

EL PASO FIREMEN & POLICEMEN'S PENSION FUND
REGULAR MEETING HELD
Monday, February 14, 2011 at 1:00 PM
El Paso Firemen and Policemen's Pension Fund Office
Chase Tower, Suite 1616
201 East Main Drive, El Paso, Texas 79901

MINUTES

TRUSTEE MEMBERS PRESENT:

Fire Division

Chief Michael V. Calderazzo
 Chief Jerry Villanueva
 Chief Ralph Johnson

Police Division

Commander Mark Austin
 Lieutenant Tyler Grossman

Mayoral Appointments:

Dr. Robert Tollen
 Mr. Presi Ortega
 Ms. Carmen Arrieta-Candelaria

City Manager Appointments

Ms. Terri Garcia
 Mr. William F. Studer

OTHERS PRESENT:

Mr. Robert J. Stanton - Secretary
 Ms. Christina Ramirez - Benefits Specialist
 Mr. Allen Pu - Dimensional Fund Advisors
 Mr. Joseph L. Young - Dimensional Fund Advisors
 Mr. Eric Ralph - Summit Strategies, via teleconference
 Attorney Alan Cleveland, via teleconference

TRUSTEE MEMBERS ABSENT:

Detective Stanley Hayes/Police Trustee

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1. Call to order.

Vice-Chair Austin called the Regular Meeting of the El Paso Firemen & Policemen's Pension Fund Board of Trustees to order at 1:06 p.m.

2. Establishment of Quorum

Vice-Chair Austin established a Quorum is present.

3. Reading and approval of the Minutes of the previous Board Meeting held January 19, 2011.

Dr. Tollen noted corrections in the previous month's minutes under "Reports and Recommendations of Committees - Investment Committee."

Mr. Ortega moved to approve the minutes of the previous Board Meeting held on January 19, 2010 as amended, seconded by Dr. Tollen and passed by the Board.

Consent Agenda

Mr. Villanueva moved to approve the Consent Agenda, seconded by Mr. Studer and passed by the Board.

Unfinished Business

None at this time.

Mr. Johnson presented himself at 1:10 p.m.

Reports and recommendations of Committees

- A. Audit and Risk Management Committee – Did Not Meet
- B. Investment Committee – Did Not Meet
- C. Benefits Committee – Reporting for the Benefits Committee, Mr. Austin discussed the outcome of the last Benefit Committee Meeting held on February 10, 2011. Mr. Lowther appeared before the committee; however it was determined that there was not sufficient new evidence to overturn a previous decision of re-applying after one year. Ms. Jimenez was asked to undergo a functional capacity evaluation.
- D. Management Development and Review Committee – Did Not Meet
- E. Ad-Hoc Committee for Office Space – Did Not Meet

New Business

- 1. Presentation and review of Year End 2010 Investment Performance, as presented by Mr. Eric Ralph of Summit Strategies Group and related matters via conference call.

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Mr. Ralph presented the Fund's investment performance for period ended December 31, 2010. The fourth quarter of 2010 brought about mid-term elections resulting in the Republicans regaining several seats in the Senate and winning control of the House. Meanwhile overseas, sovereign risk concerns returned to the headlines as the EU bailed out Ireland. Also, the Fed declared that more quantitative easing is necessary to continue to bolster the sluggish economic recovery. As a result, they established QE2, a purchasing program in which \$600 billion of Treasury securities are set to be bought by the end of June 2011. The unemployment rate fell to 9.4% from 9.8% in December even though only 103,000 jobs were added, making it the first drop in the unemployment rate since July. The economy has seen some stabilization as strong third quarter earnings reports far exceeded expectations, retail spending rose to 5.5% this holiday.

The S&P 500 experienced its best fourth quarter in six years, returning 10.8%, and its best monthly return in nearly 20 years (6.7%). Domestic small core, value, and growth outperformed their large cap counterparts by at least 490 bps. All major US indices posted double-digit returns in 2010 with small cap growth leading the way with a gain of 29.1%. International large cap underperformed the S&P 500 by 420 bps for the quarter. Emerging markets maintain the strongest 5-year return at 12.8% (10.3% ahead of developed international markets).

Treasury yields increased across most of the curve in the fourth quarter, placing downward pressure on most bond prices. High yield spreads tightened over the quarter by 80 bps resulting in a 3.2% return. Mortgages (0.2%) outperformed the Barclays Aggregate and corporate by as much as 180 bps. A weakening dollar aided non-US bonds outperformance of Treasuries by 130 bps.

Mr. Grossman presented himself at 1:23 p.m.

Chairperson Calderazzo presented himself at 1:30 p.m.

2. Investment Performance update for period ended December 31, 2010 as presented by Mr. Joe Young and Allen Pu, PhD, Portfolio Manager of Dimensional Fund Advisors.

Mr. Young provided the Board with firm updates which included the promotion of Gerard O'Reilly as head of research and his appointment as a member of the Investment Committee and Investment Policy Committee. At the end of 2013 David Booth will step down as co-CEO and remain as Chairman after which Eduardo Repetto will take over as CEO. Assets under management as of December 31, 2010 were \$207 Billion. US Equities accounted for \$66.7, Fixed Income \$41.0, International Equities \$98.7, of which \$64.5 were in developed countries and \$34.2 were in emerging. Mr. Pu up-dated the Board with regard to performance and reported the International Small Cap Value Portfolio had a return of 18.10% for 2010, vs. 20.66% for the MSCI World ex USA Small Cap Value Index. Since account inception of April 2010, the portfolio returned a 14.75% return and an 8.04% return since portfolio inception.

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3. Discussion and action regarding authorization to submit comments to the Securities and Exchange Commission in connection to Release No. 34-63576 which proposes the adoption of rules 15Ba1-1 to 15Ba1-7 [17 CFR 240.15Ba1-1 70 240.15Ba1-7], regarding pension Trustees to register as "Municipal Advisors", as presented by Attorney Cleveland via conference call.

After careful discussion and due consideration, Dr. Tollen moved to direct Attorney Cleveland to submit a comments letter to the Securities and Exchange Commission on behalf of the El Paso Firemen & Policemen's Pension Fund Board of Trustees and signed by Chairperson Calderazzo in opposition to pension Trustees having to register as municipal advisors, seconded by Mr. Grossman and passed by the Board.

4. Discussion and action regarding authorization to enter into discussions with the City of El Paso Retirement System for possible inclusion in the Municipal Plan for Staff members.

After careful discussion and due consideration, Mr. Johnson moved to continue discussions with the City of El Paso Retirement System for possible inclusion in the Municipal Plan for Staff members, seconded by Dr. Tollen and passed by the Board.

5. Opportunity for Statements from Retired Members/Public.

None.

6. Report of Executive Director.

Mr. Stanton provided the Board with an update to his prior written report.

7. For Notation:

Informational Material For Review. No Action Required.

A. Service Retirement

- | | | |
|----|------------------------|-------------------|
| 1. | Mr. Lee E. Baumgardner | Fire Department |
| 2. | Mr. Glenn W. Archer | Police Department |
| 3. | Mr. Jeffrey T. Gordon | Police Department |

B. Deferred Retirement

Mr. Alfredo Rojo Fire Department

C. Survivor Benefits

1. Ms. Mary P. Adkins, survivor of Robin N. Adkins, Police Department.
2. Ms. Martha Estrada, survivor of Reymundo Estrada, Police Department.

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D. Cost of Living Adjustments


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|-----------------------|-----------------|
| 1. Mr. Robert Binkley | Fire Department |
| 2. Mr. Bradley Jarman | Fire Department |
| 3. Mr. Kenneth LaBree | Fire Department |
| 4. Mr. Donald Mehl | Fire Department |
| 5. Ms. Vonna Seese | Fire Department |

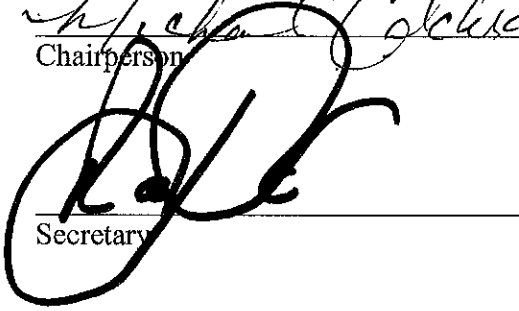
E. Death of member(s)

- | | |
|----------------------------|-------------------|
| 1. Ms. Adelina S. Bejarano | Fire Department |
| 2. Mr. John C. Harper | Fire Department |
| 3. Ms. Alpha M. Johnson | Fire Department |
| 4. Ms. Helen D. Scanlan | Fire Department |
| 5. Mr. Robin N. Adkins | Police Department |
| 6. Mr. Reymundo Estrada | Police Department |
| 7. Ms. Lucille Liggett | Police Department |
| 8. Mr. Edward Maynard | Police Department |

8. Adjournment.

Mr. Johnson moved to adjourn, seconded by Mr. Austin and passed by the Board. The El Paso Firemen & Policemen's Pension Fund Board of Trustees meeting stands in adjournment at 2:57 p.m.


Chairperson


Secretary