



CITY of EL PASO

EMPLOYEES RETIREMENT TRUST

BOARD MINUTES FOR THE REGULAR MEETING HELD WEDNESDAY, AUGUST 16, 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
Rene Peña
Rep. Joe Molinar
Rep. Art Fierro

Members Absent:

Deborah G. Hamlyn

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
Terence Sharpe, Airport

- Item 1. Benefits Supervisor David Garcia called the meeting to order at 8:38 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 July 19, 2023.

Item 3. Consideration and action on the following retirements:

	Name	Department	Service Time (estimated)
A.	Age & Service Retirement:		
1	Ferrer, Jesus A.	Airport	19 years 08 months
2	Flores, Dora Ann	Public Health	25 years 09 months
3	Gomez, Richard	Police	10 years 04 months
4	Heredia, Jose L.	Parks and Recreation	15 years 07 months
5	Lewis, Edmundo	El Paso Water	30 years 00 months
6	Lira, Saul C.	Sun Metro	23 years 02 months
7	Moreno Jr., Arturo	Police	07 years 04 months
8	Quinones, Carlos	Planning and Inspections	32 years 04 months
9	Ruiz, Hugo	El Paso Water	34 years 10 months
10	Sharpe, Terence Jerome	Airport	21 years 11 months
11	Tovar-Murillo, Martha	Police	33 years 05 months
12	Vega, Jacinto	Zoo	22 years 10 months
B.	Early		
1	Favela, Yolanda	Public Health	20 years 00 months
2	Hinojos, Elsa	Fire	23 years 06 months
3	Pinon, Carlos	Environmental Services	18 years 04 months
C.	Deferred:		
1	Gonzalez, Tomas	City Manager	09 years 07 months
2	Rodriguez, Michelle	Public Health	10 years 01 month
3	Valdez, Nuria	El Paso Water	16 years 01 month

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

- A. Andrade Martinez, Maria L. survivor of Carlos Pinon, retiree.
- B. Blumenfeld, Maria G. survivor of Ben A. Blumenfeld, retiree.
- C. Sloan, Maria survivor of Howard Sloan, retiree.

Item 5. Consideration and action on invoices as follows:

Company	Description of Service	Period	Fee Due
A. Arrowstreet Capital	Investment Fees	Qtr. Ended 06/30/23	\$ 107,508.60

B. BNY Mellon	Custodial Fees	Qtr. Ended 06/30/23	\$ 39,105.43
C. Buck Global, LLC	Actuarial Fees	Mo. Ended 07/31/23	\$ 7,725.00
D. Eduardo Miranda	Legal Fees	Mo. Ended 07/31/23	\$ 1,562.50
E. Gordon Davis Johnson & Shane PC	Legal Fees – 0063	Mo. Ended 07/31/23	\$ 11,170.00
F. Gordon Davis Johnson & Shane PC	Legal Fees – 0064	Mo. Ended 07/31/23	\$ 8,488.84
G. Heitman America RE Trust LP	Investment Fees	Qtr. Ended 06/30/23	\$ 133,751.00
H. Mellon Investment Corp	Investment Fees	Qtr. Ended 06/30/23	\$ 19,789.52
I. Newton Investment Management	Investment Fees	Qtr. Ended 06/30/23	\$ 66,793.32
J. UBS Realty Investors LLC	Investment Fees	Qtr. Ended 06/30/23	\$ 61,113.08
K. Xerox Financial Services	Copier Lease	Mo. Ended 08/31/23	\$ 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 Robert Studer to approve the Consent Agenda; seconded by Rep. Art Fierro. The motion required polling:

Karina Brasgalla	aye
Robert Studer	aye
Rene Peña	aye
Rep. Joe Molinar	aye
Rep. Art Fierro	aye

Motion carried.

REGULAR AGENDA

Item 7. Discussion and action regarding the Treasurer's Report for the month ended July 31, 2023.

Luis Mier of the Office of the Comptroller presented on behalf of City Comptroller Margarita Munoz; the Board received and reviewed the Treasurer's Report for the month ended July 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 July 31, 2023 including month, quarter, and fiscal year (11 months). Net assets available for benefits were about 925 million dollars. Contributions were about 45.6 million dollars (about 29.4 million from the employer and 16.2 million from employees). Benefits paid to retirees were about 70.5 million dollars. The rate of return, which is the fiscal net investment loss/gain over the average net assets available for benefits, was 5.32 percent. Mier noted the target rate of return for the fiscal year is 7.25 percent, about 6.65 percent for the 11 months.

Executive Director Robert Ash discussed market volatility through the current and previous fiscal years.

No action was taken on this item.

- Item 8. Discussion and action regarding a report from Callan LLC regarding the Trust's investments and related matters (Alex Ford, Callan).

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

Ford reviewed asset allocation. Ford advised that the overweight to Private Equity is starting to narrow (down to about 2.4 percent) as expected given valuation drawdowns and recovery in public markets. Ford advised that the actual weighting for Fixed Income is at the lower end of the established ranges. The underweight of about 3.0 percent is expected to continue as negative total return to bonds persists. Ford advised that the Investment Committee ("IC") will review allocation in September for rebalancing opportunities. Ford expects that Domestic Equity, which is currently overweight about 1.2 percent, will provide the source funding.

Ford reviewed performance. In July, assets increased to 930.4 million dollars with 3.1 million dollars in net cash outflows and about 21.3 million dollars in investment earnings. Total fund return for the month was 2.3 percent underperforming the Strategic Blended Index. Ford reviewed asset class composite performance. Domestic Equity and Fixed Income outperformed and International Equity underperformed their respective benchmarks. Ford noted the performance attribution. Ford advised that private market returns for the month are proxied to their benchmark. Ford discussed the difficulty of benchmarking Private Equity; the Trust has historically employed a public market benchmark, the Russell 3000 Index, which gauges "opportunity cost" as funds are allocated from public to private assets. Although returns were positive for all reporting periods, Ford noted that the challenge in benchmarking compounded total fund underperformance versus the Strategic Blended Index for the fiscal year and last year, trailing by over 3.0 percent for those periods.

Trustee and IC Chair Robert Studer discussed the importance of diversification, and its impact on longer term performance noting a survey of Texas pension funds presented at the TEXPERS Summer Conference. Studer advised that although participants were limited, plans with higher allocation to alternative investments, such as Private Equity, outperformed other plans.

No action was taken on this item.

- Item 9. Discussion and action regarding the receipt of an investment performance report for the quarter ended June 30, 2023 as prepared by Callan LLC (Alex Browning, Callan).

Alex Browning of Callan LLC presented; the Board received and reviewed the investment

performance report for the quarter ended June 30, 2023.

Browning provided a market overview. The U.S. economy grew 2.4 percent in the second quarter, ahead of the 2.0 percent growth seen at the end of the first quarter. Headline inflation softened to 3 percent year-over-year through June. The Federal Reserve hiked interest rates by 25 bps at their May meeting before pausing in June. The Fed resumed their hiking at the end of July (target range 5.25 to 5.50 percent). Browning noted that in the past 16 months, there have been 11 Fed rate hikes. Browning reviewed market performance by asset class and discussed performance attribution.

No action was taken on this item.

- Item 10. Discussion and action approving a resolution adopting the proposed budget for fiscal year 2023-2024.

Deputy Executive Director Adrian Sanchez presented; the Board received and reviewed the resolution and proposed budget for fiscal year 2023-2024.

The total budget consists of salaries/benefits, operations, capital expenditures, payments to retirees/alternate payees, and refunds/interest. Sanchez reviewed the updates made following the July presentation: (i) the CPI was adjusted from the estimate of 4.0 percent to 3.2 percent, and (ii) the budgeted amount for refunds/interest was increased from 4.8 million dollars to 5.5 million dollars, as requested. Sanchez noted that the budget includes an increase to Trustee/staff fiduciary and investment education and related expenses and also allows for business or market-related publications and subscriptions. Executive Director Robert Ash noted that about 98 percent of the budget is allocated for payments to retirees, alternate payees, and refunds/interest, which are forecasts based on recent experience.

Vice-Chairman Karl Rimkus commended the Board and staff for improving and streamlining the budget process.

Motion made and rescinded by Robert Studer to approve.

Motion made by Karl Rimkus to approve the Budget Resolution adopting the proposed budget and related matters for fiscal year 2023-2024; seconded by Robert Studer. The motion required polling:

Isaura Valdez	aye
Karina Brasgalla	aye
Robert Studer	aye
Karl Rimkus	aye
Rene Peña	aye
Rep. Joe Molinar	aye
Rep. Art Fierro	aye

Motion carried.

- Item 11. Discussion and action regarding the payment of the Prudential yearly administrative fee and drawing down on the available balance.

Executive Director Robert Ash reviewed the notice from Prudential regarding the annual service agreement fee in reference to the liability sold to Prudential in the 1980s and COLA benefits for

those annuitants. Ash advised that the staff recommendation is that the yearly administrative fee be paid from fund balance and that the fund balance be reduced by 10,000 dollars.

Motion made by Karl Rimkus that the yearly administrative fee be paid from fund balance and that the fund balance be reduced by 10,000 dollars and authorize the Chairman or Executive Director to sign related documents; seconded by Karina Brasgalla. The motion required polling:

Isaura Valdez	aye
Karina Brasgalla	aye
Karl Rimkus	aye
Rene Peña	aye
Rep. Joe Molinar	aye
Rep. Art Fierro	aye

Motion carried.

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

Executive Director Robert Ash reported on the following:

- Ash reviewed upcoming meeting(s).
 - A Special Board Meeting is tentatively scheduled for October 30, 2023, from 9:00 AM to 1:00 PM, pending quorum.
 - Topics will include governance, health of the Trust, and metrics to review the fund and the Strategic Plan.
 - An email will be submitted to Trustees.
 - Ash noted that holiday closures sometimes impact the Regular Board Meetings for November and December.
 - The November meeting will be held on the third Wednesday of the month (as typically scheduled), November 15th.
 - The December meeting will be moved up to the second Wednesday of the month, December 13th.
 - Vice-Chairman Karl Rimkus requested that Administrative Assistant Karina Chavez create the calendar invites.
 - Ash advised that he and Board Chairman Matt Kerr will be meeting with Mayor Leeson and Interim City Manager Cary Westin in August to provide an annual financial update.

No action was taken on this item.

Item 13. For Notation:

A. Directed brokerage credit balance for the month ended June 30, 2023: \$1,869.28.

B. QDRO

1. Dana Elizabeth Wall and Timothy Ray Adkins

C. Refund of Contributions:

	Name	Department	Total Refund
1	Acosta, Juan	Parks and Recreation	\$ 9,508.91
2	Barraza, Lilia	Fire	\$ 3,343.18
3	Blanco, Jesus	Sun Metro	\$ 7,365.09

4	Brank, Coreen	Parks and Recreation	\$	1,523.48
5	Chavez, Karen	Libraries	\$	3,267.71
6	Chavira, Michael	Sun Metro	\$	35,628.79
7	Contreras, Adela	Sun Metro	\$	2,973.37
8	Cuscuna, Meghan	Libraries	\$	1,244.73
9	Delgado, Jesus	Sun Metro	\$	1,768.01
10	Engelbaum, Mathew	City Attorney	\$	12,121.37
11	Fuentes, Valeria	Fire	\$	4,059.70
12	Garza, Bibiana	Municipal Court	\$	3,617.75
13	Guerrero, Elva Elizabeth	QDRO	\$	107,748.65
14	Heredia, Abraham	Fire	\$	14,643.55
15	Heredia, Humberto Lozano	El Paso Water	\$	15,729.35
16	Ibarra, Kyle	Capital Improvement	\$	114,917.18
17	Jensen, Dane	El Paso Water	\$	3,771.96
18	Leyva, Alejandro	Animal Services	\$	522.45
19	Macias, Javier	City Attorney	\$	6,276.17
20	Mendoza, Hector	El Paso Water	\$	271.35
21	Montoya, Michelle	El Paso Water	\$	958.85
22	Najera, Alexis	Libraries	\$	1,337.66
23	Nunez, Vanessa	Police	\$	13,199.04
24	Oliva, Sarah	Parks and Recreation	\$	181.10
25	Perez, Alfredo	Police	\$	1,175.57
26	Rosales-Kian, Walter	El Paso Water	\$	6,768.84
27	Santoyo, Miguel	El Paso Water	\$	2,609.56
28	Serrano, Diana	Police	\$	5,736.23
29	Uribe, Yvonne	Public Health	\$	7,309.73
30	Zamora, Andy	Streets and Maintenance	\$	18,426.40
			Total	\$ 408,005.73

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.

Motion made by Karl Rimkus to retire into Executive Session; seconded by Karina Braggalla. None opposed. Motion carried.

Motion made by Karl Rimkus to reconvene from Executive Session; seconded by Rep. Joe Molinar. None opposed. Motion carried.

- 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

A. Sections 551.071 and 551.074

Discussion and action regarding the approval of a COVID retention ad-hoc payment to employees of the Retirement Trust.

Motion made by Karl Rimkus to approve, a one-time, ad hoc COVID retention payment of 1500 dollars per employee as recommended by the Administrative Services Committee; seconded by Rep. Art Fierro. The motion required polling:

Isaura Valdez	nay
Karina Brasgalla	aye
Robert Studer	aye
Karl Rimkus	aye
Rene Peña	aye
Rep. Joe Molinar	nay
Rep. Art Fierro	aye

Motion carried.

B. Sections 551.071

Discussion and action regarding Claim# 001-2023: City of El Paso.

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 August 16, 2023; seconded by Robert Studer. None opposed. The motion was carried at 10:23 AM.


Secretary


Chairman