





**FPPA Board of Directors
June 8-10, 2016
Beaver Creek**



Wednesday, June 8

12:00 p.m.	Arrival luncheon (optional)	
1:00 p.m.	Board self-evaluation (study session)	
2:30 p.m.	Self-evaluation process review	Kevin Lindahl, Dan Slack
3:00 p.m.	break	
3:15 p.m.	Board and Executive Director review of executive staff structure, performance, and succession (study session)	Dan Slack
5:00 p.m.	Adjourn	
6:30 p.m.	Reception & Dinner	Grouse Mountain Grill, The Pines Lodge

Thursday, June 9

8:00 a.m.	Breakfast	
8:30 a.m.	Keynote presentation	Eric Winograd, MKP
9:30 a.m.	Strategic planning and development	Jeff Calhoun
	 <i>Performance excellence</i>	Dan Slack
12:00 p.m.	lunch	
1:00 p.m.	 <i>Member survey and focus group review</i>	Gina McGrail
2:00 p.m.	 <i>Volunteer plans</i>	Kevin Lindahl, Kim Collins
2:30 p.m.	 <i>Actuarial issues</i>	Joe Newton, Dana Woolfrey, Gabriel, Roeder, Smith & Co. (GRS)

Thursday, June 9 (cont)

3:30 p.m.	break	
3:45 p.m.	 <i>Investment governance</i>	Scott Simon, Dan Slack
4:45 p.m.	 <i>Workforce engagement and retention</i>	Elaine Gorton
5:15 p.m.	Adjourn	
7:00 p.m.	Dinner	The Terrace Restaurant, The Charter at Beaver Creek

Friday, June 10

8:00 a.m.	Breakfast	
8:30 a.m.	Recap of Thursday's discussion and next steps	Jeff Calhoun
	 <i>Preview of Board Scorecard</i>	Dan Slack
10:30 a.m.	break	
	Business meeting	
10:45 a.m.	Call to Order	Jack Blumenthal
	 <i>Approval of April 28 Board minutes</i>	
10:50 a.m.	1Q PCA Portfolio & Capital Markets Review and Risk Metrics	John Linder, Ryan Lobdell, PCA
11:20 a.m.	Investment Report	
	 <i>Investment Committee Report</i>	Dave Bomberger
	 <i>Review of April performance and managers</i>	Scott Simon
	 <i>SSgA Emerging Markets Recommendation</i>	Scott Simon, Jessica Hsu

Friday, June 10 (cont)

12:05 p.m.	Audit Committee Report	Pam Feely
	<ul style="list-style-type: none">✦ <i>Review and Acceptance of Comprehensive Annual Financial Report for 2015</i>✦ <i>Approval of Audit Committee Charter</i>	
12:30 p.m.	lunch	
1:30 p.m.	Actuarial valuations	Joe Newton, Dana Woolfrey, GRS
2:00 p.m.	Approval of 2016 benefit adjustments	Kim Collins
2:15 p.m.	Staff Report	
	<ul style="list-style-type: none">✦ <i>Executive Director Report</i>✦ <i>Legal Report</i>✦ <i>Actuarial Audit Recommendation</i>	Dan Slack Kevin Lindahl Kim Collins, Dan Slack
3:00 p.m.	Board Report	
	<ul style="list-style-type: none">✦ <i>Chair's remarks</i>✦ <i>Ad Hoc Compensation Committee report</i>✦ <i>Evaluation of NCPERS Conference</i>	Jack Blumenthal Sue Morgan Pam Feely, Sue Morgan
3:30 p.m.	Adjourn	

**Fire and Police Pension Association
Minutes – Board of Directors Meeting
June 8-10, 2016**

**The Pines Lodge
141 Scott Hill Road
Beaver Creek, CO 81657**

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 on Thursday and/or Friday: Dan Slack, Kevin Lindahl, Gina McGrail, Kim Collins, Scott Simon, Elaine Gorton, Austin Cooley, Jessica Hsu, and Jacquette Tara

Others Present on Thursday and Friday: John Linder, and Ryan Lobdell, Pension Consulting Alliance; Joe Newton and Dana Woolfrey, Gabriel Roeder Smith & Co., Jeff Calhoun, Calhoun Consulting Partners, LLC

Guests Present on Thursday: Eric Winograd, David Burke, MKP Capital Management

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.

Wednesday, June 8th

At 1:00 p.m., the Board conducted a self-evaluation.

Executive Director, Dan Slack, discussed FPPA's succession planning and employment structure with the Board.

At 5:00 p.m., the meeting ended.

Thursday, June 9th

At 8:30 a.m., Mr. Winograd, MKP Capital Management, delivered a presentation on global economy and the investment landscape.

At 9:30 Chair Blumenthal called for a break. Mr. Winograd and Mr. Burke left the meeting.

At 9:51 a.m., the meeting reconvened.

Strategic Planning & Development

Performance Excellence

Mr. Slack gave an update to the Board on the status of the Performance Excellence program and FPPA's progress in evaluating, measuring, and affirming that the mission statement is being fulfilled.

Mr. Calhoun, Calhoun Consulting, reviewed the Board and executive staff's responses to a survey regarding the most important changes taking place in the FPPA operating environment, the market and economy, the Defined Benefit Plan sustainability, public perception, and the political and legislative environment. Mr. Calhoun continued with discussing the strategic advantages and challenges FPPA faces and the future state of the organization.

Mr. Slack noted that staff will compile the input received from the Board today to prepare the next steps and vision for discussion at a future board meeting.

At 11:04 a.m., Chair Blumenthal called for a break.

At 11:20 a.m., the meeting reconvened.

Member Survey and Focus Group Review

Ms. McGrail reviewed the scope and results of the 2016 active and retired member survey. The key findings revealed value, confidence, and trust from FPPA's members. Staff will focus on opportunities to expand channels for information and education to its members and offer an avenue for peer-to-peer communication.

At 12:15 p.m., Chair Blumenthal called for a break.

At 1:21 p.m., the meeting reconvened.

Volunteer Plans

Mr. Lindahl and Ms. Collins reviewed the volunteer firefighter plans study covering operational issues and expensive administration of the plans. The board discussed the option of reducing the complexity and responsibility of managing 174 individual plans by offering one program, a defined benefit or defined contribution, creating ease in administration and an opportunity for the board to either be the administrator or fiduciary for the plans as opposed to the local boards. Staff will report back to the board once final results from the study are obtained.

Actuarial Issues

Mr. Newton and Ms. Woolfrey, of Gabriel Roeder Smith & Co. (GRS), reviewed the assumptions, funding status and options to counteract possible long-term adverse experience in the Statewide Hybrid Plan and Statewide Death & Disability Plan.

At 2:25 p.m., Chair Blumenthal called for a break. Ms. Woolfrey left the meeting.

At 2:42 p.m., the meeting reconvened.

Investment Governance

Mr. Simon reviewed the FPPA Investment's Governance process and history of the Board of Directors, Investment Committee, Investment staff, and consultants.

The board discussed its confidence in and the dedication and evolution of the Investment Committee. The Investment Committee would like to expand its role and become more strategic oriented which would reduce the numerous meeting obligations by Board members on the Investment Committee. Authority over asset allocation, risk to the portfolio, and confirmation of FPPA's investment policy would remain under the Board's authority.

The Investment Committee and staff will prepare a recommendation to present to the Board at a future meeting.

At 3:35 p.m., Chair Blumenthal called for a break.

At 3:50 p.m., the meeting reconvened.

Workforce Engagement & Retention

Ms. Gorton walked through successful strategies for employee engagement and retention and the demographic changes within the workforce with focus on performance management.

Ms. Gorton reviewed the objectives and framework of the proposed draft Compensation Philosophy.

The board discussed how FPPA's current employment package which includes a PERA pension plan, wage competitiveness, and health benefit package, compares to other organizations within the industry and how it relates to the workforce.

The board commended Mr. Stanton, Mr. Bower, and Mr. Bomberger for their dedication and commitment to the Investment Committee.

At 4:26 p.m., Chair Blumenthal adjourned the meeting.

Friday, June 10th

At 8:31 a.m., Chair Blumenthal called the meeting to order.

Mr. Slack and Mr. Calhoun recapped yesterday's meeting and engaged the Board in defining future goals for FPPA as focus for the groundwork in outlining FPPA's strategic plan. Staff will compile this information into a list and prioritize it into a plan of strategies with measurable milestones and goals for tracking. This document will be brought before the board at a future meeting.

Mr. Calhoun outlined the next level of application towards the Baldrige award.

At 9:21 a.m., Chair Blumenthal called for a break.

At 9:41 a.m., the meeting reconvened.

Mr. Slack reviewed the Board's Scorecard, a measuring tool listing categories from FPPA's submitted organizational profile, current measured status, and outlining steps to achieve its targeted position.

At 10:14 a.m., Chair Blumenthal called for a break. Mr. Calhoun left the meeting.

At 10:35 a.m., the meeting reconvened.

Business Meeting

At 10:35 a.m., Chair Blumenthal called the meeting to order.

Chair Blumenthal called for a motion to approve the April 28th board minutes. Mr. Stanton moved to approve the minutes. Ms. Feely seconded the motion. The motion passed.

At 10:37 a.m., Mr. Bomberger joined the meeting.

1Q Portfolio and Capital Market Review

Mr. Linder and Mr. Lobdell of Pension Consulting Alliance (PCA) reviewed FPPA's 2016 first quarter portfolio and capital market review. Due to a difficult quarter in the markets the value of FPPA's plan as of March 31, 2016, was \$4.2 billion, a quarterly decrease of \$25 million, and a \$100 million decrease year over year. The Total Fund underperformed its implementation benchmark during the quarter.

At 10:43 a.m., Mr. Esquibel joined the meeting.

Investment Report

Monthly Investment Report

Mr. Simon provided the economic recap and fund performance for April 2016. Global markets were calmer in April following a volatile first quarter amid easing concerns of a sharp economic slowdown in China and as the Federal Reserve reconfirmed a gradual pace to increasing interest rates. Global bonds also benefited from a weaker dollar; the Citigroup WGBI increased 1.3% despite government bond yields moving higher in Germany and the UK. In the US, Treasury yields increased modestly as inflation expectations rose moderately. Total Fund Performance (net of fees) was **+0.53% in April**, bringing the **YTD to +0.25%**. Net Investible Assets for the Total Fund are estimated at **\$4.2 billion** as of April 30.

Effective April 30, 2016, the manager liquidated the Brevan Howard Argentina Fund. The firm's decision to liquidate the portfolio is a result of the exhaustion of the Argentina-specific catalysts; the team maintains a favorable view of Argentina but believes the publically traded asset classes will behave more similarly to broader emerging market assets on a go forward basis. FPPA's total return (May 2015—April 2016) is approximately 8.43%.

Investment Risk Committee Report

Mr. Bomberger reviewed the topics of the Investment Committee meetings held since the last Board meeting:

- A €18 million commitment to Incus Capital Iberia Credit Fund II, a €300 million fund targeting Iberia lower-middle-market companies in need of liquidity. The investment will be held in FPPA's real assets portfolio.
- Staff reviewed the Annual Alternatives Investment Commitment Pacing Plan.
- A \$40 million investment to AHL Pure Momentum (Managed Futures).
- A complete redemption (\$23.3 million) from Samlyn Onshore Fund, one of FPPA's existing long/short managers.
- Staff discussed the history and potential issues with FPPA's investment governance structure.
- A \$25 million investment in the SSgA Emerging Markets Equity was presented to the committee.

At 11:25 a.m., Mr. Linder and Mr. Lobdell left the meeting.

Ms. Hsu presented the investment staff's recommendation of a \$25 million investment in SSgA Emerging Market Index Plus Strategy, a passive-like component in the emerging markets.

Ms. Bomberger moved the Board to adopt the recommendation regarding the \$25 million investment in the SSgA Emerging Market Index Plus Strategy. Mr. Stanton seconded the motion. The motion passed.

Audit Committee Report

Ms. Feely reported that the Audit Committee has reviewed and discussed the Comprehensive Annual Financial Report (CAFR), the Internal Audit Report, proposed changes to the Audit Charter, and an update on FPPA's security processes.

Ms. Collins noted that the CAFR will be finalized later this month and that FPPA will be applying for the Government Finance Officers Association (GFOA) award.

CliftonLarsonAllen's (CLA) audit resulted in an unmodified opinion, sometimes referred to as "clean" opinion. CLA's report on internal control over financial reporting stated there were no issues identified of material weaknesses or significant deficiencies in internal controls. CLA's Governance Letter highlights the accounting estimates used for fair value of investments is reasonable and the estimate of the net pension liability determined that actuarial assumptions are reasonable.

Ms. Collins discussed the changes to the CAFR, including the implementation of (GASB 68) accounting and financial reporting for pensions.

On behalf of the Audit Committee, Ms. Feely made a motion that the Board approve and accept the Comprehensive Annual Financial Report for the Fire and Police Pension Association for 2015 as amended. Mr. Stanton seconded the motion. The motion passed.

Ms. Feely reviewed the proposed changes to the Audit Committee Charter.

Ms. Feely made a motion the Board approve the amendments to the Audit Committee Charter, as proposed by the Audit Committee. Mr. Bomberger seconded the motion. The motion passed.

Ms. Collins noted that CLA will be in the last year of their contract in 2017 at which time FPPA will be requesting a full RFP for an auditor.

At 12:15 p.m., the Chair called for a break.

At 12:33 p.m., the meeting reconvened. Ms. Woolfrey joined the meeting.

At 12:40 p.m., Mr. Cooley left the meeting.

At 1:05 p.m., Ms. Hsu left the meeting.

Actuarial Valuations

Mr. Newton and Ms. Woolfrey, GRS, presented the January 1, 2016 Valuation Results for the Statewide Defined Benefit Plans, Statewide Death & Disability Plans, Statewide Hybrid Plans, and the Colorado Springs New Hire Plans.

At 1:35 p.m., Ms. Woolfrey left the meeting.

Approval of 2016 Benefit Adjustments

Ms. Collins reviewed the board action items from the experience study results for the Statewide Defined Benefit Plan (SWDB), Statewide Death and Disability Plan (SWDD), Statewide Hybrid Plan (SWH), and the Colorado Springs New Hire Plan (CSNH).

Plan Consideration

Ms. Collins reviewed the board action items from the results of the actuarial valuations.

Defined Benefit System: Statewide Defined Benefit Plan

Statewide Defined Benefit Plan Stabilization Reserve Account Contribution Rate

Ms. Feely moved the Board set the SRA contribution rate for the members of the Statewide Defined Benefit Plan at 0%, effective July 1, 2016, through June 30, 2017. Mr. Stanton seconded the motion. The motion passed.

Statewide Defined Benefit Plan Stabilization Reserve Account Contribution Rate for Members of Departments that have Re-entered the Plan

Ms. Feely moved the Board set the SRA contribution rate for the members of the departments that have re-entered the Statewide Defined Benefit Plan at 3.7%, effective July 1, 2016, through June 30, 2017. Mr. Bomberger seconded the motion. The motion passed.

Statewide Defined Benefit Plan Stabilization Reserve Account Contribution Rate for Members of the Supplemental Social Security Plan

Ms. Morgan moved the Board set the stabilization reserve account ("SRA") contribution rate for the members of the supplemental Social Security program within the Statewide Defined Benefit Plan at 0%, effective July 1, 2016, through June 30, 2017. Mr. Nuanes seconded the motion. The motion passed.

Benefit Adjustment for the Statewide Defined Benefit Plan (including Members of Departments that have Re-entered the Plan and Members of the Supplemental Social Security Plan)

Mr. Bower moved the Board set the ad hoc benefit adjustment for retirees and beneficiaries of the Statewide Defined Benefit Plan at 0.56%, effective October 1, 2016, through September 30, 2017. Mr. Stanton seconded the motion. The motion passed.

Defined Benefit System: Statewide Hybrid Plan – Defined Benefit Component

Statewide Hybrid Plan – Defined Benefit Component Contribution Rate

Ms. Feely moved the Board set the Statewide Hybrid Plan – Defined Benefit Component contribution rate to 13.5% effective July 1, 2016, through June 30, 2017. Mr. Nuanes seconded the motion. The motion passed.

Benefit Adjustment for the Statewide Hybrid Plan – Defined Benefit Component

Mr. Nuanes moved the Board set the ad hoc benefit adjustment for retirees and beneficiaries of the Statewide Hybrid Plan – Defined Benefit Component at 2.98% effective October 1, 2016, through September 30, 2017. Mr. Bomberger seconded the motion. The motion passed.

Defined Benefit System: Colorado Springs New Hire Pension Plan

The Board will vote on the Colorado Springs matters at the July 28, 2016 Board meeting, after the City of Colorado Springs has had an opportunity to review the results of the actuarial studies. These benefit items will take effect January 1, 2017, per the plan documents.

Statewide Death & Disability Plan

Statewide Death & Disability Plan (including Members of the Supplemental Social Security Plan) Contribution Rate

Ms. Feely moved the Board set the Statewide Death & Disability Plan contribution rate at 2.7%, effective January 1, 2017, through December 31, 2017. Mr. Bower seconded the motion. The motion passed.

Benefit Adjustment for the Statewide Death & Disability Plan (including Members of the Supplemental Social Security Plan)

Ms. Feely moved the Board set the ad hoc benefit adjustment for the Statewide Death & Disability Plan for occupational disability retirees and their beneficiaries and to survivors of active members at 0.30%, effective October 1, 2016 through September 30, 2017. Mr. Bower seconded the motion. The motion passed.

Staff Report

Executive Director Report

Mr. Slack updated the Board on matters included under the staff report in the Board packet. The Institutional Investor publication recognized FPPA as "Small Public Plan of the Year" with special notation to Mr. Simon and investment team.

Mr. Bomberger made a motion that the Board maintain the current self-evaluation process and adopt the changes to the Board Self-Evaluation Policy form. Mr. Bower seconded the motion. The motion passed.

Ms. McGrail discussed Castle Rock's Police Department's supplemental social security affiliation.

Legal Report and Legislative Update

Mr. Lindahl updated the Board on FPPA's legal matters. Mr. Lindahl updated the Board on FPPA's legal matters. The lobbyists will present a wrap up for the 2016 legislative session and staff will present possible legislation for 2017 at the July Board meeting.

Actuarial Audit Recommendation

Ms. Collins and Mr. Slack discussed the Cavanaugh MacDonald Consulting, LLC's

proposal to FPPA's RFP for Actuarial Services.

Ms. Morgan moved the Board approve the engagement of Cavanaugh Macdonald Consulting to conduct an actuarial audit. Mr. Bomberger seconded the motion. The motion passed.

Chairman's Report

Ad Hoc Committee

Ms. Morgan briefed the Board on the recent Ad Hoc Compensation Committee meeting. The AD Hoc Committee will meet in July to review the responses to the RFPs which are due on June 30th.

Mr. Bomberger made a motion to appoint Mr. Nuanes and Mr. Tyson as members of a temporary Ad Hoc Committee, responsible in improving the board's effectiveness in new membership and retention of members. Mr. Bower seconded the motion.

2016 Events and Conferences

Ms. Morgan provided her evaluation of attendance at the NCPERS TEDS Conference.

Ms. Feely provided her evaluation of attendance at the NCPERS Annual Conference.

Other Matters

Mr. Bower moved that Ms. Feely be appointed Board Chair effective September 1, 2016. Mr. Bomberger seconded the motion. The motion passed.

Mr. Bower moved that Mr. Nuanes be appointed Vice Chair effective September 1, 2016. Mr. Stanton seconded the motion. The motion passed.

At 2:02 p.m., Mr. Bomberger moved to adjourn the meeting. Ms. Feely seconded the motion. The meeting adjourned.