

EL PASO FIREMEN & POLICEMEN'S PENSION FUND
REGULAR MEETING HELD
Wednesday, December 18, 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
Detective JD Cotham

Mayoral Appointments:

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. Steve Moen - Partners Group
Mr. Tyler Jones - Partners Group
Ms. Beth-Ann Flynn - Metropolitan Real Estate

TRUSTEE MEMBERS ABSENT:

Dr. Robert Tollen
Commander Mark Austin

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 1:03 p.m.

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2. Reading and approval of the Minutes of the previous Board Meeting held November 20, 2013.

Ms. Arrieta-Candelaria moved to approve the minutes of the Regular Board Meeting held November 20, 2013, seconded by Mr. Cotham and passed by the Board.

Consent Agenda

Ms. Garcia requested to move Item 1; Mr. Cotham requested to move Item 4-A; and Ms. Balmer requested to move Item 2 from the Consent Agenda to New Business for further discussion.

Mr. Cotham moved to approve the Consent Agenda minus the three pulled items, seconded by Mr. Villanueva and passed by the Board.

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

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

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

3. Approve Pension Payrolls:

Fire	\$2,190,518.58
Police	\$2,877,805.02

4. Payments to Service Providers

A.	Mondrian Investment Group (3 rd Q 2013)	\$156,138.36
B.	Sheehan Phinney Bass + Green - 10/31/13	\$3,120.50
C.	Strasburger & Price, L.L.P. - 10/31/13	\$6,005.00

Reports and recommendations of Committees

- A. Audit and Risk Management Committee - Did not meet.
- B. Investment Committee - To be discussed under New Business.
- C. Benefits Committee - Did not meet.
- D. Management Development and Review Committee - To be discussed under New Business.
- E. Ad-Hoc Committee for Office Space - Mr. Villanueva stated that the committee did meet and three firms were selected for the design built. The committee will interview the three firms on Monday, January 6, 2014 for a final selection. Additionally, Mr. Villanueva reported that the committee is looking to retain the services of a contract/ project manager to monitor the milestones and represent our interest in the construction project.

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F. Budget & Finance Committee – To be discussed under New Business.

G. Ad-Hoc Committee on Legislative Review - Did not meet.

Unfinished Business

New Business

The three items removed from the Consent Agenda were heard. Ms. Garcia asked why the Statement of Plan Net Positions includes the building under the assets. The building is not owned by the Plan but basically by Lomaland LLC which is a separate entity. Mr. Stanton stated that Lomaland West is a subsidiary of the Plan, but will discuss this further with Bixler & Co. She also asked, under Other Income, what the negative \$82,150 represents. Ms. Arrieta-Candelaria pointed out that in the last schedule it indicates that this is a net loss in subsidiary to Lomaland West LLC. Discussion ensued as to the classification of this item. On Item 2, Ms. Balmer had a few general questions reference recent travel which Mr. Stanton explained to her. On Item 4A, Mr. Cotham wanted to know if there were any pending issues with Mondrian as we recently visited them. Per Mr. Grossman, there are no issues, we simply visited with them as we were already in that area.

Mr. Cotham moved to approve the three items removed from the Consent Agenda, seconded by Ms. Arrieta-Candelaria and unanimously passed by the Board.

1. Investment Performance Review for period ended December 31, 2012, and update as presented by Mr. Steve Moen of Partners Group regarding Global Real Estate 2008 and 2011.

Mr. Steve Moen presented himself before the Board of Trustees to present the Partners Group Global Real Estate Portfolio Review. Partners Group Global Real Estate 2008 has built a diversified portfolio of 10 (4-realized) direct investments, 30 secondary transactions (0-realized) and 21 primary (1-realized) commitments. Investments are diversified by both geography and property type. The investment multiple as of September 2013 was 1.38x. The annualized investment return since inception was 13.6%.

Partners Group Global Real Estate 2011 has built a diversified portfolio of 20 (1-realized) direct investments, 14 (0-realized) secondary transactions and 19 (0-realized) primary commitments providing exposure to properties around the globe. Total invested capital increased from EUR 158.3 million to EUR 206.0 million during the third quarter of 2012. The investment multiple as of September 2013 was 1.18x. The annualized investment return since inception was 16.2%.

2. Investment Performance Review for period ended December 31, 2012 and update as presented by Ms. Beth-Ann Flynn of Metropolitan Real Estate regarding Global III and Global V Funds.

Ms. Beth-Anne Flynn presented herself before the Board of Trustees on behalf of Metropolitan Real Estate for review of the Fund's holdings with Metropolitan Real Estate Partners. Ms. Flynn provide an organizational review of the firm stating that Metropolitan is

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an independent management-owned real estate investment firm and registered investment adviser with the SEC. The firm currently manages 2.7B+ billion in discretionary capital commitments with over 250 institutional investors and a wide range of high net worth individuals. In November of 2013, Metropolitan became part of Carlyle Solutions Group, a global alternative asset manager with \$185 billion under management. The Carlyle partnership provides Metropolitan with a broader platform with enhanced access to managers, funds, and co-investment opportunities, while Metropolitan maintains investment independence.

3. Discussion and action on approving the 2014 Administrative & Operating Budget as approved and recommended by the Budget & Finance Committee.

As per Chair Grossman, the committee recommends approval of the 2014 Administrative & Operating Budget with an increase of \$20,000 for the upcoming moving expenses.

After careful discussion, due consideration, and at the recommendation of the Budget & Finance Committee, Mr. Ortega moved to approve the 2014 Administrative & Operating Budget, seconded by Ms. Arrieta-Candelaria and passed by the Board.

4. Discussion and action on Asset Liability Study as approved and recommended by the Investment Committee.

After careful discussion, due consideration, and at the recommendation of the Investment Committee, Mr. Ortega move to approve the following asset allocation structure: 20% - Core Plus Fixed Income, 5% - Public Bank Loans, 10% - Private Equity, 10% -Real Estate/Real Assets, 5% - Emerging Markets, 22.50% -International Developed, 8.25% - Small Cap, and 19.25% - Large Cap, seconded by Ms. Arrieta-Candelaria and passed unanimously by the Board.

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

After careful discussion and due consideration, Mr. Villanueva moved to approve the Student Request Application, seconded by Ms. Arrieta-Candelaria and passed by the Board.

6. Discussion and action on Executive Director contract as approved and recommended by the Management & Development Review Committee.(Will be sent under separate cover)

Mr. Cotham moved to authorize the Chairman to negotiate a contract with the Executive Director to present to the Board for approval, seconded by Mr. Villanueva and passed by the Board.

7. Recognition of dedicated service to Trustee Mark Austin.

This item rescheduled for the January meeting.

Mr. Cotham left at 2:45 p.m.

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8. Opportunity for Statements from Members/Retired Members/Public,

None.

9. Report of Executive Director, Submitted Written Report.

Mr. Stanton provided the Board with a written report. Additionally, he reported that Ms. Carreon will soon be resigning and another key staff member will be out on an extended leave.

10. For Notation:

Informational Material For Review. No Action Required.

- A. Service Retirement (s)
- B. Service/BackDrop Retirement
- C. Deferred Retirement
- D. Death Benefits
- E. Cost of Living Adjustments
- F. Death of member(s)
- G. Refund of Contributions

11. Adjournment.

Ms. Arrieta-Candelaria 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 2:50 p.m.

Chairperson

Secretary