

EL PASO FIREMEN & POLICEMEN'S PENSION FUND
REGULAR MEETING
Wednesday, April 17, 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:

Officer Jerry Armendariz
Lieutenant John Schneider
Sergeant Sean Shelton

Mayoral Appointments:

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. Michele Amaya – Executive Assistant
Attorney Gary Lawson
Mr. Bill Grayson – Principle
Mr. James Dominquez – William Blair
Mr. Matt Neska – William Blair

TRUSTEE MEMBERS ABSENT:

Ms. Leila Melendez

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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 March 20, 2019.

Dr. Tollen moved to approve the minutes of the Regular Board Meeting held March 20, 2019, seconded by Mr. Thompson and unanimously passed by the Board.

Consent Agenda

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

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

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

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

3. Approve Pension Payrolls:

Fire	\$3,326,180.52
Police	\$4,327,774.61

4. Payments to Service Providers

A.	Salena Karam Ayoub – thru February 2019	\$585.00
B.	DLA Piper LLP – January 2019	\$1,050.30
C.	Ice Miller Legal Counsel – 2018/2019 Compliance Review	\$10,341.94
D.	Legislative Consultants – March 2019	\$8,753.60
E.	Pension Technology Group, Support and hosting services – 1 st Q2019	\$20,000.00
F.	Pension Technology Group, Electronic Forms Integration Project	\$44,000.00
G.	Rudd and Wisdom, Inc. – January & February 2019	\$3,987.25

Reports and recommendations of Committees

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

Dr. Tollen spoke on behalf of the Investment Committee. He explained that the Fund has invested in Fund III and IV of Waud Capital Partners. Fund III has provided very good returns for the Fund. It is too early to report on Fun IV.

After careful discussion and due consideration, Dr. Tollen moved to approve the commitment of \$7,000,000 to Waud Capital Partners V contingent upon successful vetting by legal counsel. This was unanimously approved by the Board.

Unfinished Business

New Business

A request was made that the order for New Business be adjusted as follows: Item 3, Item 4, Item 5, then Item 2, then Item 1 then the remaining items in numerical order.

3. Discussion and Action on Executive Director/Chief Investment Officer job description.

Mr. Thompson moved to postpone this item to a future date; however he further moved to direct the Executive Director to request an opinion from Moss Adams on the need for a Chief Investment Officer. He also directed the Executive Director to request a compensation study for all Fund employees and the Executive Director/Chief Investment Officer position. This motion was seconded by Mr. Shelton and unanimously approved by the Board.

4. Discussion and action on media and communication support.

Chairman Villanueva explained that this item is to hire a local lobbyist to deal with City Council and the Fund's media such as Facebook, Twitter and the Fund's newsletter. He requested that this item be moved to the Legislative Committee. Then this item can be brought back to the Board.

After careful discussion and due consideration, Mr. Thompson moved that this item be brought to the Legislative Committee for discussion and consideration, seconded by Mr. Armendariz and unanimously approved by the Board.

5. Training on Open Meetings Act, Duties of a Pension Fund Fiduciary, and Freedom of Information Act presented by Attorney Gary Lawson.

Attorney Lawson provided training on the Texas Open Meetings Act, the duties of a Pension Fund Fiduciary, and on the Freedom of Information Act.

Chairman Villanueva absented himself at 2:02 p.m.

2. Investment Performance Review for the period ended December 31, 2018 and update as presented by Mr. James Dominguez and Mr. Matt Neska of William Blair.

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Mr. Dominguez explained that William Blair has been managing money for the past 84 years across the asset spectrum. William Blair is 100% active employee owned. The Pension Fund is currently invested in small cap growth and small cap value. Both strategies are managed by very seasoned and experience portfolio managers with an average of over 20 years of experience.

Mr. Neska explained the Small Cap Value strategy. Performance is driven by stock selection instead of sector allocation decisions. Although 2018 performance was not good, the markets did rebound in the first quarter of 2019.

The Small Cap Growth strategy does have a search in progress for a Financials' Analyst. This position is currently being covered by Mark Lane until the position is filled. The Small Cap Growth strategy looks for companies that will grow faster than the market anticipates and that the growth will be longer than the market anticipates overall.

1. Investment Performance Review for the period ended December 31, 2018 and update as presented by Mr. Bill Grayson of Principle.

Principle has added European platform since last year's presentation. The Pension Fund initially contributed \$18M in October of 2013 to Principle. It added an additional \$10M in 2015, withdrew \$15M in 2016 and as of March 31, 2019 has a balance of \$26.2M. This portfolio is a 37 year old core real estate fund with \$10B in assets and 136 properties in 42 markets across the US. The leverage percentage as of December 31, 2018 is at 18.3%. The portfolio is overweight by 9% in the West and South regions versus the East and Midwest regions of the US. This is on purpose because the West and South have outperformed by a sizeable margin. This diversification is driven by job growth and population growth. Last year's return was a little more than 9%. The long-term core real estate return range is a 7% to 9% return.

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

None.

Mr. Carson absented himself at 2:54 p.m.

Mr. Thompson absented himself at 3:11 p.m.

7. Report of Executive Director.

See submitted Written Report

8. For Notation:

Informational Material For Review. No Action Required.

A. Service/Forward DROP Retirement

B. Death of member(s)

C. Cost of Living Adjustments

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D. 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 3:24 p.m.



Chairperson



Secretary