

**EL PASO FIREMEN & POLICEMEN'S PENSION FUND**  
**REGULAR MEETING HELD**  
**Wednesday, March 19, 2014 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  
Chief Ricci Carson  
FST Paul Thompson

**Police Division:**

Lieutenant Tyler Grossman  
Sergeant John Schneider

**Mayoral Appointments:**

Dr. Robert Tollen  
Ms. Carmen Arrieta-Candelaria

**City Manager Appointments:**

Ms. Judy A. Balmer

**OTHERS PRESENT**

Mr. Robert J. Stanton - Secretary  
Ms. Christina Ramirez - Benefits Manager  
Mr. Tim Campbell - Baillie Gifford  
Mr. Thad Fletcher - Cooke & Bieler  
Mr. Mike Meyer - Cooke & Bieler

**TRUSTEE MEMBERS ABSENT:**

Ms. Terri Garcia  
Detective JD Cotham  
Mr. Presi Ortega

EL PASO FIREMEN & POLICEMEN'S PENSION FUND  
REGULAR MEETING  
March 19, 2014 - 1:00 P.M.

2

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. Reading and approval of the Minutes of the previous Board Meeting held February 19, 2014.

*Mr. Thompson moved to approve the minutes of the Regular Board Meeting held February 19, 2014, 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 January 31, 2014.

Northern Trust Financial Statements for month ending February 28, 2014.

2. Expense Reports for the month ending February 28, 2014.

3. Approve Pension Payrolls:

Fire	\$2,283,553.23
Police	\$3,023,795.09

4. Payments to Service Providers

A.	Baillie Gifford - (4Q2013)	\$146,993.87
B.	Buck Consultants - (4Q2013)	\$26,790.00
C.	Ice Miller, LLP - 01/31/14	\$861.84
D.	INTECH - (4Q2013)	\$80,018.88
E.	Legislative Consultants - (2/28/14)	\$5,000.00
F.	Lord Abbett - (4Q2013)	\$148,988.71
G.	Mondrian - (4Q2013)	\$161,764.76
H.	Sheehan Phinney Bass + Green - 01/31/14	\$1,774.50
I.	Strasburger & Price, LLP - 01/31/14	\$743.75

Reports and recommendations of Committees

- A. Benefits Committee - To be discussed under New Business.
- B. Investment Committee - To be discussed under New Business.
- C. Management Development and Review Committee - To be discussed under New Business.

EL PASO FIREMEN & POLICEMEN'S PENSION FUND  
REGULAR MEETING  
March 19, 2014 - 1:00 P.M.

3

- D. Ad-Hoc Committee for Office Space – Mr. Villanueva reported that the committee met and legal counsel should have a signed design proposal by the end of the week with both CEA Group and Nine Degrees.

Unfinished Business

Executive Session, Section 551.074, Texas Government Code

1. Discussion and action on Executive Director contract as approved and recommended by the Management Development and Review Committee, tabled January 15, 2014 and February 19, 2014.

Chair Grossman stated that the contract from legal has not yet been received. He will contact legal on this issue as it is taking too long.

*Mr. Villanueva moved to table this item to the next meeting seconded by Mr. Carson and passed by the Board.*

New Business

Executive Session, Section 551.078, Texas Government Code

1. Discussion and action on Ordinary Disability Retirement Application, Fire Department, as recommended by the Benefits Committee.

*After careful discussion, due consideration, and at the recommendation of the Benefits Committee, Mr. Villanueva moved to approve this ordinary disability retirement application, seconded by Dr. Tollen and passed by the Board.*

*Mr. Villanueva noted we might be losing a quorum and therefore suggested to move items on the agenda. Chair Grossman stated Item 11 and possibly Items 4 thru 10 would be discussed before Item 2 and Item 3 on the agenda. Without any objections from the Board, items 11 followed.*

11. Discussion and action on approving Chief Financial Officer contract and related matters.

*Ms. Arrieta-Candelaria made a motion to move into Executive Session for the purpose of discussing Item 11, seconded by Mr. Villanueva and passed by the Board.*

*The El Paso Firemen & Policemen's Pension Fund Board of Trustees retired into Executive Session at 1:08 p.m. and returned to regular session at 1:28 p.m.*

*Dr. Tollen moved to table Item 11 to the next available meeting, seconded by Mr. Villanueva and passed by the Board.*

EL PASO FIREMEN & POLICEMEN'S PENSION FUND  
REGULAR MEETING  
March 19, 2014 - 1:00 P.M.

4

4. Discussion and action on the commitment of \$20 Million to Partners Global Real Estate 2013 as recommended by Summit Strategies Group, and as recommended and approved by the Investment Committee.

This item was originally discussed by the Investment Committee on February 19, 2014 and is part of the adjustments to increase the allocation to real estate in the new asset allocation model, as reported by Dr. Tollen.

*After careful discussion, due consideration, and at the recommendation of the Investment Committee, Dr. Tollen move to approve a commitment of \$20.0 million to Partners Global Real Estate 2013, pending legal review. Motion passed unanimously by the Board.*

5. Discussion and action on the commitment of \$10 Million to Principal Real Estate as recommended by Summit Strategies 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 a commitment of \$10.0 million to Principal Real Estate, pending legal review. Motion passed unanimously by the Board.*

10. 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 Ms. Arrieta-Candelaria and passed by the Board.*

8. Discussion and action on Short Term Lease Renewal.

The lease at Chase Tower will expire on April 30, 2014 per Mr. Stanton. The two options that are available until the renovations are completed. Option one is to renew the current lease for one year at a rate of \$16.25 per square foot. Option two is the month-to-month option at the holdover rate which is one and one half times the current rate.

*Mr. Villanueva moved for the month-to-month option after April 30, 2014, seconded by Mr. Schneider and passed by the Board.*

9. Discussion and action on retaining a Public Relations Firm/Spokesperson at the request of Chairman Grossman.

Mr. Thompson handed out informational material on a reputable public relations firm, *Powers Media Works LLC*, that the Fire Association recently worked with and that he feels the Fund should consider. The firm's principal, Erin Powers is very knowledgeable in pension and public safety issues. Mr. Thompson noted it is important to have a professional who knows how to deal with the media. Ms. Arrieta-Candelaria agrees that we need to be better prepared in this area. After the last valuation we should have been more proactive and talked about all the good work that we are doing in investments, talked about meeting our target, and get the message out

EL PASO FIREMEN & POLICEMEN'S PENSION FUND  
REGULAR MEETING  
March 19, 2014 - 1:00 P.M.

5

on all the good things we do for the membership. Mr. Thompson will pursue a proposal and fee structure from Mr. Powers for the next meeting.

*Mr. Thompson moved to table this item to the next available meeting, seconded by Mr. Villanueva and passed by the Board.*

6. Discussion and action Lord Abbett.

*After careful discussion, due consideration, and at the recommendation of the Investment Committee, Dr. Tollen moved to terminate the Funds investment management relationship with Lord Abbett immediately. Motion passed unanimously by the Board.*

7. Discussion and action on Domestic Small Capitalization Value Equities presentations and due diligence visits to the following firms: William Blair Investment Management, Integrity Asset Management, and Cooke & Bieler, L.P.,

*After careful discussion, due consideration, and at the recommendation of the Investment Committee, Dr. Tollen moved to approve a commitment of \$20.0 million to Cooke & Bieler and the remainder or approximately \$60.0 million to Integrity Asset Management, pending successful contract negotiations and legal review. Motion passed unanimously by the Board*

2. Investment Performance Review for period ended December 31, 2013 and update as presented by Mr. Tim Campbell of Baillie Gifford.

Mr. Campbell reported that the initial appointment was March 2005 with an assets value of \$32.0 million. Value of assets as of February 28, 2014 were \$76.9 million. The firm currently is in its 106<sup>th</sup> year, with 39 full time partners, five new investment graduates and will be conducting its 1<sup>st</sup> US Client Conference in October 2014. Performance since inception to February 28, 2014 was 11.0% compared to the benchmark of 9.5%. The top three relative stock contributors for 3 months to February 28, 2014 were Tencent, Naspers and Naver and the bottom three stock contributors were Sberbank, Walmex , and Samsung Electronics.

3. Investment Performance Review for period ended December 31, 2013 and update as presented by Mr. Thad Fletcher and Mr. Michael Meyer of Cooke & Bieler

Mr. Fletcher and Mr. Meyer up-dated the Board with the firm overview. Cooke & Bieler has been managing equity portfolios since 1949. The firm is independent and management owed with 13 partners and 32 employees. Institutional clients include corporate, endowment/foundation, Taft-Hartley and public funds. Private wealth clients include family and sub-advisory. Currently they manage \$4.7 billion in assets, which includes Large, Mid, Small and All Cap Value. For year ended 2013, the portfolio returned 37.9% net of fees compared to the Russell 1000 value benchmark of 32.5%. Since inception, the portfolio returned 7.5% net of fees compared to 6.6% for the Russell 1000.

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

EL PASO FIREMEN & POLICEMEN'S PENSION FUND  
REGULAR MEETING  
March 19, 2014 - 1:00 P.M.

6

13. Report of Executive Director. Submitted Written Report.

Mr. Stanton reported an all time high in our assets on March 18, 2014 of \$1.262 billion. He reported that day to day internal operations are running smooth, except that payroll issue with the City continue to be difficult. As a result of today's meeting he stated that two contracts will be going to legal counsel for review.

14. 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

15. Adjournment.

*Mr. Villanueva 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 2:51 p.m.*

  
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Chairperson

  
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Secretary