



**BOARD MINUTES FOR THE REGULAR MEETING
HELD WEDNESDAY, FEBRUARY 21, 2024 AT 8:30 A.M.
RETIREMENT TRUST ADMINISTRATION BUILDING, 1039 CHELSEA**

Members in Attendance:

Matt Kerr, Chairman
Karl C. Rimkus, Vice-Chairman
Robert Studer
Deborah G. Hamlyn
Rep. Joe Molinar
Rep. Art Fierro

Members Absent:

Isaura Valdez
Karina Brasgalla
Rene Peña

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

- Item 1. Benefits Supervisor David Garcia called the meeting to order at 8:35 AM. Garcia noted that quorum was met. Chairman Matt Kerr requested that Trustees allow for recess, if necessary, 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 January 17, 2024.

Item 3. Consideration and action on the following retirements:

Name	Department	Service Time (estimated)
A. Age & Service Retirement:		
1 Eyberg, Ellen	Libraries	22 years 06 months
2 Fragoso, Rene	Environmental Services	32 years 10 months
3 Gamon-Adame, Jose L.	El Paso Water	24 years 05 months
4 Graham, Gerald	Parks and Recreation	15 years 11 months
5 Grissom, Stephen	Environmental Services	32 years 08 months
6 Holguin, Mary	Human Resources	16 years 05 months
7 Madrid, Gerard	El Paso Water	34 years 05 months
8 Ozogar, Edward	Information Technology	17 years 00 months
9 Vick, Guadalupe	Airport	28 years 02 months
B. Early		
1 Ybarra, Jesus	Streets and Maintenance	07 years 04 months
C. Deferred:		
1 Guzman, Ramon	Environmental Services	07 years 00 months

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

- A. Galindo, Dolores survivor of Francisco Galindo, retiree.
- B. Gutierrez, Ana M. survivor of Benjamin Gutierrez, retiree.
- C. Vokes, William Allen survivor of Charlotte G Vokes, retiree.

Item 5. Consideration and action on invoices as follows:

Company	Description of Service	Period	Fee Due
A. AllianceBernstein	Investment Fees	Qtr. Ended 12/31/23	\$ 77,788.67
B. Arrowstreet Capital	Investment Fees	Qtr. Ended 12/31/23	\$ 114,999.20
C. BlackRock	Investment Fees	Qtr. Ended 12/31/23	\$ 26,843.26
D. Buck Global LLC	Actuarial Fees	Mo. Ended 01/31/24	\$ 3,104.06
E. Eduardo Miranda	Legal Fees	Mo. Ended 01/31/24	\$ 525.00
F. Carr Riggs & Ingram CPAs	Audit Fees	Yr. Ended 08/31/23	\$ 5,235.00
G. Gordon Davis Johnson & Shane PC	Legal Fees – 0063	Mo. Ended 01/31/24	\$ 1,852.50
H. Gordon Davis Johnson & Shane PC	Legal Fees – 0064	Mo. Ended 01/31/24	\$ 15,034.40
I. Heitman America R.E. Trust LP	Investment Fees	Qtr. Ended 12/31/23	\$ 126,561.00
J. Lazard Asset Management	Investment Fees	Qtr. Ended 12/31/23	\$ 107,654.98
K. Mellon Investments Corporation	Investment Fees	Qtr. Ended 12/31/23	\$ 21,048.71
L. Newton Investment Management	Investment Fees	Qtr. Ended 12/31/23	\$ 66,624.12
M. UBS Realty Investors LLC	Investment Fees	Qtr. Ended 12/31/23	\$ 57,805.48

- 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 Robert Studer. The motion required polling:

Robert Studer	aye
Deborah Hamlyn	aye
Matt Kerr	aye
Karl Rimkus	aye
Rep. Joe Molinar	aye

Motion carried.

REGULAR AGENDA

- Item 7. Discussion and action regarding the presentation of a Board Service Award.

Board Chairman Matt Kerr presented a Board Service Award to Luis Mier, Treasury Services Coordinator of the Office of the Comptroller. The award acknowledged Mier's contribution to providing quality, professional monthly Treasurer's Report presentations and insights to the Board. Mier accepted the Board Service Award.

No action was taken on this item.

- Item 8. Discussion and action regarding the Treasurer's Report for the month ended January 31, 2024.

Luis Mier 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 January 31, 2024.

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, 2024 including month, quarter, and fiscal year (five months). Net assets available for benefits were about 933.4 million dollars. Contributions were approximately 22.1 million dollars (about 13.9 million from the employer and 8.2 million from employees). Benefits paid to retirees were about 33.0 million dollars. The rate of return, which is the fiscal net investment loss/gain over the average net assets available for benefits, was about 4.17 percent. A net investment gain of about 38.4 million dollars. Mier noted the target rate of return for the fiscal year of 7.25 percent, about 3.02 percent for the five months.

No action was taken on this item.

- Item 9. Discussion and action regarding a report for the quarter ended December 31, 2023, as prepared by Callan LLC regarding the Trust's investments and related matters (Craig Chaikin, Callan).

Craig Chaikin of Callan presented; the Board received and reviewed the report for the quarter ended December 31, 2023.

Chaikin reviewed the domestic economy. U.S. real GDP increased at an annualized rate of 3.3 percent in the fourth quarter. Headline CPI increased 3.4 percent year-over-year in December. The Fed held short-term rates steady at both the November and December Federal Open Market Committee ("FOMC") meetings, with a current target range of 5.25 to 5.50 percent. The unemployment rate was unchanged at 3.7 percent in December. Alex Browning of Callan discussed recession and reviewed "The Fed's Dot Plot", which consists of assessments by FOMC participants of appropriate monetary policy. The Fed expects a slowdown as the chart indicates projected decreasing rates. Browning and Chaikin noted that economic data defied expectations of recession in 2023.

Chaikin reviewed market performance and trends. Public markets surged in the fourth quarter, following a decline in the third quarter. Stocks recovered losses of 2022; bonds still have ground to make up. U.S. equity market performance was driven by the largest companies. Chaikin noted international equity valuations. Markets outside the U.S. are comparatively cheap by historical standards. Valuations for U.S. private real estate in the fourth quarter reflect higher interest rates. Although income returns were positive across sectors/regions, all property sectors/regions experienced negative appreciation. Gains for stocks were not shared by private equity. Private equity does not recover as quickly as the public markets as the smoothing effect dampens private equity returns in both up and down markets. Private equity only saw about a fifth of the gains of public markets over the last year.

Chaikin reviewed the Trust's portfolio. The year-end value for 2023 was about 934.7 million dollars. Chaikin reviewed asset allocation. Due to the illiquid nature of private equity, the portfolio remained relatively overweight to private equity and underweight to fixed income. The Trust's allocation to private equity, which was in the 18th percentile relative to other plans in the Callan Public Fund Sponsor Database, impacted the Trust's peer group rankings given the sector's underperformance relative to public equities. In the last quarter and last year, although the Trust had 7.01 and 9.96 percent returns, the Trust ranked in the 81st and 95th percentiles respectively. Chaikin noted positive long-term cumulative growth of assets over the 7.25 percent actuarial rate of return.

No action was taken on this item.

- Item 10. Discussion and action regarding a report from Callan LLC regarding the Trust's investments and related matters (Alex Browning, Callan).

Alex Browning of Callan presented; the Board received and reviewed the monthly "flash report" for the period ended January 31, 2024.

Browning noted the asset allocation and reviewed performance by asset class. Browning advised that the results are preliminary as valuations for Private Equity and Real Estate are not available on a monthly basis. The total fund balance was about 932 million dollars with net investment returns of about 680 thousand dollars and net distributions of about 3.2 million dollars. For the month, Domestic Equity was positive but underperformed the benchmark; International Equity and Fixed Income had negative returns but outperformed their benchmarks. Private Equity underperformed for the fiscal year and 1-year periods but outperformed by about 6.0 percent over the last five years. The total fund return for the month was positive and outperformed the Strategic Blended Index. In the last five years, total return was about 7.83 percent, exceeding the actuarial rate of return.

No action was taken on this item.

- Item 11. Discussion and action regarding the results of an annual Board Survey.

Executive Director Robert Ash expressed his gratitude to the Board for their participation. Ash advised that Deputy Executive Director Adrian Sanchez will review the results of the 2024 Board Survey and noted that a strategic planning session is tentatively scheduled for the fall to consider further action.

Sanchez presented; the Board received and reviewed the results of the annual Board Survey.

Sanchez provided an overview of the self-assessment. The Board Survey is part of organizational development in the Strategic Plan. The assessment should be performed annually to determine developmental needs. Sanchez advised that a survey was not performed in 2023, however, to allow time for the five new Trustees to acclimate to the Board, as determined by the Executive Committee.

Sanchez reviewed responses. The survey included 22 multiple-choice questions with topics covering Self-evaluation, Role of the Board, Policy, and Strategic Planning. All nine Trustees participated. Sanchez noted responses by question and provided a comparison to the 2022 survey responses.

No action was taken on this item.

- Item 12. Discussion and action regarding a report from the Executive Director.

Executive Director Robert Ash reported on the following:

- Ash reviewed upcoming conference(s).
 - The TEXPERS annual conference will be held in April 2024 in Dallas. There will be training for new trustees.
 - Ash noted that rooms on location have sold out due to an event that coincides with the conference.
 - The TEXPERS summer conference will be held in August 2024 in San Antonio.
 - NCPERS will meet in May 2024 in Seattle.
 - Trustees interested in attending may contact Benefits Supervisor David Garcia.

- Ash reviewed ongoing/completed project(s):
 - The Texas Pension Review Board (“PRB”) has issued guidance on funding policies and investment policy statements.
 - Ash noted that no major changes were proposed in the PRB draft guidelines.
 - The Executive Committee has discussed and authorized Ash to respond.
 - The actuary and investment consultant are reviewing and their comments are pending.
 - The Annual Comprehensive Financial Report is expected to be completed before the end of the month. Once received, the annual summary will be generated.
 - 1099R forms were issued in January. Ash thanked Benefits Supervisor David Garcia and his team for issuing the forms to retirees/beneficiaries earlier than required.
 - Benefits statements for participants will be issued by the end of April.

No action was taken on this item.

Item 13. For Notation:

A. Refund of Contributions:

	Name	Department	Total Refund
1	Armendariz Quezada, Julio	El Paso Water	\$ 9,420.48
2	Bustillos, Diana survivor of Andres Bustillos	El Paso Water	\$ 11,631.73
3	Carrillo, Giovanni	Public Health	\$ 8,461.77
4	Carrillo, Liliana	Fire	\$ 238.07
5	Casas, Octavio	Zoo	\$ 1,080.90
6	Castaneda, Alberto	Airport	\$ 10,878.14
7	Cervantes, Jovana	Animal Services	\$ 3,663.03
8	Chavira, Sammy	Community and Human Development	\$ 9,239.69
9	Corral, Refugio	Fire	\$ 7,936.73
10	Cortez, Raul	El Paso Water	\$ 1,277.10
11	Cullen, Steve	Animal Services	\$ 3,450.94
12	Daly, Victor	Sun Metro	\$ 1,415.17
13	De Carrion, Esmeralda	Public Health	\$ 3,762.03
14	Diaz, Lorena	Fire	\$ 17,049.12
15	Duran, Nayeli	Fire	\$ 7,405.40
16	Garcia, Christopher	Streets and Maintenance	\$ 1,097.21
17	Gil, Natalie	Environmental Services	\$ 19,466.84
18	Gomez, Denisse	Fire	\$ 5,382.64
19	Gorski, Adam	Capital Improvement	\$ 4,287.73
20	Hernandez, Mariel	Office of the Comptroller	\$ 4,134.85
21	Logan, Barbara	El Paso Water	\$ 3,099.73
22	Lopez, Christian	Community and Human Development	\$ 11,713.91
23	Luera, Julissa	Fire	\$ 5,687.06
24	McCloud, Jennifer	Purchasing and Strategic Sourcing	\$ 13,561.03

25	Means, Troy	El Paso Water	\$	887.97
26	Nelson, Suzanne	City Attorney	\$	3,298.78
27	Nunez, Diana	Streets and Maintenance	\$	1,635.73
28	Ochoterena, Johanna	El Paso Water	\$	1,824.14
29	Ortiz, Hector	Fire	\$	9,239.62
30	Quevedo, Agustin	Animal Services	\$	1,810.69
31	Romero, Frank	Parks and Recreation	\$	1,251.02
32	Saucedo, Jennifer	Fire	\$	7,979.01
33	Soto-Campa, Julio	El Paso Water	\$	37,146.37
34	Vasquez, Brianna	Animal Services	\$	3,695.98
35	Vasquez, Juan	Information Technology	\$	59,159.97
36	Venegas, Arturo	El Paso Water	\$	12,998.00
37	Villa, Felix	Information Technology	\$	34,209.62
38	Villarreal, Ryan	Fire	\$	1,648.48
			\$	342,126.68

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.

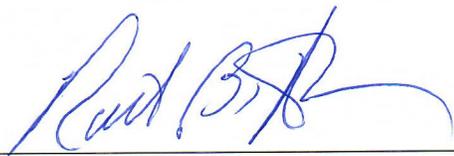
Item 14. The Board will retire into EXECUTIVE SESSION pursuant to the Texas Government Code, Sections 551.071-551.076 and Section 551.078 to discuss any of the following:

- 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 15. Adjournment.

Motion made by Karl Rimkus to adjourn the City of El Paso Employees Retirement Trust Board Meeting on February 21, 2024; seconded by Robert Studer. None opposed. The motion was carried at 9:52 AM.



Secretary



Chairman