

**EL PASO FIREMEN & POLICEMEN'S PENSION FUND**  
**REGULAR MEETING**  
**Wednesday, March 21, 2018 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 Jerry Villanueva  
Chief Ricci Carson  
Lieutenant Paul Thompson

**Police Division:**

Sergeant Sean Shelton  
Lieutenant John Schneider

**Mayoral Appointments:**

Ms. Leila Melendez  
Mr. Presi Ortega  
Dr. Robert Tollen

**City Manager Appointments:**

Mr. Gary M. Borsch

**OTHERS PRESENT**

Mr. Tyler Grossman – Executive Director  
Ms. Michele Amaya – Executive Assistant  
Ms. Lena Ellis - CFO  
Mr. Tim Campbell – Baillie Gifford  
Ms. Rebecca Watson – Baillie Gifford  
Mr. Matthew Coyle – Baillie Gifford  
Mr. Thad Fletcher – Cooke & Bieler  
Mr. Mike Meyer – Cooke & Bieler

**TRUSTEE MEMBERS ABSENT:**

Ms. Terri Garcia  
Sergeant JD Cotham

EL PASO FIREMEN & POLICEMEN'S PENSION FUND  
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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 1:00 p.m.

2. Reading and approval of the Minutes from the previous Regular Board Meeting held on February 21, 2018.

*Dr. Tollen moved to approve the minutes of the Regular Board Meeting held February 21, 2018, seconded by Mr. Shelton and unanimously passed by the Board.*

Consent Agenda

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

1. Internal Financial Statements for month ending February 28, 2018.

Northern Trust Financial Statements for month ending February 28, 2018.

2. Expense Reports for the month ending February 28, 2018.

3. Approve Pension Payrolls:

Fire	\$2,839,416.93
Police	\$4,051,222.38

4. Payments to Service Providers

A.	Baillie Gifford – 4 <sup>th</sup> Q 2017	\$157,673.31
B.	Brown Advisory – 4 <sup>th</sup> Q 2017	\$41,807.05
C.	Cooke & Bieler – 4 <sup>th</sup> Q 2017 (Large Cap Value)	\$116,346.15
D.	Cooke & Bieler – 4 <sup>th</sup> Q 2017 (Small Cap Value)	\$65,139.55
E.	Fisher Broyles – January 2018	\$1,440.00
F.	Harvest Fund Advisors, LLC – 4 <sup>th</sup> Q 2017	\$107,308.47
G.	Intech – 4 <sup>th</sup> Q 2017	\$26,756.18
H.	Legislative Consultants – February 2018	\$5,000.00
I.	Mondrian – 4 <sup>th</sup> Q 2017	\$174,325.00
J.	PIMCO – 4 <sup>th</sup> Q 2017	\$110,092.55
K.	Powers Media, LLC. – December 2017 & January 2018	\$4,052.49
L.	William Blair – 4 <sup>th</sup> Q 2017 (Small Cap Value)	\$134,532.97
M.	William Blair - 4 <sup>th</sup> Q 2017 (Small Cap Growth)	\$92,470.96
N.	William Blair – 3 <sup>rd</sup> Q 2017 (Small Cap Growth)	\$88,179.07

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Reports and recommendations of Committees

Unfinished Business

New Business

1. Investment Performance Review for period ended December 31, 2017 and update, as presented by Mr. Tim Campbell, Ms. Rebecca Watson, and Mr. Matthew Coyle of Baillie Gifford.

Tim Campbell spoke regarding Emerging Markets. He explained that there has been no change in the firm. Baillie Gifford is an unlimited liability partnership wholly owned by the 43 people who work for the business. There were four retirements and five new promotions within the firm, but no changes to the Emerging Markets Team. There are two new people on the graduation rotation program. More research has been devoted to China, because it is believed that China is going to be the most important economy in the next 30 years. The performance in both relative and absolute terms has been great. After all fees, the fund has done 10.5% per annum since 2005. At inception \$32M was funded, \$29.7M has been removed and currently the amount invested in Emerging Markets is \$85M. After all fees, the fund has gained \$60M.

Matthew Coyle spoke regarding International Markets. For the International Focus, the mandate is to bring the best ideas from across the investment floor. Representatives from each of the regional teams (UK, Europe, Asia, and Emerging Markets) bring forward their ideas and discuss them on a regular basis then these ideas are put together in a portfolio of international names. The portfolio has turnover at about 10%. The Fund invests in group companies that are well run by trustworthy management teams. Since inception (March 2017), the Fund has returned 19.2% compared to the index of 17.4%.

2. Investment Performance Review for period ended December 31, 2017 and update, as presented by Mr. Thad Fletcher and Mr. Mike Meyer of Cooke & Bieler.

Cooke & Bieler has been in business since 1949. There are seven investment team members with 20 years average of industry experience. There are currently \$5.9B in assets under management. Cooke & Bieler is independent and employee partner owned. Cooke & Bieler's high quality, low risk investments have a competitive advantage at attractive valuations that allow Cooke & Bieler to capture alpha even in a down market.

The Large Cap Portfolio has over the past year outperformed on a net of fees basis about 500 basis points over the benchmark. The large cap portfolio currently has 49 holdings.

The Small Cap Portfolio has over the past year outperformed on a net of fees basis about 600 basis points over the benchmark. The sector allocations have been very good over the past year. Technology stocks have done very well and are up over 45%.

3. Discussion and action on approval of due diligence visit with Mondrian Investment Partners.

Mr. Grossman explained that the investment policy states that every 5 years private equity funds should be visited. This has been the ongoing practice for the equity funds as well. The last visit

to Mondrian was in 2013 and they account for \$216M of Fund or 14% to 15% of the entire portfolio and 45% of international holdings. To continue with this due diligence directive, the recommendation is to visit Mondrian in 2018; however this requires full board approval. Also the direct flight to the UK and back should be at business class to allow the members of the committee to sleep. If approved, the Mondrian meeting date will be May 23<sup>rd</sup>. The team traveling would be Dr. Tollen, Paul Thompson, Sean Shelton, Tyler Grossman, and Phinney Troy (from Summit). The team would also be visiting PTG in Boston May 21<sup>st</sup> prior to traveling to London.

*After careful discussion and due consideration, Mr. Ortega moved to approve the due diligence trip to Mondrian Investment Partners in London, England and approved business class travel for the trip, seconded by Mr. Schneider and passed unanimously by the Board.*

4. Discussion and action on creation of Ad-Hoc committee for Strategic Plan Goal A as presented by Chairman Jerry Villanueva.

Last month all of the Strategic Plan goals were assigned to a committee and fit well with the committee assignment except for Goal A. Chairman Villanueva requested that a Legislative Committee be re-established to handle this goal. He further stated that he would like to be a part of the committee along with two other individuals.

*After careful discussion and due consideration, Mr. Ortega moved to create the Ad-Hoc Legislative Committee to handle the 2017 Strategic Plan Goal A – “We will protect our interests, benefits, and autonomy by staying politically active, nurturing relationships, and being abreast of pending legislation.”, seconded by Mr. Schneider and passed unanimously by the Board.*

John Schneider, Sean Shelton, and Chairperson Villanueva all volunteered to be on the committee and were accepted.

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

None.

6. Report of Executive Director.

See submitted Written Report

7. For Notation:

Informational Material For Review. No Action Required.

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

8. Adjournment.

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*Mr. Ortega moved to adjourn, seconded by Mr. Thompson and passed by the Board. The El Paso Firemen & Policemen's Pension Fund Board of Trustees meeting stands in adjournment at 2:26 p.m.*

  
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Chairperson

  
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Secretary