

**EL PASO FIREMEN & POLICEMEN'S PENSION FUND
REGULAR MEETING**

Wednesday, January 24, 2018 at 1:00 PM

**El Paso Firemen and Policemen's Pension Fund Office
909 East San Antonio Avenue, El Paso, Texas 79901**

MINUTES

TRUSTEE MEMBERS PRESENT

Fire Division:

Chief Jerry Villanueva
Lieutenant Paul Thompson
Chief Ricci Carson

Police Division:

Lieutenant John Schneider
Sergeant Sean Shelton

Mayoral Appointments:

Ms. Leila Melendez
Mr. Presi Ortega

City Manager Appointments:

Mr. Gary M. Borsch

OTHERS PRESENT

Mr. Tyler Grossman – Executive Director
Ms. Christina Ramirez – Deputy Executive Director
Ms. Lena Ellis - CFO
Mr. Phineas Troy - Summit Strategies
Mr. Matt Jelinek – Summit Strategies
Ms. Stephanie Schroder – Robbins Gellar Rudman & Dowd LLP
Mr. Aaron Hamilton – Moss Adams
Mr. Gilberto Moreno – Prestige Consulting Services

TRUSTEE MEMBERS ABSENT:

Ms. Terri Garcia
Sergeant JD Cotham
Dr. Robert Tollen

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1. Establishment of Quorum.

Chairman Villanueva established that a Quorum was present. The Regular Meeting of the El Paso Firemen & Policemen's Pension Fund Board of Trustees was called to order at 1:02 p.m.

2. Reading and approval of the Minutes from the previous Regular Board Meeting held on December 20, 2017.

Mr. Thompson moved to approve the minutes of the Regular Board Meeting held December 20, 2017, seconded by Mr. Schneider and unanimously passed by the Board.

Consent Agenda

Mr. Borsch moved to approve the Consent Agenda, seconded by Mr. Schneider and passed by the Board.

1. Internal Financial Statements for month ending December 31, 2017.

Northern Trust Financial Statements for month ending December 31, 2017.

2. Expense Reports for the month ending December 31, 2017.

3. Approve Pension Payrolls:

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|--------|----------------|
| Fire | \$2,739,844.93 |
| Police | \$3,890,493.89 |

4. Payments to Service Providers

| | | |
|----|--|-------------|
| A. | Salena Karam Ayoub – November 2017 | \$43.75 |
| B. | FisherBroyles – thru November 30, 2017 | \$945.00 |
| C. | Legislative Consultants – December 2017 | \$5,000.00 |
| D. | Pension Technology Group – 4 th Q 2017 Support and Hosting Services | \$20,000.00 |
| E. | Rudd and Wisdom, Inc. – November 2017 | \$5,000.00 |

Reports and recommendations of Committees

1. Discussion and action on the commitment to real estate as recommended by the Investment Committee.

Mr. Jelinek explained that at the previous month's Investment Committee the Committee met with Metropolitan and Partners Group. The Pension Fund is currently under weight in real estate and

needs to commit an extra \$20M in 2018. Both managers are part of the portfolio now and both managers are doing well.

After careful discussion and due consideration and at the recommendation of the Investment Committee, Mr. Ortega moved to commit \$10,000,000 to Metropolitan Real Estate Partners Global Fund VIII and \$10,000,000 to Partners Real Estate Secondary Fund 2017, seconded by Mr. Schneider and passed unanimously by the Board.

2. Discussion and action on the commitment to Trilantic Capital Partners Fund VI, as recommended by the Investment Committee.

Mr. Schneider explained that the Pension Fund is currently invested in Trilantic Capital Partners Fund V with good returns. There are no changes in management structure or fees.

After careful discussion and due consideration and at the recommendation of the Investment Committee, Mr. Schneider moved to commit \$8,000,000 to Trilantic Capital Partners Fund VI pending review of legal counsel, seconded by Mr. Carson and passed unanimously by the Board.

3. Discussion and action on the commitment to Bernard Capital Partners Fund II, as recommended by the Investment Committee.

Mr. Schneider explained that this is a second fund for Bernard Capital Partners. The first fund started in 2014 and has already returned 30%. Some concerns with Bernard was whether this investment would create an overlap with MLPs that are currently in the Fund's portfolio. Meketa explained to the committee that the Bernard Capital Partners Group is a transplant from the Shaw Group and they utilize the same strategy now that they did when operating as the Shaw Group. All concerns asked by the committee were answered to the satisfaction of the committee.

After careful discussion and due consideration and at the recommendation of the Investment Committee, Mr. Schneider moved to commit \$8,000,000 to Bernard Capital Partners Fund II pending review by legal counsel, seconded by Mr. Borsch and passed unanimously by the Board.

4. Discussion and action on Executive Director's 2017 performance review, as recommended by Management Development and Review Committee.

Mr. Thompson made the motion to enter into Executive Session at 1:17 p.m. to discuss Personnel Matters under Texas Government Code, Section 551.074, seconded by Ms. Melendez and passed unanimously passed by the Board.

The El Paso Firemen & Policemen's Pension Fund Board of Trustees reconvened into public session at 2:00 p.m.

After careful discussion and due consideration and at the recommendation of the Management Development and Review Committee, Mr. Thompson moved to approve a 4% salary increase for Executive Director's 2017 performance review, seconded by Mr. Ortega and passed unanimously by the Board.

Unfinished Business

New Business

1. Discussion and action on Securities Litigation, as recommended by Robbins Gellar Rudman & Dowd, LLP.

Mr. Shelton made the motion to enter into Executive Session at 2:05 p.m. to enter into Consultation with Attorney under Texas Government Code, Section 551.071, seconded by Mr. Carson and passed unanimously passed by the Board.

The El Paso Firemen & Policemen's Pension Fund Board of Trustees reconvened into public session at 2:30 p.m.

After careful discussion and due consideration, Mr. Ortega moved that the Board of the El Paso Firemen & Policemen's Pension Fund seek lead plaintiff appointment in INC Research Holdings Inc. Securities Litigation and selects Robbins Gellar Rudman & Dowd, LLP as its counsel, seconded by Mr. Shelton and passed unanimously by the Board.

2. Discussion and action on Communication of Internal Control Related Matters, Communication with those charged with Governance, and Communication on FY 2017 Audit as presented by Aaron Hamilton from Moss Adams LLP.

Mr. Hamilton explained that he is the Audit Manager for Moss Adams LLP. He introduced the management team as well as the staff that will be performing the audit. He delivered some required communications and explained their purpose. He then explained some areas of audit emphasis or high risk areas that the audit will focus on. Finally a timeline was presented.

No Action Taken.

3. Discussion on Summit Strategies 2018 goals for the El Paso Firemen & Policemen's Pension Fund.

Mr. Grossman explained that Eric Ralph is no longer with Summit Strategies. Phineas Troy has taken over Mr. Ralph's duties with the assistance of Matt Jelinek. Mr. Troy went on to explain that Mr. Ralph's still had vested interest in Summit but wished to try other things. Mr. Ralph expressed gratitude to the Pension Fund for the years he was able to work with them.

Mr. Troy stated that he had been with Summit for about six years and in the industry for ten years. He has nine other plans and seven of those are public pension funds.

He discussed a goal for 2018 will be to present the Fund's new Asset Liability Study in the summer. Although the markets did very well in 2017, the Fund's managers did better than the market. Markets and economies' are doing very well. International markets are starting to catch up to the US.

4. Discussion and action on Strategic Initiatives and Strategic Initiative Teams.

Mr. Moreno presented a synopsis of the Strategic Planning process that was already undertaken by the Board. He wanted to refresh everyone's memories so that the implementation of the strategic plan could begin. The essence of the Strategic Plan was captured on one page with the six major strategic drivers, it also has the Fund's Vision and Mission, and the Value Proposition Profile. There were six Strategic goals identified as well as some Key Strategic Initiatives for each of those goals. Now the Board is left with creating an accountability and communication plan. The board should also align its committees to relate directly with the goals and build ownership for those goals. An Initiative Owner should be assigned to report on how each goal is progressing.

No Action Taken.

At the request of Chairman Villanueva, the board revisited **Item 4** under Reports and Recommendations of Committees.

4. Discussion and action on Executive Director's 2017 performance review, as recommended by Management Development and Review Committee.

Mr. Thompson moved to amend the previous motion to include the stipulation that the 4% salary increase for the Executive Director would be effective on the first pay period in February, seconded by Ms. Melendez and passed unanimously by the Board.

5. Opportunity for Statements from Members/Retired Members/Public.

None.

6. Report of Executive Director.

See submitted Written Report

7. For Notation:

Informational Material For Review. No Action Required.

- A. Service/Forward DROP Retirement (s)
- B. Deferred Retirement
- C. Death of member
- D. Cost of Living Adjustments
- E. Refund of Contributions

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8. Adjournment.

Mr. Schneider moved to adjourn, seconded by Mr. Ortega and passed by the Board. The El Paso Firemen & Policemen's Pension Fund Board of Trustees meeting stands in adjournment at 3:31 p.m.



Chairperson



Secretary