



CITY of EL PASO

EMPLOYEES RETIREMENT TRUST

BOARD MINUTES FOR THE REGULAR MEETING HELD WEDNESDAY, AUGUST 17, 2022 AT 8:30 A.M. RETIREMENT TRUST ADMINISTRATION BUILDING, 1039 CHELSEA

Members in Attendance:

Matt Kerr, Chairman
Karl C. Rimkus, Vice-Chairman
Diana Nuñez
Mario R. Hernandez
Deborah G. Hamlyn
Rep. Joe Molinar
Rep. Isabel Salcido

Members Absent:

Isaura Valdez

Others in Attendance:

Robert Ash, Executive Director
Adrian Sanchez, Deputy Executive Director
Karina Chavez, Administrative Assistant
David Garcia, Benefits Supervisor
Luis Mier, Office of the Comptroller
Alex Browning, Callan LLC

- Item 1. Benefits Supervisor David Garcia called the meeting to order at 8:37 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 July 20, 2022 and the Special Board Meeting of August 4, 2022.

Item 3. Consideration and action on the following retirements:

	Name	Department	Service Time (estimated)
A.	Age & Service Retirement:		
1	Chavez, Richard Albert	Streets and Maintenance	15 years 04 months
2	Gonzalez Rodriguez, Gloria	Sun Metro	14 years 10 months
3	Gonzalez, Arturo	Environmental Services	07 years 03 months
4	Morales, Ana Cecilia	Capital Improvement	13 years 02 months
5	Vera, Monica	Airport	29 years 03 months
6	Briones, Elizabeth	Office of the Comptroller	15 years 06 months
7	Fierro, Manuel	Planning and Inspections	30 years 07 months
8	Froemel, Frederick Michael	Streets and Maintenance	09 years 03 months
9	Holguin Jr., Raul	El Paso Water	19 years 02 months
10	Murillo, Fernando B.	El Paso Water	14 years 06 months
11	Saenz, Alberto	Sun Metro	24 years 04 months
B.	PRP – Age & Service Retirement:		
1	Muela, Frank	Fire	11 years 03 months
C.	Deferred:		
1	Duarte, Javier A.	Capital Improvement	13 years 06 months
2	Rodriguez, Valerie Recendez	Streets and Maintenance	14 years 02 months

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

- A. Linossi, Jean C. survivor of Mark E Pumphrey, retiree.
- B. Martinez, Martha survivor of Valentin Martinez, retiree.

Item 5. Consideration and action on invoices as follows:

Company	Description of Service	Period	Fee Due
A. Arrowstreet Capital	Investment Fees	Qtr Ended 06/30/22	\$ 101,793.07
B. BlackRock	Investment Fees	Qtr Ended 06/30/22	\$ 25,139.33
C. BNY Mellon	Custodial Fees	Qtr. Ended 06/30/22	\$ 36,734.50
D. Buck Global LLC	Actuarial Fees	Mo. Ended 07/31/22	\$ 1,983.34
E. Gordon Davis Johnson & Shane PC	Legal Fees -0063	Mo. Ended 07/31/22	\$ 3,664.00
F. Gordon Davis Johnson & Shane PC	Legal Fees – 0064	Mo. Ended 07/31/22	\$ 3,541.20
G. Heitman America Real Estate Trust LP	Investment Fees	Qtr Ended 06/30/22	\$ 146,049.00
H. Lazard Asset Management	Investment Fees	Qtr Ended 06/30/22	\$ 90,614.38
I. Mellon Investments Corporation	Investment Fees	Qtr Ended 06/30/22	\$ 28,847.15
J. UBS Realty Investors LLC	Investment Fees	Qtr Ended 06/30/22	\$ 70,182.99
K. Xerox Financial Services	Copier Lease	Mo Ended 07/31/22	\$ 306.24

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

- A. Administrative Services Committee
- B. Executive Committee
- C. Facility and Maintenance Committee

- D. Financial Oversight Committee
- E. Investment Committee

Motion made by Karl Rimkus to approve the Consent Agenda; seconded by Deborah G. Hamlyn. The motion required polling:

Mario R. Hernandez	aye
Deborah G. Hamlyn	aye
Karl Rimkus	aye
Rep. Joe Molinar	aye
Rep. Isabel Salcido	aye

Motion carried.

REGULAR AGENDA

- Item 7. Discussion and action regarding the Treasurer's Report for the month ended July 31, 2022.

Luis Mier of the Office of the Comptroller presented on behalf of Comptroller and Board Treasurer Margarita Munoz; the Board received and reviewed the Treasurer's Report for the month ended July 31, 2022.

Mier noted that the Treasurer's Report is prepared monthly by the Office of the Comptroller based on information received from the Trust's Custodian BNY Mellon. Mier noted that the report consists of two statements ("Statement of Net Assets Available for Benefits" and the "Statement of Changes in Net Assets Available for Benefits"), three schedules ("Quarterly Statements of Changes in Net Assets Available for Benefits", "Investment Income Analysis", and "Pension Administration Actual/Budget Comparison"), and four graphs ("Net YTD Investment Income", "Net Investment Income Rate of Return", "Refunds & Administrative Expenses", and "Benefits Paid to Retirees").

Mier detailed the information that is included in the report: (i) receivables include amounts due to the Trust for securities sold, outstanding interest, dividends earned, and contributions that had not been received as of the date of the report; (ii) liabilities include amounts owed by the Trust for securities purchased and accrued expenses that had not been liquidated as of the date of the report; and (iii) unrealized/realized investment income which is an estimate of the value of the portfolio as of the reporting dates.

Mier reviewed the statements, schedules, and graphs. The unaudited totals are for the periods ended July 31, 2022 including month, quarter, and fiscal year (11 months). Net assets available for benefits were about 941 million dollars. The average monthly benefit to retirees (not including the 13th check) was about 6.0 million dollars, which is a slight decrease (annualized) from the previous fiscal year. Vice-Chairman Karl Rimkus noted that not since fiscal year 2015 had there been a decrease in benefits paid to retirees.

No action was taken on this item.

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

Alex Browning of Callan LLC presented; the Board received and reviewed the "flash" report for the period ended July 31, 2022.

Browning noted the recent training regarding real assets. The training was well received by the Board. Trustees enjoyed the format which included several, short presentations.

Browning reviewed actual asset allocation versus target allocation. International Equity at 3.0 percent under target is still within the established guidelines. Browning noted the percent difference to target for Private Equity and commented on the illiquidity of that asset class.

Browning reviewed performance by composite return. For the month, all composites were positive. The investment return for the month was about 52 million dollars. Browning reviewed performance by asset class. Domestic Equity returned almost 10 percent for the month; active management added value. International Equity underperformed the benchmark which was attributed to Arrowstreet's underperformance. Arrowstreet experienced their largest decline relative to benchmark (underperforming by about 1.6 percent). Fixed Income outperformed the benchmark. The total fund return for the month was about 5.7 percent outperforming the benchmark by about five basis points. Browning noted that Private Equity and Real Estate returns were not available for the flash report but will be presented in September. The total fund had negative return of about 1.6 percent for the fiscal year outperforming the Strategic Blended Index by over 6.0 percent. Browning noted that the actual outperformance, which was largely attributed to Private Equity and Real Estate, would likely be less if those portfolios were liquidated to date.

Browning noted that the Trust will likely not meet the target rate of return of 7.25 percent for the fiscal year. He advised that he would not recommend the Board take any additional action in reaction to current market conditions. Browning added that the Trust's portfolio is well diversified and the liquidity suits the Trust's cash needs.

Board Vice-Chairman and Investment Committee Chair Karl Rimkus requested that Callan provide, to the Trust's Investment Committee, an overview of the impact of the Inflation Reduction Act on the Trust's portfolio including potential gain given the expected investments in clean/alternate energy. Rimkus also requested that Callan provide information on the Trust's current exposure to those sectors. Browning confirmed.

No action was taken on this item.

- Item 9. Discussion and action approving a resolution adopting the proposed budget for fiscal year 2022-2023.

Executive Director Robert Ash presented the resolution and proposed budget for fiscal year 2022-2023 ("FY23"); the Board received and reviewed the proposed budget. Ash advised that the budget was reviewed in depth by the Board during the July Regular Board Meeting and noted the overall proposed increase of about 3.6 percent. Ash advised that about 98.5 percent of the budget is allocated for payments to retirees, alternate payees, and refunds/interest. Ash discussed the trend of increased retirements witnessed at the onset of the pandemic and noted that number of new retirements appears to be settling.

Ash reviewed the total budget for the Trust including salaries & benefits, operations, capital expenditures, payments to retirees and alternate payees, and refunds/interest. Ash reviewed percent change by category. Overall, the FY23 budget as a percent of the total fund increased by about two basis points.

Motion made by Karl Rimkus to approve the Budget Resolution adopting the proposed budget for Fiscal Year 2023; seconded by Diana Nuñez. The motion required polling:

Mario R. Hernandez	aye
Diana Nuñez	aye
Deborah G. Hamlyn	aye
Karl Rimkus	aye
Rep. Joe Molinar	aye
Rep. Isabel Salcido	aye

Motion carried.

Item 10. Discussion and action regarding the election of Board Officers.

Executive Director Robert Ash advised that by ordinance there are two elected officers of the Board, Chairman and Vice-Chairman. Elections are held in even-numbered years at the Regular Board Meeting held in August. The elected officers will serve for two years. Ash noted that per the Trust's Board Officer Election Policy there is a four-year lifetime limit to serve as Board Chairman. There is no Trustee on the Board that has met that limit, and there are no lifetime limitations on the number of terms a Trustee may serve as Vice-Chairman.

Chairman Matt Kerr noted that an election of Board Officers was held in 2021. Ash advised that a vacancy for the position of Chairperson occurred and in the intervening period the Board called for an election for the vacant position as the Board deemed appropriate. The interim service shall not be counted towards the lifetime limitation.

Pursuant to the established policy, the Board accepted nominations for Board Chairman.

Karl Rimkus nominated Matt Kerr for Board Chairman; seconded by Diana Nuñez. Diana Nuñez nominated Karl Rimkus for Board Chairman; seconded by Rep. Isabel Salcido.

Motion made by Karl Rimkus to close nominations for Board Chairman; seconded by Mario R. Hernandez. None opposed. Motion carried.

Votes for Chairman were recorded:

Mario R. Hernandez	for Matt Kerr
Diana Nuñez	for Matt Kerr
Deborah Hamlyn	for Matt Kerr
Matt Kerr	for Matt Kerr
Karl Rimkus	for Matt Kerr
Rep. Joe Molinar	for Matt Kerr
Rep. Isabel Salcido	for Matt Kerr

Benefits Supervisor David Garcia announced the totals: 7-votes for Matt Kerr and 0-votes for Karl Rimkus. Rimkus expressed his gratitude for the nomination and commended Kerr for his service as Chairman. Kerr expressed his gratitude for the support of the Board.

Pursuant to the established policy, the Board accepted nominations for Board Vice-Chairman.

Matt Kerr nominated Karl Rimkus for Vice-Chairman; seconded by Rep. Joe Molinar. No other nominations were made.

Motion made by Rep. Joe Molinar to approve Karl Rimkus as Vice-Chairman by acclamation; seconded by Rep. Isabel Salcido. None opposed. Motion carried.

Rimkus expressed his gratitude.

- Item 11. Discussion and action regarding a report from the Executive Director including a synopsis of the committee meetings.

Executive Director Robert Ash reported on the following:

- Ash provided a synopsis of the recent Executive Committee Meeting.
- TEXPERS' summer conference will be held beginning August 21st in El Paso. Trustees are encouraged to attend. The Administration Building will be closed on Monday, August 22nd as staff will be participating in the conference.
- Ash advised of a Board vacancy. Former Trustee Jerry Romero has resigned effective August 11th due to time constraints. The Mayor's Office was notified of the vacancy. Ash advised that the Mayor's Office has 30 days from the date of the notice to make an appointment; otherwise, the Board may make the appointment.

No action was taken on this item.

- Item 12. For Notation:

A. Directed brokerage credit balance for the month ended June 30, 2022: \$7,882.82.

B. Refund of Contributions:

	Name	Department	Total Refund
1	Callente, Juan	Airport	\$ 3,363.35
2	Cardenas De Vega, Guadalupe	Human Resources	\$ 881.86
3	Chrisman, Jessica	Purchasing and Strategic Sourcing	\$ 16,174.52
4	Cortez, Jesus	Environmental Services	\$ 1,080.19
5	Escarsega, Blanca	Public Health	\$ 935.57
6	Garcia, Arlene	Beneficiary of Olga Garcia	\$ 22,390.43
7	Hernandez, Socorro	Public Health	\$ 22,446.42
8	Lane, Nathan	El Paso Water	\$ 35,085.76
9	Lozano, Gerardo	Sun Metro	\$ 3,448.68
10	Reyes, Hairo	Sun Metro	\$ 11,174.97
11	Robertson, Marcelina	Fire	\$ 11,535.26
12	Rodriguez, Audrey	Fire	\$ 1,284.62
13	Ruiz, Jessica	Fire	\$ 4,336.17
14	Flores, Gloria	QDRO Alternate Payee	\$ 237,054.29
			\$ 371,192.09

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

OPEN COMMENT PERIOD

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

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

- Item 13. The Board will retire into EXECUTIVE SESSION pursuant to the Texas Government Code, Sections 551.071-551.076 and Section 551.078 to discuss any of the following:

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

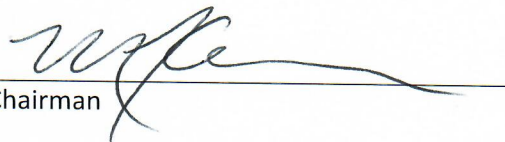
No action was taken on this item.

- Item 14. Adjournment.

Motion made by Diana Nuñez to adjourn the City of El Paso Employees Retirement Trust Board Meeting on August 17, 2022; seconded by Rep. Joe Molinar. None opposed. The motion was carried at 9:30 AM.



Secretary



Chairman