



CITY of EL PASO

EMPLOYEES RETIREMENT TRUST

BOARD MINUTES FOR THE REGULAR MEETING HELD WEDNESDAY, NOVEMBER 15, 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 Bragalla
Deborah G. Hamlyn
Rene Peña
Rep. Joe Molinar
Rep. Art Fierro

Members Absent:

Robert Studer

Others in Attendance:

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
Gregory Williams, Wellington
Brian Doherty, Wellington

- 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 October 18, 2023 and the Special Board Meeting of October 30, 2023.

Item 3. Consideration and action on the following retirements:

Name	Department	Service Time (estimated)
A. Age & Service Retirement:		
1 Duran, Sergio F.	Streets and Maintenance	15 years 02 months
2 Holguin Jr., Tomas	Police	29 years 00 months
3 Ledesma, George	Parks and Recreation	15 years 00 months
4 McDonald, Douglas P.	El Paso Water	17 years 09 months
5 Rojas, Rogelio	Sun Metro	20 years 04 months
B. Early:		
1 Carpio, Enrique	Streets and Maintenance	09 years 01 month
2 Vonasek, Michael J.	Capital Improvement	07 years 05 months
3 Wheeler, Amy	Parks and Recreation	14 years 01 month
C. Deferred:		
1 Gonzalez, Alberto	Streets and Maintenance	28 years 07 months

Item 4. Consideration and action on invoices as follows:

Company	Description of Service	Period	Fee Due
A. Arrowstreet Capital	Investment Fees	Qtr Ended 09/30/23	\$ 113,512.62
B. BlackRock	Investment Fees	Qtr Ended 09/30/23	\$ 25,392.27
C. BNY Mellon	Custodial Fees	Qtr. Ended 09/30/23	\$ 38,415.85
D. Buck Global LLC	Actuarial Fees	Mo. Ended 10/31/23	\$ 2,091.67
E. Eduardo Miranda	Legal Fees	Mo. Ended 10/31/23	\$ 800.00
F. Gordon Davis Johnson & Shane PC	Legal Fees – 0063	Mo. Ended 10/31/23	\$ 787.50
G. Gordon Davis Johnson & Shane PC	Legal Fees – 0064	Mo. Ended 10/31/23	\$ 15,767.99
H. Heitman America RE Trust LP	Investment Fees	Qtr Ended 09/30/23	\$ 132,265.00
I. Mellon Investments Corp	Investment Fees	Qtr. Ended 09/30/23	\$ 19,246.64
J. Newton Investment Management	Investment Fees	Qtr. Ended 09/30/23	\$ 62,517.72
K. UBS Realty investors LLC	Investment Fees	Qtr. Ended 09/30/23	\$ 59,888.52
L. Wellington Management	Investment Fees	Qtr. Ended 09/30/23	\$ 124,553.13
M. Xerox Financial Services	Copier Lese	Mo. Ended 11/30/23	\$ 348.00

- Item 5. 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 Rep. Joe Molinar. The motion required polling:

Karina Brasgalla	aye
Deborah Hamlyn	aye
Karl Rimkus	aye
Rene Peña	aye
Rep. Joe Molinar	aye
Isaura Valdez	aye

Motion carried.

REGULAR AGENDA

- Item 6. Discussion and action regarding the Treasurer's Report for the month ended October 31, 2023.

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 October 31, 2023.

The Treasurer's Report is prepared monthly by the Office of the Comptroller based on information received from the Trust's custodian. Mier noted that the numbers in the report are preliminary. The Office of the Comptroller will finalize the numbers once the information is completed by the custodian. Deputy Executive Director Adrian Sanchez advised that the custodian finalized numbers following the receipt of the Treasurer's Report, and there were no significant changes. Sanchez noted that due to the holiday closures in December, the Treasurer's Report for November may be presented in January, pending a recommendation from the Executive Committee.

Mier advised that 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 October 31, 2023 including month, quarter, and fiscal year (two months). Net assets available for benefits were about 856 million dollars. Contributions were approximately 7.8

million dollars (about 5.0 million from the employer and 2.8 million from employees). Benefits paid to retirees were about 13.1 million dollars. The rate of return, which is the fiscal net investment loss/gain over the average net assets available for benefits, was negative 5.17 percent. A net investment loss of about 45.7 million dollars. Mier noted the target rate of return for the fiscal year of 7.25 percent, about 1.21 percent for the two months.

The Board discussed the stabilization in growth of benefits paid to retirees beginning in fiscal year 2021. Sanchez noted that although the volume of retirements may stabilize, total retirement benefit payments will likely continue to increase given the higher salaries of today's employees.

No action was taken on this item.

- Item 7. Discussion and action regarding the receipt of an investment manager report from Wellington Management Company LLP (Greg Williams, David DiSilva, and Brian Doherty, Wellington).

Greg Williams and Brian Doherty of Wellington Management Company LLP presented; the Board received and reviewed the investment manager report from Wellington.

Williams provided an overview of the firm including ownership, business, and investment models. Williams advised that Wellington has a private partnership structure, independent of public shareholders and outside capital.

Wellington manages two mandates for the Trust: Core Bond Plus Equity (inception date: August 2020) and SMID Cap Research Equity (inception date: February 2021).

Williams reviewed the SMID Cap Research Equity portfolio. SMID Cap Research Equity is a style neutral, fundamentally driven portfolio. The portfolio outperformed the index by 4.9 percent, net of fees, in the trailing twelve-month period ending September 30, 2023. During this period, the portfolio posted an absolute return of 16.2 percent net of fees. Relative performance was positive across seven of the 11 sectors with industrials, information technology, and consumer discretionary leading the way. This was partially offset by more challenging performance in the materials, energy, and financials sectors.

Doherty reviewed the Core Bond Plus Equity portfolio including objective and management. The investment team remains the same with the exception of two additions: a portfolio manager and an analyst. The objective of the portfolio is to deliver excess return of 1.0 to 1.5 percent over the Bloomberg US Aggregate Bond Index with equivalent or lower levels of risk.

Doherty reviewed performance. The Bloomberg US Aggregate Index generated a return of negative 1.21 percent year-to-date through September 30, 2023. The portfolio returned negative 0.08 percent net of fees, outperforming its benchmark by over 100 basis points.

Doherty reviewed positioning and outlook. While the firm expects the pace of short-term interest rate hikes from major global central banks to moderate as inflationary pressures abate, the level of rates will likely remain higher for longer, contributing to a sustained tightening of financial market liquidity conditions. Therefore, the firm maintains underweight investment grade corporate bonds in favor of better opportunities within structured finance and focus on identifying inefficiencies in the pricing of risk.

No action was taken on this item.

- Item 8. Discussion and action regarding the receipt of an investment performance report for the quarter ended September 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 September 30, 2023.

Browning provided a market overview. The U.S. economy grew 4.9 percent in the third quarter driven by consumer spending on both services and goods. Browning reviewed contributors to recent inflation, which increased to about 3.7 percent year-over-year at the end of September. Following a 25 basis-point rate hike in July, the Federal Reserve held rates steady at their September meeting (target range 5.25-5.50 percent). Unemployment increased slightly to 3.8 percent in the third quarter. There was a gain in the labor force of more than 700,000 workers. Browning reviewed market performance by asset class and discussed performance attribution.

Browning reviewed the Trust's portfolio. Allocation was close to target. The overweight in Private Equity is attributed to the "denominator effect". Browning reviewed peer rankings based on returns. Over the last year the total fund return, about 6.62 percent, underperformed the plan target return, about 11.83 percent, primarily due to private equity benchmarking. Browning advised that the short-term underperformance is attributed to benchmarking issues as private equities are benchmarked to public equities which substantially outperformed. Browning advised that long-term private equities have added value. In the last three years versus the Callan Public Fund Sponsor Database, the Trust ranked in the top third, about 90 percent of the outperformance is directly attributed to private equities.

No action was taken on this item.

- Item 9. 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 October 31, 2023.

Ford reviewed distribution of assets and rebalancing activity. Ford noted that rebalancing is addressed every calendar quarter. Ford reviewed performance. Total assets were about 854 million dollars, an investment loss of about 24 million dollars for the month (negative 2.71 percent underperforming the Strategic Blended Index by 19 basis points). Both stocks and bonds correlated to the downside as markets responded to the expectation of a prolonged, high-interest rate environment. Ford reviewed asset class composite performance and noted that private market returns for the month are proxied to the benchmark. All composites with the exception of Domestic Equity outperformed their benchmarks for the month. Ford reviewed performance attribution.

No action was taken on this item.

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

Deputy Executive Director Adrian Sanchez reported on the following:

- Sanchez reviewed recent/upcoming meeting(s).
 - The Special Board Meeting was held on October 30, 2023. Sanchez noted that Trustees who have served on the Board for more than 1-year will receive continuing education credits.
 - Due to holiday closures, the Regular Board Meeting for December will be held on the

- second Wednesday of the month, December 13th.
 - The Financial Oversight Committee will meet in early 2024, after the audit and actuarial reports are completed.
- Sanchez reviewed ongoing/completed project(s):
 - The external audit with CRI is in progress. Sanchez noted that CRI has a new project lead, who met with senior staff on November 2nd.
 - Staff is currently working on the PBC list.
 - Fieldwork is expected to start soon.
 - The audit is expected to be completed by the end of the calendar year.
 - CRI is also performing an organizational review, which is part of the Strategic Plan. Sanchez noted any potential recommendations made by CRI will be within the confines of the current budget.
 - The roll-forward valuation, which consists of updated financials, is in progress. Sanchez noted that roll-forward valuations do not include updated census data.
 - Updated financials from BNY Mellon were provided to the actuary, Buck, on October 20th.
 - The valuation will incorporate the results of the Experience Study, which was approved earlier this year.

No action was taken on this item.

Item 11. For Notation:

A. Directed brokerage credit balance for the month ended September 30, 2023: \$0.00.

B. Refund of Contributions:

	Name	Department	Total Refund
1	Avalos, Roberto	Sun Metro	\$ 3,245.92
2	Barraza, Crystal	Airport	\$ 35,615.32
3	Barron, Ricardo	El Paso Water	\$ 21,675.30
4	Beck, Mitchell	El Paso Water	\$ 19,493.50
5	Boroszewski, Adrian	Streets and Maintenance	\$ 711.37
6	Camacho Camarena, Ivan	El Paso Water	\$ 2,840.11
7	Camacho, Damaris	Police	\$ 8,310.38
8	Candelaria, Mia	Police	\$ 6,539.95
9	Contreras, William	Fire	\$ 725.85
10	Cordero, Erica	Fire	\$ 2,929.46
11	Cruz, Chantal	El Paso Water	\$ 191.58
12	De Santiago, Lina	El Paso Water	\$ 20,645.75
13	Deleon, Corina	Sun Metro	\$ 4,962.29
14	Elorduy, Luis	El Paso Water	\$ 136.32
15	Esquilin, Shadava	Libraries	\$ 3,018.55
16	Estrada Rodriguez, Cesar	Airport	\$ 21,592.65
17	Fauver, Michael	Fire	\$ 747.69
18	Garay, Andy	Streets and Maintenance	\$ 3,433.31
19	Goodship, Jacqueline	El Paso Water	\$ 5,057.90
20	Hampton, Tara	Municipal Court	\$ 1,766.18
21	Herrera, Paulina	Museums and Cultural Affairs	\$ 237.12

22	Hurtado, Miriam	Museums and Cultural Affairs	\$	25,192.69
23	Jacquez, Nicole	Parks and Recreation	\$	8,602.00
24	Juarez, Andrea	Purchasing and Strategic Sourcing	\$	9,574.22
25	Kane, Jesse	Parks and Recreation	\$	2,394.02
26	Kuehnel, Delaney	Fire	\$	2,946.67
27	Lewis, Tiffany	Public Health	\$	2,067.89
28	Lopez, Jose	Streets and Maintenance	\$	19,840.59
29	Lugo, Christina	Parks and Recreation	\$	2,519.24
30	Macias, Carlos	Sun Metro	\$	3,996.12
31	Maynes, Rebecca	Zoo	\$	538.61
32	Medrano, Ethan	Animal Services	\$	1,004.62
33	Northey, Christopher	Parks and Recreation	\$	737.33
34	Ornelas, Clara	Parks and Recreation	\$	241.86
35	Pena, Enrique	Sun Metro	\$	2,134.12
36	Pesina, Michael	Fire	\$	1,636.06
37	Pinales, Claudia	Police	\$	9,416.51
38	Ponce, Rebecca	Streets and Maintenance	\$	14,871.84
39	Rico, Maria	Public Health	\$	4,687.01
40	Rodriguez, Miguel	Police	\$	1,224.97
41	Rojas, Renee	Animal Services	\$	61,885.87
42	Rubio, Marco	Environmental Services	\$	1,431.57
43	Schaffino, Natalie	Parks and Recreation	\$	27,459.80
44	Silva, Andi	Information Technology	\$	7,778.87
45	Terrazas, Jacob	Municipal Court	\$	272.06
46	Treharne, Tyler	Parks and Recreation	\$	4,978.36
47	Villalba, Miguel	El Paso Water	\$	12,566.95
48	Yanez, Jesus	Economic Development	\$	3,937.73
			Total	\$ 397,814.08

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 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 November 15, 2023; seconded by Rep. Joe Molinar. None opposed. The motion was carried at 9:50 AM.



Secretary



Chairman