

**EL PASO FIREMEN & POLICEMEN'S PENSION FUND**  
**REGULAR MEETING HELD**  
**Wednesday, July 17, 2013 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 Jerry Villanueva  
FST Paul Thompson

Police Division:

Lieutenant Tyler Grossman  
Commander Mark Austin  
Detective JD Cotham

Mayoral Appointments:

Dr. Robert Tollen  
Ms. Carmen Arrieta-Candelaria

City Manager Appointments:

Ms. Terri Garcia  
Mr. William F. Studer

**OTHERS PRESENT**

Mr. Robert J. Stanton - Secretary  
Ms. Yolanda Carreon - Assistant Secretary  
Mr. Gary Lawson, Esq. - Strasburger & Price, LLP  
Ms. Laura Gordon - City of El Paso  
Ms. Cindy Ramirez - El Paso Times  
Mr. Brian Hoesly - Pyramis Global Advisors  
Mr. Gerard Branka - Pyramis Global Advisors  
Mr. Warren T. DeKinder - INTECH

**TRUSTEE MEMBERS ABSENT:**

Chief Ricci Carson  
Mr. Presi Ortega

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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 1:07 p.m.

2. Certification of the Trustee Election(s) results to the Board of Trustees in accordance with Section 2 (C) of the Fund's Voting Procedures.

The recent election for two Fire Trustees and one Police Trustee was recently conducted by VR Election Services. Chairperson Grossman provided the results of the election. For the Fire Division Position 1. Mr. Paul Thompson received 156 votes and Mr. Julius Gutierrez received 70 votes. Welcome Mr. Thompson! For the Fire Division Position 2 we received only one eligible nomination form and in accordance with Section 2(C) of the Fund's Voting Procedures, Mr. Villanueva is deemed elected as an unopposed member of the Board of Trustees. For the Police Division we received only one eligible nomination form and in accordance with Section 2 (C) of the Fund's Voting Procedures, Mr. Grossman is deemed elected as an unopposed member of the Board of Trustees.

3. Election to fill the un-expired term of the Vice-Chairperson of the Board of Trustees in accordance with Section 3, Officers of the Board of the By-Laws of the Board of Trustees.

Chairperson Grossman asked for nominations for Vice-Chairperson to fill the un-expired term due to the recent retirement of by Mr. Michael Calderazzo.

*Mr. Austin nominated Mr. Villanueva for Vice-Chairperson. Motion passed unanimously by the Board.*

4. Reading and approval of the Minutes of June 19, 2013.

*Dr. Tollen moved to approve the minutes of the previous Board Meeting held on June 19, 2013, seconded by Mr. Austin. Dr. Tollen, Mr. Austin, Mr. Cotham, Mr. Villanueva, Mr. Thompson, Ms. Arrieta-Candelaria, and Mr. Grossman voted in favor. Ms. Garcia abstained. Motion passed.*

Consent Agenda

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

Unfinished Business

1. Discussion and action on approval of the December 31, 2012 Audited Financial Statements as previously presented by Mr. Scott Eliason of Moss Adams, LLP, tabled June 19, 2013.

A final copy of the 2013 Audit was provided to each Trustee. Mr. Stanton noted a breakout of legal expenses related to investments and administrative fees. Ms. Garcia requested a summary of the legal administrative expenses to determine where we are spending that money.

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*Mr. Austin moved to approve the December 31, 2012 Audited Financial Statements as previously presented by Mr. Scott Eliason of Moss Adams, LLP and to direct the Executive Director to address the issues listed in the Communication of Internal Control and Related Matters, seconded by Mr. Cotham and passed by the Board.*

At this time, Ms. Garcia requested an agenda item for possibly next month to discuss the Securities Lending Program. She wants to better understand this program. She also requested that this presentation come from an uninterested third party with an objective view of how this program operates.

2. Discussion and action on compensation payment to the Executive Director.

*Mr. Villanueva made a motion to move into Executive Session for the purpose of discussing Item 2. Mr. Austin seconded. Motion carried.*

*The El Paso Firemen & Policemen's Pension Fund Board of Trustees retired into Executive Session at 1:28 p.m. and returned to regular session at 2:31 p.m.*

Mr. Studer arrived at 1:45 p.m. during Executive Session.

Mr. Studer departed at 2:45 p.m.

Ms. Arrieta-Candelaria departed at 2:45 p.m.

Reports and recommendations of Committees

- A. Audit and Risk Management Committee - Did not meet.
- B. Investment Committee - Reporting for the Investment Committee, Dr. Tollen stated that the committee met earlier today. Attorney Gary Lawson presented an update of Principal US Property Separate Account documents and provided the legal obligations in accepting this investment.
- C. Benefits Committee - Did not meet.
- D. Management Development and Review Committee - Did not meet.
- E. Ad-Hoc Committee for Office Space - Did not meet. Mr. Austin provided an up to date report on the purchase of the property at 909 E. San Antonio. He stated that a wire transfer in the amount of \$601,635.00 has been sent to the title company in accordance with the Buyer's Closing Statement. The Seller has paid 2 months of rent and taxes to remain on this property until September 8, 2013. The premises have been insured as well.
- F. Budget & Finance Committee - Did not meet.
- G. Ad-Hoc Committee on Legislative Review - Did not meet.

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New Business

1. Investment Performance Review for period ended December 31, 2012 and update as presented by Mr. Gerry Branka and Mr. Brian Hoesly of Pyramis Global Advisors.

Mr. Branka spoke briefly about the Investment Team lead by Michael Strong, with Brian Hoesly and Chris Steward as Institutional Portfolio Managers. The Regional Sub-Portfolios are as managed by the following: Europe: Peter Hadden and Stephen Oler, Japan: Eileen Din, and Pacific Basin Ex Japan, Henry Chan. Mr. Branka reiterated Pyramis's International Growth Investment Process which is driven by fundamental bottom-up research, modular portfolio construction through teams of senior regional portfolio managers and close interaction between analysts and portfolio managers with individual accountability. Mr. Hoesly provided the investment results as of June 30, 2013. The Fund had a positive return of 5.11% year-to-date, the one-year period of 20.62%, 12.35% for the three year period, 0.52% for the five year period, and 9.33% since inception date of December 2002. The MSCI EAFE Index had a return of 4.10%, year to date, 18.62% for the one year period, 10.04% for the three year period, -0.14% for the five year period and 8.22% since inception.

2. Investment Performance Review for period ended December 31, 2012 and update as presented by Mr. Warren DeKinder of INTECH.

Mr. Warren DeKinder noted that INTECH's Enhanced Plus strategy lagged the S&P 500 Index for the quarter ended June 30, 2013, net of fees. Year to date the Fund was up 13.08%, for the one year period, the Fund was up 19.42%, net of fees. From inception, the Fund was up 5.68% compared to 5.40% for the S&P Index, net of fees. INTECH has 80 employees worldwide, which include 24 investment professionals. INTECH's relative performance is generally influenced by two factors: the market's relative volatility structure and size (market diversity)

3. Authorization to transfer \$10,000.00 from the Fund's Cash Account to Lomaland West for current and future expenses in connection with the property located at 909 East San Antonio, El Paso, Texas.

*Mr. Cotham moved to approve a transfer of \$10,000 from the Fund's Cash Account to Lomaland West for current and future expenses in connection with the property located at 909 E. San Antonio, seconded by Mr. Villanueva and passed by the Board.*

4. Discussion and action on approval/denial of full-time Student Request Application in accordance with Section 3.18 "Qualified Child" of the Plan Document.

*After careful discussion and due consideration, Dr. Tollen moved to approve the Student Request Application, seconded by Mr. Villanueva. Dr. Tollen, Mr. Villanueva, Mr. Cotham, Ms. Garcia Mr. Thompson, and Mr. Grossman voted in favor. Mr. Austin abstained. Motion passed.*

5. Opportunity for Statements from Members/Retired Members/Public.

*None.*

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6. Report of Executive Director.

Mr. Stanton provided the Board with a written report. He stated that the Fund's assets as of yesterday were \$1,142,316,642. As of a year or so ago, the bulk of our activities remains in the private equity area.

7. For Notation:

Informational Material For Review. No Action Required.

- A. Service Retirement(s)
- B. Early Retirement
- C. Proportionate (PRP) Retirement
- D. Survivor Benefits
- E. Cost of Living Adjustments
- F. Refund of Contributions

8. Adjournment.

*Mr. Austin 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 3:46 p.m.*

  
Chairperson

  
Secretary