

**THE EL PASO CITY EMPLOYEES' PENSION FUND
BOARD MINUTES FOR THE REGULAR MEETING
HELD WEDNESDAY MAY 20, 2015 AT 8:30 A.M.
CITY HALL, CITY COUNCIL CHAMBERS, 300 N. CAMPBELL**

Members in Attendance:

Karl C. Rimkus, Vice Chair
Presi Ortega
Rebecca L. Torres
Pat Adauto
Christina Stokes
Larry E. Romero, City Representative
America E. Luna

Members Absent:

Rene Peña, Chairman
Dr. Michiel Noe, City Representative

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
Denise Grizzle, CFPO Comptroller, City of El Paso
Richard Campos, City's IT Enterprise Applications Administrator
Norberto Pelayo of the City's IT Department
Jeremy Troxell, Web Media Designer III of the City's IT Department
Scott M. Lee, CFA, Franklin Templeton
Brian Zeiler, CFA, Franklin Templeton
Robert A. Failla, CFA, Lazard Asset Management

- Item 1. Karl Rimkus, Vice Chair, called the meeting to order at 8:32 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 April 15, 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	Almonte, David	City Manager	24 years 04 months
2	Castle, Linda J.	Planning	23 years 03 months
3	Contreras, Debbie	Mass Transit	21 years 08 months *
	Diamondstein, Maria del	Museum & Cultural Affairs	07 years 10 months
4	Socorro Quezada	OMB	37 years 03 months
5	Mueller, Audrey	Zoo	20 years 05 months
6	Nelson, Delilah	Mass Transit	09 years 05 months *
7	Ortega, Armando V.	Health	18 years 10 months
8	Parga, Maria V.	Fire EMS	16 years 05 months * PRP
9	Rodriguez, Juan F.	Human Resources	17 years 02 months
10	Villagomez, Maria D.		
B. Early:			
1	Herrera, Martha	Library	12 years 03 months
C. Deferred:			
1	Shang, Jane K.	City Manager	07 years 04 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. Flores, Gloria M. survivor of Armando J. Flores, retiree
- B. Ruacho, Monica R. survivor of Armando V. Ortega, retiree

Item 5. Consideration and action on invoices as follows:

	<u>COMPANY</u>	<u>DESCRIPTION OF SERVICE</u>	<u>PERIOD</u>	<u>FEES DUE \$\$</u>
A.	AQR Emerging Equities Fund LP	Investment Fees	March 31, 2015	\$11,212.00 **
B.	AQR Emerging Equities Fund LP	Investment Fees	April 30, 2015	\$11,044.00 **
C.	Buck Consultants LLC	Consulting Fees	March 31, 2015	\$4,105.00
D.	Buck Consultants, LLC	Consulting Fees	April 30, 2015	\$1,680.00
E.	Denver Investment Advisors	Investment Fees	March 31, 2015	\$8,254.00 **
F.	Denver Investment Advisors	Investment Fees	April 30, 2015	\$8,654.00 **
G.	Eduardo Miranda	Legal Fees	April 30, 2015	\$550.00
H.	Gordon Davis Johnson & Shane PC	Legal Fees	March 31, 2015	\$3,878.98
I.	Gordon Davis Johnson & Shane PC	Legal Fees	April 30, 2015	\$5,832.89
J.	Invesco National Trust Company	Investment Fees	Qtr. End Mar 31, 2015	\$42,773.65 **
K.	Janus Capital Group	Investment Fees	Qtr. End Mar 31, 2015	\$64,516.21
L.	Mellon Capital Management	Investment Fees	Qtr. End Mar 31, 2015	\$50,840.05 **

M. Riverbridge Partners	Investment Fees	Qtr. End Mar 31, 2015	\$45,104.32
N. UBS Realty Investors LLC	Investment Fees	Qtr. End Mar 31, 2015	\$115,609.91 **
O. Warach, Soto & Associates	Legal Fees	April 6 – May 5, 2015	\$2,600.00
P. Wedge Capital Management	Investment Fees	Qtr. End Mar 31, 2015	\$51,099.57

* To be paid by Directed Brokerage credits.

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

*** Performance based fee.

Motion made by Rep. Larry Romero to accept the Consent Agenda; seconded by Christina Stokes. Motion required polling:

Presi Ortega	aye
Rebecca L. Torres	aye
Pat Adauto	aye
Karl Rimkus	aye
Christina Stokes	aye
Rep. Larry E. Romero	aye
America Luna	aye

Motion carried.

REGULAR AGENDA

- Item 6. Discussion and action regarding the presentation of a Board Service Award to Mario R. Hernandez.

The Board recognized former Trustee, Mario Hernandez, for his time and service on the Pension Board. Mr. Hernandez was not present to accept the Board Service Award.

No action required on this item.

- Item 7. Discussion and action regarding the canvassing of the election for Employee Representatives on the Board of Trustees.

Karl Rimkus, Vice Chair, spoke. The Board received and reviewed the results of the election for Employee Representatives to the Board of Trustees.

The Board congratulated returning Trustee, Christina Stokes, and welcomed new Trustee, Rebecca L. Torres.

Motion made by Rep. Larry E. Romero to accept the results of the election for Employee Representatives to the Board of Trustees; seconded by America E. Luna. Motion carried (unanimous.)

- Item 8. Discussion and action regarding the Treasurer's Report for month ended April 30, 2015.

Denise Grizzle, CFPO Comptroller, presented; the Board received and reviewed the Treasurer's Report for month ended April 30, 2015.

Grizzle reviewed the statements of net assets available for benefits and the statement of changes in net assets. The increase to \$6.1 million in unrestricted receivables corresponds to a

late investment purchase as reflected in the increase in the amount due to brokers for securities purchased. These amounts should return to normal in May. The net assets available for benefits increased about \$3.3 million from March. The contributions are at \$24.8 million and benefits paid to retirees are at \$31.9 million, which is about a \$7 million gap as expected because the Fund pays out more than is received in contributions per month. The reconciliation from \$743.2 million on a cash basis to \$743.7 million on the accrual basis is a minimal change.

Grizzle reviewed the quarterly statement of changes in net assets, the investment income analysis, and the corresponding charts. The 3rd quarter for the fiscal year includes two months. The contributions, \$3.1 million per month, and the benefits paid, approximately \$4 million per month, are as expected. The net appreciation in fair value of investments is up at \$3.1 million. The market recovered in April. The fiscal year net return in investments, which is at 3.1%, recovered from March's 2.0% but trails the target of 7.5%.

Grizzle reviewed the administration actual/budget comparison. At eight months utilization is expected to be at 67% of the budget. The total in-house administrative expenses are slightly under budget at 60.8%.

The Board confirmed that Denise Grizzle will present to the Board one last time in May as she is moving out of state.

Motion made by Rep. Larry E. Romero to accept the Treasurer's Report for month ended April 30, 2015; seconded by Pat Adauto. Motion carried (unanimous.)

- Item 9. 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. The Board received a progress report on the pending issues with the Pension Module.

The benefits statements have been completed and distributed with the help of Patricia Hickman, Deputy Pension Administrator. Periodic processing is next on the agenda. IT will begin processing February once the City's payroll has been processed for the week. Periodic processing has been completed and reviewed for January.

The Board discussed recurring issues and accuracy of the benefit statements. Campos responded that although the release date of benefit statements from last year to this year is comparable, the issues were different. However, like last year a significant amount of time was dedicated to cleaning up data. When prompted by the Board, Campos clarified that the process of cleaning up data involves integrating data affected by the implementation into the new PeopleSoft upgrade. Patricia Hickman, Pension Administrator, responded regarding the accuracy of the benefit statements. She advised that there are some issues with temporary employees accruing service. Campos added that there are also issues with transfers to and from PSB.

Although the department may not hire a consultant as previously considered, IT continues to streamline the Pension processes that were affected by the implementation of 2012. One outstanding item, benefit calculations, has been assigned to development personnel. Personnel are working to ensure that benefit calculations can be completed using employee payroll data. The other outstanding items that IT is working on are the actuarial extract and the withdrawal process, which occurs when employees terminate from the City.

The Board discussed issues regarding the consultant. Campos responded that a consultant would be contracted to complete itemized tasks, however funding and timing issues are being reviewed by the City's Legal Department.

No action required on this item.

- Item 10. Discussion and action regarding the receipt of a website presentation by the City's Web Media Designer.

Jeremy Troxell, Web Media Designer III of the City's Information Technology (IT) Department, presented.

Troxell provided an analytical review and mock design as requested by Pension staff. The Board reviewed issues with the current design that include function, responsiveness and navigation. IT incorporated requests from the Pension staff and the analytics when creating the new design. Troxell reviewed the proposed updates. The new site will be responsive, have a structured navigation based on analytics, will be easily expandable, and will contain a search feature.

The Board discussed the design and made several suggestions. Karl Rimkus, Vice Chair, stated that he has discussed design updates with Karina Chavez, Retiree Coordinator/ Data Entry Clerk, including additional features such as a meetings icon on the homepage. Troxell confirmed that he has received requests from Chavez and the changes can be implemented.

The Board discussed avenues to broadcast information and engage City employees. Trustees made several suggestions including broadcasting the launch of the updated website through the City's messaging systems.

Motion made by Presi Ortega to approve the new design and to make the necessary changes to the El Paso City Employees' Pension Fund website; seconded by Rep. Larry E. Romero. Motion carried (unanimous.)

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

Robert Ash, Pension Administrator, presented; report was distributed. The death verification analysis is conducted every other month as recommended by the Fund's auditors. The report did not identify any new names; no action is required by the Board.

No action required on this item.

- Item 12. Discussion and action regarding pending pension related bills in the Texas Legislature.

Robert Ash, Pension Administrator, presented. The Board received and reviewed the pending pension related bills in the Texas Legislature.

As requested by the Board, Pension staff has provided a summary of potential bills related to pension in the Texas Legislature. The current legislative session will be closing in the next few weeks. Many bills have made it past one of the Houses.

Ash reviewed the bills that TEXPERS has been following. House Bill (HB) 3182 has passed the House. HB 3182 would establish an annual maximum benefit that can be paid by any pension fund in the state of Texas. The maximum benefit is tied to the pay rate of a General in the United States Military. Currently, no one receiving a benefit from the Fund has reached that proposed

limit. The Board should be aware that the Legislature is attempting to set an annual limit. The Fund has already set a maximum for the Second Tier Participants.

Another bill that has passed the house is HB 3310. HB 3310 would obligate the City to develop an action plan to bring pension funds in compliance with an amortization period as dictated by the GASB or the State Pension Review Board within a ten year period. At that point the contributions would be actuarially determined as opposed to statutorily determined. The bill has passed the House but has not been heard in the Senate.

Ash discussed other bills that do not affect the Fund. Some bills call for more local control of pensions. Those bills target statutory plans; our Fund is governed by City Ordinance.

The Board requested additional information on the current legislative session. Ash responded that the deadline to hear proposed bills is May 28th, a bill has to be heard three times before it's passed for that reason most of the bills will likely die. Even if the bills passed both Houses, none of the bills would negatively affect the Fund or its participants.

No action required on this item.

- Item 13. Discussion and action regarding establishing a policy for election of Board Officers.

Karl Rimkus, Vice-Chair, entertained a motion to table Item 13 as the Board Chairman, Rene Pena, is not present to discuss the item.

Motion made by Pat Adauto to table Item 13 for one month; seconded by Christina Stokes. Motion carried (unanimous.)

- Item 14. Discussion and action establishing a budget for lump sum distributions pursuant to Qualified Domestic Relation Orders.

Robert Ash, Pension Administrator, presented.

Earlier this fiscal year the Board authorized Pension staff to make lump sum payments to alternate payees pursuant to Qualified Domestic Relations Orders (QDRO's) due to a divorce of participant. In order to process payments, the Fund must set a budget with the City's OMB Department. OMB will establish an account, but the department needs Board action in order to approve an amount. The Fund's actuary is suggesting one million dollars for this fiscal year and approximately \$2.5 million for next fiscal year. However, the Board only needs to approve the amount for this fiscal year. Robert Ash recommended that the Board approve the amount for this fiscal year.

Trustee, Presi Ortega, requested clarification on the estimated budget. Robert Ash advised that the Fund will pay the alternate payees' lifetime benefit in a lump sum payment in order to minimize tracking and increase administrative efficiencies.

Motion made by Rep. Larry E. Romero to authorize the establishment of a budget for payment of lump sum QDRO's in the amount of one million dollars for this fiscal year; seconded by America Luna. Motion required polling:

Presi Ortega	aye
Rebecca L. Torres	aye
Pat Adauto	aye
Christina Stokes	aye

Rep. Larry Romero	aye
America Luna	aye

Motion carried.

- Item 15. Discussion and action regarding an update on the acquisition of real property for future office space as prepared by the Ad-Hoc Facilities Committee.

Karl Rimkus, Board Vice Chair and Chair of the Ad-Hoc Facilities Committee, presented. The Board received and reviewed an update on the acquisition of real property for future office space as prepared by the Ad-Hoc Facilities Committee.

The Ad-Hoc Facilities Committee's presentation summarized the Board's property search activity over the past two years. Karl Rimkus will also be presenting to the Mayor, City Manager, and all the individual City Representatives.

Rimkus reviewed the recent acquired property. The property is divided between Lots 1 and 2 totaling approximately 74,000 sq. ft. The property is located on 1039 Chelsea in a geographically central location. It is easily accessible from several major roadways and is located within three blocks of six Sun Metro stops.

Rimkus reviewed the benefits for the Pension Fund including central, fixed location; adequate, free parking; accommodations for the elderly and disabled individuals; consolidation of administration, Board and storage space; and property identified as a capital asset for the Fund.

Rimkus reviewed the benefits for the City of El Paso including infill development; freeing of space currently occupied by Pension Administration at the Union Plaza Transit Terminal (UPTT) of approximately 1,900 sq. ft. for City use or lease; freeing Council Chambers from monthly Pension meetings; access to meeting rooms at 1039 Chelsea; and ability to purchase unused portion of property (approximately 40,000 sq. ft.) at Fund's purchase price.

Rimkus reviewed the future building plans. The building plans and timeline will be developed based on Board approval. Excess property will be offered for sale, with the first offer to the City of El Paso. If the City declines or fails to respond to the Fund by the July Board Meeting the property will be placed in the open market. The building will be constructed as soon as possible, dependent on Board review of fiscal budget. Sale of excess property will fund a portion of construction costs.

Rimkus summarized the Pension Fund history in regards to location. The Fund evolved from a consolidated pension fund into a separate entity. The Pension Office was moved several times within City Hall. With the demolition of the old City Hall building, the City extended a lease to the Fund at the UPTT. However, parking and space is limited.

Rimkus reviewed the dates of the public Ad-Hoc Facilities Committee and Special Board Meetings and summarized the search history. Over the past two years, the Fund has held six Ad-Hoc Facilities Committee Meetings and two Special Board Meetings beginning in May of 2013. The Fund's location search history included City-owned properties and private property. Rimkus reviewed other properties seriously considered.

Discussion ensued.

The Board discussed design, construction timeline, and broadcast of information regarding location.

No action required on this item.

- Item 16. Discussion and action regarding an amendment to the Fund's investment rules to change the meeting requirements for investment managers and the addition of global REITs.

The Board discussed postponing Item 16 for one month as an additional amendment will be added to the Fund's investment rules.

Motion made by Presi Ortega to table Item 16 for one month; seconded by Rep. Larry E. Romero. Motion carried (unanimous.)

- Item 17. Discussion and action regarding the receipt of an investment manager report from Lazard Asset Management.

Robert A. Failla, CFA of Lazard Asset Management, presented; the Board received and reviewed the investment manager report from Lazard.

Failla provided an overview of the firm, investment process, philosophy and objectives. Lazard has been investing in international equities for nearly 30 years. Total firm assets are nearly \$200 billion and about 71% is invested in non-US equities. For the Fund, Lazard manages the international equity portfolio with emerging markets; the benchmark is the All Country World Index (ACWI); emerging markets comprises about 20% of that index. Lazard has a large number of analysts and portfolio managers all over the globe with integrated knowledge. The team that manages this portfolio has been in place since 2000. The philosophy employed is to find companies with high levels of return that Lazard believes are sustainable longer than the market expects. This process has been the same since the inception of the product with a focus on stock selection. The guardrails for the portfolio in terms of sector and regional deviation are plus/minus 15 percentage points relative to the benchmark.

Failla provided a market summary and outlook. In the first quarter: the international markets have outperformed domestic markets; signs of economic life emerged in Europe and Japan; and emerging markets continued to lag developed markets. Foreign exchange is a very critical element right now. Valuations across most developed markets have moved higher over the past couple of years. Lazard would like to see the margin improvement at the company level catch-up to the expectations that are now imbedded in valuations.

Failla reviewed the effects of currency on international equities. Currency can affect the income statements of the companies in which Lazard invests. A stronger dollar will improve the earnings of European and Japanese companies. Additionally, the translation of local stock returns to U.S. dollars affected performance.

Failla provided a performance summary. For the quarter the portfolio underperformed the benchmark by about 21 basis points, but outperformed both at the one year period and since inception by about 400 basis points. Because of a reversal of the trending market, April was a difficult month for Lazard's portfolios. Failla reviewed the holdings in the portfolio by sector and region.

Failla reviewed the factors that contributed to the firm's underperformance in April including higher oil prices; a higher euro relative to the dollar; and stock selection as the portfolio is underweight in outperforming, deep-cyclical companies and overweight in the underperforming health sector.

Failla addressed the effects of quantitative easing by the European Central Bank (ECB). The ECB began implementing quantitative easing in March of this year and should continue through September of 2016 with the stated goal of increasing the rate of inflation and staving off the rate of potential deflation. The ECB is essentially lowering the currency; before quantitative easing the euro exchange rate was at about 1.35 to 1.40, now the euro is at approximately 1.10 to 1.12, which makes European companies more competitive on a national market. As a result of the falling euro, the U.S. federal government may not raise rates in 2015.

The Board Members asked questions to the presenter.

No action required on this item.

- Item 18. Discussion and action regarding the receipt of an investment manager report from Franklin Templeton.

Scott M. Lee and Brian Zeiler of Franklin Templeton presented; the Board received and reviewed the investment manager report from Franklin Templeton.

Brian Zeiler is the new point of contact for the firm. Zeiler reviewed the global multisector plus portfolio. The strategy is the largest strategy at Franklin Templeton with a team of eighteen and \$190 billion under management. The portfolio is well diversified with a broad opportunity set. The firm has a flexible, unconstrained implementation. The three areas of target risk for the portfolio are currency, curve, and credit.

Zeiler reviewed the performance of the global multisector plus portfolio. Year to date the portfolio is up about 200 basis points versus the benchmark, 1.35% net of fees while the benchmark is slightly negative. The one year number is even broader on a relative basis, net of fees up about 82 basis points, about 450 basis points against the index. Since inception of the Fund's account in November of 2012, net of fees the portfolio is up about 400 basis points over the benchmark and annualized return is about 3.25%.

Zeiler reviewed the contributing factors to performance. In the first quarter, Franklin benefited from their position in currency as it is long in the U.S. dollar and short the euro and yen. The current monetary policy of the Bank of Japan and the European Central Bank should stabilize emerging markets. Oil has put in an intermediate term bottom possibly a long term bottom, which has created an opportunity to differentiate among the emerging market countries that vary widely in terms on their reliance on oil. Zeiler also reviewed the portfolio characteristics and geographic and currency allocation as listed on pages 7, 8, and 10 of the report.

Robert Ash, Pension Administrator, requested additional information on risk management. Zeiler responded that the firm takes incremental steps to attain the risk level that the firm is comfortable with, making changes as needed. For example, Franklin has been positioning for eventual rises in domestic interest rates.

Zeiler provided a summary of the international small cap portfolio. The Fund has about \$11 million in this strategy; funded in April 2013. There are no major material changes in the personnel of the portfolio. Performance year to date has been positive, over 164 ahead of the index. Since inception the portfolio is up 229 basis points. Stock selection in Europe was the primary contributor to performance; secondly was the stock selection in financials and consumer staples.

Trustee, Presi Ortega, requested a peer comparison. Bill Howard of Callan responded that the firm is in the tenth percentile over the last year.

The Board Members asked questions of the presenting firm.

No action required on this item.

- Item 19. Discussion and action regarding a report from Callan Associates.

Bill Howard of Callan Associates presented; the Board received and reviewed the quarterly report and the monthly "flash" report for the period ended April 30, 2015.

Howard reviewed the market performance for the first quarter. Beginning in March of this year, the European Central Bank bought government bonds in the amount of 60 billion euros monthly and is scheduled to continue through September 2016. For the first quarter the European economy grew by about 1.6%. Elsewhere in the world Japan has grown by about 1.5% and China has been slowing. The domestic economy was flat at 0.2%; bad weather, tepid consumer spending and the strength of the dollar are contributing factors to the poor performance. The economy is expected to improve for the year. Oil prices moderated in the first quarter. The Fed may raise rates in September. For the quarter: U.S. equities were up about 2.0%; international stocks outperformed domestic stocks; the dollar continued to rise; MLPs were down 3%; and bonds up about 1.6% in the quarter. Year to date through Friday, the markets have moved higher.

Howard reviewed the Fund's overall performance. For the quarter, the total fund was up 2.4% better than the target of 2.1%. Active management added value specifically in domestic equity. For the last year, the fund outperformed by 11 basis points; active management in international equity added value; fixed income trailed the target; real estate outperformed the target; MLPs have outperformed the index. The performance of MLPs will improve with the increase in oil prices. Howard reviewed the Fund's cumulative returns.

Howard provided a peer comparison through Callan's public funds sponsor database which is comprised of both clients and non-clients. The Fund's portfolio ranks very well versus its peers. For the last year the Fund was above median. For the past three years and longer, the Fund is ranked in the top quartile and top decile.

Howard reviewed the performance for active managers on watch. Denver, an international small cap portfolio, manages a concentrated portfolio with 38 stocks and have a growth approach to investing. The Fund's history with Denver is short only going back 1 $\frac{3}{4}$ years. Callan linked the history since inception with the Fund and a composite portfolio for perspective on long term results. Stock selection attributed to the firms poor performance in 2014. However, the portfolio was up 3.7% in the first quarter of 2015 slightly trailing the index. The results for the last five years are almost double the index. Callan does not recommend any changes, however the manager should remain on watch. The Touchstone emerging markets is also on watch. This manager is on watch for performance. Touchstone has 62 stocks in the portfolio; the history goes back 3 $\frac{3}{4}$ years. They were placed on watch for underperformance in 2013. Since 2013, Touchstone has outperformed in three of the last five quarters, but they have not completely recovered. Touchstone is a top decile manager.

Howard reviewed the monthly "flash" report for the period ended April 30, 2015. Howard reviewed the performance of the Fund's domestic equity active managers. Mellon tangent added trailed in April but is 450 basis points ahead of the index for the last year. Vulcan, an all cap manager, also performed well; almost 500 basis points better than the index for the last year. Boston Partners, the longest tenured manager, trailed the index in April. Wedge, the small

value manager, outperformed the index in April. Riverbridge trailed the index in April, but remain ahead of the index for the fiscal year.

Howard reviewed the performance of the Fund's international equity active managers. Denver had a good month in terms of absolute performance. Templeton performed well. Lazard underperformed in April but remain ahead of the benchmark for the last year. Touchstone underperformed the benchmark in April. AQR outperformed the benchmark in April.

Howard reviewed the performance of the Fund's fixed income active managers. Janus, the core plus manager, outperformed the index in April; however since inception Janus is over 100 basis points above the index. Franklin Templeton is slightly behind their benchmark in April but ahead of the benchmark over the past year. Because of current market conditions, Invesco outperformed the benchmark for the past year but are behind the benchmark over the past three and five years. MLPs had a great month in April.

Howard reviewed the asset allocation. There is no need for rebalancing at this time.

Overall, the total fund was up almost 1% in April. For the last year the total fund is at 7.7%, which is above the target of 7.5%. The Fund made \$6.6 million in the month of April.

The Board Members asked questions of the presenter.

No action required on this item.

Item 20. Discussion and action regarding a report from the Pension Administrator.

Robert Ash, Pension Administrator, reported on the following:

- Trustees, Christina Stokes and Pat Adauto, attended the TEXPERS conference and have fulfilled the continuing education requirement as mandated by the state.
- TEXPERS is offering training August 15th from 8:00 AM - 4:30 PM in San Antonio. This training will fulfill the fiduciary education requirement.
 - All Trustees, with the exception of new Trustee Rebecca L. Torres, have two years from January to complete the training. Torres has one year.
- The benefit statements have been distributed.
- The newsletter was released; it was mailed to retirees and distributed to City Departments.
 - Retirees have provided positive feedback.
- Pension staff will continue to update the Board on Legislative activity.
- Pension staff will meet with the City Representatives and the City Manager to provide an update on the Pension Fund and provide information regarding the property acquisition.
- Pension administration is filling the position for Benefit Technician. The search has been narrowed to the top three. A background check will be performed on the preferred candidate. Pension staff will advise who was hired by the June Board Meeting.

No action required on this item.

Item 21. Discussion and action regarding the following Committee reports/assignments:

- A. Actuary Committee – Not mentioned.
- B. Ad-Hoc Facilities Committee – Not mentioned.
- C. Audit Committee – Not mentioned.
- D. Investment Committee – Committee did meet.

Presi Ortega read the Investment Committee minutes:

The Investment Committee met on May 18, 2015. The Committee received the monthly investment performance report for the month of April 2015 and the quarterly investment performance report for the quarter ended March 31, 2015 from Callan Associates. The Committee notes that the return for the fiscal year is below the 7.5 percent assumed investment return. However, the Fund's return has marginally exceeded the customized benchmark return for the fiscal year.

The Committee also received semiannual investment performance reports from Portfolio Advisors, Lazard Asset Management and Franklin Templeton. No material exceptions were noted in their reports. The Committee reviewed a "pacing analysis" for the Fund's private equity portfolio. Callan reported that the pacing appears to be on track and the Committee requested that an agenda item be placed on the June Board meeting to authorize an additional private equity commitment.

The next regularly scheduled Investment Committee meeting will be held on June 16, 2015.

No action required on this item.

E. Personnel Committee – Committee did meet.

Christina Stokes read the Personnel Committee minutes:

The Personnel Committee met on May 12, 2015. The Committee received an update regarding the hiring of a Benefit Technician. The Pension Office received 27 applicants for the position. Interviews were scheduled for the week of May 11th and the position is expected to be filled around the first week of June.

The Committee also reviewed the annual job performance evaluation of the Retiree Coordinator/Data Entry Clerk. The Committee had the opportunity to review the goals for the Retiree Coordinator/Data Entry Clerk. The Committee recommends approval of the evaluation.

No action required on this item.

F. Retiree Committee – Not mentioned.

Item 22. For Notation:

A. Directed brokerage credit balance for month ended March 31, 2015: \$136,485.83

B. Qualified Domestic Relations Order:

1. John Fleming and Rosa Luna-Fleming

C. Refund of Contributions:

NAME	DEPARTMENT	TOTAL REFUND
Camposano, Sylvia	International Bridges	\$2,555.64
Casillas, Jose S.	Airport	\$4,362.37
Cervantez, Ramon	EPWU	\$5,250.42
Contreras, Benjamin	EPWU	\$4,933.77
Enriquez, Adrian	EPWU	\$4,418.27

Gonzalez, Juan J.	Environ. Svces	\$7,849.92
Hernandez, Nancy	Health	\$1,309.08
Ortiz, Araceli	Engineering	\$8,680.82
Prince, Andrea	Mass Transit	\$2,262.65
Sarrette,Nicol	Parks & Recreation	\$9,398.22
Valenzuela, Zandra Y.	EPWU	\$9,126.21
TOTALS		<u>\$60,147.37</u>

* Additional interest/contributions due

** Eligible for Early Retirement

For notation, no action required on this item.

Motion made by Rep. Larry E. Romero to go into Executive Session to discuss items under Section 551.074; seconded by Christina Stokes. Motion carried @ 10:49 A.M. (unanimous.)

Motion made by Rep. Larry E. Romero to reconvene from Executive Session; seconded by Christina Stokes. Motion carried @ 10:58 A.M.

- Item 23. 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 551.074** Discussion and action regarding the annual performance evaluation of the Fund's Retiree Coordinator/ Data Entry Clerk.

Motion made by Christina Stokes to approve the annual performance evaluation of the Fund's Retiree Coordinator/Data Entry Clerk; seconded by Presi Ortega. Motion carried (unanimous.)

- Item 24. Adjournment

Motion made by Presi Ortega to adjourn the El Paso City Employee's Pension Fund Board meeting on May 20, 2015; seconded by Rep. Larry E. Romero. Motion carried @ 11:04 A.M. (unanimous).