



CITY of EL PASO

EMPLOYEES RETIREMENT TRUST

BOARD MINUTES FOR THE REGULAR MEETING HELD WEDNESDAY, JUNE 21, 2023 AT 8:30 A.M. RETIREMENT TRUST ADMINISTRATION BUILDING, 1039 CHELSEA

Members in Attendance:

Matt Kerr, Chairman
Karl C. Rimkus, Vice-Chairman
Isaura Valdez
Karina Brascgalla
Robert Studer
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
Alex Ford, Callan LLC
Adam Lozinski, Callan LLC
Colleen Feblowitz, Arrowstreet Capital
Bryan Roda, Arrowstreet Capital

- 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 May 17, 2023.

Item 3. Consideration and action on the following retirements:

	Name	Department	Service Time (estimated)
A.	Age & Service Retirement:		
1	Avila, Maria A.	Police	21 years 02 months
2	Escobar, Carlos	El Paso Water	17 years 09 months
3	Gutierrez, Arturo	Environmental Services	09 years 09 months
4	Kutz, Harold	Streets and Maintenance	20 years 11 months
5	Lujan, Florentina	Environmental Services	12 years 01 month
6	Montes, Ruben	El Paso Water	31 years 10 months
7	Newson, Michael Ray	Animals Services	07 years 07 months
8	Rocha, Aracely	Parks and Recreation	14 years 00 months
9	Rodriguez, Juan M.	Environmental Services	38 years 00 months
10	Tobias, Victor	Police	30 years 06 months
11	Torres, Jesus R.	Police	25 years 09 months
12	Vargas Gonzalez, Guadalupe	Airport	13 years 03 months
13	Wall, Dana	Fire	22 years 03 months
B.	Deferred:		
1	Garcia, Norma Cristina	Zoo	08 years 09 months
2	Hooper, Isela	Police	18 years 06 months
3	Sarmiento, Carlos	El Paso Water	17 years 09 months

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

- A. Hernandez, Cruz V. survivor of Lorenzo Hernandez, retiree.
- B. Livingston, Frances survivor of David J. Livingston, 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 05/31/23	\$ 8,286.96
B. Eduardo Miranda	Legal Fees	Mo. Ended 05/31/23	\$ 762.50
C. Gordon Davis Johnson & Shane PC	Legal Fees	Mo. Ended 05/31/23	\$ 16,848.19
D. Gordon Davis Johnson & Shane PC	Legal Fees	Mo. Ended 05/31/23	\$ 2,662.50
E. Xerox Financial Services	Copier Lease	Mo. Ended 06/30/23	\$ 306.24

- 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 Vice-Chairman Karl Rimkus to approve the Consent Agenda; seconded by Rep. Art Fierro. The motion required polling:

Karina Brasgalla	aye
Robert Studer	aye
Deborah G. Hamlyn	aye
Karl C. Rimkus	aye
Rene Peña	aye
Rep. Joe Molinar	aye
Rep. Art Fierro	aye

Motion carried.

Executive Director Robert Ash brought attention to the new committee assignments as part of Consent Agenda.

REGULAR AGENDA

- Item 7. Discussion and action welcoming new Board Member(s).

Chairman Matt Kerr welcomed newly elected Trustees Robert Studer and Karina Brasgalla to the Board. Kerr noted that new committee assignments were issued and advised that the list is found in the backup of Consent Agenda for Trustees to review. Kerr encouraged Trustees to contact him with any questions or concerns.

Executive Director Robert Ash noted that the Administrative Services Committee ("ASC") will be meeting and advised that the new committee members assigned to the ASC will be notified soon of the tentative meeting.

No action was taken on this item

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

Trustee Isaura Valdez and former Trustee Diana Nuñez were recognized for their service to the Trust. Nuñez was recognized for her service from 2018-2023 and Valdez received a 2-year Board service pin. Both served in multiple committees and Nuñez worked with City Clerk in migrating to electronic voting of Employee Board Elections.

Executive Director Robert Ash advised that the awards acknowledge the dedicated service and contributions made to the Trust.

Nuñez and Valdez accepted their awards and expressed their gratitude for the recognition.

No action was taken on this item

Item 9. Discussion and action regarding the Treasurer's Report for the month ended May 31, 2023.

Luis Mier of the Comptroller presented on behalf of City Comptroller Margarita Marin; the Board received and reviewed the Treasurer's Report for the month ended May 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 May 31, 2023 including month, quarter, and fiscal year (nine months). Net assets available for benefits were about 891 million dollars. Contributions were about 36.9 million dollars (about 24.1 million from the employer and 12.9 million from the employees). Benefits paid to retirees were about 57.5 million dollars. The rate of return, which is the fiscal net investment loss/gain over the average net assets available for benefits, was 1.0 percent (about 9.0 million dollars). Mier noted the target rate of return for the fiscal year is 7.25 percent, about 5.44 percent for the nine months.

Executive Director Robert Ash reviewed the asset performance noting the actual rate of return versus target. Ash advised that funding will continue to be monitored.

No action was taken on this item.

Item 10. Discussion and action regarding the receipt of an investment manager report from Arrowstreet Capital tabled from the May 2023 Regular Board Meeting (Colleen Feblowitz and Bryan Roda of Arrowstreet Capital).

Colleen Feblowitz and Bryan Roda of Arrowstreet Capital presented; the Board received and reviewed an investment manager report from Arrowstreet Capital.

Roda acknowledged Boards concern in the firm for missing the May 2023 meeting and advised that Arrowstreet will attend future meetings on regular, scheduled dates. As client relationship manager, Roda mentioned he should have contacted Mr. Ash to inquire more on the situation with the state of emergency declared by the City due to Title 42 expiring.

Rep. Fierro shared his displeasure in Arrowstreet for not presenting in the May meeting and their implied overview of the El Paso community. Board Chairman Matt Kerr shared his concern.

Roda provided an overview of the firm. Arrowstreet Capital is a Boston-based global equity specialist since 1999. Arrowstreet currently manages 160 billion dollars in assets for 300 institutional clients with over 420 employees. Roda reviewed management changes and provided a business update.

Roda reviewed performance of the Arrowstreet International Equity ACWI ex US CIT for the 1-year period ended March 31, 2023. Roda reviewed contributors and detractors. Strong investments including in the financial and energy sectors contributed to performance increasing overall net value. Health care sectors detracted from performance.

No action was taken on this item.

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

Alex Ford of Callan LLC presented; the Board received and reviewed the monthly "flash report" for the period ended May 31, 2023.

Ford reviewed asset allocation. Allocation for all asset classes was close to target. Investment losses with modest cash flow decreased total fund value. Ford noted that the asset-liability study has further information.

Ford reviewed performance. For May, investment returns were mostly positive in large cap and Private Equity. Ford reviewed asset class composite returns. Domestic Equity, International Equity, and Fixed Income underperformed their benchmarks. Ford noted that International Equity, although negative for the period, has added value over benchmark. Ford reviewed performance attribution. The structure of Domestic Equity tilts towards small/mid cap, which underperformed large cap. In Fixed Income, Blackrock and Wellington have added value over benchmark.

No action was taken on this item.

- Item 12. Discussion and action regarding the receipt of an asset-liability study performed by Callan LLC (Adam Lozinski of Callan).

Adam Lozinski of Callan LLC presented; the Board received and reviewed the receipt of an asset-liability study performed by Callan LLC.

Alex Browning provided an overview of Callan's asset-liability process.

Lozinski reviewed key assumptions. Callan's liability model assumptions were based on Buck's September 01, 2022 actuarial valuation, there was no workforce growth as future hires replace exits, and current statutory contribution rates were maintained. Lozinski reviewed study conclusions. The Trust's target asset allocation is expected (median case) to generate a compound annual growth rate over the next decade that is sufficient to meet the actuarial discount rate of 7.25 percent. Current assets are projected to outgrow liabilities gradually improving the market funded status. The asset-liability study confirms that the current strategic asset allocation is appropriate.

Motion made by Karl Rimkus to accept the report; seconded by Deborah Hamlyn. None opposed. Motion carried.

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

- Ash discussed completed report(s).
 - The 2023 Experience Study was completed and the booklet distributed to the Board.
- Ash reviewed upcoming committee meeting(s).
 - Administrative Services Committee will meet on June 29, 2023.
- Ash provided an update on proposed pension-related bills.
 - SB 1446
 - The bill did not pass in the House.
- Ash reviewed upcoming conference(s).
 - A TEXPERS conference will be held in Houston from August 13th through the 15th.
 - Trustees reminded that the Trust Board meeting is August 16, 2023.
- Ash reviewed rebalancing.
 - As previously approved, rebalancing will be performed to meet cash needs.
- Ash reviewed ongoing/completed staff project(s).
 - Staff will work with the Executive Committee to draft the budget for approval in August.

No action was taken on this item.

Item 14. For Notation:

A. Directed brokerage credit balance for the month ended April 30, 2023: \$7,882.82.

B. Refund of Contributions:

	Name	Department	Total Refund
1	Aguilar, Daniel	Animal Services	\$ 9,615.88
2	Arreola, Loretta	Animal Services	\$ 1,159.35
3	Baca, Anthony	El Paso Water	\$ 15,102.06
4	Baron, Kristine	Sun Metro	\$ 6,521.48
5	Bencomo, Francisco	Public Health	\$ 2,752.75
6	Carrasco, Gregorio	El Paso Water	\$ 3,003.20
7	Castillo Salas, Raymundo	El Paso Water	\$ 1,010.12
8	Chavez, Stephanie	Animal Services	\$ 8,830.95
9	Craven, Yvonne	Human Resources	\$ 3,282.87
10	De La Luz, Graciela	Sun Metro	\$ 10,134.46
11	De La Vega, Cynthia	Fire	\$ 6,262.29
12	Difuntorum, Amanda	Parks and Recreation	\$ 7,765.79
13	Esparza, Rafael	Sun Metro	\$ 903.93
14	Estrada, Ayana	City Attorney	\$ 11,331.01
15	Estrada, Silvia	Municipal Court	\$ 673.99
16	Flores, Leonor	Capital Improvement	\$ 21,118.57
17	Fregoso, David	Parks and Recreation	\$ 2,791.98
18	Galindo, Osvaldo	El Paso Water	\$ 7,311.95
19	Gallegos, Missy	Public Health	\$ 4,465.87
20	Gamez, Hector	El Paso Water	\$ 30,695.56

21	Gomez, Jacob	Fire	\$ 888.95
22	Gonzalez, Juan	El Paso Water	\$ 6,820.36
23	Grizzard, Dania	Libraries	\$ 7,249.68
24	Henry, Natalie	Police	\$ 1,500.32
25	Hernandez, Alicia	Public Health	\$ 1,467.06
26	Hernandez, Daniela	Public Health	\$ 3,478.14
27	Laguna, Roberto	Streets and Maintenance	\$ 29,052.20
28	Lopez, Joshua	Environmental Services	\$ 1,288.54
29	Lopez, Efren	Sun Metro	\$ 1,577.06
30	Macias, Ashley	Parks and Recreation	\$ 26,617.95
31	Martinez, Vanessa	Public Health	\$ 1,043.98
32	McDaniel, Timothy	Metropolitan Planning Organization	\$ 7,009.86
33	Monge, Alejandra	City Manager	\$ 7,774.17
34	Morales, Alma	Public Health	\$ 1,159.36
35	Munoz, Karla	City Attorney	\$ 12,309.61
36	Olivas, Christine	Municipal Court	\$ 1,057.76
37	Ontiveros, Brandon	Sun Metro	\$ 3,659.33
38	Ortiz, Maria	Public Health	\$ 5,483.58
39	Pozas, Jose	Parks and Recreation	\$ 2,676.30
40	Ramirez, Elizabeth	Zoo	\$ 2,908.21
41	Rascon, Santiago	Capital Improvement	\$ 17,766.05
42	Rodriguez Jr., Antonio	El Paso Water	\$ 10,883.65
43	Rodriguez, Luis	El Paso Water	\$ 4,447.62
44	Rosemond, Amy	Fire	\$ 17,253.15
45	Salazar, Lesley	Police	\$ 3,735.27
46	Sanchez, Bryan	El Paso Water	\$ 728.35
47	Sigala, Jerry	Fire	\$ 620.44
48	Silva, Christina	Libraries	\$ 3,060.31
49	Taylor, James	Streets and Maintenance	\$ 23,899.83
50	Villalba, Kimberly	Fire	\$ 28,291.15
51	Willis, Gustavo	Animal Services	\$ 18,503.32
52	Zamora, Kristen	Animal Services	\$ 750.56
Total Refunds			\$ <u>409,696.18</u>

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 Vice-Chairman Karl Rimkus to adjourn the City of El Paso Employees Retirement Trust Board Meeting on June 21, 2023; seconded by Rep. Joe Molinar. None opposed. The motion was carried at 09:58 AM.


Secretary


Chairman