



**BOARD MINUTES FOR THE REGULAR MEETING  
HELD WEDNESDAY, MARCH 20, 2024 AT 8:30 A.M.  
RETIREMENT TRUST ADMINISTRATION BUILDING, 1039 CHELSEA**

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**Members in Attendance:**

Matt Kerr, Chairman  
Karl C. Rimkus, Vice-Chairman  
Isaura Valdez  
Karina Brasgalla  
Robert Studer  
Deborah G. Hamlyn  
Rene Peña  
Rep. Joe Molinar  
Rep. Art Fierro

**Members Absent:**

**Others in Attendance:**

Robert Ash, Executive Director  
Adrian Sanchez, Deputy Executive Director  
Karina Chavez, Administrative Assistant  
David Garcia, Benefits Supervisor  
Eduardo Miranda, Legal Counsel  
Luis Mier, Office of the Comptroller  
Alex Browning, Callan LLC  
Alex Ford, Callan LLC  
Christina Fyelling, Heitman  
Tom Aitken, UBS  
Husayn Hasan, UBS

- Item 1. Benefits Supervisor David Garcia called the meeting to order at 8:30 AM. Garcia noted that quorum was met.

**MOMENT OF SILENCE**

The Retirement Trust Board observed a moment of silence in remembrance of Luis M. Dueñas.

**PLEDGE OF ALLEGIANCE**

The Retirement Trust Board recited the Pledge of Allegiance.

## NOTICE TO THE PUBLIC

Benefits Supervisor David Garcia read the Notice to the Public.

All matters listed under the CONSENT AGENDA will be considered by the Retirement Trust Board to be routine and will be enacted by one motion in the form listed below. There will be no separate discussion of these items unless members of the Retirement Trust Board or persons in the audience request specific items be removed from the CONSENT AGENDA to the REGULAR AGENDA for discussion prior to the time the Retirement Trust Board votes on the motion to adopt the CONSENT AGENDA.

### **CONSENT AGENDA**

Item 2. Approve the Minutes of the Regular Board meeting of February 21, 2024.

Item 3. Consideration and action on the following retirements:

Name	Department	Service Time (estimated)
A. Age & Service Retirement:		
1 Duran, Juan	El Paso Water	30 years 09 months
2 Morales, Carmen	Sun Metro	23 years 00 months
3 Moreno, Patricia	Municipal Court	17 years 11 months
4 Olson, Daryl L.	Internal Audit	15 years 11 months
5 Orrantia, Nora	Zoo	21 years 00 months
6 Ponto, Velia	Airport	12 years 11 months
7 Sierra, Alfonso	El Paso Water	42 years 09 months
8 Threadgill, Joann L.	Airport	29 years 03 months
9 Wilson, Leonor	Zoo	17 years 00 months
B. Early		
1 Duran, Leslie	Airport	24 years 08 months
C. Deferred:		
1 Morrow, Martha	Police	11 years 11 months

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

- A. Alvarado, Maria A. survivor of Manuel Alvarado Jr., retiree.
- B. Hinojos, Rosa survivor of Jose Luis Hinojos, retiree.
- C. Lucero, Irma T. survivor of Armando A. Lucero, retiree.
- D. Montoya, Maria P. survivor of Francisco Montoya, retiree.
- E. Munoz, Lidia survivor of Alfonso Munoz, retiree.
- F. Telles, Sandra Elaine survivor of Arturo Castorena Jr., retiree.

Item 5. Consideration and action on invoices as follows:

Company	Description of Service	Period	Fee Due
A. BNY Mellon	Custodial Fees	Qtr. Ended 12/31/23	\$ 39,390.15
B. Buck Global LLC	Actuarial Fees	Mo. Ended 02/29/24	\$ 2,091.67
C. Carr Riggs Ingram CPAs	Audit Fees	Yr. Ended 08/31/23	\$ 3,490.00
D. Eduardo Miranda	Legal Fees	Mo. Ended 02/29/23	\$ 712.50

E. Callan LLC	Consultant Fees	Qtr. Ended 12/31/23	\$ 82,500.00
F. Gordon Davis Johnson & Shane PC	Legal Fees- 0063	Mo. Ended 02/29/23	\$ 3,696.45
G. Gordon Davis Johnson & Shane PC	Legal Fees - 0064	Mo. Ended 02/29/23	\$ 16,296.80
H. Xerox Financial Services	Copier Lease	Mo. Ended 02/29/23	\$ 473.00

Item 6. Consideration and action on the following Committee reports/appointments:

- A. Administrative Services Committee
- B. Executive Committee
- C. Facility and Maintenance Committee
- D. Financial Oversight Committee
- E. Investment Committee

**Motion made by Robert Studer to approve the Consent Agenda; seconded by Deborah Hamlyn. The motion required polling:**

<b>Isaura Valdez</b>	<b>aye</b>
<b>Karina Brasgalla</b>	<b>aye</b>
<b>Robert Studer</b>	<b>aye</b>
<b>Deborah Hamlyn</b>	<b>aye</b>
<b>Rene Peña</b>	<b>aye</b>
<b>Rep. Joe Molinar</b>	<b>aye</b>

**Motion carried.**

### REGULAR AGENDA

Item 7. Discussion and action regarding the Treasurer's Report for the month ended February 29, 2024.

Luis Mier of the Office of the Comptroller presented on behalf of City Comptroller Margarita Marin; the Board received and reviewed the Treasurer's Report for the month ended February 29, 2024.

The Treasurer's Report is prepared monthly by the Office of the Comptroller based on information received from the Trust's custodian.

The report consists of two statements ("Statement of Net Assets Available for Benefits" and the "Statement of Changes in Net Assets Available for Benefits"), three schedules ("Quarterly Statements of Changes in Net Assets Available for Benefits", "Investment Income Analysis", and "Pension Administration Actual/Budget Comparison"), and four graphs ("Net YTD Investment Income", "Net Investment Income Rate of Return", "Refunds & Administrative Expenses", and "Benefits Paid to Retirees").

The information in the report includes (i) receivables, which include amounts due to the Trust for securities sold, outstanding interest, dividends earned, and contributions as of the date of the report; (ii) liabilities, which include amounts owed by the Trust for securities purchased and accrued expenses as of the date of the report; and (iii) unrealized/realized investment income, which is an estimate of the value of the portfolio as of the reporting dates.

Mier reviewed the statements, schedules, and graphs. The unaudited totals are for the periods ended February 29, 2024 including month, quarter, and fiscal year (six months). Net assets available for benefits were about 958.4 million dollars. Contributions were approximately 28.3 million dollars (about 17.7 million from the employer and 10.6 million from employees).

Benefits paid to retirees were about 39.6 million dollars. The rate of return, which is the fiscal net investment loss/gain over the average net assets available for benefits, was about 6.32 percent. A net investment gain of about 59.2 million dollars. Mier noted the target rate of return for the fiscal year of 7.25 percent, about 3.63 percent for the six months.

**No action was taken on this item.**

- Item 8. Discussion and action regarding the receipt of an investment manager report from Heitman America Real Estate Trust LP (Christina Polito Fyelling of Heitman).

Christina Polito Fyelling of Heitman presented; the Board received and reviewed an investment manager report from Heitman America Real Estate Trust LP.

Fyelling provided an overview of the firm/fund. Heitman continues to be independently owned. The Trust made a commitment of 30 million dollars in 2015 to Heitman America Real Estate Trust ("HART") and an additional 8.0 million dollars in 2021. Fyelling noted management changes. Effective January 1, 2024, as part of the research team's long-term succession plan, Mary Ludgin transitioned her remaining leadership responsibilities for Global Investment Research to Emi Adachi and Jeff Bingham.

Fyelling reviewed performance. The fund produced a negative 11.68 percent net total return in 2023, including a net income return of 3.19 percent, and depreciation of negative 14.52 percent. In the fourth quarter of 2023, the fund's total net returns were negative 4.38 percent, comprised of an income net return of 0.87 percent and depreciation of negative 5.25 percent. The fund's total net returns outperformed the NFI-ODCE Benchmark for all relevant reporting periods. The fund's income return has now outperformed the index for 15 consecutive years. In the fourth quarter of 2023, the fund's total accrued dividend, paid in January 2024, was 88.9 million dollars, resulting in a net dividend yield of 2.73 percent and an average quarterly dividend per share of 12.08 dollars for calendar year 2023. The value of the fund's assets declined in the fourth quarter across all property sectors with the most significant value decreases driven by commercial office, apartment, and medical office assets. Overall, the fund's valuation decrease for the most recent quarter was driven by increases in valuation metrics (higher capitalization rates and discount rates). The impact of marking-to-market the fund's debt obligations resulted in a depreciation of 37 basis points for the quarter.

Fyelling provided a market/portfolio outlook. Comparatives to broader market metrics suggest that private real estate valuations will continue to be trimmed during the first part of 2024. Factors that will impact the timing and extent of additional valuation adjustments include the pace of anticipated monetary policy actions, organic movement in valuations across other asset sectors, and the extent to which capital investments into the private real estate sector begin to occur more readily. Expectations for the fund's operating portfolio indicate favorable fundamentals and healthy growth in net operating income ("NOI") for the year ahead. Despite a modest softening in occupancy levels across the portfolio resulting from the gradual slowing of the economic pace in the US generally, the firm anticipates solid and stable demand from tenants across sectors. Overall, NOI is anticipated to increase by approximately 5.0 percent for the fund's portfolio for 2024 in comparison to the 2023 levels.

Fyelling reviewed HART's investor commitment and redemption profile. Hart has a commitment queue of about 60.1 million dollars and a redemption queue of about 1.63 billion dollars. Net redemption requests have been trending down, with no requests in the past two quarters.

**No action was taken on this item.**

- Item 9. Discussion and action regarding the receipt of an investment manager report from UBS Realty Investors LLC (Tom Aitken and Husayn Hasan of UBS).

Tom Aitken and Husayn Hasan of UBS presented; the Board received and reviewed an investment manager report from UBS Realty Investors LLC.

Aitken provided an overview of the portfolio. The Trumbull Property Fund LP (“TPF”) is an open-end, commingled, private real estate portfolio advised by UBS Realty Investors LLC. Aitken provided an update on acquisitions. Last year the firm acquired Credit Suisse; the process of integration is ongoing. Aitken noted that the real estate business for Credit Suisse did not overlap with UBS’ domestic business. Aitken noted management changes. The Head of Asset Management recently retired and was replaced by Aleksandar Ivanovic who was previously Head of Asset Management in Switzerland.

Hasan reviewed performance. For the fourth quarter of 2023, TPF outperformed the NCREIF-ODCE (“ODCE”) benchmark for the second consecutive quarter. Gross total return of negative 4.00 percent, net negative 4.17 percent, outperformed the ODCE by 83 basis points. Depreciation deepened this quarter to a gross negative 4.88 percent but was partially offset by a gross income return of 0.89 percent. This relative success follows last quarter’s outperformance.

Hasan reviewed performance attribution. A variance in performance across property types continues. Industrial and apartment properties were down by 1.9 percent and 3.1 percent, respectively. Notably, the tailwinds of strong 2023 operating performance offset some of the damage from pricing adjustments as there was strong growth in net operating income in both sectors. Office values continue to decline, with pricing changes driving a 9.7 percent decline in values. Retail asset values remained flat due to increased net operating income offsetting pricing adjustments and as a result, TPF’s retail portfolio is the top retail portfolio in the ACOE benchmark. The TPF portfolio remained well leased this quarter at 92.6 percent, a modest decline from the third quarter. Apartment (94.2 percent occupancy) and industrial (98 percent occupancy) properties continue to see improvements in operations despite the headwinds of supply. The retail portfolio is 92 percent leased and is now heavily weighted with dominant community centers. Office continues to be the most difficult sector, falling to 73 percent leased. The firm’s leasing efforts continued to generate new activity, but this has been more than offset by tenant departures. Office represents only 12 percent of the portfolio. The fourth quarter demonstrated continued disruption in the transaction market. Amidst a significantly slowed market, total gross sale proceeds for the quarter amounted to 40.4 million dollars, bringing the total for the full year to 736.5 million dollars.

Hasan reviewed redemptions. Liquidity remains a priority. TPF has a leverage ratio of 21.4 percent. When values begin to approach an inflection point, UBS plans to increase leverage closer to NCREIF-ODCE’s leverage of 26.2 percent. TPF’s redemption pool balance remained at 6.5 billion dollars. Hasan noted that almost all the funds participating in the ODCE benchmark now have redemption pools. UBS has been limited with the amount of redemptions paid in 2023 due to the low levels of transactions. With the TPF’s board approval, important enhancements were made to the Loyalty Program available to fund investors.

**No action was taken on this item.**

- Item 10. Discussion and action regarding a report from Callan LLC regarding the Trust's investments and related matters (Alex Browning and Alex Ford of Callan).

Alex Browning of Callan presented; the Board received and reviewed the monthly "flash report" for the period ended February 29, 2024, and the rebalancing worksheet.

Browning noted asset allocation and reviewed performance by asset class. Browning advised that the results are preliminary as valuations for Private Equity and Real Estate are not available on a monthly basis. The total fund balance was about 959 million dollars with net investment returns of about 28 million dollars and net distributions of about 1.2 million dollars for the month. For the month, all asset-class composites outperformed their benchmarks. Private Equity underperformed for the fiscal year and 1-year periods but outperformed by about 6.8 percent over the last five years. The total fund return for the month was 3.02 percent, outperforming the Strategic Blended Index. In the last five years, total return was about 8.10 percent, exceeding the actuarial rate of return.

Board Trustee and Investment Committee Chair Robert Studer discussed unrealized losses and noted that rebalancing captures gains. Browning concurred and reviewed the proposed transactions for the scheduled, quarterly rebalancing. Funds from U.S. Equity and International Equity will be used to fund Fixed Income, which is underweight to target. Executive Director Robert Ash advised that given the substantial number of transactions, the rebalancing is expected to be completed by mid-April.

**Motion made by Karl Rimkus to approve the rebalancing report as submitted by Callan LLC; seconded by Robert Studer. The motion required polling:**

<b>Isaura Valdez</b>	<b>aye</b>
<b>Karina Brasgalla</b>	<b>aye</b>
<b>Robert Studer</b>	<b>aye</b>
<b>Deborah Hamlyn</b>	<b>aye</b>
<b>Karl Rimkus</b>	<b>aye</b>
<b>Rene Peña</b>	<b>aye</b>
<b>Rep. Joe Molinar</b>	<b>aye</b>
<b>Rep. Art Fierro</b>	<b>aye</b>

**Motion carried.**

- Item 11. Discussion and action regarding UBS Realty Investors LLC (Alex Browning and Alex Ford of Callan).

Alex Ford of Callan presented; the Board received and reviewed an update on UBS Trumbull Property Fund ("TPF"). Ford noted that UBS is on "watch" for performance.

Ford discussed the redemption pool. The TPF redemption pool is above 50 percent of the fund's net asset value ("NAV"). Ford noted that most ODCE funds have redemption pools between 11-20 percent of NAV. TPF remains the outlier in terms of the size of its redemption pool. The size of the redemption pool impairs TPF's ability to satisfy investor demand for liquidity.

Ford reviewed the new Loyalty Program which UBS announced in February 2024. Participants will be entitled to a fee discount of 25 percent on any portion of their investment that is not in the redemption pool. There is no commitment required for as long as the program is offered. There is no management fee clawback should a participant choose to exit the program (i.e.,

move dollars into the redemption pool). Dollars in the redemption pool are entitled to participate if the redemption request is rescinded. The incentive is effective immediately and begins in the quarter that the notification is received.

Ford advised that, as discussed by the Investment Committee, the recommendation is to move 50 percent of the Trust's investment into the redemption pool and the remaining balance into the new Loyalty Program. Ford discussed UBS' redemption methodology. TPF payouts are pro-rata. CEPERT has approximately 35.8 million dollars invested in TPF as of December 2023, representing approximately 0.3 percent of the overall fund.

**Motion made by Karl Rimkus to place 50 percent of the account balance in the redemption pool and 50 percent in the fee discount program as recommended by the consultant and Investment Committee and authorize the Chairman or Executive Director to sign related documents; seconded by Rep. Joe Molinar. The motion required polling:**

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

**Motion carried.**

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

Executive Director Robert Ash reported on the following:

- Ash reviewed upcoming conference(s) and training.
  - The TEXPERS annual conference will be held in April 2024 in Dallas.
    - Ash noted that one staff member and one Trustee will be attending.
  - NCPERS will meet in May 2024 in Seattle.
  - Trustees interested in attending may contact Benefits Supervisor David Garcia.
  - Ash requested that Trustees review and note the deadlines for completion provided in the Minimum Education & Continuing Education Training Requirements Compliance Summary.
    - Ash requested that Trustees contact Garcia with any revisions/updates.
- Ash reviewed ongoing/completed project(s):
  - The Trust has submitted comments to the Texas Pension Review Board ("PRB") regarding PRB guidelines on funding policies and investment policy statements.
    - The response included comments from the Trust's actuary and investment consultant.
  - Ash discussed the PeopleSoft upgrade.
    - Trust Staff have been diligently testing for months along with the City's IT, OTC, and HR departments. Ash expressed his gratitude to all parties involved.
    - The upgrade will go live at the end of March. Ash noted that the March retiree payroll will be completed before the upgrade is implemented. Ash does not anticipate any major issues with implementation as issues are resolved through the ongoing testing.
  - The Government Finance Officers Association ("GFOA") is a nonprofit

professional association of the United States and Canada. The GFOA has awarded the Trust with the Certificate of Achievement for Excellence in Financial Reporting for the tenth consecutive year with regard to the Trust's Annual Comprehensive Financial Report.

**No action was taken on this item.**

Item 13. For Notation:

A. Refund of Contributions:

	Name	Department	Total Refund
1	Aldaco, Alfredo	Animal Services	\$ 29,509.84
2	Aragon, Luz	Municipal Court	\$ 747.80
3	Arreaga, Emily	Sun Metro	\$ 4,314.65
4	Barger, Melissa	Libraries	\$ 4,545.03
5	Betancourt, Andrea	Fire	\$ 3,667.90
6	Caldwell, Ruben	Environmental Services	\$ 6,326.99
7	Castro, Edwardo	Sun Metro	\$ 3,789.01
8	Day, Willie	Streets and Maintenance	\$ 2,369.18
9	Doporto, Christopher	El Paso Water	\$ 10,010.33
10	Ellison, Lyle	Animal Services	\$ 1,023.82
11	Felix, Marisela	Environmental Services	\$ 4,482.19
12	Galan, Ebal	Museums and Cultural Affairs	\$ 3,019.35
13	Hernandez, Logan	Fire	\$ 1,158.02
14	Jauregui, Luis	Public Health	\$ 16,386.30
15	Jimenez, Matthew	Police	\$ 10,854.62
16	Johnson, Francine	Animal Services	\$ 5,434.56
17	Licerio, Andrew	Environmental Services	\$ 1,413.35
18	Lopez, Ana	Police	\$ 1,129.20
19	Moreno, Alejandro	Fire	\$ 1,010.40
20	Munoz, Faith	Public Health	\$ 11,720.73
21	Ontiveros, Jacob	Fire	\$ 3,249.39
22	Orozco, Yvette	Public Health	\$ 6,871.12
23	Perez, Maja	Police	\$ 3,081.41
24	Rodriguez, Francisco	Streets and Maintenance	\$ 1,646.56
25	Ronkartz, Erica	El Paso Water	\$ 5,702.97
26	Samaniego, Cristina	Animal Services	\$ 625.25
27	Soto, Kerena	Environmental Services	\$ 13,781.79
28	Valadez, Ricardo	Streets and Maintenance	\$ 3,057.04
29	Vigil Jr., Raul	El Paso Water	\$ 14,223.55
			<b>\$ 175,152.35</b>

**Item for notation only. No action was required on this item.**



## OPEN COMMENT PERIOD

The Board of Trustees allowed speakers from the public to comment on any pension-related issue that was not on the agenda. During the Open Comment Period of the meeting, the public was given an opportunity to address the Board.

Benefits Supervisor David Garcia noted that there were no speakers to comment on any pension-related issue that was not on the agenda.

**Motion made by Karl Rimkus to retire into Executive Session pursuant to the Texas Government Code, Section 551.071 and Section 551.074; seconded by Robert Studer. None opposed. Motion carried at 9:52 AM.**

**Motion made by Karl Rimkus to reconvene from Executive Session; seconded by Rep. Joe Molinar. None opposed. Motion carried at 10:19 AM.**

- Item 14. The Board will retire into EXECUTIVE SESSION pursuant to the Texas Government Code, Sections 551.071-551.076 and Section 551.078 to discuss any of the following:

**Section 551.071 CONSULTATION WITH ATTORNEY**  
Section 551.072 DELIBERATION REGARDING REAL PROPERTY  
**Section 551.074 PERSONNEL MATTERS**  
Section 551.075 CONFERENCE WITH EMPLOYEES  
Section 551.076 DELIBERATION REGARDING SECURITY DEVICES  
Section 551.078 DELIBERATION REGARDING DISABILITY APPLICANT'S MEDICAL RECORDS

**A. Sections 551.071 and 551.074**

Discussion and action regarding the annual performance evaluation of the Executive Director/Legal Advisor.

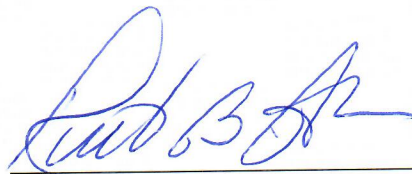
**Motion made by Karl Rimkus to approve the annual evaluation of the Executive Director/Legal Advisor and approve a pay increase as outlined in the contract; seconded by Robert Studer. The motion required polling:**

<b>Isaura Valdez</b>	<b>aye</b>
<b>Robert Studer</b>	<b>aye</b>
<b>Deborah Hamlyn</b>	<b>aye</b>
<b>Karl Rimkus</b>	<b>aye</b>
<b>Rene Peña</b>	<b>aye</b>
<b>Rep. Joe Molinar</b>	<b>aye</b>
<b>Rep. Art Fierro</b>	<b>aye</b>

**Motion carried.**

- Item 15. Adjournment.

**Motion made by Karl Rimkus to adjourn the City of El Paso Employees Retirement Trust Board Meeting on March 20, 2024; seconded by Rep. Joe Molinar. None opposed. The motion was carried at 10:20 AM.**



Secretary



Chairman