

**EL PASO FIREMEN & POLICEMEN'S PENSION FUND**  
**REGULAR MEETING HELD**  
**Wednesday, December 21, 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**

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**TRUSTEE MEMBERS PRESENT**

Fire Division

Chief Michael V. Calderazzo  
Chief Rick Carson

Police Division

Commander Mark Austin  
Lieutenant Tyler Grossman  
Detective JD Cotham

Mayoral Appointments:

Dr. Robert Tollen  
Ms. Carmen Arrieta-Candelaria

City Manager Appointments

Mr. William F. Studer

**OTHERS PRESENT**

Mr. Robert J. Stanton - Secretary  
Ms. Yolanda Carreon - Assistant Secretary  
Mr. Steve Moen - Partners Group  
Mr. Tyler Jones - Partners Group

**TRUSTEE MEMBERS ABSENT:**

Chief Jerry Villanueva  
Mr. Presi Ortega  
Ms. Terri Garcia

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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 1:11 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 November 16, 2011.

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

Consent Agenda

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

Unfinished Business

1. Discussion and action on clarifying/interpreting Sub-section 3.18 of the Plan Document to determine at what time must the disability or incompetence of the child exists in order for the child to be a qualified child in accordance with Sub-section 3.18 of the Plan Document. (Tabled September 21, 2011).

Mr. Stanton stated that a legal interpretation has been obtained to clarify Sub-section 3.18 of the Plan Document to determine at what time must the disability or incompetence of the child exists in order for the child to be a qualified child. Application forms for retirement have been modified to capture this information at the time the member retires and again at the time of the member's death. After a brief discussion, the following motion was read into the record and passed by the Board.

*Mr. Austin moved that in order for a disabled or incompetent child to satisfy the disability or incompetence provisions of Sub-section 3.18 of the Plan, the child must (i) be a child of the Member/Retiree, and (ii) be a "dependent" of the Member/Retiree as of his or her death. The disability or incompetence of a Qualified Child status is determined by the Board only upon timely application of the child, or his or her surviving parent or legal guardian, made no later than one (1) year following, the date of death of the Member or Retiree. In order for a disabled or incompetent child to be a qualified child under Sub-section 3.18, the disabled or incompetent child must meet not only the disability or incompetence provisions of Sub-section 3.18 of the Plan but must also meet the "non-self supporting" restriction and the non-abuse of alcohol or drugs restrictions. Consistent with prior plans and the current plan terms, if a qualified disabled (or incompetent) child is deemed to no longer be disabled (or incompetent) then upon the Board's redetermination of the child's ineligibility, such benefits shall cease. But if later the child should suffer a relapse of the same condition that previously entitled that child to benefits,*

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*the benefits payable to that Qualified Child may resume upon the Board's redetermination of such eligibility. Motion was seconded by Mr. Grossman and passed by the Board.*

2. Discussion and action regarding SECTION 14. MILITARY SERVICE CREDIT; HEART (Tabled September 21, 2011).

Mr. Stanton presented the language required to be inserted in the Plan Document to be in compliance with the HEART Act. Legal Counsel has reviewed this thoroughly and has inserted the appropriate language that needs to be added. A re-line copy and a clean copy is attached and is also provided to all Board members.

*Mr. Cotham moved to approve the recommended language seconded by Mr. Austin and passed by the Board.*

Reports and recommendations of Committees

A. Audit and Risk Management Committee - Did not meet.

B. Investment Committee -

Dr. Tollen informed the Board that the committee met this morning. Several items were discussed some of which will be discussed under New Business. Dr. Tollen informed the Board that the situation with Pyramis was also discussed. During the recent due diligence trip they met with Pyramis and their presentation was quite good, however, there are a few remaining questions primarily regarding their standing relative to their peers in terms of their rate of returns. Mr. Ralph will provide an up-date in February, 2012.

C. Benefits Committee - Did not meet.

D. Management Development and Review Committee – Mr. Grossman informed the Board that the committee met and approved the new form which will be utilized by Board members to evaluate the Executive Director. This form will be available at the January meeting for discussion.

E. Ad-Hoc Committee for Office Space – Did not meet. Mr. Austin informed the Board that the committee and Mr. Stanton visited the AB Fall Mansion and it is not going to meet the needs of the Fund. Mr. Austin recommends setting parameters of what the Board wants and delegate it to the Executive Director so he can contact a realtor and discuss office space requirements. A scale per square foot of the low end and high end cost can come to the Board as a guideline for Mr. Stanton to work with. Mr. Austin also informed the Board of an opportunity that has just become available. However, this involves land lordship and initially the majority of the Board indicated their disinterest in any type of landlord opportunity. Mr. Calderazzo recommends crafting a policy for a project scope by consensus, we may not be very comfortable with it, but at least by consensus we agree. Mr. Austin plans to request an action item for the January meeting.

F. Budget & Finance Committee – Did not meet.

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New Business

1. Investment Performance Review for period ended December 31, 2010 and update as presented by Mr. Steve Moen and Mr. Tyler Jones from Partners Group.

Mr. Steve Moen and Mr. Tyler Jones presented themselves before the Board of Trustees to present the Partners Group Global Real Estate Portfolio Review. Total commitments of EUR 284.3 million consisting of 59 active investments and one realized investment. Of the third quarter capital contributions to investments, 7.2% went to Asia Pacific, 12.7% went to Rest of World, 15.5% went to Western Europe and 64.5% went to North American regions. Portfolio diversification is in line with target allocations. The gross portfolio multiple as of the third quarter 2011 is 1.30x. Broken down by transaction type, the gross multiple for secondary's was 1.59x, direct 1.24x and primary 1.13x. One realized investment, GSREA AAA CMBS I, has a gross portfolio multiple of 1.25x and a 21.1% IRR. The Portfolio investments as of September 2011 is as follows: Direct-10, Secondary-29 and Primary-20 (1 realized), As of September 30, 2011, Partners group portfolio consisted of 10 direct investments, 29 secondary and 20 primary. The program contributed capital to 29 new investment opportunities in the third quarter 2011 bringing the investment level to 65.4%, Partners has returned EUR 14.1 million to limited partners since inception.

Ms. Arrieta-Candelaria presented herself at 2:10 p.m.

2. Discussion and action on Goldman Sachs pursuant to the approval and recommendation of the Investment Committee.

*After careful discussion, and due consideration, the Investment Committee in consultation with the Fund's Investment Consultant, Summit Strategies recommends the termination of the Fund's Investment Management relationship with Goldman Sachs. Dr. Tollen moved to terminate the Funds' investment management relationship with Goldman Sachs, seconded by Mr. Grossman and passed by the Board.*

3. Discussion and action on retaining a Large Capitalization Growth Equity Manager. The Investment Committee conducted interviews and on-site due diligence visits with the following firms: Brown Investment Advisory, CastleArk Management, and Sands Capital Management, pursuant to the approval and recommendation of the Investment Committee.

Reporting for the Investment Committee, Dr. Tollen informed the Board that the Committee conducted interviews and conducted due diligence visits with designated members of the Investment Committee on the following candidates for the large capitalization growth equity portion of the Fund's portfolio: Brown Investment Advisory, CastleArk Management, and Sands Capital Management. Having completed the scheduled due diligence visits on the above firms, after careful discussion, due consideration, and in consultation with Fund's Investment Consultant, Summit Strategies, the Investment Committee recommends the retention of Brown Investment Advisory as the investment manager for the Fund's large capitalization growth manager.

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Ms. Arrieta-Candelaria requested back-up documentation in the form of a brief synopsis anytime the Board is considering a new investment manager. After a lengthy discussion, the consensus of the Board is that henceforth the summary sheet information provided by Mr. Ralph of Summit Strategies Group together with presentation materials from the investment managers on the finalist list will be provided not only to the Investment Committee members but to all the Board members.

*After careful discussion, and due consideration, the Investment Committee in consultation with the Fund's Investment Consultant, Summit Strategies recommends the retention of Brown Investment Advisory as the investment manager for the Fund's large capitalization growth manager. Dr. Tollen moved to approve the retention of Brown Investment Advisory as investment manager for the Fund's large capitalization growth manager, with the proviso that Mr. Ralph and Mr. Stanton address the issue of performance base fee, seconded by Mr. Grossman. Dr. Tollen, Mr. Grossman, Mr. Carson, Mr. Cotham, Mr. Austin, and Mr. Calderazzo voted in favor. Ms. Arrieta-Candelaria and Mr. Studer opposed. Motion carried.*

4. Discussion and action on committing an additional 15 million in aggregate to Non-Core Real Estate between Metropolitan Real Estate Equity Management, Global V and Partners Group, Global Real Estate 2011 as presented by Mr. Eric Ralph, Summit Strategies at the November 17, 2011 Investment Committee Meeting, pursuant to the approval and recommendation of the Investment Committee.

Dr. Tollen stated that this goes back to the meeting of November 17, 2011 at which time Mr. Ralph provided the Committee with the Fund's real estate background and history. He stated that the target policy allocation for real estate is 5% of total assets or \$46.8 million. The permissible allocation range is 0% to 7.5%. As of September 30, 2011, real estate accounted for 1.3% of total assets or \$12.4 million. The following commitments have been made to core open-ended real estate. UBS Trumbull Property Fund-committed \$18 million in 2001, we are expected to fully draw capital by year end 2012. Invesco Core Real Estate-committed \$6 million in 2010 and Invesco called entire commitment in October 2011. The following commitments have been made to non-core private real estate. Metropolitan Real Estate Partners Global III-committed \$18 million in 2009 and the fund manager has called 21.8% (\$3.9 million) as of June 30, 2011. Partners Global 2008-committed \$12 million in 2009 and the fund manager has called 67% (\$8 million) of committed capital as of June 30, 2011. The

*After careful discussion, and due consideration, the Investment Committee in consultation with Fund's Investment Consultant, Summit Strategies, recommends an additional commitment of 15 million dollars in aggregate to Non-Core Real Estate between Metropolitan Real Estate Management, Global V, and Partners Group, Global Real Estate 2011. Dr. Tollen moved to approve an additional commitment of 15 million dollars in aggregate to Non-Core Real Estate between Metropolitan Real Estate Management, Global V, and Partners Group, Global Real Estate 2011, seconded by Mr. Grossman and passed by the Board. The allocation is as follows: Metropolitan Real Estate Management, Global V, 6.0 million, and Partners Group, Global Real Estate 2011, 9.0 million.*

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5. Discussion and action on the Articles of Agreement between Local 51/International Association of Fire Fighters and the City of El Paso.

The Board discussed in length the Articles of Agreement between Local 51/International Association of Fire Fighters and the City of El Paso which were recently approved. Specifically, Article XVII, Section 4b (4) reference annual sick leave allotment was discussed. After careful discussion and due consideration the following motion was made:

*Dr. Tollen moved to authorize the Executive Director to request a study on the actuarial impact of the following: (1) If Article XVII, Section 4b (4) stays as written where no pension contributions will be deducted from the annual payout of the sick leave payout - is that a cost to the Fund and how much; (2) if pension contributions are collected on the annual payout of the sick leave payout is that a negative or positive impact to the Fund. The motion was seconded by Mr. Cotham 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

Alfred E. Lowe, Jr.	Police Department
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B. Early Retirement

Enrique Davila, Jr.	Police Department
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C. Service/BackDrop Retirement

1. Steven L. Cordova	Fire Department
2. Sergio R. Cortez	Fire Department
3. Doris Provencio	Police Department
(Un-Audited Leave Balances)	

C. Cost of Living Adjustments

1. Klaus Ames	Fire Department
2. Angel Bustamante	Fire Department
3. Earl Carroll	Fire Department
4. Marvin Cazzell	Fire Department

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|---------------------|-------------------|
| 5. Lee Gammage      | Fire Department   |
| 6. Daniel Reynolds  | Fire Department   |
| 7. Steven Surface   | Fire Department   |
| 8. Daniel Tarin     | Fire Department   |
| 9. David Tarin      | Fire Department   |
| 10. Leroy Turner    | Fire Department   |
| 11. Nora Gardea     | Police Department |
| 12. Jeffrey Haywood | Police Department |
| 13. Daniel Lopez    | Police Department |
| 14. Angel Ponce     | Police Department |
| 15. Jaime Rodriguez | Police Department |

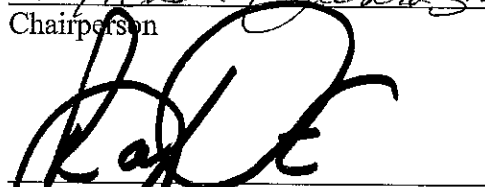
D. Refund of Contributions

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|------------------------|-------------------|
| 1. Matthew C. Morrison | Fire Department   |
| 2. Francisco Chavez    | Police Department |

9. Adjournment.

*Mr. Grossman moved to adjourn, seconded by Mr. Cotham and passed by the Board. The El Paso Firemen & Policemen's Pension Fund Board of Trustees meeting stands in adjournment at 4:06 p.m.*

  
Chairperson

  
Secretary