

EL PASO FIREMEN & POLICEMEN'S PENSION BOARD OF TRUSTEES
REGULAR MEETING HELD
Wednesday, May 19, 2010 at 1:00 p.m.
El Paso Firemen and Policemen's Pension Fund Office
Chase Tower, Suite 1616
201 East Main, El Paso, Texas 79901

MINUTES

MEMBERS PRESENT:

Mayoral Appointments:

Dr. Robert Tollen
Mr. John D. Davis, III
Mr. Presi Ortega

City Manager Appointments

Ms. Terri Garcia

Police Department

Commander Mark Austin
Lieutenant Tyler Grossman

Fire Department

Chief Ralph Johnson
Chief Matt G. Widtfeldt

OTHERS PRESENT:

Mr. Robert J. Stanton – Secretary
Ms. Yolanda Carreon - Assistant Secretary
Ms. Christina Ramirez – Specialist
Mr. Matt G. Widtfeldt – Fire Retiree

MEMBERS ABSENT:

Mr. William F. Studer
Detective Stanley Hayes
Chief Michael V. Calderazzo

1. **Call to order.**

Vice Chair Austin called the regular meeting of the El Paso Firemen & Policemen's Pension Fund Board of Trustees to order at 1:03 p.m.

2. **Approve Minutes of Board Meeting held April 21, 2010.**

Mr. Johnson moved to approve the minutes of the meeting held April 21, 2010, seconded by Mr. Ortega and passed by the Board.

3. **Consideration and approval of the Financial Report for month ending April 30, 2010 as recommended and approved by the Budget & Finance Committee.**

Ms. Garcia reporting for the Budget and Finance committee stated all reports are in order and recommended approval of the Financial Report for the month ending April 30, 2010.

Ms. Garcia moved to approve the Financial Reports for the month ending April 30, 2010, seconded by Mr. Grossman and passed by the Board.

4. **Recognition of dedicated service as Trustee for Chief Matt G. Widtfeldt.**

Vice Chair Austin thanked Chief Widtfeldt for his dedicated service as a member and Trustee of the Fund and wished him well in his retirement. A plaque of appreciation was presented to Chief Widtfeldt.

5. **Approve Pension Payrolls:**

Fire	\$ 1,764,779.51
Police	\$ 2,369,789.56

Mr. Stanton stated the Pension Payrolls were in order.

Mr. Grossman moved to approve the Pension Payrolls for the month ending April 30, 2010, seconded by Mr. Johnson and passed by the Board.

Mr. Stanton suggested moving to Item 7 as Mr. Ralph was busy on the phone with some travel issues.

7. **Discussion and action on amending changes to the Fund's Personnel Policies as recommended and approved by the Personnel Committee.**

Reporting for the Personnel Committee, Ms. Garcia reviewed some of the changes recommended by the Personnel Committee. The recommended changes are: reinstate a sick leave policy with 12 day per year; add 4 days Bereavement leave per year for the

death of each immediate family member and 1 day for death of aunt/uncle not chargeable to sick leave; and add 3 days of Personal leave not chargeable to sick leave.

After careful discussion and due consideration, Dr. Tollen moved to approve the changes to the Personnel Policy as recommended by the Personnel Committee seconded by Mr. Grossman and passed by the Board.

6. **Presentation and review of First Quarter 2010 Investment Performance, as presented by Mr. Eric Ralph of Summit Strategies Group and related matters.**

Mr. Ralph presented the Fund's investment performance for period ended March 31, 2010. March 2000 was the height of the dot-com bubble and over the past ten years, the S&P 500 has produced an annualized return of -0.7%, marking March 2010 as the end of America's second "lost decade" (the previous occurring during the Great Depression). Mediocre growth rates continued to dampen consumer confidence levels, and low levels of economic activity decreased core inflation to 2.5% from 2.8%. Unemployment fell slightly to 9.7%, and it appears to have temporarily stabilized. However, there has been little employment growth to support a strong, quick recover. The US Dollar appreciated 4.1%, while the Fed left the overnight rate unchanged at a range of 0 to 25 bps. What matters now is when and how successfully our economy adjusts to the tightening economic policies that are on the horizon.

The first quarter of 2010 continued the racing equity rally of 2009, Domestic small cap outperformed its large cap counterparts by as much as 320 bps, and domestic small cap value led the equity charge with a return of 10.0%. International large cap underperformed the S&P 500 by 450 bps. Meanwhile International small cap led international equities with a return of 4.8%. Emerging markets leads the equity recovery with an impressive 1-year return of 81.1%. High yield spreads inched back towards their long-term average of 5.8% dropping 50 bps in the first quarter to 6.1%. Corporates also continue to tighten, falling 20 bps to 2.1%. Returns for agency MBS and the Barclays Capital Aggregate were similar for the quarter, up 1.5% and 1.8%, respectively. Non-US Dollar denominated fixed income was the only negative performing asset class in the quarter, underperforming Treasuries by 280 bps.

8. **Discussion and action on reclassifying one Benefits Specialist position to Benefits Manager and approval salary range of \$50,000 - \$70,000.**

Reporting for the Personnel Committee, Ms. Garcia stated that the Personnel Committee is recommending this position with the above stated salary range. This is not an additional position but will replace a Benefits Specialist position which is currently vacant.

Mr. Grossman moved to approve reclassifying a Benefits Specialists position to a Benefits Manager position at a salary range of \$50,000 to \$70,000 seconded by Dr. Tollen and passed by the Board.

9. **Discussion and action on retaining the Hartford Insurance Company as the Fund's Short and Long Term Disability carrier and authorizing and appropriating funds not to exceed \$3,500.00 for providing Short and Long Term Disability for Staff as recommended and approved by the Personnel and Budget & Finance Committees.**

Another issue discussed by the Personnel Committee in establishing benefits for staff is short and long term disability insurance as reported by Ms. Garcia. A representative of Goldfarb insurance presented the Committee with several options in both short and long term disability insurance. The Committee recommends the Hartford Insurance Company and also recommends a pro-rated amount of \$3,500 for the remainder of the year 2010.

After careful discussion and due consideration, Ms. Garcia moved to retain the Hartford Insurance Company as the Fund's Short and Long Term Disability carrier and to authorize and appropriate funds of \$3,500 for this coverage seconded by Dr. Tollen and passed by the Board.

10. **Discussion and action on seeking a Request for Proposal for consulting and legislative services for the 2011 Texas Legislative Session at the request of Chairman Calderazzo.**

Dr. Tollen moved to table this item for one month seconded by Mr. Johnson and passed by the Board.

11. **Opportunity for Statements from Retired Members/Public.**

None.

12. **For Notation:**

Informational Material For Review. No Action Required.

13. **Report of Executive Director.**

Written Report Attached. As per Mr. Stanton Fund's asset as of close of business yesterday are \$943 million, down about 14 million from May 13th as stated in the Executive Director's written report.

14. **Committee Reports:**

- A. Actuary/Audit Committee - Did not meet.
- B. Budget & Finance Committee – Already Reported
- C. Disability Committee – Did not meet.

- D. Investment Committee – Dr. Tollen reported on a couple of items. He stated that at the April 30th meeting one of the things that came up and was discussed with Attorney Cleveland at length was the use of placement agents in the private equity space. There were some concerns with due process and due diligence regarding placement agents. The Committee asked the Executive Director and Attorney Cleveland to work with Meketa and see what they could do. Dr. Tollen further reported that Meketa will include in its regular due diligence report and recommendation for private equity funds brought before the Investment Committee, the identity and addresses of any placement agent retained by a candidate fund; the names and addresses of the individual principals of the placement agent; a background check of the primary principals; and the amount of fees or other consideration paid to the placement agent on account of the El Paso investment. Additionally, Dr. Tollen stated that the Investment Committee met this morning and after some discussion, due diligence visits for a Small Cap Growth Competitive Manager will be done. The due diligence group will visit Roxbury Capital Management, LLC, Westfield Capital Management Company and William Blair & Company, LLC. The second item on this morning's agenda was Core Real Estate. Mr. Ralph brought several managers to review and some of those managers will be brought in the near future to present to the committee. Mr. Ortega asked if the due diligence on-site visits were necessary or if it would be more cost effective to bring the managers to us. Dr. Tollen responded that typically both are done but from experience it is always wise to visit their shop as you can get a more accurate vision of what is going on with their process. Several Board members voiced similar comments from their experiences and agreed that on-site visits is a more positive process in selecting the best firm.
- E. Personnel Committee – Already Reported.
- F. Ad-Hoc Committee for Office Space – Did not meet.

15. **For Notation:**

A. Early Retirements

Mr. John A. Wilburn Police Department

B. Service/BackDrop Retirements

Mr. Jose Reveles Police Department

C. Refund of Contributions

1. Delia A. Duarte Police Department
2. Julio Sanchez, Jr. Police Department

D. Cost of Living Adjustments

- | | |
|------------------|-------------------|
| 1. Maria Cabello | Fire Department |
| 2. Adam Cabello | Fire Department |
| 3. Armando Sosa | Police Department |
| 4. Joe Zimmerly | Police Department |

E. Payments to Service Providers

- | | | |
|--|----|------------|
| 1. Cooke & Bieler, L.P. 1 st Q2010&Perf.fee | \$ | 129,839.75 |
| 2. Goldman Sachs – 1 st Q2010 | \$ | 33,924.49 |
| 3. Intech – 1 st Q2010 | \$ | 40,249.92 |
| 4. Lord Abbett – 1 st Q2010 | \$ | 127,950.35 |
| 5. Eduardo Miranda, Atty. – 03/31/2010 | \$ | 50.00 |
| 6. Northern Trust Co. -Custody & Benefits | \$ | 12,500.00 |
| 7. Northern Trust Co. -Asset Mgmt-1Q10 | \$ | 9,949.36 |
| 8. PIMCO – 1 st Q2010 | \$ | 138,835.96 |
| 9. Pyramis Global Advisors – 1 st Q2010 | \$ | 107,359.00 |
| 10. Sheehan Phinney Bass + Green – 02/28/10 | \$ | 11,708.22 |
| 11. Sterling Johnson Capital Mgmt. – 1 st Q2010 | \$ | 63,174.48 |
| 12. Strasburger & Price, L.L.P. – 03/31/10 | \$ | 3,187.50 |
| 13. Summit Strategies Group – 1 st Q2010 | \$ | 47,750.00 |
| 14. Travis & Calhoun, Attys. thru 01/31/10 | \$ | 2,299.54 |
| 15. Travis & Calhoun, Attys. thru 03/31/10 | \$ | 947.91 |

16. Adjournment.

Mr. Davis moved to adjourn, seconded by Mr. Ortega and passed by the Board. The El Paso Firemen & Policemen's Pension Fund Board of Trustees meeting stands in adjournment at 2:17. p.m.


Chairperson


Secretary