

THE EL PASO FIREMEN & POLICEMEN'S PENSION BOARD OF TRUSTEES
REGULAR MEETING HELD
Wednesday, February 17, 2010 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:

Dr. Robert Tollen
Mr. Presi Ortega
Mr. John D. Davis, III

City Manager Appointments

Ms. Terri Garcia
Mr. William F. Studer

Police Department

Detective Stanley Hayes

Fire Department

Chief Michael V. Calderazzo
Chief Matt G. Widtfeldt

OTHERS PRESENT:

Mr. Robert J. Stanton - Secretary
Ms. Yolanda Carreon - Assistant Secretary
Ms. Christina Ramirez – Specialist

MEMBERS ABSENT:

Chief Ralph B. Johnson
Commander Mark Austin
Lieutenant Tyler Grossman

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 1:07 p.m.

2. **Approve Minutes of Board Meeting held January 20, 2010.**

Ms. Garcia moved to approve the minutes of the meeting held January 20, 2010, seconded by Dr. Tollen and passed by the Board.

3. **Consideration and approval of the Financial Report for the month ending January 31, 2010, 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 made inquiry regarding the Petty Cash expenditures in the amount of \$300.00. Ms. Ramirez informed the Board this is to replenish the Petty Cash Account. Mr. Ortega requested information on the status of a retirement plan for staff. Mr. Stanton stated he is waiting for figures from Mr. Steve Allen of Wells Fargo, the Fund's insurance carrier regarding short and long term disability costs as well as preliminary numbers from the Fund's actuary regarding the cost of a defined benefit plan for Staff members. The Personnel Committee will schedule a meeting as soon as this information is received.

Dr. Tollen moved to approve the Financial Reports for the month ending January 31, 2010, seconded by Mr. Ortega and passed by the Board.

4. **Consideration and approval of the Financial Report for Lomaland West for January 31, 2010 as recommended and approved 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. Ms. Garcia brought everyone up to date by stating that Lomaland West is the entity that was created by the Fund and about eighteen months ago it was decided that rent and any expenses for the property will be paid from this account. Financial reports will be reviewed on a periodic basis as there is not much activity on this account.

Ms. Garcia moved to approve the Financial Report for Lomaland West for the period ending January 31, 2010, seconded by Mr. Hayes and passed by the Board.

5. **Approve Pension Payrolls:**

Fire	\$ 1,753,224.41
Police	\$ 2,353,675.21

Mr. Stanton stated the Pension Payrolls were in order.

Mr. Hayes moved to approve the Pension Payrolls for the month ending January 31, 2010, seconded by Dr. Tollen and passed by the Board.

6. **Presentation and review of 2009 year end Investment Performance, as presented by Mr. Eric Ralph of Summit Strategies Group and related matters.**

Mr. Ralph presented the Fund's investment performance for period ended December 31, 2009. Our Total Fund was up 26.3%, ranking in the 11th percentile for the year. Excellent performance as stated by Mr. Ralph. The U.S. Economy expanded at a 5.7% annual rate in the fourth quarter, marking the fastest pace in six years as companies increased investment in equipment and software. Rebuilding inventories contributed 3.4% to GDP, the most in two decades. Additionally, consumer spending rose at a 2.0% pace for the quarter. Consumer prices rose 2.8% over the last 12 months ending December while the core CPI, which excludes food and energy, rose 1.8%. Producer prices rose 4.7% year-over-year ending December, while core prices rose 0.9% for the 12-month period. The US unemployment rate remained unchanged at 10.0% in December. A short-term boost may occur as the government is expected to hire 1.15 million temporary workers in the first half of the year to help conduct the census. Housing starts fell 4.0% in December as single-family homes, which account for 85% of the industry, decreased 6.9%. Multi-family units climbed 12.0%. Building permits, an indicator of future projects, rose 11.0%. The Fed kept the overnight rate in a range between zero and 0.25% in the fourth quarter. The US dollar appreciated over 1.5% against most major currencies and oil prices ended December at almost \$80/barrel.

The equity markets extended their dramatic gains in the fourth quarter to end an exceptional year. The S&P 500 Index gained 6.0% for the quarter, led by information technology up 10.7%. Large cap led small cap for the quarter, gaining 6.1%. Large cap growth was the best-performing segment of the domestic market during the quarter posting a gain of 7.9%, outperforming small cap growth by 3.8%. International equity earned 2.2% for the quarter, underperforming the S&P 500 Index by 3.9% with an overall appreciating dollar detracting 1.2% from performance. Growth stocks led value stocks by 3.7%; Emerging markets returned 8.5% in the fourth quarter, outperforming developed countries by 6.4%. Yields rose and the curve steepened as the 2-year Treasury yield rose 19 bps to 1.13% and the 30-year jumped 59 bps to 4.64%. US high yield (+6.2%) and CMBS (+3.3%) performed well for the quarter while Treasuries posted losses (-1.3%).

A complete financial briefing will be provided to City Council sometime in June after completion of the Actuarial Valuation and Experience Study. In the interim Mr. Stanton will provide City Council with a summary of the TEXPERS report indicating the Fund ranked 4th in the State for the 1 year; 3rd for 3 years; 1st for 5 years; 2nd for 10 years; and 2nd for 15 years.

7. **Discussion and action on the funding method of Dimensional Fund Advisors as recommended and approved by the Investment Committee and Summit Strategies.**

After careful discussion and due consideration and as per recommendation of the Investment Committee, Dr. Tollen moved to expeditiously fund Dimensional Fund Advisors with the adoption of Option 1 as presented by Summits Strategies and obtain 20 million from Pyramis and 20million from Mondrian, seconded by Mr. Hayes and passed by the Board.

8. **Discussion and action on Sterling Johnston as recommended by the Investment Committee.**

Dr. Tollen informed the Board that this is strictly an informational item only since the Investment Committee decided not to take action at this time. Summit Strategies has been directed to perform a competitive review of small capitalization investment managers for further discussion sometime in May.

No action.

9. **Discussion an action on amending (addendum) to the Board Minutes of November 18, 2009 revising the previously approved placement of \$12,000,000 to Lexington Capital Partners VII to reflect the previously recommended amount of \$12,500,000 as recommended and approved by the Investment Committee.**

After careful discussion and due consideration, Dr. Tollen moved to approve an addendum to the Investment Committee and Board Minutes of November 18, 2009 to reflect the correct amount of \$12,500,000 to Lexington Capital Partners VI, seconded by Mr. Hayes and passed by the Board.

10. **Discussion an action on approving a list of Side Letter Provisions in connection with the Fund's May 8, 2008 side letter agreement between El Paso and the General Partner in connection with the Fund's investment in Partners Group real Estate 2009, L.P., as recommended and approved by the Fund's Legal Counsel and the Investment Committee.**

After careful discussion and due consideration, Dr. Tollen moved to approve the Side Letter Provisions in connection with the Fund's May 8, 2009 side letter agreement between the El Paso Firemen & Policemen's Pension Fund and the General Partner in connection with the Fund's investment in Partners Group Real Estate 2009, L.P., as recommended by the Investment Committee, the Fund's Legal Counsel and as further recommended by Summit Strategies, seconded by Mr. Hayes and passed by the Board.

11. **Discussion and action on authorizing the retention of Legal Counsel at Board Meetings at the request of Chairman Calderazzo.**

The option of having legal counsel present at all Board meetings was presented by Chair Calderazzo. In prior years legal counsel was present at all meetings. After careful discussion and due consideration it was decided to continue our meetings without legal counsel present. If there appears to be a need for legal counsel present, Staff will make the necessary arrangements for the presence of legal counsel.

12. **Discussion an action on the design and authorizing of making a "corporate seal" for the expressed purpose of authorizations.**

Mr. Hayes moved to authorize the Executive Director to obtain a "corporate seal" as presented for the expressed purpose of authorization documents, seconded by Mr. Ortega and passed by the Board.

13. **Discussion and action on the TEXPERS Certification of Delegates for the 2010 Annual Members Meeting.**

Dr. Tollen moved to certify Mr. Grossman and Mr. Austin as delegates, and Mr. Hayes as an alternate from the Police Membership. Mr. Calderazzo and Mr. Widtfeldt as delegates, and Mr. Johnson as alternate from the Fire Membership, seconded by Mr. Hayes and passed by the Board.

14. **Up-date on Pension Administration System by Robert J. Stanton, Executive Director.**

Mr. Stanton provided the Board with a report in a new format which covers Items 14 & 15. Starting next month, this report will be included in the monthly packet prior to the Board meeting. This report will address and discuss month to month activities with the Fund.

15. **Report of Executive Director.**

See Item 14.

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

None.

17. **For Notation: Informational Material For Review. No Action Required.**

Notice of Cash Distribution from KPS Special Situations Fund III, (Supplemental)

18. **Committee Reports:**

- A. Actuary/Audit Committee – Did not meet.
- B. Budget & Finance Committee – Did not meet.
- C. Disability Committee – Did not meet, but will soon meet.
- D. Investment Committee – Already reported.
- E. Personnel Committee – Will be meeting in March.

19. **For Notation:**

- A. Service Retirements

Mr. Javier J. Martinez

Police Department

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16. Strasburger & Price, L.L.P. – 12/31/09	\$	4,125.00
17. Travis & Calhoun, Attys. Thru 12/31/09	\$	490.69

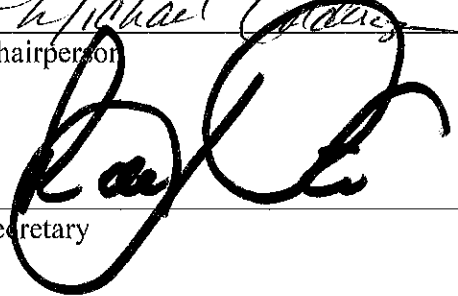
At Mr. Hayes' request, Mr. Stanton explained the tasks performed by the various attorneys. Mr. Ortega expressed his concern on the Ferdinando Insurance invoice and the fact that the policy is issued by AIG Insurance Co.

20. **Adjournment.**

Mr. Ortega 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 2:17 p.m.



Chairperson



Secretary