

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

**Wednesday, December 14, 2016 at 1:00 PM**

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

**MINUTES**

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**TRUSTEE MEMBERS PRESENT**

**Fire Division:**

Chief Ricci Carson  
Lieutenant Paul Thompson

**Police Division:**

Lieutenant John Schneider  
Sergeant JD Cotham  
Sergeant Sean Shelton

**Mayoral Appointments:**

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

**City Manager Appointments:**

**OTHERS PRESENT**

Mr. Tyler Grossman – Executive Director  
Ms. Christina Ramirez – Deputy Executive Director  
Ms. Lena Ellis – CFO

**TRUSTEE MEMBERS ABSENT:**

Chief Jerry Villanueva  
Ms. Terri Garcia  
Ms. Judy A. Balmer

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1. Establishment of Quorum.

Vice-Chairman 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 1:01 p.m.

2. Reading and approval of the Minutes from the previous Regular Board Meeting held November 16, 2016.

*Dr. Tollen moved to approve the minutes of the Regular Board Meeting held November 16, 2016, seconded by Mr. Cotham and unanimously passed by the Board.*

Ms. Arrieta-Candelaria arrived at 1:04 p.m.

Consent Agenda

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

1. Internal Financial Statements for month ending November 30, 2016.

Northern Trust Financial Statements for month ending November 30, 2016.

2. Expense Reports for the month ending November 30, 2016.

3. Approve Pension Payrolls:

Fire	\$2,695,640.73
Police	\$3,537,241.71

4. Payments to Service Providers

A. Salena Karam Ayoub – thru 10/31/2016	\$87.50
B. Baillie Gifford – 3 <sup>rd</sup> Q 2016	\$152,699.43
C. Brown Advisory – 3 <sup>rd</sup> Q 2016	\$34,085.17
D. Calhoun & Associates – thru 10/05/2016	\$25,319.50
E. Cooke & Bieler – 3 <sup>rd</sup> Q 2016	\$45,935.46
F. Fidelity (Pyramis) – 3 <sup>rd</sup> Q 2016	\$112,394.40
G. Harvest Fund Advisors – 3 <sup>rd</sup> Q 2016	\$92,579.69
H. Haynesboone – thru 10/31/2016	\$4,804.44
I. Intech – 3 <sup>rd</sup> Q 2016	\$86,414.88
J. Legislative Consultants – November 2016	\$5,000.00
K. PIMCO – 3 <sup>rd</sup> Q 2016	\$114,646.37

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L.	The Northern Trust Company – 3 <sup>rd</sup> Q 2016 Custody and Benefits	\$21,818.77
M.	Sheehan Phinney – thru 09/30/2016	\$2,227.50
N.	Strasburger & Price, LLP thru 07/31/2016	\$1,725.00
O.	Western Asset – 3 <sup>rd</sup> Q 2016	\$75,592.43
P.	William Blair – 3 <sup>rd</sup> Q 2016 (Small Cap Growth)	\$74,702.98
Q.	William Blair – 3 <sup>rd</sup> Q 2016 (Small Cap Value)	\$115,437.83

Reports and recommendations of Committees

Unfinished Business

New Business

1. Discussion and action on broker custody fee from The Northern Trust.

Mr. Grossman explained that the fee schedule with Northern Trust expires on December 31, 2016. The fee schedule started at \$50,000 in 2006 on twelve accounts; however the Fund now has 54 accounts due to private equity. Therefore the fee will increase to \$100,000. The fee increase will be spread out over four years with an increase of \$20,000 in 2017 and an increase of \$10,000 the next three years after to the full \$100,000 in 2020. Mr. Grossman recommended approval of the fee increase.

*After careful discussion and due consideration, Dr. Tollen moved to approve the increase of the broker custody fees from Northern Trust to the full \$100,000 in 2020, seconded by Mr. Shelton and passed unanimously by the Board.*

2. Discussion and action on contract with Media Works for 2017 and 2018.

Mr. Grossman explained that we had a two year contract with Media Works for the last two years. He extended the contract for the next two years with the same fee structure. The additional \$500 per quarter is for the newsletter which is a pass through cost to the designer Dustin Kraft.

*After careful discussion and due consideration, Mr. Schneider moved to approve the contract with Media Works for 2017 and 2018, seconded by Mr. Cotham and passed unanimously by the Board.*

3. Discussion and action on adopting the 2016 compensation study as performed by Arthur J. Gallagher & Co, as approved and recommended by the Management Development & Review Committee.

Mr. Grossman explained that a full compensation study was done in 2008 and a partial one was done in 2013; therefore he asked for a full compensation study for 2016. Previous studies were done with little to no job descriptions. This year full job descriptions were given to Gallagher & Company. Gallagher conducted a nationwide market analysis of the eight Fund positions. Given the 2016 analysis a new salary range was presented to the Board to keep the Fund compensation package competitive in the industry. This analysis was provided along with documentation on how the new salary ranges would affect the staff of the Fund since several positions were not within the new ranges.

Mr. Ortega asked how often these salary ranges will be reviewed. Mr. Grossman explained that they should be reviewed every three years; however all of the positions had not been reviewed since 2008.

Ms. Arrieta-Candelaria requested that going forward this should be done more consistently, so that increases given are not as high. She also expressed concern with the salary range for the Chief Financial Officer position.

*After careful discussion and due consideration and as recommended by the Management Development & Review Committee, Mr. Ortega moved to approve 2016 compensation study as performed by Arthur J. Gallagher & Co., seconded by Mr. Schneider and passed unanimously by the Board.*

4. Discussion and action on approving the 2017 Administrative & Operating Budget and Investment Expense Budget as approved and recommended by the Budget & Finance Committee.

The Budget Committee met and went over the budget line item by line item.

Ms. Arrieta-Candelaria had a concern on the plumbing line item. Mr. Grossman explained that the previous issue had been fixed. She also had a concern on the capital outlay specifically the exercise equipment and the set of weights in the budget. Mr. Grossman explained he is trying to model a wellness program for the staff. This is to provide the employees with equipment and atmosphere where wellness is promoted.

Mr. Schneider expressed concern with the \$9,000 elliptical machine. Mr. Grossman explained that the price listed is the full market price. Mr. Grossman explained that the Fund will only be paying between \$5K and \$6K.

Mr. Ortega had a question on the tuition reimbursement. Mr. Grossman explained that currently one class per semester is reimbursed. Currently no one is in school. If someone decides to go to school, Mr. Grossman will come back to the board for an increase in this line item. Mr. Ortega feels that this is very important for the Fund's employees and that the tuition reimbursement policy may need to increase.

Mr. Thompson asked about the increase in health insurance. Mr. Grossman explained that the majority of the increase was due to the two new employees hired in 2016.

Mr. Grossman explained that the committee approved the budget; however there were two items that had to be added after the committee's approval. One was the audit line; this was for the Moss Adams travel (a \$3,000 increase). The other item was for the Custodian fees for Benefits. There is a new report that is needed for the new pension administration system. This will increase that line item by \$12,000 annually.

*After careful discussion and due consideration and at the recommendation of the Budget & Finance Committee, Dr. Tollen moved to approve the 2017 Administrative & Operating Budget and Investment Expense Budget, seconded by Mr. Schneider and passed unanimously by the Board.*

5. Discussion and action on Actuary search, as approved and recommended by the Audit & Risk Management Committee.

Committee Chairperson Ms. Arrieta-Candelaria spoke on behalf of the committee. Eight of the ten firms responded to the RFP request. All RFP booklets along with documentation sheets were given to committee members at the October 19, 2016 Board meeting for review. The committee met on November 16, 2016 and voted on their top three firms. More than three firms received votes therefore further deliberation was conducted until the committee narrowed the choices to three. The committee then did a more in-depth discussion on the three firms Buck Consultants, Rudd & Wisdom, and GRS. The committee then narrowed the search even further to Buck Consultants and Rudd & Wisdom in which they were discussed thoroughly. After significant conversation, the committee decided to recommend Rudd & Wisdom to the Board. The primary reasons were their presence in Texas, prior experience at the Texas legislature, and the proposed lead for this RFP, Mark Fenlaw. The Fund had previous experience with Rudd & Wisdom (Mark Fenlaw) as they conducted the City of El Paso's five year experience study on the Fund's current actuary Buck Consultants. The committee felt this knowledge of the Fund was a very important to them. The recommendation of the committee is to hire Rudd & Wisdom on a five year contract.

*After careful discussion and due consideration and at the recommendation of the Audit & Risk Management Committee, Ms. Arrieta-Candelaria moved to approve the Actuarial firm of Rudd & Wisdom as the new Actuary for the Fund effective January 1, 2017, seconded by Mr. Schneider and passed unanimously by the Board.*

6. Discussion and action on benefit analysis from Buck Consultants.

This analysis was requested of Buck by the board after the October board meeting. Buck was asked to analyze the increase in cost in the contribution percentage on the member side if Tier 2 was moved back to the age and service retirement requirement of age 45 and 20 years of service. The second analysis pertained to increasing the pre-1980 retiree benefit by giving those retirees a 50% increase. The pre-1980 Retiree cost was insignificant. The biggest impact would be the age and service change. The current funded ratio is 81.1%. If the member's contribution was raised on the police side by an additional 2.2% (currently at 13.89%), the funded ratio and years to fund would remain the same. On the fire side, contributions would need to increase by 1.6% (currently at 15.28%).

Mr. Schneider would like to see all three items that were taken away from Tier 2 analyzed so that members could be provided with all three items: Years of service, age, COLA as well as benefits back to 100% for spouses. This way membership could vote on this with all of the facts.

Mr. Thompson believes that this analysis should be done by the Fund's new actuary; however he feels the Fund should focus on the current legislative session.

Ms. Arrieta-Candelaria feels that contributions should be equal on both the Fire and Police side. Mr. Grossman explained that the COLA is different for Police versus Fire. Police receives a COLA after two years and Fire receives a COLA after five years.

Mr. Grossman explained that Rudd & Wisdom cannot provide an analysis based on Buck actuarial valuation numbers. It would therefore be a costly analysis for Rudd & Wisdom to do this study.

Mr. Grossman was asked to contact Rudd & Wisdom and ask for their recommendation regarding benefit enhancements for Tier 2 members.

*No action was taken.*

Mr. Shelton absented himself at 2:11 p.m.

7. Discussion and action on new email address.

Mr. Grossman explained that he has already paid for a new email address for staff. Currently the Fund's staff email addresses are on the website. This has created spam and malware attacks through staff email. When security measures were taken for the new network, one of the suggestions was to move our staff email addresses off of the web and only use the info email address on the web. The new email address extension is "epfppf.org". Staff will be moved to the new email address. The old email address will still be in place for some time until outside contacts can all be notified of the change. Trustees will be left at the old email address extension.

*After careful discussion and due consideration, Mr. Ortega moved to approve the use of a new email address for the Fund, seconded by Mr. Schneider and passed unanimously by the Board.*

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

None.

9. Report of Executive Director.

See submitted Written Report

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10. For Notation:

Informational Material For Review. No Action Required.

- A. Service Retirement(s)
- B. Death of member(s)
- C. Cost of Living Adjustments
- D. Refund of Contributions

11. Adjournment.

*Mr. Schneider moved to adjourn seconded by Ms. Arrieta-Candelaria and passed by the Board. The El Paso Firemen & Policemen's Pension Fund Board of Trustees meeting stands in adjournment at 2:30 p.m.*

  
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Chairperson

  
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Secretary