

EL PASO FIREMEN & POLICEMEN'S PENSION FUND
REGULAR MEETING HELD
Wednesday, September 17, 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
FST Paul Thompson

Police Division:

Lieutenant Tyler Grossman
Sergeant John Schneider

Mayoral Appointments:

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

City Manager Appointments:

Ms. Judy A. Balmer

OTHERS PRESENT

Mr. Robert J. Stanton - Secretary
Mr. Mark Austin - Assistant Secretary
Ms. Lena H. Ellis - CFO
Matt Clark - PIMCO
Mr. Michael Jordan – Fire Department
Mrs. Michael Jordan – Visitor

TRUSTEE MEMBERS ABSENT:

Chief Ricci Carson
Ms. Terri Garcia
Detective JD Cotham

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1. Establishment of Quorum.

Vice-Chair Villanueva 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.

2. Reading and approval of the Minutes of the previous Board Meeting held August 20, 2014.

Mr. Schneider moved to approve the minutes of the Regular Board Meeting held August 20, 2014, seconded by Mr. Thompson and unanimously passed by the Board with one correction on item #2. It states that Dr. Tollen voted nay for Mr. Grossman for Chairperson. It should have stated that Dr. Tollen nominated Mr. Villanueva for Chairperson.

Consent Agenda

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

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

Northern Trust Financial Statements for month ending August 31, 2014.

2. Expense Reports for the month ending August 31, 2014.

3. Approve Pension Payrolls:

Fire	\$2,326,813.11
Police	\$3,092,567.44

4. Payments to Service Providers

A. Bixler Accounting/Consulting - August 2014	\$2,500.00
B. Ice Miller	\$766.60
C. Legislative Consultants	\$5,000.00
D. Moss Adams	\$6,000.00
E. Sheehan, Phinney, Bass + Green - July 2014	\$6,478.15
F. Summit Period – 3Q 2014	\$57,336.00

Reports and recommendations of Committees

1. Ad-Hoc Committee for Office Space

Chairperson Villanueva advised the board that the initial figure was \$823,000.00 for the complete interior refurbish, parking lot, and the exterior finish. The committee made cuts so to reduce the overall cost and is currently waiting for CEA to respond on the cost. The committee wanted the cost to come into the \$700,000.00 to

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\$725,000.00 range. The committee is waiting for a response before bringing it to the board.

2. Investment Committee

Dr. Tollen advised the board on the upcoming Private Equity due diligence trips. There were five managers on the Private Equity schedule to visit and as per the financial audit and reporting the committee will meet with the different managers and document their visit as to meet the needed requirements of the auditors.

Unfinished Business

1. Discussion and action on increasing the contribution rates of active Members of the Fire and Police Divisions through five (5) annual step increases, conditional upon and provided that the City similarly increase its' annual contribution rate to both the Fire and Police Divisions of the Pension Fund, as of September 1st of each of the next four (4) years, effective on or about September 1, 2014, and to set forth the dates for Membership vote, tabled July 16, 2014.

Mr. Ortega moved to table Item 1 under unfinished business until the October Board meeting seconded by Mr. Schneider and passed unanimously by the Board.

New Business

1. Investment Performance Review for period ended December 31, 2013 and update as presented by Mr. Matt Clark of PIMCO.

Mr. Matt Clark presented before the Board of Trustees a review PIMCO's Strategy Review. PIMCO is currently managing just under \$240m on behalf of the fund. The board started with the current fund since 2009. The current YTD returns are in line with the benchmark but if you go back from 1yr, 3yrs, or further the portfolio has consistently out-performed the benchmark after fees. Mr. Clark then reviewed the sector allocation in the portfolio which showed that the Credit sector was underweighted as compared to the benchmark.

Matt Clark explained the effect on inflation rate going forward. The economy will continue with slow but stable growth. Global debt and subpar growth will constrain central banks and keep rates near 0%. Due to these conclusions he feels that implications will be returns for bonds at 3% and stocks would return around 5%.

2. Discussion and action on the request for Reconsideration of Disability Pension Application by Mr. Michael Jordan, Fire Department

Mr. Thompson made a motion to convene into Executive Session for the purpose of discussing Item 2 as per Section 551.078: Deliberation regarding disability applicant's medical records, seconded by Dr. Tollen. Motion carried.

The El Paso Firemen & Policemen's Pension Fund Board of Trustees retired into Executive Session at 1:44 p.m. and returned to regular session at 2:01 p.m.

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Mr. Villanueva asked Mr. Jordon if he would like to discuss this item in open or closed session and he advised open. Ms. Arrieta-Candelaria asked Mr. Jordon if he would like to explain anything about the case and he advised no.

Mr. Ortega made a motion to convene into Executive Session for the purpose of discussing Item 2 as per Section 551.078: Deliberation regarding disability applicant's medical records, seconded by Mr. Schneider. Motion carried.

The El Paso Firemen & Policemen's Pension Fund Board of Trustees retired into Executive Session at 2:04 p.m. and returned to regular session at 2:13 p.m.

After careful discussion and due consideration, Mr. Thompson moved to have a second IME performed as per the Disability Procedures, seconded by Dr. Tollen. Motion passed unanimously by the Board.

Chairman Grossman arrived at 2:23 pm

3. Authorization to transfer \$15,300 from the Fund's Cash Account to Lomaland West for current expenses (Rent, Parking, Utilities, and Asbestos Abatement/Demolition Notification Fee) in connection with the property located at 909 East San Antonio, El Paso, Texas.

After due consideration, Mr. Ortega moved to approve the transfer of \$15,300 from the fund's cash account to Lomaland West for current expenses (Rent, Parking, Utilities, and Asbestos Abatement/Demolition Notification Fee) in connection with the property located at 909 East San Antonio, El Paso, Texas, seconded by Ms. Balmer and passed unanimously by the Board.

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

None.

5. Report of Executive Director. Submitted Written Report.

Mr. Stanton handed out an updated Director's report to the trustees and during the updates the Director advised that attorney cost will be greater in the coming months due to open records request of Private Equity information. This must be vetted and reviewed by legal, which will add cost.

The director also advised that information on a new Pension Administration system will be forthcoming.

6. Report of Chief Financial Officer. Submitted Written Report

The CFO advised the board that progress is being made and that she will be visiting Moss Adams, the financial auditor, in Albuquerque during September and she will also meet with Bixler to review financial statements and download needed information from QuickBooks.

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7. For Notation:

Informational Material for Review. No Action Required.

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

8. Adjournment.

Mr. Ortega moved to adjourn, seconded by Mr. Schneider and passed by the Board. The El Paso Firemen & Policemen's Pension Fund Board of Trustees meeting stands in adjournment at 2:42 p.m.


Chairperson


Secretary