

**THE EL PASO CITY EMPLOYEES' PENSION FUND  
BOARD MINUTES FOR THE REGULAR MEETING  
HELD WEDNESDAY JUNE 18, 2014 AT 8:30 A.M.  
CITY HALL, CITY COUNCIL CHAMBERS, 300 N. CAMPBELL**

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**Members in Attendance:**

Rene Peña, Chairman  
Mario R. Hernandez, Vice Chair  
Christina Stokes  
Karl C. Rimkus  
Cecilia A. Rios

**Members Absent:**

Presi Ortega  
Dr. Michiel Noe, City Representative  
Larry E. Romero, City Representative  
America Luna

**Others in Attendance:**

Eduardo Miranda, Attorney  
Robert Ash, Pension Administrator  
Patricia Hickman, Deputy Pension Administrator  
David Garcia, Payroll/Accounts Payable Specialist  
Karina Chavez, Retiree Coordinator/ Data Entry Clerk  
Bill Howard, Callan Associates  
Luis Ortiz, Accounting Manager of City Comptroller's Office  
Margarita Munoz, City Comptroller's Office  
Enrique Martinez, Interim Director of the City's IT Services  
Richard Campos, City's IT Dept.  
Norberto Pelayo, City's IT Dept.  
Bob Griffin, Janus  
John Brandt, Janus

- Item 1. Rene Pena, Chairman, called the meeting to order at 8:41 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 May 21, 2014.

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	Azpeitia, Angela	Airport	26 years 02 months
2	Benavidez, Rafael	EPWU	26 years 07 months
3	Martinez, Enrique	EPWU	25 years 07 months *
4	Martinez, Ruben	Police	07 years 01 months
5	Padilla, Virginia	PRP	08 years 09 months
6	Rodriguez, Miguel	Purchasing	13 years 11 months
7	Weese, Larry	Env Svces	22 years 01 month
B.	Early:		
1	Alvarado, Anastacio	DOT	24 years 05 months *
2	Cadena, Francisco	Parks	05 years 08 months
3	Padilla, Marco	Env Svces	10 years 00 months
C.	Deferred:		
1	Alarcon, Raquel	Financial Svces	10 years 06 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 survivor benefit applications for:

A. Medrano, Silvia survivor of Roman M. Medrano, retiree.

B. Perez, Armida P. survivor of Jose M. Perez, retiree.

Item 5. Consideration and action on invoices as follows:

	<u>COMPANY</u>	<u>DESCRIPTION OF SERVICE</u>	<u>PERIOD</u>	<u>FEE DUE \$\$</u>	
A.	Denver Investments	Investment	April 30, 2014	\$9,411.00	**
B.	Denver Investments	Investment	May 31, 2014	\$9,237.00	**
C.	Eduardo Miranda	Legal	May 31, 2014	\$837.50	
D.	Mellon Capital Management	Investment	Qtr. Ending 3/31/14	\$53,988.24	**

\* To be paid by Directed Brokerage credits.

\*\* For Notation Only – to be withdrawn from commingled account.

\*\*\* Performance based fee.

**Motion made by Mario Hernandez to accept Consent Agenda; seconded by Cecilia Rios.  
Motion required polling:**

**Mario Hernandez      aye**  
**Christina Stokes      aye**  
**Karl Rimkus            aye**  
**Cecilia A. Rios        aye**

**Motion carried.**

## REGULAR AGENDA

- Item 6. Discussion and action regarding the Treasurer's Reports for months ending April 30, 2014 and May 31, 2014.

Luis Ortiz, Accounting Manager of City Comptroller's Office presented; the Treasurer's Reports for the period ending April 30, 2014 and for the period ending May 31, 2014 were distributed. The Board received a review of the Treasurer's Report for the period ending April 30, 2014. When prompted by the Board, Robert Ash, Pension Administrator, advised that the adjustments to the administrative budget, which will be presented during Item 9, will not affect the overall budget.

The Board also received a review of the Treasurer's Report for the period ending May 31, 2014. The citywide salary increase explains the increase in contributions seen in the 3<sup>rd</sup> quarter for the fiscal year. Despite the 13<sup>th</sup> check that was issued to [qualified] retirees in May, the net increase for the third quarter is equivalent to that of the 2<sup>nd</sup> quarter for the fiscal year. The realized gains in May (\$2.2 million) superseded the realized loss experienced in April of \$1.5 million. At 14.14% return, the Fund has almost doubled the target rate of return of 7.50% for the fiscal year.

**Motion made by Christina Stokes to accept the Treasurer's Report for the months ending April 30, 2014 and May 31, 2014; seconded by Karl Rimkus. Motion carried (unanimous).**

- Item 7. Discussion and action regarding the monthly report from the City's Department of Information Technology.

Enrique Martinez, Interim Director of the City's Information Technology (IT) Department, spoke. The Board received a progress report on the pending issues with the Pension Module. Mr. Martinez reported that the benefit statements should be completed within the following two weeks. Once the benefit statements have been issued, IT will dedicate their resources to resolving issues with the actuarial evaluation.

IT has identified nine tasks that are still pending in the Pension Module; they have found a new implementation partner to assist with that module. However, that resource, which is currently committed to the City of Albuquerque, will not be available until August. During the interim, IT will continue to maintain the Pension Module.

In an effort to optimize the system's performance, IT together with the new implementation partner will perform a fit/gap analysis of the system. By September (upon completion of the analysis), IT will issue a scope of work. The fully functioning Pension Module should free limited Pension resources by eliminating manual data validation.

Robert Ash, Pension Administrator, expressed his concern over impending deadlines imposed by the State. IT resolved to meet with Pension Staff to review focal issues and deadlines (the Fund's Actuary and Auditor will meet no later than July to develop a schedule.)

**No action required on this item.**

- Item 8. Discussion and action regarding the receipt of a death verification analysis.

Robert Ash, Pension Administrator, spoke; report was distributed. At the Board's request, the death verification analysis is conducted every other month. The report returned the usual names with recurring data issues; no action is required.

**No action required on this item.**

Item 9. Discussion and notation of recently completed budget revision.

Robert Ash, Pension Administrator, spoke; budget revision report was distributed. The necessary budget adjustments due to unforeseen expenses totaled \$7800; however, the overall approved budget did not change.

**For notation, no action required on this item.**

Item 10. Discussion and action regarding the receipt of an annual investment manager report from Janus.

John Brandt and Bob Griffin of Janus presented; report was distributed. The Board received a review of the firm, Janus' personnel and performance, and the outlook for the investment climate. Since inception, Janus has outperformed their benchmark. In preparation of a rising rate environment as expected in 2014, Janus will shorten and manage duration diligently.

**No action required on this item.**

Item 11. Discussion and action regarding a report from Callan Associates.

Bill Howard of Callan Associates presented; report was distributed. The Board received a review of the "flash" report for the month of May 2014. The new emerging markets manager was funded in late May; a review of their performance will be available in next month's flash report.

Regarding performance, although equities performed well in May, Riverbridge continues to struggle; they have struggled from inception.

With the recent rebalancing, the Fund's portfolio has moved closer to the target asset allocation.

**No action required on this item.**

Item 12. Discussion and action regarding a report from the Pension Administrator.

Robert Ash, Pension Administrator, reported on the following:

- TEXPERS is having a summer seminar in Houston, Texas from August 10-12, 2014.
  - Trustees should advise the Pension Office if they will be attending.
- The Fund's training requirements took effect in May.
  - Trustees must complete and submit a training form to the Pension Office when classes are completed.
  - The training form specifies content (core/non-core) and hours and certifies that the training complies with the Training Policy. (Trustee, Mario Hernandez, has already completed two classes.)
  - Reporting period will be from May thru April.
- The City's Internal Audit Office should complete the audit of Fund's purchasing process within the following month. (The audit was requested by the Fund.)

- The Fund's Actuary and Auditors will meet.
  - Once benefit statements have been issued, Patricia Hickman, Deputy Administrator, will focus on the pending data issues with the actuarial extract.

**No action required on this item.**

Item 13. Discussion and action regarding the following Committee reports/assignments:

- A. Actuary Committee - Committee did not meet.
- B. Ad-Hoc Continuing Education Committee - Committee did not meet.
- C. Ad-Hoc Facilities Committee - Committee did not meet.
- D. Audit Committee - Committee did not meet.
- E. Investment Committee - Committee did meet.

Karl Rimkus read the Investment Committee minutes: The Investment Committee met on June 17, 2014. The Committee received a monthly "flash" portfolio performance report for the month of May from Callan Associates. After reviewing the monthly "flash" report the Committee heard and discussed the semiannual investment performance reports from Wedge Capital Management and Janus Capital Management Co. There were no material discrepancies noted in their respective reports.

The Committee tabled for one-month a discussion of the Fund's asset allocation.

The Committee received information from the Administrator and Investments Consultant regarding fees and reporting requirements for any possible future comingled and separate MLP accounts. The Committee recommended that Callan continue the search for an MLP investment manager and that finalists present at a future Investment Committee meeting.

Finally, the Committee discussed a possible requirement that investment managers report to the Committee and the Board using an electronic format. After discussion it was requested that the Administrator investigate the best way to implement using electronic manager presentations for future Investment Committee meetings. It was suggested that both paper and electronic backup be made available to Committee members on a trial basis.

The next regularly scheduled Investment Committee meeting will be July 15, 2014 at 1 PM.

**No action required on this item.**

- F. Personnel Committee - Committee did not meet; Committee was unable to obtain a quorum for June. The Committee is scheduled to meet in July.
- G. Retiree Committee - Committee did not meet.

Item 14. For Notation:

- A. Directed brokerage credit balance for month ended April 30, 2014: \$137,180.05
- B. Qualified Domestic Relations Order:
  - 1. Enrique Martinez and Bertha Martinez.
- C. Refund of Contributions:

	NAME	DEPARTMENT	TOTAL REFUND
1	Bhakta, Poonam	Health	\$3,882.07
2	Carter, Arthur F.	Police	\$210.16

3	Cortez, Lorenzo	Mass Transit	\$15,079.78	
4	Johnson, Shermanita	Health	\$4,585.23	
5	Marquez, Luis	Engineering	\$11,524.19	
6	Martell, Victor	Env. Services	\$1,304.13	
7	Rodriguez, Rodolfo	Mass Transit	\$4,683.44	
8	Ruiz, Jorge	City Development	\$2,199.16	
9	Santos, Eric	Env. Services	\$3,198.91	
10	Serrano, Elias R.	Env. Services	\$790.69	
11	Torres, Julian	Env. Services	\$18,317.98	**
12	Vega Jr., Francisco	EPWU	\$3,117.43	
13	Wilkins, David	Env. Services	\$441.07	
	<b>TOTALS</b>		<u>\$69,334.24</u>	

\* Additional interest/contributions due  
 \*\* Eligible for Early Retirement

**For notation, no action required on this item.**

Item 15. 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 551.078** Discussion and action regarding the disability retirement application of Matthew Yacono.

**Motion made by Christina Stokes to table Item 15A for one month; seconded by Mario Hernandez. Motion carried (unanimous).**

Item 16. Adjournment

**Motion made by Mario Hernandez to adjourn the El Paso City Employee's Pension Fund Board meeting on June 18, 2014; seconded by Christina Stokes. Motion carried @ 9:57 A.M. (unanimous).**

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 Secretary

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 Chairman