

EL PASO FIREMEN & POLICEMEN'S PENSION FUND
REGULAR MEETING
Wednesday, August 19, 2020 at 1:00 PM
Via Zoom Meeting
Meeting ID: 865 7335 9822
Password: 092382

MINUTES

TRUSTEE MEMBERS PRESENT

Fire Division:

Chief Ricci Carson
Lieutenant Paul Thompson
Chief Daniel P. Roy

Police Division:

Officer Jerry Armendariz
Sergeant Sean Shelton
Lieutenant John Schneider

Mayoral Appointments:

Ms. Lee Ellen Banks
Ms. Leila Melendez
Ms. Susanna Visconti

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
Ms. Michele Amaya – Executive Assistant
Mr. Mark Fenlaw and Ms. Rebecca Morris – Rudd & Wisdom
Mr. Trevor Jackson and Mr. Tony Kay, AndCo Consulting
Mr. James Dominguez, Ms. Tara Patock, Mr. Matt Neska, and Mr. Mark Leslie – William Blair
Mr. William Grayson, Ms. Meighan Phillips – Principal
Ms. Joy Booker, Mr. Brian Conry, Mr. John Lapham, and Mr. Jeremy Burton – Pinebridge Investments

TRUSTEE MEMBERS ABSENT:

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1. Establishment of Quorum.

Chairman Shelton 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 1:02 p.m. This board meeting was conducted via Zoom.

2. Election and approval of a Chairperson and a Vice-Chairperson of the Board of Trustees for a term of two years in accordance with Section 3 of the By-Laws of the Board of Trustees.

Mr. Thompson nominated Mr. Shelton for Chairperson, seconded by Mr. Carson and the motion passed unanimously by the Board.

Mr. Schneider nominated Mr. Paul Thompson for Vice-Chairperson, seconded by Mr. Armendariz and the motion passed unanimously by the Board.

Chairperson Shelton presided for the remainder of the meeting.

Ms. Melendez joined the Zoom Meeting at 1:04 p.m.

3. Reading and approval of the Minutes from the previous Regular Board Meeting held on July 15, 2020.

Mr. Carson moved to approve the minutes of the Regular Board Meeting held July 15, 2020; seconded by Ms. Banks and unanimously passed by the Board.

Consent Agenda

Mr. Schneider moved to approve the Consent Agenda, seconded by Ms. Banks and passed by the Board.

1. Internal Financial Statements for month ending July 31, 2020.

Northern Trust Financial Statements for month ending July 31, 2020.

2. Expense Reports for the month ending July 31, 2020.

3. Approve Pension Payrolls:

Fire	\$3,174,827.28
Police	\$4,480,030.57

4. Payments to Service Providers

A.	AndCo & Co – 2 nd Qtr. 2020 Consulting	\$46,250.00
B.	Lawson Attorneys PLLC, June 16, 2020	\$869.00
C.	Legislative Consultants – July 2020	\$5,000.00
D.	Masser Technologies – July 2020	\$1,400.00
E.	Meketa – 2 nd Qtr. 2020 Investment Consulting	\$72,500.00
F.	Rudd and Wisdom, Inc. – Actuarial consulting June 2020	\$862.50

Reports and recommendations of Committees

Unfinished Business

New Business

1. Discussion and action on approval of January 1, 2020 Actuarial Valuation – Fire Plan as presented by Mr. Mark Fenlaw and Ms. Rebecca Morris of Rudd & Wisdom, Inc.

Mr. Fenlaw and Ms. Morris presented the Police, Fire, and Staff Plan Actuarial Valuations. The Actuarial Valuation for Police and Fire were prepared to determine whether the Fund has an adequate contribution arrangement. For the staff plan, the goal of the Valuation is to actuarially determine the contribution rate. The contribution rate for the Police and Fire plan are pre-determined in what is considered a fixed-rate plan. What is actuarially determined for Police and Fire is the period of time it will take to pay off the unfunded liability.

2. Discussion and action on approval of January 1, 2020 Actuarial Valuation – Police Plan as presented by Mr. Mark Fenlaw and Ms. Rebecca Morris of Rudd & Wisdom, Inc.

For the Police plan, it was determined that it will take 29.9 years to pay off the unfunded liability of two hundred and seventy-five million dollars. The Pension Review Board guidelines define adequate contributions as enough to pay the normal cost and to pay off unfunded liability over a reasonable period of time. The reasonable period of time is currently defined as not more than 40 years with a preferred range of 10 to 25 years. In the year 2025, the maximum period of years will be 30 years. The Police plan is within those guidelines. The funded ratio for Police is 76.3%. For the Fire plan, it was determined that it will take 26.6 years to pay off the unfunded liability of one hundred and eighty-nine million dollars. The funded ratio for Fire is 76.5%.

Mr. Roy joined the Zoom meeting at 2:00 p.m.

3. Discussion and action on approval of January 1, 2020 Actuarial Valuation – Staff Plan as presented by Mr. Mark Fenlaw and Ms. Rebecca Morris of Rudd & Wisdom, Inc.

The actuarially determined contribution rate for the Staff Plan is 9.71% which compares to the current total contribution rate of 12.5% (5% by employees and 7.5% by the Fund). Because there is a small number of plan participants, the actuary recommends no change to the current contribution rate.

After careful discussion and due consideration, Mr. Thompson moved to approve all three Valuations as presented, seconded by Mr. Borsch and passed unanimously by the Board.

The Board decided to move to Item 5, then Item 6, then Item 7, then Item 8, and then back to Item 4.

5. Investment Performance Review for the period ended December 31, 2019 and update, as presented by Mr. James Dominguez, Ms. Tara Patock, Mr. Matt Neska, and Mr. Dave Mitchell of William Blair.

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Mr. Leslie attended the Zoom Meeting because Mr. Mitchell was unable to join the meeting.

Performance for the Small Cap Value plan for the period ending July 31, 2020 net of fees was a negative 24.38%. Since Inception (07/31/2014), the performance net of fees was 1.52%.

Performance for the Small Cap Growth plan for the period ending July 31, 2020 net of fees was 2.84%. Since Inception (07/30/2010), the performance net of fees was 13.57%.

6. Investment Performance Review for the period ended December 31, 2019 and update, as presented by Mr. William Grayson and Ms. Meighan Phillips of Principal.

The Fund's initial investment to Principal in October of 2013 was \$18M with an additional contribution of \$10M in 2015. A withdrawal of \$15M was made in 2016 leaving a total account value as of July 31, 2020 of \$27M. The performance for the period ending June 30, 2020 was 1.60% net of fees. Since inception, the performance net of fees is 6.72%.

Ms. Melendez logged off the Zoom Meeting at 3:00 p.m.

7. Investment Performance Review for the period ended December 31, 2019 and update, as presented by Ms. Joy Booker, Mr. Brian Conry, Mr. John Lapham, and Mr. Jeremy Burton of PineBridge Investments.

Performance for the plan for the period ending July 31, 2020 net of fees was a negative 3.13%. Since Inception (01/01/2017), the performance net of fees was 2.93%.

Ms. Banks logged off the Zoom Meeting at 3:25 p.m.

8. Presentation and review of second quarter Investment Performance, as presented by Mr. Trevor Jackson and Mr. Tony Kay of AndCo Consulting.

In the second quarter, assets rebounded sharply following their harsh downturn in the first quarter. Value stocks continue to underperform relative to growth stocks. Technology and health care stocks are doing very well. For the year, the Fund was down 6.18%. The Fund was up by 10.77% in the quarter over the index whose performance was 9.94%.

4. Discussion and action on approval/denial of "Qualified Child" survivor benefit for high-school student over age 19.

Mr. Grossman explained that we currently have a qualified child that will be turning 19 at the end of the month and is still in high-school. In a strict reading of the plan document it does not address a qualified child who is still in high-school and turns 19. The Fund's attorney provided a legal opinion and stated that the Board has leeway through Board Resolution to allow the child to still get paid while in high school. If this is approved by the Board, we will pay high-school students who are age 19 in the same manner that college students are paid on a retroactive basis once the required documentation is provided by the student.

After careful discussion and due consideration, Mr. Armendariz moved to approve the Resolution as written, seconded by Mr. Schneider and passed unanimously by the Board. The Resolution reads as follows, "Now therefore be it resolved that Section 3.21b shall be construed so that a person who was a full-time student in a high-school up until attaining age 19 and who provides

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evidence that they remain continuously enrolled and attending high-school after age 19 shall be considered to remain a Child for purposes of the Plan during the period of such continuing high-school education."

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

None.

10. Report of Executive Director.

See submitted Written Report

11. For Notation:

Informational Material For Review. No Action Required.


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

12. Adjournment.

Mr. Schneider moved to adjourn, seconded by Mr. Armendariz. The El Paso Firemen & Policemen's Pension Fund Board of Trustees meeting stands in adjournment at 4:16 p.m.



Chairperson



Secretary