

**EL PASO FIREMEN & POLICEMEN'S PENSION FUND  
REGULAR MEETING HELD**

**Wednesday, July 29, 2015 at 1:00 PM**

**El Paso Firemen and Policemen's Pension Fund Office  
909 E. San Antonio Avenue, El Paso, Texas 79901**

**MINUTES**

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**TRUSTEE MEMBERS PRESENT**

**Fire Division:**

FST Paul Thompson  
Chief Ricci Carson

**Police Division:**

Sergeant John Schneider  
Lieutenant Tyler Grossman  
Detective JD Cotham

**Mayoral Appointments:**

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

**City Manager Appointments:**

Ms. Judy A. Balmer

**OTHERS PRESENT**

Mr. Robert J. Stanton - Secretary  
Mr. Mark Austin - Assistant Secretary  
Ms. Lena H. Ellis - CFO  
Ms Kristin Shofner - Pyramis Global Advisors  
Mr. Brian Hoesly - Pyramis Global Advisors  
Mr. Jeff Bridgens - Moss Adams  
Mr. Cory Hogan - Moss Adams

**TRUSTEE MEMBERS ABSENT:**

Chief Jerry Villanueva  
Ms. Terri Garcia

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1. Establishment of Quorum.

Chairman 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 1:11 p.m.

2. Reading and approval of the Minutes of the previous Board Meeting held June 17, 2015.

*Dr. Tollen moved to approve the minutes of the Regular Board Meeting held June 17, 2015, seconded by Mr. Carson and unanimously passed by the board.*

Consent Agenda

*Dr. Tollen moved to approve the Consent Agenda, seconded by Ms Arrieta-Candelaria and passed by the Board.*

1. Internal Financial Statements for month ending May 31, 2015 and June 30, 2015.

Northern Trust Financial Statements for month ending June 30, 2015

2. Expense Reports for the month ending June 30, 2015.

3. Approve Pension Payrolls:

Fire	\$2,502,451.94
Police	\$3,292,993.66

4. Payments to Service Providers

A. Baillie Gifford 2 <sup>nd</sup> Qtr	\$149,329.69
B. Brown Advisory 2 <sup>nd</sup> Qtr	\$38,219.29
C. Ice Miller	\$3,618.41
D. Meketa 2 <sup>nd</sup> Qtr	\$68,750.00
E. Moss Adams (Audit)	\$32,000.00
F. Northern Trust 2 <sup>nd</sup> Qtr	\$34,900.21
G. Powers Media - July 2015	\$1,664.00
H. Sheehan Phinney Bass + Green - May 2105	\$6,960.00
I. Strasburger & Price - June 2015	\$1,900.00
J. Xerox (Buck) 2 <sup>nd</sup> Qtr	\$31,790.00
K. Legislative Consultants - July 2015	\$5,000.00

Reports and recommendations of Committees

1. Ad-Hoc Committee for Office Space

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Deputy Executive Director Austin gave an update with the building. Everything is completed except for a few repairs. The large conference table was not ready but due to the delay there is a \$1,500.00 savings. Final payment for CEA is still pending.

2. Executive Director Search Committee

EFL has begun the search for candidates to fill the Executive Director's position. The news blast and advertisements have been posted, including the El Paso Times.

Unfinished Business

1. Discussion and action on migrating current pension administration system over to Pension Technology Group (PTG) PensionPro, tabled April 15, 2015 and May 20, 2015, and June 17, 2015.

*Ms Arrieta-Candelaria moved to table item for two months, seconded by Dr. Tollen and passed unanimously by the Board.*

2. Discussion and action on approving lease agreement between the El Paso Firemen & Policemen's Pension Fund and Lomaland West, LLC, for the property located at 909 East San Antonio Street, El Paso, Texas, tabled June 17, 2015.

Staff will compile the final budget for Lomaland and will furnish the square footage price to rent the property.

*Ms Balmer moved to table item for one month, seconded by Mr. Schneider and passed unanimously by the Board.*

New Business

*Chairman Grossman requested to move New Business item #6 first followed by NB #5 and then NB #4, with no objection items were moved.*

6. Discussion and action on Service-Connected Disability Retirement Applications, Police Department.

*The recommendation of the Benefits Committee was to table disability applicant number one for additional follow-up information and approves disability applicant number two, on motion by Mr. Cotham, chairman of the benefits committee, seconded by Mr. Schneider and passed unanimously by the Board.*

5. Approval of Board Resolution in compliance with U.S. Supreme Court ruling in Obergefell v Hodges on June 26, 2015

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The resolution was brought forward so that the fund can comply with the U.S. Supreme Court ruling. The procedure and paperwork required to prove same sex marriage would follow the same process as the current marriage procedure.

*After careful discussion and due consideration, Ms Arrieta-Candelaria moved to approve the Board Resolution to be in compliance with the Supreme Court decision on same sex marriages, seconded by Mr. Schneider. Motion passed unanimously by the Board.*

4. Discussion and action on approval of the December 31, 2014 Audited Financial Statements as presented by Mr. Jeff Bridgens and Cory Hogan of Moss Adams, LLP.

Mr. Bridgens' gave an overview of the 2014 Financial Audited statements. He began by advising this would be a single year presentation since it is specific to the new GASB 67 reporting requirements and there is no prior history. Pages one thru three are the opinion of the auditors. It states that the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the fund as of December 31, 2014 and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the U.S. Pages four through seven are the management discussion which has a title change. The 2014 financial statement has it titled as "A Fiduciary Fund of the City of El Paso, Texas" as compared to 2012 and 2013 which is "A component unit of the City of El Paso, Texas".

One of the changes for the GASB 67 requirement was Note 5 which is Net Pension Liability. This will be recorded on the city balance sheet as a liability. Mr. Bridgens' also brought up the use of an older version of the mortality table. The actuary should move to a new version like RP-2014 instead of the 2000 version. Within Note 5 there is also a chart that shows the pension liability if we make our current discount rate, 1% more or 1% less. The last item that is new is the Annual money-weighted rate of return net of investments. This comes from the actuarial, which showed a 4.27%.

There are two documents that Moss Adams will provide in the coming months. The first is the Governance communication and the second is the communication on the internal controls.

2. Certification of the Trustee Election(s) results to the Board of Trustees in accordance with Section 4 (I) of the Fund's Voting Procedures, by Board Secretary.

**Police Division-Certified Results**

Whereas the Fund received only one eligible nomination form prior to the specified deadline and in accordance with Section 2(C), of the Fund's Voting Procedures, Mr. Cotham shall be deemed duly elected as an unopposed member of the Board of Trustees.

**Fire Division-Certified Results**

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The certified results are as follows: Mr. Ricci Carson, 147 votes, Mr. Jesus Ramos, 39 votes, and Mr. Joel Lara, 12 votes. Whereas Mr. Carson received the highest number of validated votes, Mr. Carson shall be deemed a duly elected member of the Board of Trustees.

*Mr. Ortega left at 2:25 pm*

3. Investment Performance Review for period ended December 31, 2014 and update as presented by Ms. Kristin Shofner and Mr. Brian Hoesly of Pyramis Global Advisors.

Ms Shofner started the discussion on the portfolio by going over the management team. Steve Oler, one of the portfolio managers retired. Peter Hadden is in full control of the portfolio and has been with Pyramis since 2005. There has been no change in the Investment process of Pyramis. Mr. Hoesly summarized the 2<sup>nd</sup> Qrt 2015 by stating that most global markets posted negative returns in local currency, but US dollar weakness resulted in modest positive returns. After rising more than 20% during the quarter Oil prices have settled in the low 50's range during the quarter. Japan continued its strong performance returning 3.1% in USD terms and Japan was one of the handful of markets to post a positive local currency returns, rising 5.2%. The performance return for the 2<sup>nd</sup> qtr 2015 was 1.96% (gross of fees) and 1.85% (net of fees) as compared to the benchmark (MSCI EAFE) of .62%. The inception date of this investment was 12/31/2002 and the fund has returned 9.28% (Gross) and 8.68% (Net) as compared to the benchmark of 8.31%. The final area of review was the manager's outlook. It shows gradual growth in developed markets while slowdown in EM continues. After disappointing growth in early 2015 and reductions in forecasts, developed market growth should steadily improve. Quantitative easing in Europe will continue into 2016 while in the US the Fed could tighten in 2015 and the US dollar index weakened slightly in Q2, but is still up 19% over the past 12 months. Europe's outlook is improving due to earnings estimates revised upwards and the Euro zone Purchasing Managers Index (PMIs) which are at the highest level since 2011. Japan could be moving out of recession due to structural reforms; however the pace has been slow. Property values seem to be stabilizing and corporate balance sheets are improving. The structural changes are gaining traction like corporate taxes, agriculture, health care and energy. Last is that emerging markets are likely to struggle due to commodity weakness that is taking a toll on producing economies; Russia and Brazil and the favoring of commodity importers over the exporters within the EM.

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

*None*

8. Report of Executive Director. Submitted Written Report
9. Report of Chief Financial Officer. Submitted Written Report
10. For Notation:

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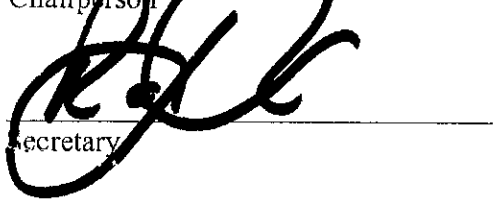
Informational Material For Review. No Action Required.

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

8. Adjournment.

*Mr. Cotham 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 2:54 p.m.*

  
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Chairperson

  
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Secretary