

Fire & Police Pension Association
Board Meeting Agenda

January 26, 2017
7:30 a.m.

7:30 a.m. Call to Order

7:30 a.m. Consent agenda

- a) Approval of minutes of December 8, 2016
- b) Approval of Resolution 2017-02—Posting Notice
- c) Approval of Resolution 2017-03—Authority of Executive Director
- d) Durango Old Hire Fire Pension Plan benefit improvement
- e) Durango Old Hire Police Pension Plan benefit improvement
- f) Fort Morgan Old Hire Police Pension Plan benefit improvement

7:35 a.m. Presentation of resolution to Cliff Stanton

7:45 a.m. Investment Report

- a) Review of November and December 2016 performance. *Presenter: Scott Simon*
- b) Review of Investment Managers. *Presenter: Scott Simon*

8:00 a.m. 2017 Legislative session preview. *Presenters: Kevin Lindahl; Tony Lombard and Bill Clayton, Lombard & Clayton*

8:45 a.m. Break

9:00 a.m. Appellate Review Hearing—In the Matter of The Estate of Jeffrey DiPaolo

9:45 a.m. Break

10:00 a.m. Staff Reports

- a) Executive Director report. *Presenter: Dan Slack*
 - 1. Proposed change in meeting dates
 - 2. Proposed revision to the Investment Professional Annual Incentive Program
- b) Legal Report. *Presenter: Kevin Lindahl*
- c) Plan allocation of expenses. *Presenters: Kim Collins, Ahni Smith*
- d) 2017 budget items. *Presenters: Dan Slack, Kim Collins*
- e) Conflict of interest form. *Presenter: Dan Slack*

11:00 a.m. Chair's Report

- a) Board self-evaluation timing
- b) Items for future discussion
- c) Evaluation of Executive Director (**executive session**)

12:00 p.m. Adjournment

**Fire and Police Pension Association
Minutes – Board of Directors Meeting
January 26, 2017**

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

Board Members present: Chair Pam Feely, Vice Chair Nick Nuanes, Jack Blumenthal, Dave Bomberger, Manuel Esquibel, Sue Morgan, Guy Torres, and Tyson Worrell

Board Members not present: Todd Bower

Staff Members present: Dan Slack, Kim Collins, Kevin Lindahl, Gina McGrail, Scott Simon, Elaine Gorton, Jacqueline Tara, Mike Sutherland, Austin Cooley, Dale Martin, and Ahni Smith

Others present: John Linder, Ryan Lobdell, Pension Consulting Alliance; Bill Clayton, Lombard & Clayton; Greg DiPaolo, Dana DiPaolo, Preston Branaugh, and Shannon Little

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 7:30 a.m., Chair Feely called the meeting to order.

Mr. Lindahl noted the minutes from the December 8th board meeting did not list out the consent calendar items as approved.

Vice Chair Nuanes moved the Board to approve the Consent agenda items excluding the December 8, 2016 minutes. Mr. Worrell seconded the motion. The motion passed.

Consent agenda items approved:

- Resolution 2017-02, Posting Notice
- Resolution 2017-03, Authority of Executive Director
- Request for Permission to Amend the Durango Old Hire Firemen's Pension Plan
- Request for Permission to Amend the Durango Old Hire Policemen's Pension Plan
- Request for Permission to Amend the Fort Morgan Old Hire Police Pension Plan

Vice Chair Nuanes moved the Board to approve the minutes of December 8th with the recommendation by Mr. Lindahl to amend the minutes to reflect the consent

calendar items individually. Mr. Bomberger seconded the motion. The motion passed.

Chair Feely presented Mr. Stanton with an engraved plaque of Resolution 2016-09 thanking him for his service as a FPPA Board Member.

At 7:36 a.m., Chair Feely called for a break.

At 7:45 a.m., the meeting reconvened and Mr. Cooley and Mr. Martin joined the meeting.

Investment Report

Monthly Investment Report

Mr. Simon presented the economic recap and fund performance for December 2016. US equities and capital markets had a bit of an up slope at the end of year, despite post Presidential election and the Fed's increase in interest rates.

Preliminary Total Fund performance (net of fees) was +.66% in December, bringing the YTD performance to +5.01%. FPPA's total fund implementation benchmark was +5.40% YTD. Net Investible Assets for the Total Fund are estimated at \$4.3 billion as of December 31.

Investment Committee Update

Mr. Simon reminded the Board of the newly implemented quarterly meeting schedule for the Investment Committee, the first of which will take place after today's board meeting. Matters to be discussed today will include risk tolerance and what the board should be thinking about as risks for the portfolio. Also to be reviewed are liquidity, risk management, and upcoming portfolio investment activities.

Mr. Simon will research Merrill Lynch's brokerage commission figures as reflected in the board packet and follow up with the board.

At 8:00 a.m., Mr. Cooley left the meeting.

2017 Legislative Session Preview

Mr. Clayton, Lombard & Clayton, updated the Board on the 2017 legislative session. FPPA's two bills have moved quickly through the Senate and are now half-way through the process and are under consideration in the House.

Confirmations for the appointment of Tyson Worrell and Guy Torres to the FPPA Board were approved by the Senate committee and will be added to the consent calendar for the full Senate's approval.

Mr. Esquibel discussed his recent retirement from the City of Brighton and will continue as a member of FPPA's board until a replacement has been appointed. A letter regarding this status has been sent to the Governor and Mr. Esquibel is waiting on a reply.

At 8:20 a.m., Ms. Smith joined the meeting.

Staff Report

Executive Director Report

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

Due to scheduling conflicts, the board agreed to cancel the April 6th and May 4th board meetings and replace them with one meeting on April 27th. A schedule of revised dates will be attached to Resolution 2017-02 for the board's approval at this meeting.

Mr. Bomberger moved the Board to amend the Investment Professional Annual Incentive Program policy as recommended by the Ad Hoc Compensation Committee. Ms. Morgan seconded the motion. The motion passed.

Mr. Slack reviewed the updated Board Scorecard.

Mr. Simon discussed the details of the 1, 3, and 5-year policy and implementation benchmarks for the investment program. The Board agreed to receive quarterly updates of these benchmarks.

Mr. Slack reminded the Board of its policy requiring both Board and staff members to execute a Conflict of Interest Disclosure form every year.

Survey results of the 2016 holiday open house were in favor of continuing to hold the event on the Friday after the December Board meeting as opposed to the same day of the December Board meeting.

FPPA has received the Timberline Award from Rocky Mountain Performance Excellence (RMPEX) along with a report on FPPA's strengths and areas for improvement. A meeting is scheduled next month with the examiners to gain a deeper explanation, and staff will report back to the Board with an action plan and areas to prioritize for improvement.

Legal Report

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

FPPA and the City of Birmingham have been named co-lead plaintiffs in the

derivative action against Wells Fargo.

Plan Allocation of Expenses

Ms. Collins and Ms. Smith reviewed the history of the FPPA-administered plans' expense allocation process and their findings of the administrative expense allocation process for other public pension systems with multiple pension plans.

Staff developed a new policy, effective January 1, 2017, outlining the allocation of expenses to the pension plans administered by FPPA and is currently working to implement the policy changes into our General Ledger and allocation reporting. The Local Affiliated Plans (old hire and volunteer) will be notified of the change within their 1Q 2017 allocation reports available to them in April.

At 8:57 a.m., Chair Feely called for a break. Messrs. Simon, Cooley, Martin, Linder, Lobdell and Ms. Smith left the meeting.

At 9:10 a.m., the meeting reconvened. Messrs. DiPaolo, Branaugh, Little and Ms. DiPaolo joined the meeting.

Estate of Jeffrey DiPaolo Review

Mr. Lindahl announced that the matter came before the board on the objection filed by the estate of member Jeffrey DiPaolo to the Findings, Conclusions and Recommendations of Hearing Officer Stacy Tarler dated November 8, 2016, concerning DiPaolo's beneficiary designation.

Mr. Branaugh presented argument in objection to the hearing officer's recommendation. Mr. Sutherland presented argument supporting the hearing officer's recommendation. The Board and Mr. Lindahl directed questions to Mr. Branaugh and Mr. Sutherland.

At 10:03 a.m., Mr. Worrell moved to go into executive session to seek legal advice pursuant to C.R.S. Section 24-6-402(4)(b). Mr. Blumenthal seconded the motion. The motion passed. Messrs. Simon, Sutherland, Linder, Lobdell, Little, Branaugh, DiPaolo, and Meses. Collins, McGrail, Gorton, and DiPaolo left the meeting.

At 10:48 a.m., Mr. Bomberger moved that the Board return to its regular meeting. Mr. Blumenthal seconded the motion. The motion passed. Chair Feely declared that no action was taken during the executive session and no motions were made. Mr. Sutherland, Ms. DiPaolo and Mr. Little rejoined the meeting. Mr. DiPaolo and Mr. Branaugh were not present after the Board reconvened in regular session.

Mr. Blumenthal moved the Board to direct legal counsel to conduct additional legal research regarding the issues raised at the hearing and report back to the board at the next scheduled Board meeting with the recommendation based on that research and the direction that the Board gave legal counsel in executive session. Ms. Morgan seconded the motion. The motion passed.

At 10:57 a.m., Mr. Sutherland, Ms. DiPaolo and Mr. Little left the meeting. Mes. Collins, McGrail, Gorton joined the meeting.

Reentry

Ms. McGrail updated the Board on the current reentry interest. Staff is working on a dedicated website, www.joinFPPA.org, which will provide reentry and affiliation information, and will include sample documents, videos, etc., and will be focused on education for those interested in joining FPPA.

Resolution 2017-02

Mr. Bomberger moved the Board to approve Resolution 2017-02 as amended. Vice Chair Nuanes seconded the motion. The motion passed.

2017 Budget Items

Mr. Slack and Ms. Collins reviewed the revisions to Phase One of the office suite redesign.

Vice Chair Nuanes moved the Board to accept the proposed office redesign, with a projected cost of \$376, 454.32 as an amendment to the 2017 budget. Mr. Torres seconded the motion. The motion passed.

Chairman's Report

Chair Feely discussed the proposed modified timing of the Board Self-Evaluation and its evaluation form.

Ms. Morgan moved that the Board to amend the self-evaluation annual review form as presented. Mr. Bomberger seconded the motion. The motion passed.

Chair Feely asked if there were any items the Board would like to add to future agendas. Mr. Bomberger suggested that the Board meetings begin with items for discussion relating to any conflicts. The Board agreed to adding this item to future agendas.

At 11:24 a.m., Vice Chair Nuanes moved the Board go into executive session to discuss personnel matters as allowed under Section 24-6-402 (4)(f) of the C.R.S. Mr. Worrell seconded the motion. The motion passed. Mr. Slack, Mr. Lindahl, Ms. Collins, Ms. McGrail, Ms. Gorton, Ms. Tara left the meeting.

At 12:22 p.m., Mr. Bomberger moved that the Board return to its regular meeting. Mr. Blumenthal seconded the motion. The motion passed. Chair Feely declared that no action was taken during the executive session and no motions were made. Mr. Esquibel left the meeting. Mr. Slack, Mr. Lindahl, Ms. Gorton, and Ms. Tara joined the meeting.

The Board directed Chair Feely and Vice Chair Nuanes to meet with the Executive Director to discuss his review and compensation.

At 12:26 p.m., Mr. Bomberger moved to adjourn the meeting. Ms. Morgan seconded the motion. The meeting adjourned.