



**BOARD MINUTES FOR THE REGULAR MEETING
HELD THURSDAY, NOVEMBER 14, 2024 AT 8:30 A.M.
RETIREMENT TRUST ADMINISTRATION BUILDING, 1039 CHELSEA**

Members in Attendance:

Robert Studer, Chairman
Karl C. Rimkus, Vice Chairman
Isaura Valdez
Karina Brasgalla
Matt Kerr
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
Emilia Avila, Retiree Benefits Clerk
Eduardo Miranda, Legal Counsel
Luis Mier, Office of the Comptroller
Alex Browning, Callan LLC
Alex Ford, Callan LLC
Sunita Patel, Wellington
David DiSilva, Wellington
Cara Early, Wellington

- Item 1. Benefits Supervisor David Garcia called the meeting to order at 8:34 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 October 16, 2024 and the Special Board meeting of October 28, 2024.

Item 3. Consideration and action on the following retirements:

Name	Department	Service Time (estimated)
A. Age & Service Retirement:		
1 Claudio, Juan	El Paso Water	17 years 03 months
2 De Anda, Alma R.	El Paso Water	37 years 00 months
3 Grisanti, Jorge	Police	15 years 07 months
4 Huizar Jr., Bruno	Sun Metro	10 years 03 months
5 Lopez, Elias	El Paso Water	15 years 07 months
5 Mendez, Rosendo J.	Airport	25 years 00 months
7 Mendoza, Martha	Police	24 years 00 months
8 Ordonez-Sanchez, Jose A.	Environmental Service	12 years 05 months
9 Valdez, Miguel	El Paso Water	18 years 10 months

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

- A. Garcia, Emma B. survivor of Ruben M. Garcia, retiree.
- B. Todd, Ann Gaye survivor of Robert C. Todd, retiree.
- C. Almonte, Martha P. survivor of David R. Almonte, retiree.

Item 5. Consideration and action on invoices as follows:

Company	Description of Service	Period	Fee Due
A. Arrowstreet Capital	Investment Fees	Qtr. Ended 09/30/24	\$ 124,468.83
B. Buck Global. LLC	Actuarial Fees	Mo. Ended 10/31/24	\$ 6,789.66
C. Eduardo Miranda	Legal Fees	Mo. Ended 10/31/24	\$ 700.00
D. Gordon Davis Johnson & Shane PC	Legal Fees	Mo. Ended 10/31/24	\$ 7,525.44
E. Heitman America R.E. Trust LP	Investment Fees	Qtr. Ended 09/30/24	\$ 121,542.00
F. Mellon Investment Management	Investment Fees	Qtr. Ended 09/30/24	\$ 24,136.32
G. Newton Investment Management	Investment Fees	Qtr. Ended 09/30/24	\$ 59,909.13
H. UBS Realty Investors LLC	Investment Fees	Qtr. Ended 09/30/24	\$ 61,884.12
I. Schlueter Group of Texas LLC	Consulting Fees	Mo. Ended 11/30/24	\$ 5,000.00
J. Xerox Financial Services	Copier Lease	Mo. Ended 11/30/24	\$ 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 Matt Kerr to approve the Consent Agenda; seconded by Deborah Hamlyn. The motion required polling:

Karina Brasgalla	aye
Matt Kerr	aye
Deborah Hamlyn	aye
Rene Peña	aye
Rep. Joe Molinar	aye

Motion carried.

REGULAR AGENDA

Item 7. Discussion and action regarding the Treasurer's Report for the month ended October 31, 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 October 31, 2024.

The Treasurer's Report is prepared monthly by OTC 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", "FY25 Pension Retiree Population", and "FY25 Retiree Benefit Paid").

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 October 31, 2024, including month, quarter, and fiscal year (two months). Net assets available for benefits were about 985.4 million dollars, a net decrease of about 10.8 million dollars. Contributions were approximately 10.3 million dollars (about 6.2 million from the employer and 4.1 million from employees). Benefits paid to retirees were about 13.5 million dollars. The rate of return, which is the fiscal net investment loss/gain over the average net assets available for benefits, was negative 0.54 percent. Mier noted the target rate of return for the fiscal year of 7.25 percent, about 1.21 percent for the two months ended October 31, 2024.

No action was taken on this item.

Item 8. Discussion and action regarding the receipt of an investment manager report from Wellington Management Company LLP (Cara Early, Sunita Patel, and David DiSilva).

Cara Early, Sunita Patel, and David DiSilva of Wellington Management Company LLP presented; the Board received and reviewed an investment management report from Wellington.

SMID Cap Research equity is a style-neutral, fundamentally driven portfolio. The portfolio outperformed the Russell 2500 index by 7.71 percent gross of fees and by 6.67 percent on a net-of-fee basis over the trailing 12-month period ended September 30, 2024. During this period, the portfolio posted an absolute return of 33.88 percent gross of fee and 32.84 percent net-of-fee. Relative performance was positive across eight of the 11 sectors with consumer discretionary, financials, and information technology leading the way. This was partially offset by more challenging performance in the healthcare, materials, and communication services sectors.

The Core Bond Plus portfolio returned 14.0 percent on a gross-of-fee basis during the trailing 12-month period, outperforming the Bloomberg US Aggregate Bond index by 243 basis points on a gross-of-fee basis, and 225 on a net-of-fee basis. The portfolio's allocation to securitized credit, particularly non-agency residential MBS, was a large contributor to relative performance over the period. Housing data releases have been strong, and while affordability remains challenged with mortgage rates above 7.0 percent, the structural housing supply shortages continue to act as a powerful tailwind for home price performance. Despite the S&P CoreLogic Case-Shiller National Index decreasing month-over-month in August by 0.13 percent the index rose by 4.25 percent on a year-over-year basis. The technical backdrop remained favorable for the asset class. Tactical duration positioning and yield curve positioning throughout the year had the largest impact on relative performance.

No action was taken on this item.

- Item 9. Discussion and action regarding a receipt of a monthly performance report for October 2024 and for the quarter ended September 30, 2024, from Callan LLC. (Alex Browning and Alex Ford, Callan).

Alex Ford and Alex Browning of Callan LLC presented; the Board received and reviewed performance reports for the month of October 2024 and for the quarter ended September 30, 2024.

Ford provided a summary of the domestic economy. GDP rose an estimated 2.8 percent in the third quarter, which is a decrease from the second quarter (3.0 percent). Headline CPI increased 2.4 percent year-over-year in September, while core CPI (ex food and energy) increased 3.3 percent over the same period. The Fed cut short-term rates by 50 basis points at the September FOMC meeting, with a current target range of 4.75-5.00 percent. The unemployment rate was 4.1 percent in September.

Ford reviewed market performance and trends. Equities have recovered losses of 2022; fixed income and real estate continue to lag. Top performers have broadened out from the mega-cap growth stocks. The "Magnificent Seven" stocks experienced increased volatility and mixed results in the third quarter. Four of those stocks underperformed the S&P 500 Index. For real estate, pricing and transaction volumes are increasing after bottoming. Transaction volume is increasing on a rolling four-quarter basis but remains below five-year averages. Executive Director Robert Ash noted the bullish return in the sector for the 1-year period and discussed market volatility and attributing factors. Ford discussed historic performance trends noting that recessions are expected/cyclical.

Ford reviewed the Trust's portfolio including recent/proposed items, notable investment manager organizational changes, governance/compliance, and performance. Some of the active managers are lagging their respective benchmarks after fees for the five-year period ended September 30, 2024. Active manager underperformance is being reviewed and addressed by the Investment Committee on an ongoing basis. No action steps are recommended at this time

as the Total Fund is being managed in compliance with long-term objectives. For the quarter, return was about 5.0 percent and about 17 percent for the last year.

Browning reviewed the monthly performance report for October 2024. Browning discussed market conditions and performance attribution including the impact of the presidential election. Browning noted actual asset allocation versus target allocation and reviewed the rebalancing activity. Browning advised that interviews for real estate managers, as replacements for UBS, will be conducted by the Investment Committee. Browning reviewed performance by asset class. The total fund balance was about 987.1 million dollars with about 21.5 million dollars in unrealized losses for the month. All asset-class composites underperformed their benchmarks in October. The total fund underperformed the Strategic Blended Index for all reporting periods. For the last year and last five years, the total fund return exceeded the actuarial rate of return.

No action was taken on this item.

- Item 10. Discussion and action regarding the receipt of a private equity pacing analysis as prepared by Callan LLC. (Alex Browning and Alex Ford, Callan).

Alex Browning of Callan LLC presented; the Board received and reviewed the private equity pacing analysis.

Browning advised that a pacing analysis is performed periodically every year or two years. To reach the 13 percent target for private equity, the Trust will need to commit 80 to 110 million dollars every three years over the next 10 years. The Trust is currently over-allocated to private equity. However, the portfolio is expected to gradually decline closer to target over the next 10 years. Callan recommends the Trust adopt a consistent commitment pacing strategy to avoid vintage year concentration.

Future commitments, as with past commitments, are expected to be split equally between primary fund-of-funds and secondary fund-of-funds. Primaries provide a stable long-term base for the program. Secondaries provide more rapid investment and distributions. Callan recommends investing 80 million dollars (40 million dollars to primary and 40 million dollars to secondaries).

Motion made by Karl Rimkus to approve the private equity pacing plan as recommended by Callan LLC by adding an additional 40 million dollar commitment to Portfolio Advisors for the investment in secondaries and an additional 40 million dollar commitment to Adams Street Partners for investment in primary funds and authorize the Board Chairman or Executive Director to sign related documents; seconded by Robert Studer. The motion required polling:

Isaura Valdez	aye
Karina Brasgalla	aye
Matt Kerr	aye
Deborah Hamlyn	aye
Karl Rimkus	aye
Rene Peña	aye
Rep. Art Fierro	aye

Motion carried.

Item 11. Discussion and action regarding a report from the Executive Director.

Executive Director Robert Ash reported on the following:

- Ash reviewed ongoing/completed project(s):
 - The Trust will transition to the BoardEffect meeting platform from the BoardPaq platform, which is sunsetting. Training will be provided to Trustees.
 - The actuarial valuation and annual audit are in process.
 - The ordinance amendment, as approved by the Board, is expected to be presented for public hearing on 11/19. Ash noted that the Trust has briefed Council Representatives on the proposed amendments.
 - The Trust will follow the City’s schedule for the Thanksgiving holiday closure. The Trust Office will be closed on 11/28 and 11/29.
- Ash provided an update on proposed pension-related bills from the 89th Texas Legislative Session.
 - Senate Bill (“SB”) 312
 - Filed by Senator Hughes.
 - SB 312 is modeled after SB 1446, which was introduced by Hughes in the previous legislative session.
- Ash reviewed upcoming Trust meetings:
 - The December board meeting will be held on the second Thursday of the month (12/12/24), as approved by the Board.
 - A Special Investment Committee will be held on 12/18/2024.

No action was taken on this item.

Item 12. For Notation:

A. Refund of Contributions:

	Name	Department	Total Refund
1	Castro, Miriam	Public Health	\$ 5,135.16
2	Erickson, Kelly	Parks and Recreation	\$ 9,339.52
3	Esparza, Manuel	El Paso Water	\$ 4,059.76
4	Favela, Michael	El Paso Water	\$ 4,501.59
5	Flores, Selene	Animal Services	\$ 2,144.25
6	Garcia, Oscar	Sun Metro	\$ 791.96
7	Gonzalez, Richard	Fire	\$ 25,576.81
8	Hanson, Andrea	Public Health	\$ 6,391.99
9	Lopez, Berenice	Fire	\$ 38,272.35
10	Lopez, Christopher	Fire	\$ 6,950.65
11	Lujan, Vanessa	Police	\$ 7,954.91
12	Marin, Jesus	El Paso Water	\$ 2,808.09
13	Munoz, Christian	Parks and Recreation	\$ 732.98
14	Olvera, Felipe	Sun Metro	\$ 19,296.05
15	Ontiveros, Ismael	Airport	\$ 9,151.01
16	Ralat, Marlyn	Fire	\$ 7,823.42
17	Rodriguez, Alfredo	El Paso Water	\$ 9,245.53
18	Rodriguez, Jose	Airport	\$ 2,323.97
19	Rosales, Yuliana	Fire	\$ 7,849.14
20	Saenz, Bonnie	El Paso Water	\$ 4,618.13
21	Sanchez, Yesell	El Paso Water	\$ 8,532.17

22	Smith, Jasmine	Animal Services	\$	1,605.22
23	Torres, Jose	Airport	\$	180.92
			\$	<u>185,285.58</u>

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.

There were no speakers to comment on any pension-related issue that was not on the agenda.

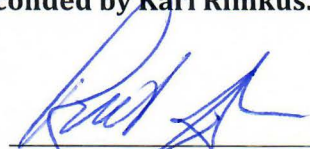
Item 13. The Board will retire into EXECUTIVE SESSION pursuant to the Texas Government Code, Sections 551.071-551.076 and Section 551.078 to discuss any of the following:

- 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 Rene Peña to adjourn the City of El Paso Employees Retirement Trust Board Meeting on November 14, 2024; seconded by Karl Rimkus. None opposed. The motion was carried at 9:59 AM.



 Secretary



 Chairman