

EL PASO FIREMEN & POLICEMEN'S PENSION FUND
REGULAR MEETING HELD
Wednesday, November 18, 2015 at 1:00 PM
Pension Fund Office
909 E. San Antonio Avenue
El Paso, Texas 79901-2523

MINUTES

TRUSTEE MEMBERS PRESENT

Fire Division:

FST Paul Thompson
Chief Ricci Carson

Police Division:

Sergeant John Schneider
Detective Stanley Hayes

Mavoral Appointments:

Dr. Robert Tollen
Mr. Presi Ortega

City Manager Appointments:

Ms. Terri Garcia

OTHERS PRESENT

Mr. Tyler Grossman - Secretary
Mr. Mark Austin - Assistant Secretary
Mr. Eric Ralph - Summit

TRUSTEE MEMBERS ABSENT:

Chief Jerry Villanueva
Detective JD Cotham
Ms. Judy A. Balmer
Ms. Carmen Arrieta-Candelaria

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1. Establishment of Quorum.

Chairman Villanueva was absent so Vice-Chair Thompson established that a Quorum was present. The Regular Meeting of the El Paso Firemen & Policemen's Pension Fund Board of Trustees was called to order at 1:06 p.m.

2. Reading and approval of the Minutes of the previous Board Meetings held October 28, 2015.

Mr. Ortega moved to approve the minutes of the Regular Board Meeting held October 28, 2015, seconded by Dr. Tollen and unanimously passed by the board.

Consent Agenda

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

1. Internal Financial Statements for month ending October 31, 2015.

Northern Trust Financial Statements for month ending October 31, 2015

2. Expense Reports for the month ending October 31, 2015.

3. Approve Pension Payrolls:

Fire	\$2,772,632.85
Police	\$3,715,030.74

4. Payments to Service Providers

A. Brown Advisory 3 rd Quarter	\$37,798.18
B. Calhoun & Associates (Heinrich)	\$6,514.55
C. Ice Miller (Sept 2015)	\$520.35
D. Legislative Consultants October 1, 2015	\$5,000.00
E. Meketa 3 rd Quarter	\$68,750.00
F. Sheehan Phinney Bass + Green Thru July 31, 2015	\$4,272.00
G. Strasburger & Price July and August 2015	\$11,903.23
H. Xerox (Buck) 3 rd Quarter	\$26,105.00

Reports and recommendations of Committees

1. Discussion and action on the commitment of \$8,000,000 to Global Infrastructure Partners III as recommended by Meketa Investment Group, and as approved and recommended by the Investment Committee.

After careful discussion, due consideration, and at the recommendation of the Investment Committee, Dr. Tollen moved to approve the commitment of \$8,000,000 to Global Infrastructure

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Partners III, as recommended by Meketa Investment Group, pending legal review, seconded by Mr. Ortega and passed unanimously by the Board.

Unfinished Business

None

New Business

Vice-Chairman Thompson requested to move New Business item #2 first followed by NB #1, with no objections items were moved.

2. Discussion and action on extending the Legislative Consultant Services Agreement for years 2016-2017 at the request of Chairman Villanueva.

After careful discussion and due consideration Mr. Ortega made the motion on extending the Legislative Consultant Services Agreement for years 2016-2017 at the request of Chairman Villanueva seconded by Dr. Tollen and passed unanimously by the board.

Mr. Hayes departs at 1:20 pm

1. Presentation and review of Third Quarter 2015 Investment Performance and update, as presented by Mr. Eric Ralph of Summit Strategies Group.

Mr. Ralph began his presentation by stating the Futures market believes there is a 70% probability that the Federal Government will raise short term interest rates in December. In the third quarter the market was not that bad comparing the S&P draw down to the average draw down over the past 30 years, a reminder of risk in a quarter.

Reviewing Growth and Global Growth, Summit's belief was that the market sell off was due to China and the Emerging markets slow down. It's projected in 2015 the Emerging Markets will have a growth rate of 4.2% real GDP as compared to the developed world at 2.3%. The economists are also forecasting that the emerging markets will rebound.

Mr. Ralph gave an overview of China. China has risen to become the world's second largest economy and now contributes as much to global economic growth as the US. China's rapid growth has been fueled largely by manufacturing and investing in infrastructure. The leaders have communicated the need to shift the economy to a more service and consumer oriented economy. There are needed reforms to increase their Global Financial Footprint. China is taking steps to gain more global influence and become more investor and market friendly. On August 2015, the Chinese leaders decided to move from a controlled currency peg to the US dollar, towards a managed float.

Summit believes Fed should raise interest rates based on history. Although inflation is below levels of when the Fed raised rates in the past, the unemployment rate has recovered more. The current unemployment rate would suggest inflation will pick up and the Fed should hike. The

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belief is that there will be one rate hike soon but there will be a long period of time before the next. The 30 year implied inflation rate for the US shows and expectation of 1.6% inflation over those 30 years. This rate is historically way below the average and that there may be a lot of problems on the horizon. Health care and higher education have normally driven inflation.

Real Estate and fixed income has done well over the past year. With fixed income doing well everything else did bad. MLP's were down almost 40%. Summit is recommending clients invest in MLP's. Commodities are down 26% and energy is about 40 % of the index. The emerging markets were down 19% and most were currency, which was the dollar appreciating. The Total Fund Composite returned -.9% for the trailing 12 months but beat the Policy Index by 41 bps. The US Equity composite returned 2.7% for the year and outperformed the benchmark. The fund ranked in the 5th percentile of the peer universe. The long bond was +5.1% and real estate did well but there is a lag in appraisal. Pimco and WAMCO underperformed their benchmark by 1.4% and 1.2% for the quarter.

As of September 30, 2015 the fund is underweight in Private Equity by -6.06 and the current allocation is 3.94 as compared to the target of 5%. The fund is over weight in fixed income and equities. This is where the funds are called down from to fund private equity.

Reference the fund's performance the total fund benchmark is down -2.81% as compared to the total fund of -2.20%. The manager added .69% of value in the portfolio. This came from large cap composite, small cap composite and developed Intl. composite. The 3rd quarter showed the fund down -5.12% as compared to the index of -5.51%. The CYTD the fund is still in the 30 percentile. Mr. Ralph added a couple of pages to the quarterly book with US equity composite attribution which is done for each asset call and the overall portfolio.

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

None

4. Report of Executive Director. Submitted Written Report

5. Report of Chief Financial Officer. Submitted Written Report

6. For Notation:

Informational Material For Review. No Action Required.

A. Service Retirement(s)


B. Service/Back Drop Retirement

7. Adjournment.

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Mr. Ortega moved to adjourn seconded by Dr. Tollen and passed by the Board. The El Paso Firemen & Policemen's Pension Fund Board of Trustees meeting stands in adjournment at 2:22 p.m.

 12-16-15
Chairperson

 12/16/15
Secretary