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# 2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEARS ENDED  
AUGUST 31, 2025 AND 2024



A COMPONENT UNIT OF THE CITY OF EL PASO, TEXAS

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# Annual Comprehensive Financial Report For Fiscal Years Ended August 31, 2025 and 2024

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**

# City of El Paso Employees Retirement Trust (a Component of the City of El Paso, Texas)

## Transmittal Letter

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January 22, 2026

**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.

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*Trust in a secure future*

# City of El Paso Employees Retirement Trust (a Component of the City of El Paso, Texas)

## Transmittal Letter

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**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, Baker Tilly US, LLP, 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 and 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, 2025.

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 costs 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 multiple employer defined benefit pension trust which has been in continuous operation for over 80 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.

# City of El Paso Employees Retirement Trust (a Component of the City of El Paso, Texas)

## Transmittal Letter

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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 returns 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, Gallagher, 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 2023. The Trust has a goal of maintaining an amortization period for any unfunded actuarial accrued liability which complies with the period required by Governmental Accounting Standards Board (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 \$301,107,619 and the funding period was 15 years. Investment returns for the past year were positive, up about 9.43 percent, which was more than the assumed



# City of El Paso Employees Retirement Trust (a Component of the City of El Paso, Texas)

## Transmittal Letter

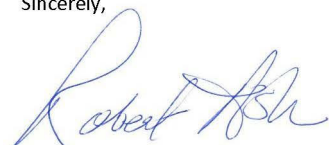
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investment return of 7.25 percent. The investment returns were more than the assumed investment return rate. However, participant salary increases offset some of the gains from exceeding the investment return assumption. The years to fund the unfunded liability decreased by one year. The market value of the Trust's assets increased by about 92.4 million dollars and the years to amortize the unfunded liability decreased to 15 years. The funding ratio, based on the actuarial value of assets, at the end of fiscal year 2025, was 77.8 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 benefit 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,

A handwritten signature in blue ink, appearing to read "Robert Ash", is written over a light blue circular background.

Robert Ash

Executive Director/Board Secretary

# City of El Paso Employees Retirement Trust (a Component of the City of El Paso, Texas)

## Board of Trustees

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The City of El Paso Employees Retirement Trust Board of Trustees as of August 31, 2025 are:

### Appointed Members

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Matt C. Kerr



Deborah G. Hamlyn



Rene Peña



Rep. Art Fierro



Rep. Chris Canales

### Elected Members

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Karl C. Rimkus  
Vice-Chairman



Karina Brasgalla



Robert Studer  
Chairman



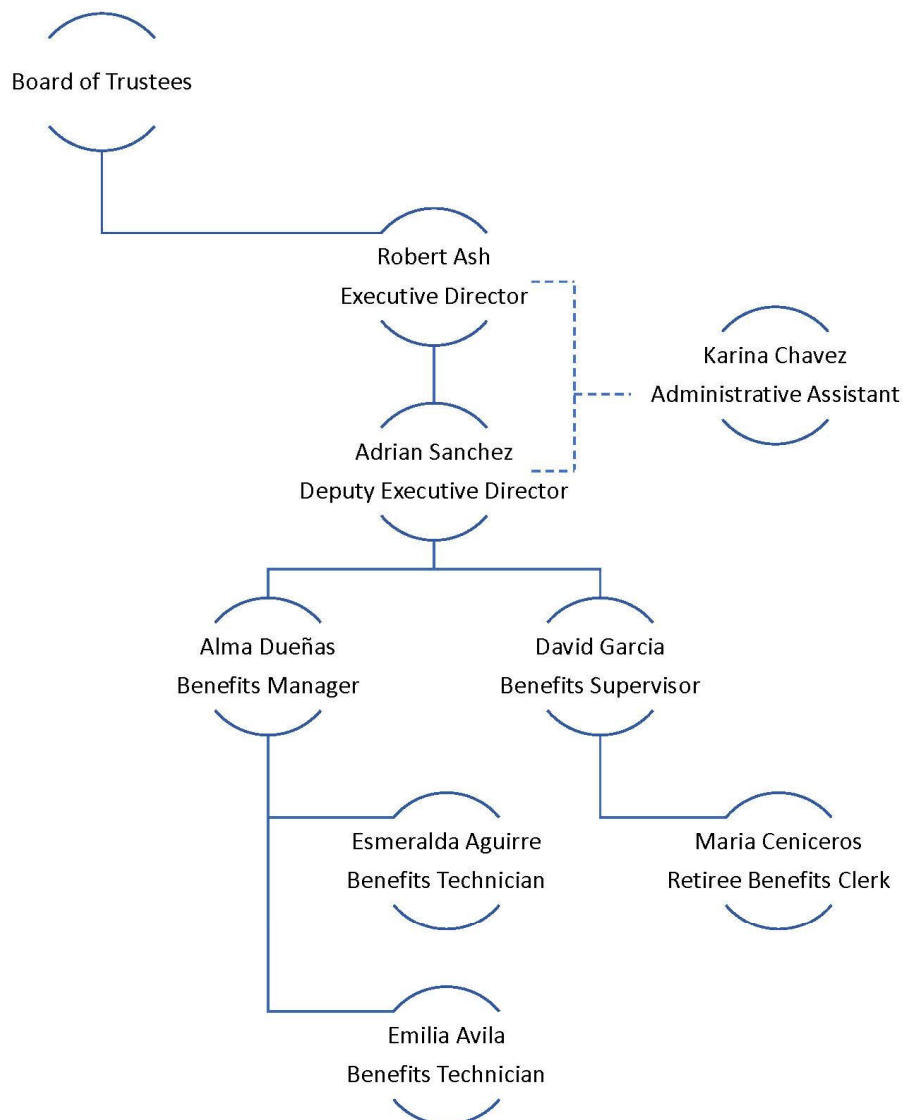
Isaura Valdez

# City of El Paso Employees Retirement Trust (a Component of the City of El Paso, Texas)

## Administrative Organization

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### Administrative Organization



**City of El Paso Employees Retirement Trust  
(a Component of the City of El Paso, Texas)**

**Professional Service Providers**

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**Actuary**

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Gallagher

**Auditors**

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Baker Tilly US, LLP

**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 49 and schedule of management fees and broker commissions on page 70.

**City of El Paso Employees Retirement Trust  
(a Component of the City of El Paso, Texas)**

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**Certificate of Achievement for Excellence in Financial Reporting**



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

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

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

August 31, 2024

*Christopher P. Merrill*

Executive Director/CEO

## **FINANCIAL SECTION**

## **Report of Independent Auditors**

The Board of Trustees  
City of El Paso Employees Retirement Trust

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the City of El Paso Employee Retirement Trust (the Fund) as of and for the year ended August 31, 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund, as of August 31, 2025, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's 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***

As discussed in Note 1, the financial statements of the Plan present the fiduciary net position and changes in fiduciary net position of the City of El Paso, Texas that are attributable to the transactions of the System. The financial statements do not present fairly the financial position of the City of El Paso, Texas as of August 31, 2025, the changes in its financial position, and its cash flows 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.

### ***Auditor's 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 auditor's 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 GAAS and *Government 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 GAAS and *Government 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.

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.

### ***2024 Financial Statements***

The financial statements of the City of El Paso Employee Retirement Trust as of and for the year ended August 31, 2024, were audited by other auditors, whose report thereon dated February 21, 2025, expressed an unmodified opinion on the presentation of those financial statements in accordance with accounting principles generally accepted in the United States of America.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions, and schedule of investment returns (collectively, the required supplementary information) to 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 GAAS, 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 City of El Paso Employee Retirement Trust's basic financial statements. The comparative summary of revenue by source, and expense by type, comparative summary of administrative expenses, and schedule of investment manager expenses (collectively the supplementary information) 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 GAAS. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***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 auditor's 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2026, on our consideration of the City of El Paso Employee Retirement Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Albuquerque, New Mexico  
January 22, 2026

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

## **(a Component of the City of El Paso, Texas)**

### **Management's Discussion and Analysis**

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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 years ended August 31, 2025 and 2024. For more detailed information regarding the Fund's financial activities, the reader should also review the actual financial statements, including notes and supplementary schedules.

#### **2025 FINANCIAL HIGHLIGHTS**

Net position held in trust for pension benefits (net position) increased during the fiscal year 2025 by \$69.7 million.

The major reason for the increase in net assets was due to the performance of the capital markets, which resulted in a net investment gain of \$96.3 million. Employer and plan member contributions totaled \$63.2 million, an increase of \$7.2 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 2025 totaled \$83.0 million, an increase of \$1.6 million from the fiscal year 2025 mainly due to larger distributions on average in 2025 compared to 2024.

#### **2024 FINANCIAL HIGHLIGHTS**

Net position held in trust for pension benefits (net position) increased during the fiscal year 2024 by \$76.6 million.

The major reason for the increase in net assets was due to the performance of the capital markets, which resulted in a net investment gain of \$108.5 million. Employer and plan member contributions totaled \$55.9 million, an increase of \$4.3 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 2024 totaled \$81.4 million, an increase of \$4.2 million from the fiscal year 2023 mainly due to larger distributions on average in 2024 compared to 2023.

#### **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.

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

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**SUMMARIZED FINANCIAL INFORMATION**

The following table displays the condensed financial information of the Fund:

	As of August 31,			Changes	
	2025	2024	2023	2024-2025	2023-2024
Assets	\$ 1,061,270,201	\$ 992,076,983	\$ 916,979,601	6.97%	8.19%
Liabilities	629,067	1,141,480	2,667,710	-44.89%	-57.21%
Net position, restricted for pensions	<u>\$ 1,060,641,134</u>	<u>\$ 990,935,503</u>	<u>\$ 914,311,891</u>	<u>7.03%</u>	<u>8.38%</u>

The total net position increased by \$69,705,631, or 7.03%, during the fiscal year 2024 to \$1,060,641,134. The increase in net position is primarily a result of the fair value of investment assets increasing due to the positive performance of capital markets during the current year. The total net position increased by \$76,623,612, or 8.38%, during the fiscal year 2024 to \$990,935,503. The increase in net position is primarily a result of the fair value of investment assets increasing due to the positive performance of capital markets during the current year.

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

	Year Ended August 31,			Changes	
	2025	2024	2023	2024-2025	2023-2024
Contributions	\$ 63,186,474	\$ 55,946,744	\$ 51,638,492	12.94%	8.34%
Net investment income	96,286,676	108,547,460	37,732,148	-11.30%	187.68%
Total additions	<u>159,473,150</u>	<u>164,494,204</u>	<u>89,370,640</u>	<u>-3.05%</u>	<u>84.06%</u>
Benefits, refunds and other payments to plan members	87,426,257	85,212,114	81,066,555	2.60%	5.11%
Administrative expenses	2,341,262	2,658,478	2,266,105	-11.93%	17.31%
Total deductions	<u>89,767,519</u>	<u>87,870,592</u>	<u>83,332,660</u>	<u>2.16%</u>	<u>5.45%</u>
Net increase in fiduciary net position	<u>\$ 69,705,631</u>	<u>\$ 76,623,612</u>	<u>\$ 6,037,980</u>	<u>-9.03%</u>	<u>1169.03%</u>

Contributions increased during fiscal year 2025 and 2024 primarily due to increases in employee pay rates. Benefits paid increased during fiscal year 2025 due to an increase in the average benefit paid to beneficiaries compared to previous years.

During the fiscal year ended August 31, 2025, administrative expenses decreased from the prior year because of lower legal, wages and benefits, depreciation and the elimination of a lending pool receivable recognized in 2024. Administrative expenses increased during fiscal year 2024 related to miscellaneous expenses including the write off of a lending pool receivable in the amount of \$250,784.

**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.

## **Basic Financial Section**

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**City of El Paso Employees Retirement Trust**  
**(a Component of the City of El Paso, Texas)**  
**Statements of Fiduciary Net Position**  
**August 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 15,142,991	\$ 8,990,085
Receivables		
Employer contributions	1,067,245	865,748
Plan member contributions	679,747	551,491
Accrued interest and dividends	65,998	157,498
Other receivables	25,943	25,445
Total receivables	<u>1,838,933</u>	<u>1,600,182</u>
Investments, at fair value		
U.S. government securities	-	10,223,415
Bank collective investment funds	630,116,585	534,280,655
Commingled funds		
Fixed income	147,013,877	144,776,170
Corporate stocks	-	62,256,350
Private real estate	95,995,549	83,351,202
Private equity investments	<u>169,426,972</u>	<u>144,790,553</u>
Total investments, at fair value	<u>1,042,552,983</u>	<u>979,678,345</u>
Capital assets, net	<u>1,735,294</u>	<u>1,808,371</u>
Total assets	<u>1,061,270,201</u>	<u>992,076,983</u>
<b>Liabilities</b>		
Accrued expenses	<u>629,067</u>	<u>1,141,480</u>
Total liabilities	<u>629,067</u>	<u>1,141,480</u>
Net position, restricted for pensions	<u>\$1,060,641,134</u>	<u>\$ 990,935,503</u>

See accompanying notes.

**City of El Paso Employees Retirement Trust**  
**(a Component of the City of El Paso, Texas)**  
**Statements of Changes in Fiduciary Net Position**  
**Years Ended August 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Additions		
Contributions		
Employer	\$ 38,536,521	\$ 34,170,525
Plan members	<u>24,649,953</u>	<u>21,776,219</u>
Total contributions	<u>63,186,474</u>	<u>55,946,744</u>
Investment income		
Net appreciation in fair value		
of investments	90,049,039	103,144,695
Interest	2,096,364	2,205,574
Dividends	6,108,606	5,172,263
Investment advisor fees	(1,967,333)	(1,975,655)
Other investment income	<u>-</u>	<u>583</u>
Net investment income	<u>96,286,676</u>	<u>108,547,460</u>
Total additions	<u>159,473,150</u>	<u>164,494,204</u>
Deductions		
Benefits paid to Plan members	82,988,129	81,386,508
Refunds	4,402,128	3,777,606
Prudential COLA payments	36,000	48,000
Administrative expenses	<u>2,341,262</u>	<u>2,658,478</u>
Total deductions	<u>89,767,519</u>	<u>87,870,592</u>
Net change in fiduciary net position	69,705,631	76,623,612
Net position restricted for pensions, beginning of year	<u>990,935,503</u>	<u>914,311,891</u>
Net position restricted for pensions, end of year	<u><u>\$ 1,060,641,134</u></u>	<u><u>\$ 990,935,503</u></u>

See accompanying notes.

# City of El Paso Employees Retirement Trust

## (a Component of the City of El Paso, Texas)

### Notes to Financial Statements

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#### 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 (Ordinance). The Fund is a component unit (fiduciary fund type) of the City of El Paso, Texas (“City”).

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.

**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 or employees of the City, nominated by the mayor and approved by the 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. Non-employer contributions are limited to participating employees of the Fund.

The Fund’s membership used in the measurement of the total pension liability was as follows at August 31, 2025 and 2024:

Inactive Plan members or their beneficiaries currently receiving benefits	3,782
Inactive Plan members or their beneficiaries entitled to but not yet receiving benefits	185
Active Plan members	<u>4,634</u>
Total Plan members	<u><u>8,601</u></u>

**Contributions** – Through August 31, 2025 and 2024, 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.

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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 for the most recent actuarial valuation, the contribution rate was 23.00% of annual covered payroll.

Contributions were made as follows:

	Employer Contributions		Employee Contributions		Total	
	Amount	Stated Percentage of Covered Payroll	Amount	Stated Percentage of Covered Payroll	Amount	Stated Percentage of Covered Payroll
2025	\$ 38,536,521	14.05%	\$ 24,649,953	8.95%	\$ 63,186,474	23.00%
2024	34,170,525	14.05%	21,776,219	8.95%	55,946,744	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 non-classified employees, participation is mandatory for employees hired after July 1997. Classified employees include all the participants 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 the completion of five years of service receive a refund of their contributions. Participants leaving the Plan with more than five years of service by less than 10 years 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 0.2083 of 1% of such average for each additional completed or fractional part of a month of service.

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



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

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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. Participants 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 0.1875 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

## (a Component of the City of El Paso, Texas)

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**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 the 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 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, 2025 and 2024. 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.

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.

# City of El Paso Employees Retirement Trust

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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 – 50 years
Furniture and equipment	5 – 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.

**Accrued expenses** – Accrued expenses are comprised of unpaid investment advisor fees, the payroll expenditures based on amounts earned by the employees through August 31, 2025 and 2024, 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, January 22, 2026. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Recently issued and implemented accounting pronouncements** – During the fiscal year ended August 31, 2025, the Fund adopted GASB Statement No. 101, *Compensated Absences*, and Statement No. 102, *Certain Risk Disclosures*. The implementation of these statements did not affect the Fund.

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

GASB Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement aim to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

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GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement aim to improve reporting on capital assets by separately disclosing specific types of capital assets in financial statement notes. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

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

**Note 3 – Cash Equivalents and Investments**

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, bank collective investment funds, commingled funds, real estate trusts and private equity partnerships. Certain bank collective investment funds invest primarily in U.S. corporate stocks, international equities, and government bonds and may also invest in foreign exchange contracts, and stock index futures. Collective investment funds may enter into collateralized securities lending transactions.

The following was the Board's adopted asset allocation policy as of August 31, 2025 and 2024:

<u>Asset class</u>	<u>Target allocation</u>
Domestic equity	31%
International equity	21%
Fixed income	24%
Real estate	10%
Private equity	13%
Cash	1%
	<hr/>
Total	100%

**Investments** – The Fund's investments have been categorized to address deposit and investment risks related to custodial credit risk, interest rate risk, credit risk, concentration of credit risk, and foreign currency risk.

Custodial credit risk is the risk that in the event of a failure of the counterparty, the Fund will not be able to recover the value of the investment in possession of the counterparty. The Fund's policy regarding custodial credit risk requires counterparty exposures of each investment manager and strategy, as well as the overall counterparty exposure of the Fund, will be actively managed and monitored by investment managers and staff.

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.

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As of August 31, 2025 and 2024, the Fund had the following investments subject to interest rate risk:

	2025		2024	
	Fair Value	Weighted- average Maturity (in Years)	Fair Value	Weighted- average Maturity (in Years)
Investment types				
Cash equivalents (money market funds)	\$ 15,142,991	0.08	\$ 8,990,085	0.08
Bank collective investment funds	71,054,478	-	68,513,315	-
Commingled funds	147,013,877	-	144,776,170	-
Total	<u>\$ 233,211,346</u>		<u>\$ 222,279,570</u>	
Portfolio weighted-average maturity		<u>0.001</u>		<u>0.001</u>

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's invests in a bank collective investment fund focused on fixed income strategies and commingled fixed income funds. One core bond index fund which invests in investment grade fixed income securities in the United States and is designed to track the risk and return profile of its referenced benchmark (i.e., Bloomberg U.S. Aggregate). Additionally, the Fund employs two actively managed core plus bond managers. The investment guidelines governing the core plus bond managers permit them to purchase below investment grade securities as well as bonds domiciled outside the United States, up to prescribed limits. The Fund assesses all three of the aforementioned investment managers through commingled fund vehicles, each of which has its own investment management agreement governing permissible security types and maximum exposures.

For the year ended August 31, 2025 and 2024, 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-.

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. At August 31, 2025 and 2024, the Fund did not have any single investment in any one organization which represents 5% or more of the fiduciary net position since the portfolio is invested in diversified bank collective investment funds, commingled funds, real estate trusts and private equity partnerships.

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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 to be invested in foreign markets. The Fund does not have direct exposure to foreign currency risk due to their investments being denominated in US dollar. Some of the Fund's bank collective investment funds do have exposure to foreign currency risk.

Management attempts to limit or mitigate certain risks by investing in the following instruments:

**Bank Collective Investment Funds**

- **U.S. Large Cap Index** – For the years ended August 31, 2025 and 2024, investment is made using commingled fund(s). As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. Investment is passively managed and permissible investments are S&P 500 Index or Russell 1000 Index commingled funds or exchange-traded funds ("ETFs"). Redemptions are allowed daily with one-day notices. The Plan does not have any outstanding commitments to this category.
- **U.S. Large Cap Dynamic Manager(s)** – For the years ended August 31, 2025 and 2024, investment is made using commingled fund(s). As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. 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. Redemptions are allowed daily with one-day notices. The Plan does not have any outstanding commitments to this category.
- **U.S. Small/Mid Cap Manager(s)** – For the years ended August 31, 2025 and 2024, investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. The portfolio(s) will invest primarily in equity and equity-related securities of issuers that are located in the United States with approximate market capitalizations greater than \$100 million and under \$50 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. Redemptions are allowed daily with one-day notices. The Fund does not have any unfunded commitments to the managers.

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- **International Equity-All Country ex-U.S. Manager(s)** – For the years ended August 31, 2025 and 2024, investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. The portfolio(s) will invest primarily in equity-related securities of issuers that are located in, or that do significant business in countries other than the United States, including emerging market countries. The portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries. The maximum position size will be 6% in any one company. The maximum position size will be 35% in any one country. The maximum emerging markets weight is the MSCI ACWI ex-US IMI Index weight plus 15%. Redemptions are allowed daily with one-day notices. The Fund does not have any unfunded commitments to the managers.
- **U.S. Fixed Income Index** - For the years ended August 31, 2025 and 2024, investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. Permissible investments are in the underlying securities of the Bloomberg Aggregate Index or other similar broad U.S. bond indexes. The fund(s) seeks to realize a total return equivalent to the Bloomberg U.S. Aggregate Bond Index before fees and allows daily redemptions with a three-day notice. The Plan does not have any outstanding commitments to this category.

**Commingled Funds**

- **International Equity-All Country ex-U.S. Index** – For the years ended August 31, 2025 and 2024, investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. Permissible investments are in the underlying securities of the MSCI ACWI ex-U.S. IMI Index or other similar all country ex-U.S. commingled funds or exchange- traded funds ("ETFs"). Redemptions are allowed daily with one-day notices. The Fund does not have any unfunded commitments to the managers.
- **U.S. Fixed Income Manager(s)** - For the years ended August 31, 2025 and 2024, investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. The portfolio(s) will invest primarily in investment grade fixed income securities with the ability to invest a portion of the portfolio in below investment grade securities and approved derivative products. The fund(s) seeks to realize a total return above the Bloomberg U.S. Aggregate Bond Index after fees and allows daily redemptions with a three-day notice. The Plan does not have any outstanding commitments to this category.

**Private Real Estate Manager(s)** – For the years ended August 31, 2025 and 2024, investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus and/or other governing documents. Real estate investments are made through core open-end fund vehicles that invest in a diversified portfolio of investments. Managers should diversify the portfolio by property type and the various geographic regions of the U.S. Leverage is limited to no more than that specified by the NCREIF ODCE Index inclusion rules. Redemption frequencies are quarterly with a range of notice periods of 45 to 90 days. The Plan does not have any outstanding commitments to this category.

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**Private Equity Manager(s)** – For the years ended August 31, 2025 and 2024, investment is made using commingled funds. As such, the investment guidelines are governed by the fund’s prospectus and/or other governing documents. Private equity consist of investments in commingled, closed-end, finite-life limited partnerships. Managers should diversify the portfolio by strategy, geography, and industry. Redemptions only occur when the general partner of the fund authorizes a distribution. The Fund has an outstanding commitment of \$127.0 million as of August 31, 2025.

**Rate of return** – For the years ended August 31, 2025 and 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.85% and 12.08%, respectively. The money-weighted rate of return expresses investment performance, net 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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**Recurring measurements** – The following tables 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, 2025 and 2024:

		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<u>August 31, 2025</u>	<u>Fair Value</u>			
Bank collective investment funds				
Large cap index	\$ 212,227,489	\$ -	\$ 212,227,218	\$ -
Large cap dynamic	150,050,282	-	150,050,282	-
Small/Mid cap equity	113,166,764	-	113,166,764	-
Fixed income	71,054,478	-	71,054,478	-
International equity developed	<u>83,617,572</u>	<u>-</u>	<u>83,617,572</u>	<u>-</u>
Total bank collective investment funds	630,116,585	-	630,116,314	-
Commingled funds – fixed income				
Fixed income core index	147,013,877	-	147,013,877	-
Private real estate	95,995,549	-	-	95,995,549
Private equity investments	<u>169,426,972</u>	<u>-</u>	<u>-</u>	<u>169,426,972</u>
Total investments measured at fair value	<u>\$ 1,042,552,983</u>	<u>\$ -</u>	<u>\$ 777,130,191</u>	<u>\$ 265,422,521</u>

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<u>August 31, 2024</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
Bank collective investment funds				
Large cap index	\$ 135,346,516	\$ -	\$ 135,346,516	\$ -
Large cap dynamic	151,844,574	-	151,844,574	-
Small/Mid cap equity	111,137,279	-	111,137,279	-
Fixed income	68,513,315		68,513,315	
International equity developed	<u>67,438,971</u>	<u>-</u>	<u>67,438,971</u>	<u>-</u>
 Total bank collective investment funds	 534,280,655	 -	 534,280,655	 -
Commingled funds – fixed income				
Fixed income core index	144,776,170	-	144,776,170	-
Commingled funds – corporate stocks				
Strategic equity	62,256,350	-	62,256,350	-
U.S. governments – fixed income				
Fixed income securities	10,223,415	10,223,415	-	-
Private real estate	83,351,202	-	-	83,351,202
Private equity investments	<u>144,790,553</u>	<u>-</u>	<u>-</u>	<u>144,790,553</u>
 Total investments measured at fair value	 <u>\$ 979,678,345</u>	 <u>\$ 10,223,415</u>	 <u>\$ 741,313,175</u>	 <u>\$ 228,141,755</u>

There have been no significant changes in the valuation techniques during the year ended August 31, 2025.

**Note 5 – Net Pension Liability**

The components of the net pension liability of the City at August 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Total pension liability	\$ 1,359,292,019	\$ 1,244,289,324
Plan's fiduciary net position	<u>1,060,641,134</u>	<u>990,935,503</u>
 City's net pension liability	 <u>\$ 298,650,885</u>	 <u>\$ 253,353,821</u>
 Plan's fiduciary net position as a percentage of the total pension liability	 78.03%	 79.64%

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**Actuarial assumptions** – The total pension liability as of August 31, 2025 and 2024 was determined based on the September 1, 2024 actuarial valuation for the August 31, 2024 measurement date and rolled forward to the measurement date of August 31, 2025. The results of the actuarial valuation as of September 1, 2024 are consistent with the August 31, 2024 measurement date. The following actuarial assumptions used in the measurement of the total pension liability:

Cost of living benefit increases	None
Inflation	2.5%
Salary increases	2.5% avg, 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 report at fair value

Mortality rates for active and deferred participants are based on the Pub-2010 employee tables with Blue Collar adjustment projected with Scale MP-2021 on a fully generational basis. Mortality rates for healthy retirees and survivors are based on 112% of the Pub-2010 healthy annuitant tables with Blue Collar adjustment (92% of male rates and 100% of female rates) projected with Scale MP- 2021 on a fully generational basis. Mortality rates for disabled participants are based on the Pub- 2010 Non-safety disabled annuitant table projected with Scale MP-2021 on a fully generational basis.

The actuarial assumptions used in the September 1, 2024 actuarial valuation were based on the results of an actuarial experience study performed in 2022.

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, 2025 and 2024 are summarized in the following table:

<u>Asset Class</u>	<u>2025</u>	<u>2024</u>
	<u>Long-term Expected</u>	<u>Real Rate of Return</u>
Domestic equity	6.48%	5.34%
International equity	6.26%	7.02%
Fixed income	2.26%	2.19%
Real estate	4.30%	3.87%
Private equity	9.52%	8.59%

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

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**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 Statement No. 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 5.23% as of August 31, 2025. The corresponding rate was 4.30% as of August 31, 2024.

**Sensitivity of the net pension liability to changes in the discount rate** – The following presents the net pension liability as of August 31, 2025, 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:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
City's net pension liability	\$ 451,118,627	\$ 298,650,885	\$ 170,825,684

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

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**Note 6 – Capital Assets**

Capital asset activity for the year ended August 31, 2025, was as follows:

	Balance, August 31, 2024	Additions	Deletions	Balance, August 31 2025
Capital assets not being depreciated				
Land	\$ 521,174	\$ -	\$ -	\$ 521,174
Capital assets being depreciated				
Buildings and improvements	1,487,062	-	-	1,487,062
Furniture and equipment	301,716	-	-	301,716
Software	903,500	-	-	903,500
Total capital assets being depreciated	2,692,278	-	-	2,692,278
Less accumulated depreciation				
Buildings and improvements	(310,948)	(40,777)	-	(351,725)
Furniture and equipment	(190,633)	(32,300)	-	(222,933)
Software	(903,500)	-	-	(903,500)
Total accumulated depreciated	(1,405,081)	(73,077)	-	(1,478,158)
Total capital assets, net of depreciation	\$ 1,808,371	\$ (73,077)	\$ -	\$ 1,735,294

Depreciation expense of \$73,077 for the year ended August 31, 2025, was charged to administrative expenses.

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

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Capital asset activity for the year ended August 31, 2024, was as follows:

	Balance, August 31 2023	Additions	Deletions	Balance, August 31, 2024
Capital assets not being depreciated				
Land	\$ 521,174	\$ -	\$ -	\$ 521,174
Capital assets being depreciated				
Buildings and improvements	1,468,790	18,272	-	1,487,062
Furniture and equipment	301,716	-	-	301,716
Software	903,500	-	-	903,500
Total capital assets being depreciated	2,674,006	18,272	-	2,692,278
Less accumulated depreciation				
Buildings and improvements	(175,179)	(135,769)	-	(310,948)
Furniture and equipment	(155,831)	(34,802)	-	(190,633)
Software	(831,883)	(71,617)	-	(903,500)
Total accumulated depreciated	(1,162,893)	(242,188)	-	(1,405,081)
Total capital assets, net of depreciation	\$ 2,032,287	\$ (223,916)	\$ -	\$ 1,808,371

Depreciation expense of \$242,188 for the year ended August 31, 2024, was charged to administrative expenses.

## **Required Supplementary Information**

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**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**

	2025	2024	2023	2022
Total pension liability				
Service cost	\$ 27,924,248	\$ 21,983,377	\$ 21,447,197	\$ 21,360,553
Interest	89,066,283	85,174,781	79,707,205	73,932,733
Difference between expected and actual experience	85,438,421	-	56,863,598	-
Changes of assumptions	-	26,896,034	-	-
Benefit payments, including refunds of employee contributions	(87,426,257)	(85,212,114)	(81,066,555)	(84,876,133)
Net change in total pension liability	115,002,695	48,842,078	76,951,445	10,417,153
Total pension liability, beginning of year	1,244,289,324	1,195,447,246	1,118,495,801	1,108,078,648
Total pension liability, end of year (a)	<u>\$ 1,359,292,019</u>	<u>\$ 1,244,289,324</u>	<u>\$ 1,195,447,246</u>	<u>\$ 1,118,495,801</u>
Plan fiduciary net position				
Contributions – employer	\$ 38,536,521	\$ 34,170,525	\$ 33,055,632	\$ 26,096,411
Contributions – employee	24,649,953	21,776,219	18,582,860	16,665,780
Net investment income (loss)	96,286,676	108,547,460	37,732,148	(87,579,875)
Benefit payments, including refunds of employee contributions	(87,426,257)	(85,212,114)	(81,066,555)	(83,659,658)
Administrative expenses	(2,341,262)	(2,658,478)	(2,266,105)	(1,932,893)
Net change in Plan fiduciary net position	69,705,631	76,623,612	6,037,980	(130,410,235)
Plan fiduciary net position, beginning of year	990,935,503	914,311,891	908,273,911	1,038,684,146
Plan fiduciary net position, end of year (b)	<u>\$ 1,060,641,134</u>	<u>\$ 990,935,503</u>	<u>\$ 914,311,891</u>	<u>\$ 908,273,911</u>
City's net pension liability, end of year= (a)-(b)	<u>\$ 298,650,885</u>	<u>\$ 253,353,821</u>	<u>\$ 281,135,355</u>	<u>\$ 210,221,890</u>
Plan's fiduciary net position as a percentage of total pension liability	78.03%	79.64%	76.48%	81.20%
Covered payroll	<u>\$ 241,808,641</u>	<u>\$ 192,447,073</u>	<u>\$ 187,753,242</u>	<u>\$ 176,284,754</u>
Plan's net pension liability as a percentage of covered payroll	123.51%	131.65%	149.74%	119.25%

Notes to schedule – Changes of assumptions: 2024 - The payroll growth assumption was slightly changed based on the recent completed actuarial experience study.



**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**

2021	2020	2019	2018	2017	2016
\$ 20,839,564	\$ 21,392,493	\$ 20,769,411	\$ 20,418,111	\$ 20,418,111	\$ 23,021,764
77,447,854	78,045,365	75,886,822	72,439,238	70,199,486	66,845,529
1,526,057	-	-	16,640,620	-	(22,728,241)
20,343	-	-	-	-	37,572,898
(75,230,941)	(70,348,910)	(66,648,577)	(61,114,382)	(60,394,115)	(54,383,629)
24,602,877	29,088,948	30,007,656	48,383,587	30,223,482	50,328,321
1,083,475,771	1,054,386,823	1,024,379,167	975,995,580	945,772,098	895,443,777
<u>\$ 1,108,078,648</u>	<u>\$ 1,083,475,771</u>	<u>\$ 1,054,386,823</u>	<u>\$ 1,024,379,167</u>	<u>\$ 975,995,580</u>	<u>\$ 945,772,098</u>
\$ 25,603,188	\$ 25,296,642	\$ 26,424,696	\$ 25,651,488	\$ 25,327,071	\$ 23,370,111
15,099,360	16,114,139	15,746,549	15,540,713	15,154,341	14,886,249
202,050,667	102,470,526	12,819,847	65,372,489	75,370,973	40,260,073
(79,617,251)	(70,376,992)	(66,571,770)	(61,114,382)	(61,077,565)	(54,383,629)
(2,441,214)	(2,138,910)	(1,761,619)	(2,036,643)	(1,325,640)	(1,417,530)
160,694,750	71,365,405	(13,342,297)	43,413,665	53,449,180	22,715,274
877,989,396	806,623,991	819,966,288	776,552,623	723,103,443	700,388,169
<u>\$ 1,038,684,146</u>	<u>\$ 877,989,396</u>	<u>\$ 806,623,991</u>	<u>\$ 819,966,288</u>	<u>\$ 776,552,623</u>	<u>\$ 723,103,443</u>
<u>\$ 69,394,502</u>	<u>\$ 205,486,375</u>	<u>\$ 247,762,832</u>	<u>\$ 204,412,879</u>	<u>\$ 199,442,957</u>	<u>\$ 222,668,655</u>
93.74%	81.03%	76.50%	80.05%	79.57%	76.46%
<u>\$ 171,985,126</u>	<u>\$ 177,409,564</u>	<u>\$ 172,242,295</u>	<u>\$ 167,255,529</u>	<u>\$ 161,026,109</u>	<u>\$ 156,336,028</u>
40.35%	115.83%	143.85%	122.22%	123.83%	142.43%

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

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	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contributions (ADC)*	\$ 29,307,207	\$ 23,824,948	\$ 20,690,409	\$ 18,423,047
Contributions related to the ADC	<u>38,536,521</u>	<u>34,170,525</u>	<u>33,055,632</u>	<u>26,096,411</u>
Contributions deficiency (excess)	<u><u>\$ (9,229,314)</u></u>	<u><u>\$ (10,345,577)</u></u>	<u><u>\$ (12,365,223)</u></u>	<u><u>\$ (7,673,364)</u></u>
Covered payroll	\$ 241,808,641	\$ 192,447,073	\$ 187,753,242	\$ 176,284,754
Contributions as a percentage of covered payroll	15.94%	17.76%	17.61%	14.80%

\*Based on estimated payroll

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

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<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 19,812,687	\$ 17,568,714	\$ 16,488,437	\$ 16,086,508	\$ 16,274,581	\$ 18,306,287
<u>25,603,188</u>	<u>25,296,642</u>	<u>25,761,130</u>	<u>25,651,488</u>	<u>25,327,071</u>	<u>23,370,111</u>
<u>\$ (5,790,501)</u>	<u>\$ (7,727,928)</u>	<u>\$ (9,272,693)</u>	<u>\$ (9,564,980)</u>	<u>\$ (9,052,490)</u>	<u>\$ (5,063,824)</u>
\$ 171,985,126	\$ 172,242,295	\$ 167,225,529	\$ 161,026,108	\$ 156,336,028	\$ 158,990,084
14.89%	14.69%	15.41%	15.93%	16.20%	14.70%

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

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	2025	2024	2023	2022
Annual money-weighted rate of return, net of investment expense	9.85%	12.08%	4.34%	-9.37%

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

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2021	2020	2019	2018	2017	2016
19.72%	12.08%	1.95%	8.74%	10.29%	6.36%

## **Supplementary Information**

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**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*							Employer Contributions as a Percentage of Covered Payroll
Years Ended August 31	Interest, Dividends, and Net Securities Lending Income	Employer Contributions (a)	Plan Member Contributions (a)	Net Appreciation (Depreciation) in Fair Value of Investments	Total		
2025	\$ 8,204,970	\$ 38,536,521	\$ 24,649,953	\$ 90,049,039	\$ 161,440,483		14.05%
2024	7,377,837	34,170,525	21,776,219	103,144,695	166,469,276		14.05%
2023	7,136,089	33,055,632	18,582,860	32,555,483	91,330,064		14.05%
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		13.45%

Expenses by Type					
Years Ended August 31	Benefits	Refunds	Investment Fees (b)	Administrative Expenses	Total
2025	\$ 82,988,129	\$ 4,402,128	\$ 1,967,333	\$ 2,341,262	\$ 91,698,852
2024	81,386,508	3,777,606	1,975,655	2,658,478 (c)	89,798,247
2023	77,170,433	3,848,122	1,959,424	2,266,105 (c)	85,244,084
2022	78,002,080	5,441,578	2,480,568	1,932,893	87,857,119
2021	75,728,963	3,804,288	2,753,808	2,441,214	84,728,273
2020	66,555,726	3,737,266	3,589,807	2,138,910	76,021,709
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

\*Excludes increase (decrease) in commission credits receivable

(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, 2025 and 2024**

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	2025	2024
Custodian and custodial fees	\$ 158,791	\$ 159,281
Consulting fees	404,462	340,000
Legal	121,874	163,895
Travel and education – employees	7,240	8,762
Audit and accounting	34,900	34,900
Actuary	65,065	26,112
Wages and benefits	867,108	927,943
Other operating expenses	608,745	420,112
Miscellaneous	-	335,285
Depreciation	73,077	242,188
	<hr/>	<hr/>
Total administrative expenses	<u>\$ 2,341,262</u>	<u>\$ 2,658,478</u>



**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, 2025 and 2024**

	2025		2024	
	<u>Fair Value of Assets Under Management</u>	<u>Total Fees</u>	<u>Fair Value of Assets Under Management</u>	<u>Total Fees</u>
U.S. government securities	\$ -	\$ -	\$ 10,223,415	\$ -
Bank collective investment funds managers	630,116,585	778,869	534,280,655	676,910
Commingled funds: fixed income funds managers	147,013,877	133,110	144,776,170	413,983
Commingled funds: corporate stock managers	-	107,913	62,256,350	93,199
Private real estate managers	95,995,549	292,178	83,351,202	156,776
Private equity investment managers	<u>169,426,972</u>	<u>655,263</u>	<u>144,790,553</u>	<u>634,787</u>
Total	<u>\$ 1,042,552,983</u>	<u>\$ 1,967,333</u>	<u>\$ 979,678,345</u>	<u>\$ 1,975,655</u>

## **INVESTMENT SECTION**

# City of El Paso Employees Retirement Trust

## (a Component of the City of El Paso, Texas)

### Report of Fiscal Year 2025's Investment Activities

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**Callan**

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January 2026

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

**RE: Report on Fiscal Year 2025'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, 2025, 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 2025. Note that MLPs are a legacy policy position that has been in the process of full liquidation.

# City of El Paso Employees Retirement Trust (a Component of the City of El Paso, Texas) Report of Fiscal Year 2025's Investment Activities



City of El Paso Employees Retirement Trust  
January 2026

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City of El Paso Employees Retirement Trust Asset Allocation as of August 31, 2025		
Asset Class	Fair Value (\$000)	Allocation (%)
Domestic Equity	325,393,981	37%
International Equity	233,667,855	22%
Private Equity	165,979,843	11%
Domestic Fixed Income	218,069,342	22%
Real Estate	96,318,162	8%
MLP	7,017	0%
Cash	15,200,829	1%
<b>Total</b>	<b>1,054,637,029</b>	<b>100%</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, 2025 are provided in the table below.

Annualized Returns as of August 31, 2025					
	1 Year	3 Year	5 Year	7 Year	10 Year
<b>Total Fund (Net)</b>	<b>9.32%</b>	<b>8.20%</b>	<b>8.05%</b>	<b>7.72%</b>	<b>7.81%</b>
Strategic Blended Index	11.42%	11.50%	8.37%	8.20%	8.44%

Yours truly,

Alex Browning  
Callan, LLC  
Senior Vice President

**City of El Paso Employees Retirement Trust  
(a Component of the City of El Paso, Texas)  
Investment Managers**

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**Domestic Equity**

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Alliance Bernstein  
Mellon Capital  
Newton  
Wellington

**International Equity**

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Arrowstreet  
Lazard  
Mellon Capital

**Private Equity**

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Adams Street  
Portfolio Advisors

**Domestic Fixed Income**

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BlackRock  
Mellon Capital  
Wellington

**Real Estate**

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Heitman  
TA Realty  
UBS

# **City of El Paso Employees Retirement Trust (a Component of the City of El Paso, Texas) Investment Guidelines**

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## **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:

**City of El Paso Employees Retirement Trust  
(a Component of the City of El Paso, Texas)  
Investment Guidelines**

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**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.

# **City of El Paso Employees Retirement Trust (a Component of the City of El Paso, Texas) Investment Guidelines**

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## **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.

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

## **(a Component of the City of El Paso, Texas)**

### **Investment Guidelines**

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#### **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 fund(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

**City of El Paso Employees Retirement Trust  
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Investment Guidelines**

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**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.

# **City of El Paso Employees Retirement Trust (a Component of the City of El Paso, Texas) Investment Guidelines**

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## **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).

# **City of El Paso Employees Retirement Trust (a Component of the City of El Paso, Texas) Investment Guidelines**

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## **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 inequity 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).

# **City of El Paso Employees Retirement Trust (a Component of the City of El Paso, Texas) Investment Guidelines**

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## **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).

**City of El Paso Employees Retirement Trust  
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Investment Guidelines**

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**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.

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

## **(a Component of the City of El Paso, Texas)**

### **Investment Guidelines**

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#### **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).

**City of El Paso Employees Retirement Trust**  
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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 a 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.



# City of El Paso Employees Retirement Trust (a Component of the City of El Paso, Texas) Investment Guidelines

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## 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.

# **City of El Paso Employees Retirement Trust (a Component of the City of El Paso, Texas) Investment Guidelines**

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## **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

## **City of El Paso Employees Retirement Trust (a Component of the City of El Paso, Texas) Investment Guidelines**

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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.

**City of El Paso Employees Retirement Trust  
(a Component of the City of El Paso, Texas)  
Investment Guidelines**

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**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.

# City of El Paso Employees Retirement Trust

## (a Component of the City of El Paso, Texas)

### Investment Manager Excess Returns

#### 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, 2025. 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, 2025

	Last Month	Last Year	Last 3 Years	Last 5 Years
<b>Domestic Equity</b>	<b>2.54%</b>	<b>12.33%</b>	<b>16.40%</b>	<b>12.17%</b>
Russell 3000 Index	2.31%	15.84%	18.81%	14.11%
<b>Excess Return</b>	<b>0.22%</b>	<b>(3.51%)</b>	<b>(2.41%)</b>	<b>(1.94%)</b>
Mellon Equity Index (06/94)	2.02%	15.87%	19.51%	14.69%
S&P 500 Index	2.03%	15.88%	19.54%	14.74%
<b>Excess Return</b>	<b>(0.01%)</b>	<b>(0.01%)</b>	<b>(0.03%)</b>	<b>(0.05%)</b>
Wellington SMID (03/21)	4.06%	8.29%	13.87%	12.20%
Russell 2500 Index	5.25%	10.04%	11.26%	11.15%
<b>Excess Return</b>	<b>(1.18%)</b>	<b>(1.75%)</b>	<b>2.61%</b>	<b>1.05%</b>
AllianceBernstein (05/21)	2.96%	5.22%	9.94%	-
Russell 2500 Index	5.25%	10.04%	11.26%	11.15%
<b>Excess Return</b>	<b>(2.29%)</b>	<b>(4.82%)</b>	<b>(1.32%)</b>	<b>-</b>
<b>International Equity</b>	<b>4.07%</b>	<b>17.89%</b>	<b>16.71%</b>	<b>9.62%</b>
MSCI ACWI ex US IMI	3.58%	15.65%	14.99%	8.98%
<b>Excess Return</b>	<b>0.48%</b>	<b>2.24%</b>	<b>1.72%</b>	<b>0.64%</b>
Mellon ACWI ex-US IMI (11/21)	3.60%	16.06%	15.19%	-
MSCI ACWI ex US IMI	3.58%	15.65%	14.99%	8.98%
<b>Excess Return</b>	<b>0.02%</b>	<b>0.42%</b>	<b>0.20%</b>	<b>-</b>
Arrowstreet ACWI ex-US IMI (11/21)	4.91%	23.99%	21.12%	-
MSCI ACWI ex US IMI	3.58%	15.65%	14.99%	8.98%
<b>Excess Return</b>	<b>1.32%</b>	<b>8.34%</b>	<b>6.13%</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.

**Callan**

City of El Paso Employees Retirement Trust

# City of El Paso Employees Retirement Trust

## (a Component of the City of El Paso, Texas)

### Investment Manager Excess Returns

#### 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, 2025. 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, 2025

	Last Month	Last Year	Last 3 Years	Last 5 Years
<b>Private Equity</b>	<b>2.31%</b>	<b>9.45%</b>	<b>(0.24%)</b>	<b>16.93%</b>
Russell 3000 Index	2.31%	15.84%	18.81%	14.11%
<b>Excess Return</b>	<b>(0.00%)</b>	<b>(6.39%)</b>	<b>(19.04%)</b>	<b>2.82%</b>
PAPEF VII (01/13)	2.31%	2.16%	(7.49%)	11.05%
Russell 3000 Index	2.31%	15.84%	18.81%	14.11%
<b>Excess Return</b>	<b>0.00%</b>	<b>(13.68%)</b>	<b>(26.30%)</b>	<b>(3.06%)</b>
PAPEF VIII (04/16)	2.31%	3.62%	(3.08%)	14.26%
Russell 3000 Index	2.31%	15.84%	18.81%	14.11%
<b>Excess Return</b>	<b>0.00%</b>	<b>(12.22%)</b>	<b>(21.88%)</b>	<b>0.15%</b>
PASF III (01/17)	2.31%	3.44%	(3.52%)	12.54%
Russell 3000 Index	2.31%	15.84%	18.81%	14.11%
<b>Excess Return</b>	<b>0.00%</b>	<b>(12.40%)</b>	<b>(22.32%)</b>	<b>(1.57%)</b>
PAPEF IX (06/18)	2.31%	4.63%	0.54%	18.71%
Russell 3000 Index	2.31%	15.84%	18.81%	14.11%
<b>Excess Return</b>	<b>0.00%</b>	<b>(11.21%)</b>	<b>(18.26%)</b>	<b>4.60%</b>
PASF IV (01/22)	2.31%	6.81%	2.75%	-
Russell 3000 Index	2.31%	15.84%	18.81%	14.11%
<b>Excess Return</b>	<b>(0.00%)</b>	<b>(9.03%)</b>	<b>(16.06%)</b>	<b>-</b>
PAPEF XI (06/22)	2.31%	(0.44%)	(5.25%)	-
Russell 3000 Index	2.31%	15.84%	18.81%	14.11%
<b>Excess Return</b>	<b>(0.00%)</b>	<b>(16.28%)</b>	<b>(24.06%)</b>	<b>-</b>
Adams Street (12/22)	2.31%	32.38%	-	-
Russell 3000 Index	2.31%	15.84%	18.81%	14.11%
<b>Excess Return</b>	<b>0.00%</b>	<b>16.54%</b>	<b>-</b>	<b>-</b>
PASF V (03/25)	2.31%	-	-	-
Russell 3000 Index	2.31%	15.84%	18.81%	14.11%
<b>Excess Return</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>

Private Equity is lagged 1 quarter, and proxied to the benchmark until quarter end data is received.  
The Fiscal Year is September 1st - August 31st.  
(3) Fund is under watch.

**Callan**

City of El Paso Employees Retirement Trust

# City of El Paso Employees Retirement Trust

## (a Component of the City of El Paso, Texas)

### Investment Manager Excess Returns

#### 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, 2025. 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, 2025

	Last Month	Last Year	Last 3 Years	Last 5 Years
<b>Fixed Income</b>	<b>1.36%</b>	<b>3.40%</b>	<b>3.69%</b>	<b>(0.25%)</b>
Blmbg Aggregate Index	1.20%	3.14%	3.02%	(0.68%)
<b>Excess Return</b>	<b>0.16%</b>	<b>0.26%</b>	<b>0.67%</b>	<b>0.42%</b>
Mellon Agg Index (01/06)	1.20%	3.14%	3.02%	(0.70%)
Blmbg Aggregate Index	1.20%	3.14%	3.02%	(0.68%)
<b>Excess Return</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.00%</b>	<b>(0.03%)</b>
BlackRock(08/20)	1.50%	3.66%	3.57%	(0.18%)
Blmbg Aggregate Index	1.20%	3.14%	3.02%	(0.68%)
<b>Excess Return</b>	<b>0.30%</b>	<b>0.52%</b>	<b>0.55%</b>	<b>0.50%</b>
Wellington(08/20)	1.40%	3.28%	4.07%	(0.05%)
Blmbg Aggregate Index	1.20%	3.14%	3.02%	(0.68%)
<b>Excess Return</b>	<b>0.20%</b>	<b>0.14%</b>	<b>1.05%</b>	<b>0.63%</b>
<b>Real Estate</b>	<b>0.28%</b>	<b>3.99%</b>	<b>(5.66%)</b>	<b>2.67%</b>
Real Estate Benchmark(6)	0.28%	3.08%	(6.30%)	2.80%
<b>Excess Return</b>	<b>0.00%</b>	<b>0.90%</b>	<b>0.64%</b>	<b>(0.12%)</b>
UBS Trumbull Fund (01/12)(3)(5)	0.28%	3.74%	(6.98%)	0.21%
NFI-ODCE Equal Weight Net	0.28%	3.08%	(6.30%)	2.80%
<b>Excess Return</b>	<b>0.00%</b>	<b>0.65%</b>	<b>(0.68%)</b>	<b>(2.59%)</b>
Heitman (10/15)(5)	0.28%	4.39%	(4.66%)	4.73%
NFI-ODCE Equal Weight Net	0.28%	3.08%	(6.30%)	2.80%
<b>Excess Return</b>	<b>0.00%</b>	<b>1.30%</b>	<b>1.64%</b>	<b>1.93%</b>
<b>Cash</b>	<b>0.36%</b>	<b>4.58%</b>	<b>5.28%</b>	<b>3.38%</b>
3-month Treasury Bill	0.39%	4.48%	4.74%	2.91%
<b>Excess Return</b>	<b>(0.03%)</b>	<b>0.09%</b>	<b>0.54%</b>	<b>0.47%</b>
<b>Total Fund</b>	<b>2.34%</b>	<b>10.23%</b>	<b>8.51%</b>	<b>8.23%</b>
Strategic Blended Index*	2.09%	11.45%	11.51%	8.38%
<b>Excess Return</b>	<b>0.25%</b>	<b>(1.22%)</b>	<b>(3.00%)</b>	<b>(0.15%)</b>

\* Current Quarter 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.

**Callan**

City of El Paso Employees Retirement Trust

# City of El Paso Employees Retirement Trust

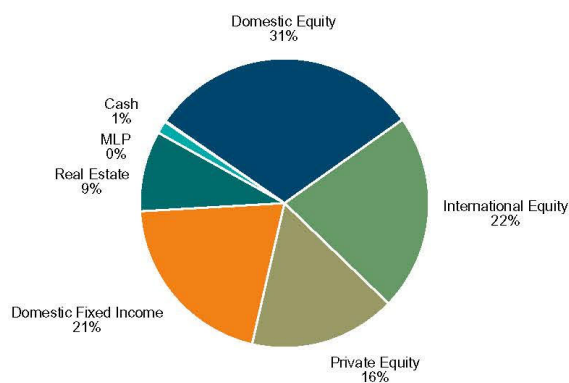
## (a Component of the City of El Paso, Texas)

### Actual vs Target Asset Allocation

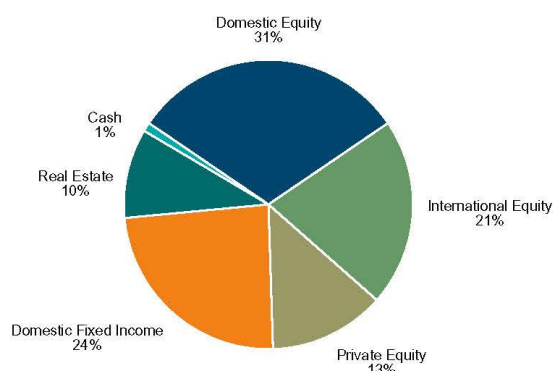
#### Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of August 31, 2025. 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	325,393,981	30.6%	31.0%	(0.4%)	(4,106,207)
International Equity	233,667,855	22.0%	21.0%	1.0%	10,458,058
Private Equity	174,381,379	16.4%	13.0%	3.4%	36,203,887
Domestic Fixed Income	218,069,342	20.5%	24.0%	(3.5%)	(37,027,570)
Real Estate	96,183,422	9.0%	10.0%	(1.0%)	(10,106,962)
MLP	7,017	0.0%	0.0%	0.0%	7,017
Cash	15,200,829	1.4%	1.0%	0.4%	4,571,791
Total	1,062,903,825	100.0%	100.0%		

\*Current Month Target Performance is calculated using monthly rebalancing.

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City of El Paso Employees Retirement Trust



# City of El Paso Employees Retirement Trust

## (a Component of the City of El Paso, Texas)

### Investment Manager Asset Allocation

#### Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of August 31, 2025, with the distribution as of July 31, 2025. 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, 2025				July 31, 2025	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
<b>Domestic Equity</b>	<b>\$325,393,981</b>	<b>30.61%</b>	<b>\$(7,565)</b>	<b>\$8,064,407</b>	<b>\$317,337,139</b>	<b>30.54%</b>
Mellon Equity Index	212,227,218	19.97%	(7,565)	4,220,624	208,014,159	20.02%
Wellington SMID	57,162,280	5.38%	0	2,232,562	54,929,718	5.29%
AllianceBernstein	56,004,484	5.27%	0	1,611,221	54,393,263	5.24%
<b>International Equity</b>	<b>\$233,667,855</b>	<b>21.98%</b>	<b>\$(17,700)</b>	<b>\$9,162,629</b>	<b>\$224,522,926</b>	<b>21.61%</b>
Mellon ACWI ex-US IMI	150,050,282	14.12%	(17,700)	5,252,394	144,815,589	13.94%
Arrowstreet ACWI ex-US IMI	83,617,572	7.87%	0	3,910,235	79,707,337	7.67%
<b>Private Equity</b>	<b>\$174,381,379</b>	<b>16.41%</b>	<b>\$337,692</b>	<b>\$3,936,618</b>	<b>\$170,107,069</b>	<b>16.37%</b>
PAPEF VII	11,738,720	1.10%	0	265,513	11,473,207	1.10%
PASF II	1,223,771	0.12%	0	27,680	1,196,091	0.12%
PAPEF VIII	19,517,953	1.84%	0	441,468	19,076,485	1.84%
PASF III	20,323,976	1.91%	(213,411)	464,526	20,072,861	1.93%
PAPEF IX	18,906,273	1.78%	0	427,633	18,478,640	1.78%
PASF IV	28,721,429	2.70%	(500,019)	660,947	28,560,501	2.75%
PAPEF XI	18,412,290	1.73%	1,051,122	392,685	16,968,483	1.63%
Adams Street	42,545,365	4.00%	0	962,315	41,583,050	4.00%
PASF V	12,991,602	1.22%	0	293,851	12,697,751	1.22%
<b>Domestic Fixed Income</b>	<b>\$218,069,342</b>	<b>20.52%</b>	<b>\$(38,495)</b>	<b>\$2,970,082</b>	<b>\$215,137,755</b>	<b>20.71%</b>
Mellon Aggregate Index	75,942,014	7.14%	(5,627)	908,977	75,038,665	7.22%
BlackRock	71,055,391	6.69%	(32,867)	1,079,935	70,008,323	6.74%
Wellington	71,071,863	6.69%	0	981,170	70,090,693	6.75%
Laddered Bonds	74	0.00%	0	0	73	0.00%
<b>Real Estate</b>	<b>\$96,183,422</b>	<b>9.05%</b>	<b>\$0</b>	<b>\$266,457</b>	<b>\$95,916,964</b>	<b>9.23%</b>
UBS Trumbull Fund(3)	30,331,725	2.85%	0	84,028	30,247,696	2.91%
Heitman	50,684,382	4.77%	0	140,411	50,543,971	4.86%
TA Realty Core Property Fund	15,167,315	1.43%	0	42,018	15,125,297	1.46%
<b>MLP</b>	<b>\$7,017</b>	<b>0.00%</b>	<b>\$0</b>	<b>\$25</b>	<b>\$6,992</b>	<b>0.00%</b>
Salient Advisors(1)	7,017	0.00%	0	25	6,992	0.00%
<b>Cash</b>	<b>\$15,200,829</b>	<b>1.43%</b>	<b>\$(789,255)</b>	<b>\$66,004</b>	<b>\$15,924,081</b>	<b>1.53%</b>
<b>Total Fund</b>	<b>\$1,062,903,825</b>	<b>100.0%</b>	<b>\$(515,324)</b>	<b>\$24,466,223</b>	<b>\$1,038,952,926</b>	<b>100.0%</b>

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

(3)Fund is under watch.

**Callan**

City of El Paso Employees Retirement Trust

**City of El Paso Employees Retirement Trust**  
**(a Component of the City of El Paso, Texas)**  
**Schedule of Management Fees and Broker Commissions**

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<u>Management Fees</u>	<u>August 31, 2025</u>
Bank collective investment funds managers	\$ 778,869
Commingled fixed income funds managers	133,110
Commingled corporate stock managers	107,913
Private real estate managers	292,178
Private equity investment managers	<u>655,263</u>
Total	<u><u>\$ 1,967,333</u></u>

**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.

**City of El Paso Employees Retirement Trust**  
**(a Component of the City of El Paso, Texas)**  
**Schedule of Management Fees and Broker Commissions**

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	\$ 755,893	\$ 904,071	\$ 1,659,964	\$ -	\$ -	\$ 1,659,964
Fixed Income	\$ 263,999	\$ -	\$ 263,999	\$ -	\$ -	\$ 263,999
Real Assets	\$ 292,178	\$ 484,736	\$ 776,914	\$ -	\$ -	\$ 776,914
Alternative/Other	\$ 1,341,070	\$ 630,116	\$ 1,971,186	\$ -	\$ 765,145	\$ 2,736,331
<b>TOTAL</b>	<b>\$ 2,653,140</b>	<b>\$ 2,018,923</b>	<b>\$ 4,672,063</b>	<b>\$ -</b>	<b>\$ 765,145</b>	<b>\$ 5,437,208</b>

Alternative/Other

List of Alternative/Other Investments*
Private Equity

Investment Managers

List of Investment Manager Names*
Adams Street
Alliance Bernstein
Arrowstreet
BlackRock
Heitman
Lazard
Mellon Capital
Newton
Portfolio Advisors
T.A. Realty
UBS
Wellington

Total Investment Expenses

<b>Total Direct and Indirect Fees and Commissions</b>	<b>\$ 5,437,208</b>
<b>Investment Services</b>	
Custodial	\$ 158,791
Research	\$ -
Investment Consulting	\$ 330,000
Legal	\$ -
<b>Total</b>	<b>\$ 488,791</b>
	\$ 5,925,999
<b>Total Investment Expenses</b> (Total Direct and Indirect Fees and Commissions + Investment Services)	

## **ACTUARIAL SECTION**

# City of El Paso Employees Retirement Trust

Interim Actuarial Valuation Report  
As of September 1, 2025

December 2025



Insurance | Risk Management | Consulting



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110 West Berry Street  
Suite 1300  
Fort Wayne IN 46835 USA

[www.ajg.com](http://www.ajg.com)

December 19, 2025

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

Dear Robert,

This report provides the results of the September 1, 2025 interim valuation of the City of El Paso Employees Retirement Trust (Plan). It is based on (i) a roll-forward of the September 1, 2024 valuation liabilities and (ii) the August 31, 2025 unaudited asset statement that was provided to us by the City on October 13, 2025. Attached are exhibits that provide the key valuation results (the September 1, 2024 valuation results are shown for comparison purposes).

The primary purposes of the interim 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.

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, Gallagher recommends requesting it to perform an advance review of any statement, document, or filing based on information contained in this report. Gallagher will accept no liability for any such statement, document or filing made without prior review by Gallagher.

This interim valuation is based on the member data, plan provisions, and actuarial assumptions and methods used in the September 1, 2024 valuation, except as noted in Schedules A and B.

The calculation of the Actuarially Determined Contribution shown in this report is reasonable as defined in Actuarial Standard of Practice No. 4 (ASOP 4). When determining the smoothing period for the actuarial value of assets and the amortization period for the unfunded actuarial accrued liability, the following items were considered: (i) the balance among benefit security, intergenerational equity, and stability of actuarially determined contributions, (ii) the timing and duration of expected benefit payments, and (iii) the nature and frequency of plan amendments.



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Absent future gains/losses, actuarially determined contributions are expected to remain relatively level as a percent of pay and the funded status of the trust is expected to increase to 100%. Once 100% funded status is achieved, the actuarially determined contributions are expected to remain relatively level as a percent of pay at the normal cost rate. The current funding policy is expected to remain fixed at 23% of pay (City – 14.05%; Member – 8.95%) and the funded status is expected to increase to 100%.

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 C 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. Gallagher 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. Gallagher 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. Gallagher 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.



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Actuarial Standard of Practice No. 27 (ASOP 27) requires 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 Gallagher's Investments practice. A spreadsheet tool created by this practice converts averages, standard deviations, and correlations from Gallagher'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 the supervision of David Kershner and Elizabeth Hoalt. David and Elizabeth are both 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.

Respectfully submitted,

Gallagher Benefit Services, Inc. (Gallagher)

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

Elizabeth A. Wiley Hoalt, FSA, EA, MAAA, FCA  
Director



## Section 1 – Summary of Results

	September 1, 2025	September 1, 2024
Membership <sup>1</sup>		
Active		4,634
Terminated with deferred benefits <sup>2</sup>		185
Retired paid from Plan <sup>3</sup>		3,782
Compensation		
Total	\$ 238,321,016 <sup>4</sup>	\$ 232,508,308
Average		\$ 50,174
Assets		
Market value	\$ 1,056,679,256	\$ 995,722,888
Actuarial value	\$ 1,058,293,157	\$ 1,010,441,422
Valuation Results		
Actuarial Accrued Liability (AAL)	\$ 1,359,400,776	\$ 1,323,952,188
Actuarial Value of Assets (AVA)	\$ 1,058,293,157	\$ 1,010,441,422
Funded ratio (AVA/AAL)	77.8%	76.3%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 301,107,619	\$ 313,510,766
UAAL funding period	15 years	16 years
City's Actuarially Determined Contribution (ADC)		
Normal cost rate (net of member contributions)	2.60%	2.60%
UAAL amortization rate <sup>5</sup>	<u>9.32%</u>	<u>9.52%</u>
Total rate	11.92%	12.12%
Excess of City's Fixed Contribution Rate Over ADC	2.13%	1.93%

<sup>1</sup> Census data was not collected for the September 1, 2025 interim valuation.

<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.

<sup>4</sup> Estimate based on total compensation as of September 1, 2024.

<sup>5</sup> The amortization rate as of September 1, 2024 assumed end-of-year payment. The amortization rate as of September 1, 2025 assumes beginning-of-year payment and reflects a half-year interest adjustment to better reflect the expected timing of City contributions.

## Section 2 – Comments on the Valuation

### Overview

Due to a combination of FY25 asset performance and contributions in excess of the Actuarially Determined Contribution (ADC) rate, the following are the changes in key metrics from September 1, 2024 to September 1, 2025:

- |   |                                     |
|---|-------------------------------------|
| • Funded Status based on Actuarial Value of Assets: | Increased from 76.3% to 77.8%       |
| • Unfunded Actuarial Accrued Liability (UAAL):      | Decreased from \$313.5M to \$301.1M |
| • Years to Fund the UAAL:                           | Decreased from 16 years to 15 years |
| • Excess of City's fixed contribution over ADC:     | Increased from 1.93% to 2.13%       |

Section 4 shows in more detail the changes to the UAAL.

### Benefit Provisions

Schedule A 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 B 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, 2018 to August 31, 2022 and the funding policy that was formalized in 2019. The new assumptions were implemented effective with the September 1, 2023 interim valuation. There were no changes to the assumptions or methods since the previous valuation.

### Financial Data

The financial data (unaudited) used in this report was provided by the City on October 13, 2025.

Section 3 shows a reconciliation of the Plan's assets between August 31, 2023 through August 31, 2024, and from August 31, 2024 through August 31, 2025, 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 13.1% and 8.7% for fiscal years 2024 and 2025, respectively. The actuarial returns were 7.4% and 7.2% for fiscal years 2024 and 2025, respectively.

## Section 3 – Summary of Asset Information

### Reconciliation of Plan Assets

	Period Ending	
	August 31, 2025	August 31, 2024
1. Market value of assets at beginning of period	\$ 995,722,888	\$ 907,700,487
2. Contributions		
a. City	\$ 38,532,579	\$ 36,725,294
b. Member	<u>24,647,340</u>	<u>19,221,450</u>
c. Total	\$ 63,179,919	\$ 55,946,744
3. Benefit payments and refunds	(87,321,304)	(83,777,939)
4. Investment earnings (net of investment expenses)	87,243,039	120,071,544
5. Administrative expenses	(2,145,286)	(2,783,773)
6. Other	<u>0</u>	<u>(1,434,175)<sup>1</sup></u>
7. Market value of assets at end of period	\$ 1,056,679,256	\$ 995,722,888

---

<sup>1</sup>Legal settlement paid to the City regarding benefits owed to an individual who could not be located

## Section 3 – Summary of Asset Information (continued)

### Determination of Investment Earnings Gain/(Loss) to be Deferred

	Period Ending	
	August 31, 2025	August 31, 2024
1. Market value at beginning of period	\$ 995,722,888	\$ 907,700,487
2. Cash flows		
a. City contributions	\$ 38,532,579	\$ 36,725,294
b. Member contributions	24,647,340	19,221,450
c. Benefit payments	(83,036,129)	(80,000,333)
d. Refunds	<u>(4,285,175)</u>	<u>(3,777,606)</u>
e. Total	\$ (24,141,385)	\$ (27,831,195)
3. Weighted cash flows (2e x 50%)	\$ (12,070,693)	\$ (13,915,598)
4. Assets available (1 + 3)	\$ 983,652,195	\$ 893,784,889
5. Assumed investment return rate	7.25%	7.25%
6. Expected net return (4 x 5)	\$ 71,314,784	\$ 64,799,404
7. Actual net return		
a. Total investment return	\$ 87,243,039	\$ 120,071,544
b. Administrative expenses	<u>(2,145,286)</u>	<u>(2,783,773)</u>
c. Net return	\$ 85,097,753	\$ 117,287,771
8. Gain/(loss) subject to deferral (7c - 6)	\$ 13,782,969	\$ 52,488,367

## Section 3 – Summary of Asset Information (continued)

### Calculation of Actuarial Value of Assets

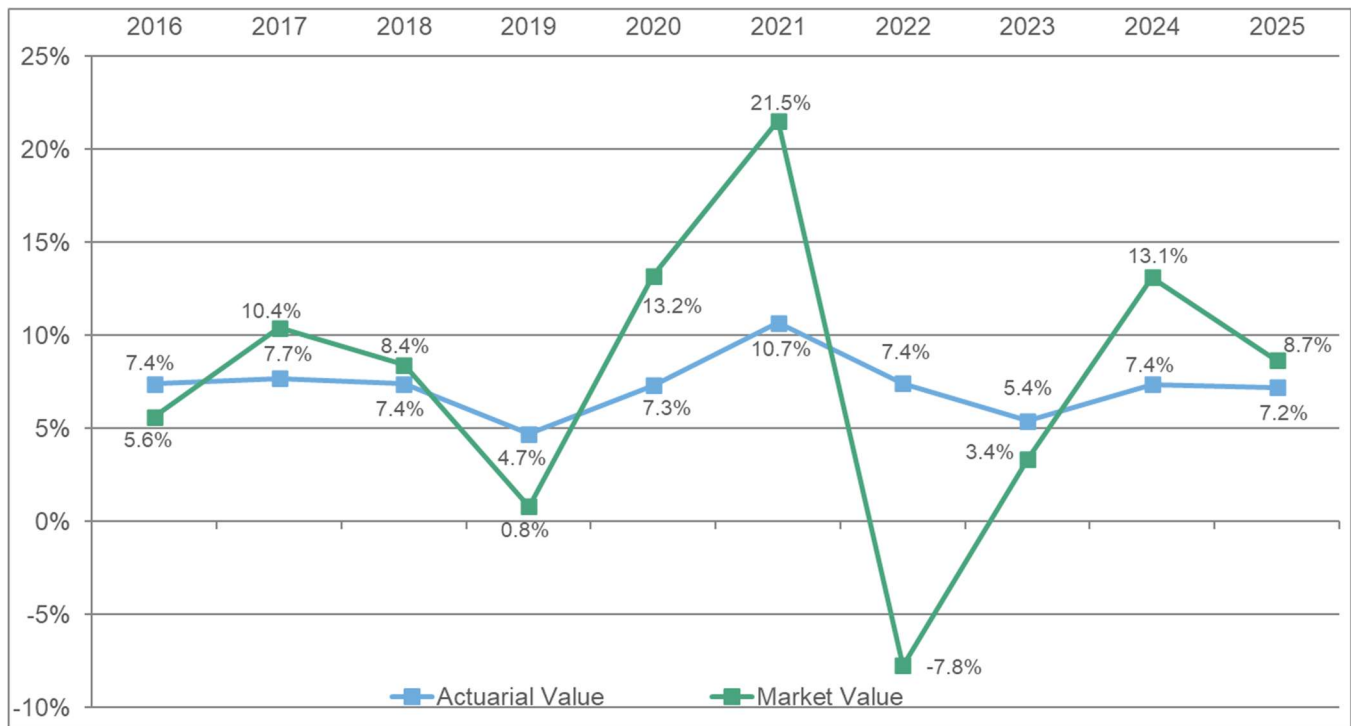
1. Market value of assets as of August 31, 2025 \$ 1,056,679,256

2. Deferral amounts

Year	Total Gain/(Loss)	Percent Deferred	Deferral Amount
2024-2025	\$ 13,782,969	80%	\$ 11,026,375
2023-2024	52,488,367	60%	31,493,020
2022-2023	(34,794,540)	40%	(13,917,816)
2021-2022	(151,077,400)	20%	(30,215,480)
Total			\$ (1,613,901)

3. Actuarial value of assets as of September 1, 2025 (1 – 2) \$ 1,058,293,157

### Historical Asset Rates of Return



## Section 4 – Schedule of UAAL Layered Amortizations

### Analysis of Change in UAAL

1. UAAL as of September 1, 2024	\$ 313,510,766
2. Changes due to:	
a. Expected increase/(decrease)	(279,800)
b. Actual contributions greater than expected	(12,512,105)
c. Other changes including liability experience	0
d. Asset experience	388,758
e. Assumption Changes	0
f. 13 <sup>th</sup> Check	0
Total Changes	<u>\$ (12,403,147)</u>
3. UAAL as of September 1, 2025	\$ 301,107,619

### Schedule of UAAL Layered Amortizations (Level Percent of Pay)

Layer	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Remaining	Initial	Outstanding	
Initial <sup>1</sup>	9/1/2019	19	\$ 217,986,352	\$ 220,517,967	\$ 16,922,521
Change in Assumptions	9/1/2020	20	20,343	20,569	1,529
FY20 Experience <sup>2</sup>	9/1/2020	20	(2,683,153)	(2,712,903)	(201,644)
FY21 Experience <sup>3</sup>	9/1/2021	21	(33,526,549)	(33,947,385)	(2,449,652)
FY22 Experience <sup>4</sup>	9/1/2022	22	38,929,517	39,396,167	2,765,753
FY23 Experience <sup>5</sup>	9/1/2023	23	3,276,148	3,307,561	226,337
Change in Assumptions	9/1/2023	23	24,374,715	24,608,430	1,683,961
FY24 Experience <sup>6</sup>	9/1/2024	24	61,698,914	62,040,560	4,145,377
FY25 Experience <sup>7</sup>	9/1/2025	25	(12,123,347)	(12,123,347)	(792,201)
Total				\$ 301,107,619	\$ 22,301,981

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

<sup>2</sup> Combination of FY19/FY20 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 FY21/FY22 liability experience, FY22 asset experience, and contributions greater than expected.

<sup>5</sup> Combination of FY23 asset experience and contributions greater than expected.

<sup>6</sup> Combination of FY23/FY24 liability experience, FY24 asset experience, and contributions greater than expected.

<sup>7</sup> Combination of FY25 asset experience and contributions greater than expected.

## **Schedule A - 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 A - 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.

## **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.



## **Schedule A - Summary of Benefit Provisions (continued)**

### **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.

### **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.

## **Schedule A - Summary of Benefit Provisions (continued)**

### **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 B - Statement of Actuarial Methods and Assumptions

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 economic and demographic assumptions used in this valuation were adopted by the Board in May 2023 in consultation with Gallagher based on the experience study for the period September 1, 2018 through August 31, 2022, and were reflected for the first time in the September 1, 2023 interim valuation.

**Investment Return** – 7.25% per year, net of expenses.

**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.

**Payroll Growth** – 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. The payroll growth rate is used to amortize the unfunded liability on a level percent of pay basis.

**Overtime** – 4% of base and longevity pay.

**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.

### Separations Before Normal Retirement

Assumed annual rates of withdrawal are as follows:

Age	Withdrawal					
	Years of Credited Service					
	<2	2	3	4	5	6+
<25	13.0%	16.0%	15.0%	15.0%	12.0%	10.0%
25-29	13.0	16.0	15.0	15.0	12.0	10.0
30-34	13.0	16.0	15.0	15.0	12.0	10.0
35-39	6.0	16.0	15.0	15.0	11.0	8.5
40-44	6.0	10.0	15.0	11.0	8.0	8.5
45-49	6.0	10.0	10.0	5.0	8.0	8.5
50-54	6.0	10.0	8.0	5.0	8.0	7.0
55-59	6.0	8.5	8.0	5.0	4.5	7.0
60+	6.0	8.5	8.0	5.0	4.5	7.0

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

### Mortality

Mortality rates for active and deferred vested participants are based on the Pub-2010 General Employee benefit-weighted table projected with Scale MP-2021 on a fully generational basis.

Mortality rates for healthy retirees are based on 112% of the Pub-2010 General Retiree benefit-weighted table projected with Scale MP-2021 on a fully generational basis.

Mortality rates for survivors are based on 112% of the Pub-2010 Contingent Annuitant benefit-weighted table projected with Scale MP-2021 on a fully generational basis.

Mortality rates for disabled retirees are based on the Pub-2010 Non-Safety Disabled benefit-weighted table projected with Scale MP-2021 on a fully generational basis.

### Disability

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

Age	Disability	
	Gender	
	Male	Female
<25	0.0000%	0.0000%
30	0.0275	0.0135
35	0.0650	0.0442
40	0.0749	0.0896
45	0.1027	0.1455
50	0.1484	0.2072
55	0.2477	0.3488
60+	0.3740	0.5583

### 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	5.00%
3-6	4.50
7-11	4.00
12-15	3.50
16+	3.25

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

### Retirement Rates

The percentage of those eligible for retirement assumed to retire at each age is shown below for Tier 1:

Tier 1 Retirement Rates					
Early			Normal		
Age	Male	Female	Age	Male	Female
40-49	3.5%	3.0%	40-49	n/a	n/a
50-54	5.0	4.0	50-54	10.0%	12.0%
55-59	5.0	8.0	55-59	13.5	13.5
60+	—	—	60-64	15.0	15.0
			65-74	30.0	30.0
			75+	100.0	100.0

The percentage of those eligible for retirement assumed to retire at each age is shown below for Tier 2:

Tier 2 Retirement Rates					
Early			Normal		
Age	Male	Female	Age	Male	Female
45-59	3.5%	3.0%	45-49	2.5%	2.5%
60+	—	—	50-52	1.5	1.5
			53-54	5.0	5.0
			55-61	8.0	7.0
			62	10.0	7.0
			63-65	10.0	12.0
			66	30.0	12.0
			67	45.0	12.0
			68-69	25.0	20.0
			70-72	40.0	20.0
			73-74	60.0	100.0
			75+	100.0	100.0

### Spouses

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

### Changes in assumptions since the previous valuation

None.

## Schedule C – Risk Information

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.

The Plan invests in a diversified portfolio with the objective of maximizing investment returns at a reasonable level of risk. Actuarial Standard of Practice No. 4 (“ASOP 4”) requires the actuary to disclose a Low-Default-Risk Obligation Measure (“LDROM”) of Plan liabilities and provide commentary to help intended users of this report understand the significance of the measure with respect to funded status, contributions, and participant benefit security.

The LDROM is to be based on “discount rates derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of benefits expected to be paid in the future.” The LDROM shown here represents what the Plan’s liability would be if the Plan invested its assets solely in a portfolio of high-quality bonds whose cash flows approximately match future benefit payments. Consequently, the difference between the LDROM and the Actuarial Accrued Liability can be thought of as representing the expected taxpayer savings / (cost) from investing in the Plan’s diversified portfolio compared to investing only in high-quality bonds. It may also be thought of as the cost of reducing investment risk.

September 1, 2025	
1. LDROM	\$1,639,058,601
2. Interest rate used for LDROM	5.67%

The interest rate used for the LDROM was determined by calculating a single equivalent discount rate using projected benefit payments and the Gallagher Above Median Yield Curve as of August 29, 2025. Note the interest rate used for the LDROM is based on bond yields applicable at the time of the measurement and will therefore vary for different measurement dates. All other assumptions are the same as those used for funding as shown in this report.

Actuaries play a role in helping plan sponsors determine funding methods and policies that can achieve affordable and appropriate contributions and risk management. The funded status based on Actuarial Accrued Liability and the Actuarially Determined Contributions are determined using the expected return on assets which reflects the actual investment portfolio. Since the assets are not invested in an all-bond portfolio, the LDROM does not indicate the Plan’s funded status or progress, nor does it provide information on necessary Plan contributions.

## Schedule C – Risk Information (continued)

With respect to security of participant benefits, if the Plan were to be funded on an LDROM basis, participant benefits currently accrued as of the measurement date may be considered more secure as investment risk may be significantly reduced. However, the assets being invested in a diversified portfolio does not mean the participant benefits are not secure. Security of participant benefits relies on a combination of the assets in the Plan, the investment returns generated on those assets, and the promise of future contributions from the Plan sponsor. Reducing investment risk by investing solely in bonds may significantly increase Actuarially Determined Contributions and therefore increase contribution risk by decreasing the ability of the Plan sponsor to make necessary contributions to fund the benefits. Unnecessarily high contribution requirements in the near term may not be affordable and could imperil Plan sustainability and benefit security. Participant benefits will remain secure if reasonable and appropriate contributions with managed risk are calculated and paid.

### 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, 2025 is 11.92% 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.

## Schedule C – Risk Information (continued)

### 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 3 illustrates how the Plan's assets have performed over time.
- Funded Ratio History shown in Section 4 of the September 1, 2024 valuation report illustrates how the Plan's funded status (comparison of actuarial accrued liabilities to actuarial value of assets) has changed over time.
- Section 4 of the September 1, 2024 valuation report shows how the Actuarially Determined Contribution has changed over time.
- Schedule A of the September 1, 2024 valuation report 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	September 1, 2024
1. Retiree and Beneficiary Actuarial Accrued Liability	\$ 598,442,205	\$ 677,266,185	\$ 748,113,778	\$ 813,239,298
2. Total Actuarial Accrued Liability	1,024,379,167	1,085,022,171	1,171,459,737	1,323,952,188
3. Ratio, (1) ÷ (2)	58.4%	62.4%	63.9%	61.4%

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, 2021	FYE August 31, 2022	FYE August 31, 2023	FYE August 31, 2024	FYE August 31, 2025
1. Contributions	\$ 40,322,787	\$ 42,088,753	\$ 51,173,663	\$ 55,946,744	\$ 63,179,919
2. Benefit Payments and Refunds	<u>75,230,941</u>	<u>84,876,133</u>	<u>81,008,869</u>	<u>83,777,939</u>	<u>87,321,304</u>
3. Cash Flow, (1) - (2)	\$ (34,908,154)	\$ (42,787,380)	\$ (29,835,206)	\$ (27,831,195)	\$ (24,141,385)
4. Fair Value of Assets	\$ 1,028,462,335	\$ 907,610,032	\$ 907,700,487	\$ 995,722,888	\$ 1,056,679,256
5. Ratio, (3) ÷ (4)	(3.4%)	(4.7%)	(3.3%)	(2.8%)	(2.3%)



## Schedule C – Risk Information (continued)

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, 2021	FYE August 31, 2022	FYE August 31, 2023	FYE August 31, 2024	FYE August 31, 2025
1. Fair Value of Assets	\$ 1,028,462,335	\$ 907,610,032	\$ 907,700,487	\$ 995,722,888	\$ 1,056,679,256
2. Payroll	167,790,367	171,985,126	180,531,963	185,045,262	232,508,308
3. Asset to Payroll Ratio, (1) ÷ (2)	612.9%	527.7%	502.8%	538.1%	454.5%
4. Accrued Liability	\$ 1,108,078,648	\$ 1,171,459,737	\$ 1,219,873,340	\$ 1,323,952,188	\$ 1,359,400,776
5. Liability to Payroll Ratio, (4) ÷ (2)	660.4%	681.1%	675.7%	715.5%	584.7%

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 D – Glossary of Terms

### **Actuarial Accrued Liability**

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

### **Actuarial Assumptions**

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

### **Actuarial Gain (Loss) or Liability/Asset Experience**

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

### **Actuarial Present Value of Future Benefits**

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

### **Actuarial Present Value of Future Normal Costs**

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

### **Actuarial Present Value of Future Pay**

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

### **Amortization Rate or UAAL Payment**

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

### **Cost-of-living adjustments**

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

### **Covered Payroll**

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

### **Entry Age Actuarial Cost Method**

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

## **Schedule D – Glossary of Terms (continued)**

### **Normal Cost**

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

### **Unfunded Actuarial Accrued Liability**

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

### **Vested Benefit**

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

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## **STATISTICAL SECTION**

## **City of El Paso Employees Retirement Trust (a Component of the City of El Paso, Texas) Notes to Statistical Information**

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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** – 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** – 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**  
**(a Component of the City of El Paso, Texas)**  
**Statements of Changes in Net Position Available for Benefits**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Additions</b>										
Contributions										
Employer	\$ 38,536,521	\$ 34,170,525	\$ 33,055,632	\$ 26,096,411	\$ 25,603,188	\$ 25,296,642	\$ 26,424,696	\$ 25,651,488	\$ 25,327,071	\$ 23,370,111
Participants	24,649,953	21,776,219	18,582,860	16,665,780	15,099,360	16,114,139	15,746,549	15,540,713	15,154,341	14,886,249
<b>Total additions</b>	<b>63,186,474</b>	<b>55,946,744</b>	<b>51,638,492</b>	<b>42,762,191</b>	<b>40,702,548</b>	<b>41,410,781</b>	<b>42,171,245</b>	<b>41,192,201</b>	<b>40,481,412</b>	<b>38,256,360</b>
<b>Investment Income</b>										
Net appreciation in fair value of investments	90,049,039	103,144,695	33,125,191	(89,489,954)	201,182,318	99,563,115	7,981,580	64,832,061	74,716,005	37,856,062
Interest	2,096,364	2,205,574	2,194,209	793,010	1,049,280	4,109,088	4,169,630	3,915,267	3,808,906	4,444,138
Dividends	6,108,606	5,172,263	4,372,122	3,597,637	2,548,310	2,356,890	3,552,203	3,186,719	2,582,152	2,980,264
Securities lending income, net of expenses	-	-	-	-	24,567	11,184	37,424	6,801	45,478	90,861
Investment advisor fees	(1,967,333)	(1,975,655)	(1,959,424)	(2,480,568)	(2,753,808)	(3,589,807)	(2,987,728)	(6,578,777)	(5,783,774)	(5,104,720)
Increase in commission credits receivable	-	-	-	-	-	-	-	-	-	(6,532)
Gain on disposition of assets	-	-	-	-	-	19,939	-	-	-	-
Miscellaneous income (expenses)	-	583	50	-	-	117	66,738	10,418	2,206	-
<b>Total investment income (loss)</b>	<b>96,286,676</b>	<b>108,547,460</b>	<b>37,732,148</b>	<b>(87,579,875)</b>	<b>202,050,667</b>	<b>102,470,526</b>	<b>12,819,847</b>	<b>65,372,489</b>	<b>75,370,973</b>	<b>40,260,073</b>
<b>Total additions</b>	<b>159,473,150</b>	<b>164,494,204</b>	<b>89,370,640</b>	<b>(44,817,684)</b>	<b>242,753,215</b>	<b>143,881,307</b>	<b>54,991,092</b>	<b>106,564,690</b>	<b>115,852,385</b>	<b>78,516,433</b>
<b>Deductions</b>										
Benefits paid to participants	82,988,129	81,386,508	77,170,433	78,002,080	75,728,963	66,555,726	62,251,632	58,094,939	57,972,792	51,554,209
Refunds	4,402,128	3,777,606	3,848,122	5,441,578	3,804,288	3,737,266	4,215,138	2,889,443	3,104,773	2,829,420
Prudential COLA payments	36,000	48,000	48,000	216,000	84,000	84,000	105,000	130,000	-	-
Administrative expenses	2,341,262	2,658,478	2,266,105	1,932,893	2,441,214	2,138,910	1,761,619	2,036,643	1,325,640	1,417,530
<b>Total deductions</b>	<b>89,767,519</b>	<b>87,870,592</b>	<b>83,332,660</b>	<b>85,592,551</b>	<b>82,058,465</b>	<b>72,515,902</b>	<b>68,333,389</b>	<b>63,151,025</b>	<b>62,403,205</b>	<b>55,801,159</b>
<b>Change in net position</b>	<b>69,705,631</b>	<b>76,623,612</b>	<b>6,037,980</b>	<b>(130,410,235)</b>	<b>160,694,750</b>	<b>71,365,405</b>	<b>(13,342,297)</b>	<b>43,413,665</b>	<b>53,449,180</b>	<b>22,715,274</b>
<b>Net position available for benefits, beginning of year</b>	<b>990,935,503</b>	<b>914,311,891</b>	<b>908,273,911</b>	<b>1,038,684,146</b>	<b>877,989,396</b>	<b>806,623,991</b>	<b>819,966,288</b>	<b>776,552,623</b>	<b>723,103,443</b>	<b>700,388,169</b>
<b>Net position available for benefits, end of year</b>	<b>\$ 1,060,641,134</b>	<b>\$ 990,935,503</b>	<b>\$ 914,311,891</b>	<b>\$ 908,273,911</b>	<b>\$ 1,038,684,146</b>	<b>\$ 877,989,396</b>	<b>\$ 806,623,991</b>	<b>\$ 819,966,288</b>	<b>\$ 776,552,623</b>	<b>\$ 723,103,443</b>

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

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<u>Year Beginning</u>	<u>Number Receiving Benefits</u>	<u>Total Current Annual Benefit</u>	<u>Average Current Annual Benefit</u>	<u>Average Monthly Benefit</u>
September 1, 2024	3,782	\$ 81,900,774	\$ 21,655	\$ 1,805
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 of the City of El Paso, Texas)**  
**Average Benefit Payments by Years of Credited Service**

	Years of Credited Service						All
	7-10	11-15	16-20	21-25	26-30	31+	
2025							
Average monthly benefit	\$ 806	\$ 1,380	\$ 2,303	\$ 2,729	\$ 4,267	\$ 6,820	\$ 2,839
Average monthly salary	\$ 4,052	\$ 4,283	\$ 4,965	\$ 4,712	\$ 5,928	\$ 7,122	\$ 5,119
Number of retirees	16	23	43	25	21	18	146
2024							
Average monthly benefit	\$ 891	\$ 1,576	\$ 1,993	\$ 2,981	\$ 4,149	\$ 4,962	\$ 2,388
Average monthly salary	\$ 5,575	\$ 4,527	\$ 4,361	\$ 5,070	\$ 5,567	\$ 4,863	\$ 4,866
Number of retirees	15	33	38	28	11	11	136
2023							
Average monthly benefit	\$ 977	\$ 1,150	\$ 1,849	\$ 2,658	\$ 3,670	\$ 6,028	\$ 2,433
Average monthly salary	\$ 4,652	\$ 3,454	\$ 4,048	\$ 4,613	\$ 5,030	\$ 6,882	\$ 4,574
Number of retirees	22	30	28	26	19	16	141
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