

**FIRE AND POLICE PENSION ASSOCIATION
BOARD OF DIRECTORS
December 9, 2010
Agenda**

<u>Time</u>	<u>Agenda item</u>
8:30 a.m.	Call to order <ul style="list-style-type: none">• Approval of October 28, 2010 Board Meeting Minutes• Approval of November 19, 2010, Education Session Minutes
	Consent Calendar <ul style="list-style-type: none">• Approval of Certification of Compliance – Full entry into the FPPA DB System - West Metro FPD• Approval of Resolution – Partial entry into FPPA DB System - City of Aurora Fire Department (meeting Handout)• Approval of Resolution No. 2010-5 (CEO Authority)
8:35 a.m.	Investment Risk Committee report
8:40 a.m.	Fixed income manager recommendations <ul style="list-style-type: none">• Staff discussion (process & portfolio construction)• CS McKee• Prudential
10:00 a.m.	PIMCO Market Overview <i>Bill Gross, PIMCO (via webcast)</i>
10:30 a.m.	Investment report <ol style="list-style-type: none">1. Review of October 2010 performance2. Review of managers3. Update on rebalancing activity4. Update on manager searches <p>Other matters</p>
11:00 a.m.	Break
11:15 a.m.	Bidart & Ross presentation: Defined contribution and 457 service provider review & recommendation <i>Annette Bidart, Bidart & Ross</i>
11:45 a.m.	Lunch
12:30 p.m.	Audit Committee report <ol style="list-style-type: none">1. Report of internal audits2. Approval and renewal of annual contract<ul style="list-style-type: none">• Tim O'Brien – Internal Auditor

- 12:45 p.m. **Legal report**
1. Litigation update
 2. Legislative update
 3. Approval and renewal of annual contracts
 - Lee & Kinder, LLC
Hearing Officer Thomas L. Kanan
 - Thomas Pollart & Miller, LLC
Hearing Officer Stacy J. Tarler
 4. Other matters
- 1:00 p.m. **Hearing Officer Recommendation
Regarding verification of eligibility/change in disability status
for Lynn A. Butler**
- 1:10 p.m. **Staff report**
1. CEO report
 2. FPPA Staff Healthcare Subsidy Required Contribution
 3. Approval and renewal of annual contract
 - Susan Cormier, Medical Secretary
 4. Vehicle Replacement Policy
 5. Colorado Springs – Request for New Hire Plans- voluntary transition
 6. Other matters
- 1:25 p.m. **Break**
- 1:40 p.m. **Final Approval of 2011 Budget**
- 2:10 p.m. **Actuarial Experience Study: Process and Timeline**
Joe Newton, Gabriel Roeder Smith
- 2:55 p.m. **Chairman's report**
1. Board 2010 Self-Evaluation
 2. CEO 2010 Annual Review
 3. Other matters
- 4:00 p.m. **Adjourn**
- 4:00 p.m. **Holiday Reception** for Board, Staff and Guests

**Fire and Police Pension Association
Board of Directors Meeting Minutes
December 9, 2010**

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

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

Board Members Absent: None.

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 Guests Present: Neil Rue and John Linder, PCA; Eugene M. Natali and Bryan R. Johanson, C.S. McKee, L.P; Albert G. Trank, Jr. Prudential Capital Group; Annette Bidart, Bidart & Ross; Joe Newton and Dana Woolfrey, Gabriel Roeder Smith.

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 8:30 a.m., Chairman Tim Nash called the meeting to order and noted that there was a quorum present. Chairman Nash called for a motion to approve the minutes and the consent calendar.

Leo Johnson moved to approve the minutes of the October 28, 2010, board meeting. Cliff Stanton seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Johnson moved to approve the minutes of the November 19, 2010, education training session. Todd Bower seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Lyle Hesalroad moved that the board approve all items on the consent calendar:

1. Certification of Compliance for full entry in Statewide Defined Benefit System by West Metro FPD;
2. Resolution for partial entry into the FPPA Defined Benefit System by City of Aurora Fire Department; and
3. Resolution No. 2010-5 (CEO Authority)

Leo Johnson seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Investment Risk Committee Report

Investment Risk Committee (IRC) Chairman Todd Bower reported that the IRC had met via webcast on November 3 and in the FPPA office on November 19, 2010. The following matters were discussed:

November 3rd

- Global inflation linked bonds (absolute return)
- Absolute return implementation
- Merit energy company – potential investment for real asset portfolio
- Fixed income manager search update
- Emerging manager search update

November 19th

- Fixed income manager recommendations and portfolio construction

Chairman Bower and Cliff Stanton commended the FPPA investment staff on the due diligence process completed for C.S. McKee L.P. and Prudential Capital Group (PCG) – Privest to come up with a risk-reducing portfolio. Chairman Bower reported that the IRC has concurred that the appropriate procedures were followed in the selection of these firms. PCA concurs that PCG-Privest is a good manager, but raised before the IRC concerns regarding issues of liquidity and credit exposure and how that relates to portfolio construction. Chairman Bower noted that details of investment matters discussed with the IRC would be available for review on the board website.

Fixed Income Manager Search Presentation

Claud Cloete provided a memorandum regarding staff recommendations for two fixed income managers, C.S. McKee and PCG– Privest. Mr. Cloete's memo reviewed the search screening criteria and an analysis of the short list of managers. He provided tables and charts for group comparison that summarized the data reviewed for all managers on the list. His memo reviewed the asset class expectations and the guidelines used to identify appropriate managers that would complement PIMCO. Mr. Cloete provided investment strategy and information on C.S. McKee and PCG-Privest. He provided a second memo regarding staff's recommendation for fixed income portfolio construction. Mr. Cloete reviewed four options of various allocations scenarios and, subsequently, reviewed staff's recommendation of Option #4 for FPPA's fixed income allocation, which includes a 20.4% passive allocation to the Barclays Capital US Aggregate Index (about \$123 million), a 40% allocation to PIMCO (about \$241 million), a 31.3% allocation to C.S. McKee (about \$189 million) and an 8.3% allocation to PCG-Privest (about \$50 million). He reported that staff would continue to monitor the risk exposure of Option #4 as it is implemented into the portfolio. Mr. Cloete, the investment staff and Neil Rue answered questions from the board and the other staff members.

Presentation by C.S. McKee, L.P.

Mr. Cloete introduced Gene Natali, CEO, and Bryan Johanson, SVP and fixed income Portfolio Manager, and welcomed them to the meeting. Mr. Natali provided background information regarding the employee-owned firm and the history of its investment process and performance. Mr. Johanson reviewed the firm's investment philosophy, provided an overview of the fixed income process of evaluation and strategy of selection of security bonds. Mr. Natali and Mr. Johanson answered questions from the board, staff and PCA. At 9:30 a.m. they concluded their presentation and left the meeting.

Presentation by Prudential Capital Group-PRIVEST

Mr. Cloete introduced Al Trank, Managing Director and Portfolio Manager for PCG. Mr. Trank provided background information regarding PCG-Privest and how the firm delivers consistent performance in the "private placement" niche of the investment grade corporate bond market. He explained the financial covenant terms between lenders and borrowers that allow PRIVEST to offer less volatility, better cumulative performance and critical control of investments. Mr. Trank provided an overview of the firm's middle market emphasis and investment strategy. He answered questions from the board and concluded his presentation at 9:56 a.m.

Presentation by PIMCO (via webcast)

Scott Simon welcomed Rick Fulford, Relationship Manager, who introduced Bill Gross, co-CIO for PIMCO. Mr. Gross provided an economic outlook and investment conclusions for portfolio constructions for the next several years. He stated that normal expectations will not meet the old "normal" pension fund investment expectations of 8%. The new "normal" performance results going forward will probably be about 5-6%. Mr. Gross reported on the economic stimulus efforts of the U.S. federal government and the policy changes that could affect the global economy. He predicted that the 2011 economy will be stronger than expected, despite the current 9.8% unemployment rate and the weakening U.S. currency over the next few years. Mr. Gross stated expectations of 4% performance in the bond market, 6% expected growth in stocks, and a 2-3% real growth economy in the U.S. Mr. Gross answered questions from the board regarding municipal markets; the government's continuing support of state deficits; inflation; real growth potential of the economy; and global exposure. He acknowledged that his comments were based on a U.S.-centric analysis and did not reflect global investing opportunities. Mr. Gross concluded his presentation and comments at 10:30 a.m.

Investment Report

Mr. Simon provided the monthly investment report through October. He reported strong equity and bond market performance and noted some concerns for European sovereign debt and problems re-emerging in Ireland's economy. The meeting in South Korea of G20 Finance Ministers and Central Bank Governors concluded with leaders pledging to reduce global current account imbalances and to refrain from competitive currency devaluations that could lead to damaging trade restrictions and risk undermining the global recovery. He reported the continuing weak U.S. job market and low consumer confidence level. Mr. Simon reported the FPPA Total Fund increased 2.61% in October, bringing its performance to 8.75% through the end of October. The Total Fund closed the month of October with \$3.00 billion net investible assets.

Mr. Simon reported that Baillie Gifford (emerging markets manager) conducted a portfolio review with staff on November 5th and participated in a board educational session on November 19th. He reported the portfolio is on track and Baillie Gifford has closed their strategy and are no longer accepting new capital. Mr. Simon reported that staff was recently on site with potential emerging market managers and will be recommending additional managers and investment amounts early next year. He reported that WAMCO (fixed income) is a manager that is scheduled to be terminated and staff will proceed with the full liquidation of the portfolio upon the completion of the fixed income manager search. Mr. Simon reported MountainView (whole loans) has minimal exposure to the foreclosure issues and they have comfort that their servicer is implementing proper procedures in any foreclosure process. He reported that staff reviewed and approved a private fund commitment recommendation from Hamilton Lane to Insight Venture Partners VII for a commitment of \$10 million.

Staff will monitor RREEF (real estate) and any organizational issues, following the recent resignation of FPPA's primary contact for investor relationships. Mr. Simon reported that BNY Mellon (securities lending) failed to activate securities lending on two of FPPA's new accounts and will reimburse FPPA for the lost revenue of approximately \$15,000. He reported that Commonfund (venture capital fund of funds) announced they would discontinue their direct real estate investing activity. Staff determined during diligence that this issue would not have a significant effect on the investment process and resources of Commonfund Capital.

Mr. Simon reported that the IRC met two times in November and reviewed the matters discussed. He reported that the asset liability study would be reviewed. Based on the new portfolio construction, he stated that 8% is less probable given the current market environment. Mr. Rue and Mr. Linder recommended careful review of the actuarial assumptions, as expected returns of less than 8% and possible real growth of 2% could have strong implications in the future. Mr. Linder reported that PCA concurs with the direction that staff has taken and further noted that the markets will be volatile over the next few years, presenting opportunities

for active management. Mr. Simon reported on absolute return exposure and staff continues to review the legal structure. This will be discussed by the IRC and a final conclusion will be presented to the board in January. Mr. Simon answered questions regarding the fixed income managers (C.S. McKee and PCG-Privest) and requested approval from the board of those managers and the allocations, as presented in the portfolio construction memo today.

Mr. Johnson moved to approve the portfolio construction as presented by the investment staff. Mr. Hesalroad seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Jack Blumenthal moved to approve the hiring of C.S. McKee, L.P. Investment Managers. Kirk Miller seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Blumenthal moved to approve the hiring of Prudential Capital Group-Privest. Mr. Johnson seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Stanton moved to change the passive fixed income mandate from aggregate to an aggregate less credit. Mr. Johnson seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Simon reported that the fixed income transitions will happen in January 2011. He stated that the current Master Statement Policy fixed income target is 22%. He reported staff recommends not over-allocating to fixed income right now but staying at the low end of the target range, considering the current environment. Mr. Simon answered questions from the board. The meeting recessed for break.

Bidart & Ross Presentation

Mr. Simon presented background information on the RFP process for the review of FPPA's current service provider, Fidelity, who administers the defined contribution and 457 plans for FPPA members. He reported that the goal was to implement best practices by engaging a consultant to evaluate the target fund line-up; to examine the marketplace for providers with experience working with governmental defined contribution plans; and to compare and contrast service levels, investment flexibility, record-keeping and administrative fees, and acquisition and merger capabilities. The consulting firm of Bidart & Ross was hired in April 2010 to lead the search. Mr. Simon welcomed Annette Bidart, a partner in the firm, who presented the results of the vendor review process and the new investment fund line-up that offers increased diversification.

Ms. Bidart presented details of how the process was conducted and evaluated. She reported that the RFP process had resulted in reduction of record-keeping costs, an improved menu of funds, and a new fund line-up. The goal was to make the plans fair for all members and to create the best FPPA plan possible by enhancing the

current plan. Bidart & Ross and staff narrowed the list of service providers to 7 vendors, and subsequently reduced that number to 2 finalists, Great West and Fidelity. Ms. Bidart reviewed the benefits realized from the search, which focused attention on the options that could be replaced and the reduction of fees. FPPA executives completed site visits and met with key executives from Great West and Fidelity. Upon the conclusion of the entire process, Bidart & Ross and staff found no compelling reasons to change providers and made the recommendation to retain Fidelity as FPPA service provider. Ms. Bidart then reviewed the reasons for retaining Fidelity, who agreed to re-design the defined contribution fund line-up and brand the FPPA plan. Mr. Simon and Gina McGrail reviewed implementation and transparency issues, disclosure meetings, and the transition timeframe. The issue of appropriate fee structure and method of charging participants for support of plan administration remains under review. Mr. Blumenthal questioned the record-keeping fees and how plan participants would be appropriately charged, based on the amount of money invested with Fidelity. Mr. Slack explained how revenue sharing worked and the desire to accomplish a fair and equitable fee structure for all participants. Kevin Lindahl explained that members of defined contribution plans who leave the plan before being vested will forfeit some or all of the employers' contributions and that the forfeitures remain with the plan. Mr. Simon, Ms. McGrail and Ms. Bidart answered questions from the board.

Mr. Simon reported that the service provider selection within the existing governance structure of the Master Investment Policy Statement requires board approval upon recommendation by staff. Mr. Simon reported that staff recommended the retention of Fidelity, pending final negotiations and contracts. He also reported staff's recommendation to approve the new fund line-up, as presented by Bidart & Ross. Mr. Simon reported that the fund types would probably not change, but the share class (with revenue sharing) could change. Mr. Simon reported that, because of timing issues, the board could approve the new fund line-up and allow the IRC to provide final approval of the share class changes.

Mr. Johnson moved to retain Fidelity as defined contribution service provider. Sue Eaton seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Johnson moved to approve the fund line-up, subject to approval by the IRC of share class changes made. Mr. Stanton seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Blumenthal requested that a brief report be compiled for the record stating the rationale used in determining the fund line-up and subsequent transaction fees that might be charged to participants. The meeting recessed briefly and reconvened at 12:45 p.m. in the dining room with lunch.

Legal Report

Mr. Lindahl provided the litigation report, stating that there had been no changes since the last report. Mr. Lindahl reported that FPPA had been served with a complaint under CRCP Rule 106 (a)(4) by Dallas J. Huber, who was appealing the award of temporary disability benefits. Ms. Huber complains that she was wrongfully denied an award of permanent occupational disability benefits. Ms. Huber has failed to exhaust her administrative remedies and can apply for an upgrade to Permanent Occupational Disability. FPPA will file an answer to the complaint to certify the record of decision.

Mr. Lindahl reported that Glenn D. Guyman was granted disability benefits effective in 2005. Mr. Guyman's benefits were split with his former spouse pursuant to a domestic relations order (DRO) filed in 2002. He made no objection at that time as to his former spouse's eligibility to receive a portion of his disability pension benefits. In 2008, Mr. Guyman filed a motion claiming that benefits were being improperly divided and the divorce court issued an order that failed to contain any direction to FPPA with regard to division of benefits. Mr. Guyman has continued to send correspondence to FPPA demanding that division of benefits cease and claims continuing damages for FPPA's failure to follow the divorce court's order. Mr. Lindahl's recommendation was to file a Petition for Declaratory Judgment regarding the payment of benefits, seeking a judgment declaring that FPPA's interpretation of the DRO is final and not subject to judicial review. Mr. Lindahl also reported that Mr. Guyman has failed to pursue his administrative remedies with regard to his complaints. Mr. Lindahl has consulted with Timothy Parsons, outside counsel to FPPA, and with Dan Slack, CEO.

Mr. Johnson moved to authorize filing a declaratory judgment action with the court regarding Mr. Guyman's division of benefits in the DRO. Mr. Hesalroad seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Lindahl provided copies in the board packet of annual contracts for proposed hearing officers, Thomas L. Kanan and Stacy J. Tarler. Mr. Lindahl explained that Michael Sutherland was eligible for a new position at FPPA and would no longer serve as hearing officer. He further explained that Mr. Sutherland would serve as representative to the Death and Disability Review Committee (DDRC) and as in-house attorney regarding workers' compensation issues. Mr. Lindahl provided a curriculum vitae for the new hearing officer applicant, Mr. Kanan, who was interviewed by Mr. Slack, Ms. McGrail and Mr. Lindahl. Mr. Lindahl discussed the contract fee structure for both hearing officers and answered questions from the board. He requested approval and renewal of the annual contracts.

Mr. Johnson moved to approve the 2011 contract for FPPA Hearing Officer Thomas L. Kanan. Mr. Stanton seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Johnson moved to approve the 2011 contract for FPPA Hearing Officer Stacy J. Tarler. Mr. Bower seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Audit Committee Report

Audit Committee Chairman Jack Blumenthal reported that the audit committee met on the morning of December 9, 2010, prior to the board meeting. In that meeting, Tim O'Brien, FPPA internal auditor, presented the internal audit report of Refunds for the Statewide Defined Benefit Plan and Statewide Hybrid Plan. Mr. Blumenthal reported that three procedural changes had been recommended and the FPPA staff has already put processes in place to reconcile these recommendations. He also reported that the committee reviewed the 2011 annual contract for Mr. O'Brien, which included 3 audits for the same budget amount as in 2010. Mr. Blumenthal noted that it was agreed that if Mr. O'Brien's 2011 audits discovered significant problems requiring expanded audits, the audit budget could be amended with board approval. Mr. O'Brien will provide a three-year proposed audit cycle for review by the audit committee and for presentation to the board. The audit committee recommended board approval of the 2011 annual contract for Tim O'Brien in the amount of \$25,000.

Mr. Johnson moved to approve the internal audit report of Refunds for SWDB and SWH plans. Mr. Bower seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Johnson moved to approve the 2011 annual contract for Tim O'Brien in the amount of \$25,000 for 3 audits. Mr. Bower seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY

Hearing Officer Recommendation re Verification of Eligibility/Change in Disability Status For Lynn A. Butler

Mr. Lindahl provided a hearing packet with background information and reported that FPPA reviewed Lynn Butler's 2008 verification of eligibility affidavit submitted and the accompanying tax documentation. It was determined that there was sufficient evidence that Mr. Butler was engaging in substantial gainful employment and a change in disability status may be warranted. An evidentiary hearing was held on August 24, 2010, to determine whether Mr. Butler's status should be changed from Total to Permanent Occupational disability. The hearing officer recommended that the board find that Mr. Butler is no longer totally disabled and that he be determined permanently occupationally disabled from August 24, 2010, and continuing. Mr. Lindahl and Ms. McGrail answered questions from the board.

Mr. Johnson moved to affirm the findings, conclusions, and recommendations on remand of Hearing Officer Michael W. Sutherland, dated September 22, 2010, with respect to changing Mr. Butler's disability status from a Total Disability to a Permanent Occupational Disability, effective August 24, 2010. Mr. Bower seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Staff Report

Mr. Slack provided a copy of an article regarding consideration by Aurora police of a change in pension plan. Mr. Slack also noted that there had been a significant increase in retirement applications, distributions and service purchase and reinstatement applications, while refund of contribution applications have gone down for that same time period. Mr. Slack reviewed the annual contract for FPPA medical secretary and requested approval. Ms. McGrail reviewed the duties and responsibilities of the position and answered questions from the board.

Mr. Johnson moved to approve the 2011 annual contract for FPPA medical secretary. Mr. Miller seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Slack provided a memo from Ms. McGrail regarding the FPPA Vehicle Replacement Policy that gave historical background for vehicle mileage and replacement criteria. Ms. McGrail presented survey comparison information from seven agencies regarding their current policy. She provided a copy of FPPA's revised vehicle replacement policy, which incorporated board member comments and suggestions from the October board meeting.

Mr. Johnson moved to approve the revised FPPA vehicle replacement policy with the specific change to extend the mileage life to 85,000 miles and the entire policy as it reads. Mr. Bower seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Slack and Ms. McGrail provided an update on the Colorado Springs request to consider three possible amendments to its New Hire plans. The City Council proposed three items for consideration by FPPA and Ms. McGrail reviewed those three items. She stated that the city has decided to continue to explore only one item – a window for members of the New Hire Police and Fire plans to voluntarily transfer into the Statewide Defined Benefit plan. Ms. McGrail reported that staff has created a work plan and outlined a cost estimate for the year-long process. Ms. McGrail reported that staff suggested that the city of Colorado Springs conduct a survey to determine if there is sufficient member interest in making the change. The city is considering this option and will report to FPPA in the near future.

Mr. Slack and Kim Collins reported that staff has included in the 2011 budget additional insurance coverage for trustees of the board under FPPA's Workers'

Compensation Policy. The policy will provide compensation for lost wages totaling \$15,600 annually per board member, which is the maximum benefit allowed for a volunteer position.

Mr. Slack provided a copy of a letter from an occupationally disabled member, Cyrus Pinkerton, who wrote to the board regarding his concern that a COLA was not awarded in 2010. Mr. Slack's letter of response was also included in the packet for review by the board.

Mr. Slack and Ms. Collins provided a memo regarding the required 2010 contribution for the FPPA staff healthcare subsidy plan. Ms. Collins reviewed the 1993 board policy to provide supplemental assistance for post-employment health insurance costs and the methodology used to fund this liability. She provided details of an analysis of this subsidy account for 2010. The projected liability in this program is \$240,355.52. The program currently has a balance of \$136,612 and would need an additional \$103,743 to fully fund the program. Ms. Collins reported that Gabriel Roeder Smith, FPPA actuary, has determined that an appropriate way to fund this plan is to calculate an Actuarial Required Contribution by taking the projected liability less the unsmoothed market value of assets and amortize this over 10 years at FPPA's actuarial rate of return assumption. Based on this calculation, staff is recommending the reallocation of \$14,316 from Staff Benefits Expenses to fund the program in 2010. Ms. Collins answered questions from the board.

Mr. Miller moved to reallocate funds as recommended. Mr. Johnson seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Mr. Slack reported that Governor Ritter proposed that the 2012 state budget not include funding for the old hire plans. Mr. Slack explained that the assets of old hire plans are invested by FPPA but there are no contributions to "FPPA" and the plans are ultimately the responsibility of municipal employers. The budget that Governor Ritter produced which the Joint Budget Committee is currently discussing does provide for deferral of old hire funding for 2012.

2011 Budget Discussion

Mr. Slack reported that staff had reviewed the budget numbers and provided a revised copy of the 2011 proposed budget that reflects changes made from the budget presented at the October meeting. Ms. Collins reviewed in detail the overall summary pages of the final budget which reflected decreased adjustments at board request. The net decrease to the proposed 2011 Operating and Capital budget was \$201,435. Ms. Collins also reviewed the fire protection engineer's recommendation not to install a fire suppression system at FPPA. Mr. Slack provided a memo regarding the budget for employee compensation and benefits. At the request of Mr. Blumenthal, Mr. Slack provided a revised copy of this memo and reviewed the projected expenditures for the 2011 budget. Mr. Slack provided copies of several

benefits surveys which show that FPPA's benefits cost is comparable to other public sector and private sector employers. There was discussion by the board about authorizing a study to review and evaluate the compensation structure of the entire FPPA organization. Mr. Slack answered questions from the board.

Mr. Johnson moved to approve the final 2011 budget as presented. Mr. Bower seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.

Actuarial Experience Study: Process and Timeline

Joe Newton, actuary with Gabriel Roeder Smith, presented an educational introduction of the experience study that GRS is prepared to perform in the next few months and the goals they hope to accomplish, particularly regarding investment return and liability assumptions. Mr. Newton anticipates GRS will present a draft analysis and assumptions to the board in May; will present the investment return and economic portion, as well as an update of the evaluations presented in May to show the impact of the proposed changes to the 1/01/2011 evaluations, at the June planning meeting; and the board will adopt the assumptions for the 1/01/2012 actuarial evaluations at the July board meeting. Mr. Newton answered questions from the board and concluded his presentation.

CHAIRMAN'S REPORT

With permission from the board, Chairman Nash tabled the 2010 Board Self-Evaluation and the CEO 2010 Annual Review until the January meeting.

At 3:48 p.m., Mr. Johnson moved to adjourn the meeting. Mr. Bower seconded the motion. MOTION CARRIED IN FAVOR UNANIMOUSLY.