



BOARD OF DIRECTORS

January 15, 2009 Meeting Final Agenda

- 7:30 a.m. Call to Order**
Approval of December 4, 2008 Board Meeting Minutes
Consent Calendar
Approval of Resolution 2009-1
Approval of Thornton Fire OH Plan Amendment
- 7:35 a.m. ClariVest - Portfolio Review**
Todd Wolter, Principal & Portfolio Manager
Stacey Nutt, President & CIO
John Mathai, CFA
- 8:20 a.m. Western Asset Management Co. – Portfolio Review**
Frances Coombes, Client Service Executive
Stephen Fulton, Product Specialist
- 9:00 a.m. BREAK**
- 9:15 a.m. Investment Report**
1. Review of November Performance
2. Review of Managers
3. Update on Rebalancing Activity
4. Artio: Request for Changes to Guidelines
5. Review of Private Equity Investment Activity
6. Survey Results (CEM & RV Kuhns)
7. Other Matters
- 10:15 a.m. BREAK**
- 10:30 a.m. Legal Report**
1. Litigation Update
2. Legislative Update
3. Other Matters
- 10:45 a.m. Disability Hearing**
Jeffrey S. DiPaolo
- 11:00 a.m. Staff Report**
1. ASPEN Project Update
2. Old Hire State Funding Update
3. FPPA Staff Healthcare subsidy Required Contribution
4. Other Matters
- 11:30 a.m. Chairman's Report**
1. Monthly Discussion – Board and CEO
2. Other Matters
- 11:45 a.m. LUNCH**

**FIRE AND POLICE PENSION ASSOCIATION
MINUTES - BOARD OF DIRECTORS MEETING
JANUARY 15, 2009**

FPPA Offices

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

BOARD MEMBERS PRESENT: Chairman Kirk Miller, Vice Chairman Mark Sunderhuse (7:47 am), Leo Johnson, Stan Sponsel, Tim Nash, Monica Cortez-Sangster and Todd Bower.

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

OTHERS PRESENT: *Neil Rue, Pension Consulting Alliance, Inc (PCA); Todd Wolter, Stacey Nutt and John Mathai - ClariVest; Frances Coombes and Stephen Fulton – WAMCO.*

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

At 7:29 a.m. Chairman Kirk Miller called the meeting to order and noted that there was a quorum present. He asked for a motion to approve the minutes of the December 4, 2008 Board meeting. Leo Johnson made a motion to approve the minutes. Stan Sponsel seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Leo Johnson made a motion to approve Resolution 2009-1 regarding Posting Notice of Public Meetings. Stan Sponsel seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Dan Slack suggested that the request by the City of Thornton to amend its Old Hire Fire Plan be removed from the Consent Calendar. Kim Collins stated that the City of Thornton acknowledged their responsibility to fund the one-time COLA despite a shortfall and requested that the amendment be approved by the Board.

Todd Bower made a motion to approve the City of Thornton's request to amend the Old Hire Fire Plan as set forth in Resolution No. 2008-205. Stan Sponsel seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

PORTFOLIO REVIEWS

ClariVest Asset Management, LLC

At 7:35 a.m. Scott Simon introduced Todd Wolter, Stacey Nutt and John Mathai who presented a review of the small cap value portfolio that ClariVest manages for FPPA. They responded to questions from the Board and staff and left the meeting at 8:25 a.m.

Western Asset Management Company

At 8:28 a.m. Scott Simon introduced Frances Coombes and Stephen Fulton who presented a review of fixed income portfolio that WAMCO manages for FPPA. They responded to questions from the Board and staff and left the meeting at 9:20 a.m.

The meeting recessed briefly.

INVESTMENT REPORT

At 9:36 a.m. Scott Simon reviewed Total Fund performance for November and preliminary performance through December 2008. He gave an overview of the stock market conditions, the challenges of the current economic situation affecting the portfolio performance, and provided a portfolio manager review. Scott referred the Board to several memos written by the investment staff regarding recent site visits and analyses of FPPA fixed income and international equity managers. WAMCO is currently on the watch list and staff recommended that the Board extend the watch list status. Scott, Neil and Claud answered questions from the Board.

At 10:05 a.m. Monica Cortez-Sangster made a motion to keep WAMCO on the watch list. Leo Johnson seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Scott provided an update on the rebalancing activities. He gave an update on the securities lending portfolio, stating that a year-end unrealized loss will be recognized with respect to the Lehman holdings within the collateral investment portfolio, but that a 20% loss-sharing reimbursement will subsequently be provided from BNY/Mellon. Scott reported on an article in the local newspaper which included his comments regarding the Madoff hedge fund fraud case.

At 10:20 a.m. Leo Johnson made a motion to adjourn into executive session to receive legal advice from FPPA General Counsel regarding potential litigation, pursuant to Section 24-6-402 (4)(b) C.R.S. Stan Sponsel seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

At 10:40 a.m. Leo Johnson made a motion to come out of executive session. Todd Bower seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY. Chairman Miller stated that no final action, votes or motions were made or taken during executive session.

Scott reported on a portfolio guidelines change request from Artio Global Investors. Staff is reviewing the request to increase the emerging markets limit and to allow the use of futures in the account. Staff will bring a recommendation to the February meeting. Scott and Neil answered questions from the Board. Scott reviewed the private equity investment activity.

At 11:02 a.m. Scott reported on surveys conducted by CEM Benchmarking, Inc. and R V Kuhns & Associates, Inc. Scott provided a memo from PCA that outlined the timeframe for the asset liability study they will conduct. Neil stated that the Board and staff should receive the model in July 2009. Scott and Neil answered questions from the Board and staff.

At 11:15 a.m. the meeting recessed for break.

LEGAL REPORT

At 11:25 a.m. Kevin Lindahl provided a written litigation update and reviewed the status of current issues. As a matter of fiduciary prudence to preserve FPPA's rights, Kevin previously authorized Bernstein Litowitz to file on behalf of FPPA with respect to the AIG Bond Claim for losses relating to AIG bonds held by FPPA for which there was a loss. Kevin requested authorization to proceed in the AIG Bond Claim and answered questions from the Board.

Todd Bower made a motion to approve Kevin's actions and to authorize that he proceed in the AIG Bond Claim. Stan Sponsel seconded the motion. **MOTION CARRIED IN FAVOR UNANIMOUSLY.**

Kevin gave an update on pending legislation. He stated that HB 1030 regarding FPPA's IRS compliance moved out of the House, and SB 17 regarding FPPA's D&D technical correction will go to the Senate next week. Kevin further stated that the report regarding priorities in the event of implementation of benefit rollbacks will be presented at the February meeting. He answered questions from the Board.

JEFFREY S. DiPAOLO HEARING

At 11:35 a.m. Chairman Miller called to order the Hearing for the Review of the Hearing Officer Recommendation for the Application of the On-Duty Status of the Disability in the Matter of Jeffrey S. DiPaolo. Mr. DiPaolo did not attend the Hearing. Kevin Lindahl reported on the Permanent Occupational Disability awarded Mr. DiPaolo in November 2008. Although DDRC had the authority to rule on the application, the Committee referred the matter to the Board for review, based on concerns that evidence does not support on-duty status. Kevin explained the potential Board actions and options. Kevin answered questions from the Board. The Board asked Gina McGrail to address the issue and to speak for the DDRC Committee. Gina answered questions from the Board.

Monica Cortez-Sangster made a motion to affirm the written Findings, Conclusions and Recommendation of Hearing Officer Swanberg, dated November 13, 2008, with respect to the on-duty status of Jeffrey S. DiPaolo and that the Board enter an order finding that Jeffrey S. DiPaolo's disability was due to a work-related injury. Leo Johnson seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

At 11:49 a.m. Chairman Miller declared the Hearing closed.

STAFF REPORT

At 11:50 a.m. Kim Collins gave an update on the ASPEN Project. She reported that the project continues to lag the end date for completion. She answered questions from the Board.

Dan Slack reported on the status of funding for the old hire plans. Dan, Kevin and Kim met with the Governor's Chief Economist, pursuant to the administration's proposal of another 3-year suspension of state payments. Gabriel, Roeder, Smith & Company (GRS), FPPA's actuary, indicated that delaying or reducing the contribution levels in the current economy would have a negative impact on the funding of the state assisted old hire plans. GRS recommended that annual payments could be reduced but not suspended in order to keep the plans funded. This issue can be addressed in the asset-liability study. The Board took no official position and instructed staff to impress upon the State the importance of keeping any reductions or suspensions to the absolute minimum.

Kim Collins reported on the FPPA staff healthcare subsidy which provides post-employment supplemental health insurance assistance for eligible employees. In December 2006 the Board agreed to fully fund these healthcare benefits on an unsmoothed market value of assets basis. Due to the volatile markets, Kim reported that staff recommends funding the plan for 2008 by two times the known subsidy payments to be made in 2009. Staff has reallocated \$12,425 from staff benefit expenses to fund this program. GASB 45 mandates financial statement and disclosure requirements for this liability but is not a funding mandate. Kim received approval from the Board to consult with FPPA actuaries, GRS, to determine the best approach to fund this program going forward.

Dan Slack provided a verbal update regarding meetings with the Governor's Chief Economist, conversations with Deputy Treasurer Eric Rothaus, and testimony before the Joint Budget Committee.

CHAIRMAN'S REPORT

At 12:26 p.m. a motion was made by Monica Cortez-Sangster to adjourn into executive session to discuss a legal and personnel matter. This motion was made pursuant to Section 24-6-402 (4)(f) C.R.S. Leo Johnson seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY. The Board approved Dan Slack's request that Kevin Lindahl and Kim Collins be allowed to remain for discussion of the first agenda item. All staff members left the meeting except Dan Slack, Kim Collins and Kevin Lindahl.

At 12:45 p.m. Leo Johnson made a motion to come out of executive session. Stan Sponsel seconded the motion. **MOTION CARRIED IN FAVOR UNANIMOUSLY.** Chairman Miller stated that no final action, votes or motions were made or taken during the executive session. Following this discussion, Kim and Kevin left the meeting.

During the CEO session, Dan advised the Board regarding the status of potential new trustees. He reported that an appointment to the “financial expert” position may be made by the governor on Friday. In addition, he reported that the Colorado Municipal League has recommended a municipal employer representative candidate to the Board.

Finally, Dan reported that he has been working with Gina on the restructuring of a position in her area. This can be done and stay within budget, but it may involve the shifting of some cost from one budget line item to another.

At 1:06 p.m. the meeting adjourned.