

**FIRE AND POLICE PENSION ASSOCIATION  
BOARD OF DIRECTORS  
August 26, 2010  
Agenda**

<u>Time</u>	<u>Agenda item</u>
7:30 a.m.	<b>Call to order</b> Approval of July 22, 2010 Board Meeting Minutes  Consent Calendar <ol style="list-style-type: none"><li>1) Denver Old Hire Fire Pension Plan increase and recalculation of pension benefits per the Sundgren litigation matter</li><li>2) Denver Old Hire Fire Deferred Retirement Option Plan default distribution</li><li>3) Denver Old Hire Police Deferred Retirement Option Plan default distribution</li><li>4) Approval of Resolution to Affiliate Volunteer Pension: Elk Creek Volunteer Fire Department</li><li>5) Approval of Certification of Compliance: Security Fire Protection District FPPA Defined Benefit System Entry</li><li>6) Approval of Resolution requesting coverage: West Metro Fire Protection District</li></ol>
7:40 a.m.	<b>Investment Risk Committee Report</b>
7:55 a.m.	<b>Investment Report</b> <ol style="list-style-type: none"><li>1. Review of July 2010 Performance</li><li>2. Review of managers</li><li>3. Real Assets Portfolio Recommendations</li><li>4. Passive Fixed Income Manager Recommendation</li><li>5. Global Equity Portfolio Construction</li><li>6. Global Equity Manager Recommendation</li><li>7. Other Matters</li></ol>
9:25 a.m.	<b>Break</b>
9:40 a.m.	<b>Walter Scott – Global Equity</b> <i>Presenters: Roy Leckie, Director</i>
10:25 a.m.	<b>Legal Report</b> <ol style="list-style-type: none"><li>1. Litigation update</li><li>2. Legislative update</li><li>3. Other Matters</li></ol>
10:35 a.m.	<b>Hearings</b> Consideration of Hearing Officer Recommendation: Sherri L. Lamb Consideration of Hearing Officer Recommendation: Traci L. Lyles

10:45 a.m.

**Staff report**

1. CEO report
2. Medical Advisor Search
3. DC Plans Recordkeeper/Service Provider Search
4. Other matters

11:15 a.m.

**Chairman's report**

1. Monthly discussion
2. Ethics Policy draft review
3. Appointment of committees, 9/1/2010 – 8/31/2011
4. Election of Vice Chairman
5. Other matters

12:00 p.m.

**Lunch**

**Fire and Police Pension Association  
Minutes – Board of Directors Meeting  
August 26, 2010**

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

**Board Members Present:** Chairman Leo Johnson, Vice Chairman Tim Nash, Kirk Miller, Jack Blumenthal, Lyle Hesalroad, Sue Eaton, Cliff Stanton and Monica Cortez-Sangster.

**Board Members Absent:** Todd Bower.

**Staff Members Present:** Dan Slack, Kevin Lindahl, Scott Simon, Gina McGrail, Kim Collins, Austin Cooley, Claud Cloete, Jeff Kaszubowski, Sean Ross, and Janette Hester.

**Others Present:** Roy Leckie and Francis Sempill, Walter Scott & Partners Limited (by video-conference); John Linder, Pension Consulting Alliance (PCA); Sherri L. Lamb, retired member.

*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 Leo Johnson called the meeting to order and noted that there was a quorum present. Chairman Johnson called for a motion to approve the minutes and the consent calendar.

Vice Chairman Tim Nash moved approval of the minutes of the July 22, 2010, board meeting. Cliff Stanton seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Vice Chairman Nash moved that the City and County of Denver's Old Hire Fire Pension Plan amendments as set forth in Council Bill No. CB10-0556, Series of 2010, passed on July 22, 2010, will maintain the actuarial soundness of the plan, and further, that the board permit the plan modifications. Lyle Hesalroad seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Vice Chairman Nash moved that the City and County of Denver's Old Hire Fire Pension Plan amendments as set forth in Council Bill No. CB10-0557, Series of 2010, passed on July 22, 2010, will maintain the actuarial soundness of the plan, and further, that the board permit the plan modifications. Mr. Hesalroad seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Vice Chairman Nash moved that the City and County of Denver's Old Hire Police Pension Plan amendments as set forth in Council Bill No. CB10-0558, Series of 2010, passed on July 22, 2010, will maintain the actuarial soundness of the plan, and further, that the board permit the plan modifications. Mr. Hesalroad seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Vice Chairman Nash moved to approve the affiliation with FPPA of the Elk Creek Fire Protection District volunteer pension plan, such affiliation to be effective on January 1, 2011. Mr. Hesalroad seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Vice Chairman Nash moved to approve the resolution for coverage under the FPPA Defined Benefit System and form of certification of compliance as submitted by the Security Fire Protection District members, such coverage to be effective on December 15, 2010. Mr. Hesalroad seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Vice Chairman Nash moved to approve the resolution requesting coverage under the FPPA Defined Benefit System as submitted by the West Metro Fire Protection District, such coverage to be effective on March 1, 2011. Mr. Hesalroad seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

### **Investment Risk Committee Report**

In the absence of Chairman Todd Bower, Investment Risk Committee (IRC) members Kirk Miller and Dan Slack provided details of real assets investments discussed during the IRC meeting conducted via webcast on July 28, 2010. Mr. Miller was not present at the July 28<sup>th</sup> meeting but received a briefing from Scott Simon. Mr. Miller stated his concurrence with the decisions of the IRC. Mr. Slack reported that the IRC had noted that it would make better efforts to utilize the alternate board IRC member if any board IRC member is unable to attend future meetings.

Mr. Slack reported that staff had conducted a conference call with The Townsend Group (FPPA's real estate consultant "Townsend") to request redemptions from three value-add real estate funds (PRISA II, PRISA III, Blackrock Diamond). Townsend's investment committee did not support the redemptions request and submitted recommendations for delayed redemptions and re-allocation of funds. Staff recommended the termination of the Townsend consulting agreement. Staff proposed shifting the management of FPPA's core real estate investments to staff. Staff proposed requesting redemptions from FPPA's value-add real estate investments. Staff proposed shifting oversight of FPPA's private equity real estate investments to Hamilton Lane. The IRC and Pension Consulting Alliance (PCA) had discussed the issues and provided concurrence in support of investment staff's recommendations.

Mr. Slack provided details of the two action items discussed at the IRC meeting conducted via webcast on August 13, 2010. First, he reported that at the July board meeting staff was directed to search for a U.S. passive fixed income manager. Staff requested information from the top six providers in the industry and conducted due diligence on the top two candidates. Mr. Slack reported that staff recommended BlackRock. After discussion, the IRC and PCA had provided concurrence that staff's recommendation was in compliance with board policies.

Second, Mr. Slack reported that in February 2010 the board approved a search for a global equity mandate. Staff conducted a formal RFP search process and received 144 responses. Due diligence narrowed the list to three, and on-site visits were conducted with those three. Staff ultimately concluded that Walter Scott would be the best manager for the global equity portfolio. Staff noted that Lazard had been a strong contender for the mandate, and might be considered for an allocation in the future, if warranted after further due diligence. After discussion, the IRC and PCA had provided concurrence that staff's recommendation was in compliance with board policies. Claud Cloete provided additional due diligence information to the board. Chairman Johnson thanked the committee and staff for their efforts.

### **Investments Report**

Mr. Simon provided the monthly investment report for July and stated that PCA would discuss the economic and market summary in the quarterly risk report ending July 2010. He reported that the markets recovered significantly in July, noting particularly that the Barclays Capital Aggregate Index was up 6.46% year-to-date. The FPPA Total Fund appreciated 4.44% in July, bringing its performance to 2.55% year-to-date. Although international markets have outperformed U.S. markets in the past few months, the equity portfolio has generally benefited from relatively higher exposure to the U.S. markets. The Total Fund closed the month of July with \$2.86 billion in net investible assets.

Mr. Simon reported that Baillie Gifford (emerging markets equity) will no longer accept further capital from current or prospective investors, and so staff will seek additional emerging markets capacity with other managers. He answered questions from the board. Mr. Simon reported the announcement by TCW of the spin-out of its leveraged finance group. At the July meeting, the board approved the recommendation to terminate the hi-yield fixed income relationship with TCW, so this announcement is a non-issue for FPPA. Mr. Simon reported strong portfolio performance with Cortina (small cap growth equity) and staff's continued confidence with this manager's investment strategy. He provided an update on alternative investments and the anticipated closing of the H2 Special Opportunities Fund II.

Mr. Simon reported that the IRC discussed staff's recommendation for a U.S. passive fixed income manager at the August 13<sup>th</sup> meeting. Sean Ross provided details of the manager search, the desk top diligence conducted on six providers

and the on-site diligence process with Blackrock and Mellon Capital Management. He provided comparison charts of the managers' annualized performance returns, the fee structure for each manager, and listed the important manager qualities considered in the selection process. Mr. Ross provided an operational management background and an annual comparison of assets under management by BlackRock. Mr. Simon reported the investment staff's recommendation is to retain BlackRock as FPPA's U.S. passive fixed income index provider in the amount of \$150 million, participating in securities lending, pending the completion of a legal review of the fund documents. Mr. Simon and Mr. Ross answered questions from the board.

Cliff Stanton moved to approve the selection of BlackRock as FPPA's passive fixed income manager. Jack Blumenthal seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Simon and Mr. Cloete reported on the global equity portfolio construction as discussed during the August 13<sup>th</sup> IRC meeting. Mr. Simon reviewed staff's recommendations for the global equity investment class:

1. Terminate LSV Asset Management as FPPA no longer requires a dedicated international developed markets manager.
2. Terminate Morgan Stanley Active Country as FPPA no longer requires a dedicated international developed markets manager.
3. Terminate Artio Global Investors as FPPA no longer requires a dedicated international developed markets manager.
4. Terminate Fiduciary Asset Management as FPPA no longer requires a dedicated large cap domestic manager.
5. Terminate Rexiter Emerging Markets due to poor performance (transition cash received from Rexiter to Baillie Gifford Emerging Markets or a passive vehicle). Evaluate whether additional active emerging markets capabilities will be needed.
6. Transition assets from the international managers into FPPA's new active global equity manager and into FPPA's new passive global equity manager, State Street Global Advisors.
7. Engage State Street Global Markets as FPPA's transition manager to facilitate the transition of these assets.
8. The investment staff is continuing to evaluate currency hedging strategies.
9. Initiate a search for non-US small and/or mid cap developed markets manager(s).
10. Review FPPA's US small cap managers to determine the benefits of continuing to retain three managers. Consider adding a mid cap or micro cap manager, if applicable.

Mr. Simon requested board authorization for the investment staff to initiate searches for new managers and to implement the new portfolio. Mr. Simon, Mr. Cloete, Mr. Slack and John Linder answered questions from the board.

Mr. Miller moved to terminate LSV Asset Management, as FPPA no longer requires a dedicated international developed markets manager. Vice Chairman Nash seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Miller moved to terminate Morgan Stanley Active Country, as FPPA no longer requires a dedicated international developed markets manager. Monica Cortez-Sangster seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Miller moved to terminate Artio Global Investors, as FPPA no longer requires a dedicated international developed markets manager. Vice Chairman Nash seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Miller moved to terminate Fiduciary Asset Management, as FPPA no longer requires a dedicated large cap domestic manager. Mr. Hesalroad seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Miller moved to terminate Rexiter Emerging Markets due to poor performance, with timing at the discretion of staff on transitioning funds into other active emerging markets managers. Vice Chairman Nash seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Miller moved to authorize the staff to initiate a search for emerging market manager(s). Mr. Blumenthal seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Stanton moved to authorize the staff to initiate a search for non-U.S. small and/or mid cap developed markets manager/s. Mr. Miller seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Simon reported that Mr. Cloete had traveled to Edinburgh, Scotland, to conduct onsite diligence on Walter Scott & Partners Limited (WS), one of the final 3 managers selected as candidates capable of managing FPPA's global equity mandate. Mr. Cloete reviewed the global equity investment class search goals and the selection and screening process used in reducing the candidate list from 144 RFP responses to the final 3 managers. He provided an investment analysis memorandum of WS. Mr. Cloete reported the depth of experience and long-proven track record of WS and the autonomous operational relationship with parent BNY Mellon. He reviewed WS's organizational background and the learning rotation program of the WS personnel team. He provided table charts depicting current assets by client type and assets by strategy. He reviewed the WS investment process and the team portfolio objectives, the stock selection process for each portfolio, and the fee structure for a separately managed account. Mr. Cloete reported that staff recommends the hiring of Walter Scott & Partners Limited as a global equity manager. Staff proposes an initial \$100 million mandate, pending final review of the legal documents and discussion with FPPA's transition manager

on an appropriate transition date. Staff proposes the separate account to allow flexibility with respect to Colorado's Sudan divestment requirements. Mr. Simon and Mr. Cloete noted that staff feels comfortable with all of the top three candidates (WS, Aberdeen and Lazard) and will review the potential addition of Lazard into FPPA's global equity allocation in the future. Aberdeen was a close second to WS as a bottom up fundamental manager. Mr. Simon and Mr. Cloete answered questions from the board.

Mr. Simon provided two memos in the board packet from The Townsend Group, FPPA's real estate consultant, in response to staff's recommendation to request the immediate redemptions in full from the value-added real estate funds (PRISA II, PRISA III, and Blackrock Diamond). He reported that Townsend's investment committee does not support these recommendations. Mr. Simon reviewed Townsend's recommendation to delay redemptions from any of the value-add funds; delay redemptions from any core funds; and make a new commitment to a core fund (UBS Trumbull) upon the availability of capital from future real estate redemptions. He reported that Townsend's advisory committee reviewed FPPA's portfolio and subsequently recommended not redeeming out of any open end value add funds at this time.

Mr. Simon noted that the new portfolio construction has no dedicated real estate class while Townsend is a dedicated real estate consultant and can offer limited advice on alternative investments outside of real estate. Mr. Simon reported that staff proposes Townsend be terminated as a real estate consultant and that Hamilton Lane and the investment staff monitor real estate in the future. Hamilton Lane would advise on private real estate investments and maintain the back office and reporting for those investments. Staff will undertake primary responsibility for the core real estate fund investments. He reviewed the new fee structure with Hamilton Lane. Mr. Simon and Mr. Slack answered questions from the board.

Mr. Miller moved to immediately redeem in full the following value added real estate funds: PRISA I, PRISA II, and Blackrock Diamond. Mr. Stanton seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Miller moved to terminate The Townsend Group consulting agreement and to approve that an additional \$100,000 in fees be paid to Hamilton Lane, for an annual net savings of \$52,500 to FPPA. Mr. Blumenthal seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

### **PCA Quarterly Investment Market Risk Report**

Mr. Linder presented a review of the marketplace as of August 2010. He provided historical graphs and charts to support the following reported information:

- U.S. public equity market valuations remain above average;
- international equity valuations are in line with their historical averages;

- credit spreads tightened in July;
- equity volatility has come down from May and June highs;
- the yield curve is historically steep and dropping, a sign of pessimism about economic growth;
- market measures of inflation expectations remain subdued;
- Treasury yields are at historical lows, with 10 year expected real yields 0.5%, a 30-year low;
- duration of the 10-year treasury is near a 30-year high.

Mr. Linder answered questions from the board and concluded his report. The meeting recessed for break and reconvened at 10:05 a.m.

### **Walter Scott & Partners Limited Presentation**

Via overseas video conference, Mr. Cloete introduced Roy Leckie and Francis Sempill with Walter Scott & Partners Limited (WS). Mr. Leckie and Mr. Sempill presented an overview of their global equity management firm, based in Edinburgh, Scotland. Mr. Leckie stated that the company was founded in 1983 and since 2006 has been 100% owned by BNY Mellon. He stated that the firm's investment process and operations remain totally autonomous from BNY Mellon. Mr. Leckie reviewed the firm's investment strategy and their process for researching companies and stocks with wealth-creating characteristics. He explained the firm's criteria for reaching buy/sell decisions and how selected companies remain in the portfolio. Mr. Leckie noted that WS assets under management grew from \$3.4 billion in 2000 to \$32 billion currently. While WS does not have a dedicated marketing group, Mr. Leckie said that the firm has grown assets through references and has a goal of adding about twelve clients per year. Mr. Leckie answered questions from the board and concluded his presentation at 10:57 a.m.

Mr. Miller moved to direct staff to hire Walter Scott & Partners Limited as a global equity manager with an initial mandate of \$100 million, pending continued research of legal documents and discussion with FPPA's transition manager on an appropriate transition date. Vice Chairman Nash seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

### **Consideration of Hearing Officer Recommendation Regarding Sherri L. Lamb**

Chairman Johnson welcomed Sherri L. Lamb to the meeting and requested that Kevin Lindahl review background information. Mr. Lindahl stated that Ms. Lamb was awarded a disability by FPPA effective February 28, 2002. Each year FPPA conducts a Verification of Eligibility ("VOE") process to determine continued benefit eligibility. He reported that notices were sent to Ms. Lamb on September 23, 2009, October 20, 2009, and November 9, 2009. On December 18, 2009, a letter was sent stating that because Ms. Lamb did not comply with the VOE requirement pursuant to Rule 410.01, her benefits were being suspended until she complied

with the information. On that same day, Ms. Lamb's VOE information was received by FPPA. Mr. Lindahl stated that Ms. Lamb is requesting that her benefits be reinstated for the month of December 2009. Mr. Stanton and Mr. Blumenthal requested clarification regarding the method of mail delivery used by FPPA and the recipient's burden of responsibility. Gina McGrail explained the return mail procedure and confirmed that FPPA mailed the 2<sup>nd</sup> and 3<sup>rd</sup> notices to Ms. Lamb by certified mail and regular mail to ensure her receipt of the notices. Mr. Lindahl clarified that C.R.S. 31-31-814 states that it is the recipient's responsibility to ensure FPPA receives the information. Ms. Lamb was present at the consideration of the hearing officer's recommendation and answered questions from board members. Mr. Stanton concluded that based on the evidence presented FPPA did its part to notify the recipient and FPPA cannot be held responsible for U.S. postal delivery efforts or misdirection. Chairman Johnson suggested that the letters of notice to members requesting verification of eligibility should clearly state in writing that it is the burden of the member to track receipt of VOE information by FPPA. Ms. Cortez-Sangster requested that hearing officer recommendation memos also include an attached copy of the statute, procedural rule and appendix for review prior to board discussion. Mr. Lindahl and Ms. McGrail answered questions from the board.

Mr. Stanton moved to affirm the written Findings, Conclusions, and Recommendation of Hearing Officer Michael W. Sutherland, dated May 13, 2010, with respect to the suspension of the December 2009 benefit for Sherri L. Lamb and deny Ms. Lamb's request for reinstatement of her disability retirement benefits for the month of December 2009. Mr. Hesalroad seconded the motion.  
MOTION CARRIED IN FAVOR UNANIMOUSLY.

#### **Consideration of Hearing Officer Recommendation Regarding Traci L. Lyles**

Mr. Lindahl reported that on November 16, 2009, Traci L. Lyles filed a disability retirement application, and Ms. Lyles's application was referred to Hearing Officer (H.O.) Stacy J. Tarler for determination of on-duty status. Ms. Lyles was granted permanent occupational disability benefits on February 23, 2010. H.O. Tarler conducted an evidentiary hearing on April 19, 2010, at which Ms. Lyles was present with counsel and Ms. Lyles testified under oath. On May 17, 2010, H.O. Tarler submitted written Findings, Conclusions and Recommendation that the board find and determine that the permanent occupational disability of Ms. Lyles does not meet the statutory and regulatory requirement of an on-duty disability. Ms. Lyles was notified of the determination and she submitted written objections to the hearing officer's finding. Mr. Lindahl reported that in her written objection dated June 16, 2010, Ms. Lyles amended her report to state that she had been injured at the Gold Hill substation's gym and not at 24 Hour Fitness, as indicated on her injury report presented at the evidentiary hearing. Mr. Lindahl noted that a copy of the objections, as well as the medical advisor's report, was included in the board packet. Mr. Lindahl answered questions from the board.

Mr. Hesalroad moved to affirm the written Findings, Conclusions, and Recommendation of Hearing Officer Stacy J. Tarler, dated May 17, 2010, with respect to the on-duty status of Traci L. Lyles and that the board enter an order finding that Traci L. Lyles' disability was not due to a work-related injury. Mr. Blumenthal seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

### **Legal Report**

Mr. Lindahl provided the litigation report. In the G-1 Holdings case, he reported that the IRS's appeal of the final plan adoption is still pending. In the Countrywide Derivative case, he reported the case is still on hold pending matters unrelated to FPPA's issue. In the Tronox Kerr-McGee settlement, Mr. Lindahl reported that an amended complaint has been filed and initial disclosures are being served on defendants.

Mr. Lindahl reported that the legislature is in recess. He noted that three board members are up for board re-appointment and that all three trustees (Sue Eaton, Mr. Blumenthal and Ms. Cortez-Sangster) have indicated an interest in continuing to serve. All three board members have completed the re-application process.

### **Staff Report**

Mr. Slack reported that he and Ms. McGrail had testified at the arbitration hearing between the Aurora Firefighters Local 1290 and the City of Aurora regarding the firefighters' desire to join FPPA. He reported on a *Denver Post* article regarding the approval by Aurora union negotiators that 300 fire members can rejoin FPPA, if the contract is ratified. He stated that the union still has to vote. Ms. McGrail reported that the effective date of re-entry would be October 1, 2011, and that the affiliation process would require about 9 months to complete.

Mr. Slack reported on his attendance at the annual conference of the National Association of State Retirement Administrators and the common issues discussed. He provided copies of NASRA Resolution 2010-01 (Guiding Principles for Retirement Security and Plan Sustainability) and Resolution 2010-02 (Public Employee Retirement System Accounting Standards & Actuarial Methodologies).

Mr. Slack reported that Roderic Gottula, M.D., had resigned his position as the FPPA Medical Advisor, effective August 31, 2010. Ms. McGrail reported that staff completed the search for his replacement by posting notice for the open contract position on the FPPA website and advertising in various local medical publications. She noted that multiple physicians had expressed interest and that she and Mr. Slack had conducted interviews with three candidates. Ms. McGrail reported that staff recommends the board appoint Clarence E. Henke, M.D., as the FPPA Medical Advisor because of his occupational medicine experience and qualifications. Ms. McGrail answered questions from the board.

Vice Chairman Nash moved to approve the recommendation of Clarence E. Henke, M.D., as the FPPA Medical Advisor pending successful contract negotiations. Ms. Eaton seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Slack provided an update on the RFP search for a defined contribution plan record keeper and service provider. He reported that staff had tentatively narrowed the search process to four finalists. Mr. Slack reported that staff is working to develop a fund line-up and will ask the four finalists to price out the identical fund line-up to better compare each firm. Mr. Slack noted that staff would conduct site visits in September and October, review the appropriate costs to members, and come back with recommendations at the October or December board meeting. Ms. McGrail answered questions regarding the recordkeeping website and the responsibilities of the service provider and of the communication team to educate members. Staff continues to work with Bidart & Ross in the evaluation process. Kim Collins provided an update on the ASPEN pension recordkeeping system and the on-going meetings to incorporate the member account portal (MAP) with a planned system soft rollout before year-end.

### **CHAIRMAN'S REPORT**

Chairman Johnson noted that two pension fund programs had combined together at the same location and that additional information was available in the educational events section of the board packet. Ms. Eaton stated she had received an invitation for a 2-day educational conference with an inclusive stipend offer. Mr. Blumenthal noted an NCPERS event that addressed best practices and new procedures related to pension and benefits for public safety employees. Mr. Slack provided information on a forum for institutional investors scheduled for late 2010.

Following the creation of an FPPA audit committee, the board determined that disclosure requirements within the Governance Manual needed to be reviewed. At the July meeting, Mr. Slack was directed by the board to provide an updated draft copy of the FPPA ethics policy for review and discussion. Mr. Blumenthal stated that the audit committee recommended that staff create a special form or an additional section of an expense report form to disclose gifts of monetary value above \$15. Chairman Johnson led a discussion of this issue. It was the consensus of the board to raise the disclosure amount to \$50 and to make the disclosure amount consistent throughout the Governance Manual. Mr. Slack stated that he would update the manual with these approved changes. The board will be notified when the manual is available on the website.

Chairman Johnson called for discussion of committee appointments and the appointment of vice chairman. Vice Chairman Nash thanked Chairman Johnson for his year of service as board chairman.

Ms. Cortez-Sangster moved to appoint Kirk Miller as vice chairman, effective September 1, 2010, until August 31, 2011. Mr. Blumenthal seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

By board consensus, Chairman-elect Nash appointed Mr. Stanton to serve on the Investment Risk Committee (IRC), replacing Mr. Miller. Chairman Johnson agreed to serve as an alternate member of the IRC.

By board consensus, Chairman-elect Nash appointed Mr. Blumenthal as chairman of the audit committee, Mr. Hesalroad as a member of the audit committee, and Chairman Johnson as a member to replace Vice Chairman Nash as member of the audit committee.

Vice Chairman Nash moved to adjourn the board meeting. Mr. Hesalroad seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.