

EL PASO FIREMEN & POLICEMEN'S PENSION FUND
REGULAR MEETING HELD
Wednesday, April 20, 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

Police Division

Commander Mark Austin
Detective Stanley Hayes
Lieutenant Tyler Grossman

Mayoral Appointments:

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

City Manager Appointments

Mr. William F. Studer
Ms. Terri Garcia

OTHERS PRESENT:

Mr. Robert J. Stanton - Secretary
Ms. Yolanda Carreon - Assistant Secretary
Mr. Warren T. DeKinder - INTECH
Mr. Rich Mackesey - Buck Consultants
Mr. Wade Warling - Active Fire
Mr. Alan G. Parsons - Active Fire
Mr. Manuel Chavira - Active Fire
Mr. Michael J. Lawson - Active Fire
Mr. Jorge F. Sanchez - Active Fire
Mr. Cesar L. Gonzalez - Active Fire
Mr. J.R. Renteria - Active Fire
Mr. Ruben F. Loweree - Active Fire

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Mr. Michael Fogelman - Active Fire
Mr. Ramon Grado - Active Fire
Mr. Emerald E. Hayden - Active Fire

TRUSTEE MEMBERS ABSENT:

Chief Ralph Johnson

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 1:03 p.m.

2. Establishment of Quorum

Chairperson Calderazzo established a Quorum is present.

3. Reading and approval of the Minutes of the previous Board Meeting held March 16, 2011.

Dr. Tollen moved to approve the minutes of the previous Board Meeting held on March 16, 2011, seconded by Mr. Ortega and passed by the Board.

Consent Agenda

Mr. Ortega requested that Item 4-2 *Payments to Service Providers- Ferdinando Insurance – D&O Policy* be discussed separately.

Dr. Tollen moved to remove Item 4-2 Payments to Service Providers- Ferdinando Insurance – D&O Policy to New Business, seconded by Mr. Hayes and passed by the Board.

Mr. Ortega moved to approve, as revised, all matters listed under the Consent Agenda, seconded by Mr. Hayes and passed by the Board.

Chair Calderazzo recommended proceeding to *Item 4-2 Payments to Service Providers- Ferdinando Insurance/D&O Policy*. Without any objection from the Board, Item 4-2 followed.

Mr. Ortega simply wants to make sure that when this comes for renewal that we shop for a local competitive company. Mr. Stanton noted his request.

Unfinished Business

None at this time.

Reports and recommendations of Committees

A. Audit and Risk Management Committee – Did Not Meet

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- B. Investment Committee – Did Not Meet
- C. Benefits Committee – Did Not Meet.
- D. Management Development and Review Committee – Mr. Grossman stated that the Committee met today. The Committee is working on setting up a process to evaluate the Executive Director's performance and negotiate a new contract.
- E. Ad-Hoc Committee for Office Space – Did Not Meet
- F. Budget & Finance Committee – Mr. Calderazzo stated the quarterly financial reports were reviewed and everything appeared to be in order.

New Business

1. Investment Performance Review for period ended December 31, 2010 and update as presented by Mr. Warren DeKinder and Mr. Christian McCormick of INTECH.

Mr. Warren DeKinder presented his firms overview which noted that their strategies have historically added value using natural stock price volatility through a mathematically based risk controlled process and provide consistently positive relative returns with limited relative risk. As of December 31, 2010, INTECH had \$44.0 billion in assets under management. INTECH has 84 employees worldwide, which include 26 investment professionals. In the past year, INTECH has made three new hires. For the three month period ending March 31, 2011, the Fund return was 6.54% net of fees versus 5.92% for the S&P Index, and for the one year period, the Fund returned 16.39%, net of fees versus 15.605% for the S&P Index.

2. Discussion and action on Domestic Relations Orders and the payment thereof at the request of Chairman Calderazzo.

Chair Calderazzo stated the purpose of this item is to simplify the administration of QDRO's for the Fund. The Board elected to issue lump sum payments to alternate payees on October 20, 2004. This, he stated, is causing heartburn to our membership and they are complaining that the pay-off takes away their negotiating ability in terms of splitting up their assets at the time of divorce. He is asking the Board for reconsideration to see if they want to continue the process of lump sum payments to the alternate payee with an annuity to the member at time of retirement or actually paying a split annuity between the two at retirement.

Mr. Stanton noted that a fair number of Domestic Relations Orders are submitted to the Fund each year. He provided the Board with a general overview of the duties of retirement plan administrators in making QDRO determinations and in the process of administering retirement benefits for which related QDROs have been issued. He further noted that State statute allows the Fund to lump sum out the alternate payee at the time of approval of the Domestic Relations Order. The Fund chose to do this for those active members that divorced after October, 2004, otherwise the Fund needs to track these for a significant number of years. Rich Mackesey of Buck Consultants stated that from an actuarial standpoint it is all cost neutral. The same assumptions used for actuarial purposes for the valuation report is the same as those used for the lump sums.

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After a careful and lengthy discussion and due consideration the Board decided to continue the current practice and make no changes.

No action taken.

3. Discussion and action on the treatment of credited service exceeding twenty-eight years at the request of Chairman Calderazzo.

A group of active members from the Fire Division were present to discuss this item. They feel that when they reach the maximum of 28 years of service, that they are paying into the Fund and not getting anything for it with the exception of pay increases which are factored into their final average salary. Basically what they want is to refer this issue to the actuary for a study on possible solutions.

Mr. Rich Mackesey, actuary for the Fund, explained that taking the cap off would have an adverse affect on the Fund. He informed the Board that the one thing that everyone should realize right now is that based on the 2010 valuation report; the contribution rates for both Fire and Police are already insufficient to satisfy the 30-year funding requirement. The first thing we have to do is fix this which is 6 1/2 % for Police and 4% for Fire. Until those contributions are increased, we cannot add another improvement to the Fund. He also outlined the steps required by state statute when considering a benefits improvement.

After careful discussion, due consideration Ms. Arrieta-Candelaria moved to refer the topic to the Audit/Risk Management Committee for further study and bring back to the Board with options that we want studied, seconded by Mr. Villanueva. Ms. Arrieta-Candelaria, Mr. Villanueva, Mr. Studer, Dr. Tollen, Mr. Ortega, Ms. Garcia, Mr. Hayes, Mr. Grossman and Mr. Calderazzo voted in favor. Mr. Austin opposed.

4. Opportunity for Statements from Retired Members/Public.

None.

5. Report of Executive Director.

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

6. For Notation:

Informational Material For Review. No Action Required.

A. Service Retirement

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|----|---------------------|-------------------|
| 1. | Mr. Garry E. Barney | Fire Department |
| 2. | Mr. Ruben A. Villa | Police Department |

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B. Early Retirement

Mr. Gilbert Juarez Fire Department

C. Survivor Benefits

Ms. Betty E. Peterson, survivor of Lloyd Peterson, Police Department.

D. Cost of Living Adjustments

1. Mr. Francisco Enriquez Police Department
2. Ms. Romelia Enriquez Police Department
3. Mr. Luis Martinez Police Department

E. Death of member(s)

Mr. Lloyd C. Peterson Police Department

7. Adjournment.

Mr. Hayes moved to adjourn, seconded by Mr. Grossman and passed by the Board. The El Paso Firemen & Policemen's Pension Fund Board of Trustees meeting stands in adjournment at 2:58 p.m.


Chairperson

Secretary