

EL PASO FIREMEN & POLICEMEN'S PENSION FUND
REGULAR MEETING HELD
Wednesday, November 20, 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
Detective JD Cotham

Mayoral Appointments:

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

City Manager Appointments:

Ms. Terri Garcia
Ms. Judy A. Balmer

OTHERS PRESENT

Mr. Robert J. Stanton - Secretary
Ms. Yolanda Carreon - Assistant Secretary
Mr. Eric Ralph – Summit Strategists

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1. Establishment of Quorum and welcoming of new Trustee.

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. Additionally, Ms. Judy Balmer was welcomed as a new Trustee.

2. Reading and approval of the Minutes of the previous Board Meeting held October 16, 2013.

Dr. Tollen moved to approve the minutes of the Regular Board Meeting held October 16, 2013 with a correction to attendance roster seconded by Mr. Villanueva and passed by the Board.

Consent Agenda

Ms. Terry Garcia requested to move the Internal Financial Report for the month ending September 30, 2013 and Item 4-H from the Consent Agenda to New Business for further discussion.

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

1. Internal Financial Statements for month ending September 30, 2013.

Northern Trust Financial Statements for month ending October 31, 2013.

2. Expense Reports for the month ending October 31, 2013.

3. Approve Pension Payrolls:

Fire	\$2,174,972.37
Police	\$2,875,241.46

4. Payments to Service Providers

A.	Baillie Gifford - 3 rd Q 2013	\$140,669.91
B.	Brown Advisory - 3 rd Q 2013	\$34,364.53
C.	Buck Consultants - 3 rd Q 2013	\$18,830.00
D.	Cooke & Bieler - 3 rd Q 2013	\$44,815.79
E.	INTECH - 3 rd Q 2013	\$38,120.38
F.	Lord Abbett - 3 rd Q 2013	\$145,120.90
G.	Meketa - 3 rd Q 2013	\$44,422.30
H.	Northern Trust Co. - 3 rd Q 2013	\$31,417.32
I.	PIMCO - 3 rd Q 2013	\$138,113.57
J.	Pyramis Global Advisors - 3 rd Q 2013	\$116,196.69
K.	Sheehan Phinney Bass + Green - 9/30/13	\$4,503.00
L.	Strasburger & Price, L.L.P. - 9/30/13	\$2,256.25
M.	Summit Strategies Group - 3 rd Q 2013	\$56,509.00
N.	William Blair - 3 rd Q 2013	\$92,146.00

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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 this morning primarily for the purpose of reviewing the progress of the asset allocation model and also to discuss characteristics of bond investments. No action was taken and Mr. Ralph was directed to provide the committee with additional alterations to enhance the return/risk performance of the portfolio.
- C. Benefits Committee - Did not meet.
- D. Management Development and Review Committee - Did not meet.
- E. Ad-Hoc Committee for Office Space - Mr. Austin provided the Board with an update on the RFQ. Numerous responses have been received and will be evaluated. Mr. Austin stated that Mr. Stanton will contact our current landlord to discuss a month to month extension on our current lease, as he does not believe the new premises will be ready by April, 2014. Ms. Garcia requested that she or Ms. Balmer be included in the review and selection phase as they are very familiar with the reputable contractors. The Board requested that both ladies be included in this process.
- F. Budget & Finance Committee – Will meet next month to discuss the upcoming budget.
- G. Ad-Hoc Committee on Legislative Review - Did not meet.

Unfinished Business

1. Discussion and action regarding responses from Buck Consultants to accompany the final audit report in accordance with Section 802.1012(g)(2) of the Texas Government Code.

Ms. Garcia moved to accept the responses from Buck Consultants which will accompany the final audit report prepared by Rudd & Wisdom in accordance with Section 802.1012(g)(2) of the Texas Government Code, seconded by Dr. Tollen and passed by the Board.

New Business

The two items removed from the Consent Agenda were heard. Ms. Garcia wants to fully understand why the financial statements prepared by Bixler & Co. do not foot to the internal budget or the reports from Northern Trust. Mr. Stanton stated that the additional reports provided to the Board are strictly informational reports that the Board wants. These reports are not meant to foot to the financial statements. After some discussion, it was noted that a spreadsheet showing a break-down will be provided next month.

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Ms. Garcia moved to approve the Internal Financial Report for the month ending September 30, 2013 and Item 4-H, the two items pulled from the Consent Agenda, seconded by Mr. Cotham and passed by the Board.

1. Presentation and review of Third Quarter 2013 Investment Performance, as presented by Mr. Eric Ralph of Summit Strategies Group.

The following commentary was provided by Mr. Ralph reference the third quarter performance of 2013. The US economy continued to recover in the third quarter of 2013, but not enough for the Federal Reserve to scale back its Quantitative Easing (QE) program. The unemployment rate was 7.2% as of September, its lowest level since December 2008. However, the labor force participation rate continues to decrease as people stop looking for work. The euro zone has emerged from recession, and signs point to a continued European recovery. Manufacturing expanded though out the world during the quarter, another signal that the global economy is gaining traction.

Equities do not appear cheap to various earnings measures, but they are attractive compared to yields and credit spreads. US small cap outperformed large cap by 420 bps for the quarter as small cap gained 10.2%. Developed international equity (MSCI EAFE) posted a gain of 11.6%, outperforming domestic equities (S&P 500) by 6.4%. Emerging markets also performed well this quarter (5.8%), but trailed developed international markets by 580 bps.

The Fed left the overnight lending rate unchanged (0-0.25%) as of its September meeting, where they stated they'll continue to closely monitor the economic and financial situation in the coming months, along with maintaining QE3. Yields were up slightly across the curve. The spread between 2-year and 30-year Treasuries widened by 23 bps to 337 bps in the third quarter.

2. Discussion and action on the commitment of \$4,000,000 to Trilantic Capital Partners V, L.P., as recommended by Meketa Investment Group and as recommended and approved by the Investment Committee.

After careful discussion, due consideration, and at the recommendation of the Investment Committee, Dr. Tollen moved to approve the commitment of \$4.0 million to Trilantic Capital Partners V, L.P. conditional on acceptable review by legal counsel, seconded by Mr. Austin and passed by the Board.

3. Authorization to transfer \$12,700.00 from the Fund's Cash Account to Lomaland West to pay 2013 property taxes for the property located at 909 East San Antonio, El Paso, Texas.

A short discussion was held reference obtaining more information on the taxes on this property, i.e. property values and exemptions.

Mr. Mark Austin moved to transfer \$12,700.00 from the Fund's Cash Account to Lomaland West to pay 2013 property taxes for the property located at 909 East San Antonio, El Paso, Texas, seconded by Mr. Villanueva and passed by the Board.

4. Authorization to file for Favorable Determination Letter of the Pension Fund's tax qualified status under "Cycle C". Current tax qualified status expires January 31, 2014.

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Mr. Ortega moved to authorize the Fund to file for Favorable Determination Letter of the Pension Fund's tax qualified status under "Cycle C", seconded by Mr. Carson and passed by the Board.

5. Opportunity for Statements from Members/Retired Members/Public.
6. Report of Executive Director, Submitted Written Report.

Mr. Stanton provided the Board with a written report. He stated that the portfolio continues to do well. Mr. Stanton requested direction on how the Board wants to proceed with the recruitment of the Chief Financial Officer position.

Mr. Ortega left at 2:25 p.m.


7. For Notation:

Informational Material For Review. No Action Required.

- A. Service Retirement (s)
- B. Service/BackDrop Retirement
- C. Death Benefits
- D. Cost of Living Adjustments
- E. Death of member(s)
- F. Refund of Contributions
- G. Recognition Award for Administration 2013 as presented by the Public Pension Coordinating Council

8. Adjournment.

Dr. Tollen 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 2:36 p.m.


Chairperson


Secretary