

**EL PASO FIREMEN & POLICEMEN'S PENSION FUND**  
**REGULAR MEETING**  
**Wednesday, July 21, 2021 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 Ricci Carson

**Police Division:**

Lieutenant John Schneider  
Officer Jerry Armendariz  
Sergeant Sean Shelton (via Zoom)

**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 (via Zoom)  
Ms. Michele Amaya – Executive Assistant  
Mr. De Juan Collins and Mr. Alex Dodge – Invesco (via Zoom)  
Mr. Kory Hoggan and Mr. Aaron Hamilton - Moss Adams (via Zoom)  
Mr. Mark Fenlaw, Ms. Rebecca Morris, and Mr. Brandon Fuller – Rudd and Wisdom (via Zoom)  
Ms. Carla Quintana – Retired Police Member

**TRUSTEE MEMBERS ABSENT:**

Lieutenant Paul Thompson  
Chief Daniel P. Roy

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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 1:00 p.m.

2. Certification of the Trustee Election results to the Board of Trustees in accordance with Section 4(I) of the Fund's Voting Procedures, by the Board Secretary.

**Police Division – Certified Results**

Whereas the Fund received only one eligible nomination form prior to the specified deadline and in accordance with Section 2(c), of the Fund's Voting Procedures, Mr. Shelton shall be deemed duly elected as an unopposed member of the Board of Trustees.

**Fire Division – Certified Results**

Position #1

Whereas the Fund received only one eligible nomination form prior to the specified deadline for Position #1 and in accordance with Section 2(c), of the Fund's Voting Procedures, Mr. Roy shall be deemed duly elected as an unopposed member of the Board of Trustees.

Position #2

The certified results are as follows: Mr. Fernando Valencia, 102 votes; Mr. Paul Thompson, 299 votes. Whereas Mr. Thompson received the highest number of validated votes for Position #2, Mr. Thompson will be deemed a duly elected member of the Board of Trustees.

3. Reading and approval of the Minutes of the previous Regular Board Meeting held on June 16, 2021.

*Mr. Carson moved to approve the minutes of the Regular Board Meeting held June 16, 2021, seconded by Mr. Veliz and unanimously passed by the Board.*

Consent Agenda

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

1. Internal Financial Statements for month ending June 30, 2021.

Northern Trust Financial Statements for month ending June 30, 2021.

2. Expense Reports for the month ending June 30, 2021.

3. Approve Pension Payrolls:

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Fire	\$3,511,696.23
Police	\$4,905,956.24

4. Payments to Service Providers

A.	DLA Piper – Through 04/30/21 (NT)	\$515.25
B.	DLA Piper – Through 04/30/21 (Terra Cap)	\$3,865.05
C.	DLA Piper – Through 04/30/21 (Riverside V)	\$1,358.10
D.	DLA Piper – Through 05/31/21 (NT)	\$50.00
E.	DLA Piper – Through 05/31/21 (Ara Fund II)	\$5,512.50
F.	DLA Piper – Through 05/31/21 (General Tax Advice)	\$5,004.45
G.	Legislative Consultants – June 2021	\$5,047.33
H.	Masser Technologies – June 2021	\$2,100.00
I.	Moss Adams – 2 <sup>nd</sup> Progress Billing 2020 Audit	\$28,700.00
J.	Moss Adams – 1 <sup>st</sup> Progress Billing 2020 Audit	\$11,500.00
K.	Pension Technology Group – Q2 2021	\$20,000.00
L.	Rudd and Wisdom – May 2021	\$968.000
M.	Segal – Succession Plan thru April 2021	\$40,000.00

Reports and recommendations of Committees

Unfinished Business

New Business

1. Discussion and action on Disability Re-Evaluation, Police Department.

Mr. Grossman explained that Ms. Quintana was selected to undergo a Disability Re-Evaluation. After 90 days, no response was received from Ms. Quintana regarding the Re-evaluation process. Because of this, staff recommends that her disability payment be stopped as outlined in the procedure until Ms. Quintana complies with the Re-evaluation procedure and provides the paperwork required. Then the Benefits Committee will evaluate continued payment of the disability benefit for Ms. Quintana.

Ms. Quintana was present at the meeting and was asked if she had anything to add. Ms. Quintana stated that worker's comp had told her that they would not cover anymore doctor visits with Dr. Bean. She also stated that Dr. Bean had told her that the next step in her care would be a hip replacement and that would not be needed until later in her lifetime. She stated that she is currently an ER nurse and works twelve-hour days.

Mr. Grossman explained that the Re-evaluation process is not asking that additional care be done to Ms. Quintana. Instead, she needs to provide a statement from her treating physician (Attending Physician Statement) indicating whether or not her disability remains and is permanent. She also

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needs to provide all of the documentation requested in the Re-evaluation packet. Ms. Quintana stated that she understood and would comply.

*After careful discussion and due consideration, Mr. Schneider moved to discontinue the disability benefit until Ms. Quintana follows thru with the Re-evaluation procedure, seconded by Mr. Veliz and passed unanimously by the Board.*

2. Investment Performance Review for the period ended December 31, 2020 and update, as presented by Mr. De’Juan Collins and Mr. Alex Dodge of Invesco Real Estate.

Core Real Estate consists of high-quality assets in some of the largest and deepest markets in the US with the best liquidity, data, and transparency. Core Real Estate provides re-occurring income on a quarterly basis with a long-term total return profile in the high single digits. It is a combination of income and capital markets appreciation. It is a consistent safe haven for investments in alternatives. The Fund has maintained strong absolute performance across multiple market cycles. Prior to Quarter 2, the Fund outperformed ODCE over all time horizons. Performance as of June 30, 2021 over the one-year period is 7.14. Since inception, the return average is 8.24%. This portfolio invests in the following sectors: industrial, apartment, retail, office, and other.

3. Discussion and action on 2020 Financial Audit as presented by Mr. Kory Hoggan of Moss Adams.

Mr. Hoggan and Mr. Hamilton reviewed hi-lights of the 2020 Financial Audit with the Board. They also noted that they presented an Unmodified or clean audit opinion with no material weaknesses noted.

*After careful discussion and due consideration, Mr. Armendariz moved to approve the 2020 Financial Audit as presented, seconded by Ms. Banks and passed unanimously by the Board.*

Ms. Melendez and Ms. Visconti absented themselves at 2:02 p.m.

4. Discussion and action on the El Paso Firemen & Policemen’s Pension Fund five (5) year experience study, mandated by the State of Texas, as performed and presented by Rudd & Wisdom Actuary, Mr. Mark Fenlaw.

The Experience Study reviews both experience and actuarial assumptions to determine if the assumptions used in prior valuations should be adjusted to better fit recent experience and to recommend the assumptions that will be used in the January 1, 2022 actuarial valuations of the Fund. Actual plan experience over the five years ending December 31, 2020 was studied in order to evaluate the following assumptions: Retirement rates, Forward DROP Election Percentages, Termination rates, disability rates, and marital status and spouse assumptions. Rudd & Wisdom also reviewed all assumptions used in the January 1, 2020 actuarial valuation to determine if those assumptions are appropriate or need adjustment. Rudd and Wisdom recommend the following changes:

<b>Assumption</b>	<b>Recommendation</b>
Retirement Rates	Change retirement rates to better reflect

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	experience of more retirements at earlier ages
Forward DROP Election Percents	Change to reflect election rates at higher ages
Termination Rates	Change rates to be based on service and to reflect recent experience
Disability Rates	Use a standard R&W table
Mortality Assumption	Change to first published mortality tables for public safety and to generational projection of mortality improvement
Investment Return	Lower the rate from 7.75% to 7.5%
Compensation Increases	Modify the pattern and level of compensation increases for promotion, step, and longevity increases to better fit the recent pattern by years of service; lower the general compensation increase to 2.5%
Payroll Increases	Lower the rate from 3% to 2.75%
Administrative Expenses	Lower the rates to reflect last four years of Experience
Overtime Pay	Increase the rate to 12% for police
Marital Status	Change assumed married at benefit commencement to 80% to better reflect experience
City Contribution Rate	Increase the rate to 18.7% for fire; reduce the rate to 18.2% for police

Mr. Grossman expressed concern over changing the Investment Return assumption. He provided the 5, 10-, 15-, 20-, and 30-year rates of return earned by the Fund. All were greater than the 7.75% current rate of investment return. A lower investment return will cause an increase to the Fund's amortization period and the unfunded actuarial accrued liability.

Rudd & Wisdom explained that the projected amortization period using the proposed assumptions and an assumed investment return for 2021 of 7.5% would yield an amortization under 30 years. This would keep the Fund in line with Texas Pension Review Board guidelines.

*After careful discussion and due consideration, Mr. Armendariz moved to table the recommended Actuarial Assumption Changes to the August Board Meeting, seconded by Mr. Schneider and passed unanimously by the Board.*

5. Discussion and action on renewal of Actuarial Services Agreement with Rudd and Wisdom.

*Mr. Veliz moved to table the item for discussion and action to the August Board Meeting, seconded by Mr. Schneider and passed unanimously by the Board.*

6. Discussion and action on contract renewal with custodian bank Northern Trust.

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*Mr. Veliz moved to table the item for discussion and action to the August Board Meeting, seconded by Ms. Banks and passed unanimously by the Board*

7. Discussion and action on Voting Policy.

*Mr. Veliz moved to table the item for discussion and action to the August Board Meeting, seconded by Mr. Schneider and passed unanimously by the Board*

8. Discussion and action on due diligence airline travel.

Mr. Grossman explained that any upgrades to airline travel need to be brought to the Board for approval. He is requesting that Business class airline tickets be purchased for upcoming due diligence travel for the following trips: Small Cap Value search, Chicago due diligence travel, and Scotland due diligence travel.

*After careful discussion and due consideration, Mr. Schneider moved to approve Business Class airline tickets for upcoming due diligence travel for the small cap value search, Chicago due diligence, and Scotland due diligence. This was seconded by Mr. Veliz and passed unanimously by the Board.*

Ms. Banks, Mr. Schneider, and Mr. Armendariz absented themselves at 3:17 p.m.

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

None.

9. Report of Executive Director.

See submitted Written Report

11. For Notation:

Informational Material For Review. No Action Required.

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

12. Adjournment.

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*Mr. Veliz moved to adjourn. The El Paso Firemen & Policemen's Pension Fund Board of Trustees meeting stands in adjournment at 3:18 p.m.*



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Chairperson

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Secretary