

**EL PASO FIREMEN & POLICEMEN'S PENSION FUND
REGULAR MEETING HELD
Wednesday, October 17, 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

TRUSTEE MEMBERS PRESENT

Fire Division:

Chief Jerry Villanueva
Chief Michael V. Calderazzo

Police Division:

Commander Mark Austin
Detective JD Cotham
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
Ms. Marcella Freeman - Invesco
Mr. Laler C. DeCosta - Invesco

TRUSTEE MEMBERS ABSENT:

Ms. Carmen Arrieta-Candelaria
Mr. William F. Studer
Chief Rick Carson

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1. Establishment of Quorum

Chair Grossman 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 1:01 p.m.

2. Reading and approval of the Minutes of the previous Board Meeting held September 19, 2012.

Dr. Tollen moved to approve the minutes of the previous Board Meeting held on September 19, 2012, seconded by Mr. Cotham and passed by the Board.

Consent Agenda

Mr. Calderazzo moved to approve the Consent Agenda, seconded by Mr. Cotham 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, May 16, July 18, 2012, and September 19, 2012.

Mr. Stanton informed the Board that a follow-up letter has been sent to the City requesting a reply to the March 19, 2012 letter. Mr. Calderazzo believes that an MOU (Memorandum of Understanding) is in progress to settle this issue. It was also mentioned that the Association met last night and a MOU will not be done. It appears that the City does intend to process the sick leave buy back and pay pensions contributions. Details are not yet available. Mr. Calderazzo further asked how this time will be treated by the Fund as far as credited service. Mr. Stanton stated this question was discussed with the Association last month and the Fund will aggregate the sell back each and every year.

Mr. Calderazzo moved to table this item until next month's meeting, seconded by Mr. Villanueva and passed unanimously by the Board.

Reports and recommendations of Committees

- A. Audit and Risk Management Committee - Did not meet.
- B. Investment Committee - Reporting for the Investment Committee, Dr. Tollen informed the Board that the committee met and decided to postpone consideration of due diligence visits until the Spring of 2013 reference Baillie Gifford.
- C. Benefits Committee - Reporting for the Benefits, Mr. Austin stated that the committee met and a recommendation will be provided under New Business..
- D. Management Development & Review Committee - Did not meet.

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E. Ad-Hoc Committee for Office Space - Reporting for the Ad-Hoc Committee for Office Space, Mr. Austin stated that the committee met and a recommendation will be provided under New Business.

F. Budget & Finance Committee - Did not meet.

New Business

1. Investment Performance Review for period ended December 31, 2011 and update as presented by Mr. Max Swango of INVESCO Real Estate.

Ms. Marcella Freeman and Mr. Laler DeCosta presented themselves before the Board of Trustees to present the Invesco Core Real Estate-U.S.A. Portfolio Review. As of June 30, 2012, Invesco had \$49.8 billion under management of which \$16.9 billion in North American direct real estate investments, employing 334 employees worldwide in 16 offices. As of June 30, 2012 had 68 investments, ranging in size from \$8.3 million to \$413 million with a lease rate of 92.2%. Through the second quarter of 2012, the Fund was up 1.70% for the one year, 8.98%, for the three year, 7.03 and -0.78%. As of December 31, 2011, the Fund was up 16.91%.

2. Discussion and action on approval as to confirmation of Board approval of January 1, 2012 Actuarial Valuation, as revised by the Actuary, October 5, 2012.

In order to clarify some issues, a revision of the January 1, 2012 Actuarial Valuation report was necessary as per Mr. Stanton. The actual numbers of the Actuarial Valuation have not changed. First, in the initial Valuation, administrative expenses for period ending December 31, 2011 included investment expenses as well as administrative expenses. The report compares this to the prior year of December 31, 2010 in which the administrative expenses does not include investment expenses. In this comparison, it appears that administrative expenses have increased dramatically when in reality it has not. In this revised version, the investment expenses are not included in the administrative expenses. Secondly, the cover letter is now directed to the Board of Trustees instead of the Executive Director and will continue this way. Finally, under Financing Objectives the wording has been clarified to avoid misleading interpretations. Mr. Stanton reiterated that the numbers of the Valuation did not change at all.

Mr. Calderazzo moved to confirm the approval of the January 1, 2011 Actuarial Valuation with the revisions of October 5, 2012, seconded by Dr. Tollen and passed unanimously by the Board.

3. Discussion and action on establishing an Ad Hoc Committee for Legislative Review under Section 9, Standing and Ad Hoc Committees of the By-Laws of the Board of Trustees.

Mr. Villanueva moved to establish an Ad Hoc Committee for Legislative Review as per Section 9, Standing and Ad Hoc Committees of the By-Laws of the Board of Trustees, seconded by Mr. Calderazzo and passed unanimously by the Board.

4. Discussion and action on request for Ordinary Disability retirement for Mr. Brandt Lowther, Police Department as recommended by the Benefits Committee.

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After careful discussion and due consideration and at the recommendation of the Benefits Committee, Mr. Austin moved to approve Mr. Lowther's request for a disability retirement, seconded by Mr. Calderazzo and passed by the Board. Mr. Austin, Mr. Calderazzo, Dr. Tollen, Mr. Ortega, Ms. Garcia, Mr. Villanueva, and Mr. Grossman voted in favor. Mr. Cotham abstained. Motion carried.

A brief discussion ensued reference the Recall Policy which will be coming to the Board for approval in the near future.

5. Discussion and action on office space as recommended and approved by the Ad-Hoc Committee on Office Space.

Mr. Austin, Chairperson of the Ad Hoc Committee for Office Space, provided the Board with a summation of the presentations earlier today from representatives of the Mills Plaza and Borderplex Properties. After listening to these presentations, the Committee unanimously voted to recommend to the Board the proposal for office space at the Wells Fargo Plaza. This is approximately 6,235 of rentable square feet. The Wells Fargo Plaza provides the opportunity to design and build completely new office space to meet the specific space requirements of the Fund now and potential expansion for the future.

An further discussion, several Trustees requested to visit other options. Mr. Calderazzo stated that we have been operating for a very long time with very hazy parameters and feels we need to set the targets right. Once we do this, we can delegate the authority to the committee to actually accomplish and achieve the objective and bring it back to the Board.

Mr. Calderazzo moved to direct the Ad Hoc Committee for Office Space to look for properties from downtown to east to Hawkins Drive up to the Airport boundary and west to Executive Center Drive and using the parameters of the Wells Fargo 10 year lease and request that the Committee have a decision available for the November meeting, seconded by Dr. Tollen. Motion carried.

6. Discussion and action on authorizing payment in the amount of \$5,000 for the Fund's membership renewal in TEXPERS

Mr. Cotham moved to authorize payment in the amount of \$5,000 for the Fund's membership renewal in TEXPERS, seconded by Mr. Calderazzo and passed by the Board.

7. Discussion and action on approval/denial of full-time Student Request Application submitted by Mr. Nicholas Duron in accordance with Section 3.18 "Qualified Child" of the Plan Document.

Mr. Calderazzo moved to approve the Student Request Application of Mr. Nicholas Duron, seconded by Mr. Cotham and passed by the Board.

8. Discussion and action on approval/denial of full-time Student Request Application submitted by Ms. Miriam E. Enriquez in accordance with Section 3.18 "Qualified Child" of the Plan Document.

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Mr. Cotham moved to approve the Student Request Application of Ms. Miriam E. Enriquez, seconded by Mr. Villanueva and passed by the Board.

9. Discussion and action on approval/denial of full-time Student Request Application submitted by Mr. Jaime Huerta in accordance with Section 3.18 "Qualified Child" of the Plan Document.

Dr. Tollen moved to approve the Student Request Application of Mr. Jaime Huerta, seconded by Mr. Villanueva and passed by the Board.

10. Opportunity for Statements from Retired Members/Public.

None.

11. Report of Executive Director. Submitted Written Report.

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

12. For Notation:

Informational Material For Review. No Action Required.

A. Service Retirement

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|----|-------------------|-------------------|
| 1. | Kevin Slape | Fire Department |
| 2. | Jeffrey Brockhoff | Police Department |

B. Deferred Retirement

- | | | |
|--|---------------------|-------------------|
| | Sonia Bonilla-Ponce | Police Department |
|--|---------------------|-------------------|

C. Survivor Benefits

1. Ms. Christa B. Bradley, survivor of Christopher McGill, Police Department.
2. Ms. Megan L. McGill, survivor of Christopher McGill, Police Department.

D. Death of member(s)

- | | | |
|----|--------------------|-------------------|
| 1. | Emma C. Reyes | Fire Department |
| 2. | Jonathan K. Molina | Police Department |
| 3. | Alice B. White | Police Department |

E. Cost of Living Adjustments

- | | | |
|----|----------------|-----------------|
| 1. | Thomas Baker | Fire Department |
| 2. | Sandra Hall | Fire Department |
| 3. | Alexandra Hall | Fire Department |

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| 4. | Anthony Hall | Fire Department |
| 5. | Raul Ramirez | Police Department |
| 6. | Norma Ramirez | Police Department |

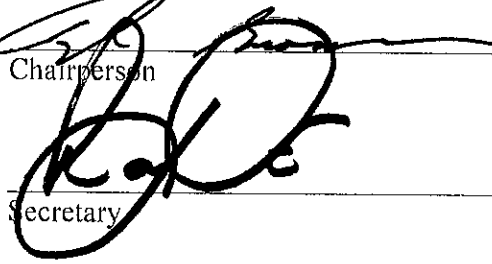
F. Refund of Contributions

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|----|-----------------|-------------------|
| 1. | John R. Duckett | Police Department |
| 2. | Charles Romo | Police Department |

13. Adjournment.

Mr. Villanueva moved to adjourn, seconded by Mr. Ortega and passed by the Board. The El Paso Firemen & Policemen's Pension Fund Board of Trustees meeting stands in adjournment at 2:49 p.m.


Chairperson


Secretary