



CITY of EL PASO

EMPLOYEES RETIREMENT TRUST

**BOARD MINUTES FOR THE REGULAR MEETING
HELD WEDNESDAY, MAY 15, 2024 AT 8:30 A.M.
RETIREMENT TRUST ADMINISTRATION BUILDING, 1039 CHELSEA**

Members in Attendance:

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

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
Emilia Avila, Retiree Benefits Clerk
Eduardo Miranda, Legal Counsel
Luis Mier, Office of the Comptroller
Alex Ford, Callan LLC
Craig Chaikin, Callan LLC
Frank Sposato, Lazard
Mike Powers, Lazard
Colleen Feblowitz, Arrowstreet
Joshua Snider, Gordon Davis Johnson & Shane P.C.
Liliana Khoury, Gordon Davis Johnson & Shane P.C.

- Item 1. Benefits Supervisor David Garcia called the meeting to order at 8:31 AM. Garcia noted that quorum was met.

PLEDGE OF ALLEGIANCE

The Retirement Trust Board recited the Pledge of Allegiance.

NOTICE TO THE PUBLIC

Benefits Supervisor David Garcia read the Notice to the Public.

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

CONSENT AGENDA

Item 2. Approve the Minutes of the Regular Board meeting of April 17, 2024.

Item 3. Consideration and action on the following retirements:

Name	Department	Service Time (estimated)
A. Age & Service Retirement:		
1 Almanza, Armando	Information Technology	23 years 06 months
2 Flores, Rosario	Police	24 years 00 months
3 Huerta, Rosendo	Planning and Inspections	30 years 00 months
4 Ledesma, Corina	El Paso Water	14 years 07 months
5 Martinez, Sigfrido	El Paso Water	14 years 09 months
6 Meraz, Osvaldo	El Paso Water	19 years 10 months
7 Montes, Jose M	El Paso Water	16 years 01 month
8 Ochoa, Salome	Sun Metro	26 years 05 months
9 Plum, Michael	Information Technology	25 years 02 months
10 Reyes, Louis	Environmental Services	07 years 01 month
B. Deferred:		
1 Alonso, David	Information Technology	08 years 05 months
2 Bunner, Astrid	Environmental Services	15 years 00 months
3 Gloria, Gloria	Municipal Court	11 years 11 months
4 Jerome, Tracey Ball	City Manager	09 years 07 months

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

- A. Aguirre, Ramona survivor of Octaviano Aguirre, retiree.
- B. Arellano, Josefa survivor of Jaime A. Arellano Jr., retiree,
- C. Calvillo, Consuelo B. survivor of Manuel Calvillo, retiree.
- D. Castillo, Emma Y. survivor of Luis A. Castillo, retiree.
- E. Espinoza, Maria M. survivor of Eulalio Espinoza, retiree.
- F. Karr, Estefana N. survivor of Daniel R. Karr, retiree.

Item 5. Consideration and action on invoices as follows:

Company	Description of Service	Period	Fee Due
A. Arrowstreet Capital	Investment Fees	Qtr Ended 03/31/24	\$ 125,498.89
B. BNY Mellon	Custodial Fees	Qtr. Ended 03/31/24	\$ 40,181.20
C. Buck Global LLC	Actuarial Fees	Mo. Ended 04/30/24	\$ 2,091.67

D. Eduardo Miranda	Legal Fees	Mo. Ended 04/30/24	\$	350.00
E. Gordon Davis Johnson & Shane PC	Legal Fees – 0063	Mo. Ended 04/30/24	\$	5,137.00
F. Gordon Davis Johnson & Shane PC	Legal Fees – 0064	Mo. Ended 04/30/24	\$	10,785.00
G. Heitman America R.E. Trust LP	Investment Fees	Qtr. Ended 03/31/24	\$	122,214.00
H. Mellon Investments Corp	Investment Fees	Qtr. Ended 03/31/24	\$	21,461.13
I. Newton Investment Management	Investment Fees	Qtr. Ended 03/31/24	\$	72,534.35
J. UBS Realty Investors LLC	Investment Fees	Qtr. Ended 03/31/24	\$	64,069.99
K. Wellington Management	Investment Fees	Qtr. Ended 03/31/24	\$	129,022.06
L. Xerox Financial Services	Copier Lease	Mo. Ended 04/30/24	\$	348.00
M. Xerox Financial Services	Copier Lease	Mo. Ended 05/31/24	\$	348.00

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:

Karina Brasgalla	aye
Robert Studer	aye
Deborah Hamlyn	aye
Rene Peña	aye
Rep. Joe Molinar	aye

Motion carried.

REGULAR AGENDA

Item 7. Discussion and action regarding the presentation of a Staff Service Award to Mrs. Emilia Avila.

Retiree Benefits Clerk Emilia Avila was recognized for her service to the Trust. Mrs. Avila received a 5-year Employee Service Pin and certificate. Executive Director Robert Ash discussed Avila’s responsibilities and accomplishments and advised that the award acknowledges the employee’s contribution in providing quality information concerning retirement benefits and prompt, professional, and courteous service that meets the highest standards of excellence. Avila accepted her award.

No action was taken on this item.

Item 8. Discussion and action regarding the presentation of a Board Service Award to Ms. Deborah Hamlyn.

Trustee Deborah Hamlyn was recognized for her service on the Board. Ms. Hamlyn received a 2-year Board Service Pin. Executive Director Robert Ash advised that the award acknowledges Hamlyn’s dedicated service and contributions to the Trust.

Hamlyn accepted her award and expressed her gratitude for the recognition.

No action was taken on this item.

Item 9. Discussion and action regarding the Treasurer's Report for the month ended April 30, 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 April 30, 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 six graphs ("Net YTD Investment Income", "Net Investment Income Rate of Return", "Refunds & Administrative Expenses", "Benefits Paid to Retirees", "FY24 Pension Retiree Population", and "FY24 Benefit Paid"). Mier noted that the graphs for the retiree population and benefits paid for the fiscal year are preliminary and in development by the Office of the Comptroller.

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 April 30, 2024, including month, quarter, and fiscal year (eight months). Net assets available for benefits were about 945 million dollars. Contributions were approximately 36.3 million dollars (about 23 million from the employer and 13.3 million from employees). Benefits paid to retirees were about 53 million dollars. The rate of return, which is the fiscal net investment loss/gain over the average net assets available for benefits, was about 5.71 percent. A net investment gain of about 53 million dollars. Mier noted the target rate of return for the fiscal year of 7.25 percent, about 4.83 percent for the eight months.

Trustee Robert Studer noted the increased investment advisor fees for the partial third quarter as compared to the previous quarters. Executive Director Robert Ash advised that some of the advisor fees are based on assets, corresponding to increasing/decreasing fees. Ash advised that a diagnostic will be performed.

No action was taken on this item.

Item 10. Discussion and action regarding the receipt of an investment manager report from Arrowstreet Capital (Colleen Feblowitz).

Colleen Feblowitz of Arrowstreet Capital presented; the Board received and reviewed an investment manager report from Arrowstreet.

Feblowitz provided an overview of the firm. Arrowstreet Capital, LP is a Boston-based quantitative equity management firm founded in 1999. The firm has grown to 459 employees. Assets under management increased to about 200.3 billion dollars. Feblowitz reviewed management and business updates. There were five new partner additions in 2024. Feblowitz reviewed notable retirements. As previously announced, effective January 1, 2024, Peter Rathjens stepped down from his role as CIO, which was assumed by Derek Vance.

Febowitz noted investment process and reviewed recent performance. In the trailing 1-year period ended March 31, 2024, the Arrowstreet International Equity ACWI ex US CIT returned 24.99 percent, while its benchmark, the MSCI All Country World ex USA IMI (Net) in USD, returned 13.20 percent, resulting in a portfolio value added of 11.79 gross-of-fees. Febowitz reviewed performance contributors and detractors. Equity results were positive both on a country/sector basket allocation basis (6.96 percent) and on a stock selection basis (3.95 percent). Currency effects were negative 0.24 percent.

No action was taken on this item.

- Item 11. Discussion and action regarding the receipt of an investment manager report from Lazard Asset Management (Frank Sposato).

Michael Powers and Frank Sposato of Lazard presented; the Board received and reviewed an investment manager report from Lazard Asset Management.

Sposato provided an overview of the firm. Lazard has about 850 employees and over 210 billion dollars of assets under management. About 6 billion dollars is in the Lazard International Strategic Equity Trust in which the Retirement Trust is invested. Sposato reviewed management. Effective March 31, 2024, Mark Little, who served as a Portfolio Manager/Analyst of International Strategic Equity (ACW ex-US) decided to retire.

Powers reviewed performance. Lazard International Strategic Equity at 4.76 percent outperformed the MSCI ACW ex-US Index in the first quarter net-of-fees by seven basis points. Since inception, the portfolio with about 5.42 percent return net-of-fees outperformed the index by 36 basis points. Contributors to relative performance included stock selection in information technology, consumer staples, and healthcare sectors. Detractors from performance included stock selection in the consumer discretionary sector and in Japan. The Board discussed the firm's performance relative to the benchmark. Powers and Sposato provided a portfolio outlook. Earnings expectations for 2024 have weakened modestly, but are already reflected in valuations. Extreme-style headwinds continued to fade in 2024.

No action was taken on this item.

- Item 12. Discussion and action regarding the receipt of investment portfolio performance reports for the quarter ended March 31, 2024, and the month ended April 30, 2024, from Callan LLC (Alex Ford and Craig Chaikin, Callan).

Alex Ford and Craig Chaikin of Callan LLC presented; the Board received and reviewed the investment portfolio performance reports for the quarter ended March 31, 2024, and the month ended April 30, 2024.

Ford reviewed the investment report for the quarter ended March 31, 2024.

Ford provided a market overview. Inflation at about 3.5 percent remains above the Fed target. Year-to-date inflation eased. Ford discussed the expectation of recession. Ford advised that inversion in the 10-year to 2-year Treasury yields does not always forecast a recession, but most recessions are preceded by a yield curve inversion. Inversion started in July 2022, bottomed at negative 1.08 percent in July 2023, and was at negative 0.39 percent in March 2024. Ford advised that active management adds value through that environment by navigating duration sensitivity.

Ford reviewed performance by asset class. Equity markets climbed in the first quarter while bonds faltered. Stocks have recovered losses of 2022; bonds still have ground to make up. The “Magnificent Seven” in aggregate continues to outpace the other constituents of the S&P 500 in terms of earnings growth and total returns. However, signs point to the broadening of returns within the index. Ford reviewed private equity trends. Gains for stocks were not shared by private equity. Private equity doesn’t recover as quickly as the public markets, because the smoothing effect dampens private equity returns in both up and down markets.

Ford reviewed return/rankings for the Trust versus the Callan Public Fund Sponsor Database. The Trust ranked below median or lower near term. Ford advised that asset class weightings relative to peers for private equity detracted from performance. Private equity only saw about a fifth of the gains of the public markets over the last year. Callan, however, does not recommend any change to asset allocation. Longer term, over the last 15 years, the Trust ranked in the top third quartile relative to peers.

Chaikin reviewed the investment report for the month ended April 30, 2024.

Chaikin noted asset allocation and reviewed the rebalancing completed in April. Fixed Income received additional funding reallocated from public equities. Chaikin reviewed performance by asset class and noted that valuations for private equity and real estate are not available on a monthly basis. The total fund balance was about 931 million dollars. For the month, all asset classes had negative returns. Domestic equity and international equity underperformed their benchmarks. Fixed income had negative returns but outperformed its benchmark. Ford noted that laddered bonds outperformed the Bloomberg Aggregate Index by about 2.9 percent for the month. Private equity underperformed for the fiscal year and 1-year periods but outperformed by about 4.0 percent over the last five years. The total fund underperformed the Strategic Blended Index over all reporting periods. In the last five years, total return was about 6.85 percent, which is below the actuarial rate of return of 7.25 percent.

No action was taken on this item.

- Item 13. Discussion and action regarding issuing a request for proposals (“RFP”) for lobbying services.

Executive Director Robert Ash presented; the Board received and reviewed the request for proposals (“RFP”) for the services of an experienced firm, individual(s), or joint ventures to serve as the Trust’s professional lobbyist(s). Ash advised that the RFP was reviewed by the Trust’s Financial Oversight and the Executive Committees. Additionally, Trustee Rep. Art Fierro provided input.

The purpose of hiring a lobbyist firm, in part, is to more effectively engage legislative-related parties and legislators in either proposing or opposing local or state legislation. In addition, the lobbyist firm should alert the Trust to any proposed legislation that may affect public pension plans and define/develop strategies to either promote or defeat proposed legislation or rule-making by the State Pension Review Board. Ash reviewed the proposed RFP timeline advising that Board action to select a firm for contract negotiations is expected in July or August of 2024.

Ash noted that historically the Trust has not employed a lobbyist; instead, the Trust has relied on the City or TEXPERS to assist with lobbying efforts with the state. Fierro stated that he believes investing in lobbyist services is necessary and will provide the Trust with an opportunity for positive outcomes. Vice Chairman Karl Rimkus concurred and noted proposed legislation introduced in past sessions that, if passed, would have impacted Trust administration and investments.

Motion made by Robert Studer to approve issuing the RFP for lobbyist services as recommended by the Financial Oversight Committee; seconded by Karina Brasgalla. The motion required polling:

Isaura Valdez	aye
Karina Brasgalla	aye
Robert Studer	aye
Deborah Hamlyn	aye
Rene Peña	aye
Rep. Art Fierro	aye

Motion carried.

- Item 14. Discussion and action regarding approving a revised resolution recommending ordinance amendments to Section 2.64 of the El Paso Municipal Code.

Executive Director Robert Ash presented; the Board received and reviewed the resolution recommending ordinance amendments to Section 2.64 of the El Paso Municipal Code.

Ash advised that the proposed resolution includes an additional amendment that the Board has not approved, all other amendments were previously approved by the Board. The new amendment proposes that the following language be added to the end of Subsection 2.64.220A, "Notwithstanding any contrary language in the Municipal Code, the Board of Trustees may adopt refund policies for any employee who is permanently separated from City service without becoming entitled to monthly retirement benefits under the pension system, in compliance with Section 2.64.400 and applicable state law."

The Board discussed potential refund policies and their possible impact on administration and the participants. Board Vice-Chairman and Executive Committee ("EC") Member Karl Rimkus advised that the EC has discussed the necessity for the Board to have the authority to develop a refund policy. Rimkus noted that not all EC Members concurred. Legal Counsel Josh Snider advised that the intent of the proposed amendment is to provide authority to the Board to timely address potential changes to IRS Required Minimum Distributions. Trustees Robert Studer and Isaura Valdez believed the proposed language was too vague and recommended further review/discussion. Studer requested that he and Valdez be included in future discussions with the EC regarding refunds.

No action was taken on this item.

- Item 15. 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.
 - TEXPERS will hold their summer conference in August 2024 in San Antonio.
 - Trustees interested in attending may contact Benefits Supervisor David Garcia.
- Ash reviewed ongoing/completed project(s).
 - The PeopleSoft upgrade was completed and the April retiree payroll was processed without issue. Ash thanked Deputy Executive Director Adrian Sanchez and Benefits Manager Alma Dueñas for managing the transition.
 - The newsletter was released at the end of April and has been well received.
 - Benefit statements were released to City Departments between late April and early

- May.
 - Building improvements, including fencing for safety, are ongoing. Ash thanked Benefits Supervisor David Garcia.
- Ash reviewed upcoming Trust meetings.
 - Ash advised that the Executive Committee recommends that the November and December Board meetings be held on the second Wednesday of those months due to holiday closures.
 - Trustee Robert Studer noted a scheduling conflict with the proposed dates. Ash advised that the recommendation will be presented to the Board in June for discussion/action.

No action was taken on this item.

Item 16. For Notation:

A. Refund of Contributions:

	Name	Department	Total Refund
1	Aguilar, Guillermo	Fire	\$ 4,428.25
2	Aguilar, Joseph	Sun Metro	\$ 3,132.47
3	Arellano, Michael	Police	\$ 3,797.83
4	Berard, Vanessa	Environmental Services	\$ 1,219.54
5	Borjas, Luis	Sun Metro	\$ 4,052.68
6	Castillo, Alonso	Airport	\$ 24,743.60
7	Cerda, Iveth	Office of the Comptroller	\$ 20,974.87
8	Chavez, Christian	Streets and Maintenance	\$ 2,236.43
9	Chavez, Ernesto	Animal Services	\$ 3,440.23
10	Collins, Anthony	El Paso Water	\$ 11,076.60
11	Davis, Betty	Police	\$ 1,161.69
12	Delgado, Arturo	El Paso Water	\$ 21,002.95
13	Eisert, Jeffrey	Environmental Services	\$ 1,371.34
14	Esquivel, Rosario	Streets and Maintenance	\$ 540.94
15	Fierro, Ricardo	Fire	\$ 1,648.05
16	Garcia, Sandra	Public Health	\$ 7,202.77
17	Gutierrez, Maria	Environmental Services	\$ 13,107.39
18	Guzman, Jessie	El Paso Water	\$ 9,540.08
19	Hernandez, Ricardo	El Paso Water	\$ 4,220.07
20	Ibarra, Jessica	Parks and Recreation	\$ 14,408.99
21	Jaramillo, David	Sun Metro	\$ 974.31
22	Johnson, Sherease	El Paso Water	\$ 6,592.34
23	Juarez, Luis	Environmental Services	\$ 24,744.06
24	Komiyama, Jesus	Public Health	\$ 15,200.42
25	Lara, Christian	Police	\$ 2,039.37
26	Madrid, Albert	Sun Metro	\$ 358.88
27	Martinez, Melissa	Public Health	\$ 7,037.15
28	Morales, Joann	Human Resources	\$ 22,348.15
29	Moreno, Ruben	Streets and Maintenance	\$ 2,725.49

30	Olivas, Jose	Sun Metro	\$	27,984.50
31	Ornelas, Emilio	Airport	\$	13,471.52
32	Pantoja, Blanca	Fire	\$	25,616.41
33	Sanchez, Ana	Police	\$	7,062.19
34	Silva, Milagros	Sun Metro	\$	15,567.24
35	Sosa, Armida	Sun Metro	\$	5,325.42
36	Tellez, Ann	Public Health	\$	9,570.28
37	Valles, Manuel	Streets and Maintenance	\$	957.31
38	Vasquez, Adan	El Paso Water	\$	85,258.39
39	Duran, Elizabeth	QDRO-Juan Vicente Duran	\$	76,349.86
40	Saucedo, Claudia	QDRO-Juan Vicente Duran	\$	45,545.95
			Total:	\$ 548,036.01

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 Rep. Art Fierro to retire into Executive Session pursuant to the Texas Government Code, Section 551.071; seconded by Robert Studer. None opposed. Motion carried at 10:31 AM

Motion made by Rep. Art Fierro to reconvene from Executive Session; seconded by Robert Studer. None opposed. Motion carried at 11:11 AM.

Item 17. 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
Discussion and action regarding Claim# 001-2023: City of El Paso.

Motion made by Robert Studer that Claim #001-2023 be settled as recommended by legal counsel; seconded by Karina Brasgalla. The motion required polling:

Isaura Valdez aye
Karina Brasgalla aye

Robert Studer aye
Deborah Hamlyn aye
Rene Peña aye
Rep. Art Fierro aye

Motion carried.

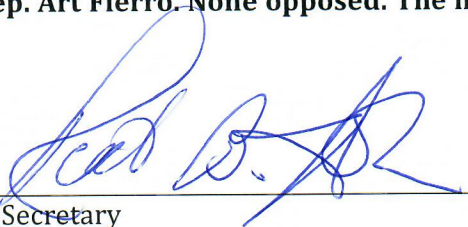
B. Section 551.071

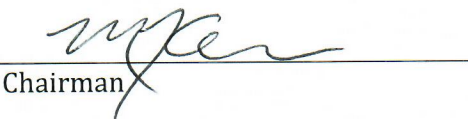
Discussion and action regarding the contract between the Trust and Pension Technology Group.

No action was taken on this item.

Item 18. Adjournment.

Motion made by Robert Studer to adjourn the City of El Paso Employees Retirement Trust Board Meeting on May 15, 2024; seconded by Rep. Art Fierro. None opposed. The motion was carried at 11:12 AM.


Secretary


Chairman