

**THE EL PASO CITY EMPLOYEES' PENSION FUND  
BOARD MINUTES FOR THE SPECIAL MEETING  
HELD THURSDAY, AUGUST 10, 2017 AT 4:00 P.M.  
PENSION OFFICE, 400 W. SAN ANTONIO AVE., SUITE B**

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**Members in Attendance:**

Karl C. Rimkus, Chairman  
Rene Peña, Vice Chairman  
Rebecca L. Torres  
Christina Stokes  
Robert C. Studer

**Members Absent:**

Presi Ortega  
Ed Archuleta

**Others in Attendance:**

Eduardo Miranda, Attorney  
Robert Ash, Pension Administrator  
Patricia Hickman, Deputy Pension Administrator  
David Garcia, Payroll/Accounts Payable Specialist

- Item 1. Karl Rimkus, Chairman, called the meeting to order at 4:00 P.M.
- Item 2. Discussion and action regarding construction cost for real property located at 1039 Chelsea.

Karl Rimkus, Chairman, addressed the Board; the Board received and reviewed the quotation from FT James.

Rimkus reviewed the quotation providing a comparison of cost for equivalent city properties noting the national average; the construction cost per square footage is below the national average and below the cost for equivalent city structures. Rimkus advised that according to FT James the pricing has increased from the previous year due to a "construction boom" in El Paso. Rimkus noted that if the Board approved the quotation, FT James will continue to request additional quotes from subcontractors for cost value. Rimkus advised that the Fund's contracted consultant, Stephan Schmitz, has reviewed the cost and advised that the quotation is reasonable. The quotation of about 1.42 million dollars was above the Fund's budgeted estimate of 1.2 million dollars. Rimkus discussed the possible added cost of a redesign noting the trend in rising construction cost. Rimkus recommended that the Board approve 1.5 million dollars to cover the quoted construction cost and other unforeseen miscellaneous charges.

Discussion ensued. The Board discussed the cost value of proceeding with the current design compared to the possible costs of a redesign. The Board discussed contingency costs. Robert Ash, Pension Administrator, reviewed the design and permit process noting the architect fees. Ash provided options to decrease the cost of the building. These options are to value engineer or decrease the size of the offices. Ash indicated in discussions with FT James it would be very

difficult to value engineer 200 thousand dollars without materially changing the design. Rene Peña, Vice Chairman, and Rimkus reviewed the options previously discussed by the Board including the estimated cost of remodeling existing structures. The Board discussed the attributing factors in the purchase of the real property located at 1039 Chelsea including retiree demographics, accessibility, the annual rent and 90-day out provision at the Fund's current location, and the trend of increasing rent rates. Eduardo Miranda, Attorney, reviewed the due diligence performed by the Ad-Hoc Facilities Committee. Miranda advised that the max estimate is about a 25 percent increase from the previously approved amount. Miranda noted that the previously approved amount was speculative. Ash reviewed the contracts developed by the Fund's real estate attorney noting that FT James has been forth coming in signing those agreements; Ash noted that the maximum amount is missing from the agreements.

**Motion made by Robert Studer to approve 1.5 million dollars maximum cost to bind the Fund with FT James and authorize staff to conduct that business; seconded Rebecca Torres. The motion required polling:**

<b>Rene Peña</b>	<b>aye</b>
<b>Christina Stokes</b>	<b>aye</b>
<b>Rebecca L. Torres</b>	<b>aye</b>
<b>Robert C. Studer</b>	<b>aye</b>

**Motion carried.**

Item 3. Discussion and action regarding a rebalancing plan.

Robert Ash, Pension Administrator, presented; the Board received and reviewed the rebalancing sheet. Ash reviewed the funding and drawdown activity including the recent COLA for retirees. Ash reviewed the Fund's cash needs, the cash guidelines and the proposed rebalancing as developed by Callan. Discussion ensued. The Board reviewed the proposed rebalancing, expected rebalancing activity and allocation. Ash discussed the expected installments for FT James.

**Motion made by Robert Studer to accept staff's rebalancing plan to take three million dollars each from Mellon S&P 500 and Mellon EAFE and put six million dollars in Cash; seconded by Rene Peña. Motion carried.**

**OPEN COMMENT PERIOD**

The Board of Trustees will allow speakers from the audience to comment on any pension related issue that is not on the agenda. During the Open Comment Period of the meeting, audience members who sign up to address the Board will be given an opportunity to address the Board. Unless modified by the Chair, speakers will be allowed three (3) minutes for their comments. For more information, please contact Karina Chavez at the Pension Office at (915) 212-0112.

Item 4. The Board will retire into EXECUTIVE SESSION pursuant to the Texas Government Code, Sections 551.071-551.076 and Section 551.078 to discuss any of the following:

Section 551.071	CONSULTATION WITH ATTORNEY
Section 551.072	DELIBERATION REGARDING REAL PROPERTY
Section 551.074	PERSONNEL MATTERS
Section 551.075	CONFERENCE WITH EMPLOYEES
Section 551.076	DELIBERATION REGARDING SECURITY DEVICES
Section 551.078	DELIBERATION REGARDING DISABILITY APPLICANT'S MEDICAL RECORDS

**Motion made by Robert Studer to adjourn the El Paso City Employee's Pension Fund Board Meeting on August 10, 2017; seconded by Rene Peña. Motion carried.**