

EL PASO FIREMEN & POLICEMEN'S PENSION FUND
REGULAR MEETING HELD
Wednesday, May 21, 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

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
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
Ms. Lena H. Ellis, CFO
Mr. Joe Young, Dimensional Fund Advisors
Mr. Mitchell Firestein, Dimensional Fund Advisors

TRUSTEE MEMBERS ABSENT:

Detective JD Cotham
Ms. Carmen Arrieta-Candelaria

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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.

Chair Grossman welcomed new staff member and CFO, Ms. Lena Ellis.

2. Reading and approval of the Minutes of the previous Board Meeting held April 16, 2014 and Special Board meeting held May 9, 2014.

In reference to the Special Board Meeting minutes, Dr. Tollen noted that these should read "Special" not "Regular" meeting.

Dr. Tollen moved to approve the minutes of the Regular Board Meeting held April 16, 2014, and Special Board meeting held May 9, 2014 with the noted correction, seconded by Mr. Carson and passed by the Board.

Consent Agenda

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

1. Internal Financial Statements for month ending March 31, 2014.

Northern Trust Financial Statements for month ending April 30, 2014.

2. Expense Reports for the month ending April 30, 2014.

3. Approve Pension Payrolls:

Fire	\$2,308,690.73
Police	\$3,052,983.36

4. Payments to Service Providers

A.	Baillie Gifford - (1Q2014)	\$145,661.49
B.	Bixler & Company- (2013)	\$30,000.00
C.	Brown Advisory (1Q2014)	\$36,584.80
D.	Buck Consultants - (1Q2014) & Actuarial Valuation work-in-progress	\$33,820.00
E.	Cooke & Bieler (1Q2014)	\$47,433.45
F.	INTECH (1Q2014)	\$67,429.37
G.	Legislative Consultants (5/2014)	\$5,000.00
H.	Lord Abbett (1Q2014)	\$145,820.05
I.	Meketa Investment Group (1Q2014)	\$47,052.22
J.	Mondrian Investment Group (1Q2014)	\$165,960.88

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K.	Moss Adams (12/31/13 Interim billing)	\$30,000.00
L.	Northern Trust Col (1Q2014)	\$32,572.78
M.	PIMCO (1Q2014)	\$140,470.49
N.	Pyramis Global Advisors Trust Co. (1Q2014)	\$122,260.34
O.	Sheehan Phinney Bass + Green - 03/31/14	\$7,589.92
P.	Strasburger & Price, LLP - (03/31/2014	\$6,168.75
Q.	Travis & Calhoun, Attorneys - 03/31/2014	\$20,634.94
R.	William Blair (1Q2014)	\$85,417.00

Reports and recommendations of Committees

- A. Investment Committee – Reporting for the Investment Committee, Dr. Tollen stated that the committee met earlier this morning and part of this will be covered under New Business. He also stated that Mr. Ralph provided an educational presentation on the difference between the Russell 1000, 2000 and 3000 Indexes and the implications thereof and how it applies to our portfolio. Mr. Ralph also provided a presentation on managing our account via Summit Strategies web-site. There is absolutely an incredibly amount of information and capabilities available to us. Last, Mr. Ralph also provided an information piece on private equity investments.
- B. Ad-Hoc Committee for Office Space – Mr. Villanueva stated the committee has not met, but we are moving forward. The contractor to begin the abatement process will be selected today. The contract with CEA has also been finalized and we will meet to discuss some preliminary blueprints.

Unfinished Business

None

New Business

1. Investment Performance Review for period ended December 31, 2013 and update as presented by Mr. Joe Young of Dimensional Fund Advisors.

Mr. Young and Mr. Firestein provided the Board with firm updates which included Gerard O'Reilly being named co-CIO alongside Eduardo Repetto effective April 15, 2104. There are 750 employees firm wide, with approximately 445 headquartered in Austin, Texas. Assets under management as of March 31, 2014 were \$356 Billion. US Equities accounted for \$107.7, Fixed Income \$76.9, Developed ex US Equities \$76.3, Emerging Markets 60.2, Global Equity \$21.7 and \$13.7 in other which is comprised of Real Estate, Commodities and Global Balanced. The International Small Cap Value Portfolio had a returned 32.39% for 2013, v. 25.55% for the MSCI World ex USA Small Cap Value Index. Since account inception of April 2010, the portfolio returned 11.97% v the MSCI World ex USA Small Cap Value Index of 10.67%.

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2. Presentation and review of First Quarter 2014 Investment Performance and update, as presented by Mr. Eric Ralph of Summit Strategies Group.

Mr. Ralph presented the Fund's investment performance for period ended March 31, 2014. The US economy continued along its slow path of recovery in the first quarter of 2014. Severe winter weather in January and February had a negative impact on economic growth, but demand is expected to increase into the spring and summer months. As anticipated, the Federal Reserve announced at its March meeting that it will reduce monthly asset purchases to \$55 billion from \$65 billion. The unemployment rate was 6.7% as of March, the same level at which it ended 2013. The economy continues to create jobs, adding 192,000 nonfarm payrolls in March, but wage levels and consumer spending remain subdued. Growth continues to pick up in the euro zone, while slowing growth concerns have been raised over China and various other emerging economies.

US small cap underperformed large cap by 90 bps for the quarter as investors turned to more defensive sectors. Developed international equity (MSCI EAFE) posted a 0.7% gain, underperforming domestic equities (S&P 500) by 110 bps. Emerging markets (-.4%) fell during the quarter as investors continued to show negative sentiment towards the asset class.

The Fed left the overnight lending rate unchanged (0-0.25%) as of its March meeting. In addition to scaling back QE, Chairwoman Yellen stated the FOMC will continue to closely monitor the economic and financial situation in the coming months. Yields fell across the middle and long end of the curve, but remain well above levels of one year ago. The spread between 2-year and 30-year Treasuries tightened 45 bps to 314 bps in the first quarter.

Ms. Garcia arrived at 1:25 p.m.

3. Discussion and action Integrity Asset Management related to the proposed acquisition by Victory Capital Management and assignment of Investment Management Agreement.

After careful discussion, due consideration, and at the recommendation of the Investment Committee, Dr. Tollen moved to vacate the agreement with Integrity Asset Management in favor of finding other alternatives, seconded by Mr. Ortega. Motion passed unanimously by the Board.

4. Discussion and action on approving amendment to fee schedule for Meketa Investment Group 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 agree to the amendment to the Meketa Investment Group, Inc. contract (copy attached to these minutes), seconded by Mr. Ortega and passed unanimously by the Board.

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5. 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 and passed by the Board.

6. Discussion on Contributions to the El Paso Firemen & Policemen's Pension Fund.

Discussion regarding past, current and future contributions was held by the Board.

No action taken.

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

None.

8. Report of Executive Director, Submitted Written Report.

Mr. Stanton reported that first priority for our new CFO, Ms. Lena Ellis, will be nice consolidated financial statements. The Deputy Director position should be filled soon as advertisement for the position has been done nationally and locally. Revisions to the web site will soon be completed also. Chairperson Grossman recommended new Trustee photos for this web site, and bio's for those that have not submitted one.

9. For Notation:

Informational Material For Review. No Action Required.

A. Service Retirement(s)

B. Early Retirement

C. Death Benefits

D. Cost of Living Adjustments


E. Death of member(s)

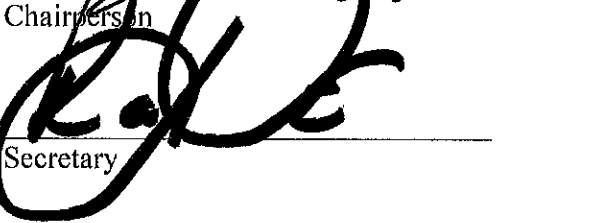
G. Refund of Contributions

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10. Adjournment.

Mr. Ortega 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 2:40 p.m.


Chairperson


Secretary