$ 3,466	\$ 3,409	\$ 3,874	\$ 3,093	\$ 4,754	\$ 4,697	\$ 3,964
	Number of retirees	23	40	39	29	28	24	183
2020	Average monthly benefit	\$ 1,058	\$ 1,203	\$ 1,582	\$ 2,390	\$ 3,219	\$ 4,775	\$ 2,354
	Average monthly salary	\$ 5,016	\$ 3,654	\$ 3,460	\$ 4,176	\$ 4,482	\$ 5,277	\$ 4,215
	Number of retirees	21	41	45	40	49	27	223
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 compiled, years for which the information is available will be presented.*