THE EL PASO CITY EMPLOYEES' PENSION FUND
BOARD MINUTES FOR THE REGULAR MEETING
HELD WEDNESDAY OCTOBER 21, 2015 AT 8:30 A.M.
CITY HALL, CITY COUNCIL CHAMBERS, 300 N. CAMPBELL

Members in Attendance:

Rene Peña, Chairman
Karl C. Rimkus, Vice Chair
Presi Ortega
Rebecca L. Torres
Pat Adauto
Christina Stokes
Peter Svarzbein, City Representative

Members Absent:

America E. Luna

Others in Attendance:

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
Patricia Degman, Comptroller
Norberto Pelayo, City's IT Department
Richard Campos, City's IT Enterprise Applications Administrator
Fred McCrea, Relationship Manager, Mellon Capital
James Stavena, Portfolio Manager, Mellon Capital
David Hicks, Director of Institutional Investments, Salient
Parag Sanghani, Portfolio Manager and Partner, Salient

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 September 16, 2015.

Item 3. Consideration and action on the following retirements:

	NAME	DEPARTMENT	SERVICE TIME (EST)
A.	Age & Service Retirement:		
1	Aguilar, Raul	Mass Transit	07 years 04 months *
2	Aragon, Eduardo F.	Parks & Recreation	30 years 03 months *
3	Bilbo, Martha	Fire Communications	15 years 02 months *
4	Dominguez, Richard	Streets & Maintenance	30 years 10 months
5	Esquivel, Jose E.	EPWU	20 years 08 months
6	Gonzalez, Eliseo	Environmental Services	24 years 10 months
7	Hernandez, Paz	Health	18 years 10 months *
8	Lisko-Apodaca, Paula	EPWU	25 years 11 months
B.	Deferred:		
1	Hon, Michael	Parks & Recreation	07 years 11 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. Gatewood, Isidra survivor of James R. Gatewood, retiree.
B. Limas, Maria Luisa survivor of Antonio Limas, retiree.
C. Lopez, Maria Victoria survivor of Alberto Lopez, retiree.
D. Martinez, Gloria H. survivor of Concepcion Martinez, retiree.
E. Rhoden, Ronda June survivor of Donald Eugene Smailes, retiree.

Item 5. Consideration and action on invoices as follows:

	COMPANY	DESCRIPTION OF SERVICE	PERIOD	FEE DUE $$	
A.	AQR Emerging Equities Fund LP	Investment Fees	September 30, 2015	$9,343.00	**
B.	Callan Associates, Inc.	Consulting Fees	3rd Quarter 2015	$70,062.92	
C.	Denver Investment Advisors	Investment Fees	September 30, 2015	$7,424.00	**
D.	Eduardo Miranda	Legal Fees	September 30, 2015	$750.00	
E.	Salient Capital Advisors LLC	Investment Fees	3rd Qtr 2015	$44,491.81	
F.	USI Southwest Inc.	Fidelity Bond	10/2015-10/2018	$1,488.00	
G.	Vulcan Value Partners LLC	Investment Fees	3rd Quarter 2015	$72,271.04	

* To be paid by Directed Brokerage credits.
** For Notation Only – to be withdrawn from commingled account.
*** Performance based fee.

Motion made by Presi Ortega for approval of the Consent Agenda; seconded by Pat Adauto. Motion required polling:

Presi Ortega	**aye**
Rebecca L. Torres	**aye**
Pat Adauto	**aye**
Karl Rimkus	**aye**

Motion carried.

REGULAR AGENDA

Item 6. Discussion and action regarding the Treasurer's Reports for months ended September 30, 2015.

Patricia Degman, Comptroller for the City of El Paso, presented; revised Treasurer's Report for month ended September 30, 2015 was distributed.

Degman noted that September is the first month of the new fiscal year.

Degman reviewed the statement of net assets available for benefits, the statement of changes in net assets, and the quarterly statement of changes in net assets. Total cash and investments at the end of September were about 675 million dollars with 7.6 million in cash and the remaining balance in stocks, bonds and other investments. Receivables at the end of the period were about 10.2 million dollars; Degman reviewed the subtotals in receivables. A 7.5 million dollar transaction was conducted in September but was not completed by the end of the month which is reflected in the total for unrestricted receivables. Degman noted that the insurance, a prepaid expense, is amortized over the year. Total assets for September were approximately 685 million dollars. Total liabilities were about 2.4 million dollars; Degman reviewed the subcategories in liabilities. Total net assets available for benefits were about 682 million dollars which is a decrease of approximately 16 million dollars from the prior month. The total net investment income was negative 15 million dollars, which can be attributed to the depreciation in the fair value of investments. Total additions, net of contributions, were approximately a negative 12 million dollars. Total deductions were about 4.4 million dollars for September. The net decrease for the month was about 16.3 million dollars.

Degman noted the slight change in the reconciliation to Mellon statements from cash to an accrual basis.

Degman reviewed the investment income analysis. The target rate of return for the year was 7.5 percent; the Fund has ended the year with a return of negative 2.15 percent. Degman noted that there has been recovery in October.

Degman reviewed the administration actual/budget comparison. The budget for the year is about 772 thousand dollars. For the first month, utilization is expected to be at 8.3 percent of the budget. The actuals are under budget at 7.1 percent. Degman noted that the previous fiscal year closed under budget.

Degman reviewed the chart for investment income and the chart for net assets available for benefits. Rene Peña, Chairman, noted that Degman is updating the format of the charts.

Peña highlighted the following from the Treasurer’s Report: The depreciation in September represents about two percent of the Fund’s portfolio. The portfolio decreased by three percent in the previous month. However, for fiscal year 2014 the portfolio increased by about 103 million dollars, a 15 percent increase. These fluctuations are expected in the market and have been previously discussed by the Board.

Peña noted that with the close of the fiscal year the Fund will have an audit.

Motion made by Pat Adauto to accept the Treasurer's Report as presented; seconded by Karl Rimkus. Motion carried (unanimous.)

Item 7. 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.

Campos reviewed periodic processing and the benefits calculation program. Processing has been completed for August. The processing for September will be completed with receipt of data. Campos noted that the benefits calculation for individuals are still in progress. Rules and review is required from Pension Administration. Campos will work with Pat Hickman, Deputy Pension Administrator, in November regarding this issue. Ash noted that in order to liberate some of Hickman's time, certain duties previously handled by Hickman will be transferred to David Garcia, Payroll/Accounts Payable Specialist. Garcia along with Hickman closed the periodic processing for August.

Campos advised that employee withdrawal processing is in progress. A developer is capturing the data for employee withdrawals and ensuring that the current data is valid.

Campos advised there is another program that is in progress that will "clean-up" incorrect employee data resulted from the reimplementation of PeopleSoft. The program will generate a list for reprocessing. Campos noted that most errors require reprocessing; the program will group and identify people for reprocessing.

Campos advised that IT has contacted the vendor to inquire about additional training regarding rules, configuration, and administration. As this is exclusive training for the City of El Paso, the vendor is currently reviewing/developing that training. Robert Ash, Pension Administrator, noted that he and Hickman met with IT to review the Pension Module and discuss training. Ash advised that because of continual issues with the Pension Module within the PeopleSoft Program, it would be beneficial to invest in training for IT and members of Pension staff. Pension Administration will submit a proposal to the Board. Ash noted that he would give-up his travel funds, if necessary. Ash stated that he believes the training would provide a deeper understanding of the module that is required to create efficient processes.

Rene Peña questioned if IT is on track for completing the processes mentioned. Campos responded that they are on track. Campos advised that the periodic processing is running regularly with IT resolving arising issues.

No action required on this item.

Item 8. Discussion and action regarding the ratification of rebalancing completed in September – October 2015.

Robert Ash, Pension Administrator, presented; the Board received and reviewed the rebalancing spreadsheet.

Ash noted that the rebalancing spreadsheet was produced by the Fund's investment consultant.

Ash advised that after the September Board Meeting, the Fund received a capital call from Heitman, a real estate manager for the Fund; that capital call was approximately 4.3 million dollars. Additionally, the Fund had a capital call from the Fund's private equity manager. In September, the Board had authorized Administration to take action to fund these managers. The capital calls took place after the September Board and Investment Committee Meetings; Administration notified the Board Chairman; the Investment consultant outlined the rebalancing; and the rebalancing was completed.

Ash advised that the first action for the Board is the ratification of completed rebalancing including raising cash because of the negative cash flow the Fund experiences on a month-to-month basis.

Rene Peña, Chairman, confirmed that he was notified and the Board had previously approved action.

Motion made by Rebecca L. Torres to ratify the action that was taken previous to this; seconded by Karl Rimkus. Motion required polling:

Presi Ortega	**aye**
Rebecca L. Torres	**aye**
Pat Adauto	**aye**
Karl Rimkus	**aye**
Rene Peña	**aye**

Motion carried.

Ash advised that there is other action necessary for this item. The Fund recently received notice that Heitman will be calling down about 25.4 million dollars in early January. Because of that, the Fund will pull money from UBS, about 15 million dollars as estimated by the investment consultant. Bill Howard of Callan explained that pulling 15 million dollars from UBS, will bring the firm closer to their target allocation of 4 percent. Howard noted that UBS requires a substantial notice before funds can be pulled; as a private comingled fund, UBS has quarterly liquidity. Howard noted that the amount needed from UBS is approximate; the exact amount will be determined pending review of market values through the week. Heitman will also be funded by money from Invesco. Trustees discussed liquidating Invesco; the Chairman determined that the issue should be further discussed by the Investment Committee in their following meeting.

Howard advised that the target allocation for MLPs is underweight. Based on current valuation, Callan recommends bringing the allocation to target in two tranches; one now (4 million dollars from US equities) and one in December. Trustee, Presi Ortega, requested the amount to fully fund MLPs. Howard responded that based on current market valuation, MLPs are underweight by less than 10 million dollars. Callan recommends funding half now and the remainder in December. Trustees discussed the funding strategy.

Motion made by Pat Adauto to authorize as part of the rebalancing going forward, 15 million dollars to Fund Heitman and notice to be given to UBS by the end of October and 4 million coming from US equities (Callan to determine which US equities) to partially make up the difference that the Fund needs to get back to target with the MLP, Salient; seconded by Rebecca L. Torres. Motion required polling:

Presi Ortega	**aye**

Rebecca L. Torres	**aye**
Pat Adauto	**aye**
Karl Rimkus	**aye**
Rep, Peter Svarzbein	**aye**

Motion carried.

Item 9. Discussion and action regarding an amendment to the Fund's Investment Policy to include an allocation to absolute return investments.

Bill Howard of Callan Associates presented; the Board received and reviewed the amendment to the Fund's Investment Policy.

Howard noted that Callan provided education to the Board at the end of 2013 regarding absolute return strategies and recently provided additional education to the Fund's Investment Committee. A decision was made to bring in Allianz to discuss a strategy that other Callan clients have invested in. Callan is proposing a new asset allocation of 10 percent to absolute return.

Howard reviewed goal based investing including growth, risk mitigation, inflation sensitive, and volatility hedge (absolute return). Howard provided a summary of Callan's long-term capital market projections for the next 10 years.

Howard reviewed the Fund's current asset allocation. Callan is forecasting for the next ten years that the total fund will earn seven percent; the real number is about 4.75 with a volatility of about 14 percent. Howard summarized the current allocation: 57 percent in growth assets, 28 percent risk mitigation, 15 percent inflation sensitive, and no allocation in volatility hedge (absolute return).

Howard reviewed the proposed asset allocation which is contingent on the approval of the amendment to the Fund's Investment Policy Statement. Callan is proposing a target allocation of: 23 percent in US equity, 20 percent in international, 25 percent in fixed income, 10 percent in real estate, 7 percent in private equity, 5 percent in MLPs, and 10 percent in absolute return. The proposed allocation for international, real estate, private equity, and MLPs remain unchanged from the current rate. Howard reviewed the total expected return for the proposed allocation. Howard summarized the proposed allocation: 50 percent in growth assets, 25 percent in risk mitigation, 15 percent in inflation sensitive, and 10 percent in allocation in volatility hedge (absolute return). Howard noted that the last time the asset allocation was altered was in 2014 with the addition of MLPs.

Trustee, Presi Ortega, requested clarification on the absolute return strategy. Howard responded that there are multiple asset classes and reviewed Allianz's option strategy among other absolute return strategies. Trustees discussed alternative strategies and portfolio flexibility.

Motion made by Presi Ortega approve the proposed asset allocation; seconded by Pat Adauto. Motion required polling:

Presi Ortega	**aye**
Rebecca L. Torres	**aye**
Pat Adauto	**aye**
Karl Rimkus	**aye**
Rep. Peter Svarzbein	**aye**

Motion carried.

Howard reviewed the amendments to the Fund's Investment Policy to include an allocation to absolute return investments with the following floor amendments: On page 40, Callan amended the objective from 90-day Treasury Bill + five percent benchmark to 60 percent MSCI ACWI, a global stock index, and 40 percent global aggregate bond index, which is the standard for other funds when benchmarking these strategies on a short term basis. This alteration should also be included in the total fund benchmark. On page 42, Callan altered the 10 percent 90-day Treasury Bill + five percent to six percent ACWI and four percent global aggregate bond.

Robert Ash, Pension Administrator, summarized the action needed by the Board. The Board previously revised the asset allocation; further action is needed to modify the Fund's Investment Policy to incorporate the absolute return strategy as a permissible investment, including the floor amendment.

Motion made by Presi Ortega to approve and authorize the Chairman to sign the amendment to the Fund's Investment Policy to address the previous motion; seconded by Rebecca L. Torres. Motion carried (unanimous.)

Item 10. Discussion and action regarding hiring Allianz to manage an absolute return strategy in the amount of five percent of the fund and authorize the transition of assets to complete this investment.

Bill Howard of Callan Associates presented; the Board received and reviewed the presentation from Allianz.

Howard noted that Allianz presented to the Fund's Investment Committee in September.

Howard reviewed the firm's organization and team. Allianz is a global leader in insurance and asset management. They are a German based company. Greg Tournant is the lead portfolio manager for the option based product proposed by Callan. Tournant has 19 years of industry experience, 12 years at Allianz. His partner is Trevor Taylor. His team manages about four billion dollars in assets.

Howard reviewed the summary profile of the product. Allianz is trying to generate 10 percent of alpha above cash with a volatility of 8-10 percent. The performance fee for Allianz is 30 percent, non-negotiable. Trustee, Presi Ortega, requested clarification on the fee. Howard responded that the fee is 30 percent above cash. Their net of fee objective is to deliver 10 percent above cash.

Howard reviewed the firm's investment process, expected behavior, and performance including the performance of other products.

Howard noted that Callan has other client's invested in this product.

Robert Ash, Pension Administrator, requested information on funding. Howard responded that Callan proposed five percent allocation for this product and five percent for the other mandate, a multi-asset class mandate. Funding for the option based product would come from US equities, four percent, and one percent from fixed income. The following mandate would also be funded from US equites, three percent, and two percent from fixed income.

Motion made by Karl Rimkus to approve the hiring of Allianz and authorize the Pension Administrator or Board Chairman to sign related documents and authorize the transition of assets in order to fund the Allianz portfolio once the documents have been completed as recommended by Callan; seconded by Presi Ortega. Motion required polling:

Presi Ortega	**aye**
Pat Adauto	**aye**
Karl Rimkus	**aye**
Rep. Peter Svarzbein	**aye**

Motion carried.

Item 11. Discussion and action regarding the receipt of an investment manager report from Mellon Capital.

Fred McCrea, Relationship Manager of Mellon Capital, and James Stavena, Portfolio Manager of Mellon Capital, presented; the Board received and reviewed the investment manager report from Mellon Capital.

McCrea provided an overview of the firm and outlook. Mellon Capital manages about 350 billion dollars for institutional clients globally. McCrea reviewed the firm's clients, asset allocation, and commodities.

McCrea provided an overview of the Fund's portfolio with Mellon Capital, which is split over five mandates. McCrea listed the mandates and allocation; total allocation is approximately 231 million dollars. McCrea noted that the name change for the dynamic US equity fund formerly known as the US Tangent Added fund was completed this summer. When prompted by the Board, McCrea confirmed that since the Fund is invested in five mandates, the Fund is receiving a discounted rate for the dynamic US equity fund.

McCrea provided a review of the performance for four of the mandates. The international stock index fund has consistent tracking error in the low double digits over year to date, one, three, five, and 10 years. The aggregate bond index fund, the stock index fund, and the mid cap fund have consistent, tight tracking error.

Stavena provided a review of the performance for the dynamic US equity fund (formerly the tangent added fund.) For fiscal year 2015, the strategy was up about one percent; it had excess return of about 51 basis points. Since inception, the strategy has been up about nine percent, an excess return of about 227 basis points; the benchmark was at about 6.7 percent. In September, the strategy underperformed the benchmark by about 167 basis points. Month-to-date in October, the strategy is up about 7.3 percent absolute return. As of October 19th, the strategy trailed the index by 37 basis points.

Stavena provided an overview of positioning and allocation for the dynamic US equity fund. The target risk for the strategy is similar to that of the index. Trustee, Presi Ortega, questioned if the dynamic US equity fund will use a different benchmark based on allocation. Bill Howard of Callan responded that Mellon Capital's objective is to outperform the S&P 500 with similar volatility. Rene Peña, Chairman, questioned if the overweight in equities would continue. Stavena confirmed that the strategy will maintain an overweight in equities.

No action required on this item.

Item 12. Discussion and action regarding the receipt of an investment manager report from Salient Capital Advisors.

David Hicks, Director of Institutional Investments of Salient, and Parag Sanghani, Portfolio Manager and Partner of Salient, presented; the Board received and reviewed the investment manager report from Salient.

Hicks noted that this is the first time Salient has presented to the Board. He provided an overview of the firm and the MLP team. Salient is a Houston based money manager founded in 2002. The firm manages about 15 billion dollars; the MLP complex is one of the core businesses with four billion dollars under management. Salient believes that MLPs provide true diversification against the core risk factors. Year to date Salient has outperformed the benchmark.

Sanghani reviewed the bull and bear market cycles for MLPs and historical pullbacks. Sanghani advised that MLPs entered a bear market late last year; Salient believes that in a bear market quality outperforms commodity-sensitive businesses, which proved true for the first half of the year. However, in the third quarter the market reaction toward MLPs shifted. The third quarter was the worst quarter since the index was founded in 2006. Since the third quarter, MLPs have rebounded, up about 12 percent.

Sanghani reviewed the themes for 2015. Commodities remain a key risk. Although the portfolio is a fee based portfolio dependent on throughput, commodity headwinds affect future growth. “Quality” names may outperform until commodities find a bottom. Sustained growth is as important, if not more important, than ever. Salient also believes that consolidation will continue.

Sanghani provided a valuation summary and reviewed the implied growth rates. Sanghani detailed the growth model for determining intrinsic value. From the implied negative growth, Salient believes that fear driven markets have overreacted; however, markets should normalize going forward. Historically that normalization period has taken 2-3 years. Sanghani noted that valuations remain relatively cheap compared to treasuries, investment grade bonds, and high yield bonds. On an absolute valuation basis MLPs remain cheap versus their historical average by about 15 to 20 percent.

No action required on this item.

Item 13. 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 September 30, 2015.

Howard noted that all the returns shown are net of investment manager fees.

Howard reviewed the performance of the markets. September was another difficult month; negative for the equity markets. The worries over China affected the market into September. The Russell 3000 index and emerging markets were down about three percent for the month. The ACWI ex-US IMI, an international equity index, was down 4.4 percent. Developed international markets, the EAFE index, was down five percent. However, markets have rebounded in October. The return month-to-date through Friday’s close for the Russell 3000 was positive 5.8 percent. The ACWI ex-US IMI is up about eight percent. EAFE is up about 7.3 percent. Emerging markets are up 9.3 percent month-to-date.

Howard reviewed the monthly “flash” report for the period ended September 30, 2015. Howard noted that the report lists Mellon Capital’s dynamic US equity strategy as tangent added; the name will be updated in the next month’s report.

Howard reviewed the performance of the Fund’s domestic equity active managers. Howard advised that Callan will be reviewing the Fund’s domestic equity portfolio, closely reviewing Boston Partners. Boston Partners is the longest tenured equity manager. They had a difficult September, down about 1.7 percent and down about 300 basis points for the year; over a three year and five year period Boston Partners is behind their index after fees. Mellon dynamic US equity, the US large cap manager, is 11 basis points behind the S&P 500; however they remain ahead for the year by about 70 basis points. Vulcan, the US all cap manager, had a difficult September, down 1.7 percent versus the Russell 3000 and down about 300 basis points for the last year. Wedge, the small cap value manager, outperformed their benchmark, but on an absolute basis the portfolio was down 2.5 percent; for the last three years Wedge is ahead of the broad Russell 2000 by about 250 basis points after fees. Riverbridge, the small cap growth manager, outperformed the index by about one percent in September and is up about 300 basis points over the index for the last year. Overall, for the last year, the Fund’s portfolio outperformed the Russell 3000 by about 9 basis points.

Howard reviewed the performance of the Fund’s international equity active managers. Howard noted that there are two international equity managers on watch: Denver and Touchstone. Denver outperformed their benchmark by about 50 basis points for the month but remain behind for the last year. Denver is on watch for performance; Callan will review Denver with the Investment Committee next month. Howard noted that emerging markets are volatile and are currently in bear market territory. Touchstone, an emerging markets manager, outperformed the index for the month but trailed the index for the past one and three years. Through August 24th, they were down 32 percent from their peak in 2011. AQR, an emerging markets manager, is in line with the index for the year. Franklin Templeton is the diversified international small cap value manager. Franklin Templeton underperformed for the month but is over 350 basis points ahead of the index after fees for the year. Lazard is the Fund’s most flexible manager in international equity. Lazard trailed the index for the month, but outperformed the index by about 200 basis points for the year.

Howard reviewed the performance of the Fund’s private equity, fixed income, and real estate active managers. Howard noted that private equity has had great returns for the last month (9.2 percent) and year (about 21.4 percent). In fixed income, Janus Core Plus trailed in September and for the last year; there isn’t a three year number available for Janus. Franklin Templeton is a global bond manager with a currency position which affected their portfolio; Franklin Templeton is negative 500 basis points for the last year. In real estate, the Invesco REIT portfolio had outperformed the benchmark over the last year and three years, but trailed the index after fees over the last five years. Principal, a global REIT manager, is the Fund’s newest manager. September was the first month for Principal; they outperformed their benchmark by about 44 basis points. UBS, a private real estate manager, outperformed the index for the month, but trailed the index for the last year and three years.

Howard reviewed the performance of the Fund’s MLP active manager, Salient. Salient outperformed the index over the last year.

The total fund was down about two percent in September. For the last year the fund is down 2.4 percent.

Trustees discussed the projection for the next year. Howard advised that projected earnings for 2016 for the S&P 500 are flat to negative. Although the market has adjusted to slower global growth than what was forecasted, Howard does not believe that the US is headed into a bear market. Howard believes that the volatility will continue in the market. Trustees discussed possible issues contributing to volatility.

No action required on this item.

Item 14. Discussion and action regarding a report from the Pension Administrator.

Robert Ash, Pension Administrator, reported on the following:

- The newsletter was released.
    - The newsletter has been well received by retirees and active members. Pension Administration has received positive feedback. There has not been any negative feedback.
    - Ash thanked Karina Chavez the Retiree Coordinator/Data Entry Clerk, David Garcia the Payroll/Accounts Payable Specialist, and staff for their work on the newsletter.

Rene Peña, Board Chairman, complemented the newsletter and expressed his gratitude to staff. Trustee, Rebecca L. Torres, noted that she has also received positive feedback from employees.

- Auditors are in house as of last week and will remain in the Pension Office for another week.
    - Ash thanked Financial Services, Patricia Hickman the Deputy Pension Administrator, and staff for their work on the audit.
    - If the Audit Committee Chairman, Rene Peña, requests there will be an audit exit conference. Peña confirmed there will be an audit exit conference.
    - Ash commented on the GASB 68.

Trustees discussed the GASB 68. They commented on how the information is disclosed to the public. Pat Degman, Comptroller, discussed the City's CAFR and disclosure.

- The next step in the audit is the disclosure of information to the Fund's actuary, which will be happening soon. An Actuary Committee Meeting may be held.
- Administration is ordering new computers and monitors for the office which was included in the budget. That expense of about 3200 dollars will be reflected in next month's Treasurer's report.
- The City has issued different holiday hours, which will be reviewed by the Fund's Personnel Committee.
- Ash thanked Financial Services and the Investment Committee Members for attending the monthly Investment Committee Meetings.

No action required on this item.

Item 15. Discussion and action regarding the following Committee reports/assignments:

A. Actuary Committee – Committee did not meet.
B. Ad-Hoc Facilities Committee – Committee did not meet.
C. Audit Committee – Committee did meet.

Rene Peña read the Audit Committee minutes:
The Audit Committee met on October 12, 2015. The Committee in conjunction with BKD, LLP held an audit entrance conference. The Committee members asked the auditors questions about the audit procedures which will be used during this year's external audit. The auditors described the procedures they would use during the audit. Some of the new procedures would involve the implementation of GASB 67 and 68. The auditors will be working with the fund's actuary regarding this year's audit especially as it relates to GASB 67/68. The audit is expected to be completed in December 2015; a report will be given to the Board at that time.

No action required on this item.

D. Investment Committee – Committee did meet.

Presi Ortega read the Investment Committee minutes:
The Investment Committee met on October 20, 2015. The Committee received the monthly "flash" report for the month of September 2015 as prepared by Callan Associates. The Committee noted that the market downturn which began in August continued through September.

The Committee received yearly investment performance reports from Mellon Capital Management Company and Salient Partners. The Committee members asked questions of the presenting firms. The Committee noted the steep decline in value of the MLP allocation. The Committee asked the Fund's Investment Consultant if the amount allocated to Salient needed to be rebalanced. No significant exceptions were noted in the investment manager reports.

The Committee also discussed proposed changes to the fund's Investment Policy Statement/Investment Rules. The Committee after review recommended approval of the proposed amendment. The amendment would include the absolute return asset allocation. The consultant indicated that he will make a floor amendment modifying the proposed benchmark for the absolute return strategy. The Committee also discussed proposed changes in the future to include when a manager should be placed on "Watch." The Committee requested that the Administrator place on item on the next Board agenda to consider the proposed IPS amendment.

Finally, the Committee discussed the recently completed cash flow transactions/rebalancing. These transactions were necessary to be completed between Board Meetings. The cash flow transactions represented portfolio rebalancing necessitated due to a capital calls from Heitman Real Estate and Portfolio Advisors. The Committee recommends that the transaction be ratified by the Board at their next meeting. The Committee also recommends that the Administrator be authorized to provide notice to UBS that we will be partially liquidating the portfolio in order to timely fund the real estate portfolio managed by Heitman.

The next regularly scheduled meeting of the Investment Committee is scheduled for November 17, 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 October 8, 2015. The Committee discussed wage brackets for the staff salaries. The Administrator provided information regarding the methodology used in designing the wage brackets and current available information from the most recent TEXPERS study and other wage information. After discussion the Committee recommended that the Water's Group be contacted to determine a cost for a study concerning the salaries for job functions within the pension office.

The Committee also discussed the procedures related to when an employee reaches the top of the wage bracket. The Committee after some discussion postponed further discussion until it is determined if a new study will be conducted either by the Fund or TEXPERS.

The Committee also discussed the possible adoption of a policy regarding staff and Board service recognitions. The Committee suggested service awards for 2, 4 and 6 terms. The Committee suggested service awards for staff for 5, 10, 15 and 20 years of service. The Committee requested the Administrator develop a draft policy for the Committee review at the next Committee meeting.

Finally, the Committee discussed future amendments to the Fund's Personnel Rules related to sick and vacation accruals. These will be reconsidered at a later date in conjunction with the next revision to the Fund's Personnel Rules and Regulations.

No action required on this item.

F. Retiree Committee – Committee did not meet.

Item 16. For Notation:

A. Directed brokerage credit balance for month ended August 31, 2015: $135,868.83

B. Refund of Contributions:

	NAME	DEPARTMENT	TOTAL REFUND	
1	Alvarez, Yvonne I.	Health	$53,474.16	**
2	Barragan- Alvarez, Efren	EPWU	$3,569.85	
3	Black, Corey	Parks	$4,232.25	
4	Carrillo, Alejandra	MCAD	$5,100.35	
5	Davis, Martha	Mass Transit	$7,612.30	
6	De Anda, Perla Guardian of Hernandez, Guadalupe	OMB	$19,190.39	
7	Fierro, Michael	Airport	$3,270.58	
8	Garcia, Rene	Transportation	$399.42	
9	Gomez, Erik	Museums	$7,311.59	
10	Gonzalez, Alicia	Health	$14,160.52	
11	Guillen, Esperanza	ESD	$7,404.16	
12	Hernandez, Hugo	MPO	$26,082.39	
13	Herrera, Enrique	Airport	$2,174.28	
14	Jimenez, Eduardo	EPWU	$4,169.34	
15	Mansfield, Jennifer	ESD	$4,242.09	
16	Martinez, Lorenza G.	Health	$2,092.44	
17	Minnis, Melody	Mass Transit	$8,237.30	
18	Montacer, Naima	Zoo	$3,208.40	
19	Ordonez, Naomi	Health	$9,498.13	
20	Ortega, Cynthia	Transportation	$4,642.67	
21	Ortiz, Luis	Financial Services	$9,072.37	
22	Ramirez- Carrasco, Jorge	Health	$5,148.49	

23	Rubio, Marco A.	ESD	$384.62
24	Saenz, Alex	Mass Transit	$1,477.16
			$206,155.25

* 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 551.072; seconded by Pat Adauto. Motion carried @ 10:30 A.M. (unanimous.)

The Board reconvened from Executive Session @ 10:44 A.M.

Item 17. 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. **Sections 551.071 and 551.072** Discussion and action regarding real property.

No action taken on this item.

B. **Sections 551.071** - Claim# 001-2015 – Cynthia Osborn

No action taken on this item.

Item 18. Adjournment

Motion made by Pat Adauto to adjourn the El Paso City Employee's Pension Fund Board meeting on October 21, 2015; seconded by Christina Stokes. Motion carried @ 10: 45 A.M. (unanimous.)