

**THE EL PASO CITY EMPLOYEES' PENSION FUND
BOARD MINUTES FOR THE REGULAR MEETING
HELD WEDNESDAY JANUARY 20, 2016 AT 8:30 A.M.
CITY HALL, CITY COUNCIL CHAMBERS, 300 N. CAMPBELL**

Members in Attendance:

Rene Peña, Chairman
Karl C. Rimkus, Vice Chair
Rebecca L. Torres
Pat Aauto
Christina Stokes

Members Absent:

Presi Ortega
Peter Svarzbein, City Representative

Others in Attendance:

Eduardo Miranda, Attorney
Robert Ash, Pension Administrator
Patricia Hickman, Deputy Pension Administrator
Alma Duenas, Benefits/Budget Specialist
David Garcia, Payroll/Accounts Payable Specialist
Karina Chavez, Retiree Coordinator/ Data Entry Clerk
Bill Howard, Callan Associates
Patricia Degman, Comptroller
Norberto Pelayo, City's IT Department
Richard Campos, City's IT Enterprise Applications Administrator
David Kent, Actuary for Buck Consultants
Iwan Djanali, AQR Capital Management
Martin Robinson, General Partner, WEDGE Capital Management
John M. Carr, Executive Vice President, WEDGE Capital Management

- Item 1. Rene Peña, Chairman, called the meeting to order at 8:40 A.M.

NOTICE TO THE PUBLIC

All matters listed under the CONSENT AGENDA will be considered by the Pension Board to be routine and will be enacted by one motion in the form listed below. There will be no separate discussion of these items unless members of the Pension Board or persons in the audience request specific items be removed from the CONSENT AGENDA to the REGULAR AGENDA for discussion prior to the time the Pension Board votes on the motion to adopt the CONSENT AGENDA.

CONSENT AGENDA

Item 2. Approve the Minutes of the Regular Board meeting of December 16, 2015.

Item 3. Consideration and action on the following retirements:

	<u>NAME</u>	<u>DEPARTMENT</u>	<u>SERVICE TIME (EST)</u>
A.	Age & Service Retirement:		
1.	Banda, Juan J.	Env Svces	24 years 11 months *
2.	Borrego, Daniel	Mass Transit	22 years 02 months *
3.	Breckenridge, Benjamin	Mass Transit	13 years 04 months *
4.	Castorena, Arturo	Parks & Rec	21 years 05 months
5.	Chavez, Hector	Streets	27 years 06 months *
6.	Chavez, Victoria	PSB	31 years 00 months
7.	Escamilla, Fidel	PSB	09 years 07 months
8.	Gutierrez, Gustavo	PSB	30 years 10 months
9.	Herrera, Maria Teresa	Env Svces	27 years 03 months *
10.	Howell, Lorene	Police	10 years 07 months
11.	Lara, David	PSB	31 years 03 months *
12.	Lozano, Francisco	PSB	14 years 05 months *
13.	Mateo, Jose	Airport	27 years 03 months *
14.	Ramos, Henry	PSB	24 years 11 months
15.	Sandoval, Ernestina	Airport	09 years 10 months
16.	Silva, Tomas	Airport	20 years 05 months *
17.	Telles, Ricardo	Env Svces	10 years 08 months *
B.	Early:		
1.	Burke, Zoraida	Fire	20 years 01month *
2.	Ibarra, Aurelio	Mass Transit	19 years 08 months *
3.	Marmolejo, Antonio	Airport	11 years 10 months
4.	Guerrero, Gustavo	Fire	08 years 03 months *
C.	Deferred:		
1.	Pantoja, Victor	Capital Improvement	24 years 10 months

* The 3 year average was used to calculate the final pension benefit.

** The 12 month average was used to calculate the final pension benefit.

Item 4. Consideration and action on invoices as follows:

	<u>COMPANY</u>	<u>DESCRIPTION OF SERVICE</u>	<u>PERIOD</u>	<u>FEE DUE \$\$</u>	
A.	AQR Emerging Equities Fund	Investment Fees	November 30, 2015	\$9,698.00	**
B.	AQR Emerging Equities Fund	Investment Fees	December 31, 2015	\$9,254.00	**
C.	BKD LLP	Audit Fees	YE August 31, 2015	\$12,000.00	
D.	BKD LLP	Audit Fees	Final for YE 08/31/15	\$6,750.00	
E.	BNY Mellon Asset Services	Custodial Fees	Qtr. Ending 09/30/15	\$38,856.57	
F.	Buck Consultants LLC	Actuarial Fees	November 30, 2015	\$2,723.00	
G.	Callan Associates Inc.	Consulting Fees	Qtr. Ending 12/31/15	\$70,062.92	
H.	Denver Investments	Investment Fees	December 31, 2015	\$8,316.00	**
I.	Eduardo Miranda	Legal Fees	December 31, 2015	\$562.50	
J.	Lazard Asset Management	Investment Fees	Qtr. Ending 12/31/15	\$57,007.34	**

K. Principal Global Investors	Investment Fees	December 31, 2015	\$4,388.04	**
L. Vulcan Value Partners LLC	Investment Fees	Qtr. Ending 12/31/15	\$72,087.71	

* To be paid by Directed Brokerage credits.

** For Notation Only – to be withdrawn from commingled account.

*** Performance based fee.

Motion made by Pat Aداuto to approve the Consent Agenda; seconded by Christina Stokes. Motion required polling:

Rebecca L. Torres **aye**
Pat Aداuto **aye**
Christina Stokes **aye**
Karl Rimkus **aye**
Rene Peña **aye**

Motion carried.

REGULAR AGENDA

Item 5. Discussion and action regarding the Treasurer's Reports for months ending December 31, 2015.

Patricia Degman, Comptroller for the City of El Paso, presented; the Board received and reviewed the Treasurer's Report for the month ended December 31, 2015.

Degman reviewed the statement of net assets available for benefits. At the end of December, the net assets available for benefits were approximately 696 million dollars. Total assets were approximately 698 million dollars. Degman reviewed the subcategories in assets. Total cash and investments of approximately 682 million dollars is distributed across bonds, stocks, and index funds. Unrestricted receivables of about 15.5 million dollars are generally related to investments that have not closed by the end of the period. Degman reviewed liabilities. Liabilities include amount due for broker fees, foreign currency exchange, and other accrued expenses. Total liabilities at the end of December were approximately 1.5 million dollars. Degman noted that the format of the report was updated to include the prior month.

Degman reviewed the statement of changes in net assets available for benefits and the quarterly statement of changes in net assets available for benefits. Degman reviewed additions and deductions for the four months ended December 31, 2015. Contributions were approximately 12.8 million dollars and net investment income was approximately 2.7 million dollars, resulted in total additions of approximately 15.6 million dollars. For the first month of the second quarter contributions were approximately 3.3 million dollars. In deductions, benefits paid to retirees for the four months ended December 31, 2015 were approximately 16.9 million dollars and approximately 4 million dollars for the month of December. The total net decrease for the four months ended December 31, 2015 was approximately 2.5 million dollars. The net decrease in investment income for the month of December was approximately 10.1 million dollars which is largely due to the net depreciation in fair value of investments. The ending fund balance available for benefits was approximately 696 million dollars.

Degman noted the slight change in the reconciliation to Mellon statements from a cash to an accrual basis. The cash basis of approximately 696 million dollars does not reflect the contributions that were not recorded in the bank at the end of the period of approximately 775 thousand dollars and various other fees and expenses that were accrued through the period of

approximately 673 thousand dollars. The net adjustment from a cash to an accrual basis is approximately 102 thousand dollars.

Degman reviewed the investment income analysis. The investment income for four months ended December 31, 2015 net of fees is approximately 3.3 million dollars. The fiscal year net investment income is at 0.48 percent. The target rate for the fiscal year is 7.5 percent. Rene Peña, Chairman, requested additional information on the realized gain of approximately 15 million dollars. Robert Ash, Pension Administrator, responded that the transitions during the month caused the gains to become realized.

Degman reviewed the chart for investment income and the chart for net assets available for benefits and noted that the instability of the market is reflected in the charts.

Degman reviewed the administration actual/budget comparison. The budget for the year is about 772 thousand dollars. Current utilization is approximately 224 thousand dollars, which is 29 percent of the budget. Including the expenses paid directly by Mellon Trust, total administrative expenses are approximately 405 thousand dollars bringing total utilization to approximately 52.5 percent of the annual budget. At five months utilization is expected to be at about 42 percent of the budget; current utilization is affected by one-time expenses such as licensing fees and contracting amounts. Degman noted that utilization is expected to “flatten out” as the year progresses.

No action required on this item.

- Item 6. Discussion and action regarding the monthly report from the City’s Department of Information Technology.

Richard Campos, Enterprise Applications Administrator of the City’s Information Technology (IT) Department, spoke. Campos advised on the pending issues with the Pension Module.

Campos noted that the periodic processing of employee data for November has been completed by HR and pension staff. December is still pending but should be completed within the coming weeks.

Campos provided an update on pension statements. Participation for pension statements is currently under review for original hire dates and service history. IT provides the following reports to pension staff for the benefit of the pension statements: an excel comparison report that provides a comparison of the pension statements from the previous year for accuracy and a rehire query in order to identify any service adjustments for rehired personnel.

Campos noted that the employee withdrawal process has been completed as confirmed by pension staff and the benefits calculation program is running successfully. IT is currently reviewing the rules with pension administration to determine the accuracy of those calculations.

No action required on this item.

- Item 7. Discussion and action regarding the acceptance of the Board resignation of America Luna.

Rene Peña, Chairman, spoke; the Board received and reviewed the letter of resignation from the Board for Trustee, America Luna.

Peña noted that Luna had been on extended medical leave and subsequently submitted her letter of resignation.

Motion made by Karl Rimkus to accept the Board resignation of America Luna; seconded by Rebecca L. Torres. Motion carried.

- Item 8. Discussion and action regarding establishing an Ad-Hoc Subcommittee to recommend candidate(s) to fill the unexpired term of an Employee Trustee.

Rene Peña, Chairman, spoke; the Board received and reviewed the Fund policy to fill a Board vacancy of an Employee Trustee.

Peña created the Ad-Hoc Board Vacancy Committee to review applicants. Pension staff will post the notice for the position. Robert Ash, Pension Administrator, advised that after the two weeks' notice the Ad-Hoc Committee can convene to review the applicants and submit a recommendation to the Board. Ash noted that the vacancy announcement has been drafted and is ready to be posted on the Fund's website.

Peña appointed Pat Aduato and Presi Ortega to the Ad-Hoc Board Vacancy Committee and appointed Christina Stokes as Chair of that Committee.

No further action required on this item.

- Item 9. Discussion and action regarding the receipt of an interim actuarial valuation as prepared by Buck Consultants.

David Kent, Actuary for Buck Consultants, presented; the Board received and reviewed the interim actuarial valuation results as prepared by Buck Consultants. Kent distributed the presentation to the Board.

Kent noted that a full valuation with a full data feed is completed every other year; for the interim valuation Buck provides a projection. However, GASB has altered the rules, splitting funding and accounting. Kent explained that from a funding perspective Buck is still performing full valuations every other year with interim valuations on off years; for GASB, Buck is performing full reports: GASB 67 which is accounting for the Plan and GASB 68 which is accounting for the Plan sponsor.

Kent reviewed the major findings of the 2015 interim valuation. He explained that the interim valuation is based on the same provision, assumptions, data, and methods as the prior valuation; however, assets are updated. The next experience study will be performed in 2016. Due to new legislation, the study will be performed on four years of experience, rather than six. Buck will be using the 2012 and 2014 data feeds. The data for 2010 will not be used to avoid applying unnecessary weight on that period as the prior experience study incorporated that data. The experience study is expected to be completed in early summer. The funded ratio on actuarial value of assets increased from 77.1 percent to 79.6 percent. The years to funding increased from 11 years to 17 years. Kent noted that at the end of the fiscal year, the rate of return for the Fund was negative 2.5 percent; however, the Fund has deferred gains that were not recognized. Consequently, the actual return for the actuarial value of assets was at 9.6 percent for the fiscal year. Rene Peña requested additional information on GASB guidelines and Texas legislation. Kent responded that new Texas legislation allows for 30 years to amortize.

Kent provided a comparison of the market value and actuarial value of assets. For 2015 the actuarial value is higher than the market value by about 12.5 million dollars which indicates that there are losses in the market value that are not yet reflected in the actuarial value; however, those losses will be reflected over the next few years. Kent explained that anything above the assumed rate of return is considered a gain and anything below is considered a loss. Only 20 percent of a gain/loss is recognized each year. Peña requested additional information on the assumed return rate. Kent explained that the assumed rate will be reviewed during the experience study. Based on a macro view as performed for GASB, Kent advised that the 7.5 percent is a fair assumption. The Board discussed the effect of altering the assumption rate.

Kent reviewed the historical actuarial value of assets as a percent of actuarial accrued liability. Kent noted that even with recent poor asset return the Fund displays an upward trend to being fully funded.

Kent reviewed contributions. Kent noted that the majority of the numbers are static from year to year with the exception of years to fund. Kent explained that the normal cost rate of 14.2 percent will trend down each year because of the new tier of employees that are entering at a lower cost rate of 12.71 percent. Consequently, the employer amortization rate will increase.

Kent reviewed the GASB 67 results for net pension liability. The Board discussed the results of the GASB 67 and the interim valuation.

Motion made by Pat Aduino to formally accept the report on the interim valuation made by Buck; seconded by Christina Stokes. Motion carried.

Item 10. Discussion and action regarding the untimely retirement application of Hector Villanueva.

Alma Duenas, Benefits/ Budget Specialist, presented. The Board received and reviewed the request for the untimely retirement application of Hector Villanueva.

Rene Peña, Chairman, moved Item 10 to the end of the meeting to allow additional time for Villanueva to arrive. The Board returned to Item 10 following Item 18. Villanueva did not attend the Board Meeting. Duenas confirmed that Villanueva was invited to attend.

Duenas reviewed Villanueva's request and provided a timeline of events beginning with the estimate for retirement benefits provided to Villanueva in May of 2015.

The Board discussed the specific ordinance provision with Eddie Miranda, Attorney. Miranda reviewed Municipal Code 2.64.200 regarding retirement pensions and the letter of termination submitted to Villanueva by the City's HR Department. The Board discussed the letter submitted by Mr. Villanueva.

Motion made by Rebecca L. Torres to deny the request at this time; seconded by Christina Stokes. Motion required polling:

Rebecca L. Torres	aye
Pat Aduino	aye
Christina Stokes	aye
Karl Rimkus	aye

Motion carried.

Item 11. Discussion and action regarding the receipt of a death verification audit.

Robert Ash, Pension Administrator, presented; the Board received and reviewed the death verification audit. Ash advised that the report is completed every other month. He noted that there is no action to be taken; there were no unexpected names appeared on the list.

No action required on this item.

Item 12. Discussion and action regarding hiring an additional absolute return investment manager and authorizing the Chairman or Administrator to sign related documents. ***Tabled December 2015.***

Motion made by Rebecca L. Torres to table Item 12; seconded by Karl Rimkus. Motion carried.

Item 13. Discussion and action regarding the receipt of an investment manager report from AQR Capital Management.

Iwan Djanali, AQR Capital Management, presented; the Board received and reviewed the investment manager report from AQR.

Djanali provided an update of the firm. The firm was founded in 1998; AQR has over 15 years of experience managing equity portfolios for institutional investors. The firm has over 140 billion dollars in assets under management over several strategies; of that, AQR manages 11 billion dollars in emerging equities which is up from nine billion dollars from the beginning of 2015. Djanali summarized the firm's organization.

Djanali reviewed AQR's multi-strategy investment approach and provided a comparison to a typical investment approach in an emerging portfolio. Djanali reviewed the firm's stock selection model, the country selection model, and the currency selection model. Djanali highlighted the three types of momentum in stock selection: direct, indirect, and industry.

Djanali provided a performance review and portfolio characteristics. The Fund invested in AQR Emerging Equities Fund on June 1, 2014. Since inception, MSCI Emerging Markets Index has been down 19.5 percent cumulatively. However, the portfolio has outperformed the benchmark by 0.7 percent. AQR underperformed the benchmark by 1.2 percent in 2015. The negative performance for the calendar year was driven by stock selection. Djanali reviewed the contribution by country selection, contribution by currency returns, factor attribution, and average deviation from the benchmark. Currency and country selection, which were up 0.1 and 0.3 percent respectively, mitigated some of the losses in 2015. Djanali reviewed performance by sector selection. Sector selection refers to underweighting or overweighting to the benchmark. Sector selection performed well, contributing 0.4 percent.

Rene Peña, Chairman, requested additional information on stock selection given the poor performance. Djanali responded that AQR has a fundamental approach to stock selection; the market traded away from fundamentals in 2015. The fundamental factor of improvement was rewarded; however, valuation underperformed. Djanali advised that deviations are expected; AQR does not plan to make major changes. Incremental changes will be made based on continued research.

Peña requested additional information on country selection highlighting China. Djanali responded that China remains attractive from a value (relative to other emerging market countries) and a fundamental, momentum perspective. AQR will not rebalance the portfolio as

long as events do not affect fundamentals. Djanali provided an example of historical risk management.

Robert Ash, Pension Administrator, requested additional information on return attribution from stock selection, currency, and country allocation. Djanali responded that AQR expects stock selection to outperform currency and country selection. In the portfolio, AQR expects a tracking error of four percent and an information ratio of 0.6 to 0.7 percent with an expected return of 2.4 to 2.8 percent. Since inception, the excess return is 2.2 percent. Ash requested that AQR add the portfolio holdings to the presentation. When prompted by Ash, Djanali advised that the turnover of the portfolio is approximately 0.7 percent one way which is approximately 1.4 percent both ways.

No action required on this item.

- Item 14. Discussion and action regarding the receipt of an investment manager report from WEDGE Capital.

Martin Robinson, General Partner, and John M. Carr, Executive Vice President, of WEDGE Capital Management presented; the Board received and reviewed the investment manager report from WEDGE.

Robinson provided an overview of the firm including organization. WEDGE has been an independent investment firm for 32 years. The small/mid cap strategy with assets under management of approximately 1.8 billion dollars will eventually close to future investors.

Carr provided an update on performance and reviewed the investment strategy. WEDGE is a fundamental investor. The firm manages a US small cap portfolio of approximately 16.9 million dollars for the Fund. The portfolio was funded in 2011 with approximately 35.5 million dollars. The portfolio was rebalanced by the Fund in 2012. Even with the reduction in funding the portfolio has earned approximately 25 million dollars over four years, which is a 14.79 percent annualized return. Carr provided a comparison to the benchmark; the portfolio has outperformed the benchmark by about 3.4 percent gross of management fees. The stock portfolio contributed to the vast majority of that return.

Carr reviewed the portfolio characteristics. He provided a comparison of the price/earnings projection and sector weighting for the portfolio and the benchmark.

Rene Peña, Chairman, requested a portfolio and market outlook. Carr expects continued volatility in the market; however there will not be changes to allocation. Carr believes that from a long-term value perspective there is plenty of opportunity and that there are no signs of recession in the US. Robert Ash, Pension Administrator, commented that the value-style is out of favor and requested information on WEDGE's self-discipline. Carr responded that valuation is largely the reason companies in the portfolio are sold; second to valuation is the dividend; and additionally a fundamental change or change in the company outlook. Robinson commented on growth versus value and provided a market outlook. Robinson believes that 2016 may see a "value run".

No action required on this item.

- Item 15. Discussion and action regarding a report from Callan Associates.

Bill Howard of Callan Associates presented; the Board received and reviewed the monthly “flash” report for the period ended December 31, 2015. Howard noted that all the returns shown are net of investment manager fees and advised that he will review private equity and private real estate next month in the quarterly report.

Howard reviewed market performance for the calendar year. The market was volatile through the year. In August, China’s slowing economy impacted the markets; in June the price of oil dropped and continues to drop to date. Volatility increased when the Fed increased interest rates. The Russell 3000 a broad US equity index was down approximately two percent in December and positive about 50 basis points for the year. In developed international equity the EAFE index was down approximately 1.4 percent in December and down under one percent for the year. Emerging markets were down about two percent for the month and down approximately 15 percent for the year. In fixed income the Barclays Aggregate Index was negative approximately 30 basis points in December and approximately 50 basis points positive for the year. In real estate the Global REIT benchmark was positive almost one percent in December and about flat for the year. Private real estate was up over one percent for the month of December and over 14 percent for the year. MLPs have fallen significantly with the price of oil, down 35 percent for the year. Howard stated that he believes the market will return to fundamentals. Rene Peña, Chairman, requested additional information on China. Howard stated the markets have overreacted. He believes the markets will adjust and investors will step back in. Callan will perform an asset liability study later this year.

Howard reviewed the performance of the Fund’s domestic equity active managers. Callan advised that they will review the US equity structure at the next Investment Committee Meeting to streamline the structure and reduce the number of managers. The Mellon Dynamic US Equity portfolio, which was funded in December 2013, uses leverage to outperform their benchmark, the S&P 500. They trailed the index by about 34 basis points, are ahead for the fiscal year, but behind the index by about one percent for the year. Vulcan, a concentrated all cap value manager, underperformed for the last year. Boston Partners is a large cap manager with a value orientation. They underperformed for the month and the year. Wedge presented to the Board today. They have struggled recently but are ahead of the benchmark for the last three years by over 150 basis points. Riverbridge, the small cap growth manager, outperformed the index for the month and the year. The small cap index was down about five percent for the month.

Howard reviewed the performance of the Fund’s international equity active managers. Franklin Templeton is an international small cap manager with a value approach. They trailed in December but are ahead for the last year. Lazard outperformed in December but trailed the index for the last year. Since inception Lazard is ahead of their index after fees. Of the two emerging market managers, Touchstone is on “watch” for performance. Touchstone outperformed in December, but trailed the index for the one and three year markers. AQR presented to the Board today. AQR had a difficult 2015; however, they had outperformed the benchmark consecutively for six years. Denver Investments an international small cap manager is on “watch” for performance. Denver was positive three percent for December and ahead almost 200 basis points for the last year. However, Denver remains behind since inception. Rene Peña, Chairman, requested additional information. Howard responded that Denver’s performance has been positive.

Howard reviewed the performance of the Fund’s fixed income and real estate active managers. Howard advised that the Chief Investment Officer for the fixed income team will be stepping down in March 2016. Callan will perform an onsite due diligence visit by early February and will report back to the Investment Committee and the Board at the February meeting. Janus has underperformed the benchmark for the month and the year. For the last three years, they

outperformed their benchmark by about 34 basis points. Franklin Templeton is a global, more aggressive bond manager. They underperformed by about three percent for the month, trail the index for the last year, and outperformed by about 135 basis points for the last three years. Principal has outperformed for the last four months by about 50 basis points after fees.

Howard reviewed the performance of the Fund's MLP active manager, Salient, and the absolute return manager, Allianz. Salient underperformed for the month and outperformed the index for the year. Allianz produced a return of about 30 basis points after fees in December.

The total fund was down approximately 1.5 percent for the month and down about two percent for the year. The fund is below the target rate for the last three and five years.

Howard noted that Heitman was funded in in early January.

No action required on this item.

Item 16. Discussion and action regarding a report from the Pension Administrator.

Robert Ash, Pension Administrator, reported on the following:

- Ash noted that the market is down over 500 points and the price of oil is down to 27 dollars a barrel. For the month, the fund may have six to seven percent losses.
- TEXPERS will be meeting in Dallas in early April. There is a Saturday training class.
 - Trustees that came in at the beginning of January of last year have a limited time to obtain continuing required state education; they have one year. Trustees in before then have two years.
 - Trustees Christina Stokes and Pat Aduato have previously attended the training.
 - Ash advised Trustees to contact the Office of Pension Administration for additional information.
- Ash advised that the following Board Meeting is scheduled for February 17th. Some school districts will be closing. The County and City are discussing closing offices.
 - Trustees discussed rescheduling and possible venues. Ash advised that next month Eddie Miranda, Attorney, will review new legislation regarding streaming and open carry, the ethics ordinance, and provide fiduciary training.
- The Ad-Hoc Board Vacancy Committee will meet. Pension staff will coordinate with Committee Chair, Christina Stokes.
- Ash thanked the Investment Committee and Personnel Committee Members for attending their respective meetings.
- With the receipt of the actuarial interim valuation, Ash advised that the Actuary Committee should meet to discuss a potential COLA. Pension staff will coordinate with the Committee Chair.

No action required on this item.

Item 17. Discussion and action regarding the following Committee reports/assignments:

- A. Actuary Committee – Committee did not meet.
- B. Ad-Hoc Facilities Committee – Committee did not have quorum; Committee will be presenting to the Board next month.
- C. Audit Committee – Committee did not meet.
- D. Investment Committee – Committee did meet.

Karl Rimkus read the Investment Committee minutes:

The Investment Committee met on January 19, 2016. The Committee received the “flash” report for the month of December 2015 as prepared by Callan Associates.

The Committee received annual investment portfolio performance reviews from Wedge Capital Management and AQR. The Committee reviewed the performance data and asked questions of the firms. The reports from Wedge and AQR did not present any material adverse findings.

The Committee postponed a follow-up discussion regarding hiring another absolute return portfolio manager. The Committee had requested that Callan provide some more data regarding two firms under review. This item will be addressed at the next Committee meeting.

The Committee then discussed the possibility of hiring a currency portfolio manager. Callan indicated that the Board has received two educational sessions. The Committee requested that Callan do additional work to quantify the exposure to possible losses and how to mitigate any significant potential losses.

The Committee also discussed rebalancing of the current MLP allocation. The Committee noted that the sector went down considerably in the last quarter. The Committee recommends waiting to rebalance until there is some price stability in the price of oil.

Finally, the Committee discussed the certification page that the Fund’s investment management firms are requested to sign every time an amendment is made to the Fund’s Investment Rules and Regulations. The Committee recommends that it be sent to only investment management firms which have separately managed accounts and not the co-mingled funds. The consultant was requested to draft an amendment to the Fund’s Investment Policy to reflect this change. The Administrator was requested to place an item on the February Board agenda for consideration and possible approval of this amendment.

The Investment Committee is scheduled to meet again on February 16, 2016.

No action required on this item.

E. Personnel Committee – Committee did meet.

Christina Stokes read the Personnel Committee minutes:

The Personnel Committee met on January 19, 2016. The Committee received a salary survey prepared by Segal Waters Consulting. The Committee reviewed the salary survey and compared it to the current salaries of staff. The Committee asked staff to perform additional analysis of the study. The Committee expects to make a report to the Board in the coming months.

The Committee also received and discussed the annual performance evaluation of the Administrator. The Committee had the opportunity to discuss the evaluation and performance goals for 2016 with the Administrator and Board Chairman. The Committee recommends approval of the performance evaluation. The Committee also discussed the Administrator’s contract and reviewed a draft contract for services beginning January 19, 2016.

Finally, the Committee received information related to future service awards for employees’ and Board members. The staff was provided a list of potential service award candidates. The Committee considered one candidate who will receive their service award next month.

The Committee will next meet at a date and time to be determined.

No action required on this item.

F. Retiree Committee – Committee did not meet.

Item 18. For Notation:

A. Directed brokerage credit balance for month ended November 30, 2015: \$132,230.08.

B. Refund of Contributions:

	NAME	DEPARTMENT	TOTAL REFUND	
1.	Alvarez-Sanchez, Martha C.	Health	\$1,100.01	
2.	Arriaga, Evangelina	EPWU	\$11,943.25	
3.	Bevel, Brittny	MCAD	\$9,433.79	
4.	Boykin, Randy C.	EPWU	\$671.34	
5.	Brunjes, Olaf	Capital Improvements	\$2,213.80	
6.	Bustillos, Jeezayr	IT	\$3,744.82	
7.	Cummins, Chelsea	Mayor	\$6,892.95	
8.	Fierro, Hector	Environmental Services	\$5,995.67	
9.	Flores, Jose	IT	\$1,678.66	
10.	Gallegos, Albert	Mass Transit	\$75,359.54	**
11.	Gellegos, Myrna	QDRO	\$34,782.71	
12.	Gutierrez, Aurelio	EPWU	\$1,893.29	
13.	Harmon, Sandra	Mass Transit	\$11,960.62	
14.	Lino-Fernandez, Griselda	General Services	\$3,406.03	
15.	Lino, Leos	Mass Transit	\$23,321.86	
16.	Martinez, Desiree	Health	\$4,088.54	
17.	McCrew, Yvonne	Tax Office	\$19,010.70	
18.	Means, Denis C.	Streets	\$10,196.31	
19.	Menchaca, David	EPWU	\$1,969.81	
20.	Molina, Yesenia	Health	\$6,068.01	
21.	Perez, Valerie E.	Health	\$632.14	
22.	Pizana Jr., Henry	Environmental Services	\$764.17	
23.	Quintero, Brittany	Fire	\$554.37	
24.	Ramirez, Francisco	Mass Transit	\$1,924.76	
25.	Tellez, Jason A.	EPWU	\$1,753.35	
26.	Torres-Luna Tiffany	Fire	\$1,356.89	
27.	Torres, Mary	Health	\$367.34	
28.	Tovar, Jonathon	Fire	\$716.52	
29.	Uribe, Roy	EPWU	\$7,561.44	
30.	Vega, Christy	Mass Transit	\$16,678.18	
31.	Vega, Rebecca	Fire	\$27,585.50	
		TOTAL	\$295,626.37	

* Additional interest/contributions due

** Eligible for Early Retirement

For notation, no action required on this item.

Motion made by Karl Rimkus to go into Executive Session to discuss items under Section 551.071 and 551.074; seconded by Pat Aauto. Motion carried @ 10:42 A.M.

Motion made by Pat Aauto to reconvene from Executive Session; seconded by Christina Stokes. Motion carried @ 11:03 A.M.

Item 19. 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

A. **Section 551.071 and 551.074** Discussion and action regarding the annual performance evaluation of the Pension Administrator/Legal Advisor.

Motion made by Rebecca L. Torres to accept the annual performance evaluation of the Administrator; seconded by Karl Rimkus. Motion required polling:

Rebecca L. Torres	aye
Pat Aauto	aye
Christina Stokes	aye
Karl Rimkus	aye

Motion carried.

B. **Section 551.071 and 551.074** Discussion and action regarding an employment agreement for the Pension Administrator/Legal Advisor.

Motion made by Christina Stokes to accept the contract with the Fund's Pension Administrator as presented by legal counsel; seconded by Rebecca L. Torres. Motion required polling:

Rebecca L. Torres	aye
Pat Aauto	aye
Christina Stokes	aye
Karl Rimkus	aye

Motion carried.

Item 20. Adjournment

Motion made by Karl Rimkus to adjourn the El Paso City Employee's Pension Fund Board Meeting on January 20, 2016; seconded by Rebecca L. Torres. Motion carried @ 11:05 A.M.