Volume 78, Spring 2025

HMEPS
HOUSTON MUNICIPAL EMPLOYEES PENSION SYSTEM

Pension Press

The Newsletter of the Houston Municipal Employees Pension System

Update from the **Chairman**

Sherry Mose
Chairman

As your Chairman, I am pleased to include in this Pension Press edition the 2024 Report to Participants, which summarizes the HMEPS 2024 Annual Comprehensive Financial Report (ACFR) and provides an overview of our operations for the last fiscal year.

HMEPS has now served its members for over 81 years, delivering a secure retirement benefit for more than 25,000 current participants. The Houston economy is strong, adding more than 60,000 jobs in the last year, as our region continues to grow. That growth is made possible, in part, by the hard work and dedication of our City of Houston employees, who keep us moving forward.

I am proud to report that HMEPS' investment portfolio had a total return of 10.5% for the fiscal year ending June 30, 2024. Over the three-, five- and ten-year periods, HMEPS is in the top 5% of funds in the Wilshire TUCS Master Trusts – Public Universe, a key benchmark for public funds. Due to a diverse asset allocation strategy implemented by our Board of Trustees and staff, the System's 5-year annualized return is 11.1%. The 10-year return stands at 8.9%.

At HMEPS, we continually pursue the highest standards of accountability, integrity and openness by applying rigorous controls within the System. These efforts were recognized for the 30th consecutive year by the Government Finance Officers Association (GFOA) of the United States and Canada, which again awarded HMEPS a Certificate of Achievement for Excellence in Financial Reporting.

In January, elections were held for the HMEPS Board officers. I was honored to be re-elected for a new term as Chairman, as were Lenard Polk, Vice Chairman, and Rhonda Smith, Secretary.

(Cont. on Page 2)

Inside This Issue

Remember the Retirement Two-Step!

If you are eligible for normal retirement (immediate or deferred), you must complete all required steps to begin receiving your pension. These steps include both:

1) the HMEPS retirement process, and
2) the separate City of Houston process for documenting your departure from employment.

If a significant number of employees apply for retirement, it may take longer to receive City records and process retirements. Be sure to account for this additional time in your planning.

HMEPS NEEDS YOUR E-MAIL ADDRESS TO KEEP YOU UPDATED ON PENSION MATTERS **VISIT WWW.HMEPS.ORG TO SIGN UP**

Update from the **Chairman** cont.

I want to acknowledge and thank the HMEPS Board of Trustees and staff for their outstanding work on behalf of our participants. They are enormously dedicated to the System, and to ensuring its strength for decades to come.

At the end of May, the Texas Legislature will adjourn its 89th Session in Austin. The Legislature is considering a wide variety of bills, including some pension-related legislation. While there are no bills under consideration specifically related to HMEPS, we continue to closely monitor developments in Austin.

It is a privilege to serve as your Chairman. I am eager and excited to continue the work in 2025.

Your Chairman,

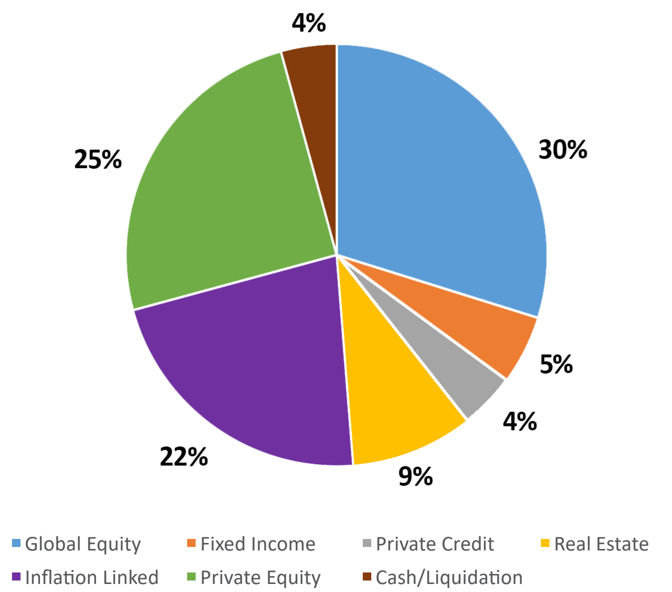
Sherry Mose

HMEPS Investment Update

Market Value by Asset Class

	September 30, 2024	December 31, 2024
Global Equity	$ 1,486,423,793	$ 1,345,358,090
Fixed Income	238,618,973	236,733,369
Private Credit	177,281,288	195,034,158
Real Estate	435,368,998	422,372,193
Inflation Linked	933,897,505	994,623,180
Private Equity	1,156,563,698	1,125,806,512
Cash/Liquidation	95,211,018	192,090,670
Total	**$ 4,523,365,273**	**$ 4,512,018,173**

Asset Allocation as of December 31,2024



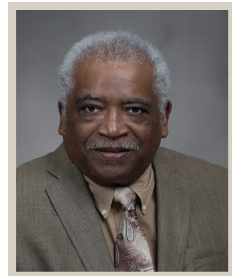
FY 2024 Report to Participants

Organizational Overview As of June 30, 2024

Sherry Mose
Chairman

Lenard Polk
Vice Chairman

Rhonda Smith
Secretary



Roderick J. Newman
Elected Trustee

Roy W. Sanchez
Elected Trustee

Lonnie Vara
Elected Trustee

BOARD OF TRUSTEES

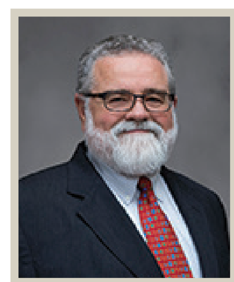
Carole Snyder
Appointed Trustee

David Donnelly
Mayoral Appointee

Edward J. Hamb II
Controller Appointee

Adrian Patterson
Council Appointee

Denise Castillo-Rhodes
Council Appointee



David L. Long
Executive Director

BOARD COMMITTEES
- Audit Committee
- Budget and Oversight Committee
- Disability Committee
- External Affairs Committee
- Investment Committee
- Personnel and Procedures Committee

ADMINISTRATIVE ORGANIZATION

EXECUTIVE DIRECTOR

GENERAL COUNSEL

CHIEF INVESTMENT OFFICER
- Investment Managers' Services
- Market Research
- Performance Measurement

MEMBER SERVICES
- Benefit Administration Services
- Communications

OPERATIONS
- Accounting
- Financial Reporting
- Records
- Technology Support

FY 2024 Report to Participants

Financial Information as of June 30, 2024

SUMMARY COMPARATIVE STATEMENT OF FIDUCIARY NET POSITION

ASSETS	2024	2023
Cash and cash equivalents	$ 35,121	$ 46,109
Receivables	13,569	14,421
Investments	4,362,542	4,090,613
Net OPEB asset	5,562	5,088
Capital assets, net	1,655	1,636
Total Assets	4,418,450	4,157,867
Deferred outflows of resources	141	569
LIABILITIES		
Payables on asset purchases	$ 3,015	$ 7,759
Accrued liabilities	44,654	67,550
Total liabilities	47,669	75,309
Deferred inflows of resources	706	1,382
FIDUCIARY NET POSITION	**$ 4,370,216**	**$ 4,081,745**

SUMMARY COMPARATIVE STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

ADDITIONS	2024	2023
Contributions	$ 247,604	$ 239,495
Investment and interest (loss) income, net	404,829	221,975
Other income	657	619
Total Additions	653,090	462,089
DEDUCTIONS		
Benefits paid	$ 358,521	$ 336,109
Administration expenses and professional fees	6,099	5,685
Total Deductions	364,619	341,794
Net increase (decrease) in net position	288,471	120,295
Fiduciary net position restricted for benefits Beginning of year	4,081,745	3,961,450
END OF YEAR	**$ 4,370,216**	**$ 4,081,745**

FINANCIAL HIGHLIGHTS (IN THOUSANDS OF DOLLARS, UNLESS OTHERWISE NOTED)

FY 2024 Report to Participants

Membership as of June 30, 2024

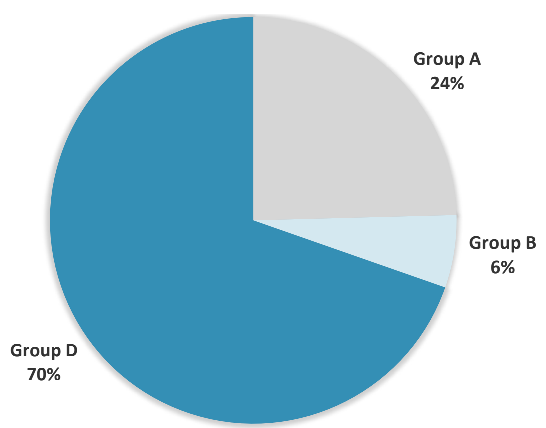
SCHEDULE OF MEMBERS AND ANNUITANTS BY TYPE

	JUNE 30, 2024			JUNE 30, 2023		
	MEMBERS	BENEFITS PAID ($000)	AVERAGE BENEFIT ($000)	MEMBERS	BENEFITS PAID ($000)	AVERAGE BENEFIT ($000)
Retirees Receiving Benefits	9,867	255,114	25,855	9,670	248,784	25,727
Retired on Disability	204	2,662	13,049	217	2,743	12,641
Survivors and Beneficiaries	2,133	38,912	18,243	2,072	37,289	17,997
Former Participants Eligible But Not Yet Receiving Benefits	4,046	-	-	3,982	-	-

HISTORICAL ACTIVE PARTICIPANT DATA

FISCAL YEAR	GROUP A	GROUP B	GROUP D	TOTAL	ANNUAL PAYROLL ($000)	AVERAGE SALARY ($)	% SALARY INCREASE
2015	5,911	1,489	4,427	11,827	584,025	49,381	3.7
2016	5,537	1,417	5,149	12,103	608,210	50,253	1.8
2017	5,165	1,312	5,589	12,066	623,577	51,681	2.8
2018	4,788	1,198	5,894	11,880	624,266	52,548	1.7
2019	4,427	1,107	5,973	11,507	636,463	55,311	5.3
2020	4,116	1,019	6,459	11,594	657,876	56,743	2.6
2021	3,827	936	6,816	11,579	669,217	57,796	1.9
2022	3,482	847	7,073	11,402	696,890	61,120	5.8
2023	3,196	765	7,617	11,578	729,928	63,044	3.1
2024	2,921	686	8,276	11,883	774,994	65,219	3.4

ACTIVE PARTICIPANTS BY GROUP (6/30/24)



FY 2024 Report to Participants

Investments as of June 30, 2024

The investment objective of the System's portfolio is to produce an annualized investment return over the long term that exceeds the System's actuarial assumed rate of return. This will help the Board to achieve its overall objective of providing adequate retirement benefits to the participants of the System.

The System's asset allocation provides an efficient mix of assets that is designed to provide a return profile that is consistent with the System's long-term portfolio risk and return objectives. The System's current asset allocation became effective July 1, 2023.

The System invests in six major asset classes (Global Equity, Fixed Income, Real Estate, Private Equity, Inflation-Linked and Private Credit) as a method to maximize overall fund diversification. Further, the System invests with both public market investment managers and private market entities with demonstrated skills and expertise in their respective asset class.

For the fiscal year ended June 30, 2024, the System returned 10.5%. For the trailing 10 years, the System returned 8.9%, which exceeded the median public fund return of 7.3%.

ASSET ALLOCATION

ASSET CLASS	TARGET	ACTUAL
Global Equity	28.0%	31.8%
Private Equity	17.0%	26.7%
Fixed Income	10.0%	5.3%
Real Estate	12.5%	9.6%
Inflation-Linked	20.0%	20.4%
Private Credit	12.5%	3.9%
Cash/Liquidation	0.0%	2.3%
TOTAL	100%	100%

INVESTMENT RETURNS AS OF JUNE 30, 2024

PERIOD	RETURN
1 Yr.	10.5%
3 Yrs.	7.3%
5 Yrs.	11.1%
10 Yrs.	8.9%

Retirements: Second to Fourth Quarter 2024 Retirements

Admin & Regulatory Affairs
Darryle Brown
Sandra Davis
Maria Fernandez

Aviation
Vincent Baker
Hortensia Batalla
David Buoy
Jennifer Cafferatta
Anthony Deleon
Bricia Estrada Aguilar
Dallas Evans
Oscar Hernandez
Angeline Men
Johnny Motta
Ricardo Rivera
Angel Torres
William Umana
Brinda Vallery
Emelda Yebra

Convention & Entertainment
Lisa Smith

Department of Neighborhoods
Steve Gomez
Evangelina Pinon
Angela Solis
Jack Valinski
Jay Weatherspoon

Fire Department
Richard Bradley
Emily Brooks
Chris Higginbotham
Cynthia Lee Potier
Phyllis Woods

Fleet
Robert Austin
Raul Delos Santos
Francisco Gonzalez

General Services
Moises Alaniz
Miguel Mendoza

Health & Human Services
Calvin Benson
Vanessa Braithwaite
Rose Carr
Martha Castellanos
John Crain
Lawanda Green
David James
Natalia Jemmott
Sonja Lewis
Yolanda Murdock-Wiltz
Emmanuel Okoro-Atsegoh
Tanya Pace
Charmaine Raibon
Faye Robinson
Abel Torres
Adrenia Webster
Kathy White-Bryant
Mary Wine

Housing & Comm. Development
Jacqueline Adj-Omania
Keith Bynam
Margaret Colligan
Pauline Thomas

Houston Emergency Center
Cheryl Breed

Houston Municipal Employees Pension System
Lisa Hill

Human Resources Department
Robert Johnson
Tracy Jones
Paul Prado
Roxanne Stephens

Information Technology
Michael Gonzales
Don Lott
Christine Pham
Anita Powell

Legal Department
Tracy Calabrese
Gary Wood

Library Department
Melissa Hayes
Rhea Lawson
Maria Powers

Mayor
Andrew Icken

Municipal Courts #5
Karen Clark
Minnie Matthews
Antonio Rodriguez

Parks & Recreation
Christopher Carroll
Yolanda Morrow

Planning & Development
Joel Casas
Lynn Henson
Jennifer Ostlind
Margaret Wallace Brown

Police Department
Shelly Brooks
Christina Campa
Richard Carlson
Gloria Chatmon
Mary Childs-Henry
Gerald Evans
Terry Hodgkins
Felicia Mitchell
Raymond Morris
John Noel
Alicia Pettaway
Valerie Ricks
Melissa Rodriguez
Mallory Saxton
Debbie Whittley

Public Works & Engineering
Ricky Adams
Donald Bell
Daffy Burroughs
Pedro Cervantes
Sandra Deshotel
Willie Dugas
Thomas Folsom
James Freitag
Laura Grainger

Public Works & Engineering cont.
Alice Guidry
Steven Harris
Kermet Johnson
Telekia Johnson
Desmond Jones
Victor Marsh
Don McGowan
Jesse Mendoza
Robert Moore
Gloria Moreno
Julio Mota
Alfonso Munoz
Raghavender Nednur
James Newsome
Carlton Parsons
Sherri Patterson
Lisa Phelps
Lionel Pinon
Verdis Prentice
David Qualls
Yancyne Roberson
Carol Rochelle
Sergio Sarduy
J. Guadalupe Soto
Steven Stelzer
David Tajadod
Tommy Tarver
Kennedy Tolliver
Richard Villanueva
Virgil Wallace
Audry Watson
Don Williams
Carl Wilson
Paul Zappi

Solid Waste Management
Albert Abram
Jesus Garcia
Yvonne Guillory
Melvin Jackson
Jesse Millan
Mark Orphey
Rodney Richards
Melissa Steele
Laveta Tidwell

The Retirements section lists names and departments of those retiring participants who have indicated on their retirement applications that they wished to have an announcement of their retirement included.

2025 Pension Payment Schedule: April - September

The schedule below indicates the dates set for payment of benefits. Direct Deposits (ACH) will be deposited on the last business day of each month. If you receive your pension benefit by mail it is typically mailed 3-4 days before the last business day of the month. To enroll in direct deposit, please call the HMEPS office at 713-595-0100.

April

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

May

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

June

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

July

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

August

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

September

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	28	30				

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www.hmeps.org

Thanks to the HMEPS staff for their contributions to the ongoing success of the *Pension Press*.

HMEPS
HOUSTON MUNICIPAL EMPLOYEES PENSION SYSTEM

NEWSLETTER CONTENT

The material contained in this newsletter is intended to provide you with important information about your pension participation. The content cannot be taken as the basis of any contractual rights between HMEPS and its participants. If there is a question of interpretation, retirement laws are the final authority.