

EL PASO FIREMEN & POLICEMEN'S PENSION FUND
REGULAR MEETING HELD
Wednesday, May 18, 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
Lieutenant Tyler Grossman

Mayoral Appointments:

Dr. Robert Tollen
Mr. Presi Ortega

City Manager Appointments

Ms. Terri Garcia

OTHERS PRESENT:

Mr. Robert J. Stanton - Secretary
Ms. Yolanda Carreon - Assistant Secretary
Mr. Eric Ralph - Summit Strategies
Mr. Pat Byrne, Goldman Sachs
Mr. Raji Manasseh, Goldman Sachs

TRUSTEE MEMBERS ABSENT:

Chief Ralph Johnson
Ms. Carmen Arrieta-Candelaria
Mr. William F. Studer
Detective Stanley Hayes

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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 1:18 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 April 20, 2011.

Dr. Tollen moved to approve the minutes of the previous Board Meeting held on April 20, 2011, seconded by Mr. Ortega and passed by the Board.

Consent Agenda

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

Unfinished Business

None at this time.

Reports and recommendations of Committees

- A. Audit and Risk Management Committee – To discuss under New Business.
- B. Investment Committee – Will meet later today.
- C. Benefits Committee – To discuss under New Business.
- D. Management Development and Review Committee – Did Not Meet.
- E. Ad-Hoc Committee for Office Space – Did Not Meet.

New Business

Chairperson Calderazzo suggested moving Item 2 before Item 1 on the agenda under New Business. Without any objections from the Board, Item 2 followed.

2. Presentation and review of 1st Quarter 2011 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 March 31, 2011. Despite political turmoil overseas, surging oil prices, and a natural disaster that has evolved into a nuclear catastrophe, market returns were strong in the first quarter of 2011; in fact, this was the best first quarter for domestic equities since 1998 (S&P 500, 5.9%). Positive US economic releases included manufacturing, and the third consecutive quarter of increasing retail sales. Fourth quarter 2010 real GDP growth (YoY) rose, making it the sixth quarter in a row of increased growth. The unemployment rate dropped to a 2-year low of 8.8% as 378,000 jobs

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were added. In spite of the positive news, consumer confidence fell for the first time in six months (57.9) and remains well below its long-term historical average. Housing remains a concern as new home sales fell -16.9% in February, a record drop, and existing home sales fell dramatically as well (-9.6%). The markets anxiously await the consequences of easing governmental stimulus.

The equity markets were volatile during the quarter but showed little effect on returns by quarter end. Domestic small cap stocks climbed to their highest level since the start of the credit crisis. Small value and growth components outperformed their large cap counterparts by as much as 320 bps, with small growth leading the charge. International large cap underperformed the S&P 500 by 250 bps for the quarter. Emerging markets maintained the strongest 5-year return at 10.7% (9.4% ahead of developed international markets).

The Barclays Aggregate (+0.4%) rose for the ninth time in the past ten quarters. High yield spreads tightened about 110 bps (to 500 bps) and returned 14.3% for the 1-year period. A weakening dollar aided non-US bonds outperformance of Treasuries by 200 bps. The Fed left the overnight lending rate unchanged (0-0.25%) and made no adjustments to QE2, which is already approximately 85% complete.

1. Investment Performance Review for period ended December 31, 2010 and update as presented by Mr. Patrick Byrne of Goldman Sachs.

Mr. Patrick Byrne, Associate and Mr. Raji Manasseh, CFA, Client Portfolio Manager of Goldman Sachs Asset Management presented the Board with the results of the account's performance. The Fund was up 12.16% for the period of December 31, 2010 compared to 16.71% for the Russell 1000 Growth. The Fund trailed through the first quarter of 2011 with a return of 3.66% compared to a 6.03% return for the Russell 1000 Growth. Much of the past years underperformance occurred during the strong momentum of the past seven months. Goldman believes performance is derived from more than just companies owned-portfolio weights are just as important to future excess returns. The firm currently has 34 holdings compared to the Russell 1000 Growth of 624. Average position size is 2.9% compared to 0.2% for the Russell. Weight of top ten holdings account for 46.2% of the portfolio compared to 25.0% for the Russell.

3. Discussion and action on the Application for Disability Retirement of Ms. Elizabeth Jimenez pursuant to the recommendation of the Benefits Committee.

Pursuant to the recommendation of the Benefits Committee, Mr. Austin moved to approve the request from Ms. Elizabeth Jimenez for a Disability retirement, seconded by Mr. Villanueva and passed by the Board.

4. Discussion and action denying the Request for Reconsideration of Disability Pension Application by Mr. Brad Lowther, Police Department pursuant to the recommendation of the Benefits Committee.

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After careful discussion and due consideration, Mr. Ortega moved to postpone this item until the next meeting, seconded by Dr. Tollen. In favor: Mr. Ortega, Dr. Tollen, Mr. Grossman, and Mr. Calderazzo. Opposed: Mr. Villanueva, Ms. Garcia and Mr. Austin.

5. Discussion and action on the treatment of credited service exceeding twenty-eight years pursuant to recommendation of the Audit & Risk Management Committee.

The Audit & Risk Management Committee met May 11, 2011 and discussed this issue at length. The committee agreed that one of the guidelines for actuarial soundness which has been established by the Texas Pension Review Board (PRB), is the amortization period for the Unfunded Actuarial Accrued Liabilities should not exceed 40 years. Based on the current contribution rates and the results of the January 1, 2010 Actuarial Valuation, the amortization periods are 49 years (Fire Division) and 71 years (Police Division). In light of the PRB guidelines on actuarial soundness and the current funding of the Pension Fund, the Board cannot support a plan change for members with more than 28 years of service that has the effect of: (1) providing additional refunds of contributions from, (2) increasing the amount of benefits payable from, or (3) decreasing the rate of contributions to the Pension Fund.

After careful discussion and due consideration, Mr. Grossman moved to take no action on the treatment of credited service exceeding twenty-eight years, seconded by Dr. Tollen and passed by the Board.

6. Opportunity for Statements from Retired Members/Public.

None.

7. Report of Executive Director.

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

8. For Notation:

Informational Material For Review. No Action Required.

A. Service Retirement

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| 1. | Mr. Marc I. Medina | Police Department |
| 2. | Mr. Efraime Silva | Police Department |

B. Service/BackDrop Retirement

Mr. Ruben Villa	Police Department
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C. Cost of Living Adjustments

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| 1. | Ms. Martha De Anda | Fire Department |
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2. Ms. Gabriela De Anda Fire Department
3. Ms. Ava De Anda Fire Department
4. Mr. Frank Malone Fire Department
5. Mr. Eric Gutierrez Police Department

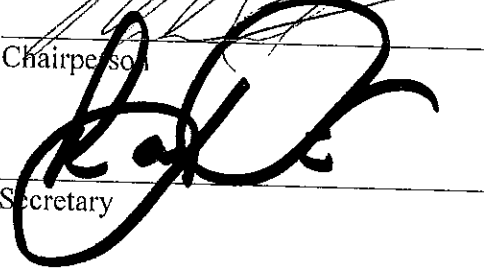
D. Death of member(s)

1. Mr. Charles T. Kimball Fire Department
2. Mr. Jack F. Babbitt, Sr. Police Department
3. Mr. Lee A. Glascock Police Department

9. Adjournment.

Mr. Ortega moved to adjourn, seconded by Mr. Villanueva 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