

**EL PASO FIREMEN & POLICEMEN'S PENSION FUND**  
**REGULAR MEETING**  
**Wednesday, June 22, 2016 at 1:00 PM**  
**Pension Fund Offices**  
**909 East San Antonio Avenue**  
**El Paso, Texas 79901-2523**

**MINUTES**

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**TRUSTEE MEMBERS PRESENT**

**Fire Division:**

Chief Ricci Carson  
Lieutenant Paul Thompson  
Chief Jerry Villanueva

**Police Division:**

Lieutenant John Schneider

**Mayoral Appointments:**

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

**City Manager Appointments:**

Ms. Judy A. Balmer  
Ms. Terri Garcia

**OTHERS PRESENT**

Mr. Tyler Grossman – Executive Director  
Ms. Christina Ramirez – Deputy Executive Director  
Ms. Lena Ellis – CFO  
Mr. Steve Starnes – Mondrian Investment Partners  
Mr. Nigel Bliss – Mondrian Investment Partners

**TRUSTEE MEMBERS ABSENT:**

Detective JD Cotham  
Officer Sean Shelton

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1. Establishment of Quorum.

Chairman Villanueva 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 1:02 p.m.

2. Reading and approval of the Minutes from the previous Special Board Meeting held May 18, 2016.

*Ms. Garcia moved to approve the minutes of the Regular Board Meeting held May 18, 2016, seconded by Dr. Tollen and unanimously passed by the board.*

Consent Agenda

Dr. Tollen had a question regarding CA2a. specifically budget item 689-Custodian Fees. He wanted to know if custody fees had increased. This item was moved to New Business in order for Ms. Ellis to do some research and get back to the Board.

*Dr. Tollen moved to approve the Consent Agenda with the exception of Item CA2a, 689-Custodian Fees, seconded by Mr. Carson and passed by the Board.*

1. Internal Financial Statements for month ending May 31, 2016.

Northern Trust Financial Statements for month ending May 31, 2016.

2. Expense Reports for the month ending May 31, 2016.

3. Approve Pension Payrolls:

Fire	\$2,627,522.31
Police	\$3,606,358.46

4. Payments to Service Providers

A. Ice Miller – March 2016	\$ 405.00
B. Intech – 1 <sup>st</sup> Q2016	\$119,280.97
C. Legislative Consultants – May 2016	\$5,000.00
D. Moss Adams – Progress Billing 2015 Audit	\$12,500.00
E. The Northern Trust Company – 1 <sup>st</sup> Q2016	\$21,936.67
F. Powers Mediaworks, LLC – April 2016	\$2,109.10
G. Sheehan Phinney – Thru March 31, 2016	\$3,887.00
H. Strasburger & Price, LLP – March 2016	\$1,857.25
Nancy P. Patterson – Warranty Deed	\$342.00
I. Summit Strategies Group – Travel Reimbursement	\$917.91

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J. Western Asset – 1 <sup>st</sup> Q2016	\$70,296.86
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Reports and recommendations of Committees

Unfinished Business

1. Discussion and action on El Paso Firemen & Policemen's Pension Fund credit card and internet accounts.

Mr. Grossman explained that this item was tabled from the last meeting and that the Board had instructed him to reach out to other funds and see how they handle credit card reward points. Eight Funds were contacted. The responses are listed. Rewards points are handled differently by all. Rewards points are not considered income and are therefore not taxable; as long as policy does not treat it as income. Discussion ensued. It centered on getting a corporate credit card that is only tied to the Fund and not to Mr. Grossman. The rewards or other incentives received from that card could then be used for Fund purchases.

*After careful discussion and due consideration, Ms. Arrieta-Candelaria moved to table this item for the month of July so that Mr. Grossman could come back with one recommendation based on the board's previous discussion, seconded by Mr. Schneider and passed unanimously by the Board.*

New Business

Item CA2a, 689-Custodian Fees was moved from the Consent Agenda for further discussion. Ms. Ellis explained that this budget item was over-budget because invoices from the last quarter of 2015 were received late and paid with a portion of the 2016 budget.

*Dr. Tollen moved to approve item CA2a, seconded by Ms. Garcia and passed unanimously by the Board.*

1. Investment Performance Review for period ended December 31, 2015 and update as presented by Steve Starnes and Nigel Bliss from Mondrian Investment Partners.

Mr. Starnes briefly talked about the organization. He explained that there were no organizational changes or departures. He said that there had been two promotions within the organization. He said that it was business as usual.

Mr. Nigel Bliss began by thanking the fund for their business. The Fund just completed seven years of business with Mondrian. Assets at inception totaled \$91,627,588 with Mondrian. On March 31, 2016, the value of the Fund was \$141,196,868. Mondrian has added \$55,062,280 to the Fund thru its investment strategy.

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He continued to explain that Mondrian invests in companies that have attractive valuations but also have acceptable risk profiles. In bull markets, they capture most of the upside but may not always outperform particularly when not met by fundamental factors. However when markets decline, they are more defensive. Therefore with a higher base Mondrian has a higher base from which to grow when markets pick up again. To outperform going forward, he explained that Value had been underperforming Growth since 2009 and that this will not continue. This presents Mondrian with great opportunities for Value to find stocks which are cheap and not hold Growth stocks so that Value can return to the performance expected over the long term. Brexit should not derail any of the relative performance. There could be a risk in an absolute sense.

2. Discussion and action on amending Vernon's Annotated Statute 6243(b) to allow the City of El Paso to handle contributions as a budgetary item.

Mr. Grossman explained that since 2013 when 6243(b) was changed to allow the City to handle contributions as a budgetary issue and raise their contribution above 18%, the City attorney brought up the issue that it is the Cities opinion that the City Charter supersedes Texas state law. The City Attorney feels since Section 14a and 14b of 6243(b) says "may" and not "shall" in the language the City Charter supersedes Texas state law. Therefore they cannot go above 18% as stated in city charter. It is the Funds opinion that Texas state law supersedes City law and the City of El Paso can raise contributions above 18% now if it so chooses. The Fund has three options over the different opinions: request the city change the charter to satisfy their opinion, change state law so that in the cities eyes the state law supersedes the city charter, or sue the city on the different opinions. The most economical option at this moment is to change state law with the City of El Paso to satisfy their opinion. Underfunding will most likely go up with the new valuation. As a result, this becomes a more important issue.

*After careful discussion and due consideration, Mr. Ortega moved to approve that Mr. Grossman work with legal counsel to come up with the appropriate language in section 14a and 14b of Vernon's Annotated Statute to bring to the state legislature in order for the state law to supersede city charter, seconded by Ms. Balmer and passed unanimously by the Board.*

3. Discussion and action on amending El Paso Firemen & Policemen's Staff Plan and Trust, Section 9.03, to show reference to Code 415 provisions.

Mr. Grossman explained that Ice Miller put together a rebuttal letter to the IRS for this item. If there should be a need to bring to the Board at a later time, he will bring it.

No Action was taken.

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

None.

5. Report of Executive Director.

See submitted Written Report

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6. For Notation:

Informational Material For Review. No Action Required.

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

7. 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 2:41 p.m.*

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Chairperson

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Secretary