

**FIRE AND POLICE PENSION ASSOCIATION
BOARD OF DIRECTORS**

April 23, 2009

Final Agenda

- 7:30 a.m. Call to Order**
Approval of March 26, 2009 Board Meeting Minutes
- Consent Calendar**
Approval of Town of Firestone Old Hire Marshalls Plan Amendment
- 7:35 a.m. Hamilton Lane - Portfolio Review**
Tara Blackburn, Managing Director
Matthew Silverio, Associate
- 8:50 a.m. BREAK**
- 9:00 a.m. Investment Report**
1. Review of March 2009 Performance
 2. Review of Managers
 3. Update on Rebalancing Activity
 4. Securities Lending (BNY Mellon, SSgA Index Fund)
 5. Update on Gottex
 6. Other Matters
- 9:45 a.m. Legal Report**
1. Litigation Update
 2. Legislative Update
 3. Other Matters
- 10:00 a.m. BONDI & Co. LLC - 2008 Audit**
Bert Bondi, Partner
Evelyn Law, Partner
- 10:30 a.m. BREAK**
- 10:45 a.m. Staff Report**
1. ASPEN Project Update
 2. Discussion: Strategic Plan Update
 3. Audit Request For Proposals
 4. Other Matters
- 11:15 a.m. Chairman's Report**
1. Monthly Discussion with CEO and Staff
 2. Discussion: Advance Registration for 2010 VIP Conference
 3. Other Matters
- 11:30 a.m. LUNCH**

**FIRE AND POLICE PENSION ASSOCIATION
MINUTES - BOARD OF DIRECTORS MEETING
April 23, 2009**

**FPPA Office
5290 DTC Parkway, Suite 100
Greenwood Village, CO 80111**

BOARD MEMBERS PRESENT: Chairman Kirk Miller, Vice Chairman Mark Sunderhuse (7:39), Leo Johnson, Stan Sponsel, Todd Bower, Tim Nash, Cliff Stanton and Sue Eaton.

BOARD MEMBERS ABSENT: Monica Cortez-Sangster.

STAFF MEMBERS PRESENT: Dan Slack, Kevin Lindahl, Scott Simon, Kim Collins, Claud Cloete, Jeff Kaszubowski and Janette Hester.

STAFF MEMBERS ABSENT: Gina McGrail (participated by conference call-in), and Austin Cooley.

OTHERS PRESENT: Tara Blackburn, Managing Director, and Matthew Silverio, Associate - Hamilton Lane; Bert Bondi, Partner, and Evelyn Law, Partner – BONDI & Co. LLC.

Notice of this meeting and a copy of the agenda were posted in the building lobby of the FPPA office and on the FPPA website at least twenty-four hours prior to the meeting.

At 7:32 a.m., Chairman Kirk Miller called the meeting to order and noted that there was a quorum present. Chairman Miller called for a motion to approve the minutes.

Leo Johnson made a motion to approve the minutes of the March 26, 2009, Board meeting. Todd Bower seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY. Tim Nash abstained due to his absence from the March meeting.

Mr. Johnson made a motion to approve the Town of Firestone Old Hire Marshalls Plan amendment on the Consent Calendar. Stan Sponsel seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

PORTFOLIO REVIEWS

Hamilton Lane

Scott Simon introduced Tara Blackburn and Matthew Silverio, who presented a review of the private equity portfolio that Hamilton Lane manages on behalf of FPPA. They responded to questions from Board members and staff and left the meeting at 8:47 a.m.

The meeting recessed briefly.

INVESTMENT REPORT

Mr. Simon provided an overview of current economic and capital markets conditions, along with reviewing total fund performance for March 2009. He reported that the real estate market continues to be a concern, with 1Q returns reporting a greater decline than expected. Mr. Simon reported that the year-to-date portfolio performance was -6.07% through March 31. He reviewed the rebalancing activities. Mr. Simon reported on BNY Mellon's decision to terminate their Securities Lending Temporary Investment Fund. He also reported on State Street Global Advisors proposal to modify terms to the Russell 1000 Passive Index Fund, which engages in securities lending activities. Mr. Simon explained the risks to the FPPA portfolio exposure through the securities lending program and reviewed staff's recommended options. He answered questions from Board members. It was the consensus of Board members to remain in both programs, to closely monitor management activities, and to review the guidelines and agreements of continuing a long-term exposure to securities lending. Staff will report a subsequent analysis and appropriate recommendations in the near future. Mr. Simon then reported on the Gottex hedge fund of funds within the Portable Alpha Program. He reported on Gottex's announcement regarding restructuring plans. He stated that on April 6th an on-site due diligence was conducted at Gottex's Boston offices. The analysis of Gottex is on-going and a full report will be provided to the Board at the May meeting.

BONDI & Co. LLC 2008 Audit Review

Chairman Miller welcomed Bert Bondi and Evelyn Law, partners with the FPPA external independent audit firm of BONDI & Co. LLC. Mr. Bondi and Ms. Law gave a review of the 2008 audit process. The Report to Governance included graphical analyses, change from the prior year, and advisory comments and suggestions. Mr. Bondi noted that FPPA had received an unqualified, or "clean," audit opinion. Mr. Bondi and Ms. Law reviewed the advisory comments and suggestions and answered questions from Board members. Dan Slack stated that staff understands and agrees with the areas of suggested change and that staff will take steps to implement BONDI's recommendations. Mr. Bondi and Ms. Law concluded their presentation and left the meeting at 10:07a.m.

LEGAL REPORT

Kevin Lindahl reviewed the April Litigation Report and gave an update on pending issues. Mr. Lindahl reported that FPPA staff made the decision to decline seeking the position of lead plaintiff in the Colonial Bank case. Mr. Lindahl and Mr. Slack asked for Board direction regarding litigation decisions that had short response deadlines and the appropriate decision-making process that should be followed in the future. It was the consensus of the Board to address this issue at a later date.

Mr. Lindahl reported that a draft of proposed rule changes would be presented at the July Board meeting, and the final proposed rule changes would be presented at the August Board meeting.

The meeting recessed briefly.

STAFF REPORT

Kim Collins reported on the ASPEN Project. Ms. Collins commended the operations staff and the Sagitec team for all their efforts to meet the deadline and come in on budget.

Mr. Slack reported on the Strategic Plan update provided in the packet. He stated that staff believes the current plan can be implemented and the remaining goals accomplished during 2009. Mr. Slack suggested that the Board consider an amendment to the 2009 budget to provide for a formal strategic planning session to be held in conjunction with the July Board meeting at a retreat location near Denver. He listed several organizational issues that could be addressed in a new strategic planning session, in the asset/liability study and in two educational training sessions. The Board discussed several areas of focus for each session, including new asset classes of investment and risk management.

Mr. Johnson moved that the 2009 budget be amended to include an amount not to exceed \$45,000 to provide for a strategic planning session on July 23 and 24, 2009. Mr. Bower seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Slack reported that the five year contract with BONDI & Co. LLC, the current independent outside auditor, expires in May 2009. An auditor evaluation form with staff comments will be provided in the May packet, and an evaluation by Board members will be conducted at the May meeting. FPPA policy states that the rotation of auditors be routinely considered and that a search be conducted for a new audit service. Mr. Slack reviewed the process for the issuance of a Request for Proposals (RFP) and the selection of possible audit firms. The Board agreed that a three-person committee would be appointed to work with Mr. Slack, Mr. Simon, Ms. Collins and Melanie Winters to review the bid contracts and make a final recommendation to the Board at the July 23rd meeting. The incumbent auditor can re-bid on the service.

Mr. Bower moved that a three-person committee be appointed to review the candidates responding to the Request for Proposals from external auditing firms. Vice Chairman Mark Sunderhuse seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Chairman Miller appointed three Board members, Leo Johnson, Todd Bower and Tim Nash, to serve on the audit review committee and assist staff in the RFP review and candidate selection process. Ms. Collins will provide an RFP by the end of April.

Mr. Slack reported on his letter to Chief Mirowski regarding the timely submission of the Statewide Standard Health History Form. Mr. Slack then reported on his letter to Ms. Velasquez regarding the Colorado Springs New Hire Police Pension Plan and how to properly administer purchased service credit within the plan. Following document research, FPPA staff determined that the correct application of the plan document when processing retirement benefits with respect to purchased service credit is to use a graduated multiplier.

Mr. Slack then updated the Board on the internal audit currently being conducted by Tim O'Brien, FPPA internal auditor. This internal audit will focus on payroll, FPPA administrative expenses, and the rollout of the ASPEN project. Mr. Slack reported that the Greenwood Village police are continuing their investigation of the complaint filed by FPPA staff. He also stated that no formal charges have been filed and that no similar issues have been reported.

CHAIRMAN'S REPORT

Mr. Johnson updated the Board on recent emails regarding early registration for the 2010 Visions, Insights and Perspectives (VIP) conference. The conference is scheduled for February 2010 and an email offer was received by several Board members that waived registration fees for early commitment for attending the conference. The conference administrators also extended the early registration incentive to make a \$150 charity donation for two attendees. It was the consensus of the Board not to participate in the advance registration program offered.

At 11:40 a.m. Vice Chairman Sunderhuse made a motion to adjourn the meeting. Mr. Sponsel seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.