

EL PASO FIREMEN & POLICEMEN'S PENSION FUND
REGULAR MEETING
Wednesday, January 16, 2019 at 1:00 PM
El Paso Firemen and Policemen's Pension Fund Office
909 East San Antonio Avenue, El Paso, Texas 79901

MINUTES

TRUSTEE MEMBERS PRESENT

Fire Division:

Chief Jerry Villanueva
Chief Ricci Carson
Lieutenant Paul Thompson

Police Division:

Lieutenant John Schneider
Sergeant Sean Shelton

Mayoral Appointments:

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

City Manager Appointments:

Mr. Gary M. Borsch
Mr. William Veliz

OTHERS PRESENT

Mr. Tyler Grossman – Executive Director
Ms. Christina Ramirez – Deputy Executive Director
Ms. Lena Ellis – Chief Financial Officer

TRUSTEE MEMBERS ABSENT:

Officer Jerry Armendariz

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 December 19, 2018.

Dr. Tollen moved to approve the minutes of the Regular Board Meeting held December 19, 2018, seconded by Mr. Shelton 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 December 31, 2018.

Northern Trust Financial Statements for month ending December 31, 2018.

2. Expense Reports for the month ending December 31, 2018.

3. Approve Pension Payrolls:

Fire	\$2,892,404.44
Police	\$4,221,615.43

4. Payments to Service Providers

A.	Salena Karam Ayoub thru November 2018	\$17.50
B.	DLA Piper – October 2018	\$361.35
C.	DLA Piper – November 2018	\$5,219.55
D.	Haynesboone thru November 30, 2018	\$100.50
E.	Lawson Attorneys PLLC thru November 20, 2018	\$2,750.00
F.	Legislative Consultants – December 2018	\$5,000.00
G.	Pension Technology Group – Q4 2018 (Quarterly Support and hosting services)	\$20,000.00
H.	Rudd and Wisdom, Inc. – November 2018	\$6,265.50

Mr. Schneider arrived at 1:04 p.m.

Reports and recommendations of Committees

1. Discussion and action on approval of RFP for the search of a new general investment consultant as recommended by the Ad-Hoc General Consultant Search Committee.

Mr. Thompson spoke on behalf of the Ad-Hoc General Consultant Search Committee. He explained that the Committee met today and received a presentation from Invest RFP on the RFP platform. They reviewed the RFP draft and added some dates on page 6 and page 8: A three year contract term was decided with two one-year extensions to commence on November 1, 2019. They also decided that the response to the RFP is firm and irrevocable offer good through October 31, 2022. Finally, all proposals shall be considered valid for acceptance through June 19, 2019, or until awarded whichever is sooner. He also explained that the committee accepted the Tentative Timetable listed on page 5.

After careful discussion and due consideration, Mr. Ortega moved to approve the RFP and contract with amendments for the general investment consultant as recommended by the committee, seconded by Dr. Tollen and unanimously approved by the Board.

2. Discussion and action on allocation of the Fund's Fixed Asset strategy as recommended by the Investment committee.

Dr. Tollen spoke on behalf of the Investment committee. He explained that Meketa had been here for the December Investment Committee meeting and had provided a review of the Fund's Fixed Income. The total investment in fixed income is appropriate; however in PineBridge with a \$72M allocation it was determined to be over allocated in bank loans. The committee's recommendation to the Board is to lessen the exposure to PineBridge by \$20M and move those funds over to PIMCO.

After careful discussion and due consideration and at the recommendation of the Investment committee, Dr. Tollen moved to lower the PineBridge allocation by \$20M and move that money to PIMCO, seconded by Mr. Schneider and unanimously approved by the Board.

3. Discussion and action on Executive Director's 2018 performance review, as recommended by the Management Development and Review Committee.

Mr. Thompson spoke on behalf of the Management Development and Review Committee. He explained that the committee completed the final Trustee evaluation summary. Comments were added on any Category where Mr. Grossman did not receive a 3 (Exceeds Standards). The Comments listed were provided by the Trustees. The Staff evaluated Mr. Grossman and those evaluations are not included in this summary. The staff comments were positive. The only additional comments that the committee made were to have the Executive Director invite all Board members to any function that Mr. Grossman has with local or state politicians.

After careful discussion and due consideration and at the recommendation of the Management Development and Review Committee, Mr. Ortega moved to approve the Executive Director's 2018 performance review, seconded by Mr. Carson and unanimously approved by the Board.

Unfinished Business

New Business

1. Investment Performance Review for the period ended December 31, 2018 and update as presented by Mr. Steve Moen of Partners Group.

Partners Group was unable to make it to the January Board Meeting, but will provide the Performance Review at the February Board Meeting.

2. Discussion and action on trustee training offered in partnership with the Wharton School and International Foundation.

Mr. Grossman explained that the training offered through Wharton is usually at a cost of \$6,000 to \$8,000. Because of the cost (over \$3,500), approval for this school has to be made by the Board. Mr. Veliz has asked to go to the Advanced Investments Management course and Mr. Borsch has asked to go to the International and Emerging Market Investing class. The recommendation is to approve these classes for both trustees.

After careful discussion and due consideration, Mr. Ortega moved to approve the Advanced Investments Management course offered for Trustee William Veliz and the International and Emerging Market Investing class for Gary Borsch. Both of these classes are offered in partnership between the Wharton School and International foundation. This was seconded by Mr. Thompson and unanimously approved by the Board.

3. Approval/denial of full-time Student Request Application in accordance with Section 3.21 "Qualified Child" of the Plan Document.

Mr. Grossman explained that all of the documentation is in order for approval.

After careful discussion and due consideration, Dr. Tollen moved to approve the full-time Student Request Application presented in accordance with Section 3.21 "Qualified Child" of the Fund's Plan Document, seconded by Mr. Thompson and passed unanimously by the Board.

4. Discussion and action on the approval of the El Paso Firemen & Policemen's Pension Fund Funding Policy.

Since we are the only fund in the state to have guidance on how to correct underfunding in our statute, the PRB requested that we provide a Funding policy. This will be recommended to the Legislature to make this a requirement for all funds in the future. This policy reiterates the Fund's desire to work with the City and the State to require that all of our obligations to the Fund are met. This tells everybody in policy what the Fund is striving to attain which is 100% funding. Pat Degman, City Comptroller, reviewed the Funding Policy and provided feedback.

After careful discussion and due consideration, Mr. Carson moved to approve El Paso Firemen & Policemen's Pension Fund Funding Policy, seconded by Mr. Veliz and unanimously approved by the Board.

5. Discussion and action on Amendment to the El Paso Firemen & Policemen's Pension Fund Plan Document to allow repayment of lump sum QDRO payouts.

Mr. Grossman explained that the Board approved the creation of an amendment so that members can buyback a QDRO lump sum. The attached amendment was created by Attorney Gary Lawson.

After careful discussion and due consideration, Mr. Ortega moved to approve the following proposed amendments to the City of El Paso Firemen & Policemen's Pension Fund including both Part I, The Base Plan, and Part II, the Second-tier Plan, in the form presented to the Board today, this 16th of January 2019, to become effective retroactive to December 31, 2018. Part I and Part II are each hereby amended to add a new sub-section 5.05 immediately after sub-section 5.04 to read as follows:

5.05 Contributions to Restore Payment to an Alternate Beneficiary

A Member may elect to make contributions to restore Credited Service that would otherwise be lost due to payment by the Pension Fund of a lump sum to an alternate beneficiary in accordance with the last sentence of Section 19. Such Payments must be made, before the Member's retirement, on such terms and conditions as the Board may require, include Regular Interest thereon and comply with the applicable requirements of the Code, including Section 415 thereof.

This motion was seconded by Mr. Schneider and unanimously approved by the Board.

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

None.

7. Report of Executive Director.

See submitted Written Report

8. For Notation:

Informational Material For Review. No Action Required.

- A. Service Retirement(s)
- B. Early Service Retirement(s)
- B. Service/Forward DROP Retirement
- C. Deferred Retirement
- D. Cost of Living Adjustments
- E. Refund of Contributions

9. Adjournment.

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 1:56 p.m.



Chairperson



Secretary