



CITY of EL PASO

EMPLOYEES RETIREMENT TRUST

**BOARD MINUTES FOR THE REGULAR MEETING
HELD WEDNESDAY, MAY 18, 2022 AT 8:30 A.M.
RETIREMENT TRUST ADMINISTRATION BUILDING, 1039 CHELSEA**

Members in Attendance:

Karl C. Rimkus, Vice Chairman
Jerry Romero
Diana Nuñez
Mario R. Hernandez
Deborah G. Hamlyn
Isaura Valdez
Rep. Joe Molinar
Rep. Isabel Salcido

Members Absent:

Matt Kerr, Chairman

Others in Attendance:

Robert Ash, Executive Director
Adrian Sanchez, Deputy Executive Director
Karina Chavez, Administrative Assistant
David Garcia, Benefits Supervisor
Paul Erlendson, Callan LLC
Alex Browning, Callan LLC
Margarita Munoz, Comptroller/Board Treasurer
Susan Jacobs, Office of the Comptroller
Luis A. Hernandez, Information Technology
Margarita Fierro
Erica Ruiz
Eddie Gonzalez

- Item 1. Benefits Supervisor David Garcia called the meeting to order at 8:33 AM. Garcia noted that the quorum was met.

PLEDGE OF ALLEGIANCE

The Retirement Trust Board recited the Pledge of Allegiance.

NOTICE TO THE PUBLIC

Benefits Supervisor David Garcia read the Notice to the Public.

All matters listed under the CONSENT AGENDA will be considered by the Retirement Trust Board to be routine and will be enacted by one motion in the form listed below.

There will be no separate discussion of these items unless members of the Retirement Trust Board or persons in the audience request specific items be removed from the CONSENT AGENDA to the REGULAR AGENDA for discussion prior to the time the Retirement Trust Board votes on the motion to adopt the CONSENT AGENDA.

CONSENT AGENDA

Item 2. Approve the Minutes of the Regular Board meeting of April 20, 2022.

Item 3. Consideration and action on the following retirements:

Name	Department	Service Time (estimated)
A. Age & Service Retirement:		
1 Avila, Eduardo Manuel	Streets and Maintenance	14 years 11 months
2 Chavez, Graciela	Police	20 years 10 months
3 Dominguez, Ricardo	El Paso Water	16 years 06 months
4 Estrada, Irma	Police	21 years 09 months
5 Grijalva, Gabriel	Municipal Court	28 years 00 months
6 Keable, Greg W.	El Paso Water	30 years 06 months
7 Leyva, Michael Craig	El Paso Water	27 years 01 month
8 Lopez, Yasmin M.	El Paso Water	25 years 04 months
9 Melendez, Gilbert	Sun Metro	21 years 03 months
10 Morales, Maria Cruz	Public Health	15 years 08 months
11 Neely, Douglas W.	Parks and Recreation	06 years 10 months
12 Romney, Jeffrey	Museums and Cultural Affairs	16 years 01 months
13 Sanchez Diaz De Leon, Jesus J.	El Paso Water	11 years 06 months
B. Early:		
1 Landa, Ezequiel	Police	21 years 05 months
C. Deferred:		
1 Miller, Jessica Renee	Police	16 years 00 months

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

- A. Gomez, Irene survivor of Luis Gomez, retiree.
- B. Maya, Linda survivor of Norman Maya, retiree.
- C. Ontiveros, Sylvia F. survivor of Eleazar Ontiveros, retiree.

Item 5. Consideration and action on invoices as follows:

Company	Description of Service	Period	Fee Due
A. BlackRock	Investment Fees	Qtr. Ended 03/31/22	\$ 26,662.44
B. Buck Global LLC	Actuarial Fees	Mo. Ended 04/30/22	\$ 1,983.34
C. Eduardo Miranda	Legal Fees	Mo. Ended 04/30/22	\$ 587.50
D. Heitman America R.E. Trust LP	Investment Fees	Qtr. Ended 03/31/22	\$ 139,485.00
E. Lazard Asset Management	Investment Fees	Qtr. Ended 03/31/22	\$ 105,640.59
F. Mellon Investment Management	Investment Fees	Qtr. Ended 03/31/22	\$ 31,878.03
G. UBS Realty Investors LLC	Investment Fees	Qtr. Ended 03/31/22	\$ 66,032.63
H. Xerox Financial Services	Copier Lease	Mo. Ended 05/31/22	\$ 306.24

- Item 6. Consideration and action regarding the receipt of the death verification analysis.
- Item 7. 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 Diana Nuñez to approve the Consent Agenda; seconded by Rep. Isabel Salcido. The motion required polling:

Jerry Romero	aye
Mario R. Hernandez	aye
Diana Nuñez	aye
Deborah G. Hamlyn	aye
Isaura Valdez	aye
Rep. Joe Molinar	aye
Rep. Isabel Salcido	aye

Motion carried.

REGULAR AGENDA

- Item 8. Discussion and action regarding the introduction of a recently appointed Member of the Board.

Executive Director Robert Ash addressed the Board. Ash advised that Deborah Hamlyn was recently appointed by Mayor Leeser and will serve as the new Retiree Representative on the Board of Trustees. Hamlyn reviewed her background, experience, and civic engagements. Hamlyn expressed her gratitude for the opportunity to serve on the Board.

No action was taken on this item.

- Item 9. Discussion and action regarding the Treasurer's Report for the month ended April 30, 2022.

Margarita Munoz, Comptroller and Board Treasurer, presented; the Board received and reviewed the Treasurer's Report for the month ended April 30, 2022.

Munoz reviewed the "Statement of Net Assets Available for Benefits". The unaudited totals in the statement are for the period ended April 30, 2022. Cash and investments totaled about 957 million dollars. Munoz noted the decrease for the fiscal year of about 80 million dollars. Munoz advised that net assets available for benefits also decreased by about the same amount for the fiscal year. Munoz noted that other totals remained constant as compared to the previous fiscal year.

Munoz reviewed the "Statement of Changes in Net Assets Available for Benefits". The unaudited totals reflect the eight months ended April 30, 2022. The net investment income is negative 54.9 million dollars, which is largely attributed to the net change in fair value of investments which was negative 55.4 million dollars. Contributions and benefits paid to retirees remain in line with the previous fiscal year. Munoz noted that the net decrease of about 79.7 million dollars is mainly attributed to net investment losses and a deficit of about 20 million dollars between contributions and benefits paid.

Munoz noted the "Quarterly Statement of Changes in Net Assets Available for Benefits". Munoz reviewed the "Investment Income Analysis". The change in net assets of negative 52.6 million dollars for the fiscal year, is largely attributed to unrealized losses. The net investment income for the fiscal year was negative 5.26 percent. Munoz noted that the target rate of return is 7.25 percent. For the fiscal year, the cumulative target rate of return is 4.83 percent.

Munoz noted the investment return/loss as illustrated in the charts for net investment income and rate of return. Munoz reviewed the graphs for deductions including benefits paid to retirees, refunds, and administrative expenses beginning with fiscal year 2014 through the current fiscal year. Munoz noted that the Trust expends more on refunding contributions than on the administration of the Trust.

Executive Director Robert Ash noted that the cost of living adjustment ("COLA") recently approved by the Board will be paid to retirees on May 20, 2022. The COLA will increase the total benefits paid to retirees by about 5.0 million dollars for the fiscal year.

No action was taken on this item.

Motion made by Rep. Joe Molinar to move Item 16 to immediately follow Item 9; seconded by Rep. Isabel Salcido. Motion carried.

Motion made by Jerry Romero to retire into Executive Session pursuant to the Texas Government Code, Sections 551.071-551.076 and Section 551.078; seconded by Rep. Joe Molinar. None opposed. Motion carried.

Motion made by Diana Nuñez to reconvene from Executive Session; seconded by Rep. Isabel Salcido. None opposed. Motion carried.

Item 16. 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. Section 551.071 and Section 551.078

Discussion and action regarding the survivor benefit application for an incapacitated adult child.

Motion made by Diana Nuñez to approve the survivor benefit application; seconded by Rep. Joe Molinar. The motion required polling:

Jerry Romero	aye
Mario R. Hernandez	aye
Diana Nuñez	aye
Deborah G. Hamlyn	aye
Isaura Valdez	aye

Rep. Joe Molinar **aye**
Rep. Isabel Salcido **aye**

Motion carried.

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

Paul Erlendson and Alex Browning of Callan presented; the Board received and reviewed the "flash" report for the period ended April 30, 2022 and the quarterly report for the first quarter of 2022.

Browning reviewed the quarterly report for the first quarter of 2022.

Browning provided an overview of the U.S. economy for the quarter. The initial estimate of first quarter GDP fell to negative 1.4 percent (annualized), down from a 6.9 percent increase in the fourth quarter. The CPI climbed 8.5 percent year over year. The Federal Reserve made its first 0.25 percent rate hike of the year on March 16th, with more hikes planned in 2022. The labor market remains a source of strength with unemployment falling to 3.6 percent in March. Inflation remains elevated. Transportation, including new and used cars, parts, and gasoline, was the largest contributor to inflation at 3.6 percent. Housing at about 2.7 percent and food and beverage at about 1.3 percent have also been significant contributors.

Browning reviewed the "Periodic Table of Investment Returns" noting risk relative to return and noted the "CEPERT Dashboard".

Browning reviewed asset allocation. Browning advised that actual allocation is within the permissible range for each class. No action is required on rebalancing. Browning noted that actual allocation is rebalanced to target through cyclical cash activity of the Trust including receiving contributions and expending funds for benefit payments.

Browning reviewed Trust performance (gross) versus the Callan Public Fund Sponsor Database. Active management has added value to the Trust. The Trust has ranked in the top quartile and decile over most reporting periods. The total fund has exceeded the actuarial rate of return over all reporting periods. The Trust has achieved higher return with less risk than the asset allocation target.

Erlendson reviewed the flash report for the period ended April 30, 2022.

Erlendson noted asset allocation versus target allocation.

Erlendson reviewed performance noting that the totals are net of fees. Since the beginning of the year, the Trust had unrealized losses of about 100 million dollars. Erlendson noted that over the past five years the Trust has gained about 300 million dollars. Erlendson noted that the Trust will likely not meet the actuarial assumption rate for the fiscal year but advised that long term the portfolio exceeded the actuarial assumption rate and outperformed the Strategic Blended Index.

Erlendson discussed market conditions including the impact of rising rates on Real Estate. Erlendson discussed volatility and noted the actions taken by the Board to enhance asset value including the elimination of certain asset classes that were underperforming, reviewing and

revising manager structure, and negotiating lower fees with UBS who is on “watch” for performance.

No action was taken on this item.

Item 11. Discussion and action regarding results of the Board self-assessment/survey.

Deputy Executive Director Adrian Sanchez presented; the Board received and reviewed the results of the Board self-assessment/survey.

Sanchez provided an overview of the self-assessment. The Board self-assessment is a “Strategy for Success” outlined in the Strategic Plan. The intent of the self-assessment is to get feedback from Trustees to improve the Board experience. The assessment should be performed annually. The 2022 survey was open for one week from March 29th through April 6th. The survey included 22 multiple choice questions with topics covering Self Evaluation, Role of the Board, Policy, and Strategic Planning. Sanchez advised that the questions were created by the Executive Committee. Responses were submitted by seven of the nine Trustees.

Sanchez discussed the key takeaways from the survey.

Questions related to the organization and operations of the Board received generally positive results. All respondents believed (i) their fellow Board Members are engaged and committed to serve; (ii) the Board committees are effective ways of conducting critical policy and oversight functions of the Board; (iii) the monthly Board meetings are efficient and professional; (iv) the working relationship between Trustees and Trust Staff is productive; and (v) staff and Board leadership provide required information to Trustees in an efficient and timely manner, to better assist in making informed decisions by the Board.

Sanchez noted that several items presented themselves as potential topics for further discussion: Strategic Planning, Mission and Vision Emphasis, BoardPaq Education, and Committee Work.

Sanchez advised that the Executive Committee suggested holding a Special Board Meeting to further discuss results and to propose possible action items.

Motion made by Mario R. Hernandez that the results be further considered at a Strategic Planning Meeting to be held in August; seconded by Rep. Joe Molinar. None opposed. Motion carried.

Item 12. Discussion and action regarding issuing a request for proposals (“RFP”) for an Organizational Review.

Executive Director Robert Ash presented the request for proposals (“RFP”) for an Organizational Review.

Ash advised that the Organizational Review is part of “Organizational Development” in the Strategic Plan. The goal was to contract with a management consulting firm. The intent of the review is to assess staff size and roles in order to meet current and future needs of retirees and customers.

Ash advised that the draft RFP was reviewed by the Executive Committee (“EC”). The EC referred the RFP to the Trust’s Administrative Services Committee (“ASC”) to consider an

internal assessment by staff. The ASC reviewed the RFP and after consideration recommended that staff review the organizational structure and propose alternatives considering anticipated staff development and growth. The ASC did not recommend issuing the RFP. Ash estimated the cost may be between 20 to 30 thousand dollars for an Organizational Review based on similar projects but noted that the RFP has not been issued therefore actual cost and timeframe is unknown. Trustee and ASC Chair Diana Nuñez concurred and noted that the ASC did not believe that the possible cost outweighed the benefit of an Organizational Review. Trustee and ASC Member Rep. Joe Molinar believed that staff can perform the review efficiently at cost savings to the Trust.

Ash provided an overview of the development of the RFP for Organizational Review. Ash noted that previously an RFP for a Classification and Compensation Study, which included an Organizational Review, was issued. However, the Organizational Review was excised from that RFP as there weren't any responding firms willing to perform the Organizational Review portion. Ash advised that the Trust contacted the City's Internal Auditor's Office, but the office declined the project.

Trustees Deborah Hamlyn and Isaura Valdez recommended an independent review and suggested contacting the Internal Auditor's Office again and the City's Performance Office. Rep. Isabel Salcido and Jerry Romero concurred with an independent review. Ash advised that staff will contact the Trust's independent, external auditor to inquire about a review and noted that there will be a cost associated with the review.

Motion made by Rep. Isabel Salcido to refer the item back to the Administrative Services Committee for further work; seconded by Deborah Hamlyn. None opposed. Motion carried.

- Item 13. Discussion and action regarding an amendment to Section 2 Subsection L of the Personnel Rules and Regulations.

Executive Director Robert Ash presented; the Board received and reviewed an amendment to the Personnel Rules and Regulations.

The suggested amendment would limit the cost of living increase for Trust Staff to not more than five percent. Ash noted that the Administrative Services Committee recommended approval of the amendment.

Motion made by Diana Nuñez to approve the proposed amendment and authorize the Chairman to sign related documents; seconded by Rep. Joe Molinar. None opposed. Motion carried.

Additionally, Ash noted that the titles of the Trust's "Administrator" and "Deputy Administrator" in the Personnel Rules and Regulations would be revised to "Executive Director" and "Deputy Executive Director" respectively.

- Item 14. Discussion and action regarding a report from the Executive Director including a synopsis of the committee meetings.

Robert Ash, Executive Director, reported on the following:

- Ash provided a synopsis of recent committee meetings including the Administrative Services Committee, Executive Committee, and Investment Committee.

- TEXPERS' summer conference will be held beginning August 21st in El Paso at the Paso Del Norte Hotel. Ash advised that unless there are more participants, TEXPERS is not planning on providing Minimum Education Training.
- COLA payments will be made on Friday, May 20th to retirees. Ash expressed his gratitude to staff and City personnel.
 - Ash noted that retirees have contacted the Administrative Office to thank the Board.
- There will be a Special Board Meeting in August to review the Strategic Plan.

No action was taken on this item.

Item 15. For Notation:

A. Directed brokerage credit balance for the month ended March 31, 2022: \$7,882.82

B. Refund of Contributions:

	Name	Department	Total Refund
1	Adame, Donna	International Bridges	\$ 2,126.62
2	Andrade, Erika	Municipal Court	\$ 3,153.58
3	Arvizu Lopez, Arturo	International Bridges	\$ 270.07
4	Avila, Michael	Community and Human Development	\$ 1,048.64
5	Calvillo, Jaime	Fire	\$ 666.02
6	Carbajal, Raquel	Human Resources	\$ 920.94
7	Castor, Marco	Parks and Recreation	\$ 48,088.45
8	Celis, Mirellea	Fire	\$ 2,425.02
9	Chavez, Joaquin	Streets and Maintenance	\$ 7,802.97
10	Chavez, Martin	El Paso Water	\$ 3,791.27
11	Colbert, Nathan	El Paso Water	\$ 16,748.17
12	Delgado, Omar	Environmental Services	\$ 13,280.81
13	Duckett, Curtis	Fire	\$ 3,955.10
14	Enriquez, Erik	City Clerk	\$ 179.70
15	Escobedo, Adele	Police	\$ 5,319.60
16	Esparza, Jaime	El Paso Water	\$ 8,043.60
17	Estupinan, Robert	Animal Services	\$ 4,715.21
18	Fernandez, Harold	Streets and Maintenance	\$ 5,928.88
19	Floriano, Luis	Information Technology	\$ 21,202.88
20	Franco, Catherine	Animal Services	\$ 25,498.19
21	Gibson, Frank	Airport	\$ 3,543.22
22	Gonzalez, Beatriz	Streets and Maintenance	\$ 1,386.87
23	Gonzalez, Victor	El Paso Water	\$ 12,359.79
24	Guizar, Mercedes	International Bridges	\$ 11,603.62
25	Hernandez, Haydee	Airport	\$ 6,469.08
26	Hernandez, Yvonne	Environmental Services	\$ 12,707.30
27	Horan, Jonathan	Sun Metro	\$ 66,808.11
28	Irigoyen-Limon, Claudia	Animal Services	\$ 5,551.65
29	Luevano, Mario	El Paso Water	\$ 33,653.37
30	Lujan, Rebecca	Environmental Services	\$ 14,236.51

31	Martinez, Deanne	Public Health	\$	8,580.60
32	Medrano, Ileana	Parks and Recreation	\$	24,175.68
33	Ortiz, Joshua	Fire	\$	14,061.13
34	Quinn, Rebecca	City Attorney	\$	4,130.77
35	Beneficiary Ramirez, Yvette	Environmental Services	\$	9,689.94
36	Rivera, Ramona	Fire	\$	3,792.14
37	Rocha, Dominik	El Paso Water	\$	10,242.92
38	Rodriguez, Claudia	Tax	\$	15,553.76
39	Rodriguez, Giovanna	Public Health	\$	1,734.96
40	Rubio, Peter	Streets and Maintenance	\$	15,668.33
41	Sanchez, Eduardo	Streets and Maintenance	\$	11,547.44
42	Tapia Jr., Mario	El Paso Water	\$	227.71
43	Vaughn, Tasha	Sun Metro	\$	480.48
44	Villarreal, Valerie	Fire	\$	19,995.77
45	Zavala, Jesus	Streets and Maintenance	\$	6,061.97
			TOTAL	\$ 489,428.84

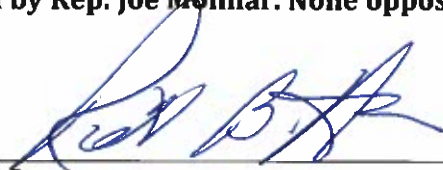
OPEN COMMENT PERIOD

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

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

Item 17. Adjournment.

Motion made by Rep. Isabel Salcido to adjourn the City of El Paso Employees Retirement Trust Board Meeting on May 18, 2022; seconded by Rep. Joe Molinar. None opposed. The motion was carried at 10:10 AM.



Secretary



Chairman