

**BOARD MINUTES FOR THE REGULAR MEETING
HELD WEDNESDAY, FEBRUARY 19, 2025, AT 8:30 A.M.
RETIREMENT TRUST ADMINISTRATION BUILDING, 1039 CHELSEA**

Members in Attendance:

Karl C. Rimkus, Vice Chairman
Isaura Valdez
Matt Kerr
Rene Peña
Rep. Chris Canales

Members Absent:

Robert Studer, Chairman
Karina Brasgalla
Deborah G. Hamlyn
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
Luis Mier, Office of the Comptroller
Alex Browning, Callan LLC

Vice Chairman Karl Rimkus discussed the recent accident at Sun Metro and requested a moment of silence for, colleague, Ruben Ibarra's passing. The Board held a moment of silence.

Rimkus welcomed District 8 Representative Chris Canales to the Board. Mayor Johnson appointed Canales to fill the unexpired term of former City Representative Joe Molinar. Canales advised that he has been interested in serving on the Board for years and expressed his gratitude to be in service of the Trust and its employees.

- Item 1. Benefits Supervisor David Garcia called the meeting to order at 8:35 AM. Garcia noted that 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 15, 2025.

Item 3. Consideration and action on the following retirements:

Name	Department	Service Time (estimated)
A. Age & Service Retirement:		
1 Carrasco, Maria	Human Resources	40 years 08 months
2 Cubillos, Martha	Police	26 years 09 months
3 Espinoza, Saul	El Paso Water	29 years 00 months
4 Estrada, Alma R.	Airport	35 years 03 months
5 Medina, Mike	El Paso Water	15 years 02 months
6 Mendoza, Irma	Mayor and Council	33 years 05 months
7 Olivas Lopez, Rene	El Paso Water	29 years 06 months
8 Ornelas, David	El Paso Water	27 years 00 months
9 Salazar, Joseph M	El Paso Water	19 years 08 months

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

- A. Gonzalez, Maria D. survivor of Jesus D. Gonzalez, retiree.
- B. Guillen, Irma S. survivor of Gustavo A. Guillen, retiree.
- C. Jones, Carolyn survivor of David L. Jones, retiree.

Item 5. Consideration and action on invoices as follows:

Company	Description of Service	Period	Fee Due
A. Arrowstreet Capital	Investment Fees	Qtr. Ended 12/31/24	\$ 123,894.96
B. BNY Mellon	Custodial Fees	Qtr. Ended 12/31/24	\$ 39,010.84
C. Buck Global, LLC	Actuarial Fees	Mo. Ended 01/31/25	\$ 13,507.91
D. Carr Riggs & Ingram CPAs	Audit Fees	Period Ended 08/31/24	\$ 10,470.00
E. Eduardo Miranda	Legal Fees	Mo. Ended 01/31/25	\$ 312.50
F. Gordon Davis Johnson & Shane PC	Legal Fees	Mo. Ended 01/31/25	\$ 9,716.20
G. Heitman America R.E. Trust	Investment Fees	Qtr. Ended 12/31/24	\$ 121,767.00
H. Mellon Investment Management	Investment Fees	Qtr. Ended 12/31/24	\$ 24,454.10
I. Newton Investment Management	Investment Fees	Qtr. Ended 12/31/24	\$ 54,168.22
J. Schlueter Group of Texas, LLC	Consulting Fees	Mo. Ended 02/28/25	\$ 5,000.00
K. UBS Realty Investors LLC	Investment Fees	Qtr. Ended 12/31/24	\$ 58,534.68
L. Wellington Management	Investment Fees	Qtr. Ended 12/31/24	\$ 145,410.60
M. Xerox Financial Services	Copier Lease	Mo. Ended 02/28/25	\$ 348.00

- 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 Rene Peña to approve the Consent Agenda; seconded by Matt Kerr. The motion required polling:

Isaura Valdez	aye
Matt Kerr	aye
Karl Rimkus	aye
Rene Peña	aye
Rep. Chris Canales	aye

Motion carried.

REGULAR AGENDA

- Item 7. Discussion and action regarding the Treasurer's Report for the month ended January 31, 2025.

Luis Mier of the Office of the Comptroller ("OTC") presented on behalf of Deputy Chief Financial Officer/Comptroller Margarita Marin; the Board received and reviewed the Treasurer's Report for the month ended January 31, 2025.

The Treasurer's Report is prepared monthly by OTC 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 seven graphs ("Net YTD Investment Income", "Net Investment Income Rate of Return", "Refunds & Administrative Expenses", "Benefits Paid to Retirees", "Net Assets Available for Benefits Monthly", "FY25 Pension Retiree Population", and "FY25 Retiree Benefit Paid").

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, 2025, including month, quarter, and fiscal year (five months). Net assets available for benefits were about 1.0 billion dollars, a net decrease of about 2.1 million dollars for the fiscal year. Contributions were approximately 25.9 million dollars (about 15.8 million from the employer and 10.1 million from employees). Benefits paid to retirees were about 34.1 million dollars. The rate of return, which is the fiscal net investment loss/gain over the average net assets available for benefits, was about 2.25 percent. Mier noted the target rate of return for the fiscal year of 7.25 percent, about 3.02 percent for the five months ended January 31, 2025.

No action was taken on this item.

- Item 8. Discussion and action regarding a receipt of a monthly performance report for January 2025 and a quarterly performance report for the quarter ended December 2024 regarding the Trust's investments and related matters from Callan LLC. (Alex Browning and Alex Ford, Callan).

Alex Browning of Callan LLC presented; the Board received and reviewed the performance reports for the month of January 2025 and for the quarter ended December 31, 2024.

Browning reviewed the monthly performance report for January 2025.

Browning discussed allocation. Allocation is within the IPS ranges with deviations due to natural, market variability. Browning noted that Fixed Income continues to trail public equities in performance. Rebalancing is expected at the end of March.

Browning reviewed performance. The total fund balance was an estimated 1.004 billion dollars with about 25.2 million dollars in unrealized gains for the month. Browning reviewed performance by asset-class composite noting that Private Equity and Real Estate are proxied to their benchmarks for the month. In January, all asset classes outperformed their benchmarks. The total fund outperformed the Strategic Blended Index for the month by 33 basis points but underperformed long-term. For the last year, the total fund return of about 10.91 percent exceeded the actuarial rate of return of 7.25 percent. Browning discussed market conditions and performance attribution.

Browning reviewed the report for the quarter ended December 31, 2024.

Browning provided a summary of the domestic economy. The unemployment rate in December was 4.1 percent, down slightly from 4.2 percent in November. GDP rose to an estimated 2.3 percent in the fourth quarter, a decrease from the third quarter (3.1 percent). Headline CPI increased 2.9 percent year-over-year in December, while core CPI (ex-food and energy) increased 3.2 percent over the same period. The Fed cut rates by 25 bps in both November and December, bringing the target rate to 4.25-4.50 percent. This marks a one percentage point drop from the Fed Funds Rate at the start of the year. The Fed kept the rate unchanged at their January meeting.

Browning reviewed market performance and trends. Stocks have recovered the losses of 2022. However, fixed income still lags. Private equity's short-term performance continues to lag public equity (driven by the "Magnificent Seven"). Pricing and transaction volumes in domestic private real estate are increasing after bottoming.

Browning reviewed recent activity and outstanding/proposed items for the Trust. The IPS was updated for the reduction in the Newton Dynamic U.S. Equity Target. Callan conducted a U.S. Core Open-end Real Estate Search to replace UBS Trumbull Property Fund and an International Equity Search to replace Lazard International Equity. Callan performed a Private Equity Commitment Pacing Analysis and will research alternatives to Public Market non-U.S. Equity. Browning noted investment manager organizational/team changes and reviewed Trust governance and compliance.

Browning reviewed Trust returns and rankings versus the Callan Public Fund Sponsor Database. In the last year, the Trust ranked in about the 75th percentile and median long-term. Browning reviewed total fund performance. Over the last year, the manager effect was negative (-3.63 percent) largely from Private Equity, while allocation added value (70 basis points). Over

five years, the manager effect was negative (30 basis points) due to DUSE's underperformance and allocation added value (18 basis points).

No action was taken on this item.

- Item 9. Discussion and action regarding terminating the investment manager agreement between the Trust and Newton Investment Management North America and approval of a related transition plan.

Alex Browning of Callan LLC presented; the Board received and reviewed the Newton Dynamic U.S. Equity ("DUSE") memorandum and proposed rebalancing plan.

Browning advised that the Investment Committee ("IC") and Callan recommend terminating the Trust's investment in DUSE for failing to meet the performance objectives defined in the IPS. The dollar proceeds from the termination will be reallocated to the Trust's existing Mellon S&P 500 Index Fund in order to maintain the appropriate amount of beta exposure to the asset class. The proceeds may remain in the index fund or be reallocated elsewhere across the Trust at a later date following future equity structure and asset allocation projects that the IC may undertake.

Motion made by Rene Peña to terminate the investment management agreement with Newton Investment Management, as recommended by the Investment Committee, and authorize the Chairman or Executive Director to sign related documents and to authorize the transition of assets from the Newton account, as recommended by Callan, and authorize the Chairman or Executive Director to sign related documents; seconded by Rep. Chris Canales. The motion required polling:

Isaura Valdez	aye
Matt Kerr	aye
Karl Rimkus	aye
Rene Peña	aye
Rep. Chris Canales	aye

Motion carried.

- Item 10. Discussion and action regarding a report from the Executive Director.

Executive Director Robert Ash reported on the following:

- Ash reviewed upcoming conferences/training:
 - TEXPERS will hold their annual conference in Austin at the end of March through early April.
 - Basic Trustee Training will be offered.
 - The Trust will designate delegates for the Annual Business Meeting.
 - TEXPERS will hold their summer conference in El Paso. Administrative Assistant Karina Chavez will forward the conference details to the Board once released by TEXPERS.
 - NCPERS will hold their annual conference in Denver in May.
 - Trustees should contact Benefits Supervisor David Garcia if they plan to attend the conferences.
 - The City's training officer recently sent an email indicating that Trustees may be required to complete five courses designated by the City.

- There is no indication that the proposed training is required by either an action of City Council or by ordinance.
 - Trust staff will continue to inquire and update the Board as necessary.
 - Ash provided an update on proposed pension-related bills from the 89th Texas Legislative Session.
 - Senate Bill (“SB”) 312
 - Filed by Senator Hughes.
 - SB 312 is modeled after SB 1446, which was introduced by Hughes in the previous legislative session.
 - The Executive Committee (“EC”) has discussed this with the Trust’s lobbyists.
 - EC worked with compliance counsel to develop possible amendments, as requested by the lobbyists. The potential amendments are under review by the lobbyists.
 - Ash reviewed ongoing/completed project(s):
 - 1099R Forms were sent to retirees at the end of January.
 - The ACFR is expected to be completed soon.
 - Once complete, Trust management will offer to meet with the Mayor and City Manager to provide an update based on the financial and actuarial results for fiscal year 2024.

No action was taken on this item.

Item 11. For Notation:

A. Refund of Contributions:

	Name	Department	Total Refund
1	Amaya, Alyssa	Police	\$ 3,381.27
2	Apodaca, Marjorie	Purchasing and Strategic Sourcing	\$ 943.43
3	Arredondo, Elias	Police	\$ 1,141.21
4	Campos, Pedro	Museums and Cultural Affairs	\$ 8,589.81
5	Casanova, Miguel	Police	\$ 2,260.61
6	Castaneda, Maria Benefit of Ricardo Castaneda	Streets and Maintenance	\$ 11,429.15
7	Chaparro, Elma	Human Resources	\$ 19,412.15
8	Difuntorum, Amanda	Human Resources	\$ 13,492.99
9	Douglas, Kirk	Parks and Recreation	\$ 3,968.24
10	Duenas, Enrique	Fire	\$ 70,391.58
11	Fatnassi, Hamdi	Sun Metro	\$ 2,400.46
12	Garces Morales, Victor	Planning and Inspections	\$ 20,920.21
13	Garcia, Fernando	Sun Metro	\$ 43,660.67
14	Gomez, Ethan	Environmental Services	\$ 5,805.45
15	Gunning, Christopher	Parks and Recreation	\$ 1,813.33
16	Hernandez, Job	Parks and Recreation	\$ 4,173.27
17	Ingram, Jahnay	Community and Human Development	\$ 13,087.56
18	Johnson, Janelle	Municipal Court	\$ 1,228.86
19	Juarez Sidas, Anabel	El Paso Water	\$ 4,171.18
20	Keesler, Laura	City Clerk	\$ 1,440.93
21	Kim, Angie	Airport	\$ 920.39

22	Linville, Spencer	Animal Services	\$	3,706.83
23	Loya, Karla	El Paso Water	\$	4,303.80
24	Lujan, Angel	Parks and Recreation	\$	620.90
25	Lujan, Madeline	Human Resources	\$	1,327.61
26	Madrid, Stephanie	Fire	\$	27,481.14
27	Maisonnial, Arnaud	El Paso Water	\$	2,192.55
28	Mancinas, Luis	Sun Metro	\$	83,837.19
29	Martinez, Dylan	Fire	\$	4,315.86
30	Martinez, Roberto	El Paso Water	\$	1,295.52
31	Medina, Maria	Parks and Recreation	\$	2,242.83
32	Ortega, Frank	Community and Human Development	\$	4,900.37
33	Perez, Valerie	Office of the Comptroller	\$	7,621.24
34	Prado, Destinee	Police	\$	2,137.24
35	Rodriguez, Damian	Fire	\$	407.98
36	Sierra, Lillian	Public Health	\$	14,627.61
37	Taflinger, Domenica	Fire	\$	1,000.47
			Total	\$ 396,651.89

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.

There were no speakers to comment on any pension-related issue that was not on the agenda.

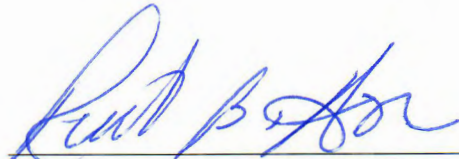
Item 12. The Board will retire into EXECUTIVE SESSION pursuant to the Texas Government Code, Sections 551.071-551.076 and Section 551.078 to discuss any of the following:

- 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 13. Adjournment.

Motion made by Rene Peña to adjourn the City of El Paso Employees Retirement Trust Board Meeting on February 19, 2025; seconded by Matt Kerr. None opposed. The motion was carried at 9:45 AM.



Secretary



Chairman