

2020 Comprehensive Annual Financial Report

For Fiscal Year Ended
August 31, 2020 and 2019



CITY *of* EL PASO
EMPLOYEES RETIREMENT TRUST

A Component Unit of the City of El Paso, Texas

Comprehensive Annual Financial Report For Fiscal Year Ended August 31, 2020 and 2019

Robert Ash
Executive Director

City of El Paso Employees Retirement Trust
1039 Chelsea St.
El Paso, Texas 79903
(915) 212-0012
www.eppension.org
A Component Unit of the City of El Paso, Texas

Prepared by the Staff of the City of El Paso Employees Retirement Trust
with assistance of the Fund's Professional Auditors,
Actuary and Investment Consultants



March 8, 2021

Board of Trustees

City of El Paso Employees Retirement Trust

1039 Chelsea St.

El Paso, Texas 79903

Members of the Board of Trustees:

Attached is the Comprehensive Annual Financial Report (hereinafter referred to as "CAFR") of the City of El Paso Employees Retirement Trust. This CAFR is more detailed than the Annual Financial Report booklet which we provide to you as a quick guide regarding the accounting and actuarial position of the Trust.

The Trust's office staff has compiled the information included in this report from several sources. These sources included the most recent audited financial statements and actuarial valuations. As you know the Trust is guided by the plan document found in Section 2.64 of the El Paso Municipal Code but also by Rules and Regulations, not inconsistent with the plan document. Therefore some of the information in this document comes from various policies or rules approved by the Board of Trustees. We believe the contents fairly reflect the current accounting and actuarial position of the Trust as has been reported to the Board by outside professional accounting and actuarial firms.

The CAFR includes five main areas of focus:

Area One: Introductory letter, Trust organization, consultants, investment managers and Summary Plan Description.

Area Two: Financial Section which includes the most recent current audit report from the Trust's Independent Auditors including the financial statements, notes to the financial statements and supplementary information.

Area Three: Investments denoting investment activity, policies, historical returns and miscellaneous investment schedules.

Area Four: Actuarial information which includes the results from the most recent actuarial valuation.

Area Five: Recent plan changes and data.

This CAFR is designed to be a tool in order to gain additional understanding of the City of El Paso Employees Retirement Trust. However, our staff remains available to answer any specific questions regarding the information contained in this report.

Financial Information

The most recent independent audit performed by the Trust's independent auditors, Carr, Riggs and Ingram LLC, contains a description of the services they provided and the methods used during the audit. Each year, as required by law, the Trust engages a professional audit firm to review the Trust's accounting information, internal controls and issue an opinion regarding the operations of the Trust and the related financial statements for the year. Included in their report are notes. The notes help explain some of the accounting treatment for certain aspects of Trust operations. In addition, the Board in conjunction with Trust staff prepared a Management Discussion and Analysis (hereinafter referred to as "MD&A"). This discussion is also included in the annual audit. The MD&A highlights the financial operations during the year and identifies any significant changes made during the year.

The Trust's independent auditors have issued an unmodified opinion for many years. In addition, there have been limited management comments made by the auditors as a result of their review. No management letter comments were received for the latest audit. The resulting opinions have provided reasonable assurance to the Board, plan participants and retirees that the financial statements present fairly, in all material respects, the net trust assets available for pension benefits and that the financial statements are in conformity with Generally Accepted Accounting Principles or "GAAP". There were no major accounting changes for the fiscal year ended August 31, 2020.

The Comptroller of the plan sponsor serves as Treasurer of the Trust and provides unaudited financial reports to the Board at each Board meeting. The Board is able to ask questions of the Trust Treasurer and staff regarding the Treasurer's reports. The Comptroller, or her representative(s), is also a non-voting member of the Trust's Investment Committee and is able to attend such monthly meetings.

The Trust management provides for a system of internal controls with the purpose of providing reasonable rather than an absolute assurance that the financial statements are free from material misstatements. Internal controls are evaluated by the Trust's independent auditors in the process of conducting the Trust's annual audit. While it is possible to implement certain additional internal controls the cost to incorporate these additional controls are at times not cost-effective and therefore not implemented. The staff and Audit Committee of the Board discuss internal controls with the Trust's independent auditors during the entrance and exit conferences. Internal controls are considered using a cost/benefit analysis. In addition, the City's Internal Audit Department periodically conducts reviews which include an assessment of the Trust's internal controls.

Organization

The City of El Paso Employees Retirement Trust is a multi-employer defined benefit pension fund which has been in continuous operation for over 70-years. While it is currently defined as a multiple employer plan the plan currently consists of one main employer which is the City of El Paso. The participants in the plan are governed by the plan document found in Section 2.64 of the El Paso Municipal Code.

The pension staff and some related agencies employees are also participants in the retirement trust. The plan is governed by a local ordinance passed by the City Council of the City of El Paso and can only be amended by the plan sponsor, the City of El Paso. The trust provides benefits to retired employees of the City of El Paso except for those employees who participate in the El Paso Fire and Police Pension plans, temporary employees, some contract employees and elected officials.

The Board of Trustees of the Trust manages the Trust with the assistance of employees hired by the Board. The Board is comprised, pursuant to the plan document, of 2 elected members of the El Paso City Council, 1 retiree member, 4 elected employees who are eligible to participate in the Trust and 2 outside citizens. The 2 City Council members, the retiree representative and 2 citizen appointees are appointed by the City and serve for 2-year terms. The employee representatives are elected by Trust participants and serve 4-year terms. For board appointments after April 2018, no City Council, citizen, or retiree member appointee may hold a board position for more than 8 years throughout their lifetime. There are no limits on the number of terms in which an elected Board member may serve so long as they remain qualified to serve.

Investments

The Trust's overall investment objective is to achieve the highest level of return with a prudent level of risk. Trust investments and asset allocations are developed by the Board with the advice from the Trust's professional investment consultant. The Trust invests with a long-term objective of funding retirement benefits over generations. The Trust has developed an investment policy that is monitored and modified from time-to-time as may be desirable at the discretion of the Board with input from the Trust's professional investment consultant.

Investments are made by the Board with the goal of achieving a long term return of at least the actuarial rate of return which is currently 7.25 percent. Another goal of the Trust is to make strategic allocations to maximize possible return with a reasonable risk tolerance by diversifying the investment options within the Trust's investment portfolio.

Actuarial Information

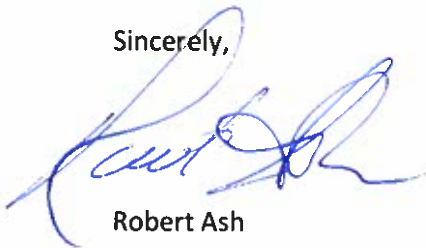
The Board is required to perform an actuarial valuation at least every two years. The Trust hires an enrolled actuary for this purpose. The Trust's actuary, Buck Global, LLC provides the Board with critical information regarding how well funded the plan is at the time of the actuarial valuation. The actuary also assists the Board in maintaining reasonable assumptions in the actuarial valuations by performing Experience Studies every four years. Experience studies are conducted periodically with the last one completed in 2020. The Trust has a goal of maintaining an amortization period for any unfunded actuarial accrued liability which complies with the period required by GASB and the Texas State Pension Review Board which is currently twenty-five years. The Trust has requested that interim valuations be performed in the intervening years when a full actuary is not performed. The interim valuation is used by the Board to provide a less exact snapshot in time of the Trust's actuarial position. As of the end of the last fiscal year, the amount of the unfunded actuarial accrued liability was \$217,451,962 and the funding period was 16 years. Investment returns for the past year were positive, up about 13.2 percent, which exceeded the assumed investment return of 7.25 percent. The investment returns were in excess

of the assumed investment return rate which is primarily responsible for the decrease in the years to amortize the unfunded liability by 1 year. The market value of the Trust's assets increased by about \$57.5 million dollars and the years to amortize the unfunded liability decreased to 16 years. The funding ratio at the end of fiscal year 2020 was 80 percent. The Trust's current amortization period for the unfunded actuarial accrued liability is within the goals of the Trust. The amortization period is below that required by GASB and the Texas State Pension Review Board. However, Trust management continues to strive to reduce the unfunded actuarial accrued liability and the resulting amortization period.

In order to improve the financial position of the Trust, the City of El Paso in consultation with the Board of Trustees created a second tier of benefits for those participants who were hired after August 31, 2011. At that time vesting and the amount of contributions were changed. Other changes were also made to the benefits of the second tier group of participants. Members of the second tier of benefits were not generally able to retire under the new provisions until August 2018. Please refer to the actuarial section of the CAFR regarding additional actuarial details.

This CAFR is prepared by the staff of the Board of Trustees who in concert with the Board of Trustees, as management, is responsible for the information contained in the CAFR. Trust management, its auditors, actuary and investment consultants have worked to prepare an accurate CAFR and their efforts in this regard are greatly appreciated. Information included in this CAFR is believed to be comprehensive and made based upon the best information available as of the date of completion. Much of the information necessarily related back to the end of the most recent fiscal year. Should you have any questions regarding the information in the CAFR please do not hesitate to contact me or any member of the staff.

Sincerely,



Robert Ash

Executive Director/Board Secretary

Board of Trustees

Robert C. Studer
Chairman
Employee Representative

Karl Rimkus
Vice Chair
Employee Representative

Robert B. Ash
Secretary
Executive Director

Nick Costanzo
Trustee
Retiree – Mayoral Appointment

Diana Nunez
Trustee
Employee Representative

Mario Hernandez
Trustee
Employee Representative

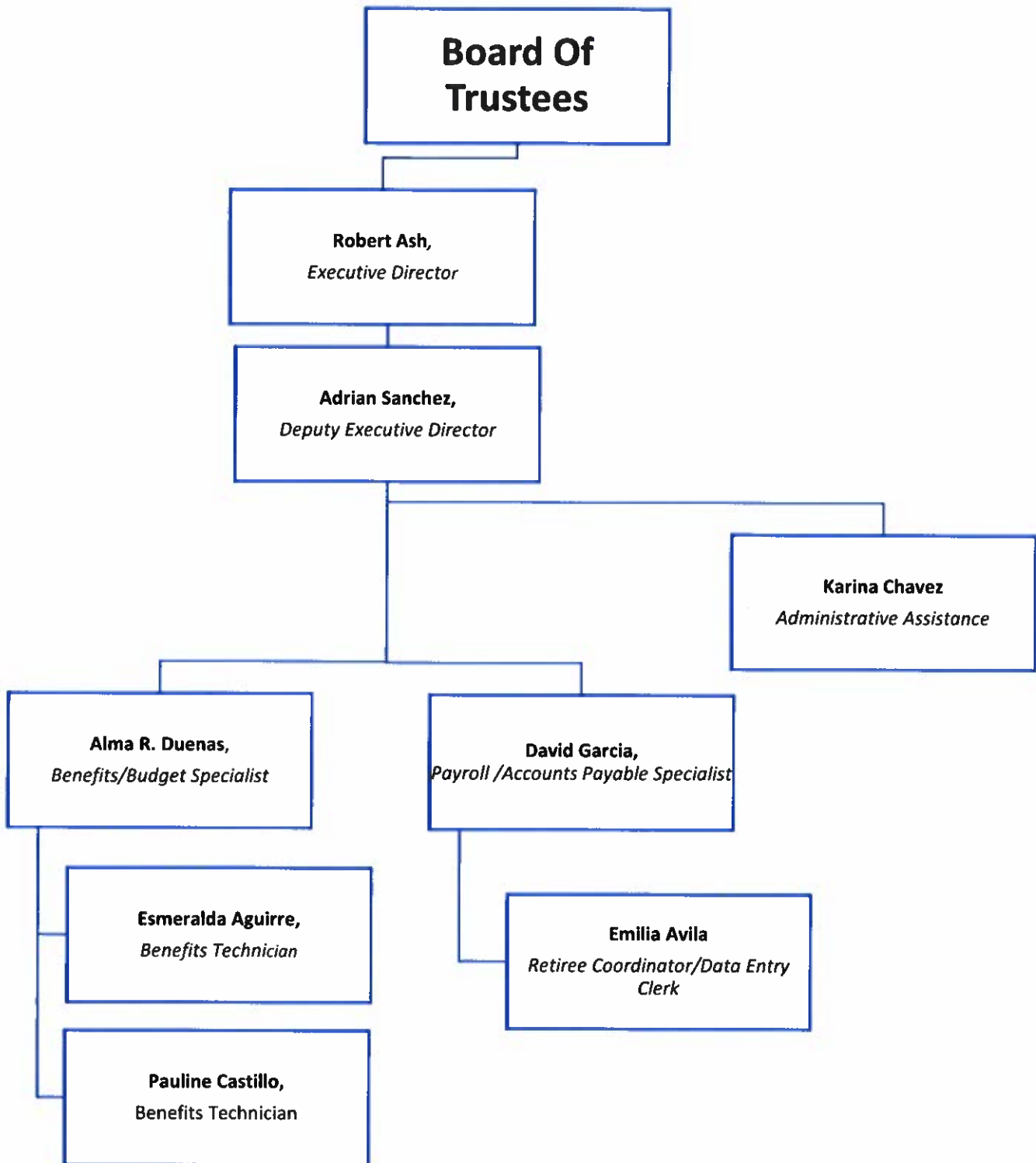
Tamara Gladkowski
Trustee
Mayoral Appointment

Matt Kerr
Trustee
Mayoral Appointment

Sam Morgan
Trustee
City Council Representative

Isabel Salcido
Trustee
City Council Representative

Administrative Organization



A list of investment managers, schedule of management fees and broker commissions can be found in the Investment Section of this report.

PROFESSIONAL SERVICE PROVIDERS

Actuary:

- Buck Global, LLC

Auditors:

- CARR, RIGGS & INGRAM
CPAs and Advisors

Custodian:

- BNY Mellon Asset Services

Legal Counsels:

- Eduardo Miranda, General Counsel
 - Pat Gordon, Tax Counsel
- Gordon, Davis, Johnson, Shane P.C.

Investment Consultant:

- Callan LLC



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Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

August 31, 2019

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
City of El Paso Employees Retirement Trust
El Paso, Texas

We have audited the accompanying financial statements of the City of El Paso Employees Retirement Trust (the "Fund"), a component unit of the City of El Paso, Texas (the "City"), which comprise the statements of fiduciary net position as of August 31, 2020 and 2019, and the statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Fund as of August 31, 2020 and 2019, and the changes in fiduciary net position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the Fund are intended to present the financial position and the changes in financial position of only the Fund. They do not purport to, and do not, present fairly the financial position of the City of El Paso, Texas, as of August 31, 2020 and 2019, the changes in its financial position for the years then ended in conformity in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis on pages 11-13 and the GASB supplementary pension schedules on pages 50-54 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purposes of forming an opinion on the basic financial statements as a whole. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
El Paso, Texas
February 17, 2021

City of El Paso Employees Retirement Trust (A Component of the City of El Paso, Texas) Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) on the financial performance of City of El Paso Employees Retirement Trust (the "Fund") provides an overview of the Fund's financial activities for the fiscal year ended August 31, 2020. For more detailed information regarding the Fund's financial activities, the reader should also review the actual financial statements, including notes and supplementary schedules.

2020 FINANCIAL HIGHLIGHTS

Net position held in trust for pension benefits (net position) increased during the fiscal year 2020 by \$71.4 million.

The major reason for the increase in net assets was due to the performance of the capital markets, which resulted in net investment gain of \$102.5 million. Employer and plan member contributions totaled \$41.4 million, a decrease of \$0.76 million from the previous fiscal year. The decrease in contributions was primarily due to a decrease in employee pay rates. The cash balances includes cash held by investment managers used for investments and cash at the fund's custodial bank used to pay for operation expenses.

Benefit payments made during fiscal year 2020 totaled \$66.6 million, an increase of \$4.3 million over the fiscal year 2019 mainly due to an increase in number of retirees and larger benefit payments to the new retirees.

2019 FINANCIAL HIGHLIGHTS

Net position held in trust for pension benefits (net position) decreased during the fiscal year 2019 by \$13.3 million.

The major reason for the decrease in net assets was due to the performance of the capital markets, which resulted in net investment gain of \$12.8 million. Employer and plan member contributions totaled \$42.2 million, an increase of \$0.98 million over the previous fiscal year. The increase in contributions was primarily due to an increase in employee pay rates. The cash balances includes cash held by investment managers used for investments and cash at the fund's custodial bank used to pay for operation expenses.

Benefit payments made during fiscal year 2019 totaled \$62.3 million, an increase of \$4.2 million over the fiscal year 2018 mainly due to an increase in number of retirees and larger benefit payments to the new retirees.

FINANCIAL STATEMENTS

The financial statements of the Fund include statements of fiduciary net position and changes in fiduciary net position available for benefits. The purpose of these statements is to present information about the Fund's present and future ability to pay benefits when they are due. These statements are presented using an economic resource measurement focus and the accrual basis of accounting.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Management's Discussion and Analysis**

The financial statements also include notes that explain the history and purpose of the Fund, significant accounting policies, investment details, statutory disclosures and other required supplementary information regarding the financial position of the Fund.

SUMMARIZED FINANCIAL INFORMATION

The following table displays the total assets, liabilities and net position of the Fund:

Condensed Financial Information					
	Year Ended August 31,			Changes	
	2020	2019	2018	2020-2019	2019-2018
Assets	\$ 879,694,980	\$ 812,915,732	\$ 825,795,487	8.21%	-1.56%
Liabilities	1,705,584	6,291,741	5,829,199	-72.89%	7.93%
Net position	\$ 877,989,396	\$ 806,623,991	\$ 819,966,288	8.85%	-1.63%

The total net position increased by \$71,365,405 or 8.8%, during the fiscal year 2020 to \$877,989,396. The increase in net position is primarily a result of the fair value of investment assets increasing due to positive performance of capital markets during the current year. Total net position decreased by \$13,342,297, or 1.6%, during fiscal year 2019 to \$806,623,991. The decrease in net position was primarily a result of the fair value of investment assets decreasing due to negative performance of the capital markets during the year.

The following table displays the changes in plan net position of the Fund:

	Year Ended August 31,			Changes	
	2020	2019	2018	2020-2019	2019-2018
Contributions	\$ 41,410,781	\$ 42,171,245	\$ 41,192,201	-1.80%	2.38%
Net investment income	102,470,526	12,819,847	65,372,489	699.31%	-80.39%
Total additions	143,881,307	54,991,092	106,564,690	161.64%	-48.40%
Benefits paid to plan members	66,555,726	62,251,632	58,094,939	6.91%	7.16%
Refunds	3,737,266	4,215,138	2,889,443	-11.34%	45.88%
Prepaid COLA payments	84,000	105,000	130,000	-20.00%	0.00%
Administrative expenses	2,138,910	1,761,619	2,036,643	21.42%	-13.50%
Total deductions	72,515,902	68,333,389	63,151,025	6.12%	8.21%
Net increase (decrease) in net position	\$ 71,365,405	\$ (13,342,297)	\$ 43,413,665	-634.88%	-130.73%

Contributions decreased during fiscal year 2020 primarily due to decreases in employee pay rates and increased in 2019 primarily due to increases in employee pay rates. Benefits paid increased during fiscal year 2020 due to an increase in the number of retirees and larger benefit payments to new retirees.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Management's Discussion and Analysis**

Administrative expenses increased during fiscal year 2020 related to an increase in legal fees and other operating expenses. During fiscal year 2019, administrative expenses decreased due to a decrease in custodial fees, legal fees and other operating expenses.

FINANCIAL CONTACT

Any questions regarding financial statements of the Fund should be directed to the Fund Administrator, 1039 Chelsea Street, El Paso, Texas 79903 or by telephoning (915) 212-0112

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Basic Financial Statements

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Statements of Fiduciary Net Position

August 31,	2020	2019
Assets		
Cash and cash equivalents	\$ 10,646,860	\$ 17,959,516
Receivables		
Commission credits receivable	6,109	3,697
Due from brokers for securities sold	1,876,024	980,616
Employer contributions	938,962	1,163,286
Plan member contributions	598,024	740,828
Accrued interest and dividends	170,007	928,171
Total receivables	3,589,126	3,816,598
Prepaid insurance	23,837	23,249
Investments, at fair value		
U.S. government securities	-	36,477,002
Corporate bonds and notes	87,807	40,710,385
Absolute return investments	-	95,310,343
Corporate stocks	93,199,769	95,722,540
Bank collective investment funds	266,196,098	186,724,608
Commingled funds		
Fixed income	128,051,475	87,268,787
Corporate stocks	208,456,625	77,373,002
Private real estate	72,038,810	73,437,789
Private equity investments	94,726,154	76,494,426
Master limited partnership	-	18,443,282
Total investments, at fair value	862,756,738	787,962,164
Capital assets		
Capital assets not being depreciated	521,174	958,774
Capital assets being depreciated	2,605,506	2,401,922
Less accumulated depreciation	(448,261)	(206,491)
Total capitals assets	2,678,419	3,154,205
Total assets	879,694,980	812,915,732
Liabilities		
Due to brokers for securities purchased	1,164,852	5,338,049
Accrued expenses	534,623	949,995
Unearned revenue-commission credits	6,109	3,697
Total liabilities	1,705,584	6,291,741
Net position - restricted for pensions	\$ 877,989,396	\$ 806,623,991

The accompanying notes are an integral part of these financial statements.

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Statements of Changes in Fiduciary Net Position

For the years ended August 31,	2020	2019
Additions		
Contributions		
Employer	\$ 25,296,642	\$ 26,424,696
Plan members	16,114,139	15,746,549
Total contributions	41,410,781	42,171,245
Investment (loss) income		
Net appreciation in fair value of investments	99,563,115	7,981,580
Interest	4,109,088	4,169,630
Dividends	2,356,890	3,552,203
Securities lending income	11,184	37,424
Investment advisor fees	(3,589,807)	(2,987,728)
Gain on disposition of assets	19,939	-
Miscellaneous income (expense)	117	66,738
Net investment income	102,470,526	12,819,847
Total additions	143,881,307	54,991,092
Deletions		
Benefits paid to plan members	66,555,726	62,251,632
Refunds	3,737,266	4,215,138
Prepaid COLA payments	84,000	105,000
Administrative expenses	2,138,910	1,761,619
Total deletions	72,515,902	68,333,389
Net increase (decrease) in fiduciary net position	71,365,405	(13,342,297)
Net position restricted for pensions, beginning of year	806,623,991	819,966,288
Net position restricted for pensions, end of year	\$ 877,989,396	\$ 806,623,991

The accompanying notes are an integral part of these financial statements.

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**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 1: DESCRIPTION OF THE PLAN

The City of El Paso Employees Retirement Trust (“Fund” or “Plan”) is a single-employer Public Employee Retirement System (“PERS”) defined benefit plan administered by the Board of Trustees (“Board”) of the Fund and was established in accordance with authority granted by Chapter 2.64 of the *El Paso City Code*. The Fund is a component unit (fiduciary fund type) of the City of El Paso, Texas (“City”).

General

The designated purpose of the Fund is to provide retirement, death and disability benefits to participants or their beneficiaries. The Fund is administered by the Board of Directors, which is comprised of two citizens, who are not officers of employees of the City, nominated by the mayor and approved by city council, four elected City employees, a retiree and two district representatives as designated by city council. The Board contracts with an independent pension custodian, investment managers, and investment consultant, and actuary and an attorney to assist in managing the Fund.

Eligibility

Substantially all full-time employees of the City are eligible to participate in the Plan, except for uniformed firefighters and police officers who are covered under separate plans. Nonemployer contributions are limited to participating employees of the Fund.

The Fund’s membership was as follows at August 31:

	2020	2019
Inactive plan members (or their beneficiaries) currently receiving benefits	3,457	3,396
Inactive plan members entitled to but not yet receiving benefits	111	195
Active plan members	4,290	4,452
Total plan members	7,858	8,043

Contributions

Through August 31, 2020 and 2019, the City is the only contributing employer. The Fund pays direct administrative costs. The City provides indirect administrative support such as IT services. The Fund reimburses the City for various costs of processing pension checks, such as postage and supplies.

Contribution rates for the Fund are based upon local statutes as enacted by the El Paso City Council and are not actuarially determined. However, each time a new actuarial valuation is performed, contribution requirements are compared to the actuarially determined amount necessary to fund service costs and amortize the unfunded actuarial liability (using entry-age-normal cost method) over 30 years. As of the most recent actuarial valuation, the contribution rate was 23.00% of annual covered payroll.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 1: DESCRIPTION OF THE PLAN (Continued)

Contributions were made as follows:

For the Years Ended August 31,	Employer Contributions		Employee Contributions		Total	
	Amount	Stated Percentage of Covered Payroll	Amount	Stated Percentage of Covered Payroll	Amount	Stated Percentage of Covered Payroll
2020	\$ 25,296,642	14.05%	\$ 16,114,139	8.95%	\$ 41,410,781	23.00%
2019	26,424,696	14.05%	15,746,549	8.95%	42,171,245	23.00%
2018	25,651,488	14.05%	15,540,713	8.95%	41,192,201	23.00%

The Fund is not required to maintain any legally required reserves.

Vesting

Participation is mandatory for classified employees (except permanent part-time employees). For nonclassified employees, participation is mandatory for employees hired after July 1997. Classified employees include all persons who are permanent, full-time employees and are not otherwise excluded from the Fund.

Members who were first participants prior to September 1, 2011, accrue benefits based on Tier I provisions as follows:

Participants who leave the Plan before completion of five years of service receive a refund of their contributions. Participants leaving the Plan with more than five years by less than 10 years of service may receive a refund of the contributions plus interest at 5.5% compounded annually.

Participants become fully vested after reaching 40 years of age and 10 years of service or 45 years of age and 7 years of service. Normal retirement is the earlier of: (i) 55 years of age with 10 years of service, (ii) 60 years of age with 7 years of service or (iii) 30 years of service, regardless of age. Participants who have met the minimum vesting requirements may retire, but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement, which will provide an actuarially reduced pension benefit upon termination. Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.5% of average monthly gross earnings received by the employee during the three years immediately prior to retirement, or 2.5 % of the average monthly base salary received by the employee during the year immediately prior to retirement, or 2.5% of the monthly base salary pay for the month immediately prior to retirement, whichever is greater, multiplied by the number of completed years of service, plus .2083 of 1% of such average for each additional completed or fractional part of a month of service.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 1: DESCRIPTION OF THE PLAN (Continued)

Members who were first participants on or after September 1, 2011, accrue benefits based on Tier II provisions as follows:

Participants who leave the Plan before completion of seven years of service receive a refund of their contributions. Participants leaving the Plan with more than seven years but less than 10 years of service may receive a refund of their contributions plus interest at 3% compounded annually.

Participants become fully vested after reaching 45 years of age and seven years of service. Normal retirement is the earlier of: (i) 60 years of age with 7 years of service, (ii) 35 years of service, regardless of age. Participants who have met the minimum vesting requirements may retire, but defer receiving pension payments until they reach normal retirement age. Alternatively, such vested participants may elect an early retirement, which will provide an actuarially reduced pension benefit upon termination. Persons retiring and eligible to receive benefits receive monthly pension payments in the amount of 2.25% of average monthly gross earnings received by the employee during the three years immediately prior to retirement, multiplied by the number of completed years of service, plus .1875 of 1% of such average for each additional completed or fractional part of a month of service, limited to 90% of the 3 year average final pay.

A pension benefit is available to surviving spouses and dependents. The Plan includes no automatic increase in retirement benefits. However, the Board, at its discretion after consideration of a recent actuarial review of the funding status, may provide ad-hoc costs of living or other increases in retirement benefits.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting policies of the Fund have been established to conform to generally accepted accounting principles for state and local governments as promulgated by authoritative pronouncements issued by the Governmental Accounting Standards Board. The Fund is accounted for on an economic resources measurement focus using the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Fund's management to make estimate and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities and the actuarial valuation of the Fund's benefits at the date of the financial statements, and the reported changes in fiduciary net position during the reporting period. Actual results may differ from those estimates.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Valuation of Investments

Investments are stated at fair value in the accompanying statements of fiduciary net position. The fair value of marketable investments, including U.S government securities, corporate bonds and stocks, is determined by the latest bid price or by the closing exchange price at statements of fiduciary net position dates. The fair value of investment in bank collective investment, commingled funds, real estate investment funds and private equity limited partnerships are determined by the investment managers based on fair value of the underlying securities in the funds. In general, the fair value of the underlying securities held in real estate investment funds are based upon property appraisal reports prepared by independent real estate appraisers (members of the Appraisal Institute or an equivalent organization) within a reasonable amount of time following acquisition of the real estate and no less frequently than annually thereafter. In general, the fair value of the underlying securities held in private equity limited partnerships are based on GASB Statement No. 72, *Fair Value Measurement*, and limited partnership financial statements are audited by independent certified public accountants. Bank collective investment funds are governed by Section 9.18 of Regulation 9 issued by the Office of Comptroller of the Currency and by the other applicable regulations as defined by the Mellon Bank, N.A. Employee Benefit Collective Investment Fund Plan.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net appreciation in fair value of investments reflected in the accompanying statements of changes in fiduciary net position represents gains or losses realized during the year plus or minus the change in the net unrealized gains or losses on investments. The change in net unrealized gains or losses on investments represents the change in the difference between the cost and fair value of investments at the beginning versus the end of the fiscal year.

Receivables

All receivables are reported at their gross value. In the statement of fiduciary net position, employer and employee contributions are recorded based on amounts earned by the employees through August 31, 2020 and 2019. Employer and employee contributions are considered to be 100% collectible.

Revenue and Expense Recognition

Plan member and employer contributions are recognized (additions) in the period in which the plan member services are performed. Benefits and refunds are recognized when paid in accordance with the terms of the Plan. Expenses (deductions) are recognized as incurred.

**City of El Paso Employees Retirement Trust
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Notes to Financial Statements**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expense Recognition (Continued)

The Fund's brokers accumulate commission rebates that are restricted for the use by the Fund under agreements with brokers for capital expenditures, research and development and investment-related expenditures. Proposed expenditures of these funds go before the Board for approval. Brokers provide the Fund detailed statements on commission rebates with credits earned and requested payments. Knowing that direct brokerage commission rebates are available, investment managers use these brokers as directed by the Fund's *Investment Rules and Regulations*. The available credits are reported as unearned revenue until such time as qualifying expenditures are made, in which the use of the credits is reported as a reduction in the appropriate expense categories in the accompanying statements of changes in fiduciary net position.

Property and Equipment

GASB standards require that all capital assets be recorded and depreciated in the government-wide financial statements.

Capital assets are defined as assets with an initial cost of \$5,000 or more and an estimated useful life greater than one year. Capital assets are recorded at cost, if purchased or constructed, or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major improvements are capitalized and depreciated over the estimated remaining useful lives of the related capital assets. Capital assets are depreciated or amortized using the straight-line method and the following estimated useful lives:

Building and improvements	25 to 50 years
Furniture and equipment	5 to 12 years
Software	5 years

When capital assets are retired from service or otherwise disposed of, any gain or loss on disposal of assets is recognized.

**City of El Paso Employees Retirement Trust
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Notes to Financial Statements**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Securities Lending Transactions

The Fund enters into securities lending transactions with broker/dealers for which fees are paid to the Fund and are recognized as revenue during the periods in which they were loaned. The Board may legally and contractually authorize the use of the Fund's securities for lending transactions. The securities involved in the lending transactions continue to be recorded at fair value in the accompanying financial statements. Parameters are established by the Fund's investment guidelines for securities lending transactions. These guidelines require that all securities lending occur with specified broker/dealers and that securities lending transactions be collateralized using U.S. issuer securities at 102% and non-U.S. issuer securities at 105% of the fair value of the securities loaned. U.S. issued securities used as collateral are marked to the market on a daily basis to evaluate whether the collateralization requirements of the fair value of investments is always maintained. The Fund may not pledge or sell the collateral securities except on default of the borrower and therefore not recorded as assets in the accompanying financial statements. Because of this, the Fund administration believes there is some minimal credit risk associated with securities lending transactions. There is no loss indemnification provided to the Fund by the investment managers to broker/dealers.

Due to Brokers

The liability for due to brokers for securities purchased consist of unpaid amount for security purchases.

Accrued expenses

Accrued expenses are comprised of unpaid investment advisor fees, the payroll expenditures based of amounts earned by the employees through August 31, 2019, along with applicable Social Security Taxes and Medicare payable.

Risks and Uncertainties

The Plan invests in various investment securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in value of investment securities will occur in the near term and that these changes could materially affect amounts reported in the Plan's financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 17, 2021, and determined there were no events that occurred that require disclosure.

**City of El Paso Employees Retirement Trust
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Notes to Financial Statements**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

The Fund has implemented GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* which became effective immediately upon issuance by GASB in May 2020. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of Statements No. 84, 89, 90, 91, 92, and 93 by twelve months and Statement No. 87 by eighteen months.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement seek to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2019. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

**City of El Paso Employees Retirement Trust
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Notes to Financial Statements**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In January 2020, GASB Statement No. 92, *Omnibus 2020*, was issued. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The requirements of this statement are effective periods beginning after June 15, 2021. Earlier application is encouraged and is permitted by topic. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

**City of El Paso Employees Retirement Trust
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Notes to Financial Statements**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In March of 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

**City of El Paso Employees Retirement Trust
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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84, and Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

The Fund is evaluating the requirements of the above statements and the impact on reporting.

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING

The Fund's cash equivalents and investments are managed by various investment managers who have discretionary authority over the assets managed by them, within the investment guidelines established by the Board, under contracts with the Fund. The cash equivalents and investments are held by the Fund's custodian in the Fund's name. The cash equivalents and investments are uninsured and generally consist of short-term securities, U.S. and foreign government securities, domestic and foreign corporate debt and equity securities, real estate trusts and financial derivatives. Certain investment managers have invested in certain bank collective investment funds, which invest primarily in U.S. corporate stocks and government bonds. The bank collective funds may also invest in foreign exchange contracts, stock index futures and temporary collective investment funds and may enter into collateralized securities lending transactions. Certain investment managers also invest in private equity limited partnerships.

Through adherence to the Fund's Investment Rules and Regulations, management attempts to limit or mitigate certain risks. Certain of these requirements are listed below:

- **Large Cap Index Equity Managers** – Investment is passively managed and is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. Permissible investments at S&P 500 Index commingled funds or exchange-traded funds ("ETFs").

City of El Paso Employees Retirement Trust
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Notes to Financial Statements

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

- **Large Cap Dynamic Managers** - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The portfolio will actively allocate assets across the equity, fixed income and cash markets of the U.S. The assets of the portfolio may be invested in securities, derivatives and a combination of other collective funds. Long and short positions in financial futures, options on financial futures, index options, exchange-traded options and over-the-counter options, may be used.
- **Small/Mid Cap Equity Managers** – Under current policies, the portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations greater than \$500 million and under \$15 billion; the market capitalization of certain securities may be less than or greater than this range at times. The portfolio may invest in publicly traded stocks of U.S. corporations, American depository receipts (“ADRs”), publicly traded stocks of foreign corporations listed on U.S. stock exchanges, Exchange Traded Funds (“ETFs”) and short-term investments, money market instruments or equivalent. The maximum position size in any one company will be 5% of the portfolio value at the time of purchase and shall not exceed a maximum appreciated position size of 8% of the portfolio value for the year ended August 31, 2020 and 2019. Leverage, short sales and buying and selling on margin are not permitted.
- **All Cap Equity Managers** – Under current policies for the year ended August 31, 2020 and 2019, the portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations that span the broad equity market in concentrated manner, generally with 20-80 holdings. The portfolio may invest in publicly traded stocks of U.S. corporations, ADRs, publicly traded stocks of foreign corporations, ETFs and short-term investments, money market instruments or equivalent. Leverage, short sales and buying and selling on margin are not permitted.
- **International Equity-Developed Country Index Managers** – Investment passively managed is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. Permissible investments are MSCI EAFE Index commingled funds or ETFs.
- **International Equity-All Country Managers** – Investment is made using commingled funds. As such, the investment guidelines are governed by the fund's prospectus. The portfolio will invest primarily in equity-related securities of issuers that are located in, or that do significant business in countries other than the United States, including emerging market countries. The portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries. For the year ended August 31, 2020 and 2019, the maximum position size will be 6% in any one company. The maximum position size will be 35% in any one country. The maximum emerging markets weight is the MSCI ACWI ex-US IMI Index weight plus 15%.

**City of El Paso Employees Retirement Trust
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Notes to Financial Statements**

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

- **International Equity-Emerging Markets Managers** – Investment is made with commingled funds. As such, the investment guidelines are governed by the fund’s prospectus. For the year ended August 31, 2020 and 2019, the portfolio will invest in equity and equity-related securities of at least 80% of its assets in issuers that are located in, or that do significant business in emerging market countries. The portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries. The maximum position size will be 6% in any one company. The maximum position size will be 20% in any one country.
- **International Equity-All County Small Cap Managers** - Investment is made using commingled funds. As such, the investment guidelines are governed by the fund’s prospectus. For the year ended August 31, 2020 and 2019, the portfolio will invest primarily in equity and equity-related securities of issuers that are located in, or that do significant business in countries other than the United States, including emerging market countries. The portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries. The maximum position size will be 6% in any one company. The maximum position size will be 35% in any one country. The maximum emerging markets weight is the MSCI ACWI ex-US Small Cap Index weight plus 15%.
- **Fixed Income Core Index Managers** – Investments are passively managed and are made using commingled funds. As such, the investment guidelines are governed by the fund’s prospectus. Permissible investments are Barclays Capital Aggregate Index commingled funds or ETFs.
- **Fixed Income Core Plus Managers** – Under current policies for the year ended August 31, 2020 and 2019, except for U.S. Treasury, its agencies, agency MBS and approved derivative products, the fixed income account shall not contain more than 5% of any issuer. The account will not invest more than 15% in cash and cash equivalents and will not invest in equity securities, with the exception of preferred and convertible preferred securities, in which no more than 10% will be invested. The account may invest up to 15% in illiquid securities. The account may invest up to 35% in non-investment grade bonds; defined as bonds that are rated non-investment grade by two of the three major ratings agencies. The dollar weighted credit quality of the account will generally be AA or less, with a minimum dollar weighted-average quality of BBB-. The effective duration of the account should range between +25%/-40% of the benchmark’s duration. The account will not employ leverage.
- **Fixed Income Opportunistic Managers** – For the year ended August 31, 2019, under normal market conditions, the fund may invest up to 50% in bonds that are rated below investment grade (below BBB-/Baa3) by the various credit rating agencies or securities that are not rated. In addition, the fund may leverage its capital. In normal market conditions, the manager may borrow up to 35% of the fund for investment purposes. If the investment manager believes market conditions are unfavorable to participants, the manager may invest up to 100% of the fund in U.S. or non-U.S. currency denominated short-term investments, including cash or cash equivalents. No fixed income opportunistic managers were used for the year ended August 31, 2020.

City of El Paso Employees Retirement Trust
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Notes to Financial Statements

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

- **Real Estate Managers** – For the year ended August 31, 2020 and 2019, real estate investments will be diversified to the extent possible by geographic location and property type. For real estate investment trusts (“REITs”), managers cannot invest in undeveloped, non-income producing property, cannot invest in funds where leverage is intended to exceed 30% of the fair value of the fund and cannot invest in non-U.S. real estate. For private real estate investments, managers should diversify the portfolio by property type and by various geographic regions of the U.S. Leverage is limited to no more than 30% of the fund. The quarterly standard deviation of returns for REITs and private real estate should be no greater than 150% of their respective benchmark indices.
- **Private Equity Managers** – As private equity fund-of-funds vehicles are commingled, closed-end, finite-life limited liability entities; the investment guidelines will be determined by the fund-of-funds legal documentation. The pooled/fund-of-funds vehicle should not represent more than 20% of the total fair value of the pooled/fund-of-fund. It is also preferred that this holds true for any other investor in the pooled/fund-of-funds. The manager of the fund-of-funds vehicle shall be a bank or a registered advisor under the *Investment Advisors Act of 1940*. If fund-of-funds provides the option of receiving distributions in cash or securities, the trust will opt to receive cash.
- **Master Limited Partnerships** – Investment objective is to achieve long-term growth of capital and out-perform the S&P MLP Index. Management of the portfolio will seek to achieve the investment objective through investments primarily in master limited partnerships (“MLPs”) and energy-related C-corporations. For the year ended August 31, 2019, security and sector selection, portfolio structure and timing of purchases and sales are delegated to the manager of the portfolio, subject to these guidelines: the portfolio will hold approximately 20-30 securities, no single security will exceed the greater of 10% of the portfolio’s fair value, or 120% of the security’s weight within the benchmark, cash and cash equivalents will be no more than 10% of the portfolio’s assets. Authorized investments include MLPs, securities of energy-related C-corporations and limited liability energy companies that trade on United States stock exchanges, as well as initial public offerings of these investments. No master limited partnerships were held at August 31, 2020.
- **Absolute Return** – For the year ended August 31, 2019, investment is made using commingled funds. As such, the investment guidelines are governed by the fund’s prospectus. The assets may be invested in common stock, ADRs, global depositary receipts (“GDRs”), preferred stock, ETFs, participation notes, fixed income securities, futures, options, real estate (tradable securities), commodities (tradable securities) and cash and cash equivalents. Currency exposures may be obtained through currency spot, forward and swap contracts. No absolute returns were held at August 31, 2020.

**City of El Paso Employees Retirement Trust
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NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

The following was the Board's adopted asset allocation policy as of August 31, 2020:

Asset Class	Target Allocation
Domestic equity	31%
International equity	21%
Fixed income	24%
Real estate	10%
Private equity	13%
Cash	1%
	100%

The preceding target allocation was amended in 2019. This was done to reflect a reduction in the previous allocation to master limited partnerships and absolute return and to increase the allocation to domestic equity, international equity, fixed income, and private equity. The previous target allocation was 24% domestic equity, 16% international equity, 19% fixed income, 10% real estate, 5% master limited partnerships, 10% private equity, and 15% absolute return.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Fund's investment policy does not specifically address custodial credit risk for deposits. As of August 31, 2020 and 2019, the Fund holds no deposits.

Investments

Interest rate risk is the risk that the fair value of securities will fall due to changes in market interest rates. The Fund's policy is to minimize interest rate risk by structuring the investment portfolio so that the duration securities are held and the coupon rates of such are appropriately diversified.

**City of El Paso Employees Retirement Trust
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Notes to Financial Statements**

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

As of August 31, 2020 and 2019, the Fund had the following investments subject to interest rate risk:

Investment Type	2020		2019	
	Fair Value	Weighted-Average Maturity (In Years)	Fair Value	Weighted-Average Maturity (In Years)
Cash equivalents (money market funds)	\$ 10,646,860	0.08	\$ 17,892,996	0.33
Government fixed income	-	-	33,726,363	23.14
Corporate bonds and notes	87,807	4.57	42,318,711	6.83
Bank collective investment funds	89,826,357	-	35,936,062	12.97
Commingled funds	38,225,118	-	51,332,725	2.63
Total	\$ 138,786,142		\$ 181,206,857	
Portfolio weighted-average maturity		0.01		9.25

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Nationally-recognized statistical rating organizations assign ratings to measure credit risks. These rating agencies assess a firm's or government's willingness and ability to repay its debt obligations based on many factors.

The Fund employs one core bond manager that primarily invests in U.S. fixed income and non-U.S. fixed income securities. The Fund also invests in two commingled funds, one passive core fixed income index fund and one opportunistic fixed income fund. The investment management agreement between the Fund and its core bond manager contains specific guidelines that identify permitted fixed income investments.

For the year ended August 31, 2019 permitted securities and derivatives of the Fund's opportunistic income fund include fixed and floating-rate debt securities and debt obligations of governments and government-related or corporate issuers worldwide; foreign currencies or securities linked to assets or currencies of any nation; and derivatives on any of the previously mentioned securities. Of the total net assets in the opportunistic fixed income fund, 50% may be invested in bonds that are rated below investment grade (below BBB-) or securities that are not rated.

For the year ended August 31, 2020 and 2019 the Fund's investment policy indicates that the fixed income core plus manager may invest up to 35% of net assets in non-investment grade bonds, at time of purchase. The fixed income core plus portfolio obligations will generally have a dollar weighted average credit quality of generally AA or less, with a minimum dollar weighted average credit quality of BBB-.

**City of El Paso Employees Retirement Trust
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NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

The following table identifies the credit quality of the Fund's fixed income strategies based on portfolio holdings as of August 31, 2020 and 2019:

August 31, 2020						
S&P Quality Rating	Total Fair Value	Asset-Backed Securities	Commercial Mortgaged- Backed Securities	Collateralized Mortgage Obligations	Corporates (a)	Government & Agency Obligations (b)
A+	\$ 89,826,357	\$ -	\$ -	\$ -	\$ -	\$ 89,826,357
BBB	87,807	-	-	-	87,807	-
NR	38,225,118	-	-	-	38,225,118	-
Totals	\$ 128,139,282	\$ -	\$ -	\$ -	\$ 38,312,925	\$ 89,826,357

(a) Corporate Bonds might include convertible preferred stocks and convertible bonds.

(b) Includes international and municipal holdings.

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NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

August 31, 2019						
S&P Quality Rating	Total Fair Value	Asset-Backed Securities	Commercial Mortgaged-Backed Securities	Collateralized Mortgage Obligations	Corporates (a)	Government & Agency Obligations (b)
U.S. Treasuries	\$ 15,226,913	\$ -	\$ -	\$ -	\$ -	\$ 15,226,913
GNMA Securities	3,378,978	-	-	-	-	3,378,978
AAA	1,102,322	-	476,552	448,323	177,447	-
AA+	18,985,759	-	-	202,549	526,309	18,256,901
AA	-	-	-	-	-	-
AA-	62,083	62,083	-	-	-	-
A+	52,664,437	-	-	-	1,331,712	51,332,725
A	579,828	103,217	-	-	476,611	-
A-	39,355,335	-	-	-	39,355,335	-
BBB+	2,851,034	82,301	-	-	2,768,733	-
BBB	9,108,833	363,858	-	-	8,744,975	-
BBB-	11,547,784	-	-	-	11,547,784	-
BB+	1,669,125	-	-	-	1,669,125	-
BB	4,252,339	-	-	-	4,252,339	-
BB-	447,014	-	-	-	447,014	-
B+	987,722	-	-	-	987,722	-
B	475,293	-	-	-	475,293	-
B-	303,525	-	-	-	303,525	-
CCC	-	-	-	-	-	-
CCC-	-	-	-	-	-	-
D	-	-	-	-	-	-
NR	1,457,850	-	-	480,628	977,222	-
Totals	\$ 164,456,174	\$ 611,459	\$ 476,552	\$ 1,131,500	\$ 74,041,146	\$ 88,195,517

(a) Corporate Bonds might include convertible preferred stocks and convertible bonds.

(b) Includes international and municipal holdings.

At August 31, 2020 and 2019, the Fund held various bond instruments in the aggregate fair value of \$128,139,282 and \$164,456,174, respectively. Fixed income core plus portfolios held bond instruments with ratings of BBB or better by Standard & Poor's. Approximately 30% of the portfolio was of non-investment grade bonds as of August 31, 2020.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Fund's investment in a single issuer. The Fund's investment policy does not allow for the investment portfolio to hold more than 10% in any one company. The following table represents the fair value of investments that represents 5% or more of the Fund's net position at August 31, 2020 and 2019.

These investments were in bank collective investment and commingled funds, which consist of diversified portfolios of investments as described above, and none of these investments consist of any one company holding 5% or more of the total investment.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

	Shares/ Par Value	Fair Value
August 31, 2020		
EB MCM Daily Valued International Specialized Investment Fund		
Mellon Capital Management Corporation	169,812	\$ 81,873,837
EB MCM Daily Valued Stock Index Fund		
Mellon Capital Management Corporation	20,345	106,356,891
EB MCM Daily Valued Dynamic U.S Equity Fund		
Mellon Capital Management Corporation	182,992	77,965,370
EB MCM Daily Valued Aggregate Bond Index Fund		
Mellon Capital Management Corporation	151,434,773	89,826,357
Blackrock Total Return Bond Fund		
Blackrock Capital Management	4,156,651	49,876,655
Wellington Fund		
Wellington Capital Management	3,638,213	49,334,168
August 31, 2019		
EB MCM Daily Valued International Specialized Investment Fund		
Mellon Capital Management Corporation	122,305	\$ 55,322,892
EB MCM Daily Valued Stock Index Fund		
Mellon Capital Management Corporation	17,535	75,160,647
EB MCM Daily Valued Dynamic U.S Equity Fund		
Mellon Capital Management Corporation	163,530	56,241,069
EB MCM Daily Valued Aggregate Bond Index Fund		
Mellon Capital Management Corporation	92,170	51,332,725
Allianz Structured Alpha 1000 Plus LLC		
Allianz Structured Alpha 1000 Plus LLC	49,871,491	49,871,491

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Fund's investment policy allows 18%-24% of equity securities be invested in foreign markets. The Fund's exposure to foreign currency risk at August 31, 2020 and 2019 was as follows:

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

Local Currency Name	2020		
	Equity	Fixed Income	Total
Australian Dollar	\$ 5,499,579	\$ -	\$ 5,499,579
Bahamian Dollar	790,714	-	790,714
Bermudian Dollar	265,643	-	265,643
Brazilian Real	4,091,969	-	4,091,969
British Pound	18,186,814	-	18,186,814
Canadian Dollar	5,694,766	-	5,694,766
Chilean Peso	465,406	-	465,406
Chinese Renminbi	14,309,774	-	14,309,774
Danish Krone	2,760,078	-	2,760,078
Euro Currency Unit	43,417,556	-	43,417,556
Hong Kong Dollar	5,881,673	-	5,881,673
Indian Rupee	3,305,922	-	3,305,922
Indonesian Rupiah	1,153,170	-	1,153,170
Israeli Shekel	1,074,482	-	1,074,482
Japanese Yen	34,107,909	-	34,107,909
Jordan Dinar	29,603	-	29,603
Macau Pataca	74,973	-	74,973
Malaysian Ringgit	921,561	-	921,561
Mexican Peso	422,827	-	422,827
New Zealand Dollar	565,007	-	565,007
Norwegian Krone	417,335	-	417,335
Peru Sol	120,444	-	120,444
Philippine Peso	584,677	-	584,677
Polish Zloty	145,676	-	145,676
Qatari Riyal	187,804	-	187,804
Russian Ruble	958,930	-	958,930
Saudi Arabia Riyal	749,306	-	749,306
Singapore Dollar	1,708,803	-	1,708,803
South African Rand	2,461,350	-	2,461,350
South Korean Won	6,083,960	-	6,083,960
Swedish Krona	4,891,392	-	4,891,392
Swiss Franc	12,874,323	-	12,874,323
Taiwanese Dollar	6,924,356	-	6,924,356
Thai Baht	1,164,820	-	1,164,820
Turkish Lira	139,823	-	139,823
United Arab Emirates Dirham	87,197	-	87,197
Total	\$ 182,519,622	\$ -	\$ 182,519,622

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

Local Currency Name	2019		
	Equity	Fixed Income	Total
Argentine Peso	\$ -	\$ 2,867,247	\$ 2,867,247
Australian Dollar	4,010,245	-	4,010,245
Bermudian Dollar	180,166	-	180,166
Brazilian Real	3,106,176	7,414,174	10,520,350
British Pound	14,816,114	-	14,816,114
Canadian Dollar	4,292,891	-	4,292,891
Chilean Peso	525,306	-	525,306
Chinese Renminbi	7,582,271	-	7,582,271
Columbian Peso	147,595	2,520,946	2,668,541
Danish Krone	1,813,711	-	1,813,711
Euro Currency Unit	29,866,048	-	29,866,048
Ghanaian Cedi	-	2,134,136	2,134,136
Hong Kong Dollar	5,833,417	-	5,833,417
Indian Rupee	3,233,012	-	3,233,012
Indonesian Rupiah	971,737	5,678,777	6,650,514
Israeli Shekel	1,424,742	-	1,424,742
Japanese Yen	20,801,536	-	20,801,536
Kenyan Shilling	-	247,065	247,065
Macau Pataca	66,041	-	66,041
Malaysian Ringgit	839,030	-	839,030
Mexican Peso	843,896	4,669,966	5,513,862
New Zealand Dollar	757,351	-	757,351
Norwegian Krone	447,474	-	447,474
Philippine Peso	425,119	417,202	842,321
Polish Zloty	225,160	-	225,160
Qatari Riyal	75,843	-	75,843
Russian Ruble	853,913	-	853,913
Singapore Dollar	1,342,856	-	1,342,856
South African Rand	2,928,550	16,664	2,945,214
South Korean Won	4,477,010	6,619,269	11,096,279
Swedish Krona	3,082,658	-	3,082,658
Swiss Franc	7,870,437	2,336	7,872,773
Taiwanese Dollar	4,194,564	-	4,194,564
Thai Baht	780,051	3,181,311	3,961,362
Turkish Lira	158,903	-	158,903
Ukrainian Hryvnia	-	166,970	166,970
United Arab Emirates Dirham	42,242	-	42,242
Total	\$ 128,016,065	\$ 35,936,063	\$ 163,952,128

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 3: DEPOSITS, CASH EQUIVALENTS, INVESTMENTS AND SECURITY LENDING (Continued)

Security Lending Transactions

State statutes and board of trustees' policies permit the Fund to lend its securities to broker/dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Fund currently participates in a security lending short duration lending pool. All securities loans can be terminated on demand by either the Fund or the borrower, although the average term of the loans is one week. The relationship between the maturities of the investment pool and the system's loans is affected by the maturities of the securities loans made by other entities that can use the agent's pool, which the Fund cannot determine.

Custodial credit risk for securities lending transactions is the risk that, in the event of the failure of the counterparty, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For the years ended August 31, 2020 and 2019, the Fund had no credit risk exposure to borrowers because the amounts of the Fund owes the borrowers exceed the amounts the borrowers owe the Fund. Fair value of securities loaned by type of investment at August 31 was as follows:

	<u>2020</u>	<u>2019</u>
Corporate Stocks	\$ 7,916,824	\$ 25,766,839

Rate of Return

For the years ended August 31, 2020 and 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.08% and 1.95%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 4: DISCLOSURES ABOUT FAIR VALUE OF ASSETS

Fair Value Measurements

GASB 72, Fair Value Measurements and Application, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 inputs to the valuation methodology is unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 inputs to the valuation methodology are inputs that are unobservable and significant to the fair value measurement.

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements

NOTE 4: DISCLOSURES ABOUT FAIR VALUE OF ASSETS (Continued)

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statements of fiduciary net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31, 2020 and 2019:

	August 31, 2020	2020 Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
Corporate bonds and notes	\$ 87,807	\$ 87,807	\$ -	\$ -
Total debt securities	87,807	87,807	-	-
Corporate Stocks				
All cap equity	41,794,276	40,159,633	1,634,643	-
Small/Mid cap equity	51,405,493	51,405,493	-	-
Total corporate stocks	93,199,769	91,565,126	1,634,643	-
Master limited partnerships	-	-	-	-
Total investments by fair value level	93,287,576	\$ 91,652,933	\$ 1,634,643	\$ -

Investments Measured at the Net Asset Value (NAV) (a)

Bank collective investment funds	
Large cap index	106,356,891
Large cap dynamic	77,965,370
International equity developed	81,873,837
Total bank collective investment funds	266,196,098
Commingled funds - fixed income	
Fixed income opportunistic	-
Fixed income core index	128,051,475
Total commingled funds - fixed income	128,051,475
Commingled funds - corporate stocks	
Fixed income core index	137,774,731
International equity - all country small cap	35,698,435
International equity - emerging markets	34,983,459
Total commingled funds - corporate stocks	208,456,625
Real Estate	
Private real estate	72,038,810
Total real estate	72,038,810
Private equity investments	94,726,154
Total investments measured at the NAV	769,469,162
Total investments measured at fair value	\$ 862,756,738

(a) Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of fiduciary net position.

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements

NOTE 4: DISCLOSURES ABOUT FAIR VALUE OF ASSETS (Continued)

	2019			
	Fair Value Measurements Using			
	August 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities				
U.S government securities	\$ 39,352,164	\$ -	\$ 39,352,164	\$ -
Corporate bonds and notes	37,835,223	-	37,835,223	-
Total debt securities	77,187,387	-	77,187,387	-
Corporate Stocks				
All cap equity	32,113,390	32,113,390	-	-
Small/Mid cap equity	63,609,150	63,609,150	-	-
Total corporate stocks	95,722,540	95,722,540	-	-
Master limited partnerships	18,443,282	18,443,282	-	-
Total investments by fair value level	191,353,209	\$ 114,165,822	\$ 77,187,387	\$ -
Investments Measured at the Net Asset Value (NAV) (a)				
Absolute return investments	95,310,343			
Bank collective investment funds				
Large cap index	75,160,647			
Large cap dynamic	56,241,069			
International equity developed	55,322,892			
Total bank collective investment funds	186,724,608			
Commingled funds - fixed income				
Fixed income opportunistic	35,936,062			
Fixed income core index	51,332,725			
Total commingled funds - fixed income	87,268,787			
Commingled funds - corporate stocks				
International equity - all country	27,283,436			
International equity - all country small cap	24,229,534			
International equity - emerging markets	25,860,032			
Total commingled funds - corporate stocks	77,373,002			
Real Estate				
Private real estate	73,437,789			
Total real estate	73,437,789			
Private equity investments	76,494,426			
Total investments measured at the NAV	596,608,955			
Total investments measured at fair value	\$ 787,962,164			

(a) Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of fiduciary net position.

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of fiduciary net position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended August 31, 2020.

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements

NOTE 4: DISCLOSURES ABOUT FAIR VALUE OF ASSETS (Continued)

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table:

	Fair Value at August 31, 2020	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Absolute return investments	\$ -		Daily	Daily to 30 days
Large cap index	106,356,891		Daily	1 day
Large cap dynamic	77,965,370		Daily	Daily
International equity - developed	81,873,837		Daily	2 days
Fixed income opportunistic	-		Daily	Daily
Fixed income core index	265,826,206		Daily	2 days
All cap equity	-		Daily	Daily
International equity - all country	-		Daily	3 days
International equity - all country small cap	35,698,435		Daily	Daily
International equity - emerging markets (commingled)	34,983,459		Daily	30 days
Private real estate	72,038,810		Daily	90 days
Private equity investments	94,726,154	\$ 36,927,328	Daily	5 days
Total investments measured at the NAV	\$ 769,469,162			

	Fair Value at August 31, 2019	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Absolute return investments	\$ 95,310,343		Daily	Daily to 30 days
Large cap index	75,160,647		Daily	1 day
Large cap dynamic	56,241,069		Daily	Daily
International equity - developed	55,322,892		Daily	2 days
Fixed income opportunistic	35,936,062		Daily	Daily
Fixed income core index	51,332,725		Daily	2 days
International equity - all country	27,283,436		Daily	3 days
International equity - all country small cap	24,229,534		Daily	Daily
International equity - emerging markets (commingled)	25,860,032		Daily	30 days
Private real estate	73,437,789		Daily	90 days
Private equity investments	76,494,426	\$ 47,333,675	Daily	5 days
Total investments measured at the NAV	\$ 596,608,955			

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 5: NET PENSION LIABILITY

The components of the net pension liability of the City at August 31, were as follows:

	2020	2019
Total pension liability	\$ 1,083,475,771	\$ 1,054,386,823
Plan's fiduciary net position	877,989,396	806,623,991
City's net pension liability	\$ 205,486,375	\$ 247,762,832

Plan's fiduciary net position as a percentage of the total pension liability	81.03%	76.50%
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Actuarial Assumptions

The total pension liability as of August 31, 2020 and 2019, was determined based on September 1, 2018 data using the following actuarial assumptions:

Cost of living benefits increases	None
Inflation	3.0%
Salary increases	3.0%, average, including inflation
Investment rate of return	7.5%, compounded annually, net of expenses
Actuarial cost method	Entry-age-normal-level percentage of pay
Asset valuation method	Plan invested assets are reported at fair value

Mortality rates for non-disabled participants are based on the RP-2014 employee tables with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants are based on the RP-2014 Tables for Disabled Lives.

The actuarial assumptions used in the September 1, 2018 valuation were based on the results of an actuarial experience study performed on 2018.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 5: NET PENSION LIABILITY (Continued)

The long-term expected rate of return on pension fund investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) and developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension fund's target asset allocation as of August 31, 2020 and 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	6.99%
International equity	6.45%
Fixed income	0.37%
Real estate	4.81%
Private equity	10.62%
Alternatives	3.03%

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions will be based on the rates established by Ordinance. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability in accordance with the method prescribed by GASB 67. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.07% as of August 31, 2020. The corresponding rate was 3.58% as of August 31, 2019.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability as of August 31, 2020, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's net pension liability	\$ 338,070,081	\$ 205,486,375	\$ 110,488,487

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2020 was as follows:

	Balance August 31, 2019	Additions	Deletions	Balance August 31, 2020
Capital assets not being depreciated				
Land	\$ 958,774	\$ -	\$ (437,600)	\$ 521,174
Total capital assets not being depreciated	958,774	-	(437,600)	521,174
Capital assets being depreciated				
Buildings and improvements	1,325,135	143,655	-	1,468,790
Furniture and equipment	241,787	59,929	-	301,716
Software	835,000	-	-	835,000
Total capital assets being depreciated	2,401,922	203,584	-	2,605,506
Less accumulated depreciation				
Buildings and improvements	(30,368)	(36,174)	-	(66,542)
Furniture and equipment	(23,040)	(38,596)	-	(61,636)
Software	(153,083)	(167,000)	-	(320,083)
Total accumulated depreciation	(206,491)	(241,770)	-	(448,261)
Total capital assets, net of depreciation	\$ 3,154,205	\$ (38,186)	\$ (437,600)	\$ 2,678,419

Depreciation expense of \$241,770 for the year ended August 31, 2020 was charged to administrative expenses.

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements**

NOTE 6: CAPITAL ASSETS (Continued)

Capital asset activity for the year ended August 31, 2019 was as follows:

	Balance August 31, 2018	Additions	Deletions	Balance August 31, 2019
Capital assets not being depreciated				
Land	\$ 942,044	\$ 16,730	\$ -	\$ 958,774
Construction in progress	2,168,976	-	(2,168,976)	-
Total capital assets not being depreciated	3,111,020	16,730	(2,168,976)	958,774
Capital assets being depreciated				
Buildings and improvements	-	95,828	1,229,307	1,325,135
Furniture and equipment	-	102,118	139,669	241,787
Software	-	35,000	800,000	835,000
Total capital assets being depreciated	-	232,946	2,168,976	2,401,922
Less accumulated depreciation				
Buildings and improvements	-	(30,368)	-	(30,368)
Furniture and equipment	-	(23,040)	-	(23,040)
Software	-	(153,083)	-	(153,083)
Total accumulated depreciation	-	(206,491)	-	(206,491)
Total capital assets, net of depreciation	\$ 3,111,020	\$ 43,185	\$ -	\$ 3,154,205

Depreciation expense of \$206,491 for the year ended August 31, 2019 was charged to administrative expenses.

NOTE 7: FUND TERMINATION

Although not anticipated, should the Fund terminate at some future time, its net position generally will not be available on a pro rata basis to provide participants' benefits. Whether a particular participant's accumulated benefits will be paid depends on the priority of those benefits. Benefits under the Fund are not guaranteed by the Pension Benefit Guaranty Corporation.

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Notes to Financial Statements

NOTE 8: PLAN TAX STATUS AND ERISA

The Fund is a PERS and is exempt from federal income taxes and the provisions of the *Employee Retirement Income Security Act of 1974* ("ERISA"). Additionally, the Plan obtained its latest determination letter on May 29, 2013, in which the Internal Revenue Service stated that the Plan and related trust, as then designed, were in compliance with the applicable requirements of the *Internal Revenue Code* ("IRC") and therefore not subject to tax. The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the IRC.

NOTE 9: RELATED PARTY TRANSACTIONS

An affiliate of the Fund's custodian is an investment manager for the Fund, which managed \$356,022,455 and \$238,057,333 of the Fund's investments at August 31, 2020 and 2019, respectively. As of August 31, 2019 and 2018, the Fund accrued investment management fees of \$55,645 and \$42,788, respectively, for the services of that investment manager. For the years ended August 31, 2020 and 2019, the Fund incurred \$466,402 and \$230,553, respectively, in management fees with this investment manager.

Required Supplementary Information

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Schedule of Changes in Net Pension Liability and Related Ratios

<i>For the year ended August 31,</i>	2020	2019
Total Pension Liability		
Service cost	\$ 21,392,493	\$ 20,769,411
Interest	78,045,365	75,886,822
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments, including refunds of employee contributions	(70,348,910)	(66,648,577)
Net change in total pension liability	29,088,948	30,007,656
Total pension liability, beginning of year	1,054,386,823	1,024,379,167
Total pension liability, end of year (a)	\$ 1,083,475,771	\$ 1,054,386,823
Plan Fiduciary Net Position		
Contributions - employer	\$ 25,296,642	\$ 26,424,696
Contributions - plan member	16,114,139	15,746,549
Net investment income	102,470,526	12,819,847
Benefit payments, including refunds of employee contributions	(70,376,992)	(66,571,770)
Administrative expenses	(2,138,910)	(1,761,619)
Net change in plan fiduciary net position	71,365,405	(13,342,297)
Plan fiduciary net position, beginning of year	806,623,991	819,966,288
Plan fiduciary net position, end of year (b)	\$ 877,989,396	\$ 806,623,991
City's net pension liability, end of year = (a) - (b)	\$ 205,486,375	\$ 247,762,832
Plan's fiduciary net position as a % of total pension liability	81.03%	76.50%
Covered payroll	\$ 177,409,564	\$ 172,242,295
Plan's net pension liability as a % of covered payroll	115.83%	143.85%

Notes to Schedule:

Schedule is intended to show information for 10 years. However, until a full 10-year trend is compiled, years for which the information is available will be presented.

	2018	2017	2016	2015	2014
\$	20,418,111	\$ 20,418,111	\$ 23,021,764	\$ 22,243,250	\$ 20,691,396
	72,439,238	70,199,486	66,845,529	64,244,529	61,812,817
	16,640,620	-	(22,728,241)	115,295	4,691,256
	-	-	37,572,898	-	-
	(61,114,382)	(60,394,115)	(54,383,629)	(50,788,937)	(52,592,834)
	48,383,587	30,223,482	50,328,321	35,814,137	34,602,635
	975,995,580	945,772,098	895,443,777	859,629,640	825,027,005
\$	1,024,379,167	\$ 975,995,580	\$ 945,772,098	\$ 895,443,777	\$ 859,629,640
\$	25,651,488	\$ 25,327,071	\$ 23,370,111	\$ 22,916,913	\$ 21,830,044
	15,540,713	15,154,341	14,886,249	14,595,935	14,039,600
	65,372,489	75,370,973	40,260,073	(17,872,916)	107,723,189
	(61,114,382)	(61,077,565)	(54,383,629)	(50,788,937)	(52,592,834)
	(2,036,643)	(1,325,640)	(1,417,530)	(1,355,351)	(1,143,272)
	43,413,665	53,449,180	22,715,274	(32,504,356)	89,856,727
	776,552,623	723,103,443	700,388,169	732,892,525	643,035,798
\$	819,966,288	\$ 776,552,623	\$ 723,103,443	\$ 700,388,169	\$ 732,892,525
\$	204,412,879	\$ 199,442,957	\$ 222,668,655	\$ 195,055,608	\$ 126,737,115
	80.05%	79.57%	76.46%	78.22%	85.26%
\$	167,255,529	\$ 161,026,109	\$ 156,336,028	\$ 158,990,084	\$ 153,613,308
	122.22%	123.86%	142.43%	122.68%	82.50%

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Schedule of Employer Contributions**

<i>For the year ended August 31,</i>	2020	2019
Actuarially determined contributions (ADC)*	\$ 17,568,714	\$ 16,488,437
Contributions related to the ADC	27,369,717	25,761,130
Contributions deficiency (excess)	(9,801,003)	(9,272,693)
Covered payroll (payroll)	\$ 172,242,295	\$ 167,255,529
Contributions as a percentage of payroll	15.89%	15.40%

* Based on estimated payroll

2018	2017	2016	2015	2014
\$ 16,086,508	\$ 16,274,581	\$ 18,306,287	\$ 18,848,390	\$ 21,501,985
25,651,488	25,327,071	23,370,111	22,916,913	21,739,159
(9,564,980)	(9,052,490)	(5,063,824)	(4,068,523)	(237,174)
<u>\$ 161,026,108</u>	<u>\$ 156,336,028</u>	<u>\$ 158,990,084</u>	<u>\$ 153,613,608</u>	<u>\$ 152,911,275</u>
15.93%	16.20%	14.70%	14.92%	14.22%

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Schedule of Investment Returns**

	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	12.08%	1.95%	8.74%	10.29%	6.36%	-2.86%	17.22%

Note: This schedule is presented to illustrate the requirement to show 10 years of information. However, until a full 10-year trend is compiled, years for which the information is available will be presented.

Other Supplementary Information

City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Comparative Summary of Revenue by Source and Expense by Type

Revenue by Source*

Years Ended August 31,	Interest, Dividends and Net Securities Lending Income	Employer Contributions (a)	Plan Member Contributions (a)	Net Appreciation (Depreciation) in Fair Value of Investments	Total	Employer Contributions as a Percentage of Covered Payroll
2020	\$ 6,477,162	\$ 25,296,642	\$ 16,114,139	\$ 99,563,115	\$ 147,451,058	14.05%
2019	7,759,257	26,424,696	15,746,549	7,981,580	57,912,082	14.05%
2018	6,459,227	25,327,071	15,154,341	74,716,005	121,656,644	14.05%
2017	7,563,107	23,370,111	14,886,249	37,856,062	83,675,529	14.05%
2016	7,433,579	22,916,913	14,595,935	(21,734,515)	23,211,912	14.05%
2015	8,039,815	21,830,044	14,039,600	103,082,579	146,992,038	13.45%
2014	9,096,062	20,499,707	13,328,629	63,890,162	106,814,560	12.85%
2013	5,162,832	19,181,091	12,607,172	43,642,344	80,593,439	12.25%

* Excludes increase (decrease) in commission credits receivable

Expenses by Type

Years Ended August 31,	Benefits	Refunds	Investment Fees (b)	Administrative Expenses	Total
2020	\$ 66,555,726	\$ 3,737,266	\$ 3,589,807	\$ 2,138,910 (c)	\$ 76,021,709
2019	62,251,632	4,215,138	2,987,728	1,761,619 (c)	71,216,117
2018	57,972,792	3,104,773	5,783,774	1,325,640	68,186,979
2017	51,554,209	2,829,420	5,104,720	1,417,530	60,905,879
2016	48,419,841	2,369,096	3,510,570	1,355,351	55,654,858
2015	49,375,280	3,217,554	3,336,994	1,143,272	57,073,100
2014	43,021,060	2,159,129	2,932,444	1,176,347	49,288,980

(a) Employee and employer contribution rates are based upon local statutes; contribution rates are not actuarially determined

(b) Investment fees are made up entirely of investment manager fees

(c) Detail listed on Comparative Summary of Administrative Expenses

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Comparative Summary of Administrative Expenses
For the Years Ended August 31, 2020 and 2019**

	2020		2019
Custodian/custodial fees	\$ 62,106	\$	366,576
Consulting fees	298,287		294,649
Legal	291,230		145,877
Travel/education-employee	2,138		8,411
Audit/accounting	40,000		2,200
Actuary	82,589		63,885
Wages and benefits	697,716		634,260
Other operating expenses	217,378		25,937
Depreciation	241,770		206,491
Software and computer fees	-		13,333
One time fees	205,696		-
Total administrative expenses	\$ 2,138,910	\$	1,761,619

**City of El Paso Employees Retirement Trust
(A Component of the City of El Paso, Texas)
Schedule of Investment Manager Expenses
For the Years Ended August 31, 2020 and 2019**

	2020	
	Fair Value of Assets Under Management	Total Fees
U.S. government securities managers	\$ -	\$ -
Corporate bonds and notes manager	87,807	465,027
Corporate stock managers	93,199,769	1,032,495
Bank collective investments funds managers	266,196,098	428,756
Commingled funds: fixed income funds managers	128,051,475	417,431
Commingled funds: corporate stocks managers	208,456,625	516,095
Private real estate Managers	72,038,810	523,634
Private equity investment managers	94,726,154	-
Absolute returns investment managers	-	100,025
Master limited partnership Managers	-	106,344
Total	\$ 862,756,738	\$ 3,589,807

2019

Fair Value of Assets			
Under Management		Total Fees	
\$	36,477,002	\$	100,497
	40,710,385		339,779
	95,722,540		627,011
	186,724,608		219,945
	87,268,787		335,579
	77,373,002		427,088
	73,437,789		371,918
	76,494,426		-
	95,310,343		362,697
	18,443,282		203,214
<hr/>		<hr/>	
\$	787,962,164	\$	2,987,728

INVESTMENT SECTION



March 12, 2021

Board of Trustees
City of El Paso Employees' Retirement Trust
1039 Chelsea
El Paso, TX 79903

RE: Report on Fiscal Year 2020's Investment Activities

Dear Board Members:

The El Paso City Council created a City Employees' Pension Board of Trustees that makes investments for the sole interest of the participants and beneficiaries of the City of El Paso Employees Retirement Trust (the Fund). The primary purpose of the investments is to generate appropriate risk-adjusted rates of return that, in combination with a sound actuarial funding policy, will enable the Fund to pay all pension benefit obligations when due. The Fund's fiscal year-end is August 31st.

The Fund maintains a policy of broad diversification to help control the volatility of achieving the target rate of return over the long run. The Board understands that its target rate of return is associated with a certain degree of risk. Any risk resulting from the implementation of the Fund's investment policy must be done in a prudent, thoughtful, non-speculative manner.

Fund assets are to be invested with the care, skill, and diligence that a prudent person acting in a like capacity would undertake. The Board acknowledges that, in the process, they have the goal of controlling costs associated with the administration and management of the Fund's investments.

In establishing its risk tolerance, the Board considered its ability to withstand short- and intermediate-term volatility given the nature of contemporaneous market conditions. The Board also reviewed the long-term characteristics of various asset classes, focusing on balancing risk with expected return. As of August 31, 2020, the Fund's strategic asset allocation policy included the following six asset classes: domestic equity; international equity; fixed income; private equity; real estate; and cash.

The table on the following page shows how the Fund was invested in those six asset classes in dollars and as a percent of the Total Fund at the end of fiscal-year 2020.

**City of El Paso Employees Retirement Trust Asset
Allocation as of August 31, 2020**

Asset Class	Fair Value (\$000)	Allocation (%)
Domestic Equity	319,537	37%
International Equity	190,781	22%
Private Equity	92,992	11%
Domestic Fixed Income	192,235	22%
Real Estate	71,331	8%
Cash	4,667	1%
Total	871,550	100%

The Board, with information and advice provided by their investment consultant, closely monitors the Fund's asset mix to assure compliance with the adopted Investment Policy Statement and appropriate city ordinances that regulate the investment process.

On an ongoing basis, the Board implements a performance measurement and evaluation process that examines rates of return for the Total Fund, the six major asset classes, and the fund's individual managers. The Board compares returns to broad market indices and relevant "peer groups" of investment managers with similar investment styles. Investment measurements and comparisons have been made using standard performance evaluation methods and results are presented in a manner consistent with investment industry best practices. All returns are time-weighted rates of return calculated by the Fund's investment consultant on the basis of fair value and cash flow data provided by the Fund's bank custodian.

The Fund's net total return and target benchmark return for the fiscal year, the last three, five, seven, and ten years ended August 31, 2020 are provided in the table below.

	Annualized Return				
	1 Year	3 Year	5 Year	7 Year	10 Year
Total Fund (Net)	11.7%	7.2%	7.6%	7.4%	8.6%
Strategic Blended Index	13.1%	8.3%	8.5%	8.0%	9.2%

Yours truly,



Alex Browning
Callan, LLC
Senior Vice President

Investment Managers

Domestic Equity

- Mellon Equity Index
- Mellon Dynamic US Equity
- Vulcan All Cap
- Wedge
- Riverbridge

International Equity

- Mellon International Stock Index
- Franklin Templeton Int'l Equity
- Lazard International Equity
- AQR Emerging Markets

Private Equity

- PAPEF VII
- PASF II
- PAPEF VIII
- PASF III
- PAPEF IX

Domestic Fixed Income

- Mellon Aggregate Index
 - Janus Core Plus
 - Franklin Templeton Global Plus
-

Real Estate

- UBS Trumbull Fund
- Heitman

MLP

- Salient Advisors

Absolute Return

- Allianz
- AQR Style Premia
- Invesco

**City of El Paso Employees Retirement Trust
(A Component Unit of the City of El Paso, Texas)**

Investment Guidelines

General

The Board is responsible for the investment of all assets and for establishing policies and practices. All investments shall be made for the purposes of providing benefits to participants and their beneficiaries and defraying the expenses related to administering the Fund as determined by the Board.

The Board may, at its discretion, retain investment advisors to manage all or a portion of the Fund assets. These advisors shall be selected from established and financially sound organizations which have a proven and demonstrable record in managing funds with characteristics appropriate for the risk/return profile of the Fund assets. The selection process will involve a disciplined approach that will be fully documented for the Board's records.

All assets should be properly diversified to reduce the potential of a single security or single sector of securities having a disproportionate impact on the portfolio.

Given the expense, difficulty of obtaining adequate diversification, related custody costs and ultimate size of the Fund's commitments to various asset classes, commingled funds may be used as the vehicle for the investment in such asset classes. In such cases, the investment guidelines will be governed by the fund's governing documents.

The following guidelines would apply to investment mandates utilized by the Fund:

Large Cap Index Equity

Investment Guidelines

This investment will be passively managed. Permissible investments are S&P 500 Index or Russell 1000 commingled funds or Exchange Traded Funds (ETFs).

As such, the investment guidelines will be governed by the fund's governing documents.

Investment Objective

The investment objective is to achieve a return approximating the total return of the S&P 500 or Russell 1000 Indexes before fees.

Large Cap Dynamic

Investment Guidelines

In order to ensure adequate diversification and prudently manage the costs, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents.

Investment Objective

The investment objective is to achieve long-term capital appreciation and out-perform the S&P 500 Index.

Investment Strategy

The Portfolio will actively allocate assets across the equity, fixed income, and cash markets of the United States. The volatility of the portfolio should be similar or less than the S&P 500 Index. The assets of the Portfolio may be invested in securities, derivatives, and a combination of other collective funds.

Portfolio Restrictions

Long and short positions in financial futures, options on financial futures, index options, exchange-traded options, and over-the-counter options, may be used.

Cash investments or assets used as collateral underlying the derivatives positions may be comprised of other collective funds and short to medium-term debt of investment grade that may include, without limitation, Treasury bills and notes, corporate obligations, commercial paper, repurchase agreements, and obligations of government sponsored enterprises.

Small/Mid Cap Equity

Investment Guidelines

Investment Objective

The investment objective is to achieve long-term capital appreciation and out-perform the manager's style specific Russell 2500 Index.

Investment Strategy

The Portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations greater than \$500 million and under \$15 billion; the market capitalization of certain securities may be less than or greater than this range at times. The portfolio may invest in publicly traded stocks of U.S. corporations, American Depository Receipts (ADRs), publicly traded stocks of foreign corporations listed on U.S. stock exchanges, Exchange Traded Funds (ETFs), and short-term investments, money market instruments or equivalent.

Portfolio Restrictions

Company Weightings – The maximum position size in any one company will be 5% of the portfolio value at the time of purchase and shall not exceed a maximum appreciated position size of 8% of the portfolio value.

Leverage, short sales, and buying and selling on margin are not permitted.

Cash – Under normal circumstances, the Portfolio may invest up to 5% of its assets in cash and cash equivalents (exclusive of cash necessary for the settlement of transactions).

All Cap Equity

Investment Guidelines

Investment Objective

The investment objective is to achieve long-term capital appreciation and out-perform the Russell 3000 Index. In addition, the goal is to achieve a meaningful return above inflation over a 5-year period.

Investment Strategy

The Portfolio will invest primarily in equity and equity-related securities of issuers that are located in the United States with market capitalizations that span the broad equity market in a concentrated manner, generally with 20-80 holdings. The portfolio may invest in publicly traded stocks of U.S. corporations, American Depositary Receipts (ADRs), publicly traded stocks of foreign corporations, Exchange Traded Funds (ETFs), and short-term investments, money market instruments or equivalent.

Portfolio Restrictions

Leverage, short sales, and buying and selling on margin are not permitted.

Cash – The Portfolio may hold cash if securities meeting the manager's criteria are not available.

International Equity-Developed Index

Investment Guidelines

This investment will be passively managed. Permissible investments are MSCI EAFE Index commingled funds or Exchange Traded Funds (ETFs).

In order to ensure adequate diversification and prudently manage the costs associated with the custody of international investments, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents.

International Equity-All Country

Investment Guidelines

In order to ensure adequate diversification and prudently manage the costs associated with the custody of international investments, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents.

Investment Objective

The investment objective is to achieve long-term capital appreciation and out-perform the MSCI ACWI ex-US IMI Index.

Investment Strategy

The Portfolio will invest primarily in equity and equity-related securities of issuers that are located in, or that do significant business in, countries other than the United States, including emerging market countries. The Portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries.

Portfolio Restrictions

Company Weightings – The maximum position size will be 6% in any one company.

Country Weightings – The maximum position size will be 35% in any one country. The maximum emerging markets weight is the Index weight plus 15%.

Cash – Under normal circumstances, the Portfolio may invest up to 5% of its assets in cash and cash equivalents (exclusive of cash necessary for the settlement of transactions).

International Equity-Emerging Markets

Investment Guidelines

In order to ensure adequate diversification and prudently manage the costs associated with the custody of international investments, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents.

Investment Objective

The investment objective is to achieve long-term capital appreciation and out-perform the MSCI Emerging Markets Index.

Investment Strategy

The Portfolio will invest primarily in equity and equity-related securities of at least 80% of its assets in issuers that are located in, or that do significant business in emerging market countries. The Portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries.

Portfolio Restrictions

Company Weightings – The maximum position size will be 6% in any one company.

Country Weightings – The maximum position size will be 20% in any one country.

Cash – Under normal circumstances, the Portfolio may invest up to 5% of its assets in cash and cash equivalents (exclusive of cash necessary for the settlement of transactions).

International Equity-All Country Small Cap

Investment Guidelines

In order to ensure adequate diversification and prudently manage the costs associated with the custody of international investments, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents.

Investment Objective

The investment objective is to achieve long-term capital appreciation and out-perform the MSCI ACWI ex-US Small Cap Index.

Investment Strategy

The Portfolio will invest primarily in equity and equity-related securities of issuers that are located in, or that do significant business in, countries other than the United States, including emerging market countries. The Portfolio will invest in securities denominated in the currencies of a variety of countries, including emerging market countries.

Portfolio Restrictions

Company Weightings – The maximum position size will be 6% in any one company.

Country Weightings – The maximum position size will be 35% in any one country. The maximum emerging markets weight is the Index weight plus 15%.

Cash – Under normal circumstances, the Portfolio may invest up to 5% of its assets in cash and cash equivalents (exclusive of cash necessary for the settlement of transactions).

Fixed Income Core Index

Investment Guidelines

This investment will be passively managed. Permissible investments are Barclays Capital Aggregate Index commingled funds or Exchange Traded Funds (ETFs).

In order to ensure adequate diversification and prudently manage the costs associated with the custody fixed income investments, this investment will be made using a commingled fund.

As such, the investment guidelines will be governed by the fund's governing documents.

Fixed Income Core Plus

Investment Guidelines

Investment Objective:

- Provide a total return that exceeds that of the Benchmark Portfolio with a commensurate amount of risk (risk as defined by standard deviation).

A. Main Objective

The main objective for the management of the account is to outperform the benchmark, the Barclays U.S. Aggregate Bond Index, in a risk adjusted manner. The strategy is designed for long term investors who primarily seek total return.

B. Investment Universe and Limitations

1. Allowable Investments

- a. Corporate bonds and notes
- b. Government securities, including agencies
- c. Certificate of deposit
- d. Discount notes
- e. Repurchase agreements
- f. Bank Loans
- g. Asset backed and mortgage backed securities
- h. Depository receipts
- i. Real estate investment trusts (debt only)
- j. Publicly traded limited partnerships (debt only)
- k. Preferred and convertible preferred.
- l. 144A securities

2. General Restrictions

- a. The effective duration of the account will generally be +25%/-40% of the benchmark index, under normal circumstances.
- b. The account will generally not invest more than 15% of its net assets in cash and cash equivalents.
- c. The maximum issuer position size will be limited to 5% of net assets at the time of purchase, excluding those issued by the U.S. Government, its agencies, agency MBS, and approved derivative products.

- d. The account will not invest in equity securities, with the exception of preferred and convertible preferred securities, in which no more than 10% will be invested.
- e. The account may invest up to 15% of net assets at time of purchase, in illiquid securities. 144A securities deemed liquid by the Portfolio Manager or Head Fixed Income Trader will not be considered in the illiquid concentration.
- f. The account may invest up to 35% in non-investment grade bonds, at time of purchase. Non-investment grade bonds are defined as bonds that are rated non-investment grade by two of the three major ratings agencies (BB+ or lower by Standard & Poor's Rating Service and Fitch, Inc., or Ba1 or lower by Moody's Investors Service, Inc.).
- g. The dollar weighted average credit quality of the account will generally be AA or less, with a minimum dollar weighted average credit quality of BBB-.
- h. For split rated securities, the following methodology will be used:
 - i. If the security is rated by all three rating agencies (S&P, Moody's, and Fitch), the middle rating will apply.
 - ii. If the security is rated by all three rating agencies with two or more ratings the same, the majority rating will apply.
 - iii. If the security is rated by only two rating agencies the lowest rating will apply.

3. Foreign Securities

- a. The account may invest in U.S. dollar denominated securities issued by non-U.S. domiciled issuers and/or entities, although it intends to primarily invest in securities issued by U.S. domiciled issuers and/or entities.

4. Derivatives

- a. The account may invest in over the counter (OTC) and exchange traded futures, options, swaps (including index credit default swaps) and structured products. (Agreements will need to be put in place with counterparties prior to trading in these types of instruments.)

- b. The use of interest rate derivatives is acceptable to manage overall duration of the portfolio.
- c. The client will be notified prior to investing in any other type of derivative not referenced above.

5. Short Selling

- a. The account may sell securities short, including futures, swaps, structured products and call options.

6. Miscellaneous

- a. The account is to be managed in USD.
- b. The account will not employ leverage.
- c. Investment types not explicitly allowed in these guidelines may still be used by the manager if deemed to be appropriate. Client permission will be sought if the investment type is intended to be a primary strategy, defined as greater than 5% of net assets of the account.

Real Estate

Investment Guidelines

The Board reserves the right to consider investment of the Fund's assets in real property, either on a direct basis or as a participant in a commingled real estate fund managed by a bank, insurance company, or other professional real estate investment manager. Real estate investments will be diversified to the extent possible both by geographic location and property type.

Private real estate managers are expected to invest in private real estate equity located within the United States or the District of Columbia. The following types of investments may be purchased by the manager: private real estate equity, equity-orientated debt, mortgages, construction loans, mezzanine debt on real estate, and private investment vehicles in such instruments designed for tax-exempt investors. The emphasis in the portfolio will be on investments in the stabilized operating stages of their life cycle; however, riskier equity investments in the development, leasing, and redevelopment stages will also be considered in minority positions in the portfolios. The manager should manage risk by using investment quality assets for their type and location. The portfolio should be diversified by property type (office, retail, industrial, or residential) and by the various geographic regions of the country. Leverage is to be limited to no more than 30% of the fund.

Private Equity

Investment Guidelines

Introduction

The private equity investments made on behalf of City of El Paso Employees Retirement Trust ("CEPERT") will consist primarily of limited partnership investments in diversified private equity portfolios (e.g., venture capital, acquisition, special situation, subordinated debt, and restructuring funds, etc.). CEPERT will invest in private equity through institutional closed-end, finite-life commingled private equity fund-of-funds vehicles. Eligible fund-of-funds may employ either a primary partnership or secondary partnership strategy. The fund-of-funds vehicles will be limited liability partnerships, limited liability corporations, or group trusts. Investments directly in stand-alone corporate finance limited partnerships and direct investments in companies are not currently considered appropriate. The vehicle's manager(s) will have discretion with respect to the management of the fund-of-funds investment program, operating within the parameters delineated in the commingled fund's legal documentation.

To maintain an appropriate funded status on a net asset value basis, CEPERT will be required to make periodic commitments to additional fund-of-funds vehicles managed by either the same or different fund-of-funds managers. CEPERT's staff will work with the consultant and the managers to determine appropriate commitment timing and amounts and periodically present a recommended plan to the Investment Committee.

To ensure adequate access and diversification, CEPERT may utilize multiple fund-of-funds providers. There is no specific limit to the number of vendors to be utilized. However, CEPERT will limit the number of vendors employed to the extent practical. Only those firms committed to providing ongoing access to the private equity arena through fund-of-funds offerings, that have a demonstrated record of investing client funds in top tier private equity partnerships and that limit assets accepted for management to sums that can in fact be committed in top tier funds will be considered.

CEPERT recognizes that many well-qualified fund-of-funds providers make direct private equity investments within the fund-of-funds vehicles. Such investments are permissible provided that they constitute a comparatively small portion of the total fund of funds asset base (typically less than 20%). These direct investments are not required and CEPERT's staff, when provided a choice, may elect to exclude such investments.

Investment Objective

The investment objective of the private equity allocation is to achieve consistent positive real returns and to maximize long-term total return within prudent levels of risk through capital appreciation and diversification. CEPERT's holdings will be professionally managed on a cash-to-cash basis and will have broad exposure to all key private corporate finance strategies (e.g., venture capital, acquisition, special situation, etc.), with allocations to the various strategies diversified in a manner consistent with institutional private equity programs generally.

Performance Objectives

Due to the inevitability of short-term market fluctuations that may cause variations in the investments' performance and the long lead-time associated with private equity, it is intended that the performance objectives outlined below will be achieved by the fund-of-funds over the life of the vehicle(s), generally 12 years. However, the Board reserves the right to evaluate the funds' interim performance. Annual performance will be evaluated to test progress toward attainment of these longer-term goals. It is understood that there are likely to be short-term periods during which performance deviates from expectations. Minimum expectations are as follows:

1. It is expected that the private equity program will over rolling 5-year periods provide net of fee returns in excess of those available in the public markets. The return target for the private equity program is the Russell 3000 Index plus 300 basis points calculated on a time-weighted basis. The rate of return for the fund-of-funds will also be calculated on an internal rate of return basis net of all fees and expenses.
2. The fund's IRR performance will also be benchmarked on a vintage year basis against peer groups in the Thomson Reuter's Private Equity Database. These return comparisons will be net of underlying partnership fees and expenses, but gross of the fund-of-funds' fees and expenses. It is expected that the vehicles will attain performance rankings consistent with the top-quartile levels of return evidenced in the database.

Attainment of these objectives does not guarantee continued investment by the Board in a specific manager's fund-of-funds vehicles, nor does failure to achieve these guidelines ensure a lack of future investment support for follow-on vehicles. Providers are selected at the discretion of the Board.

In private equity investing there is the risk of sustaining a loss on any of the individual investments. It is CEPERT's expectation that, while specific investments may incur losses

of all or part of capital invested, a diversified portfolio of holdings will produce a positive rate of return in the expected range set forth above.

Guidelines

As private equity fund-of-funds vehicles are commingled, closed-end, finite-life limited liability entities, the investment guidelines will be determined by the fund-of-funds legal documentation. But, the vehicle's manager in managing the portfolio should take prudent care. In addition, the following stipulation(s) apply:

- The CEPERT funds invested in the pooled/fund-of-funds vehicle should not represent more than 20% of the total market value of the pooled/fund-of-funds. It is also preferred that this holds true for any other investor in these pooled/fund-of-funds.
- The manager of the fund-of-funds vehicle shall be a Bank or a registered advisor under the Investment Advisors Act of 1940.
- If the fund-of-funds provides the option of receiving distributions in cash or securities, the Trust will opt to receive cash.

Reporting Requirements

Reporting requirements will be governed by the fund-of-funds legal documentation, which at a minimum will provide for quarterly unaudited financial statements and other relevant investment holdings-related exhibits, and annual audited financial statements and relevant investment holdings-related exhibits.

Cash

Investment Guidelines

The investment objective is to produce a return that equates to prevailing short-term rates applicable to the quality specified below.

All monies not deployed in other permitted investments shall be invested in short-term investment vehicles as provided below.

Money market instruments shall include:

- Direct obligations of the U.S. Treasury including bills, notes, and bonds, and repurchase agreements secured by those obligations.
- U.S. Government and U.S. Treasury money market mutual funds that are SEC registered and comply with Rule 2(a)-7 under the Investment Company Act of 1940. The investment guidelines will be governed by the fund's governing documents.

Investment Manager Excess Returns

The table below details the rates of return for the fund's investment managers over various time periods ended August 31, 2020. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended August 31, 2020

	Last Month	Last 3 Months	Fiscal Year To Date	Last 3 Years	Last 5 Years
Domestic Equity	5.55%	13.53%	18.72%	13.34%	13.27%
Russell 3000 Index	7.24%	15.93%	21.44%	13.95%	13.86%
Excess Return	(1.70%)	(2.39%)	(2.72%)	(0.61%)	(0.59%)
Mellon Equity Index (06/94)	7.18%	15.48%	21.92%	14.45%	14.43%
S&P 500 Index	7.19%	15.48%	21.94%	14.52%	14.46%
Excess Return	(0.01%)	(0.00%)	(0.02%)	(0.06%)	(0.03%)
Mellon Dynamic US Equity (12/13)	6.49%	14.32%	23.53%	16.57%	17.38%
S&P 500 Index	7.19%	15.48%	21.94%	14.52%	14.46%
Excess Return	(0.70%)	(1.17%)	1.60%	2.06%	2.92%
Vulcan All Cap (12/13)(3)	4.03%	13.29%	14.26%	10.44%	10.36%
Russell 3000 Index	7.24%	15.93%	21.44%	13.95%	13.86%
Excess Return	(3.21%)	(2.63%)	(7.18%)	(3.51%)	(3.50%)
Wedge (12/11)(3)	4.53%	7.25%	(11.64%)	(3.32%)	2.72%
Wedge Spliced Index(1)	4.54%	9.69%	(4.96%)	2.06%	5.15%
Excess Return	(0.01%)	(2.44%)	(6.68%)	(5.38%)	(2.43%)
Riverbridge (10/13)	3.01%	13.61%	32.17%	22.20%	17.02%
Riverbridge Spliced Index(2)	4.50%	14.28%	21.99%	12.86%	11.69%
Excess Return	(1.49%)	(0.67%)	10.18%	9.34%	5.33%
International Equity	4.86%	14.31%	10.34%	2.82%	6.14%
MSCI ACWI ex-US IMI	4.58%	14.07%	8.66%	2.56%	5.85%
Excess Return	0.28%	0.24%	1.68%	0.26%	0.30%
Mellon International (03/13)	5.13%	11.36%	6.54%	2.79%	5.11%
MSCI EAFE Index	5.14%	11.26%	6.13%	2.34%	4.72%
Excess Return	(0.01%)	0.11%	0.41%	0.45%	0.39%
Franklin Templeton Int'l Eq (04/13)(5)	7.12%	14.73%	7.40%	1.20%	4.98%
MSCI ACWI ex-US Small Cap	6.58%	15.55%	10.96%	2.08%	6.45%
Excess Return	0.54%	(0.82%)	(3.56%)	(0.88%)	(1.48%)
Lazard International Equity (04/13)	5.90%	17.29%	16.10%	7.32%	7.45%
MSCI ACWI ex-US IMI	4.58%	14.07%	8.66%	2.56%	5.85%
Excess Return	1.32%	3.22%	7.44%	4.77%	1.61%
AQR Emerging Markets (05/14)(3)	0.98%	17.89%	15.36%	0.31%	7.58%
MSCI Emerging Mkts Idx	2.24%	19.71%	14.88%	3.21%	9.06%
Excess Return	(1.26%)	(1.82%)	0.48%	(2.91%)	(1.47%)
Private Equity	7.24%	5.83%	29.54%	18.51%	15.67%
Russell 3000 Index	7.24%	15.93%	21.44%	13.95%	13.86%
Excess Return	(0.00%)	(10.10%)	8.09%	4.56%	1.81%
PAPEF VII (01/13)(4)	7.24%	3.43%	38.59%	23.64%	18.53%
Russell 3000 Index	7.24%	15.93%	21.44%	13.95%	13.86%
Excess Return	(0.00%)	(12.50%)	17.15%	9.70%	4.67%
PASF II (01/13)(4)	7.24%	10.64%	14.80%	10.95%	10.38%
Russell 3000 Index	7.24%	15.93%	21.44%	13.95%	13.86%
Excess Return	(0.00%)	(5.28%)	(6.64%)	(3.00%)	(3.48%)
PAPEF VIII (04/16)(4)	7.24%	6.11%	29.52%	18.55%	-
Russell 3000 Index	7.24%	15.93%	21.44%	13.95%	13.86%
Excess Return	(0.00%)	(9.81%)	8.08%	4.60%	-
PASF III (01/17)(4)	7.24%	6.86%	22.72%	15.78%	-
Russell 3000 Index	7.24%	15.93%	21.44%	13.95%	13.86%
Excess Return	(0.00%)	(9.07%)	1.28%	1.83%	-
PAPEF IX (06/18)(4)	7.24%	6.95%	32.01%	-	-
Russell 3000 Index	7.24%	15.93%	21.44%	13.95%	13.86%
Excess Return	(0.00%)	(8.97%)	10.56%	-	-

All returns are net of fees.

Fiscal Year is September 1st - August 31st.

(1) The Wedge spliced index reflects historical mandate and benchmark changes and currently displays the Russell 2500 Value Index as of 4/1/2019.

(2) The Riverbridge spliced index reflects historical mandate and benchmark changes and currently displays the Russell 2500 Growth Index as of 4/1/2019.

(3) Fund is under watch.

(4) Portfolio Advisors is lagged 1 quarter, and proxied to the benchmark until quarter end data is received.

(5) Franklin Templeton Int'l Eq is proxied to its benchmark for the month of January 2020.

Investment Manager Excess Returns

The table below details the rates of return for the fund's investment managers over various time periods ended August 31, 2020. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized. The first set of returns for each asset class represents the composite returns for all the fund's accounts for that asset class.

Returns for Periods Ended August 31, 2020

	Last Month	Last 3 Months	Fiscal Year To Date	Last 3 Years	Last 5 Years
Fixed Income					
Blmbg Aggregate Index	(0.77%)	2.05%	8.32%	4.59%	4.26%
Excess Return	(0.81%)	1.31%	6.47%	5.09%	4.33%
Mellon Agg Index (01/06)	0.03%	0.74%	1.85%	(0.50%)	(0.07%)
Blmbg Aggregate Index	(0.82%)	1.29%	6.56%	4.88%	4.00%
Excess Return	(0.81%)	1.31%	6.47%	5.09%	4.33%
Excess Return	(0.02%)	(0.02%)	0.09%	(0.21%)	(0.33%)
Real Estate					
Real Estate Benchmark(6)	(0.49%)	(3.14%)	(3.57%)	1.53%	3.92%
Excess Return	(0.49%)	(1.47%)	(0.08%)	4.36%	6.00%
UBS Trumbull Fund (01/12)(3)(5)	0.00%	(1.67%)	(3.49%)	(2.83%)	(2.08%)
NFI-ODCE Equal Weight Net	(0.49%)	(3.54%)	(2.82%)	1.03%	3.28%
Excess Return	(0.49%)	(1.47%)	(0.08%)	4.36%	6.04%
Heitman (10/15)(5)	0.00%	(2.07%)	(2.74%)	(3.33%)	(2.76%)
NFI-ODCE Equal Weight Net	(0.49%)	(2.74%)	(4.31%)	2.05%	-
Excess Return	(0.49%)	(1.47%)	(0.08%)	4.36%	6.04%
Excess Return	0.00%	(1.27%)	(4.23%)	(2.31%)	-
Cash					
3-month Treasury Bill	0.00%	0.07%	1.91%	2.34%	2.14%
Excess Return	0.01%	0.04%	1.26%	1.72%	1.20%
Excess Return	(0.00%)	0.03%	0.65%	0.62%	0.95%
Total Fund					
Strategic Blended Index*	3.58%	8.46%	12.87%	7.41%	7.73%
Excess Return	3.91%	9.99%	12.94%	8.25%	8.49%
Excess Return	(0.32%)	(1.53%)	(0.08%)	(0.84%)	(0.76%)

* Current Month Target = 31.0% Russell 3000 Index, 24.0% Blmbg Aggregate, 21.0% MSCI ACWI ex US IMI, 13.0% Russell 3000 Index, 10.0% NCREIF NFI-ODCE Eq Wt Net and 1.0% 3-month Treasury Bill.

(3) Fund is under watch.

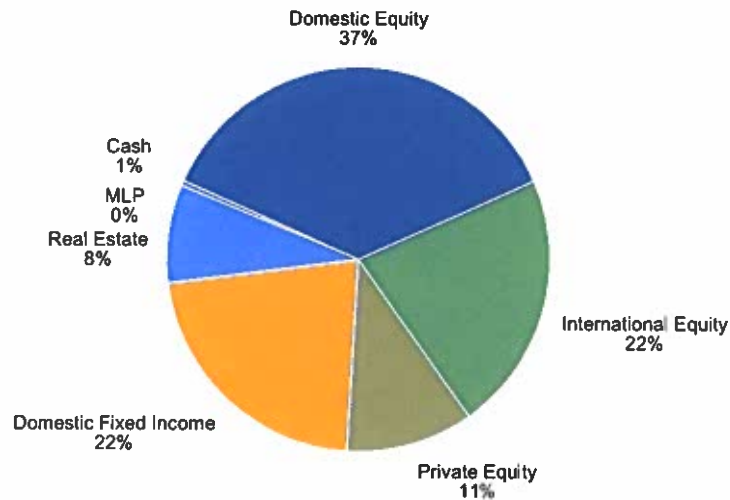
(5) UBS Trumbull and Heitman are proxied to the benchmark until quarter end data is received.

(6) The Real Estate Benchmark is the NFI-ODCE Equal Weight Net as of 1/31/2017.

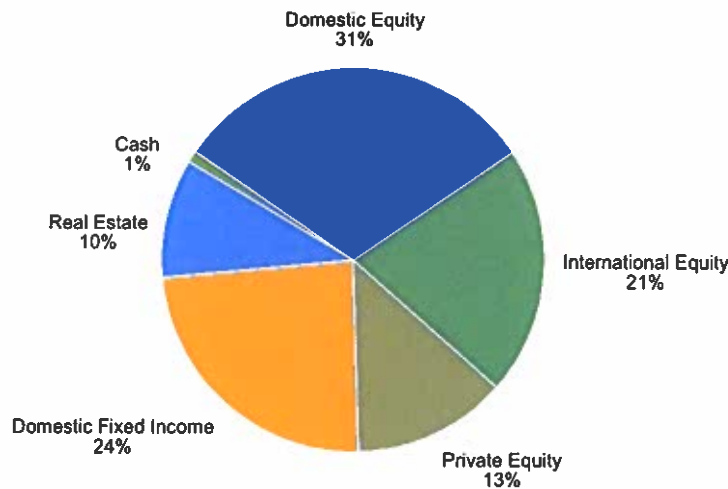
Actual vs Target Asset Allocation

The first chart below shows the Fund's asset allocation as of August 31, 2020. The second chart shows the Fund's target asset allocation as outlined in the investment policy statement.

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$Dollars Actual	Percent Actual	Percent Target	Percent Difference	\$Dollars Difference
Domestic Equity	319,537,117	36.7%	31.0%	5.7%	49,356,533
International Equity	190,780,852	21.9%	21.0%	0.9%	7,755,302
Private Equity	92,991,854	10.7%	13.0%	(2.3%)	(20,309,676)
Domestic Fixed Income	192,235,251	22.1%	24.0%	(1.9%)	(16,936,808)
Real Estate	71,330,831	8.2%	10.0%	(1.8%)	(15,824,197)
MLP	7,557	0.0%	0.0%	0.0%	7,557
Cash	4,666,803	0.5%	1.0%	(0.5%)	(4,048,700)
Total	871,550,265	100.0%	100.0%		

*Current Month Target Performance is calculated using monthly rebalancing.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of August 31, 2020, with the distribution as of July 31, 2020. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	August 31, 2020		Net New Inv.	Inv. Return	July 31, 2020	
	Market Value	Weight			Market Value	Weight
Domestic Equity	\$319,537,117	36.66%	\$(225,204)	\$16,963,480	\$302,798,841	35.83%
Mellon Equity Index	106,356,933	12.20%	(7,991)	7,130,923	99,234,002	11.74%
Mellon Dynamic US Equity	77,965,368	8.95%	(51,778)	4,805,314	73,211,832	8.66%
Vulcan All Cap(3)	44,349,092	5.09%	0	1,719,308	42,629,785	5.04%
Wedge(3)	38,592,222	4.43%	(59,043)	1,673,487	36,977,778	4.38%
Riverbridge	52,273,502	6.00%	(106,393)	1,634,449	50,745,445	6.01%
International Equity	\$190,780,852	21.89%	\$(145,816)	\$8,851,657	\$182,075,011	21.55%
Mellon International Stock Index	81,873,840	9.39%	(10,053)	4,008,830	77,875,062	9.22%
Franklin Templeton Int'l Equity	35,698,435	4.10%	(49,979)	2,371,745	33,376,669	3.95%
Lazard International Equity	38,225,118	4.39%	(62,293)	2,132,409	36,155,002	4.28%
AQR Emerging Markets(3)	34,983,459	4.01%	(23,491)	338,673	34,668,277	4.10%
Private Equity	\$92,991,854	10.67%	\$0	\$6,281,635	\$86,710,219	10.26%
PAPEF VII	27,340,113	3.14%	0	1,846,835	25,493,278	3.02%
PASF II	7,742,873	0.89%	0	523,034	7,219,839	0.85%
PAPEF VIII	25,376,886	2.91%	0	1,714,218	23,662,668	2.80%
PASF III	22,332,543	2.56%	0	1,508,572	20,823,971	2.46%
PAPEF IX	10,199,439	1.17%	0	688,976	9,510,463	1.13%
Domestic Fixed Income	\$192,235,251	22.06%	\$459,848	\$(1,400,216)	\$193,175,618	22.86%
Mellon Aggregate Index	89,826,359	10.31%	(17,132,535)	(856,400)	107,815,294	12.76%
Janus Core Plus(3)	3,198,068	0.37%	(81,617,181)	(545,074)	85,360,324	10.10%
BlackRock	49,876,655	5.72%	49,866,275	10,379	-	-
Wellington	49,334,168	5.66%	49,343,289	(9,121)	-	-
Real Estate	\$71,330,831	8.18%	\$0	\$(353,115)	\$71,683,946	8.48%
UBS Trumbull Fund(3)	35,658,309	4.09%	0	(176,522)	35,834,832	4.24%
Heitman	35,672,521	4.09%	0	(176,593)	35,849,114	4.24%
MLP	\$7,557	0.00%	\$0	\$0	\$7,557	0.00%
Salient Advisors(1)	7,557	0.00%	0	0	7,557	0.00%
Cash	\$4,666,803	0.54%	\$(3,900,430)	\$404	\$8,566,829	1.01%
Total Fund	\$871,550,265	100.0%	\$(3,811,602)	\$30,343,846	\$845,018,021	100.0%

(1)Fund has been liquidated, only cash position remains.

(3)Fund is under watch.

CITY OF EL PASO EMPLOYEES RETIREMENT TRUST
(A Component Unit of the City of El Paso, Texas)
SCHEDULE OF MANAGEMENT FEES AND BROKER COMMISSIONS
AUGUST 31, 2020

MANAGEMENT FEES

U.S. GOVERNMENT SECURITIES MANAGERS	-
CORPORATE BONDS AND NOTES MANAGER	\$87,807
COPORATE STOCK MANAGERS	\$93,199,769
BANK COLLECTIVE INVESTMENT FUNDS MANAGERS	\$266,196,098
COMMINGLED FIXED INCOME FUNDS MANAGERS	\$128,051,475
COMMINGLED CORPORATE STOCK MANAGERS	\$208,456,625
PRIVATE REAL ESTATE MANAGERS	\$72,038,810
PRIVATE EQUITY INVESTMENT MANAGERS	\$94,726,154
TOTAL	<u>\$862,756,738</u>

BROKER COMMISSIONS

BAIRD, ROBERT W & CO INC, MILWAUKEE	\$2,328.53
BANK OF AMERICA CORPORATION, NEW YORK	\$3,324.27
BARCLAYS CAPITAL LE, NEW YORK	\$1,429.39
BERNSTEIN SANFORD C & CO, NEW YORK	\$2,745.50
BNY CONVERGEX, NEW YORK	\$1,638.66
CANTOR FITZGERALD & CO INC, NEW YORK	\$9,011.91
COWEN AND CO LLC, NEW YORK	\$1,285.78
COWEN AND CO LLC, JERSEY CITY	\$3,434.86
GOLDMAN SACHS & CO, NY	\$1,699.42
J.P. MORGAN SECURITIES INC, NEW YORK	\$5,337.69
JONESTRADING INSTL SVCS LLC, NEW YORK	\$2,837.54
JONESTRADING INSTL SVCS LLC, WESTLAKE	\$11,881.69
LIQUIDNET INC., NEW YORK	\$1,206.95
MERRILL LYNCH PIERCE FENNER SMITH INC NY	\$2,935.74
MORGAN STANLEY & CO INC, NY	\$6,659.02
NATIONAL FINL SVCS CORP, NEW YORK	\$2,093.46
NEEDHAM AND CO LLC, NEW YORK	\$2,064.05
PERSHING LLC, JERSEY CITY	\$1,137.60
PIPER JAFFRAY & CO., JERSEY CITY	\$1,117.54
USB SECURITIES LLC, STAMFORD	\$2,345.14
WELLS FARGO SECURITIES LLC, CHARLOTTE	\$3,286.28
OTHER	\$5,323.01
TOTAL	<u>\$75,124.03</u>

Fee Disclosure

The City of El Paso Employees Retirement Trust pays an average of 0.62% of market value in annual commissions and fees for investment Management.

ACTUARIAL SECTION



February 26, 2021

Mr. Robert B. Ash
Pension Administrator
City of El Paso Employees' Retirement Trust
1039 Chelsea St.
El Paso, TX 79903

Dear Robert,

This report summarizes the results of the September 1, 2020 actuarial valuation of the City of El Paso Employees Retirement Trust (Plan).

The primary purposes of the valuation are to (i) determine the adequacy of the current contribution rate of the City, (ii) describe the current financial condition of the Plan, and (iii) analyze changes in the Plan's condition since the last valuation.

Valuations are prepared biennially, as of September 1 of even years. September 1 is the first day of the Plan's plan year. Interim valuations are prepared as of September 1 of odd years based on updated assets and a roll-forward of liabilities from the previous valuation.

Use of this report for any other purpose or by anyone other than the City or the Board may not be appropriate and may result in mistaken conclusions because of failure to understand applicable assumptions, methods, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, Buck recommends requesting it to perform an advance review of any statement, document, or filing based on information contained in this report. Buck will accept no liability for any such statement, document or filing made without prior review by Buck.

The actuarial valuation reflects the benefit and contribution provisions set forth in the Plan's statutes. A summary of the benefit provisions used in the valuation is presented in Schedule B. There were no changes in benefit provisions since the previous valuation.

The actuarial assumptions and methods used in the valuation are presented in Schedule C. In my opinion, the actuarial assumptions are reasonable, taking into account the experience of the Plan and reasonable long-term expectations, and represent my best estimate of the anticipated long-term experience under the Plan. The assumptions and methods used in the valuation were adopted by the Board based on (i) the experience study for the period September 1, 2014 to August 31, 2018, and (ii) the funding policy that was formalized in 2019.

Member data for active, retired, and inactive members was supplied as of July 1, 2020 by the City. The City is solely responsible for the accuracy and comprehensiveness of the data. We did not verify the data submitted but did perform tests for consistency and reasonableness. Asset information was supplied by the City on October 26, 2020.

Governmental Accounting Standards Board (GASB) Statement No. 67 (GASB 67) was effective for the Plan beginning with fiscal year ending August 31, 2014. We have prepared the member data tables shown in Schedule A of this report for the Statistical Section of the CAFR, as well as the summary of actuarial assumptions shown in Schedule C of this report. Please see our separate GASB 67 reports for other information needed for the CAFR.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. An analysis of the potential range of such future differences is beyond the scope of this valuation.

Actuarial Standard of Practice No. 51 ("ASOP 51") applies to funding calculations such as those presented in this report and requires certain disclosures of potential risks. Schedule D presents an assessment of the key risks applicable to this plan, as well as historical information and plan maturity measures.

Actuarial Standard of Practice No. 56 ("ASOP 56") provides guidance to actuaries when performing actuarial services with respect to designing, developing, selecting, modifying, using, reviewing, or evaluating models. Buck uses third-party software in the performance of annual actuarial valuations and projections. The model is intended to calculate the liabilities associated with the provisions of the plan using data and assumptions as of the measurement date under the funding rules specified in this report. The output from the third-party vendor software is used as input to an internally developed model that applies applicable funding rules to the liabilities derived and other inputs, such as plan assets and contributions, to generate the exhibits found in this report. Buck has an extensive review process whereby the results of the liability calculations are checked using detailed sample output, changes from year to year are summarized by source, and significant deviations from expectations are investigated. Other funding outputs and the internal model are similarly reviewed in detail and at a high level for accuracy, reasonability and consistency with prior results. Buck also reviews the third-party model when significant changes are made to the software. The review is performed by experts within the company who are familiar with applicable funding rules as well as the manner in which the model generates its output. If significant changes are made to the internal model, extra checking and review are completed. Significant changes to the internal model that are applicable to multiple clients are generally developed, checked and reviewed by multiple experts within the company who are familiar with the details of the required changes.

Where presented, references to "funded ratio" and "unfunded accrued liability" typically are measured on an actuarial value of assets basis. It should be noted that the same measurements using market value of assets would result in different funded ratios and unfunded accrued liabilities. Moreover, the funded ratio presented is appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the Plan if the Plan were to settle (i.e., purchase annuities) for all or a portion of its liabilities.

This report was prepared under my supervision and in accordance with all applicable Actuarial Standards of Practice. The assumptions and methods used for funding purposes meet the requirements of all applicable Actuarial Standards of Practice. I am a Fellow of the Society of Actuaries, an Enrolled Actuary, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

I am available to discuss this report with you at your convenience. I can be reached at 602-803-6174.

Sincerely,

Buck Global, LLC (Buck)

A handwritten signature in black ink, appearing to read 'DJK', is positioned above the printed name and title.

David J. Kershner, FSA, EA, MAAA, FCA
Principal

Section 1 – Summary of Results

	September 1, 2020	September 1, 2018
Membership¹		
Active	4,304	4,345
Terminated with deferred benefits ²	162	181
Retired paid from Plan ³	3,476	3,174
Compensation		
Total	\$ 167,790,367	\$ 167,225,529
Average	\$ 38,985	\$ 38,487
Assets		
Market value	\$ 877,989,396	\$ 820,416,288
Actuarial value	\$ 867,570,209	\$ 822,926,030
Valuation Results		
Actuarial Accrued Liability (AAL)	\$ 1,085,022,171	\$ 1,024,379,167
Actuarial Value of Assets (AVA)	\$ 867,570,209	\$ 822,926,030
Funded ratio (AVA/AAL)	80.0%	80.3%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 217,451,962	\$ 201,453,137
UAAL funding period	16 years	14 years
Actuarially Determined Contribution (ADC)⁴		
Normal cost rate (net of member contributions)	2.99%	2.99%
UAAL amortization rate	<u>8.53%</u>	<u>6.87%</u>
Total rate	11.52%	9.86%
Excess of City's Fixed Contribution Rate Over ADC	2.53%	4.19%

¹ Census data as of July 1 preceding the valuation date.

² Excludes terminated members entitled to refunds of contributions paid after July 1.

³ Excludes retirees for whom annuities were purchased from Prudential, but whose cost of living increases are paid by the Plan.

⁴ Reflects 30-year single period amortization of UAAL for 9/1/2018; 25-year layered amortization of UAAL for 9/1/2020.

Section 2 – Comments on the Valuation

Overview

The overall funded status of the Plan has declined slightly since the September 1, 2018 valuation. This is mainly due to a combination of (i) unfavorable asset experience, and (ii) the new assumptions and methods that were adopted by the Board based on the experience study for the period September 1, 2014 to August 31, 2018 and the funding policy that was formalized in 2019.

Section 3 shows in more detail the changes to the UAAL.

Funding Status

There are two significant measures of the funding status of the Plan.

- The first is the Actuarially Determined Contribution (ADC). This is the City's contribution rate that is required to pay the Normal Cost and to amortize the UAAL over 25-year periods. This rate is currently 11.52% of pay (the City's fixed contribution rate is 14.05% of pay).
- The second is the UAAL funding period. This is the length of time in years that will be required to amortize the current UAAL based on the fixed member and City contribution rates. This period is currently 16 years, compared to 14 years in 2018.

Benefit Provisions

Schedule B summarizes the benefit provisions of the Plan. The provisions were changed effective September 1, 2011 so that members of the Plan prior to September 1, 2011 are eligible for the First Tier Plan, and members of the Plan on or after September 1, 2011 are eligible for the Second Tier Plan. There are no significant benefits which were not taken into account in this valuation. There were no changes to the benefit provisions since the previous valuation.

Actuarial Assumptions and Methods

Schedule C describes the assumptions and methods used in the valuation. These assumptions and methods were adopted by the Board based on the experience study for the period September 1, 2014 to August 31, 2018 and the funding policy that was formalized in 2019.

Financial Data

The financial data used in this report was provided by the City on October 26, 2020.

Section 5 shows a reconciliation of the Plan's assets between 2018 and 2020, and shows the development of the Actuarial Value of Assets (AVA). To minimize volatility in contribution rates, we use an adjusted market value (AVA) which phases in market gains and losses over five years. The market returns for the two years since the last valuation were 0.8% and 13.2%, while the actuarial returns were 4.7% and 7.3%.

Membership Statistics

Data on active and retired members was supplied by the City as of July 1, 2020. The active membership decreased from 4,345 to 4,304 between 2018 and 2020, while payroll increased from \$167.2 million to \$167.8 million over the same period. The number of retirees and beneficiaries receiving benefits increased from 3,174 to 3,476 during this 2-year period. Schedule A provides a summary of the membership data used in the current and prior valuations.

Section 3 – Actuarial Funding Requirements

Actuarial Liabilities, Costs and Funding Period

	September 1, 2020	September 1, 2018
1. Covered Payroll (excluding 4% overtime load)	\$ 167,790,367	\$ 167,225,529
2. Actuarial present value of future pay	\$ 1,266,925,833	\$ 1,318,186,404
3. Current contribution rates		
a. City	14.05%	14.05%
b. Member	<u>8.95%</u>	<u>8.95%</u>
c. Total	23.00%	23.00%
4. Normal cost rate		
a. Total (before adjustment for overtime)	12.42%	12.42%
b. Total (after adjustment for overtime)	11.94%	11.94%
c. Member contribution rate	8.95%	8.95%
d. Employer normal cost rate (4b – 4c)	2.99%	2.99%
5. Actuarial present value of future benefits	\$ 1,242,374,359	\$ 1,188,097,918
6. Actuarial present value of future normal costs (4a x 2)	\$ 157,352,188	\$ 163,718,751
7. Actuarial accrued liability (5 – 6)	\$ 1,085,022,171	\$ 1,024,379,167
8. Actuarial value of assets	\$ 867,570,209	\$ 822,926,030
9. Unfunded actuarial accrued liability (UAAL) (7 – 8)	\$ 217,451,962	\$ 201,453,137
10. City's Actuarially Determined Contribution (ADC) ¹		
a. Employer normal cost rate (4d)	2.99%	2.99%
b. UAAL amortization rate	<u>8.53%</u>	<u>6.87%</u>
c. Total	11.52%	9.86%
11. Margin over/(under) ADC (3a – 10c)	2.53%	4.19%
12. UAAL funding period	16 years	14 years

¹ Reflects 30-year single period amortization of UAAL for 9/1/2018; 25-year layered amortization of UAAL for 9/1/2020.

Section 3 – Actuarial Funding Requirements (continued)

Analysis of Change in UAAL

1. UAAL as of September 1, 2018	\$ 201,453,137
2. Changes due to:	
a. Expected increase/(decrease)	(9,008,533)
b. Actual contributions greater than expected	(2,637,820)
c. Other changes including liability experience	1,553,469
d. Asset experience	26,071,366
e. Assumption Changes	<u>20,343</u>
Total Changes	\$ 15,998,825
3. UAAL as of September 1, 2020	\$ 217,451,962

Schedule of UAAL Layered Amortizations

Layer	Amortization Period		Balances		Beginning-of-Year Payment
	Date Created	Years Remaining	Initial	Outstanding	
Initial ¹	9/1/2019	24	\$ 217,986,352	\$ 220,114,773	\$ 15,071,522
Change in Assumptions	9/1/2020	25	20,343	20,343	1,362
FY20 Experience ²	9/1/2020	25	(2,683,153)	<u>(2,683,153)</u>	<u>(179,671)</u>
Total				\$ 217,451,963	\$ 14,893,213

¹ Based on the September 1, 2019 roll-forward valuation (includes the FY19 asset loss).

² Combination of liability experience, FY20 asset experience, and contributions greater than expected.

Section 4 – Historical Funding Information

Historical Funding Detail (in \$millions)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll ¹	UAAL as a Percentage of Covered Payroll
September 1, 2008	552.8	631.6	78.8	87.5%	136.5	57.7%
September 1, 2010	569.7	710.0	140.3	80.2%	143.1	98.0%
September 1, 2012	581.7	788.2	206.5	73.8%	147.7	139.8%
September 1, 2014	663.1	859.7	196.7	77.1%	153.6	128.0%
September 1, 2016	749.0	945.8	196.7	79.2%	156.3	125.9%
September 1, 2018	822.9	1,024.4	201.5	80.3%	167.2	120.5%
September 1, 2020	867.6	1,085.0	217.5	80.0%	167.8	129.6%

Schedule of Employer Contributions

Valuation Date	Fiscal Year Ending	City's Actuarially Determined Contribution ²	Percentage Contributed
September 1, 2008	August 31, 2009	13,459,678	128.1%
September 1, 2010	August 31, 2011	17,544,977	100.5%
September 1, 2012	August 31, 2013	20,668,877	94.5%
September 1, 2014	August 31, 2015	18,848,390	121.6%
September 1, 2016	August 31, 2017	16,274,581	155.6%
September 1, 2018	August 31, 2019	16,488,437	156.2%
September 1, 2020	August 31, 2021	19,329,450	TBD

¹ Excluding 4% overtime load.

² Based on projected payroll.

Section 5 – Summary of Asset Information

Reconciliation of Plan Assets

	Period Ending	
	August 31, 2020	August 31, 2019
1. Market value of assets at beginning of period	\$ 802,755,755	\$ 820,416,288
2. Contributions		
a. City	\$ 26,687,855	\$ 25,761,130
b. Member	<u>14,722,926</u>	<u>16,410,115</u>
c. Total	\$ 41,410,781	\$ 42,171,245
3. Benefit payments and refunds	(70,376,992)	(66,648,577)
4. Investment earnings (net of investment expenses)	106,338,762	9,080,390
5. Administrative expenses	<u>(2,138,910)</u>	<u>(2,263,591)</u>
6. Market value of assets at end of period	\$ 877,989,396	\$ 802,755,755

Section 5 – Summary of Asset Information (continued)

Determination of Investment Earnings to be Deferred

	Period Ending	
	August 31, 2020	August 31, 2019
1. Market value at beginning of period	\$ 802,755,755	\$ 820,416,288
2. Cash flows		
a. City contributions	\$ 26,687,855	\$ 25,761,130
b. Member contributions	14,722,926	16,410,115
c. Benefit payments	(66,639,726)	(62,939,091)
d. Refunds	<u>(3,737,266)</u>	<u>(3,709,486)</u>
e. Total	\$ (28,966,211)	\$ (24,477,332)
3. Weighted cash flows (2e x 50%)	\$ (14,483,106)	\$ (12,238,666)
4. Assets available (1 + 3)	\$ 788,272,649	\$ 808,177,622
5. Assumed investment return rate	7.50%	7.50%
6. Expected net return (4 x 5)	\$ 59,120,449	\$ 60,613,322
7. Actual net return		
a. Total investment return	\$ 106,338,762	\$ 9,080,390
b. Administrative expenses	<u>(2,138,910)</u>	<u>(2,263,591)</u>
c. Net return	\$ 104,199,852	\$ 6,816,799
8. Gain/(loss) subject to deferral (7c - 6)	\$ 45,079,403	\$ (53,796,523)

Section 5 – Summary of Asset Information (continued)

Calculation of Actuarial Value of Assets

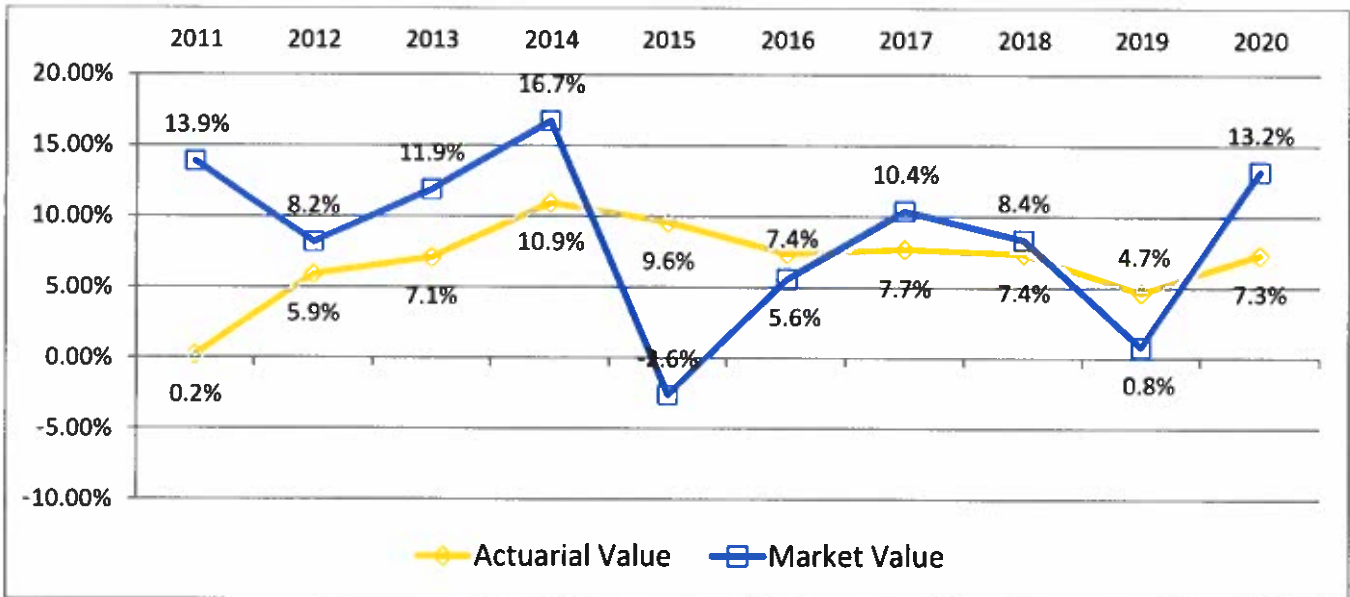
1. Market value of assets as of August 31, 2020 \$ 877,989,396

2. Deferral amounts

Year	Total Gain/(Loss)	Percent Deferred	Deferral Amount
2019-2020	\$ 45,079,403	80%	\$ 36,063,523
2018-2019	(53,796,523)	60%	(32,277,914)
2017-2018	6,291,481	40%	2,516,592
2016-2017	20,584,931	20%	4,116,986
Total			\$ 10,419,187

3. Actuarial value of assets as of September 1, 2020 (1 – 2) \$ 867,570,209

Historical Asset Rates of Return



Section 6 – 10-Year Projections¹

FYE	Expected City Contributions	Expected Member Contributions	Expected Benefit Payments	Expected Refunds
August 31, 2021	\$ 27,355,051	\$ 15,090,999	\$ 78,432,010	\$ 3,830,698
August 31, 2022	28,038,928	15,468,274	72,077,442	3,926,465
August 31, 2023	28,739,901	15,854,981	74,123,907	4,024,627
August 31, 2024	29,458,398	16,251,356	76,166,779	4,125,242
August 31, 2025	30,194,858	16,657,639	78,223,053	4,228,373
August 31, 2026	30,949,730	17,074,080	80,159,429	4,334,083
August 31, 2027	31,723,473	17,500,932	82,123,496	4,442,435
August 31, 2028	32,516,560	17,938,456	84,212,007	4,553,496
August 31, 2029	33,329,474	18,386,917	85,974,348	4,667,333
August 31, 2030	34,162,711	18,846,590	87,637,471	4,784,016

¹ Based on projected payroll.

Schedule A - Membership Data

September 1, 2020¹ September 1, 2018¹ September 1, 2016¹ September 1, 2014¹ September 1, 2012¹

	September 1, 2020 ¹	September 1, 2018 ¹	September 1, 2016 ¹	September 1, 2014 ¹	September 1, 2012 ¹
1. Active members					
a. Number vested	1,585	1,902	2,008	1,996	1,720
b. Number non-vested	<u>2,719</u>	<u>2,443</u>	<u>2,209</u>	<u>2,153</u>	<u>2,414</u>
c. Total	4,304	4,345	4,217	4,149	4,134
d. Covered payroll	\$ 167,790,367	\$ 167,225,529	\$ 156,336,028	\$ 153,613,608	\$ 147,740,362
e. Average annual pay	\$ 38,985	\$ 38,487	\$ 37,073	\$ 37,024	\$ 35,738
f. Average age	45.4	45.8	46.5	46.8	46.7
g. Average service (years)	9.6	10.1	10.6	10.7	10.4
2. Retired members					
a. Number currently being paid from Plan ²	3,476	3,174	2,863	2,627	2,399
b. Total current annual benefit	\$ 68,772,742	\$ 59,700,507	\$ 52,488,661	\$ 46,393,663	\$ 40,881,148
c. Average current annual benefit	\$ 19,785	\$ 18,809	\$ 18,333	\$ 17,660	\$ 17,041
d. Average age	70.2	69.8	69.4	69.1	68.5
3. Deferred vested members					
a. Number entitled to deferred benefits ³	162	181	141	150	129
b. Total deferred annual benefit	\$ 2,238,717	\$ 2,624,290	\$ 1,949,199	\$ 1,981,100	\$ 1,797,259
c. Average deferred annual benefit	\$ 13,819	\$ 14,499	\$ 13,824	\$ 13,207	\$ 13,932
d. Average age	49.7	48.4	49.7	49.1	49.1

¹ Census data provided as of July 1 preceding the valuation date is assumed to be the same as of September 1. Compensation amounts have been adjusted for two months at assumed salary increases.
² Excludes retirees for whom annuities were purchased from Prudential, but whose cost-of-living increases are paid by the Plan (161 as of July 1, 2018; 120 as of July 1, 2020).
³ Excludes terminated members entitled to refunds of contributions paid after July 1 (504 members with \$4,579,540 in contributions as of July 1, 2018; 999 members with \$7,407,577 in contributions as of July 1, 2020).

Schedule A (continued)

Pension Benefit Recipients (Retirees and Beneficiaries) Added to and Removed from Rolls

Valuation Date	<u>Added to Rolls</u>			<u>Removed from Rolls</u>			<u>Rolls – End of Year</u>			<u>Percent</u>	
	Number	Annual Pension Benefits	Number	Annual Pension Benefits	Number	Annual Pension Benefits	Number	Annual Pension Benefits	Increase in Pension Benefits	Average Annual Pension Benefit	
September 1, 2020	514	\$ 11,931,948	212	\$ 2,859,713	3,476	\$ 68,772,742	3,476	\$ 68,772,742	15.2%	\$19,785	
September 1, 2018	492	\$ 10,185,670	181	\$ 2,973,824	3,174	\$ 59,700,507	3,174	\$ 59,700,507	13.7%	\$18,809	

Schedule B - Summary of Benefit Provisions

First Tier Plan

Final Wages

The greatest of (i) average of Member's total earnings in the 36 months before retirement, (ii) average of Member's base pay for the year before retirement, or (iii) Member's base pay in the month preceding retirement.

Member

All classified civil service employees of the City of El Paso, except for members of the Policemen's or Firemen's Pension Fund. Permanent part-time employees and certain full-time employees not in the classified civil service are not required to participate but may elect to do so. Special rules apply to certain "grant-funded" employees. The First Tier Plan applies to employees who become plan participants prior to September 1, 2011.

Credited Service

Years and months of service while a Member. At retirement, a Member may convert unused sick leave to service under the plan. An unlimited amount of sick leave may be converted to benefit service. Alternatively, up to six months of sick leave may be applied to meet a benefit eligibility requirement, but if so used, such service cannot also be used in the calculation of the benefit amount.

Contribution Rates

Effective September 1, 2014, active members contribute 8.95% of his/her wages per year. The City contributes 14.05% of the member's wages per year.

Service Retirement Benefits

Normal Retirement Benefit

Eligibility

Age 55 with 10 years of Credited Service, age 60 with 7 years of Credited Service, or 30 years of Credited Service, if earlier.

Benefit

2.50% of Final Wages times years of Credited Service, subject to a minimum benefit of \$75.

Early Retirement Benefit

Eligibility

Age 40 with 10 years of Credited Service, or age 45 with at least 7 years of Credited Service.

Benefit

2.50% of Final Wages times years of Credited Service, multiplied by the appropriate actuarial reduction factor.

Deferred Retirement Benefit

Eligibility

Age 40 with 10 years of Credited Service, or age 45 with at least 7 years of Credited Service.

Benefit

2.50% of Final Wages times years of Credited Service, payable at early retirement age reduced in accordance with the Early Retirement Benefit or unreduced at normal retirement age.

Schedule B - Summary of Benefit Provisions (continued)

Withdrawal (Refund) of Contributions

Eligibility

Immediate.

Benefit

Total employee contributions without interest. If the member has more than five years of service, contributions are paid with interest, credited annually at 5.5%. No other benefits are payable under the Plan once the contributions are withdrawn.

Survivor Benefits

Qualified Surviving Spouse or Child Benefit

Eligibility

Death of a Member due to a job-related accident or age 40 with ten years of service or age 45 with seven years of service.

Benefit

Amount payable if Member had retired immediately prior to death with a Joint and 100% option, subject to a \$75 per month minimum benefit. If death is due to a job-related accident, there is a minimum \$550 per month benefit and the benefit is computed as if the Member were age 70 with 30 years of service. Benefits payable to the surviving spouse continue for life or until remarriage. If Member was not eligible for Early Retirement or death was not due to a job-related accident, a refund of contributions is available to the beneficiary, as described above.

Disability Retirement Benefit

Eligibility

Disability as a result of a job-related cause or any injury not due to the Member's own fault if Member has seven years of service.

Benefit

2.50% of Final Wages times Credited Service, with a minimum benefit of \$75 per month (or \$250 per month if disability is job-related).

Normal Form of Retirement Benefit

Joint and 2/3 survivor annuity. Optional forms of benefit are life only, joint and 100% survivor, joint and 50% survivor, and modified cash refund.

Schedule B - Summary of Benefit Provisions (continued)

Second Tier Plan

Final Wages

The average of Member's total earnings in the 36 months before retirement.

Member

All classified civil service employees of the City of El Paso, except for members of the Policemen's or Firemen's Pension Fund. Permanent part-time employees and certain full-time employees not in the classified civil service are not required to participate but may elect to do so. Special rules apply to certain "grant-funded" employees. The Second Tier Plan applies to employees who become plan participants after August 31, 2011.

Credited Service

Years and months of service while a Member. At retirement, a Member may convert unused sick leave to service under the plan. An unlimited amount of sick leave may be converted to benefit service. Alternatively, up to six months of sick leave may be applied to meet a benefit eligibility requirement, but if so used, such service cannot also be used in the calculation of the benefit amount.

Contribution Rates

Effective September 1, 2014, active members contribute 8.95% of his/her wages per year. The City contributes 14.05% of the member's wages per year.

Service Retirement Benefits

Normal Retirement Benefit

Eligibility

Age 60 with 7 years of Credited Service, or 35 years of Credited Service, if earlier.

Benefit

2.25% of Final Wages times years of Credited Service, subject to a minimum benefit of \$75, limited to 90% of the 3-year final average pay.

Early Retirement Benefit

Eligibility

Age 45 with 7 years of Credited Service.

Benefit

2.25% of Final Wages times years of Credited Service, multiplied by the appropriate actuarial reduction factor.

Deferred Retirement Benefit

Eligibility

Age 45 with 7 years of Credited Service.

Benefit

2.25% of Final Wages times years of Credited Service, payable at early retirement age reduced in accordance with the Early Retirement Benefit or unreduced at normal retirement age.

Schedule B - Summary of Benefit Provisions (continued)

Withdrawal (Refund) of Contributions

Eligibility

Immediate.

Benefit

Total employee contributions without interest. If the member has more than seven years of service, contributions are paid with interest, credited annually at 3.0%. No other benefits are payable under the Plan once the contributions are withdrawn.

Survivor Benefits

Qualified Surviving Spouse or Child Benefit

Eligibility

Death of a Member due to a job-related accident or age 45 with seven years of service.

Benefit

Amount payable if Member had retired immediately prior to death with a Joint and 100% option, subject to a \$75 per month minimum benefit. If death is due to a job-related accident, there is a minimum \$550 per month benefit and the benefit is computed as if the Member were age 70 with 30 years of service. Benefits payable to the surviving spouse continue for life or until remarriage. If Member was not eligible for Early Retirement or death was not due to a job-related accident, a refund of contributions is available to the beneficiary, as described above.

Disability Retirement Benefit

Eligibility

Disability as a result of a job-related cause or any injury not due to the Member's own fault if Member has seven years of service.

Benefit

2.25% of Final Wages times Credited Service, with a minimum benefit of \$75 per month (or \$250 per month if disability is job-related).

Normal Form of Retirement Benefit

Joint and 2/3 survivor annuity. Optional forms of benefit are life only, joint and 100% survivor, joint and 50% survivor, and modified cash refund.

Changes in plan provisions since the previous valuation

None.

Schedule C - Statement of Actuarial Methods and Assumptions

The economic and demographic assumptions used in the valuation were adopted by the Board in consultation with Buck. The Board's established practice is to review the experience of the Plan periodically to determine if any changes to the valuation assumptions are warranted. The assumptions and methods used in the valuation are based on the experience study for the period September 1, 2014 through August 31, 2018, and the funding policy that was formalized in 2019.

Investment Return

Current Valuation:

7.25% per year, net of expenses.

Prior Valuation:

7.50% per year, net of expenses.

Separations Before Normal Retirement

Representative values of the assumed annual rates of withdrawal are as follows:

Current Valuation:

Age	Withdrawal					
	Years of Credited Service					
	1	2	3	4	5	6+
25	15.0%	15.0%	12.0%	12.0%	10.0%	9.0%
30	15.0	15.0	12.0	12.0	10.0	9.0
35	15.0	15.0	9.0	12.0	10.0	7.0
40	10.0	10.0	9.0	8.0	7.0	7.0
45	10.0	10.0	9.0	8.0	7.0	7.0
50	7.5	7.5	6.0	4.0	7.0	6.0
55	7.5	7.5	6.0	4.0	4.0	6.0
60	7.5	7.5	6.0	4.0	4.0	6.0

Prior Valuation:

Age	Withdrawal					
	Years of Credited Service					
	1	2	3	4	5	6+
25	10.0%	10.0%	9.0%	8.0%	7.0%	9.0%
30	10.0	10.0	9.0	8.0	7.0	10.0
35	10.0	10.0	9.0	8.0	7.0	5.0
40	10.0	10.0	9.0	8.0	7.0	4.0
45	10.0	10.0	9.0	8.0	7.0	2.5
50	10.0	10.0	9.0	8.0	7.0	1.5
55	10.0	10.0	9.0	8.0	7.0	1.5
60	10.0	10.0	9.0	8.0	7.0	1.5

Schedule C - Statement of Actuarial Methods and Assumptions (continued)

Mortality

Current Valuation:

Mortality rates for active and deferred participants are based on the RP-2014 employee tables with Blue Collar adjustment projected with Scale MP-2019 on a fully generational basis. Mortality rates for healthy retirees and survivors are based on the RP-2014 healthy annuitant tables with Blue Collar adjustment (92% of male rates and 100% of female rates) projected with Scale MP-2019 on a fully generational basis. Mortality rates for disabled participants are based on the RP-2014 disabled annuitant table projected with Scale MP-2019 on a fully generational basis.

Prior Valuation:

Mortality rates for non-disabled participants were based on the RP-2014 employee/healthy annuitant tables with Blue Collar adjustment projected to 2030 using Scale BB. Mortality rates for disabled participants were based on the RP-2014 disabled annuitant table.

Disability

None assumed.

Death

5% of deaths among active participants are assumed to be job-related deaths. The remaining 95% of deaths are assumed not to be job-related.

Salary Increases

The assumed annual rates of future salary increase attributable to longevity and promotion are as follows:

Current Valuation:

Years of Service	Annual Rate of Salary Increase
Less than 3	4.50%
3	4.00
4	4.00
5	4.00
6	4.00
7	3.50
8	3.50
9	3.50
10	3.50
11	3.50
12	3.00
13	3.00
14	3.00
15	3.00
16 or more	2.75

Schedule C - Statement of Actuarial Methods and Assumptions (continued)

Prior Valuation:

Years of Service	Annual Rate of Salary Increase
Less than 3	4.50%
3	4.00
4	4.00
5	4.00
6	4.00
7	3.50
8	3.50
9	3.50
10	3.50
11	3.50
12	3.00
13	3.00
14	3.00
15	3.00
16 or more	3.00

Total payroll is assumed to increase 2.50% per year (3.00% was used in the prior valuation). This increase rate is solely due to the effect of inflation on salaries, with no allowance for future membership growth.

Overtime is assumed to be 4% of base and longevity pay.

Retirement Rates

The percentage of those eligible for normal retirement assumed to retire at various ages is as follows:

Current Valuation:

Retirement Rates					
Age	Tier 1		Age	Tier 2	
	Male	Female		Male	Female
45	6.0%	9.0%	45	2.5%	2.5%
50	6.0	9.0	50	1.5	1.5
55	12.0	10.0	55	8.0	7.0
62	17.5	15.0	62	10.0	7.0
65	25.0	20.0	65	10.0	12.0
70	40.0	25.0	70	40.0	20.0
75	100.0	100.0	75	100.0	100.0

Schedule C - Statement of Actuarial Methods and Assumptions (continued)

Prior Valuation:

Retirement Rates					
Age	Tier 1		Age	Tier 2	
	Male	Female		Male	Female
45	10.0%	9.0%	45	2.5%	2.5%
50	10.0	9.0	50	1.5	1.5
55	12.0	10.0	55	8.0	7.0
62	20.0	10.0	62	10.0	7.0
65	20.0	20.0	65	10.0	12.0
70	40.0	25.0	70	40.0	20.0
75	100.0	100.0	75	100.0	100.0

Spouses

100% of active members are assumed to be married with the male three years older than the female. No children's benefits were valued.

Form of Payment

85% of participants eligible for early retirement are assumed to be paid through a joint and 2/3 survivor annuity. The remaining 15% of participants eligible for early retirement are assumed to elect a refund of contributions.

Future Expenses

None assumed.

Schedule C - Statement of Actuarial Methods and Assumptions (continued)

Valuation Method

The method used to determine Normal Cost and Accrued Actuarial Liability is the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, an annual Normal Cost is determined for each covered active Member which is the contribution required to provide all the projected pension benefits assuming this contribution is payable over a period ending on the date of retirement (separation from active service) and expressed as a level percentage of compensation. The Actuarial Accrued Liability is determined as the excess of the total present value of all pension benefits over the total present value of future Normal Costs. The Unfunded Actuarial Accrued Liability as of the valuation date is determined as the excess of the Actuarial Accrued Liability over the Actuarial Value of Assets of the Plan. Effective with the September 1, 2019 roll-forward valuation, the Unfunded Actuarial Accrued Liability is amortized over closed 25-year periods ("layers").

Actuarial Value of Assets

The actuarial value of assets is calculated based on the following formula:

$$\begin{aligned} MV & - (8/10) \times G/(L)_1 - (6/10) \times G/(L)_2 \\ & - (4/10) \times G/(L)_3 - (2/10) \times G/(L)_4 \end{aligned}$$

where:

MV = the market value of assets as of the valuation date

$G/(L)_i$ = the asset gain or (loss) (i.e., actual return on assets less expected return on assets) for the i-th year preceding the valuation date.

Changes in methods and assumptions since the previous valuation

As shown above, assumptions were changed based on the experience study for the period September 1, 2014 through August 31, 2018. These changes increased the September 1, 2020 Actuarial Accrued Liability by approximately \$20,000. The unfunded liability amortization method was changed to a 25-year layered approach effective with the September 1, 2019 roll-forward valuation.

Schedule D – ASOP 51 Assessment of Risks

Actuarial Standard of Practice No. 51 (ASOP 51) requires certain disclosures of potential risks to the plan and provides useful information for intended users of actuarial reports that determine plan contributions or evaluate the adequacy of specified contribution levels to support benefit provisions.

Under ASOP 51, risk is defined as the potential of actual future measurements deviating from expected future measurements resulting from actual future experience deviating from actuarially assumed experience.

The more significant risk factors affecting the future funded status and contribution rates of the Plan are described below:

1. **Investment Risk** - The potential that future investment returns will be different than the current assumption of 7.25%. Plan costs are very sensitive to the market return. If market returns are lower than the assumed rate of return on assets, future costs will increase.
2. **Contribution Risk** - Under the El Paso City Municipal Code, the City contributes 14.05% of pay each year and active members contribute 8.95% of pay each year. The Actuarially Determined Contribution (ADC) for the plan year beginning September 1, 2020 is 11.52% of pay (excluding active member contributions). The ADC is currently less than the fixed City contribution rate of 14.05%. This should be monitored closely to ensure the contributions to the Plan do not fall below the ADC. If this were to happen, the liabilities of the Plan would grow faster than the assets, which would cause the unfunded liability and ADC to increase over time.
3. **Longevity Risk** - The potential that mortality rates of plan participants will be different than assumed. The mortality assumption includes an assumption for future mortality improvement. If participants live longer than the life expectancies predicted by the baseline mortality table and mortality improvement scale, benefits will be paid over a longer period of time than expected, which will lead to increases in liabilities and costs.
4. **Other Demographic Risk** - The potential that demographic experience patterns (especially retirement and turnover) will be different than assumed. If participants retire earlier than expected based on the retirement assumption, or lower turnover leads to more participants receiving benefits than expected, future liabilities and costs will increase.
5. **Other Risks – Payroll** does not grow as expected, thereby increasing future Actuarially Determined Contribution rates.

This information is provided to comply with ASOP 51 and furnish beneficial information on potential risks to the plan. **This list is not all-inclusive**; it is an attempt to identify the more significant risks and how those risks might affect the results shown in this report.

Note that ASOP 51 does not require the actuary to evaluate the ability or willingness of the plan sponsor to make contributions to the plan when due, or to assess the likelihood or consequences of potential future changes in law. In addition, this valuation report is not intended to provide investment advice or to provide guidance on the management or reduction of risk.

Historical Information

Monitoring certain information over time may help understand risks faced by the Plan. Historical information is included throughout this report. Some examples are:

- Historical Asset Rates of Return in Section 5 illustrates how the Plan's assets have performed over time.
- Funded Ratio History shown in Section 4 illustrates how the Plan's funded status (comparison of actuarial accrued liabilities to actuarial value of assets) has changed over time.
- Section 4 shows how the Actuarially Determined Contribution has changed over time.
- Schedule A shows how member census data has changed over time.

Schedule D – ASOP 51 Assessment of Risks (continued)

Plan Maturity Measures

There are certain measures that may aid in understanding the significant risks to the Plan.

Ratio of Cash Flow to Assets	FYE August 31, 2019	FYE August 31, 2020
1. Retiree and Beneficiary Actuarial Accrued Liability	\$ 598,442,205	\$ 677,266,185
2. Total Actuarial Accrued Liability	1,024,379,167	1,085,022,171
3. Ratio, (1) ÷ (2)	58.4%	62.4%

A high percentage of liability concentrated on participants in pay status indicates a mature plan (often a ratio above 60% - 65%). An increasing percentage may indicate a need for a less risky asset allocation, which may lead to a lower long-term return on asset assumption and increased costs. Higher percentages may also indicate greater investment risk as benefit payments may be greater than contributions creating an increased reliance on investment returns. This ratio should be monitored each year in the future.

Ratio of Cash Flow to Assets	FYE August 31, 2019	FYE August 31, 2020
1. Contributions	\$ 42,171,245	\$ 41,410,781
2. Benefit Payments and Refunds	<u>66,648,577</u>	<u>70,376,992</u>
3. Cash Flow, (1) - (2)	\$ (24,477,332)	\$ (28,966,211)
4. Fair Value of Assets	\$ 802,755,755	\$ 877,989,396
5. Ratio, (3) ÷ (4)	(3.0%)	(3.3%)

When this cash flow ratio is negative, more cash is being paid out than deposited in the trust. Negative cash flow indicates the trust needs to rely on investment returns to cover benefit payments and/or may need to invest in more liquid assets to cover the benefit payments. More liquid assets may not generate the same returns as less liquid assets, which can increase the investment risk. Currently, the low magnitude of the ratio implies there may already be enough liquid assets to cover the benefit payments, less investment return is needed to cover the shortfall, or only a small portion of assets will need to be converted to cash. Therefore, the investment risk is likely not amplified at this time. This maturity measure should be monitored in the future.

Contribution Volatility	FYE August 31, 2019	FYE August 31, 2020
1. Fair Value of Assets	\$ 802,755,755	\$ 877,989,396
2. Payroll	167,225,529	172,242,295
3. Asset to Payroll Ratio, (1) ÷ (2)	480.0%	509.7%
4. Accrued Liability	\$1,024,379,167	\$1,054,386,823
5. Liability to Payroll Ratio, (4) ÷ (2)	612.6%	612.2%

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 10% may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 5%. Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, if an assumption change increases the liability of two plans by the same percent, the plan with a liability-to-payroll ratio of 10% may experience twice the contribution volatility than a plan with a liability-to-payroll ratio of 5%.

Schedule E – Glossary of Terms

Actuarial Accrued Liability

The portion, as determined by a particular cost method, of the total present value of benefits that is attributable to past service credit.

Actuarial Assumptions

Estimates of future experience with respect to rates of mortality, disability, turnover, retirement rate or rates of investment income and salary increases. Actuarial assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Gain (Loss) or Liability/Asset Experience

A measure of the difference between actual and expected experience based upon a set of actuarial assumptions.

Actuarial Present Value of Future Benefits

Also referred to as the present value of benefits. It is the value, as of a specified date, of an amount payable in the future, where the amount has been adjusted to reflect both the time value of money and the probability that the payment is actually made.

Actuarial Present Value of Future Normal Costs

The value, as of a specified date, of future normal costs, equal to the employer normal cost rate times the actuarial present value of future pay.

Actuarial Present Value of Future Pay

The value, as of a specified date, of future pay where the amount has been adjusted to reflect both the future value of money and the probability that the payment is actually made.

Amortization Rate or UAAL Payment

That portion of the pension plan contribution which is designed to pay off (amortize) the unfunded actuarial accrued liability in a systematic fashion.

Cost-of-living adjustments

Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.

Covered Payroll

The rate of pay as of a specified date adjusted with a half-year salary increase based on the assumed salary increase assumptions.

Entry Age Actuarial Cost Method

This method assumes that the annual costs are the level premiums needed from entry age until retirement age to fund the ultimate retirement benefit. These premiums are expressed as a percentage of salary. The portion of this actuarial present value allocated to a valuation year is called the normal cost.

Schedule E – Glossary of Terms (continued)

Normal Cost

The ongoing annual cost allocated to the system by a particular actuarial cost method for providing benefits (future cost). Normal cost payments are made during the working lifetime of the member.

Unfunded Actuarial Accrued Liability

The excess of the actuarial accrued liability over the actuarial value of assets.

Vested Benefit

The benefit an employee is entitled to, based on vesting service, even if the employee separates from active service prior to normal retirement age.

Table 1 - The Number and Average Annual Wages of Active Members Distributed by Fifth Age and Service as of September 1, 2020

Attained Age	Years of Credited Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	48 25,244	72 24,371	1 23,010	0 0	0 0	0 0	0 0	0 0	0 0	0 0	121
25 to 29	97 28,919	312 31,773	34 32,389	0 0	0 0	0 0	0 0	0 0	0 0	0 0	443
30 to 34	55 30,719	262 33,908	133 39,000	17 33,217	0 0	0 0	0 0	0 0	0 0	0 0	467
35 to 39	39 31,915	208 34,364	171 41,875	86 44,938	8 35,392	1 42,764	0 0	0 0	0 0	0 0	513
40 to 44	43 30,560	147 34,929	126 39,781	110 46,494	56 49,379	15 43,429	0 0	0 0	0 0	0 0	497
45 to 49	35 31,578	138 35,897	120 40,649	118 43,840	82 51,031	57 46,148	16 47,451	1 35,565	0 0	0 0	567
50 to 54	24 34,160	109 32,906	84 41,227	115 41,203	99 45,305	83 47,898	82 48,190	17 45,671	0 0	0 0	613
55 to 59	18 28,563	99 35,568	98 36,270	101 39,490	83 39,345	57 45,043	73 55,245	33 48,038	10 56,704	0 0	572
60 to 64	6 37,677	40 37,411	55 36,932	82 38,323	71 45,198	51 42,667	38 54,551	29 48,708	10 77,290	1 38,939	383
65 to 69	5 26,560	13 32,883	11 42,223	31 32,142	11 46,783	8 45,068	9 49,382	4 39,938	1 102,603	2 94,777	95
70 & up	0 0	4 36,807	4 41,788	10 55,581	6 40,167	2 34,094	2 34,184	2 36,854	0 0	3 38,321	33
Total	370	1,404	837	670	416	274	220	86	21	6	4,304

Table 2 - The Number and Annual Retirement Allowances of Retired Members, Disabled Members and Beneficiaries by Age as of July 1, 2020

Age	Number	Benefit	Average Benefit
Less than 20	1	\$ 15,829	\$ 15,829
31	1	2,476	2,476
34	1	16,842	16,842
35	1	24,161	24,161
39	1	7,999	7,999
43	1	5,497	5,497
44	1	5,803	5,803
46	1	9,713	9,713
47	4	53,122	13,281
48	3	45,760	15,253
49	5	42,558	8,512
50	11	216,628	19,693
51	9	160,638	17,849
52	8	134,517	16,815
53	14	159,468	11,391
54	19	370,763	19,514
55	23	296,223	12,879
56	48	975,995	20,333
57	69	1,604,088	23,248
58	90	1,958,931	21,766
59	84	2,048,415	24,386
60	84	1,995,995	23,762
61	107	2,181,531	20,388
62	119	3,026,520	25,433
63	121	2,667,560	22,046
64	138	2,837,697	20,563
65	149	3,447,581	23,138
66	134	2,776,139	20,717
67	177	3,678,637	20,783
68	156	3,699,676	23,716
69	147	3,094,085	21,048
70	131	2,514,647	19,196
71	128	2,234,624	17,458
72	134	2,860,888	21,350
73	124	2,736,806	22,071
74	159	3,387,397	21,304
75	101	1,872,265	18,537

Table 2 - The Number and Annual Retirement Allowances of Retired Members, Disabled Members and Beneficiaries by Age as of July 2020 (continued)

Age	Number	Benefit	Average Benefit
76	80	1,336,132	16,702
77	94	1,547,291	16,461
78	85	1,830,288	21,533
79	62	1,241,721	20,028
80	75	1,258,911	16,785
81	58	889,325	15,333
82	59	913,860	15,489
83	60	926,384	15,440
84	54	756,348	14,006
85	55	852,048	15,492
86	49	805,208	16,433
87	33	493,110	14,943
88	50	744,416	14,888
89	29	397,265	13,699
90	21	290,798	13,848
90 & over	<u>108</u>	<u>1,336,132</u>	<u>16,702</u>
TOTAL	3,476	\$ 68,772,742	\$ 19,785

Table 3 - The Number and Future Annual Allowances of Terminated Members, Entitled to a Future Benefit by Age as of July 1, 2020

Age	Number	Benefit	Average Benefit
Less than 27	1	\$ 960	\$ 960
30	1	960	960
32	1	17,880	17,880
34	2	5,832	2,916
35	1	525	525
36	1	2,188	2,188
37	3	24,960	8,320
38	1	5,660	5,660
40	3	68,520	22,840
41	4	45,600	11,400
42	5	109,284	21,857
43	4	39,016	9,754
44	5	29,858	5,972
45	6	108,473	18,079
46	7	124,926	17,847
47	5	78,402	15,680
48	6	66,075	11,013
49	11	254,128	23,103
50	11	187,821	17,075
51	12	182,113	15,176
52	9	137,360	15,262
53	13	207,244	15,942
54	10	148,360	14,836
55	10	81,990	8,199
56	3	22,714	7,571
57	3	16,560	5,520
58	5	105,323	21,065
59	4	46,339	11,585
60	5	46,275	9,255
61	2	19,080	9,540
63	2	13,440	6,720
64	1	1,200	1,200
65	2	21,720	10,860
66	1	3,120	3,120
72	1	10,013	10,013
73	<u>1</u>	<u>4,798</u>	<u>4,798</u>
TOTAL	162	\$ 2,238,717	\$ 13,819

STATISTICAL SECTION

City of El Paso Employees Retirement Trust
Statements of Changes in Net Position Available for Benefits

	2020	2019	2018	2017	2016	2015	2014	2013
Additions								
Contributions								
Employer	25,296,642	26,424,696	25,651,488	25,327,071	23,370,111	22,916,913	21,830,044	20,499,707
Participants	16,114,139	15,746,549	15,540,713	15,154,341	14,886,249	14,595,935	14,039,600	13,328,629
Total contributions	<u>41,410,781</u>	<u>42,171,245</u>	<u>41,192,201</u>	<u>40,481,412</u>	<u>38,256,360</u>	<u>37,512,848</u>	<u>35,869,644</u>	<u>33,828,336</u>
Investment Income								
Net appreciation (depreciation) in fair value of								
investments	99,563,115	7,981,580	64,832,061	74,716,005	37,856,062	(21,734,515)	103,082,579	62,831,147
interest	4,109,088	4,169,630	3,915,267	3,808,906	4,444,138	4,888,211	5,484,840	4,183,790
Dividends	2,356,890	3,552,203	3,186,719	2,582,152	2,980,264	2,359,009	2,373,927	4,490,895
Securities lending income, net of expenses	11,184	37,424	6,801	45,478	90,861	126,526	117,691	273,912
Investment advisor fees	(3,589,807)	(2,987,728)	(6,578,777)	(5,783,774)	(5,104,720)	(3,510,570)	(3,336,994)	(1,873,429)
Increase in commission credits receivable	-	-	-	-	(6,532)	(1,577)	1,146	15,076
Gain on Disposition of assets	19,939	-	-	-	-	-	-	-
Miscellaneous income/(expenses)	117	66,738	10,418	2,206	-	-	-	-
Net investment income (loss)	<u>102,470,526</u>	<u>12,819,847</u>	<u>65,372,489</u>	<u>75,370,973</u>	<u>40,260,073</u>	<u>(17,872,916)</u>	<u>107,723,189</u>	<u>69,921,391</u>
Total additions (deductions)	<u>143,881,307</u>	<u>54,991,092</u>	<u>106,564,690</u>	<u>115,852,385</u>	<u>78,516,433</u>	<u>19,639,932</u>	<u>143,592,833</u>	<u>103,749,727</u>
Deductions								
Benefits paid to participants	66,555,726	62,251,632	58,094,939	57,972,792	51,554,209	48,419,841	49,375,280	43,021,060
Refunds	3,737,266	4,215,138	2,889,443	3,104,773	2,829,420	2,369,096	3,217,554	2,159,129
Prepaid COLA payments	84,000	105,000	130,000	-	-	-	-	-
Administrative expenses	2,138,910	1,761,619	2,036,643	1,325,640	1,417,530	1,355,351	1,143,272	1,176,347
Total deductions	<u>72,515,902</u>	<u>68,333,389</u>	<u>63,151,025</u>	<u>62,403,205</u>	<u>55,801,159</u>	<u>52,144,288</u>	<u>53,736,106</u>	<u>46,356,536</u>
Change in Net Position	<u>71,365,405</u>	<u>(13,342,297)</u>	<u>43,413,665</u>	<u>53,449,180</u>	<u>22,715,274</u>	<u>(32,504,356)</u>	<u>89,856,727</u>	<u>57,393,191</u>
Net Position Available for Benefits, Beginning of Year	<u>806,623,991</u>	<u>819,966,288</u>	<u>776,552,623</u>	<u>723,103,443</u>	<u>700,388,169</u>	<u>732,892,525</u>	<u>643,035,798</u>	<u>585,642,607</u>
Net Position Available for Benefits, End of Year	<u>\$ 877,989,396</u>	<u>\$ 806,623,991</u>	<u>\$ 819,966,288</u>	<u>\$ 776,552,623</u>	<u>\$ 723,103,443</u>	<u>\$ 700,388,169</u>	<u>\$ 732,892,525</u>	<u>\$ 643,035,798</u>

City of El Paso Employees Retirement Trust
Statements of Changes in Net Position Available for Benefits
(Continued)

	2012	2011	2010	2009	2008	2007	2006	2005
Additions								
Contributions								
Employer	19,181,091	17,948,799	17,626,236	17,245,402	16,505,427	14,574,850	13,239,686	12,707,913
Participants	12,607,172	11,938,545	11,814,128	11,533,666	11,169,467	9,763,642	8,872,231	8,492,888
Total contributions	<u>31,788,263</u>	<u>29,887,344</u>	<u>29,440,364</u>	<u>28,779,068</u>	<u>27,674,894</u>	<u>24,338,492</u>	<u>22,111,917</u>	<u>21,200,801</u>
Investment Income								
Net appreciation in fair value of investments	43,642,344	65,579,647	36,543,336	(49,772,720)	(32,191,401)	58,337,028	38,528,649	54,252,571
Interest	1,306,942	2,899,936	3,096,694	2,198,128	1,390,187	2,647,484	3,573,996	4,489,414
Dividends	3,708,793	2,865,256	2,696,987	2,967,150	5,223,787	4,256,079	2,515,307	2,179,770
Securities lending income, net of expenses	146,097	146,709	116,128	378,898	478,113	250,126	209,120	152,895
Investment advisor fees	(2,097,716)	(2,546,539)	(3,195,031)	(1,876,814)	(3,066,724)	(1,778,283)	(2,520,589)	(1,574,475)
Increase in commission credits receivable	7,358	8,927	35,815	37,452	(15,560)	46,965	30,455	54,352
Net investment income (loss)	<u>46,713,818</u>	<u>68,953,936</u>	<u>39,293,929</u>	<u>(46,067,906)</u>	<u>(28,181,598)</u>	<u>63,759,399</u>	<u>42,336,938</u>	<u>59,554,527</u>
Total additions (deductions)	<u>78,502,081</u>	<u>98,841,280</u>	<u>68,734,293</u>	<u>(17,288,838)</u>	<u>(506,704)</u>	<u>88,097,891</u>	<u>64,448,855</u>	<u>80,755,328</u>
Deductions								
Benefits paid to participants	41,688,297	37,686,480	35,223,728	32,854,259	30,114,367	30,189,990	25,754,190	23,932,789
Refunds	2,605,377	1,896,665	1,987,231	2,027,657	2,513,020	2,213,943	2,150,218	2,254,148
Administrative expenses	1,108,470	918,940	753,466	748,789	847,517	723,690	647,095	594,143
Total deductions	<u>45,402,144</u>	<u>40,502,085</u>	<u>37,964,425</u>	<u>35,630,705</u>	<u>33,474,904</u>	<u>33,127,623</u>	<u>28,551,503</u>	<u>26,771,080</u>
Change in Net Position	<u>33,099,937</u>	<u>58,339,195</u>	<u>30,769,868</u>	<u>(52,919,543)</u>	<u>(33,981,608)</u>	<u>54,970,268</u>	<u>35,897,352</u>	<u>54,034,248</u>
Net Position Available for Benefits, Beginning of Year	<u>552,542,670</u>	<u>494,203,475</u>	<u>463,433,607</u>	<u>516,353,150</u>	<u>550,334,758</u>	<u>495,364,490</u>	<u>459,467,138</u>	<u>405,432,890</u>
Net Position Available for Benefits, End of Year	<u>\$ 585,642,607</u>	<u>\$ 552,542,670</u>	<u>\$ 494,203,475</u>	<u>\$ 463,433,607</u>	<u>\$ 516,353,150</u>	<u>\$ 550,334,758</u>	<u>\$ 495,364,490</u>	<u>\$ 459,467,138</u>

City of El Paso Employees Retirement Trust
(A Component Unit of the City of El Paso, Texas)
Schedule of Average Benefit Payment Amounts

	Number Receiving Benefits	Total Current annual benefit	Average current annual benefit	Average monthly benefit
September 1, 2020	3,476	\$68,772,742	\$19,785	\$1,649
September 1, 2018	3,174	\$59,700,507	\$18,809	\$1,567
September 1, 2016	2,863	\$52,488,661	\$18,333	\$1,528
September 1, 2014	2,627	\$46,393,663	\$17,660	\$1,472
September 1, 2012	2,399	\$40,881,148	\$17,041	\$1,420
September 1, 2010	2,172	\$35,674,776	\$16,425	\$1,369
September 1, 2008	1,944	\$30,512,360	\$15,696	\$1,308
September 1, 2006	1,743	\$26,086,939	\$14,967	\$1,247
September 1, 2004	1,579	\$22,488,610	\$14,242	\$1,187

City of El Paso Employees Retirement Trust
(A Component Unit of the City of El Paso, Texas)
Average Benefit Payments by Years of Credited Service

Member Retiring & Receiving Benefit During Fiscal Year

		Years of Credited Service						All
		7-10	11-15	16-20	21-25	26-30	30+	
2020	Average monthly benefit	\$ 1,058	\$ 1,203	\$ 1,582	\$ 2,390	\$ 3,219	\$ 4,775	\$ 2,354
	Average monthly salary	\$ 5,016	\$ 3,654	\$ 3,460	\$ 4,176	\$ 4,482	\$ 5,277	\$ 4,215
	Number of retirees	21	41	45	40	49	27	223
2019	Average monthly benefit	\$ 811	\$ 1,153	\$ 1,613	\$ 2,291	\$ 2,778	\$ 5,236	\$ 2,074
	Average monthly salary	\$ 3,911	\$ 3,528	\$ 3,419	\$ 3,754	\$ 3,980	\$ 5,768	\$ 3,888
	Number of retirees	24	51	43	20	51	18	207
2018	Average monthly benefit	\$ 829	\$ 1,122	\$ 1,948	\$ 2,386	\$ 3,286	\$ 3,938	\$ 1,993
	Average monthly salary	\$ 3,676	\$ 3,247	\$ 4,124	\$ 3,813	\$ 4,412	\$ 4,322	\$ 3,863
	Number of retirees	36	44	40	28	30	17	195
2017	Average monthly benefit	\$ 628	\$ 1,059	\$ 1,777	\$ 2,194	\$ 3,228	\$ 3,536	\$ 2,002
	Average monthly salary	\$ 2,939	\$ 3,191	\$ 3,741	\$ 3,740	\$ 4,467	\$ 4,105	\$ 3,696
	Number of retirees	29	33	38	33	37	17	188
2016	Average monthly benefit	\$ 782	\$ 1,167	\$ 1,829	\$ 2,161	\$ 2,773	\$ 4,232	\$ 1,925
	Average monthly salary	\$ 3,760	\$ 3,303	\$ 3,869	\$ 3,701	\$ 3,801	\$ 4,674	\$ 3,921
	Number of retirees	29	30	31	34	30	11	165
2015	Average monthly benefit	\$ 784	\$ 1,211	\$ 1,795	\$ 2,373	\$ 2,780	\$ 3,920	\$ 1,910
	Average monthly salary	\$ 3,582	\$ 3,662	\$ 3,845	\$ 4,061	\$ 3,796	\$ 4,363	\$ 3,797
	Number of retirees	26	36	30	33	19	13	157
2014	Average monthly benefit	\$ 803	\$ 1,346	\$ 1,423	\$ 1,993	\$ 2,697	\$ 3,399	\$ 1,786
	Average monthly salary	\$ 3,766	\$ 3,877	\$ 3,136	\$ 3,539	\$ 3,678	\$ 3,688	\$ 3,624
	Number of retirees	23	32	22	30	21	12	140

Note: This schedule is presented to illustrate the requirement to show 10 years of information. However, until a full 10-year trend is compiled, years for which the information is available will be presented.

CITY OF EL PASO EMPLOYEES RETIREMENT TRUST

ADMINISTRATION BUDGET FOR FY2020

ACCT #	DESCRIPTION	ADOPTED
501000	Salaries & Wages	559,862
501002	Overtime Pay	3,000
501010	Shift Differential	25
501020	Equipment Allowance	3,800
Total Salaries & Wages		566,687
501100	Worker's Compensation	1,739
501101	Unemployment Compensation	567
501108	Health Insurance	40,170
501114	Life Insurance	400
501117	Car Allowance	4,800
501118	Insurance & Ancillary Benefits	33,990
501120	Other Employee Benefits (Def Comp)	12,884
501124	Fund Pension Plan Contribution	79,086
501129	FICA Medicare - Fund Match	31,147
501130	FICA OASDI - Fund Match	8,162
Total Employee Benefits		212,944
521120	Health Care Providers Services	2,500
521130	Interpreter Services	500
521520	Investigative Services	1,800
Total Professional Services		4,800
522020	Data Process Service Contracts	81,500
522060	Maint. Services Contract - Janitorial	12,000
522090	Printing Services Contracts	7,000
522120	Security and Access Control Contracts	2,500
522150	Outside Contracts - NOC	5,200
522200	Pest Control Contracts	1,000
522210	Groundkeeping Horticulture Contracts	4,000
522260	Building/Facility Maintenance Contracts	1,000

CITY OF EL PASO EMPLOYEES RETIREMENT TRUST

ADMINISTRATION BUDGET FOR FY2020

ACCT #	DESCRIPTION	ADOPTED
522290	Office Equipment Maint. Contracts	1,000
	Total Outside Contracts	115,200
523040	Mail Room Charges	21,000
	Total Interfund Services	21,000
524130	Copier Contract Services	4,000
	Total Building Leases	4,000
531000	Office Supplies	9,000
531040	Computer Equip Supp & Maint	1,200
531110	Cleaning Supplies	1,500
531140	Building Maintenance Supplies	1,500
	Total Materials & Supplies	13,200
532000	Building Facilities Maintenance Repair	1,000
532005	Facility Maintenance	4,500
532170	HVAC - Supplies & Repair	3,000
532180	Plumbing - Supplies & Repair	500
	Total Building Facilities Maint Rep	9,000
533050	Artwork	10,000
	Total Minor Equipment & Furniture	10,000
540000	Phone	300
540010	Long Distance	100
540020	Wireless Comm Service (internet & cable)	1,200
540030	Postage	600
	Total Communications	2,200
541000	Electricity	9,500
541010	Water, Sewer & Trash	7,000
541020	Natural Gas	4,000
	Total Utilities	20,500

CITY OF EL PASO EMPLOYEES RETIREMENT TRUST

ADMINISTRATION BUDGET FOR FY2020

ACCT #	DESCRIPTION	ADOPTED
542010	Fiduciary & Investment Education Expense	6,000
542020	Trustee Fiduciary & Investment Ed Expense	11,000
542030	Mileage Allowance	500
	Total Travel	17,500
544020	General Liability Insurance	76,892
544050	Operating Contingency Reserve	5,000
544060	Other Services/Charges Expense	4,000
544090	Property Insurance	5,022
544120	Seminars/Continuing Education Exp	675
544140	Prof Licenses & Memberships Exp	6,000
	Total Other Operating Expenditures	97,589
580080	Major Office Equipment & Appliances	8,500
580090	Furniture & Fixtures	1,000
580580	Audio Visual	13,700
	Total Capital Expenditures	23,200
	TOTAL FUND OPERATING BUDGET	\$ 1,117,820