

**FIRE AND POLICE PENSION ASSOCIATION
BOARD OF DIRECTORS
October 22, 2009
FINAL Agenda**

- 7:30 a.m. Call to Order**
Approval of September 24, 2009 Board Meeting Minutes
Approval of Rules Making Hearing Minutes
Approval of Jennifer M. Browne Hearing Minutes
- 7:35 a.m. BNY Mellon – Portfolio Review**
Raymond L. Kronz
- 8:20 a.m. Investment Report**
1. Review of September 2009 Performance
2. Review of Investment Managers
3. Other Matters
- 9:00 a.m. BREAK**
- 9:15 a.m. Legal Report**
1. Litigation Update
2. Legislative Update
3. Other Matters
- 9:30 a.m. 2010-2012 Strategic Plan**
- 10:00 a.m. 2010 Budget Discussion**
- 10:30 a.m. Staff Report**
1. Other Matters
- 11:00 a.m. Chairman’s Report**
1. Guns & Hoses 2009 Conference Evaluation (Kirk and Leo)
2. Discussion – Board and CEO
3. Other Matters
- 11:30 p.m. LUNCH and ADJOURN**

**FIRE AND POLICE PENSION ASSOCIATION
MINUTES - BOARD OF DIRECTORS MEETING**

October 22, 2009

BOARD MEMBERS PRESENT: Chairman Leo Johnson, Tim Nash, Kirk Miller, Stan Sponsel, Todd Bower, Cliff Stanton, and Sue Eaton.

BOARD MEMBERS ABSENT: Monica Cortez-Sangster.

STAFF MEMBERS PRESENT: Dan Slack, Kevin Lindahl, Scott Simon, Gina McGrail, Kim Collins, Austin Cooley (8:31), Jeff Kaszubowski, Sean Ross and Karen Moore.

OTHERS PRESENT: Carlos Pacheco, First Vice President, Raymond Kronz, Vice President, and Robert Fort, Global Securities Lending Manager, BNY Mellon; Neil Rue and John Linder, Pension Consulting Alliance (PCA); Jack Blumenthal; and Emma Chambers.

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 7:30 a.m., Chairman Leo Johnson called the meeting to order and noted that there was a quorum present. Chairman Johnson called for motions to approve the minutes.

Cliff Stanton made a motion to approve the minutes of the September 24, 2009, Board meeting. Todd Bower seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Stanton made a motion to approve the minutes of the September 24, 2009, Rules Making Hearing. Mr. Bower seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Stanton made a motion to approve the minutes of the September 24, 2009, Jennifer M. Browne Hearing, as amended to show the Roll Call votes on both motions. Mr. Bower seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Stanton made a motion to approve the City of Fort Morgan Old Hire Police Pension Plan amendments and that the Board permit the plan modifications as set forth in the Resolution. Tim Nash seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

PORTFOLIO REVIEW

BNY Mellon Asset Servicing

Scott Simon introduced Carlos Pacheco, Ray Kronz and Bob Fort, who presented a review of the securities lending portfolio that BNY Mellon manages on behalf of FPPA. Mr. Kronz gave an overview of the typical loan structure and highlights of the securities lending program. He reported on the process of the BNY Mellon risk management trading professionals, who negotiate the terms of the transactions with borrowers and advised how they monitor the collateral investment against the daily mark-to-market performance. Mr. Fort reported on the factors that have impacted the lending and collateral reinvestment components of the business over the last 12 months, particularly the effects of the turmoil created by the Lehman bankruptcy. BNY Mellon managers reported that, although the overall market illiquidity has put pressure on the market value of the term investments within the cash collateral pools and separate accounts, the assets have continued to perform as expected. They continue close monitoring of credit lending. The BNY Mellon managers answered questions from Scott, Neil Rue, Dan Slack and the Board. They concluded their presentation and left the meeting at 8:27 a.m. Scott reported that FPPA has a five-year custodian contract with BNY Mellon. If FPPA terminated the securities lending program, FPPA would realize an investment loss and an increase in custodian fees.

INVESTMENT REPORT

Mr. Simon provided a review of the FPPA Total Fund performance for September 2009, which had an increase of 16.24% year-to-date. He reported strong equity performance in the portfolio. Although unemployment is high, Mr. Simon reported that investors believe the economy is showing signs of recovery. He stated that FPPA will maintain flexibility within the portfolio until the implementation plan for the new asset allocation is finalized.

Mr. Simon reported that Artio Global, Morgan Stanley and Rexiter Capital Management continue to struggle with relative performance. Gottex exposure continues to decline with redemptions being scrutinized closely.

Mr. Simon reported that J.P. Morgan is winding down its Alternative Property Fund due to limited investor capital in the current environment. This decision also means that there will be a reduction in the APF management fees. Mr. Simon reported that FPPA rescinded its remaining redemption request from the JPMorgan Strategic Property Fund. FPPA also rescinded its temporary practice of receiving income distributions from its core real estate managers. Once again, these managers will now reinvest income back into their funds.

Mr. Simon reported that Fidelity Investments announced changes in the asset allocation strategy of their Target-Date Freedom Funds, which now allows exposure

to inflation protection bonds, commodities and an increased exposure to international equity.

Mr. Simon reported on upcoming portfolio rebalancing activity of a \$35 million redemption from WAMCO to maintain adequate cash reserves.

MountainView Investment Recommendation: Although this item had been placed on the agenda, Mr. Simon advised the board that the staff was still completing due diligence on this potential investment and was not making an investment recommendation at this meeting.

Mr. Simon provided an update on the Global Equity Index manager search process. He advised the Board to expect an investment recommendation at the December Board meeting.

Mr. Simon and Mr. Rue answered questions from the Board.

At 9:00 a.m. the meeting recessed for Break.

LEGAL REPORT

Kevin Lindahl gave an update on the litigation report and reported that the reorganization plan in the G-1 Holdings case has been drafted and discussions to resolve objections by the IRS are being conducted. Mr. Lindahl reported that FPPA has been appointed a representative or named plaintiff, representing bondholders, in the Tronox case, and that a hearing took place on October 15, 2009.

Mr. Lindahl reviewed the lobbyists' selection process and referred the Board to the proposals received by the FPPA Lobbyist Review Committee. He stated that the Review Committee would meet by conference call to discuss the proposals and schedule interviews for November 13, 2009.

Mr. Lindahl referred the Board to a letter dated October 15, 2009, from FPPA to Richard D. Radabaugh, attorney for Ms. Browne, requesting a new hearing date because he is unavailable to attend the October 2009 hearing as scheduled. Mr. Lindahl also provided a confidential memo from Ann K. O'Connell regarding Jennifer M. Browne's request for a new hearing. He answered questions from the Board.

At 9:27 a.m., Chairman Johnson made a motion to schedule the new hearing for Jennifer M. Browne for the January 21, 2010, Board meeting. Mr. Nash seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

2010-2012 Strategic Plan

Mr. Slack presented the 2010-2012 Strategic Plan update. Mr. Slack and staff reviewed the objectives of each goal, as well as the additions/deletions proposed since the Strategic Planning Session in July. Staff answered questions from the Board.

At 10:06 a.m., Mr. Bower made a motion to approve the 2010-2012 Strategic Plan as presented. Kirk Miller seconded. MOTION CARRIED IN FAVOR UNANIMOUSLY.

2010 Proposed Budget Discussion

Mr. Slack and Kim Collins reported on the 2010 draft budget packet. Ms. Collins referred the Board to a memo dated October 12, 2009, and reviewed the highlights of the budget, including those areas which increased or decreased significantly from the 2009 budget. Ms. Collins provided detailed explanations of planned expenses within several budget categories. Mr. Slack, Ms. Collins and staff answered questions from the Board.

STAFF REPORT

Mr. Slack reported on his attendance at the NCPERS Public Safety Employees Pension and Benefits conference, where he participated in a panel discussion on defined benefit plan sustainability in the current political and economic environment. Mr. Slack reported on his presentation to the Colorado Springs City Council regarding the current status of the city's plans.

At 11:04 a.m., Emma Chambers, retired Denver Police Officer, joined the meeting.

CHAIRMAN'S REPORT

Chairman Johnson referred the Board to the proposed 2010 dates for Board of Directors meetings. It was the consensus of the Board to revise the date for the November Board Educational Training Session to November 19, 2010. Chairman Johnson welcomed Emma Chambers to the meeting. Ms. Chambers had requested by letter the opportunity to address the Board regarding the FPPA policy in releasing private member information without the express written consent of the member. Mr. Lindahl summarized the issue for the Board, stating that Ms. Chambers was recommending that the Board review the rule and consider policy clarification that would establish additional safeguards to protect the privacy of FPPA members by providing subpoena notification directly to the member. Mr. Lindahl and Ms. Chambers answered questions from the Board. It was the consensus of the Board to change the policy to assure superior service to the FPPA members. Ms. Chambers left the meeting.

Chairman Johnson and Mr. Miller reported to the Board on their attendance at the 2009 Guns and Hoses Conference. Both Trustees recommended this conference for new Board members, citing excellent investment and benefits topics on the agenda.

At 11:32 a.m., Stan Sponsel made a motion to adjourn the meeting. Mr. Bower seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.