

EL PASO FIREMEN & POLICEMEN'S PENSION FUND
REGULAR MEETING
Wednesday, February 20, 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
Officer Jerry Armendariz

Mayoral Appointments:

Mr. Presi Ortega
Dr. Robert Tollen

City Manager Appointments:

Mr. William Veliz

OTHERS PRESENT

Mr. Tyler Grossman – Executive Director
Ms. Christina Ramirez – Deputy Executive Director
Ms. Lena Ellis – Chief Financial Officer
Ms. Michele Amaya – Executive Assistant
Mr. Leandro Festino – Meketa Investment Group
Mr. Gerald Chew – Meketa Investment Group
Mr. David Hetzer – Meketa Investment Group
Mr. Steve Moen – Partners Group
Mr. Scott Egarian – Partners Group

TRUSTEE MEMBERS ABSENT:

Ms. Leila Melendez
Mr. Gary M. Borsch

EL PASO FIREMEN & POLICEMEN'S PENSION FUND
February 20, 2019 - 1:00 P.M.

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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 1:04 p.m.

2. Reading and approval of the Minutes from the previous Regular Board Meeting held on January 16, 2019.

Mr. Schneider moved to approve the minutes of the Regular Board Meeting held January 16, 2019, seconded by Dr. Tollen and unanimously passed by the Board.

Consent Agenda

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

1. Internal Financial Statements for month ending January 31, 2018.

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

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

3. Approve Pension Payrolls:

Fire	\$3,208,333.98
Police	\$4,121,078.67

4. Payments to Service Providers

A.	Arthur Gallagher Risk Management Services – Directors & Officers Insurance 2019	\$7,871.00
B.	Lawson Attorneys PLLC – December 2018	\$2,250.00
C.	Legislative Consultants – January 2019	\$8,000.00
D.	Meketa Investment Group – General Consulting Services – September 19 thru December 31, 2018	\$52,706.52
E.	Meketa Investment Group – Private Equity Consulting Services – 4 th Q 2018	\$68,750.00
F.	Powers Mediaworks, LLC	\$3,328.00
G.	Rudd and Wisdom, Inc. – December 2018	\$8,159.50

Reports and recommendations of Committees

1. Discussion and action on the commitment to Global Infrastructure Partners IV, as recommended by the Investment Committee.

Dr. Tollen spoke on behalf of the Investment Committee. He explained that the Fund is familiar with Global Infrastructure because the Fund has invested in previous funds. The IRR on the other two funds are 17% and little over 20%.

After careful discussion and due consideration and at the recommendation of the Investment Committee, Dr. Tollen moved to approve the commitment of \$7,000,000 to Global Infrastructure Partners IV pending successful vetting by legal counsel, seconded by Mr. Schneider and unanimously approved by the Board.

2. Discussion and action on the commitment to Paine Schwartz V, as recommended by the Investment Committee.

Dr. Tollen spoke on behalf of the Investment Committee. Paine Schwartz V is an agricultural based private equity firm. They target three major areas: Inputs and input distribution, production, and processing.

After careful discussion and due consideration and at the recommendation of the Investment Committee, Dr. Tollen moved to approve the commitment of \$7,000,000 to Paine Schwartz V pending successful vetting by legal counsel, seconded by Mr. Thompson and unanimously approved by the Board.

3. Discussion and action on commitment to Metropolitan Global Real Estate Fund VIII.

Dr. Tollen spoke on behalf of the Investment Committee. He explained that the Board had approved a commitment into Metropolitan Global Real Estate VIII. Metropolitan was not able to raise enough capital for the fund. A mutual separation is agreed.

After careful discussion and due consideration and at the recommendation of the Investment Committee, Dr. Tollen moved to direct the Executive Director to work with Meketa and Metropolitan to separate the Fund from the opportunity in Metropolitan Global Real Estate VIII, 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 and Mr. Scott Egarian of Partners Group.

Mr. Moen explained that Partners Group has approximately 1,200 professionals in 20 offices globally with a new headquarters for the Americas in Denver. They invest \$19B across the globe. There are over 60 professionals in the real estate team. The real estate market continues to be very competitive. The office sector is very strong in markets like Phoenix and Austin. The key market growers include a shift towards urbanization and e-commerce.

El Paso has committed over \$50M with Partners Group in four programs: PG Global Real Estate 2008, PG Global Real Estate 2011, PG Global Real Estate 2014, and PG Real Estate Secondary 2017. Partners Group Real Estate Secondary 2017 closed in 2018 and is committed at 40.7% with an additional 11 transactions in the pipeline as of December 31, 2018. Partners Group is able to identify special situations based upon the stage in the market cycle. They focus on value creation at asset level and avoid competitively auctioned beta trades.

Mr. Armendariz arrived at 1:16 p.m.

2. Discussion and action on Executive Director attending the annual meeting of Partners group as an Advisory Board Member.

Mr. Grossman explained that he is on the 2014 Fund advisory board. Since the annual meeting is in Singapore this year, the board has to approve the Executive Director's travel there. This will be at no cost to the Fund since Partners Group picks up the travel cost.

After careful discussion and due consideration, Mr. Shelton moved to approve that the Executive Director be allowed to attend the annual meeting of Partners Group as an Advisory Board Member, seconded by Dr. Tollen and unanimously approved by the Board.

3. Presentation and review of fourth Quarter 2018 Investment Performance and update, as presented by Mr. Leandro Festino, Mr. Gerald Chew, and Mr. David Hetzer of Meketa Investment Group.

As of December 31, 2018, the Fund lost \$100M in a combination of investment performance and cash drawn for benefit expenses. Performance in the fourth quarter was -8.5%. For the one year period, the Fund lost -5.0%. The asset classes that performed best were private equity and real estate.

For the month of January 2019, the Fund gained 6% outperforming the benchmark by 40 basis points. Most of the portfolio produced a relative outperformance in January.

Mr. Thompson absented himself at 1:58 p.m.

4. Discussion and action on Comply Now Program and Compliance Review as presented by legal advisors, Ice Miller.

Mr. Grossman explained that the IRS no longer produces favorable determination letters. The last one for the Fund was in 2014. The board approved to engage Ice Miller to do a Comply Now Program Review and a Compliance Review. In these reviews, the Fund passed every aspect with one exception. The only outstanding item found by Ice Miller is item 5 on the Board's Agenda today. With the restatement of the plan document in 2016 section 20.05A was inadvertently removed. The Board should pass a resolution to acknowledge that Section 20.05A is still an effective part of the Plan. See Item 5 for the resolution language.

After careful discussion and due consideration, Mr. Veliz moved to accept the Comply Now Program and Compliance Review Reports provided by legal advisors, Ice Miller, seconded by Mr. Armendariz and unanimously approved by the Board.

5. Discussion and action on acknowledging Section 20.05A of the El Paso Firemen & Policemen's Pension Fund Plan Document.

As explained in Item 4 above, Mr. Grossman recommends approval of the following resolution to acknowledge Section 20.05A as part of the Fund's Plan Document:

Whereas, on January 15, 2014, the Board of Trustees adopted a new Section 20.05A, Participating in a Group Trust, as part of the Plan document;

Whereas, Section 20.05A was subsequently submitted to the Internal Revenue Service ("IRS") when the Plan filed for its current determination letter;

Whereas, the Plan's current Determination Letter dated September 24, 2014 includes the adoption of Section 20.05A;

Whereas, the current Plan document, as restated effective December 31, 2017, inadvertently did not incorporate Section 20.05A;

Whereas, the omission of Section 20.05A was the result of scrivener's error and not Board action to amend the Plan; and

After careful discussion and due consideration, Dr. Tollen moved to formally acknowledge Section 20.05A as continuing to be a part of the Plan Document and affirm Section 20.05A has been part of the Plan Document since it was passed by the Board, 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. Service/Forward DROP Retirement
- C. Death of member(s)
- E. Cost of Living Adjustments
- F. Refund of Contributions

9. 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 2:10 p.m.



Chairperson



Secretary