



**BOARD MINUTES FOR THE REGULAR MEETING
HELD WEDNESDAY, JULY 17, 2024, AT 8:30 A.M.
RETIREMENT TRUST ADMINISTRATION BUILDING, 1039 CHELSEA**

Members in Attendance:

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

Members Absent:

Karina Brasgalla

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
Frederick McCrea, Newton Management North America LLC
James Stavena, Newton Management North America LLC
Andrew Minc, Mellon Investment Management

- Item 1. Benefits Supervisor David Garcia called the meeting to order at 8:32 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 June 20, 2024.

Item 3. Consideration and action on the following retirements:

Name	Department	Service Time (estimated)
A. Age & Service Retirement:		
1 Dominguez, Maria Del Carmen	International Bridges	14 years 09 months
2 Elizondo, Carlos	Parks and Recreation	29 years 04 months
3 Mack, Sheryl R.	Tax	14 years 07 months
4 Martinez, Donna	Planning and Inspections	23 years 09 months
5 Mena, Raul	Sun Metro	12 years 00 months
6 Ortiz, Martin L	El Paso Water	25 years 06 months
7 Rangel, Humberto	Streets and Maintenance	16 years 08 months
8 Oropeza, Jorge	Sun Metro	12 years 00 months
B. Deferred:		
1 Antuna, Gabriel	Information Technology	08 years 00 months
2 Parker, Robert N	Streets and Maintenance	13 years 06 months
3 Rodriguez, Samuel	Airport	18 years 06 months
4 Villalobos, Roberto C.	Streets and Maintenance	16 years 02 months

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

- A. Alanis, Maria E. survivor of Antonio Alanis, retiree.
- B. Gates, Arcelia survivor of Jose Luis Ramirez, retiree.
- C. Moya, Irene L. survivor of Domingo B. Moya, retiree.

Item 5. Consideration and action on invoices as follows:

Company	Description of Service	Period	Fee Due
A. Alliance Bernstein	Investment Fees	Qtr. Ended 06/30/24	\$ 89,384.49
B. BlackRock	Investment Fees	Qtr. Ended 06/30/24	\$ 30,750.16
C. Buck Global LLC	Actuarial Fees	Mo. Ended 06/30/24	\$ 2,091.67
D. Carr Riggs & Ingram	Consulting Fees	Mo. Ended 06/30/24	\$ 5,500.00
E. Eduardo Miranda	Legal Fees	Mo. Ended 06/30/24	\$ 400.00
F. Gordon Davis Johnson & Shane PC	Legal Fees – 0063	Mo. Ended 06/30/24	\$ 8,583.00
G. Gordon Davis Johnson & Shane PC	Legal Fees – 0064	Mo. Ended 06/30/24	\$ 5,279.04
H. Xerox Financial Services	Copier Lease	Mo. Ended 07/31/24	\$ 348.00

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 Karl Rimkus to approve the Consent Agenda; seconded by Rep. Joe Molinar. The motion required polling:

Isaura Valdez	aye
Robert Studer	aye
Deborah Hamlyn	aye
Karl Rimkus	aye
Rene Peña	aye
Rep. Joe Molinar	aye

Motion carried.

REGULAR AGENDA

Item 8. Discussion and action regarding the Treasurer's Report for the month ended June 30, 2024.

Luis Mier of the Office of the Comptroller ("OTC") presented on behalf of City Comptroller Margarita Marin; the Board received and reviewed the Treasurer's Report for the month ended June 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 seven graphs ("Net YTD Investment Income", "Net Investment Income Rate of Return", "Refunds & Administrative Expenses", "Benefits Paid to Retirees", "Net Assets Available for Benefits Monthly", "FY24 Pension Retiree Population", and "FY24 Benefit Paid"). Executive Director Robert Ash noted that the Net Assets Available for Benefits Monthly was created in collaboration with OTC and Deputy Executive Director Adrian Sanchez as requested by Trustee Robert Studer. Studer expressed his gratitude and noted that the graph illustrates short-term volatility.

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 June 30, 2024, including month, quarter, and fiscal year (ten months). Net assets available for benefits were about 972 million dollars a net increase of about 57.2 million dollars from the previous fiscal year. Contributions were approximately 46 million dollars (about 30 million from the employer and 16 million from employees). Benefits paid to retirees were about 66.5 million dollars. The rate of return, which is the fiscal net investment loss/gain over the average net assets available for benefits, was about 8.91 percent exceeding the target rate of return for the fiscal year of 7.25 percent.

No action was taken on this item.

- Item 9. Discussion and action regarding the receipt of an investment manager report from Mellon Investment Management (Andrew Minc of Mellon).

Andrew Minc of Mellon presented; the Board received and reviewed an investment manager report from Mellon Investment Management.

Minc provided an overview of the firm. Minc reviewed performance and attribution. The Trust invested in three index funds managed by Mellon: BNYM Mellon DB SL Stock Index Fund, BNYM Mellon DB SL ACWI ex-US IMI Fund, and the BNYM Mellon DB SL Aggregate Bond Index Fund. Minc noted that the funds are not actively managed but track the benchmark characteristics and performance.

BNYM Mellon DB SL Stock Index Fund:

The inception date is 9/23/2013. The fund returned 28.165 percent net of fees for the 1-year period ended 5/31/2024, while the benchmark, the S&P 500, returned 28.187 percent. Securities lending revenue and corporate actions/composition differences contributed 1.0 and 0.7 basis points to the fund's returns. Management fees, fund administrative expenses, and cash/futures equitization contributed negative 1.98, negative 0.4, and negative 0.9 basis points, respectively. For the 1-year period ended 6/30/2024, the fund returned about 24.535 percent net of fees, while the benchmark returned about 24.556 percent.

BNYM Mellon DB SL ACWI ex-US IMI Fund:

The inception date is 11/11/2021. The fund returned 16.788 net of fees for the 1-year period ended 5/31/2024, while the benchmark, MSCI ACWI ex-US IMI, returned 16.689 percent. Tax withholding differences, securities lending revenue, cash/futures equitization, and corporate actions/composition differences contributed 17.6, 0.9, negative 2.3, and 3.2 basis points to the fund's returns. Capital gains taxes on Indian securities, management fees, and fund administrative expenses contributed negative 5.7, negative 6.0, and negative 1.7 basis points, respectively. For the 1-year period ended 6/30/2024, the fund returned 11.631 percent net of fees, while the benchmark returned 11.575 percent.

BNYM Mellon DB SL Aggregate Bond Index Fund:

The inception date is 12/31/2005. The fund returned 1.301 percent net of fees for the 1-year period ended 5/31/2024, while the benchmark, Bloomberg US Aggregate, returned 1.306 percent. Securities lending revenue contributed 4.6 basis points to the fund's returns. Trading costs and fund administrative expenses, pricing differences, and management fees contributed negative 1.0, negative 1.6, and negative 2.0 basis points, respectively. The fund returned 2.624 percent net of fees for the 1-year period ended 6/30/2024, while the benchmark returned 2.630 percent.

No action was taken on this item.

- Item 10. Discussion and action regarding the receipt of an investment manager report from Newton Investment Management North America LLC (Frederick McCrea and James Stavena of Newton).

Fred McCrea and James Stavena of Newton presented; the Board received and reviewed the investment manager report from Newton Investment Management North America LLC.

McCrea and Stavena reviewed the Dynamic US Equity ("DUSE") fund. The Trust invested in DUSE in 2013.

Stavena provided an overview of the strategy and reviewed performance. The fund's performance for the 12 months ended June 30, 2024, net-of-fees, was 23.2 percent; the fund trailed its S&P 500 Index benchmark (24.6 percent over the same period) by negative 1.3 percent. The fund's underperformance in the past 12 months was primarily due to the strategy's underweight equity stance. Additionally, bond positioning also slightly detracted as the strategy briefly held long bond exposure from early August to early December 2023 as 30-year Treasury yields continued to climb until mid-October before declining. Stavena noted adjustments to the strategy/portfolio resulted from the underperformance. Trustee and Investment Committee ("IC") Chair Robert Studer noted that the IC reviewed the firm's underperformance and advised that the returns were not what was expected by the Trust's Investment Policy Statement. The IC recommended that Newton be placed on "watch" and return in November to report to the IC, which allows for a 1-year performance review of the portfolio changes implemented by Newton in October of 2023. The IC also recommended a 25 percent reduction from current allocation. Alex Browning of Callan LLC believes that the reduction is appropriate and noted that assets will be reallocated to the S&P 500 Index. Studer advised that the reduction will be performed after the completion of any rebalancing approved at this meeting.

Motion made by Karl Rimkus to redirect 25 percent of current assets held by Newton to the S&P 500 Index, after any rebalancing action that may be approved by the Board today, and place Newton on "watch status" as recommended by the Investment Committee and further authorize the Chairman or Executive Director to sign related documents and take actions necessary to complete the asset transition; seconded by Robert Studer. The motion required polling:

Robert Studer	aye
Deborah Hamlyn	aye
Karl Rimkus	aye
Rene Peña	aye
Rep. Joe Molinar	aye
Rep. Art Fierro	aye

Motion carried.

- Item 11. Discussion and action regarding a report from Callan LLC regarding the Trust's investments and related matters (Alex Browning and Alex Ford, Callan).

Alex Browning of Callan LLC presented; the Board received and reviewed the investment performance flash report for the month ended June 30, 2024.

Browning noted actual asset allocation versus target allocation. Browning advised that Callan recommends reallocating funds from public equity markets to Domestic Fixed Income. Browning noted that rebalancing recommendations will be discussed during Item 12. Browning advised that Callan recommended, to the Investment Committee, to allow the laddered bond portfolio to self-liquidate. The laddered bond portfolio was instituted about 1.5 years ago to reduce interest rate exposure.

Browning 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 963 million dollars with about 10.2 million dollars in unrealized gains for the month. All asset classes underperformed their benchmarks in June. The total fund underperformed the Strategic

Blended Index for all reporting periods. For the fiscal year, total fund return, at 9.03 percent, is above the actuarial rate of return.

Executive Director Robert Ash noted that the Trust recently received a distribution from the UBS redemption pool, which was deposited into the cash account.

No action was taken on this item.

Item 12. Discussion and action regarding approval of an asset rebalancing plan.

Alex Ford of Callan LLC presented; the Board received and reviewed the proposed asset rebalancing plan.

Ford reviewed the proposed rebalancing and noted that the plan has been reviewed by the Investment Committee. Fixed Income is below target and is approaching the minimum established range. Ford advised that Fixed Income will continue to detract from target as Laddered Bonds continue to self-liquidate. The recommendation is to reallocate funds from large-cap equity strategies to Fixed Income (to move closer to target) and Cash (to fund expected, future benefits). Executive Director Robert Ash noted implementation. The rebalancing will be completed prior to the 25 percent reduction in assets held by Newton, which was approved by the Board under Agenda Item 10.

Motion made by Karl Rimkus to authorize the asset rebalancing as recommended by the investment consultant and the Investment Committee and authorize the Executive Director to execute documents and take actions to complete the transition of assets; seconded by Rep. Joe Molinar. The motion required polling:

Robert Studer	aye
Deborah Hamlyn	aye
Karl Rimkus	aye
Rene Peña	aye
Rep. Joe Molinar	aye
Rep. Art Fierro	aye

Motion carried.

Item 13. Discussion and action regarding the proposed budget for fiscal year 2024-2025.

Deputy Executive Director Adrian Sanchez presented; the Board received and reviewed the proposed budget for fiscal year 2024-2025. Executive Director Robert Ash noted that the proposed budget was reviewed by the Executive Committee and authorized for presentation.

Sanchez reviewed totals by category. The budget consists of salaries/benefits, operations, capital expenditures, payments to retirees/alternate payees, and refunds/interest. A significant portion of the budget, about 98 percent, is allocated for payments to retirees, alternate payees, and refunds/interest, which are estimated amounts that will be revised based on actual usage through the fiscal year. About 2.0 percent of the overall budget is allocated to salaries/benefits, operations, and capital expenditures. The overall proposed increase to the budget is about 3.8 percent.

Sanchez reviewed changes by category.

For salaries/benefits, Sanchez advised that the proposed amount includes the addition of a Research Assistant position. The position is intended to be temporary and will require approval of an addition to the staffing table. The duration of the assignment is expected to be from 1 to 2 years. Vice Chairman Karl Rimkus requested that the presentation be revised to indicate the position is an annual contract, as funds will not be taken from the "Temporary Services" subcategory. Trustee Rene Peña suggested considering a permanent increase to the staffing table. Sanchez noted that since the budget is approved annually, the Board can revise the position/contract as necessary.

Sanchez reviewed operations expenses and changes by subcategory including outside contracts, interfund services, communications, travel, and insurance. Sanchez noted there is no change proposed to the fiduciary and investment education budget. Ash advised that the entire, proposed amount for travel/education is not budgeted, as the expected utilization by the Board remains under the proposed total. Sanchez advised that Trustees may use their allocation towards business or market-related publications and subscriptions. Sanchez noted that no funds were used on publications/subscriptions in the current fiscal year.

Sanchez reviewed capital expenditures including allocation for building improvements and audio/visual expenses. Sanchez advised that the allocation to capital expenditures is an estimate of potential costs and will only be utilized if needed.

Sanchez advised that the requested revisions will be made to the final draft of the budget, which will be presented to the Board in August. Sanchez requested that Trustees contact him or Robert Ash with any questions or additional changes.

No action was taken on this item.

Item 14. 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 should contact Benefits Supervisor David Garcia.
- Ash reviewed ongoing/completed project(s).
 - The final budget will be presented to the Board in August.
 - Ash noted that once the budget is approved, wage brackets will be adjusted according to the ECI.
 - Board Officer elections will be held in August. Officer terms will begin in September.
 - Ordinance amendments, as approved by the Board, are under review by the City. Ash noted that after final review by the City, review/action by City Council will follow.
 - An organizational review, as approved by the Board, was recently performed. Ash noted the review intended to determine staffing needs/suitability. The Trust has received a preliminary report. The Executive Committee has referred the organizational review to the Administrative Services Committee ("ASC"). The ASC is expected to meet in the next two months to review the draft report.
- Ash reviewed upcoming Trust meetings:
 - The Financial Oversight Committee will interview some of the respondents to the RFP for lobbyist services in August.

No action was taken on this item.

Item 15. For Notation:

A. Refund of Contributions:

	Name	Department	Total Refund
1	Baxter, Beverly	Parks and Recreation	\$ 1,346.47
2	Bustillos, Julio	Police	\$ 2,133.95
3	Canseco, Norma	Public Health	\$ 5,025.12
4	Cheng, Jessica	Zoo	\$ 4,543.87
5	Clouse, Brett	El Paso Water	\$ 6,528.57
6	Cruz, Timothy	Information Technology	\$ 3,496.57
7	Drake, Austin	Fire	\$ 949.96
8	Faber, Kristopher	El Paso Water	\$ 570.85
9	Garcia, Santana	Streets and Maintenance	\$ 1,019.12
10	Gonzalez, Samantha	Police	\$ 1,576.40
11	Gonzalez, Hector	Environmental Services	\$ 2,430.12
12	Hernandez-Bardan, Alberto	El Paso Water	\$ 15,111.82
13	Jurado, Jennifer	Streets and Maintenance	\$ 27,931.87
14	Kinnetz, Lisa	Public Health	\$ 310.99
15	Monarez, Marcos	Animal Services	\$ 5,785.71
16	Muller, Kristen	Zoo	\$ 3,675.60
17	Muniz, Manuel	Sun Metro	\$ 26,393.40
18	Munoz, Robert	Sun Metro	\$ 21,713.85
19	Naylor, Alma	Police	\$ 1,098.59
20	Pope, Kayla	Libraries	\$ 8,869.12
21	Porras, Angel	Fire	\$ 11,764.27
22	Ramirez, Marissa	Zoo	\$ 4,202.83
23	Reyes, Erik	International Bridges	\$ 252.60
24	Reyes, Gabriel	Public Health	\$ 1,790.84
25	Reyes, Miguel	Environmental Services	\$ 2,450.15
26	Rodriguez, Jerry	Sun Metro	\$ 1,030.16
27	Rodriguez, Mauricio	El Paso Water	\$ 1,007.71
28	Roulette, Shayna	Animal Services	\$ 3,153.67
29	Tapia, Rickie	El Paso Water	\$ 2,928.64
30	Voglewede, Frederick	Municipal Court	\$ 4,511.85
			\$ 173,604.67

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.

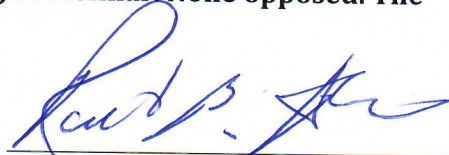
Item 16. The Board will retire into EXECUTIVE SESSION pursuant to the Texas Government Code, Sections 551.071-551.076 and Section 551.078 to discuss any of the following:

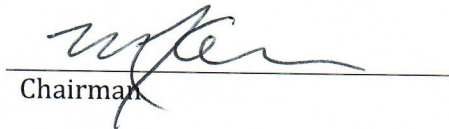
- Section 551.071 CONSULTATION WITH ATTORNEY
- Section 551.072 DELIBERATION REGARDING REAL PROPERTY
- Section 551.074 PERSONNEL MATTERS
- Section 551.075 CONFERENCE WITH EMPLOYEES
- Section 551.076 DELIBERATION REGARDING SECURITY DEVICES
- Section 551.078 DELIBERATION REGARDING DISABILITY APPLICANT'S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

No action was taken on this item.

Item 17. Adjournment.

Motion made by Robert Studer to adjourn the City of El Paso Employees Retirement Trust Board Meeting on July 17, 2024; seconded by Rep. Joe Molinar. None opposed. The motion was carried at 10:11 AM.


Secretary


Chairman

