

**EL PASO FIREMEN & POLICEMEN'S PENSION FUND**  
**REGULAR MEETING HELD**  
**Wednesday, May 16, 2012 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 Jerry Villanueva  
Chief Rick Carson

Police Division

Lieutenant Tyler Grossman  
Detective JD Cotham

Mayoral Appointments:

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

City Manager Appointments

Ms. Terri Garcia

**OTHERS PRESENT**

Mr. Robert J. Stanton - Secretary  
Ms. Yolanda Carreon - Assistant Secretary  
Mr. Alan Cleveland, Esq. via teleconference  
Mr. Eric Ralph – Summit Strategies Group  
Mr. Joe Young – Dimensional Fund Advisors  
Mr. Allan Pu – Dimensional fund Advisors

**TRUSTEE MEMBERS ABSENT:**

Commander Mark Austin  
Mr. William F. Studer

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1. Establishment of Quorum

Chairperson Calderazzo established a Quorum is present. The Regular Meeting of the El Paso Firemen & Policemen's Pension Fund Board of Trustees was called to order at 1:00 p.m.

2. Reading and approval of the Minutes of the previous Board Meeting held April 25, 2012.

*Mr. Ortega moved to approve the minutes of the previous Board Meeting held on April 25, 2012, seconded by Mr. Carson and passed by the Board.*

Consent Agenda

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

Unfinished Business

1. Discussion and action on response letter from Mr. David Almonte, Deputy City Manager, Health & Public Safety regarding sick leave incentive program approved by the City and Local 51, International Association of Fire Fighters, tabled April 25, 2012.

*Mr. Grossman moved to table this item for two months, seconded by Mr. Cotham and passed by the Board.*

Reports and recommendations of Committees

- A. Audit and Risk Management Committee - Did not meet.
- B. Investment Committee - Dr. Tollen stated the Committee met earlier this morning to discuss three items. First, he reported that Mr. Eric Ralph provided the committee with a web site demonstration tutorial of the capabilities provided by Summit Strategies Group. Second, the committee discussed that we have gone over our benchmark constraints for Lord Abbett and after discussion, it was determined that this is relatively minor and will be taken under advisement with no action taken at this time. The final item was the approval of due diligence on-site visits for Core Real Estate. These will be conducted in early June on the following managers: Prudential Real Estate, Heitman, Clarion and Principal.
- C. Benefits Committee – Did not meet.
- D. Management Development & Review Committee - Did not meet.
- E. Ad-Hoc Committee for Office Space - Did not meet.
- F. Budget & Finance Committee - Did not meet.

Ms. Arrieta Candelaria presented herself at 1:10 p.m.

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Chairperson Calderazzo absented himself at 1:20 p.m.

New Business

1. Investment Performance Review for period ended December 31, 2011 and update as presented by Mr. Joe Young and Allen Pu, PhD of Dimensional Fund Advisors.

Mr. Young provided the Board with firm updates which included the retirement of Mr. Dave Schneider, head of US Institutional Services. He will be replaced by Mr. Steve Clark. Mr. Joe Chi and Mr. Jed Fogdall will replace Mr. Clark as co-heads of portfolio management. Assets under management as of March 31, 2012 were \$245 Billion. US Equities accounted for \$74.4, Fixed Income \$54.9, International Equities \$115.4, of which \$71.4 were in non-US Developed countries and \$44.0 were in Emerging Markets. Mr. Pu up-dated the Board with regard to performance and reported the International Small Cap Value Portfolio had a return -14.95% for 2011, vs. -13.23% for the MSCI World ex USA Small Cap Value Index. Since account inception of April 2010, the portfolio returned a 2.51% return and a 6.91% return since portfolio inception.

2. Presentation and review of First Quarter 2012 Investment Performance, as presented by Mr. Eric Ralph of Summit Strategies Group.

Mr. Ralph provide the following commentary. The first quarter of the new year ushered in an improving economic picture and marked the S & P 500's best first quarter since 1998 with a return of 12.6%. Evidence of the strengthening consumer can be found in February's pending home sales, as they reached their highest-February reading in two years. Retail sales are escalating fast alongside all-time highs in personal income and consumption. US unemployment rate declined over the first quarter to 8.2%, reaching its lowest level in over three years. The continuing improvement in unemployment may decrease the likelihood of QE3, even though the Fed plans to hold interest rates at record lows for at least two more years. The European debt crisis continues to loom as Standard & Poor's stripped France of its AAA rating and downgraded eight other European countries.

The equity markets were significantly positive in the first quarter. Domestic large core and growth components outperformed their small cap counterparts by as much as 140bps, with large growth leading the charge. Longer term, small cap growth maintains the strongest 3-year results with an annualized gain of 28.4%. Despite the weakling of the dollar, international large cap underperformed the S & P 500 by 170 bps. International small cap led all equities for the quarter and outperformed markets by 80 bps.

Mr. Ortega absented himself at 2:15 p.m.

Ms. Garcia absented herself at 2:25 p.m.

3. Opportunity for Statements from Retired Members/Public.

*None*

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4. Report of Executive Director, Submitted Written Report.

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

5. For Notation:

Informational Material For Review. No Action Required.

A. Service Retirement

Andrew J. Brooks                      Fire Department

B. Early Retirement

Edgar Garcia                              Fire Department

C. Service/BackDrop Retirement

Jose Baca                                  Police Department

D. Cost of Living Adjustments

1. Lorenzo Marquez, Jr.                  Fire Department
2. Bion R. Bell                              Police Department

E. Refund of Contributions

Hector Jimenez                          Police Department

6. Adjournment.

*Mr. Villanueva moved to adjourn, seconded by Ms. Candelaria and passed by the Board. The El Paso Firemen & Policemen's Pension Fund Board of Trustees meeting stands in adjournment at 2:30 p.m.*

Chairperson

Secretary