



# CITY of EL PASO

EMPLOYEES RETIREMENT TRUST

**BOARD MINUTES FOR THE REGULAR MEETING  
HELD WEDNESDAY, FEBRUARY 15, 2023 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  
Mario R. Hernandez  
Diana Nuñez  
Deborah G. Hamlyn  
Rene Peña  
Rep. Joe Molinar  
Rep. Art Fierro

**Members Absent:**

**Others in Attendance:**

Robert Ash, Executive Director  
Adrian Sanchez, Deputy Executive Director  
Karina Chavez, Administrative Assistant  
David Garcia, Benefits Supervisor  
Eduardo Miranda, Legal Counsel  
Luis Mier, Office of the Comptroller  
Alex Browning, Callan LLC  
Craig Chaikin, Callan LLC  
Jesus Lopez, El Paso Water  
Karina Duarte

- Item 1. Benefits Supervisor David Garcia called the meeting to order at 8:31 AM. Garcia noted that the quorum was met.

**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 January 18, 2023.

Item 3. Consideration and action on the following retirements:

	Name	Department	Service Time (estimated)
A.	Age & Service Retirement:		
1	Aguilar, Alberto	Airport	17 years 03 months
2	Alvarez, Jose Antonio	Parks and Recreation	17 years 07 months
3	Ballard, Veronica G.	Police	15 years 01 month
4	Cejudo, Caroline Eve	Environmental Services	32 years 02 months
5	Gallegos Zavala, Jorge E	Public Health	37 years 10 months
6	Guillen, Carlos	Fire	28 years 07 months
7	Lara, Leticia	Fire	12 years 05 months
8	Lujan, Jesus	El Paso Water	27 years 05 months
9	Perez, Christine L.	Airport	18 years 08 months
10	Ramirez, Carlos Humberto	Police	30 years 08 months
11	Rojas, Jose Ramiro	Environmental Services	09 years 05 months
12	Smith, Travis Lee	Zoo	12 years 02 months
13	Soto, Debra	Zoo	31 years 09 months
B.	Deferred:		
1	Orozco, Conrad O.	Libraries	20 years 07 months

Item 4. Consideration and action on survivor benefit applications for:

- A. Gonzalez, Katherine survivor of Jose Angel Gonzalez, retiree.
- B. Grolou, Evelia survivor of Luis A Grolou, retiree.
- C. Guerrero, Ida Luna survivor of Mario Guerrero, retiree.
- D. Sanders, Yoshi survivor of Sammie Sanders, retiree.

Item 5. Consideration and action on invoices as follows:

Company	Description of Service	Period	Fee Due
A. Arrowstreet Capital	Investment Fees	Qtr. Ended 12/31/22	\$ 97,009.46
B. BlackRock	Investment Fees	Qtr. Ended 12/31/22	\$ 24,127.02
C. Buck Global, LLC	Actuarial Fees	Mo. Ended 01/31/23	\$ 7,725.00
D. Car Riggs & Ingram CPAs	Audit Fees	Pd. Ended 12/31/22	\$ 6,980.00
E. Eduardo Miranda	Legal Fees	Mo. Ended 01/31/23	\$ 800.00
F. Heitman America R.E. Trust LP	Investment Fees	Qtr. Ended 12/31/22	\$ 143,072
G. Gordon Davis Johnson & Shane PC	Legal Fees - 0063	Mo. Ended 01/31/23	\$ 3,547.50
H. Gordon Davis Johnson & Shane PC	Legal Fees - 0064	Mo. Ended 01/31/23	\$ 9,018.52
I. Lazard Asset Management	Investment Fees	Qtr. Ended 12/31/22	\$ 92,434.46
J. Mellon Investment Corporation	Investment Fees	Qtr. Ended 12/31/22	\$ 28,184.01
K. Newton Investment Management	Investment Fees	Qtr. Ended 12/31/22	\$ 58,531.91
L. UBS Realty Investors LLC	Investment Fees	Qtr. Ended 12/31/22	\$ 70,135.82
M. Terralogic Document Systems	Administration Software	Inv. 134660	\$ 3,352.67



- 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 Diana Nuñez to approve the Consent Agenda with a floor amendment revising Item 12 to read "regarding approval on an agreement" deleting the word "monthly"; seconded by Deborah Hamlyn. The motion required polling:**

Isaura Valdez	aye
Mario R. Hernandez	aye
Diana Nuñez	aye
Deborah G. Hamlyn	aye
Karl Rimkus	aye
Rene Peña	aye
Rep. Joe Molinar	aye
Rep. Art Fierro	aye

**Motion carried.**

### REGULAR AGENDA

- Item 7. Discussion and action regarding the introduction of new Board Member Representative Art Fierro.

Chairman Matt Kerr welcomed Rep. Art Fierro. Rep. Fierro was appointed to the unexpired term of Rep. Isabel Salcido. Fierro expressed his gratitude.

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

- Item 8. Discussion and action regarding the presentation of the Board Service Award(s).

Chairman Matt Kerr and Rep. Joe Molinar received Board Service Awards. The Retirement Trust has a policy for recognizing Board Members that reach certain service-year milestones. Kerr was recognized for 4-years of service, and Molinar was recognized for 2-years of service to the Board.

Executive Director Robert Ash advised that the awards acknowledged the dedicated service of these individuals and the contributions made to the Trust.

Kerr and Molinar accepted their awards and expressed their gratitude for the recognition and opportunity to serve.

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

- Item 9. Discussion and action regarding the receipt of an award from the GFOA for financial reporting.

Executive Director Robert Ash presented the award to the Board. The Government Finance Officers Association ("GFOA") is a nonprofit professional association of the United States and Canada. The GFOA has awarded the Trust with the Certificate of Achievement for Excellence in Financial Reporting for the ninth consecutive year with regard to the Trust's Annual Comprehensive Financial Report ("ACFR"). The award-winning ACFR for fiscal year ended August 31, 2021 represents a significant accomplishment by management, staff, and the Board. Vice Chairman Karl Rimkus commended Ash and the Retirement Trust Staff on the recognition.

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

- Item 10. Discussion and action regarding the Treasurer's Report for the month ended January 31, 2023.

Luis Mier of the Office of the Comptroller presented on behalf of Comptroller and Board Treasurer Margarita Munoz; the Board received and reviewed the Treasurer's Report for the month ended January 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.

Mier reviewed the statements, schedules, and graphs. The unaudited totals are for the periods ended January 31, 2023 including month, quarter, and fiscal year (5-months). Net assets available for benefits were about 928 million dollars. Contributions were about 20.3 million dollars. Benefits paid to retirees were about 31.7 million dollars. The rate of return, which is the fiscal net investment loss/gain over the average net assets available for benefits, was 2.46 percent. Mier noted the target rate of return for the fiscal year is 7.25 percent, about 3.02 percent for the 5-months.

Executive Director Robert Ash reviewed market volatility.

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

Chairman Matt Kerr requested that Item 15 "Executive Session" be moved to immediately follow Item 10.



**Motion made by Karl Rimkus to take Item 15 next; seconded by Rep. Art Fierro. A poll was taken:**

Isaura Valdez	aye
Mario R. Hernandez	aye
Diana Nuñez	aye
Deborah G. Hamlyn	aye
Karl Rimkus	aye
Rene Peña	aye
Rep. Joe Molinar	aye
Rep. Art Fierro	aye

**Motion carried.**

**Motion made by Karl Rimkus to retire into Executive Session pursuant to the Texas Government Code, Section 551.071 and Section 551.078; seconded by Diana Nuñez. None opposed. Motion carried.**

**Motion made by Karl Rimkus to reconvene from Executive Session; seconded by Deborah Hamlyn. None opposed. Motion carried.**

- 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:

<b>Section 551.071</b>	<b>CONSULTATION WITH ATTORNEY</b>
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
<b>Section 551.078</b>	<b>DELIBERATION REGARDING DISABILITY APPLICANT'S MEDICAL RECORDS</b>

**A. Sections 551.071 and 551.078**

Discussion and action regarding the non job-related disability application of Mr. Jesus Lopez-Pineda.

**Motion made by Karl Rimkus to approve the non job-related disability of Mr. Jesus Lopez-Pineda; seconded by Rep. Art Fierro. The motion required polling:**

Isaura Valdez	aye
Mario R. Hernandez	aye
Diana Nuñez	aye
Deborah G. Hamlyn	aye
Karl Rimkus	abstain
Rene Peña	aye
Rep. Joe Molinar	aye
Rep. Art Fierro	aye

**Motion carried.**

- Item 11. Discussion and action regarding a report from Callan LLC regarding the Trust's investments and related matters (Alex Browning and Craig Chaikin, Callan).

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

Chaikin reviewed asset allocation and attribution. Chaikin noted that the CPI dropped to 6.4 percent. The decline in inflation numbers positively impacted the performance of public markets, proportionally increasing allocation for those asset classes. Chaikin advised that allocation is close to target; however, Real Estate and Private Equity continue to maintain an overweight. Chaikin advised that allocation is in compliance with the Trust's Investment Policy Statement.

Chaikin reviewed performance by asset class composite returns and performance attribution. Domestic Equity outperformed the benchmark by about 73 basis points for the month but underperformed long term. International Equity outperformed the benchmark over all reporting periods. Chaikin advised that the weakening dollar positively impacted returns for International Equity. Long-term negative returns for Fixed Income, in line with the benchmark, are attributed to rising interest rates. Chaikin noted that due to the appraisal/reporting lag Private Equity and Real Estate are proxied to the benchmark. Chaikin advised that the negative short-term performance reflects the write-downs in Private Equity and Real Estate. The total fund return of about 5.4 percent for the month outperformed the Strategic Blended Index.

**No action was on this item.**

- Item 12. Discussion and action regarding approval of an agreement between the Trust and Bernstein Litowitz Berger and Grossman LLP.

Executive Director Robert Ash reviewed the proposed agreement. Ash advised that the agreement would be between a securities litigation firm and the Trust. The firm was recommended by the Trust's compliance counsel after performing a search.

The purpose of the agreement, as recommended by the Investment Committee, is to monitor securities and the Trust's investment managers. If approved, the litigation firm would notify the Trust of active claims/potential issues regarding the Trust's existing managers. If the Trust were to hold separately managed accounts, where securities are denominated in the Trust's name, the firm would monitor those securities for possible claims. Ash noted that the proposed agreement is for monitoring services and not for representation in securities litigation. Should the need arise, Ash advised that the Trust may employ the firm by creating a subsequent agreement. Chairman Matt Kerr noted that there is no ongoing cost to the Trust, and it is best practice to employ one or multiple monitoring firms. Ash concurred.

**Motion made by Karl Rimkus to approve the securities monitoring agreement between the Trust and Bernstein Litowitz Berger and Grossman LLP and authorize the Chair and Executive Director to sign related documents; seconded by Deborah Hamlyn. The motion required polling:**

Isaura Valdez	aye
Mario R. Hernandez	aye
Diana Nuñez	aye
Deborah G. Hamlyn	aye
Karl Rimkus	aye



Rene Peña	aye
Rep. Joe Molinar	aye
Rep. Art Fierro	aye

**Motion carried.**

- Item 13. Discussion and action regarding a report from the Executive Director including a synopsis of the committee meetings.

Executive Director Robert Ash reported on the following:

- Ash provided a synopsis of the recent Executive Committee meeting. Ash noted that the Administrative Services Committee may meet in March.
- Ash noted that the 88<sup>th</sup> Texas Legislature is in session and provided an update on proposed pension-related bills.
  - HB 2068
    - The proposed bill would revise investment and voting standards including mandating proxy vote reporting and restricting investments based on environmental, social, or political factors. Ash noted the proposed bill was reviewed by the Trust's compliance counsel, who have concerns. Ash noted that the bill may increase claims. Ash advised that the Board has authorized the Executive Committee ("EC") to take action as necessary. The Trust will likely oppose the bill.
  - SB 563
    - The proposed bill indicates that a municipality may not adopt or enforce an ordinance, order, rule, regulation, or policy requiring any terms of employment that exceed or conflict with federal or state law relating to any form of employment leave, hiring practices, employment benefits, scheduling practices, or other terms of employment. Ash noted that a similar bill was introduced in the previous session. Although initially the bill excluded municipalities that were not funded by the state, the current language does not provide such an exception. The EC will work with the City's lobbyist to address any concerns.
- 1099Rs were issued earlier than required. Ash expressed his gratitude to the staff.
- Ash reviewed upcoming conferences. Trustees interested in attending are encouraged to contact Benefits Supervisor David Garcia.
  - TEXPERS will be meeting in early April. MET education will be offered on April 1<sup>st</sup>.
- Ash noted that the final actuarial valuation document was provided to Trustees. The auditor's report is pending.
- The election for two City employee seats on the Board of Trustees will be held from April 24<sup>th</sup> through April 26<sup>th</sup>. Candidates must register by April 10<sup>th</sup>. The City Clerk's Office is managing the election.

**No action was on this item.**

- Item 14. For Notation:

A. Directed brokerage credit balance for the month ended December 31, 2022: \$7,882.82.

B. Refund of Contributions:

	Name	Department	Total Refund
1	Alarcon, Erick	Parks and Recreation	\$ 9,523.01
2	Balandran, Edgar	Fire	\$ 19,578.16

3	Chlarson, Francine	El Paso Water	\$	2,471.38
4	Haro, Carlos	Fire	\$	1,517.39
5	Lockard, Cynthia	Police	\$	51,599.72
6	Lopez, David	Fire	\$	1,636.06
7	Parra, Elizabeth	Internal Audit	\$	41,773.98
8	Pedroza, Alex	Capital Improvement	\$	22,415.07
9	Ramirez, Yvonne	Public Health	\$	14,568.13
10	Rodriguez, Amanda	Libraries	\$	23,339.09
11	Solis, Cecilia	International Bridges	\$	3,365.42
12	Trillo, Eric	El Paso Water	\$	7,135.45
13	Zambrano, Ivan	Police	\$	1,029.29
<b>Total</b>				<b>\$ 199,952.15</b>

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

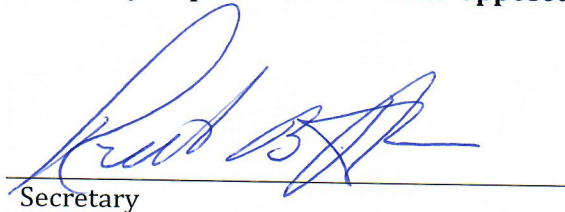
### **OPEN COMMENT PERIOD**

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 16. Adjournment.

**Motion made by Karl Rinkus to adjourn the City of El Paso Employees Retirement Trust Board Meeting on February 15, 2023; seconded by Rep. Art Fierro. None opposed. The motion was carried at 10:05 AM.**

  
Secretary

  
Chairman