

**EL PASO FIREMEN & POLICEMEN'S PENSION FUND**  
**REGULAR MEETING**  
**Wednesday, October 24, 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  
Lieutenant Paul Thompson

**Police Division:**

Officer Jerry Armendariz  
Sergeant Sean Shelton

**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  
Mr. Phineas Troy – Summit Strategies Group  
Mr. Matt Jelinek – Summit Strategies Group  
Mr. Brooks Monroe – Invesco Real Estate

**TRUSTEE MEMBERS ABSENT:**

Chief Ricci Carson  
Lieutenant John Schneider

EL PASO FIREMEN & POLICEMEN'S PENSION FUND  
October 24, 2018 - 1:00 P.M.

2

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 September 19, 2018.

*Dr. Tollen moved to approve the minutes of the Regular Board Meeting held September 19, 2018, seconded by Mr. Borsch and unanimously passed by the Board.*

Consent Agenda

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

1. Internal Financial Statements for month ending September 30, 2018.

Northern Trust Financial Statements for month ending September 30, 2018.

2. Expense Reports for the month ending September 30, 2018.

3. Approve Pension Payrolls:

Fire	\$2,846,869.10
Police	\$4,067,716.07

4. Payments to Service Providers

A.	Salena Karam Ayoub – August 2018 (General)	\$612.50
B.	Salena Karam Ayoub – August 2018 (Cara Rodenhaver)	\$50.50
C.	DLA Piper – July 2018	\$6,564.60
D.	Lawson Attorneys – August 2018	\$10,205.00
E.	Legislative Consultants – September 2018	\$5,000.00
F.	Powers Mediaworks, LLC – Strategic Communications Services- June 1 – August 30 <sup>th</sup>	\$5,123.42
G.	Pension Technology Group – 3 <sup>rd</sup> Qtr 2018	\$20,000.00
H.	Rudd and Wisdom, Inc. – August 2018	\$57,000.00

Reports and recommendations of Committees

1. Discussion and action on the commitment to Hancock Capital Partners VI, as recommended by the Investment Committee.

Dr. Tollen spoke on behalf of the Investment Committee. He explained that the Fund is already invested in Hancock Capital Partners V (vintage year 2012). The Fund is earning a net Internal Rate of Return on Hancock V of 8%. Hancock Capital Partners VI is focused on private debt issuance.

*After careful discussion and due consideration and at the recommendation of the Investment Committee, Dr. Tollen moved to approve the commitment of \$8,000,000 to Hancock Capital Partners VI pending successful vetting by legal, seconded by Mr. Borsch and passed unanimously by the Board.*

### Unfinished Business

### New Business

1. Discussion and action on developing a funding policy.

Mr. Grossman explained that he attended the PRB meeting last month. The PRB were discussing a Funding Policy as it pertains to fixed rate funds to address contribution shortfalls for fixed rate plans. Our Fund addresses this in state statute. It is the only Fund in Texas that addresses the Funding Soundness Restoration Plan process in its state statute. Mr. Grossman would like the Board's permission to continue to work on a Funding Policy that mimics the language in our state statute that addresses any potential contribution shortfall. The PRB has offered help in any way possible. It is possible to be viewed as a premier example for other funds in the state on how this issue should be properly addressed.

*After careful discussion and due consideration, Dr. Tollen moved to approve that the Executive Director continue working with the PRB on a Funding Policy in which a final version will be brought back to the Board for final approval. This was seconded by Mr. Ortega and passed unanimously by the Board.*

2. Discussion and action on Asset Liability Study as presented by Mr. Phineas Troy of Summit Strategies Group.

Mr. Troy explained that the Asset Liability Study is reviewed every five years. The purpose of the review is to look at the funds liability to its members and how it will grow over time and make sure that the Fund's assets will be sufficient to cover the liability. The goal is to establish a baseline where liabilities are mapped out over the next ten years then compared to contributions coming in as well as the Fund's asset growth assuming a discount rate of 7.75% is earned over this time period. The capital market assumptions for every asset class is reviewed as well as the standard deviation. Stochastic modeling is used with different rates. The ultimate goal is to see what can be done with the asset allocation to make sure that the Fund's assets will cover its liabilities in the future.

*After careful discussion and due consideration, Mr. Thompson moved to accept the Asset Liability Study as presented, seconded by Dr. Tollen and passed unanimously by the Board.*

3. Investment Performance Review for the period ended December 31, 2017 and update as presented by Mr. Brooks Monroe of Invesco Real Estate.

Mr. Brooks Monroe explained that the firm is very stable with no changes to team. Over the last year the fund has achieved a 9.5% return. The forward 12 month projection for this portfolio is an 8% return. The US core real estate has returned 7% to 9% gross rates of return over the last 35 years. The Invesco Core Real Estate is set apart from others because of its durable income, growing income and resilient assets. Over the last five years, Invesco has lowered its office weight, raised its multi-family weight, pushed up its industrial weighting, and brought down its retail weighting. Within the top 10 markets in the US, 70% of this portfolio is in the west and south. These five strongest markets have outperformed over the last 12 months.

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

None.

5. Report of Executive Director.

See submitted Written Report

6. For Notation:

Informational Material For Review. No Action Required.

- A. Service/Forward DROP Retirement
- B. Proportionate Retirement (PRP)
- C. Death of member (s)
- D. Cost of Living Adjustments

7. Adjournment.

*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 3:00 p.m.*

  
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Chairperson

  
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Secretary