



**BOARD MINUTES FOR THE REGULAR MEETING  
HELD WEDNESDAY, JANUARY 17, 2024 AT 8:30 A.M.  
RETIREMENT TRUST ADMINISTRATION BUILDING, 1039 CHELSEA**

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**Members in Attendance:**

Matt Kerr, Chairman  
Karl C. Rimkus, Vice-Chairman  
Isaura Valdez  
Robert Studer  
Rene Peña

**Members Absent:**

Karina Brasgalla  
Deborah G. Hamlyn  
Rep. Joe Molinar  
Rep. Art Fierro

**Others in Attendance:**

Robert Ash, Executive Director  
Adrian Sanchez, Deputy Executive Director  
Karina Chavez, Administrative Assistant  
David Garcia, Benefits Supervisor  
Eduardo Miranda, Legal Counsel  
Susan Jacobs, Office of the Comptroller  
Craig Chaikin, Callan LLC  
David Kershner, Buck Global LLC  
Aaron Montañño, Alliance Bernstein  
Erik Turenchalk, Alliance Bernstein  
Matt Autrey, Adams Street Partners  
Chris Leyva, Adams Street Partners  
Alan D. Bowers, Carr, Riggs & Ingram  
Jonathan Romo, Carr, Riggs & Ingram

- Item 1. Benefits Supervisor David Garcia called the meeting to order at 8:45 AM. Garcia noted that quorum was met. Chairman Matt Kerr requested that Trustees allow for recess between presentations in order to maintain quorum.

**PLEDGE OF ALLEGIANCE**

The Retirement Trust Board recited the Pledge of Allegiance.

**NOTICE TO THE PUBLIC**

Benefits Supervisor David Garcia read the Notice to the Public.

All matters listed under the CONSENT AGENDA will be considered by the Retirement Trust Board to be routine and will be enacted by one motion in the form listed below. There will be no separate discussion of these items unless members of the Retirement Trust Board or persons in the audience request specific items be removed from the CONSENT AGENDA to the REGULAR AGENDA for discussion prior to the time the Retirement Trust Board votes on the motion to adopt the CONSENT AGENDA.

### CONSENT AGENDA

Item 2. Approve the Minutes of the Regular Board meeting of December 13, 2023.

Item 3. Consideration and action on the following retirements:

Name	Department	Service Time (estimated)
A. Age & Service Retirement:		
1 Arnal, Andrew	El Paso Water	21 years 00 months
2 Beard, Victor M.	Streets and Maintenance	16 years 01 month
3 Borrego, Severo	El Paso Water	20 years 08 months
4 Casas, Manuel	Parks and Recreation	18 years 09 months
5 Galmines-Newman, Allison	Municipal Court	11 years 10 months
6 Garcia, Jose A.	El Paso Water	17 years 05 months
7 Gomez, Lorenzo	Fire	31 years 00 months
8 Ortiz, Camilo	Animal Services	25 years 05 months
9 Parra, Elizabeth	El Paso Water	42 years 00 months
10 Rios, Diana	Animal Services	07 years 01 month
11 Rodriguez Jr., Victor	Sun Metro	19 years 00 months
12 Segura, Hector	El Paso Water	24 years 00 months
13 Wallace, Mark Allan	Fire	28 years 03 months

B. Deferred:

1 Villarreal, Victoria	Capital Improvement	20 years 10 months
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Item 4. Consideration and action on survivor benefit applications for:

A. Buisson-Rodriguez, Claire survivor of Phillip Rodriguez, retiree.

Item 5. Consideration and action on invoices as follows:

Company	Description of Service	Period	Fee Due
A. Buck Global LLC	Actuarial Fees	Mo. Ended 11/30/23	\$ 2,091.67
B. Buck Global LLC	Actuarial Fees	Mo. Ended 12/31/23	\$ 2,091.67
C. Carr Riggs & Ingram CPAs	Audit Fees	August 31, 2023	\$ 8,725.00
D. Eduardo Miranda	Legal Fees	Mo. Ended 12/31/23	\$ 250.00
E. Gordon Davis Johnson & Shane PC	Legal Fees – 0063	Mo. Ended 12/31/23	\$ 225.00
F. Gordon Davis Johnson & Shane PC	Legal Fees – 0064	Mo. Ended 12/31/23	\$ 10,033.14
G. Wellington Management	Investment Fees	Qtr Ended 12/31/23	\$ 115,565.98

Item 6. Consideration and action on the following Committee reports/appointments:

- A. Administrative Services Committee
- B. Executive Committee
- C. Facility and Maintenance Committee



- D. Financial Oversight Committee
- E. Investment Committee

**Motion made by Karl Rimkus to approve the Consent Agenda; seconded by Rene Peña. The motion required polling:**

Isaura Valdez	aye
Robert Studer	aye
Karl Rimkus	aye
Rene Peña	aye

**Motion carried.**

### **REGULAR AGENDA**

- Item 7. Discussion and action regarding the Treasurer's Report for the month ended December 31, 2023.

Susan Jacobs of the Office of the Comptroller presented on behalf of City Comptroller Margarita Marin; the Board received and reviewed the Treasurer's Report for the month ended December 31, 2023.

The Treasurer's Report is prepared monthly by the Office of the Comptroller based on information received from the Trust's custodian.

The report consists of two statements ("Statement of Net Assets Available for Benefits" and the "Statement of Changes in Net Assets Available for Benefits"), three schedules ("Quarterly Statements of Changes in Net Assets Available for Benefits", "Investment Income Analysis", and "Pension Administration Actual/Budget Comparison"), and four graphs ("Net YTD Investment Income", "Net Investment Income Rate of Return", "Refunds & Administrative Expenses", and "Benefits Paid to Retirees").

The information in the report includes (i) receivables, which include amounts due to the Trust for securities sold, outstanding interest, dividends earned, and contributions as of the date of the report; (ii) liabilities, which include amounts owed by the Trust for securities purchased and accrued expenses as of the date of the report; and (iii) unrealized/realized investment income, which is an estimate of the value of the portfolio as of the reporting dates.

Jacobs reviewed the statements, schedules, and graphs. The unaudited totals are for the periods ended December 31, 2023 including month, quarter, and fiscal year (four months). Net assets available for benefits were about 939.7 million dollars. Contributions were approximately 17.3 million dollars (about 11.0 million from the employer and 6.3 million from employees). Benefits paid to retirees were about 26.3 million dollars. The rate of return, which is the fiscal net investment loss/gain over the average net assets available for benefits, was 4.5 percent. A net investment gain of about 41.6 million dollars. Jacobs noted the target rate of return for the fiscal year of 7.25 percent, about 2.42 percent for the four months.

**No action was taken on this item.**



- Item 8. Discussion and action regarding the receipt of the annual financial audit as prepared by Carr, Riggs & Ingram LLC "CRI" (Alan D. "AJ" Bowers, CRI).

Alan D. Bowers of Carr, Riggs & Ingram ("CRI") presented; the Board received and reviewed the annual financial audit as prepared by CRI.

Bowers reviewed the timeline. The date of the engagement letter was September 5, 2023. Fieldwork was completed in November and December 2023. The preliminary draft was delivered on December 29, 2023. A presentation to the Financial Oversight Committee ("FOC") was provided on January 4, 2024. Bowers noted that the official date of the independent auditor's report will be in accordance with the Annual Comprehensive Financial Report.

Bowers advised that it is the auditor's responsibility to express an opinion on the financial statements based on the audit. CRI provided an unmodified opinion, which is the best opinion available. It is CRI's opinion that the financial statements of the Trust are presented fairly with accounting principles generally accepted in the United States of America. There were no audit areas where an opinion could not be rendered.

Bowers reviewed the 5-year trend in net position. Steady increases over time due to increases in fair market values with a decrease in 2022 due to a fall in the market and increases in 2020, 2021, and 2023 due to a rise in the market.

Bowers reviewed 5-year trends in pension liability. Total pension liability had steady increases over time due to increases in members receiving benefits. The City's net pension liability ("NPL"), which is the total pension liability less the Trust's fiduciary net position, changed over time due to market conditions, growth of the total pension liability, additional retirees, and benefit increases. The City's NPL increased in 2022 and 2023 due to market conditions and increased benefit obligations from a low in 2021. The funding percentage, which is the total fiduciary net position as a percentage of the total pension liability, had an inverse correlation to the City's NPL.

Trustee Robert Studer noted that there appears to be a discrepancy in the totals for Private Real Estate and Private Equity Investments in the draft Auditor's Report compared to the December 2023 "flash" report. Bowers stated that CRI will verify the totals.

**Motion made by Karl Rimkus to approve the audit as recommended by the Trust's Financial Oversight Committee and as more particularly described by CRI; seconded by Rene Peña. None opposed. Motion carried.**

- Item 9. Discussion and action regarding the receipt of an interim actuarial valuation as prepared by Buck Global, LLC (David Kershner, Buck Global LLC).

David Kershner of Buck Global, LLC presented; the Board received and reviewed the actuarial valuation as of 9/1/2023.

Kershner reviewed the purpose of the actuarial valuations noting that full valuations are performed in even-numbered years, and interim valuations are performed in odd-numbered years. This 9/1/23 interim valuation will determine funding adequacy of the City's fixed contribution rate of 14.05 percent; assess the current financial condition of the Trust; and analyze changes in the financial condition of the Trust since the last valuation.

Kershner provided an overview of the interim actuarial valuation process. The unaudited asset



information as of 8/31/23 was provided to Buck. The participant data from the 9/1/22 valuation was used. The liabilities from the 9/1/22 valuation were rolled forward to 9/1/23 and adjusted for the new assumptions that were adopted by the Board in May 2023. Buck calculated the actuarially determined contribution rate and compared it to the City's fixed contribution rate.

Kershner reviewed valuation highlights. The market return for the year ending 8/31/23 was approximately 3.4 percent. The expected return is 7.25 percent. This produced a market asset loss of 34.8 million dollars for the year. Kershner noted that the Trust's performance was comparable to peer performance for 2023. Under the asset smoothing method, all asset gains/losses are recognized over a 5-year period. The smoothed asset loss for the year was 17.2 million dollars. Kershner advised that the Board adopted new assumptions in May 2023 based on the experience study for the 4-year period ending 8/31/22. Buck reflected these new assumptions in the 9/1/23 interim valuation. The new assumptions increased the 9/1/23 actuarial accrued liability by 24.4 million dollars (2.0 percent). The unfunded liability (actuarial accrued liability minus actuarial value of assets) increased from 224.1 million dollars as of 9/1/22 to 251.9 million dollars as of 9/1/23. The funded ratio (actuarial value of assets divided by actuarial accrued liability) decreased from 80.9 percent as of 9/1/22 to 79.4 percent as of 9/1/23. The City's actuarially determined contribution rate increased from 11.02 percent of pay as of 9/1/22 to 12.38 percent of pay as of 9/1/23. The margin over the City's fixed contribution rate decreased from 3.03 percent to 1.67 percent. The period to fund the unfunded liability increased from 14 years as of 9/1/22 to 17 years as of 9/1/23. Kershner advised that based on the Funding Policy adopted by the Board in 2019, the conditions for approving a COLA and/or 13th check are not satisfied (because the 9/1/23 funded ratio is less than 80 percent).

Kershner reviewed historical funded ratios, asset returns, and funding period. Kershner compared the Trust's data for fiscal year 2022 to other Texas Municipal Plans in the Texas Pension Review Board Database. Of 17 municipal plans, the Trust has the 4<sup>th</sup> lowest unfunded liability amortization period; the 7<sup>th</sup> highest actuarial funded ratio; and the 4<sup>th</sup> highest excess in margin over the actuarial contribution rate. Buck expects the Trust's position to remain consistent relative to other municipal plans for fiscal year 2023. Trustee and Financial Oversight Committee Member Robert Studer advised that, based on historical data and peer rankings, the interim valuation affirms that the Board, with expert guidance/recommendations, is taking good actions on behalf of Trust participants.

**Motion made by Karl Rimkus to approve the interim actuarial valuation as recommended by the Financial Oversight Committee and as described by Buck LLC; seconded by Robert Studer. None opposed. Motion carried.**

Kershner noted that the actuarial valuation report will include the Low Default Risk Obligation Measure ("LDRM"). The LDRM is intended to illustrate what the liabilities would be if the plan's assets were invested entirely in risk-free assets. Kershner noted that the LDRM is 1.46 billion dollars; the interest rate used for the LDRM is 5.59 percent. Kershner advised that the LDRM is strictly theoretical and does not affect benefit security or funding.

**Motion made by Karl Rimkus to recess; seconded by Robert Studer. None opposed. Motion carried.**

**Motion made by Karl Rimkus to return from recess; seconded by Robert Studer. None opposed. Motion carried.**



- Item 10. Discussion and action regarding the receipt of an investment manager report from Adams Street Partners ( Chris Leyva and Matt Autrey of Adams Street Partners).

Chris Leyva and Matt Autrey of Adams Street Partners presented; the Board received and reviewed an investment manager report from Adams Streets Partners.

Leyva provided an overview of the firm. The firm is 100 percent employee-owned and has over 58 billion dollars in assets under management. Autrey reviewed the Global Fund Program. The Trust is invested in the 2022 Global Private Equity Program. The fund is a private markets portfolio spanning all of Adams Street's investment strategies, including primaries, secondaries, co-investments, growth equity, and private credit, across North America, Europe, and Asia.

Autrey noted the current state of the private equity market and reviewed performance. The Global Program has consistently outperformed the Public Market Equivalent - MSCI ACWI by about 400 basis points.

**No action was taken on this item.**

- Item 11. Discussion and action regarding the receipt of an investment manager report from Alliance Bernstein (Aaron Montano and Erik Turenchalk, Alliance Bernstein).

Aaron Montaña and Erik Turenchalk of Alliance Bernstein presented; the Board received and reviewed the investment manager report from Alliance Bernstein.

Montaña and Turenchalk provided an overview of the firm and the US Small and Mid-Cap ("SMID") Core Portfolio. Turenchalk reviewed performance. Since inception, May 22, 2021, the portfolio underperformed its benchmark, the Russel 2500, by about 1.5 percent. Turenchalk noted that historically, lower-quality stocks have initially led SMID-Cap recoveries. The portfolio outperformed the Russell 2500 for the fourth quarter of 2023, after fees. During the quarter, stock selection contributed to relative performance while sector selection detracted. Montaña noted the portfolio has about 80 basis points of relative outperformance as of January 16, 2024.

Turenchalk provided a market outlook. The firm believes that companies that combine attractive valuation, strong quality, and sustained earnings growth remain the most attractive opportunities. If the economy stays sluggish for part or all of 2024, these companies can still use their attributes to grow earnings more quickly than expected. The firm believes that as the recovery progresses, these stocks will enjoy both robust earnings growth and multiple expansions from their currently depressed levels.

**No action was taken on this item.**

- Item 12. Discussion and action regarding a report from Callan LLC regarding the Trust's investments and related matters (Craig Chaikin, Callan).

Craig Chaikin presented; the Board received and reviewed the monthly "flash report" for the period ended December 31, 2023.

Chaikin provided a market overview. Chaikin reviewed asset allocation. Domestic Fixed Income is approaching the lower end of the range as set in the Trust's Investment Policy Statement ("IPS"). Chaikin advised that Callan is closely monitoring allocation and will provide a rebalancing recommendation if necessary. Chaikin reviewed performance. Total assets were



about 946 million dollars, an investment return of about 41 million dollars for the month (about 4.49 percent outperforming the Strategic Blended Index by 21 basis points). Chaikin reviewed asset class composite performance and noted that private market returns for the month are proxied to the benchmark. All composites with the exception of Domestic Equity underperformed their benchmarks for the month. Chaikin noted that the relative underperformance of about 3.1 percent for the last 1-year is due to benchmarking issues with Private Equity; absolute return for the 1-year period was about 11.5 percent.

Chaikin discussed Real Estate. Write-downs in property values are continuing resulting in absolute short-term, negative returns. Chaikin advised that after extensive discussion with the Investment Committee "IC", the IC made the determination to place UBS back on "watch"; UBS is officially back on watch, which commences the 1-year probationary period as outlined in the IPS.

**No action was taken on this item.**

Item 13. Discussion and action regarding a report from the Executive Director.

Executive Director Robert Ash reported on the following:

- Ash reviewed ongoing/completed project(s):
  - The Board Survey is in progress. Trustees are requested to respond in the next week. Ash advised that the survey was released on January 10<sup>th</sup> by email.
    - Trustees with a City email were asked to check their "Junk Folder" given the City's email, security protections.
  - 1099R forms are in progress. Benefits Supervisor David Garcia and his team are working to issue the forms by the end of the month.
- Ash reviewed upcoming conference(s).
  - The TEXPERS annual conference will be held in April 2024 in Dallas. Registration is open.
    - Trustees planning to attend are encouraged to register as soon as possible as rooms are expected to be booked quickly due to an event that coincides with the conference.
  - NCPERS will meet in May 2024 in Seattle.

**No action was taken on this item.**

Item 14. For Notation:

A. Refund of Contributions:

	Name	Department		Total Refund
1	Acosta, Matthew	Fire	\$	8,966.30
2	Adkins, Tim	QDRO	\$	44,335.75
3	Alvarez, Melissa	QDRO	\$	80,545.29
4	Avila, Isael	El Paso Water	\$	14,788.90
5	Bertolli, Ricardo	El Paso Water	\$	1,324.32
6	De Leon, Alejandra	El Paso Water	\$	1,370.98
7	Gonzalez, Jesse	Airport	\$	16,210.92
8	Hernandez, Michael	Fire	\$	5,662.27
9	Herrera, Juliet	Fire	\$	8,374.09
10	Herrera, Trent	Zoo	\$	2,476.75

11	Kleist, Mason	Zoo	\$	7,766.96
12	Lazcano, Paloma	Zoo	\$	869.11
13	Martinez, Isaac	Public Health	\$	6,288.50
14	Martinez, Lizbeth	Fire	\$	1,589.13
15	Melendez, Ruth	El Paso Water	\$	3,536.61
16	Portillo, Michael	El Paso Water	\$	15,643.45
17	Quinones, Luis	Fire	\$	9,161.51
18	Reyes, Chuilid	El Paso Water	\$	23,850.57
19	Sanchez Rivas, Luis	El Paso Water	\$	13,643.36
20	Sanchez, Yvonne	Fire	\$	8,095.51
21	Sarabia, Richard	Streets and Maintenance	\$	9,165.70
22	Serrano, Rosario	El Paso Water	\$	4,188.28
23	Stiles, Jorge	Planning and Inspections	\$	65,710.70
24	Stiles, Luis	Planning and Inspections	\$	65,710.70
				<hr/>
				<b>\$ 419,275.66</b>

**Item for notation only. No action was required on this item.**

### **OPEN COMMENT PERIOD**

The Board of Trustees allowed speakers from the public to comment on any pension-related issue that was not on the agenda. During the Open Comment Period of the meeting, the public was given an opportunity to address the Board.

Benefits Supervisor David Garcia noted that there were no speakers to comment on any pension-related issue that was not on the agenda.

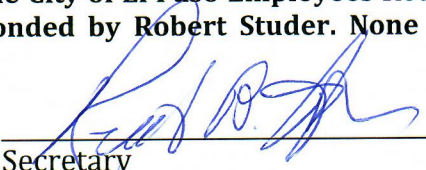
- Item 15. The Board will retire into EXECUTIVE SESSION pursuant to the Texas Government Code, Sections 551.071-551.076 and Section 551.078 to discuss any of the following:


Section 551.071	CONSULTATION WITH ATTORNEY
Section 551.072	DELIBERATION REGARDING REAL PROPERTY
Section 551.074	PERSONNEL MATTERS
Section 551.075	CONFERENCE WITH EMPLOYEES
Section 551.076	DELIBERATION REGARDING SECURITY DEVICES
Section 551.078	DELIBERATION REGARDING DISABILITY APPLICANT'S MEDICAL RECORDS

**No action was taken on this item.**

- Item 16. Adjournment.

**Motion made by Karl Rimkus to adjourn the City of El Paso Employees Retirement Trust Board Meeting on January 17, 2024; seconded by Robert Studer. None opposed. The motion was carried at 10:20 AM.**

  
Secretary

  
Chairman