

**FIRE and POLICE PENSION ASSOCIATION  
Board of Directors**

*December 10, 2015*

- 9:00 a.m. **Call to order**  
*Jack Blumenthal, Chair*
- Approval of October 29 and November 13  
board meeting minutes**
- Consent agenda**  
Cedaredge Old Hire Police Pension Plan Distribution of Excess Funds  
Conversion of the City of Loveland Fire Department to the  
Loveland Fire Rescue Authority
- 9:05 a.m. **Hearing Regarding Amendments to Rules and Regulations and  
to Plan Documents**  
*Michael Sutherland*
- 10:05 a.m. **Break**
- 10:20 a.m. **Investment Report**  
Review of October 2015 performance  
Review of Managers  
*Scott Simon*
- 10:50 a.m. **Portfolio & Capital Markets Review - Q3**  
*John Linder, Ryan Lobdell, Pension Consulting Alliance*
- 11:20 a.m. **Emerging Markets Equity - Manager Recommendations**  
*Austin Cooley, Ben Bronson, Jessica Hsu  
Ori Ben-Akiva, Head of International Strategies, Numeric Investors  
Chris Gorgone, Managing Director, Man Investments*
- 12:20 p.m. **Lunch**
- 12:50 p.m. **Absolute Return and Managed Futures - Annual Review**
- 1:50 p.m. **Audit Committee report**  
*Pam Feely, Chair*  
Approval of CliftonLarsonAllen engagement to conduct GASB 68 audit  
for years ended 12/31/2015 and 2016  
2016 Proposed Internal Audit Plan/Budget
- 2:05 p.m. **Break**
- 2:20 p.m. **2016 Budget approval**  
*Dan Slack, Kim Collins*
- 2:35 p.m. **Staff Report**  
Executive Director & staff report  
*Dan Slack*  
Legal report  
*Kevin Lindahl*  
Ranjan Ford Final Decision  
*Kevin Lindahl*  
Approval of "Board hire" contracts  
*Kevin Lindahl, Gina McGrail*  
Medical Advisor  
Hearing Officers  
Bidart & Ross  
Organizational profile review  
*Dan Slack*  
Other matters
- 3:50 p.m. **Chair's Report**  
*Jack Blumenthal*
- 4:00 p.m. **Adjourn**
- 4:30 p.m. *Holiday Reception (Chinook Tavern)*

**Fire and Police Pension Association  
Minutes – Board of Directors Meeting  
December 10, 2015**

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

**Board Members present:** Chair Jack Blumenthal, Vice Chair Pam Feely, Dave Bomberger, Todd Bower, Manuel Esquibel, Sue Morgan, Nick Nuanes, Cliff Stanton, and Tyson Worrell.

**Staff Members present:** Dan Slack, Kim Collins, Kevin Lindahl, Gina McGrail, Scott Simon, Elaine Gorton, Jacqueline Tara, Mike Sutherland, Austin Cooley, Dale Martin, Ben Bronson, Claud Cloete, Sean Ross, Jessica Hsu, and Scott Bryant.

**Others present:** John Linder, Ryan Lobdell, Pension Consulting Alliance; Holly Faddis, Steven-Koenig, court reporter; Christi McCall, Michael Sullivan, Kara Skinner, Colorado Springs; Dennis Eulberg Colorado Professional Firefighters; Ori Ben-Akiva, Numeric Investments; Chris Gorgone, Man Investors

*Notice of this meeting and a copy of the agenda were posted outside the meeting room and on the FPPA website at least twenty-four hours prior to the meeting.*

At 9:05 a.m., Chair Blumenthal called the meeting to order.

Chair Blumenthal called for a motion to approve the minutes of the October 29, and November 13, 2015, board meetings. Mr. Bomberger moved to approve the minutes. Ms. Feely seconded the motion. The motion passed.

Vice Chair Feely moved that the FPPA Board find that the Town of Cedaredge has met all the statutory prerequisites for the Board to release the idle funds of the Town of Cedaredge Old Hire Police Pension Fund established pursuant to C.R.S. § 31-30.5-201(2) and that the request for partial idle funds distribution of the Cedaredge Old Hire Police Pension Fund made by the Board of Trustees of the Town of Cedaredge as set forth in Resolution 18-2015 be approved. Mr. Bomberger seconded the motion. The motion passed.

Vice Chair Feely moved to approve the affiliation agreement reflecting the transfer of the Loveland & Rural Consolidated Volunteer Firefighter Pension Plan currently held with the Fire & Police Pension Association from the City of Loveland to the Loveland Fire Rescue Authority, such transfer to be effective January 1, 2016. Mr. Bomberger seconded the motion. The motion passed.

## Hearing Regarding Amendments to Rules and Regulation and to Plan Documents

Chair Blumenthal began the Public hearing for the proposed rules.

Mr. Sutherland offered the Certificate of Service of the Notice of Proposed Rulemaking as sent to the mailing house by FPPA on August 28, 2015, and attached list of employers and plans that received copy of notice, marked as Exhibit 1, Chair Blumenthal accepted Exhibit 1 for the record.

Mr. Sutherland continued with the presentation of the proposed amendments to the rules and regulations and to plan documents as follows:

### Rules and Regulations for Resolution No.:

- 2015-12 Adoption and Amendment of FPPA Rules and Regulations and Statewide Hybrid Plan Regulations
- 2015-13 Adoption and Amendment of CSNHPP Rules and Regulations

Chair Blumenthal noted the comment letter received from Mayor John Suthers, City of Colorado Springs, as included in the board packet.

Ms. McCall, Mr. Sullivan, and Ms. Skinner, Colorado Springs, presented argument against Resolutions 2015-12 and 2015-13.

Mr. Lindahl advised the Board of its options with respect to the motions and procedures before them.

The Board continued discussions with the representatives of Colorado Springs. Mr. Sutherland and Mr. Lindahl addressed the committee's questions surrounding the proposed amendments. Mr. Eulberg, speaking on behalf of the Colorado Professional Fire Fighters, expressed concern about the board taking any actions which could jeopardize or weaken the DROP program for FPPA's members.

At 10:30 a.m., Chair Blumenthal called for a break.

At 10:42 a.m., the meeting reconvened.

Ms. McCall advised the Board that the City of Colorado Springs remains opposed to the passage of Resolutions 2015-12 and 2015-13, and specifically requested the Board not pass Resolution 2015-13, as it relates solely to plans for which the City of Colorado Springs is financially responsible.

At 10:58 a.m., Chair Blumenthal asked for any additional public comment. Seeing none, Chair Blumenthal closed the hearing.

Mr. Bower moved that the Board adopt Resolution 2015-12, which sets forth amendments to the FPPA Rules and Regulations and the Statewide Hybrid Plan

Regulations. Mr. Stanton seconded the motion. The motion passed.

Mr. Bower moved that the Board adopt Resolution 2015-13, which sets forth amendments to the Colorado Springs New Hire Pension Plan Rules and Regulations. Mr. Bomberger seconded the motion.

In discussion, staff explained to the Board that should Resolution 2015-13 pass, the provisions under Resolution 2015-12 applicable to the Statewide Defined Benefit Plan would also be applied to the Colorado Springs New Hire Plan. Should Resolution 2015-13 not pass, the rule adopted by the Board at its September meeting with respect to the Colorado Springs New Hire Plan will take effect on January 1, 2016.

The motion was withdrawn. No further action was taken to amend the Colorado Springs New Hire Pension Plan.

The Board recognized Mr. Sutherland, Ms. Witsell and FPPA staff for their time, dedication and engagement in undertaking this process.

At 11:07 a.m., Chair Blumenthal called for a break. Mr. Stanton, Ms. Faddis, Mr. Sullivan, Ms. McCall, Ms. Skinner and Mr. Eulberg left the meeting. Ms. Hsu and Misterys Cooley, Martin, Bronson, Ross, Bryant, Linder and Lobdell joined the meeting.

At 11:18 a.m., the meeting reconvened.

## **Investment Report**

### **Monthly Investment Report**

Mr. Simon presented the economic recap and fund performance for October 2015. October's returns were a reminder that despite low forward-looking global growth and expectations of higher volatility, significant monetary accommodation remains entrenched around the world, largely supporting broad risk-taking and higher-priced financial assets.

Total Fund performance (net of fees) was +2.72% in October, bringing the YTD performance to +2.50%. FPPA's total fund implementation benchmark was +1.55% YTD. Net Investible Assets for the Total Fund are estimated at \$4.23 billion as of October 31.

### **Investment Committee Update**

Mr. Bomberger reviewed the topics of the Investment Committee meetings held since the last Board meeting. He noted that the committee had considered the following:

- A \$75 million investment with Numeric Investors in their emerging markets core equity strategy
- A \$25 million investment with Kayne Anderson in their Midstream MLP Fund. The investment will be held within FPPA's global public equity

At 10:15 a.m., Chair Blumenthal called for a break.

At 11:18 a.m., the meeting reconvened.

#### Emerging Markets Equity Review

Mr. Bronson reviewed staff's recommendation of \$75 million within the Global Equity Portfolio to Numeric Emerging Markets Core Fund.

Mr. Cooley reviewed staff's recommendation for a full redemption from investment in the AQR Emerging Defensive Equity Fund (AQR EM, \$83.9 million). The redemption from AQR is intended to fund the proposed investment in the Numeric firm. Both of these recommendations are in line with the revised Global Public Equity objectives and portfolio construction plan.

#### Numeric Investors

Ori Ben-Akiva of Numeric Investments and Chris Gorgone of Man Investors presented an overview of their firms and proposed investment strategy.

Mr. Bomberger moved approval of a \$75 million investment with Numeric Investors in the emerging markets core equity strategy, subject to final approval of terms by staff. Mr. Bower seconded the motion. The motion passed.

Mr. Bomberger moved to approve the full redemption from the AQR Emerging Defensive Equity Fund. Mr. Bower seconded the motion. The motion passed.

At 12:36 P.M., Chair Blumenthal called for a break.

At 12:53 p.m., the meeting reconvened.

Mr. Simon reviewed the RVK Survey.

#### Liquid Strategies Annual Review

Mr. Bronson and Mr. Cooley gave a comprehensive review of the Absolute Returns and Managed Future goals, systematic investment strategies and hedge fund allocation.

The Board commended the investment team for their manager research and collaborative approach.

Mr. Bomberger moved to approve staff's recommendation for the Absolute Return and Managed Futures Portfolio Construction Plans. Mr. Bower seconded the motion. The motion passed.

At 1:54 p.m., Ms. Hsu and Misters Cooley, Bronson, Cloete, Ross, and Bryant left the meeting.

### **2016 Budget approval**

Ms. Collins reviewed the memo in the Board packet highlighting the updates to the 2016 proposed budget. As a part of the budget presentation, Ms. Feely, on behalf of the Audit Committee, updated the Board on the audit projects outlined for contract internal auditor Paragon Audit & Consulting, in 2016. Projects include: a scenario-based fraud risk assessment, reviewing the 1099-R reporting process for compliance with IRS regulations, Code Red implementation review, review the scope of services and processes and controls used by IT monitoring services, and a review of FPPA's network architecture.

Mr. Esquibel moved move approval of the 2016 FPPA budget as presented. Mr. Bower seconded the motion. The motion passed.

Chair Blumenthal acknowledged staff for their diligence in assessing and changing healthcare providers for staff.

Ms. Feely moved to authorize Chair Blumenthal, on behalf of the FPPA board, to sign the new contract with CliftonLarsonAllen regarding the GASB 68 Audit. Mr. Esquibel seconded the motion. The motion passed.

At 2:06 p.m., Chair Blumenthal called for a break and Mr. Esquibel left the meeting.

At 2:20 p.m., the meeting reconvened.

### **3Q Portfolio and Capital Market Review**

Mr. Linder and Mr. Lobdell of Pension Consulting Alliance (PCA) reviewed FPPA's 2015 third quarter portfolio and capital market review. The value of FPPA's plan as of September 30, 2015, was \$4.1 billion, a quarterly decrease of \$127 million, and a \$1.4 million increase year over year. An overview of the last five years reflects FPPA outperforming the Implementation Benchmark, Policy Benchmark, (net of fees), Reference Benchmarks, and the Median Public Fund (gross of fees).

### **Staff Report**

#### **Executive Director Report**

Mr. Slack updated the Board on matters included under the staff report in the board packet.

Mr. Slack made a presentation to the Aurora Police Pension Board regarding the authority and process by which FPPA's actuarial assumptions are developed and how that relates to Aurora's Old Hire pension boards.

Mr. Slack along with Mr. Lindahl and Ms. Collins will be participating in a kickoff meeting at the State Auditor's office regarding the Volunteer Firefighter Plan Study that was authorized by Senate Bill 15-029.

Cost quotes are being obtained for possible new FPPA building signage, additional security at the reception area, and options of an on-site security person. Training sessions are underway with FPPA's identified "threat assessment team". A safety and security training module will be released in 2016 to all staff.

### Legal Report

Mr. Lindahl updated the Board on FPPA's legal matters.

### Ranjan Ford Final Decision

Mr. Worrell moved approval of the Final Decision for Ranjan Ford. Ms. Feely seconded the motion. The motion passed.

### Hearing Officer

Mr. Bomberger moved that the Board reappoint Thomas Kanan as a hearing officer and further moved approval of the contract extension for his services. Ms. Morgan seconded the motion. The motion passed.

Mr. Nuanes moved that the Board reappoint Stacy J. Tarler as a hearing officer and further moved approval of the contract extension for her services. Ms. Feely seconded the motion. The motion passed.

### Medical Advisor

Mr. Nuanes moved that the Board reappoint Dr. Clarence Henke as the FPPA Medical Advisor and further moved approval of the contract extension for his services. Mr. Bower seconded the motion. The motion passed.

Ms. Morgan moved approval of the Investment Consulting Services Agreement with Bidart & Ross. Ms. Feely seconded the motion.

The board reviewed the contract dates for Fidelity and Bidart & Ross RFP and considered the timing of a future RFP. Chair Blumenthal suggested staying up-to-date with cost-effectiveness and trends, and conducting an RFP at least every ten years for both services.

The motion to approve the Investment Consulting Services Agreement with Bidart & Ross passed.

### **Organizational Profile**

Mr. Slack reviewed the proposed revised mission, vision, values, and core competencies, and began a review of strategic advantages and challenges of the organization. This review continued the process begun at the November educational session. The board and Mr. Linder provided feedback on the organizational profile review, which will continue at the January board meeting.

### **Chairman's Report**

At 4:10 p.m., Mr. Bower moved to adjourn the meeting. Ms. Feely seconded the motion. The meeting adjourned.