



CITY of EL PASO

EMPLOYEES RETIREMENT TRUST

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

Members in Attendance:

Robert Studer, Chairman
Karl C. Rimkus, Vice Chairman
Isaura Valdez
Karina Brasgalla
Matt Kerr
Deborah G. Hamlyn
Rene Peña
Rep. Chris Canales
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 Ford, Callan LLC
Gabrielle Hanson, Heitman
Julie Pierro, UBS
Husayn Hasan, UBS

- Item 1. Benefits Supervisor David Garcia called the meeting to order at 8:39 AM. Garcia noted that quorum was met.

MOMENT OF SILENCE

The Board observed a moment of silence in memory of German Garcia.

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 February 19, 2025.

Item 3. Consideration and action on the following retirements:

Name	Department	Service Time (estimated)
A. Age & Service Retirement:		
1. Aguirre, Ana G	International Bridges	33 years 10 months
2. Alvarez, Gabriel	Animal Services	22 years 09 months
3. Escobedo, Jesus	Sun Metro	28 years 05 months
4. Espinoza, Rodolfo	El Paso Water	18 years 06 months
5. Estrada, Sabino	El Paso Water	16 years 01 month
6. Kenerson, Gerald	El Paso Water	16 years 04 months
7. Lopez, Francisco	Sun Metro	11 years 06 months
8. Medina, Alfredo	El Paso Water	21 years 06 months
9. Ogden, Irma M.	Fire	19 years 05 months
10. Ruiz, Alfredo	El Paso Water	19 years 03 months
11. Smith Jr., Jimmy M	Environmental Services	27 years 00 months
12. Vega, Arturo	El Paso Water	29 years 08 months
B. Age & Service / PRP Retirement:		
1. Parker, Divenus	Fire	15 years 02 months
C. Early Retirement:		
1. Herrera, Beatriz	Public Health	18 years 09 months

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

- A. Guerrero, Guadalupe P. survivor of Ricardo Guerrero, retiree.
- B. Ontiveros, Guadalupe survivor of Epifanio Ontiveros, 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 02/28/25	\$ 6,415.03
B. Carr Riggs & Ingram CPAs	Audit Fees	Pd. Ended 08/31/24	\$ 3,490.00
C. Eduardo Miranda	Legal Fees	Mo. Ended 02/28/25	\$ 212.50
D. Gordon Davis Johnson & Shane PC	Legal Fees	Mo. Ended 02/28/25	\$ 12,324.00
E. Newton Investment Management	Investment Fees	Mos. Jan & Feb 2025	\$ 35,389.76
F. Schlueter Group of Texas, LLC	Consulting Fees	Mo. Ended 03/31/25	\$ 5,000.00
G. 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 Karl Rimkus to approve the Consent Agenda; seconded by Deborah Hamlyn. The motion required polling:

Isaura Valdez	aye
Karina Brasgalla	aye
Matt Kerr	aye
Deborah Hamlyn	aye
Karl Rimkus	aye
Rene Peña	aye
Rep. Chris Canales	aye
Rep. Art Fierro	aye

Motion carried.

Chairman Robert Studer noted that Committee Assignments have been updated.

REGULAR AGENDA

Item 7. Discussion and action regarding the presentation of Board Service Award(s).

Deputy Executive Director Adrian Sanchez and Trustees Rep. Art Fierro and Matt Kerr were recognized for their service to the Trust. Sanchez received a 5-year Employee Service Pin and certificate; Fierro received a 2-year Board Service Pin; and, Kerr received a 6-year Board Service Pin. Executive Director Robert Ash advised that the awards acknowledge an individual's dedicated service and contributions to the Trust.

Chairman Robert Studer presented the pins. Sanchez, Fierro, and Kerr accepted their awards and expressed their gratitude.

No action was taken on this item.

Item 8. Discussion and action regarding the Treasurer's Report for the month ended February 28, 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 February 28, 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 February 28, 2025, including month, quarter, and fiscal year (six months). Net assets available for benefits were about 999 million dollars, a net increase of about 7.8 million dollars for the fiscal year. Contributions were approximately 30.6 million dollars (about 18.6 million from the employer and 12 million from employees). Benefits paid to retirees were about 41 million dollars. The rate of return, which is the fiscal net investment loss/gain over the average net assets available for benefits, was about 2.29 percent. Mier noted the target rate of return for the fiscal year of 7.25 percent, about 3.63 percent for the six months ended February 28, 2025.

No action was taken on this item.

Item 9. Discussion and action regarding the receipt of an investment manager report from Heitman America Real Estate Trust LP (Gabrielle Hanson, Heitman).

Gabrielle Hanson of Heitman presented; the Board received and reviewed the investment manager report from Heitman America Real Estate Trust LP.

Hanson provided an update on the Retirement Trust's investment in the Heitman America Real Estate Trust ("HART"), highlighting the long-term partnership since 2015. Heitman remains focused on global real estate investments, with over 55 years of experience and 100 percent employee ownership by 42 partners. No material changes in leadership or personnel were reported.

Hanson provided an overview of the HART fund. HART has consistently outperformed the ODCE benchmark across all measurable periods. As of December 2024, the fund's gross asset value was 11.2 billion dollars, with a 25.8 percent loan-to-value ratio and 94 percent leasing across the stabilized portfolio. Portfolio allocation includes traditional sectors (apartments, industrial, retail, and office) and alternative sectors (self-storage, student housing, and medical office).

Hanson reviewed performance. The 2024 net total return was -0.87 percent, comprised of 3.88 percent net income return and -4.61 percent depreciation. The fourth quarter of 2024 total net return was 1.15 percent, comprised of 0.96 percent net income return and 0.19 percent appreciation. HART has outperformed the ODCE benchmark for all relevant reporting periods, with income return exceeding the benchmark for 56 consecutive quarters (16 years). Income return has been driven by outperformance in sectors such as self-storage and retail. Hanson provided a 2025 forecast of 4.5-5 percent income return and 1-2.5 percent appreciation, for a total, forecasted return of 5.5-7.5 percent.

Hanson reviewed valuation and capital flows. The fourth quarter of 2024 asset valuations remained relatively flat overall, with residential, industrial, retail, and self-storage sectors showing stability or growth. Medical Office saw a slight decrease, while Commercial Office continued to experience significant valuation adjustments. The commitment queue for new capital is 80 million dollars, and progress is being made on the redemption queue, currently at 1.13 billion dollars. Some investors are rescinding redemption requests, indicating a positive shift in market sentiment. Market consensus indicates that valuations are bottoming out, and appreciation growth is anticipated.

Hanson discussed strategy for 2025 including continuing expansion into alternative and niche sectors, maintaining an overweight in self-storage, pursuing opportunities in residential particularly single-family rentals, and furthering geographical diversification of the industrial

portfolio, with a focus on Midwest exposure. Heitman believes HART is well-positioned, and the fund is expected to continue to deliver favorable returns relative to its benchmark.

No action was taken on this item.

- Item 10. Discussion and action regarding the receipt of an investment manager report from UBS Realty Investors LLC (Julie Pierro and Husayn Hasan, UBS).

Julie Pierro and Husayn Hasan presented; the Board received and reviewed the investment manager report from UBS Realty Investors LLC (“UBS”).

Pierro provided an organizational update. UBS Real Estate Private Markets has rebranded to Global Real Assets (“GRA”). Pierro noted new hires including additions and transitions due to retirement, advising that the hires demonstrate UBS’s commitment to the GRA platform and the Trumbull Property Fund (“TPF”)

Hasan provided an overview of TPF. TPF is a 12.6 billion dollar gross asset value fund, 92 percent leased, with 23 percent leverage, diversified commercial real estate, focusing on income-producing assets. Hasan reviewed current allocation and portfolio adjustments. Key themes of the portfolio include housing, logistics, and expansion into alternative sectors (life science, self-storage, senior housing, etc.).

Hasan reviewed the redemption pool and disposition plan. The redemption pool was 6.5 billion dollars at the beginning of 2024 and ended at 4.8 billion dollars. The 2024 dispositions were 1.1 billion dollars, funding 850 million dollars in redemptions. The 2025-2026 disposition plan is approximately 4 billion dollars, primarily from the apartment/industrial sectors, to balance the fund. Hasan noted that TPF will not sell assets at discounted prices, which would harm the remaining investors. There were 1.5 billion dollars in redemption rescissions in 2024 (moved out of redemption and into the fee loyalty program).

Hasan reviewed leverage and performance. The current leverage is 23 percent (below the ODCE benchmark of 27 percent). The target leverage is 30 percent in 2.5-3 years to enhance returns. TPF underperformed the ODCE benchmark in the fourth quarter but showed periods of outperformance in 2024, and is behind the benchmark by three basis points over the last year. Hasan noted performance attribution.

Hasan provided a market and portfolio outlook. UBS anticipates a market bottom and appreciation in 2025. First quarter appraisal appreciation was 0-50 basis points with a 1.0 percent income return. Interest rate volatility is a concern for disposition execution. TPF has taken necessary write-downs in the office sector, and UBS is confident in their current asset valuations and the resilience of their remaining office portfolio.

No action was taken on this item.

- Item 11. Discussion and action regarding a receipt of a monthly performance report for February 2025 regarding the Trust’s investments and related matters from Callan LLC.

Alex Ford of Callan LLC presented; the Board received and reviewed the investment performance report for the month of February 2025.

Ford provided a market overview and highlighted the significant market volatility driven by tariff concerns, rising inflation, declining business and consumer sentiment, and slowing economic growth. Equity markets have experienced substantial fluctuations, reversing many post-election

gains. Ford noted that equity market corrections, defined as a 10 percent decline from highs, are a normal occurrence.

Ford reviewed the Trust's asset allocation. Domestic Fixed Income is approaching the lower end of its target range. The Investment Committee ("IC") will monitor Fixed Income allocation, and recommend rebalancing when appropriate. Real Estate allocation is approximately 20 million dollars below its target. The initial funding of TA Realty, a new Real Estate manager, expected in early April, will address part of this shortfall. Ford reviewed asset distribution and activity. The transition from Newton Dynamic U.S. Equity to an index fund has been completed, lowering equity portfolio costs without significantly impacting expected returns. PASF II, the first secondaries commitment from 2013, has been fully distributed, resulting in a zero balance. PASF II had a successful conclusion, with a 1.5x return on invested capital and a 14+ percent IRR over 10 years. Ford noted that capital has been called for the recently committed PASF V. Ford advised that the early and substantial capital call for PASF V is a positive indicator of the manager's investment opportunities.

Ford reviewed performance. International equities delivered positive returns, while U.S. equities experienced losses. Fixed Income contributed positively to the portfolio. Domestic Equity portfolio returns were negative. Alliance Bernstein's performance is under review, with a focus on their trailing returns relative to the benchmark. The IC will provide further updates in the coming months. Real Estate showed positive total returns for the fiscal year to date, driven by both income and price appreciation. Trustee and IC Member Rene Peña discussed the optimistic outlook for Real Estate despite broader economic headwinds. Ford advised that managers expect continued positive appreciation in 2025, potentially offsetting equity market losses. The Trust achieved approximately a 2.0 percent return through February, slightly below the blended index and significantly below the actuarial discount rate of 7.25 percent. Ford noted that as of March 17th, the total fund benchmark was estimated to be down 5.95 percent.

No action was taken on this item.

Item 12. Discussion and action regarding an asset rebalancing plan as recommended by Callan LLC.

Alex Ford of Callan LLC presented; the Board received and reviewed the proposed asset rebalancing plan.

Ford advised that a review of assets is performed quarterly by the Investment Committee for asset rebalancing and cash management, addressing immediate cash needs.

Ford advised that this quarter's plan is more complex due to significant cash calls from various investments. The cash requirements include: a 15 million dollar initial commitment to TA Realty (Real Estate); a 3.3 million dollar capital call from Adam Street 2022 Global Fund (Private Equity); and an approximately 11 million dollar capital call from PASF V (secondaries fund). These capital calls, totaling approximately 30 million dollars, are due by the end of the quarter, in addition to regular pension and retiree benefit payments. To meet these obligations, the plan proposes raising funds primarily from equity holdings: 22 million dollars from U.S. equity funds and 8.0 million dollars from international equity funds. The sales will be concentrated in index funds where feasible, given current market volatility.

Ford noted that the current Private Equity allocation is at 15 percent and will increase to over 16 percent after the rebalancing, exceeding the target of 13 percent. This is due to the nature of Private Equity valuations, which are not marked-to-market as frequently as equities.

Motion made by Karl Rimkus to approve the asset rebalancing plan as prepared by Callan LLC and recommended by the Investment Committee, and to authorize the Board Chair and Executive Director to sign related documents to effectuate the asset rebalancing; seconded by Rep. Chris Canales. None opposed. Motion carried.

Item 13. 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.
 - TEXPERS summer conference will be held in El Paso in August.
- Ash reviewed ongoing/completed project(s):
 - Employee benefit statements will be distributed at the end of the month, providing employees with information on their contributions, interest, and retirement eligibility. Employees with questions should be directed to the Trust Office.
 - All required pension data filings with the State Pension Review Board have been completed within the mandated timeframes including the audit, actuarial valuation, and ACFR.
 - The office is recruiting for a Research Assistant position and conducting interviews.
 - Meetings will be scheduled with the City Manager and Mayor to discuss the previous fiscal year's activities.
- Ash reviewed Trustee terms:
 - Employee Board Member elections will be held next month, managed by the City Clerk's Office.
 - The reappointment of Citizen Board Members Rene Peña and Matt Kerr will be addressed with the Mayor's Office.
- Ash provided an update on proposed pension-related bills from the 89th Texas Legislative Session.
 - The state legislature is considering several pension-related bills, particularly those concerning proxy voting requirements.
 - The Executive Committee has met with lobbyists to discuss these bills and plans to collaborate with Texas agencies to propose amendments.
 - Concerns were raised regarding Senate Bill 312, which is expected to be heard soon.
 - Discussions with investment managers revealed that most are willing to comply with the proposed requirements, unlike in previous legislative sessions. One manager stated they would not comply.
 - Ash discussed the potential cost implications of compliance, particularly regarding the need for active management and proxy advisory services.
 - The current bill applies to new contracts and contracts where a manager manages more than 50 million dollars, which provides the ability to mitigate some risk.
 - Clarification is being sought on whether commingled funds are subject to the proposed legislation.
 - Ash expressed optimism regarding the potential for amendments in the House.
 - House Bill 4079 and Senate Bill 2337, which mirror each other, regarding proxy advisory services are also under consideration.

No action taken on this item.

Item 14. For Notation:

A. Refund of Contributions:

Name	Department	Total Refund
1. Alvarez, Hugo	Environmental Services	\$ 4,832.74
2. Arenas, Paloma	Municipal Court	\$ 89.00
3. Avelar, Maria	Police	\$ 2,573.01
4. Barraza, Jose	Police	\$ 15,604.00
5. Bustillos, Gabrielle	Tax	\$ 604.73
6. Camarillo, Marco	Fire	\$ 3,856.12
7. Collazo, Diana	Police	\$ 57,894.44
8. Diaz, Rosaura	Parks and Recreation	\$ 5,979.52
9. Farley, Erick	El Paso Water	\$ 13,407.91
10. Garcia, Edgar	Information Technology	\$ 5,915.57
11. Garza, Jorge	Information Technology	\$ 16,190.79
12. Guadian, Gino	El Paso Water	\$ 1,421.89
13. Horner, Jason	Fire	\$ 8,799.93
14. Lempke Ivette for the Benefit of Jason Lempke	City Attorney	\$ 11,664.76
15. Martinez, Victor	City Attorney	\$ 44,108.69
16. Padron, Michelle	Sun Metro	\$ 1,594.17
17. Perez, Brenda	El Paso Water	\$ 10,807.66
18. Perez, Cinthia	Fire	\$ 2,269.98
19. Perez, Jose	Animal Services	\$ 4,211.36
20. Perez-Escobar, Adolfo	Environmental Services	\$ 45,725.04
21. Plott, Gregory	Fire	\$ 6,053.82
22. Sanchez, Damian	Streets and Maintenance	\$ 933.25
23. Sanchez, Luis	Zoo	\$ 59,962.55
24. Valdez, Damien	Sun Metro	\$ 4,857.35
25. Vasquez, Ricardo	Parks and Recreation	\$ 1,908.38
26. Ward, Noah	Museums and Cultural Affairs	\$ 2,052.13
		\$ 333,318.79

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 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:

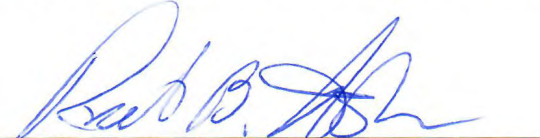
- Section 551.071 CONSULTATION WITH ATTORNEY
- Section 551.072 DELIBERATION REGARDING REAL PROPERTY
- Section 551.074 PERSONNEL MATTERS

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 Rene Peña to adjourn the City of El Paso Employees Retirement Trust Board Meeting on March 19, 2025; seconded by Rep. Art Fierro. None opposed. The motion was carried at 10:09 AM.



Secretary



Chairman