

EL PASO FIREMEN & POLICEMEN'S PENSION FUND
REGULAR MEETING HELD
Wednesday, August 17, 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
Detective JD Cotham

Mayoral Appointments:

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 Group
Mr. Stephen McCourt - Meketa Investment Group
Mr. Jess Downer - Meketa Investment Group

TRUSTEE MEMBERS ABSENT:

Ms. Carmen Arrieta-Candelaria
Mr. William F. Studer
Dr. Robert Tollen
Chief Ricci Carson

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1. Call to order.

Chairman Calderazzo 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

Chairman Calderazzo established a Quorum is present.

3. Reading and approval of the Minutes of the previous Board Meeting held July 20, 2011.

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

Consent Agenda

Mr. Grossman moved to approve the Consent Agenda, seconded by Mr. Austin and passed by the Board.

Unfinished Business

None at this time

Reports and recommendations of Committees

- A. Audit and Risk Management Committee - Did Not Meet.
- B. Investment Committee – Mr. Austin reported that the Investment Committee met earlier and Mr. Ralph confirmed that the proposed PIMCO investment is indeed covered under the Pension Fund's present Investment Policy. With regard to the PIMCO agreements, there are a number of issues with the agreement that are required to be amended before signature. Mr. Stanton will forward the suggest amendments to PIMCO. Additionally, Mr. Stanton informed the committee of a recent article published in the Wall Street Journal dated August 15, 2011 alleging favoritism on Foreign Exchange transactions to certain clients. States Attorneys' in several states have filed suit alleging Bank of New York Mellon improperly charged public pension funds for currency trades-favored other clients with red carpet treatment and better pricing. The Executive Director and Summit Strategies were directed to solicit responses for the Fund's international managers.
- C. Benefits Committee - Will be discussed under New Business.
- D. Management Development and Review Committee – As per Mr. Grossman, requested information has been received from Fox Lawson. A meeting will be scheduled soon.
- E. Ad-Hoc Committee for Office Space - Did Not Meet.

New Business

- 1. Private Equity Up-Date as presented by Mr. Stephen McCourt and Mr. Jess Downer of Meketa Investment Group.

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Mr. McCourt and Mr. Downer provided the Investment Committee with an overview of the current private equity market environment, and discussed the commitment road map for the Fund along with two educational topics. The following items were discussed in detail: Market and Industry Analysis, Program Update, Pacing Update, J-Curve, Introduction and Portfolio Impact, and Venture Capital Market Discussion.

2. Presentation and review of 2nd 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 June 30, 2011. Real GDP Growth (YoY) for the second quarter was 1.6%, as consumers who account for 70% of US GDP reached all-time highs in personal consumption. In spite of this fact, consumers have yet to regain confidence in the recovery as measured by consumer confidence (64.8). The unemployment rate rose over the second quarter to 9.2%, making it the first increase since November. Although mostly positive, housing reports were low indicating a slow recovery. Despite headwinds, such as capping out the debt ceiling and continued political turmoil overseas, the economy continues to grow, albeit at a slow pace.

Mixed economic news, along with inflation fears, created volatile equity markets this quarter leaving returns varied by quarter end. Small cap and emerging markets, the strongest performers in the recent rally, were the worst performers for the quarter. Domestic large core, value and growth outperformed their small cap counterparts in the second quarter. Small cap growth leads the impressive 1-year double-digit returns for the global equity markets posting an annualized gain of 43.5%. International large cap led the quarter for equities up 1.6%. Emerging markets maintain the strongest 5-year return at 11.4%, significantly outperforming the developed market (domestic and international).

Despite modest spread widening (approximately 10 bps each) during the quarter, mortgage-backed spreads and corporate spreads posted positive performance, both returning 2.3%. In addition, high yield spreads widened about 60 bps (to 560 bps) and returned 1.1%. Non-US bonds outperformed the Barclays Aggregate by 130 bps. The Fed left the overnight lending rate unchanged (0-0.25%) as QE2 was completed at the end of the second quarter.

3. Discussion and action on the Application for Disability Retirement of Mr. Raymond Rucobo pursuant to the recommendation of the Benefits Committee.

Pursuant to the recommendation of the Benefits Committee, Mr. Austin moved to approve the request for an ordinary disability retirement for Mr. Rucobo, seconded by Mr. Cotham and passed by the Board.

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.

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6. For Notation:

Informational Material For Review. No Action Required.

A. Service Retirement

- | | |
|--------------------------|-------------------|
| 1. Keith R. Montalbano | Fire Department |
| 2. Guilibaldo Muniz, Jr. | Police Department |

B. Survivor Benefits

Ms. Shirley Brookshire, survivor of John E. Brookshire, Fire Department

C. Cost of Living Adjustments

- | | |
|--------------------------|-------------------|
| 1. Antonio M. Silva, Jr. | Fire Department |
| 2. Kris D. Wolf | Fire Department |
| 3. Armando Aguilar | Police Department |
| 4. Johnny Aguilar | Police Department |
| 5. Gonzalo Chavarria | Police Department |
| 6. Sylvia Garcia | Police Department |
| 7. Paul Jaso | Police Department |
| 8. Raul Medrano | Police Department |
| 9. Linda Olvera | Police Department |
| 10. Jesse R. Ramirez | Police Department |

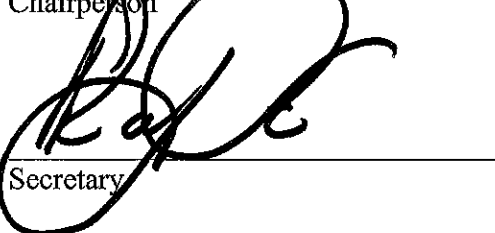
D. Death of member(s)

- | | |
|---------------------------|-----------------|
| 1. Ms. Jane F. Biddle | Fire Department |
| 2. Mr. John E. Brookshire | Fire Department |
| 3. Ms. Carmen T. Cox | Fire Department |
| 4. Mr. Miguel Medina | Fire Department |

7. 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 2:19 p.m.


Chairperson


Secretary