

**THE EL PASO FIREMEN & POLICEMEN'S PENSION BOARD OF TRUSTEES**  
**REGULAR MEETING HELD**  
**Wednesday, May 20, 2009 at 1:00 PM**  
**El Paso Firemen and Policemen's Pension Fund Office**  
**Chase Tower, 201 East Main, Suite 1616**  
**El Paso, Texas 79901**

**MINUTES**

---

**MEMBERS PRESENT:**

**Mayoral Appointments:**

Mr. Presi Ortega  
Dr. Robert Tollen

**City Manager Appointments**

Ms. Terri Garcia

**Police Department**

Chief Robert Feidner  
Detective Stanley Hayes

**Fire Department**

Chief Michael V. Calderazzo  
Chief Matt G. Widtfeldt  
Chief Ralph B. Johnson

**OTHERS PRESENT:**

Mr. Robert J. Stanton – Secretary  
Ms. Yolanda Carreon – Assistant Secretary  
Ms. Christina Ramirez - Specialist  
Mr. Eric Ralph – Summit Strategies Group  
Mr. Rich Mackesey – Buck Consultants via teleconference  
Mr. Earl Hayden – Fire Association  
Atty. Patrick Lara – CLEAT  
Phillip Amato – Active member

**MEMBERS ABSENT:**

Commander Mark Austin  
Mr. William F. Studer  
Mr. John D. Davis, III

1. **Call to order**

Chairperson Calderazzo called the regular meeting of the El Paso Firemen & Policemen's Pension Fund Board of Trustees to order at 1:00 p.m.

2. Approve minutes of Board meeting held April 15, 2009.

A typo was noted by Ms. Garcia on Item 8. The word "hurtles" should read "hurdles".

*With the noted change, Mr. Johnson moved to approve the minutes of the meeting held April 15, 2009, seconded by Ms. Garcia and passed by the Board.*

3. **Consideration and approval of the Financial Report for the month ending April 30, 2009, as recommended by the Budget & Finance Committee.**

Due to a lack of a quorum, the Budget and Finance Committee did not meet as stated by Ms. Garcia. Copies of the financial report were provided to each Trustee. Ms. Garcia questioned why the Imaging allocation has not been used and Mr. Stanton responded that this will be not be considered until the Disaster Recovery project is concluded.

Ms. Garcia raised other questions on a few other issues: Petty Cash/Miscellaneous – what and why the large expenditures - Mr. Stanton stated that the invoices paid to Steve Speed for assistance on the final phases of the Pension Administration System have been paid from this allocation as this was not an anticipated expense. Ms. Garcia recommends that this be reflected under Special Projects. In reference to Securities Lending, Ms. Garcia stated the fund seems to be in a more positive position with this issue. Additionally, Ms. Garcia noted the positive figures reflected in the Fund's assets.

*Dr. Tollen moved to approve the Financial Reports for the month ending April 30, 2009, seconded by Mr. Johnson and passed by the Board.*

4. **Approve Pension Payrolls:**

Fire	\$ 1,698,047.05
Police	\$ 2,203,051.06

Mr. Stanton stated the Pension Payrolls were in order.

*Mr. Hayes moved to approve the Pension Payrolls for the month ending April 30, 2009, seconded by Mr. Johnson and passed by the Board.*

5. **Consideration and action on request for Back/Drop retirement.**

A. Rodney L. Monroe	Fire Department
B. Francisco Enriquez	Police Department

Mr. Stanton stated the documentation was in order and recommended approval for BackDrop retirement for Items 5A and 5B.

*Mr. Hayes moved to approve Back/Drop retirements for Mr. Monroe and Mr. Enriquez, seconded by Mr. Ortega and passed by the Board.*

6. **Consideration and action on request for survivor benefits**

Leta M. Doyle survivor of Patrick A. Doyle, Police Department

Mr. Stanton stated the documentation was in order and recommended approval for survivor benefits for Item 6.

*Mr. Hayes moved to approve survivor benefits for Ms. Doyle, seconded by Mr. Johnson and passed by the Board.*

7. **Discussion and action on the recent decision in the Supreme Court of Texas, the City of El Paso, ET AL., Petitioners v. Lilli M. Heinrich, Respondent, as presented by Attorney Eric Calhoun.**

*Ms. Garcia moved to convene into Executive Session for the purpose of discussing Item 7, seconded by Dr. Tollen and passed by the Board.*

*The El Paso Firemen & Policemen's Pension Fund retired into Executive Session at 1:10 p.m. and returned to regular session at 2:10 p.m.*

*Mr. Widtfeldt moved to waive service and permit Attorney Calhoun to accept service on behalf of the Board, if necessary, seconded by Dr. Tollen and passed by the Board.*

*Ms. Garcia moved to place Item 10 next on the agenda followed by Item 13 seconded by Dr. Tollen and passed by the Board.*

10. **Discussion and action on the payment of contributions as outlined in the Amato settlement agreement reached with the City of El Paso.**

*Mr. Ortega moved to convene into Executive Session for the purpose of discussing Item 10, seconded by Mr. Johnson and passed by the Board.*

*The El Paso Firemen & Policemen's Pension Fund retired into Executive Session at 2:17 p.m. and returned to regular session at 2:41 p.m.*

*Dr. Tollen moved to table this item pending the outcome of Mr. Amato's negotiations with the City of El Paso seconded by Mr. Ortega and passed by the Board.*

*Chairperson Calderazzo recommended moving Item 9 next as it was related to Item 10, and then proceeding to Item 13. Without any objections from the Board, Item 9 followed.*

9. **Discussion and action on Section 5.04 Contributions in Repayment of Refunds of the Plan Document regarding the repurchase of Credited Service previously forfeited by a member and associated interest expense at the request of Trustee Hayes.**

Mr. Stanton stated that in accordance with Section 5.04 of the Plan Document.....

*Contributions in Repayment of Refunds.* A Member re-employed by the Fire or Police Departments of the City may elect to repurchase that Credited Service, or portion thereof, previously forfeited by the Member pursuant to sub-section 10.02, by contributing to the Pension Fund, in one cash payment and on such additional terms and conditions as the Board may require, an amount equal to the Member's refunded contribution, or an amount proportionate to that part of Credited Service being re-purchased, plus Regular Interest thereon. Additionally as required in Section 3.20 of the Plan, the Board has established that Regular Interest is 8% per year. Discussion ensued.

*No action required.*

**13. Presentation and review of 1<sup>st</sup> Quarter 2009 Investment Performance, as presented by Mr. Eric Ralph of Summit Strategies Group and related matters.**

Mr. Ralph presented the Fund's investment performance for year ended March 31, 2009. The U.S. Economy contracted 6.1% in the first quarter after declining 6.3% in the fourth quarter of 2008, marking the weakest six months in five decades. Consumer spending rose 2.2% annual rate in the first quarter after falling 4.3% in the previous quarter. Companies trimmed inventories and drastically cut spending while the government cut defense spending. Consumer prices fell 0.4% over the trailing twelve months while the core CPI, which excludes food and energy which rose 1.8%. Producer prices fell 3.8% year-over-year, the largest drop since January 1950. Core prices rose 3.8% for the twelve month period. The US unemployment rate rose 8.5% in March 2009, the highest level in 25 years. U.S. job growth fell by 663,000 in March reflecting the 15<sup>th</sup> straight month of losses. The housing markets may be stabilizing as new and existing homes sales rose with record low mortgage rates and falling home prices. Housing starts and building permits continue to decline. The equity markets struggled in January and February with the S & P 500 Index capping the worst ever start to a year. March brought better than expected economic data and clarity on the Treasury's plan, leading to a bounce of over 20% from the lows. The S & P 500 Index lost 11.09% in the first quarter, led by financials down 28.8% retreat from financials. Small cap trailed large for the quarter, dropping 15.0% v. a decline of 11.0%. Growth dramatically outperformed value across all capitalizations for the quarter. International equity lost 13.9% for the quarter, underperforming the S & P 500 Index by 290 basis points with an appreciating dollar detracting 384 basis points from performance. Value stocks trailed growth stocks by 310 basis points. The BMI emerging markets index posted a surprising 1.8% gain during the quarter. The Total Fund was down 4.97% for the quarter and down 24.93% for the trailing year. Relative to all public plans-total median, the Fund was ahead by 2.35% for the quarter and up 3.55% for the year. The Fund ranked in the 51<sup>st</sup> percentile for the one year, 20<sup>th</sup> for the three year and 14<sup>th</sup> percentile for the five year period.

**8. Up-date on the implementation of the Pension Administration System and related matters by Mr. Andy Flewelling of L.R. Wechsler.**

Mr. Stanton reported that the cutover went smoothly. Everything looks good and there will be some minor adjustments going forward but nothing major.

**11. Discussion and action on amending Section 3.13 of the Investment Policy Statement as approved by the Investment Committee.**

Dr. Tollen explained to the Board that the proposed language amendment to the Investment Policy Statement essentially prohibits future investment manager of the Fund from paying, directly or indirectly, any referral fees to a solicitor or placement agent, except upon written prior consent by the Board in such form and upon such conditions as the Board in its sole discretion may require.

*Dr. Tollen, on behalf of the Investment Committee, moved to approve amending Section 3.13 of the Investment Policy, seconded by Mr. Ortega and passed by the Board.*

**12. Discussion and action on the approval of an administrative Trustee fee for pricing and bookkeeping services provided by the Group Trust for Pyramis Global Advisors.**

*After careful discussion and due consideration, Dr. Tollen moved to table for one month and request Eric Ralph to explore going out of a comingled account to an individual account, seconded by Mr. Widtfeldt and passed by the Board.*

**14. Discussion and action on amending Paragraph 4 of the Trustee Conflict of Interest Affidavit and defining direct investment contained in Paragraph 5 at the request of Trustee Hayes.**

*Mr. Johnson moved to approve the amendment to the Trustee Conflict of Interest Affidavit seconded by Mr. Widtfeldt and passed by the Board.*

**15. Report of Executive Director.**

Ms. Stanton provided an up-date as follows:

- Fiduciary Education Account – Account balance is approximately \$127,187 as of May 19, 2009.
- Assets of the Fund are at \$682,210,662.
- Funding Status – We have received the documents from the City and will be executing them and should receive the distribution from the City in and around June 28, 2009.
- Financial Audit – the 2008 financial audit has commenced. Auditors have been gathering information for the last two weeks. All seems to be going well.
- Disaster Recovery – We are waiting for the proposal from ESEI for securing the Fund's IT environment.
- Web-Site – We have retained a firm to redesign the Fund's web site to be more interactive and will be working close in its' design. Trustee photos will possibly be taken at the June meeting. More information to follow.
- Election Results – In accordance with the Fund's Election Policy and since Mr. Calderazzo and Mr. Grossman ran unopposed, they are duly elected as Trustees of the Fund.
- Sick Leave Payoff – A long discussion on the unresolved issue of the sick leave payoff for uniform employees and Chiefs was discussed.

- Mr. Feidner advised the Board of the discussions reference the consolidation of the Sheriff and Police Departments. He recommends that Mr. Stanton starts some research as to the impact to the pension fund.

16. **Opportunity for Statements from Retired Members/Public.**

*None.*

17. **Committee Reports:**

- A. Actuary/Audit Committee – Did not meet
- B. Budget & Finance Committee – Did not meet.
- C. Disability Committee – Did not meet
- D. Investment Committee – In addition to his earlier report, Dr. Tollen added information as to starting dates of the new managers.
- E. Personnel Committee – Already reported

18. **For Notation:**

A. **Cost of Living Adjustments**

Ruben Martin	Police Department
--------------	-------------------

B. **Death of member(s)**

- |                     |                   |
|---------------------|-------------------|
| 1. Juan C. Borjon   | Police Department |
| 2. Patrick A. Doyle | Police Department |

C. **Refund of Contributions**

- |                      |                   |
|----------------------|-------------------|
| 1. Hector A. Camacho | Fire Department   |
| 2. Samuel Traxler    | Fire Department   |
| 3. Thomas J. Belcher | Police Department |

D. **Payments to Service Providers**

- |  |    |           |
|--|----|-----------|
| 1. Baillie Gifford – 1 <sup>st</sup> Q2009                 | \$ | 66,751.69 |
| 2. BuckConsultants – 1 <sup>st</sup> Q2009                 | \$ | 1,870.00  |
| 3. Causeway Capital Mgmt. - 1 <sup>st</sup> Q2009          | \$ | 47,750.00 |
| 4. Cooke & Bieler, L.P. 1 <sup>st</sup> Q2009&Perf.fee     | \$ | 50,453.88 |
| 5. Goldman Sachs – 1 <sup>st</sup> Q2009                   | \$ | 18,273.40 |
| 6. Lord Abbett – 1 <sup>st</sup> Q2009                     | \$ | 55,154.68 |
| 7. Eduardo Miranda, Atty. – 04/30/2009                     | \$ | 62.50     |
| 8. Northern Trust Company – 1 <sup>st</sup> Q2009          | \$ | 27,083.81 |
| 9. Pyramis Global Advisors – 1 <sup>st</sup> Q2009         | \$ | 79,287.00 |
| 10. Sheehan Phinney Bass + Green – 03/31/09                | \$ | 7,999.00  |
| 11. Sterling Johnson Capital Mgmt. – 1 <sup>st</sup> Q2009 | \$ | 28,417.77 |

---

**19. Adjournment.**

*Mr. Johnson moved to adjourn, seconded by Dr. Tollen and passed by the Board. The El Paso Firemen & Policemen's Pension Fund Board of Trustees meeting stands in adjournment at 4:08 p.m.*

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Secretary