

EL PASO FIREMEN & POLICEMEN'S PENSION FUND
REGULAR MEETING HELD
Wednesday, October 16, 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

TRUSTEE MEMBERS PRESENT

Fire Division:

Chief Jerry Villanueva
Chief Ricci Carson
FST Paul Thompson

Police Division:

Lieutenant Tyler Grossman
Commander Mark Austin

Mayoral Appointments:

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

City Manager Appointments:

OTHERS PRESENT

Mr. Robert J. Stanton - Secretary
Ms. Yolanda Carreon - Assistant Secretary
Mr. William F. Studer - Visitor
Mr. Gustavo Cobos - Active Fire
Mr. Matt Clark - PIMCO
Ms. Sasha Talcott - PIMCO
Mr. Brooks Monroe – Invesco
Mr. Patrick Haggerty – Legislative Consultant
Ms. Lisa Hughes – Legislative Consultant

TRUSTEE MEMBERS ABSENT:

Detective JD Cotham
Ms. Terri Garcia

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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 1:00 p.m.

2. Recognition of dedicated service to Trustee William F. Studer, Jr.

A plaque was presented to Mr. Studer for his five years of dedicated service to the El Paso Firemen & Policemen's Pension Fund. Chair Grossman thanked him for his service and all his hard work.

3. Reading and approval of the Minutes of the previous Special Board Meeting held September 16, 2013 and Regular Board Meeting held September 18, 2013.

Mr. Villanueva moved to approve the minutes of the Special Board Meeting held September 16, 2013, and the Regular Board Meeting held September 18, seconded by Dr. Tollen and passed by the Board.

Consent Agenda

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

1. Internal Financial Statements for month ending August 31, 2013.

Northern Trust Financial Statements for month ending September 30, 2013.

2. Expense Reports for the month ending September 30, 2013.

3. Approve Pension Payrolls:

Fire	\$2,166,571.42
Police	\$2,860,535.73

4. Payments to Service Providers

A.	Sheehan Phinney Bass + Green - 08/31/13	\$2,212.00
B.	Strasburger & Price - 08/31/13	\$2,850.00

Ms. Arrieta-Candelaria arrived at 1:10 p.m.

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 on October 1, 2013 for the Small Cap presentations. The list was narrowed to Cooke &

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Bieler, L.P., Integrity Asset Management, and William Blair Investment Management. On-site due diligence visits will be scheduled for sometime in December.

- C. Benefits Committee - Did not meet.
- D. Management Development and Review Committee - Did not meet.
- E. Ad-Hoc Committee for Office Space - Mr. Austin reported that the RFQ is completed and will be sent to the Associated General Contractors and the El Paso American Institute of Architects for their response and to disseminate to their members.
- F. Budget & Finance Committee - Did not meet.
- G. Ad-Hoc Committee on Legislative Review - Did not meet.

Unfinished Business

1. Response letter from Mr. Steve Prullage regarding clarification of his April 11, 2012 letter regarding the Impact of Sick Leave Changes on the El Paso Firemen's Pension Fund.

After a brief discussion, the Board recommended that a copy of Buck's clarification letter be provided to the City. Mr. Stanton stated he will provide a copy of this letter to Mr. Almonte.

No Action.

New Business

1. Investment Performance Review for period ended December 31, 2012 and update as presented by Mr. Matt Clark of PIMCO.

Mr. Matt Clark and Ms. Sasha Talcott presented themselves before the Board of Trustees to review PIMCO's Strategy Review. PIMCO's portfolios benefited from their navigation of central bank-induced uncertainty. PIMCO is positioned to target front end of US curve from roll-down, will harness structural relative value opportunities to earn alpha while maintaining overall defensive posture, and increase portfolio carry to maximize income to investors. Their outlook is that the Fed will remain dovishly oriented; Japan will face roadblocks in attempts to implement fiscal reforms; emerging markets to remain cyclically challenged as internal factor weight; and risks in Europe reduced due to ECB support, though growth opportunities remain limited. Since inception the Fund's return was 6.6 % after fees compared to the benchmark of 4.8%. For the one year period the Fund returned -0.8% after fees compared to -1.7% for the benchmark. Year to date the Fund has returned -1.8% compared to -1.9% for the benchmark.

2. Investment Performance Review for period ended December 31, 2012 and update as presented by Mr. Brooks Monroe in lieu of Mr. Max Swango of INVESCO.

Mr. Brooks Monroe presented himself before the Board of Trustees to present the Invesco Core Real Estate-U.S.A. Portfolio Review. As of June 30, 2012, INVESCO had \$53.2 billion under

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management of which \$18.6 billion in North American direct real estate investments, employing 356 employees worldwide in 18 offices. As of June 30, 2013 INVESCO had 75 investments, ranging in size from \$7.6 million to \$461.0 million with a lease rate of 93.3% for the Core Portfolio. Through the second quarter of 2013, the Fund was up 8.10%; for the one year 13.48%; and for the three year 15.56%. Since inception the Fund has returned 6.86%.

3. Presentation by Ms. Lisa Hughes and Mr. Patrick Haggerty regarding the 2013 Texas Legislation Session, at the request of Chairman Grossman.

Ms. Lisa Hughes and Mr. Patrick Haggerty provided the Board with a summary of the major public pension legislation which occurred during the 2013 Texas Legislative Session. Ms. Hughes stated that "The Agreed-to El Paso Bill" was the only bill to pass this session that improved/modified the governing statute of a local retirement system; enrolled version identical to language approved by majority vote of City Council. She noted that overall this session was very successful for this Fund. Another bill discussed which affects all funds is House Bill 13, also known as "The Public Pension Transparency Bill". This was a leadership priority heavily pushed by Comptroller Susan Combs in response to her 2012 report on transparency in public retirement systems. Ms. Hughes stated that the bill requires the Pension Review Board (PRB) to post most recent data from each public retirement system's financial reports, including investment returns and assumptions and directs PRB to publish list of non-complying systems and to report those entities to the legislative leadership. Under the new law, the PRB is required to create and administer new education and training programs for the public retirement systems including developing and making accessible on Board's website model ethical standards and conflict-of-interest policies for voluntary use by the systems. The Board is also required to develop and administer an educational training program with minimum training requirements for trustees and system administrators. Looking to the future, Ms. Hughes and Mr. Haggerty feel that public pensions are likely to remain a high-profile, high stakes topic in Texas politics. This Fund can best protect its interest by entering into an ongoing longer-term consulting relationship which they are here to offer to the Fund.

4. Discussion and action on extending the Legislative Consultant Services Agreement for years 2014-2015 at the request of Chairman Grossman.

Dr. Tollen moved to approve extending the Legislative Consultant Services Agreement for years 2014-2015, seconded by Mr. Austin and passed by the Board.

5. Authorizing payment in the amount of \$5,000 for the Fund's membership renewal in TEXPERS

Dr. Tollen moved to approve payment in the amount of \$5,000 for the Fund's membership renewal in TEXPERS, seconded by Mr. Villanueva and passed by the Board.

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

None.

7. Report of Executive Director, Submitted Written Report.

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Mr. Stanton provided the Board with a written report. He stated the portfolio has grown substantially and as of today it is at \$1.2 billion dollars. Dr. Tollen added that as a point of information at close of business yesterday our return for the year is at 10.5%. Mr. Stanton added that the RFQ for an architectural firm to handle the project management of the new property will be sent to the local chapter of the general contractors and architects; the Chief Financial Officer position has been advertised; and the request for legal services has also been advertised.

8. For Notation:

Informational Material For Review. No Action Required.

- A. Service Retirement (s)
- B. Backdrop Retirement
- C. Cost of Living Adjustments

9. Adjournment.

Mr. Carson moved to adjourn which was passed by the Board. The El Paso Firemen & Policemen's Pension Fund Board of Trustees meeting stands in adjournment at 2:58 p.m.

Chairperson

Secretary