

**FIRE and POLICE PENSION ASSOCIATION**

Board of Directors

November 13, 2015

- 8:00 a.m.     **Call to order**  
                  *Jack Blumenthal, Chair*
- 8:05 a.m.     **Organizational Profile**  
                  *Dan Slack*
- 9:00 a.m.     **break**
- 9:10 a.m.     **COSO 2013 Risk Assessment Framework**  
                  *Kevin Sear, Paragon Audit & Consulting*
- 9:55 a.m.     **Break**
- 10:10 a.m.    **FPPA Risk Assessment**  
                  *Kevin Sear, Paragon Audit & Consulting*
- 11:10 a.m.    **Rulemaking considerations**  
                  *Kevin Lindahl*
- 11:45 a.m.    **Chair's Report**  
                  *Jack Blumenthal*
- Board process discussion
- 12:00 p.m.    **Adjourn and lunch**

**Fire and Police Pension Association  
Minutes – Board of Directors Meeting  
November 13, 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, and Cliff Stanton

**Board Members Not present:** Tyson Worrell

**Staff Members present:** Dan Slack, Kevin Lindahl, Kim Collins, Gina McGrail, Scott Simon, Elaine Gorton, Elane Ables, Scott Bryant, Mark Gremmert, Ahni Smith, and Jacquette Tara

**Others present:** John Linder, Pension Consulting Alliance; Kevin Sear, Paragon Audit & Consulting, Inc.

At 8:04 a.m., Chair Blumenthal called the meeting to order.

**Organizational Profile**

Mr. Slack presented a draft of FPPA's Organizational Profile (Baldrige Performance Excellence program) as compiled by staff. Under the Board's direction, staff will continue to modify and discuss the profile at the next three board meetings (December, January, and February) before submitting the profile to Rocky Mountain Performance Excellence (RMPEX) for feedback.

Based on RMPEX's suggestions, staff will then finalize and present the profile at the June board meeting, to be used as a platform for FPPA's strategic planning process.

Compilation of this profile incorporates a survey from the entire staff on what they believe is unique or important about working at FPPA. The results were very positive statements about the job we do, the people we serve at FPPA, and an overall satisfaction of working here.

At 9:02 a.m., Chair Blumenthal called for a break.

At 9:10 a.m., the meeting reconvened. Mr. Gremmert, Mr. Bryant, Ms. Ables, and Ms. Smith joined the meeting.

## **COSCO 2013 Risk Assessment Framework**

Mr. Sear, Paragon Audit & Consulting, Inc. (Paragon), presented the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 framework, a joint initiative of five private sector organizations, dedicated to providing thought leadership through the development of frameworks and guidance on enterprise risk management, internal control and fraud deterrence.

At 10:00 a.m., Chair Blumenthal called for a break.

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

## **FPPA Risk Assessment**

Mr. Sear continued with an Internal Audit Risk Assessment Report as completed on November 6, 2015 and based on the COSO 2013 framework. The risk assessment process is used to identify the risks that exist at FPPA, which is then used to determine the scope of future internal audits.

Staff and Paragon will discuss the identified risks with the Audit Committee later today to develop a 2016 internal audit plan.

Mr. Esquibel commended staff for their hard work and recognized their dedication and commitment in achieving a uniquely "low" overall risk evaluation.

Mr. Esquibel also asked for clarification to Mr. Sear's terminology "concern with investment staff cost". Mr. Sear explained that it was not isolated to just the investment staff and he will correct the language to reflect that this pertains to an overall review of investment costs, including investment managers.

The Board suggested the Audit Committee include the areas of fraud risk when deciding on their recommended internal audit plan.

At 11:07 a.m., Chair Blumenthal called for a break. Mr. Bryant, Mr. Gremmert, Ms. Ables, and Ms. Smith left the meeting.

At 11:14 a.m., the meeting reconvened.

## **Rulemaking considerations**

Mr. Lindahl led the discussion on alternatives to the "Work after DROP" rule adopted in September. A consensus of the Board suggested that staff prepare draft rules for consideration by the Board to reflect that a member in the DROP plan who continues to work for the same employer at the expiration of the DROP period be required to forfeit the entire DROP account and be granted service credit in the plan for the time worked while participating in DROP. The Board further clarified that the proposed rule should reflect that if the forfeited DROP account is less than the amount of pension payments and member contributions made to the DROP account on that member's behalf, the difference must be paid into the FPPA

Members' Benefit Fund by the member or employer, and if not paid, the member's retirement distribution once payable, should be offset until the difference is recouped. Employer contributions for the DROP period shall be made to the plan using the procedure for late contributions. Proposed rules for all plans in the FPPA Defined Benefit System will be brought before the Board for consideration at the December meeting.

### **Board process**

Vice Chair Feely suggested that the Board consider training on the use of Robert's Rules of Order and recommended having a presentation to the Board on this.

It was agreed to have this individual present at the next Board educational session.

The Board agreed to continue under the guidance of the Robert's Rules of Order, with a continued relaxed approach.

At 12:10 p.m., Chair Blumenthal adjourned the meeting.