

**EL PASO FIREMEN & POLICEMEN'S PENSION FUND**  
**REGULAR MEETING TO BE HELD**  
**Wednesday, July 21, 2010 at 1:00 PM**  
**El Paso Firemen and Policemen's Pension Fund Office**  
**Chase Tower, Suite 1616**  
**201 East Main, El Paso, Texas 79901**

**MINUTES**

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**MEMBERS PRESENT:**

**Mayoral Appointments:**

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

**City Manager Appointments**

Mr. William F. Studer

**Police Department**

Commander Mark Austin  
Detective Stanley Hayes

**Fire Department**

Chief Michael V. Calderazzo

**OTHERS PRESENT:**

Mr. Robert J. Stanton – Secretary  
Ms. Yolanda Carreon- Assistant Secretary  
Ms. Christina Ramirez – Specialist  
Mr. Richard Mackesey – Buck Consultants  
Mr. Jim Brecker – Mondrian Investment Partners  
Mr. Russell Mackey – Mondrian Investment Partners  
Mr. James F. Gunther, III – Active Fire  
Mr. Octavio Cobos– Active Fire

**MEMBERS ABSENT:**

Ms. Terri Garcia  
Lieutenant Tyler Grossman  
Chief Ralph Johnson  
Chief Jerry Villanueva

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1. **Call to order.**

Chairperson Calderazzo called the regular meeting of the El Paso Firemen & Policemen's Pension Fund Board of Trustees to order at 1:09 p.m.

2. **Approve Minutes of Board Meeting held June 16, 2010.**

*Dr. Tollen moved to approve the minutes of the meeting held June 16, 2010, seconded by Mr. Ortega and passed by the Board.*

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

Dr. Tollen reporting for the Budget and Finance committee stated all reports are in order and recommended approval of the Financial Report for the month ending June 30, 2010. Mr. Ortega inquired on the status of a retirement plan for Staff. Mr. Stanton informed the Board that the retirement plan will be discussed at a Personnel Committee meeting in August.

*Dr. Tollen moved to approve the Financial Reports for the month ending June 30, 2010, seconded by Mr. Austin and passed by the Board.*

4. **Consideration and approval of the Financial Report for Lomaland West for quarter ending June 30, 2010 as recommended and approved by the Budget & Finance Committee.**

Dr. Tollen stated that the Budget and Finance Committee reviewed the reports for the Lomaland West account which are essentially a Reconciliation Summary of the Northern Trust bank account. He stated the reports are in order and recommends approval of the Financial Report for the quarter ending June 30, 2010.

*Dr. Tollen moved to approve the Financial Reports for Lomaland West LLC for the quarter ending June 30, 2010, seconded by Mr. Austin and passed by the Board.*

5. **Approve Pension Payrolls:**

Fire	\$ 1,778,438.09
Police	\$ 2,373,476.73

Mr. Stanton stated the Pension Payrolls were in order.

*Mr. Hayes moved to approve the Pension Payrolls for the month ending June 30, 2010, seconded by Mr. Austin and passed by the Board.*

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6. **Discussion and action on approval of the January 1, 2010 Actuarial Study results as recommended and approved by the Actuarial/Audit Committee as presented by Mr. Richard Mackesey of Buck Consultants.**

Mr. Rich Mackesey of Buck Consultants provided the Board with a presentation of the Actuarial Valuation as of December 31, 2009. A copy of this presentation is attached to the minutes.

Mr. Mackesey reviewed a short agenda of the Valuations results which were; Changes from Prior Valuation; Plan Demographics; Market and Actuarial Value of Assets; and Valuation Results. He stated that the primary purpose of the valuation report is to determine the adequacy of the City's current contribution rate, to describe the current financial condition of the Fund, and to analyze changes in the Fund's condition. In addition, the report provides information required by the Governmental Accounting Standards Board Statement No. 25 (GASB No.25).

He proceeded to state that the member and employer contribution rates are established by statute. The City contributes 18.50%, while the Police members contribute 13.89% and Fire members 15.28% of total salary. The rates are intended to be sufficient to pay the normal cost and to amortize the Fund's unfunded actuarial accrued liability. As of January 1, 2010, the employer contribution rate needed in order to meet a 30-year amortization of the Unfunded Actuarial Accrued Liability (UAAL) is 25.01% for Police and 22.55% for Fire. This is more than the rate currently required by law, so the current contribution rate is inadequate to satisfy the funding period described by GASB No. 25. He reported that Section 14A of Article 6243b (Vernon's Annotated Texas Statute) requires that the actuary determine any additional contribution rate necessary to amortize the unfunded actuarial accrued liability, as defined in GASB No. 25, over a 40-year period. If an additional contribution rate is necessary, the contribution rate will be split between the City and the Members in the same proportion as the current contribution rates. However, the contribution rates of the Members shall only increase if the City increases its rates to the 40-year contribution rate. For purposes of Section 14A of Article 6243b (VATS), the rate of return on the market value of assets was assumed at 7.75% and used with the other assumptions and methods described in Schedule C of the valuation. Based on this January 1, 2010 valuation the current contribution rates as a percentage of wages would have to be increased as follows to satisfy the 40-year funding period of Section 14A of Article 6243b (VATS): Police Division, City - 19.96% - Members - 14.99%; Fire Division, City 19.08% - Members - 15.75%. Mr. Mackesey reviewed the actuarial assumptions and methods used in the valuation and stated that following an experience study performed as of January 1, 2010, the Board adopted new assumptions to better reflect anticipated experience of the Fund. The assumptions used are individually reasonable and reasonable in the aggregate. In comparison to where we were a few years back, these numbers are not bad and the Fund is tremendously better off in part due to the \$210 million from the City and in part due to the Second Tier as stated by Mr. Mackesey.

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*Dr. Tollen moved to approve the January 1, 2010 Actuarial Valuation results as recommended and approved by the Actuarial/Audit Committee, seconded by Mr. Hayes and passed by the Board.*

7. **Discussion and action on approval of the December 31, 2009 Audited Financial Statements as presented by Mr. Michael O'Donnell of Bixler & Company.**

*Mr. Hayes moved to table Item 7 for a Special meeting on July 29, 2010, seconded by Dr. Tollen and passed by the Board.*

8. **Investment Performance update as presented by Mr. Jim Brecker, Senior Vice President and Mr. Russell Mackey, Client Portfolio Manager of Mondrian Investment Partners.**

Mr. Brecker and Mr. Mackie informed the Board that the firm was founded in 1990 with an equity ownership plan designed to attract, retain and motivate highly skilled people. Broad employee ownership of 73% of the company's equity, with approximately 80 employees. They have a highly experienced team of 49 professionals in London, low turnover of professional staff and a strong culture of client service and support. Mondrian has over \$58 billion currently under management. Investment methodology is a value approach which emphasizes yield and future growth in dividends. Consistent dividend discount methodology which compares value across all securities, markets and sectors. In-depth worldwide fundamental research with an emphasis on company visits, and a long term purchasing power parity approach to currency analysis. Seek to produce meaningful high real returns, aim to preserve capital during global market declines and returns that typical have shown lower volatility than the index and most other managers. Focused on portfolios with strong characteristics and a long term focus resulting in low turnover and reduced transaction costs. Since inception, June 1, 2009 the Fund had a return of 3.7% compared to 4.9% for EAFE. Through June 30, 2010 the Fund had a return of -14.1% compared to -13.2% for EAFE.

9. **Discussion on action on the transfer of \$2,370.00 from Account #4084 to Account #4062 for the purchase of 2008 SQL Server License and Client Accent Licenses for the Pension Administration System as recommended and approved by the Budget & Finance Committee.**

This item was read into the record by the Chairperson but no action was required as the request was withdrawn at the Budget & Finance Committee meeting.

*No action.*

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10. **Discussion and action on benefit overpayment to Ms. Cara Rodenhaver as a result of her remarriage.**

*After careful discussion and due consideration, Mr. Austin moved to calculate a pay-off period of either 5, 7, or 10 years and inform Ms. Rodenhaver these options, seconded by Mr. Ortega and passed by the Board.*

11. **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, previously tabled (May 19, 2010).**

After an extensive discussion, Mr. Studer recommended an RFP for consulting and legislative services on a retainer basis. The retainer fee will require their presence at the legislative session and if an issue comes up and additional fee can be negotiated.

*Mr. Davis moved to prepare a Request for Proposal (RFP) for basic consulting and legislative services and bring back to the Board for approval in the next month or two and after approval by the Board send out to all interested parties, seconded by Mr. Hayes and approved by the Board.*

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

*None.*

13. **For Notation:**

Informational Material For Review. No Action Required.

14. **Report of Executive Director.**

Written Report Attached. As per Mr. Stanton, the Fund's assets as of the close of business yesterday are \$906 million, down from last year and down from last month as stated in the Executive Director's written report. He pointed to the highlights of his report which are the private equity capital calls that have been processed.

15. **Committee Reports:**

Chair Calderazzo provided committee re-assignment information to the Board. He stated that as part of the new Governance procedures people will be moved around on a routine basis to spread the responsibilities around. These assignments will be effective on August 1, 2010.

- A. Actuary/Audit Committee – Already Reported.
- B. Budget & Finance Committee – Already Reported.
- C. Disability Committee – Did not meet.
- D. Investment Committee – Reporting for the Investment Committee, Dr. Tollen stated that five providers for the Core Real Estate segment of the

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Fund's portfolio have been interviewed. The Committee will conduct due diligence on-site visits on INVESCO Core Property Fund, JP Morgan Strategic Property Fund and UBS Trumbull Property Funds. Additionally he reported that due diligence will be completed for a Small Cap Growth manager in early August.

- E. Personnel Committee – Mr. Stanton informed the Board that Mr. Mackesey will make a presentation to the Committee in August.
- F. Ad-Hoc Committee for Office Space – Did not meet.

16. **For Notation:**

A. Service Retirements

Mr. Jack W. Briggs                      Fire Department

B. Service/BackDrop Retirements

- 1. Mr. Kirk A. Isaacson                      Fire Department
- 2. Bryan L. Slayton                      Fire Department

C. Service/ PRP Retirement

- 1. Mr. Rene Ebarguen                      Fire Department
- 2. Mr. Jose A. Quiroz                      Police Department

D. Deferred Retirement

Mr. Fernando Corral                      Police Department

E. Survivor Benefits

- 1. Ms. Maricela F. Holguin, survivor of Raul Holguin,  
Fire Department
- 2. Ms. Herlinda Hutchins, survivor of Norman Hutchins,  
Fire Department

F. Cost of Living Adjustments

- 1. Mr. Enrique Ledesma                      Police Department
- 2. Mr. Saul Medrano                      Police Department

G. Death of member(s)

- 1. Mr. Elton Arnett                      Fire Department
- 2. Mr. Norman J. Hutchins                      Fire Department

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3. Mr. Joe C. Chacon                      Police Department  
4. Mr. Javier J. Martinez                Police Department

H. Refund of Contributions

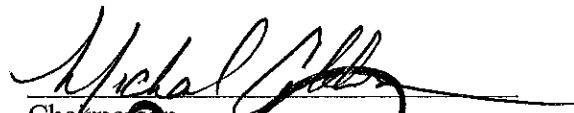
Ms. Laura Hernandez                      Police Department

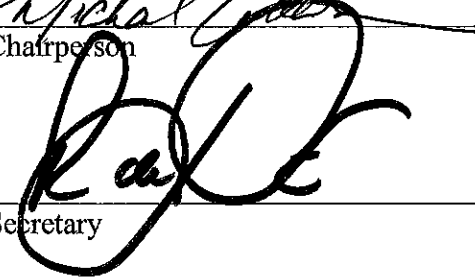
I. Payments to Service Providers

Sheehan Phinney Bass + Green        \$ 11,969.35

17. Adjournment.

*Mr. Ortega moved to adjourn, seconded by Mr. Davis and passed by the Board. The El Paso Firemen & Policemen's Pension Fund Board of Trustees meeting stands in adjournment at 2:58 p.m.*

  
Chairperson

  
Secretary