

***Fire & Police Pension Association
Board of Directors Meeting Agenda***

August 30, 2018
7:30 a.m.

- 7:30 a.m.** Call to Order. *Dave Bomberger, Vice Chair*
- 7:35 a.m.** Consent Calendar. *Dave Bomberger, Vice Chair*
- a) Approval of July 26, 2018, Board meeting minutes.
 - b) Approval of August 9, 2018, Special Board meeting minutes.
 - c) Poudre Fire Authority Partial Entry Resolution, requesting coverage under the FPPA Defined Benefit System
 - d) Montrose FPD Old Hire Fire Pension Plan amendment, increase survivor benefits effective 1/1/2019
- 7:40 a.m.** Cambridge 2Q 2018 Quarterly Report and Market Update. *Brian McDonnell, Cambridge Associates*
- 8:10 a.m.** Investment report.
- a) Review of July performance and managers. *Scott Simon*
 - b) Investment Committee Report. *David Bomberger, Chair of Investment Committee*
- 8:40 a.m.** Break
- 8:55 a.m.** Statewide Plans Review Task Force update. *Todd Bower, Pam Feely*

9:20 a.m. Staff reports.

- a) Executive Director Report. *Dan Slack*
- b) General Counsel Report. *Kevin Lindahl*
- c) Review of Lombard & Clayton contract. *Kevin Lindahl*

9:45 a.m. Chair's report. *Dave Bomberger, Vice Chair*

- a) Vice Chair's remarks. *Dave Bomberger*
- b) 2019 Proposed Board meeting dates. *Dan Slack*
- c) Committee appointments, effective September 1. *Dave Bomberger*
- d) Items for future discussion.

10:15 a.m. Adjournment.

FIRE AND POLICE PENSION ASSOCIATION
Minutes – Board Meeting
August 30, 2018

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

Board Members Present: Vice Chair Dave Bomberger, Guy Torres, Karen Frame, Pam Feely, Sue Morgan, Tammy Hitchens, Todd Bower, and Tyson Worrell.

Staff Members Present: Dan Slack, Chip Weule, Kevin Lindahl, Kim Collins, Scott Simon, Mike Sutherland, and Karen Moore.

Others Present: Brian M. McDonnell, Cambridge Associates (CA).

Notice of this meeting and a copy of the agenda were posted at 5290 DTC Parkway, Suite 100, Greenwood Village, CO 80111, and on the FPPA website, at least twenty-four hours prior to the meeting.

At 7:28 a.m., Vice Chair Bomberger called the meeting to order.

Consent Calendar

Vice Chair Bomberger called for a motion to approve the following Consent Calendar:

- Approval of July 26, 2018, Board meeting minutes.
- Approval of August 9, 2018, Special Board meeting minutes.
- Poudre Fire Authority Partial Entry Resolution, requesting coverage under the FPPA Defined Benefit System.
- Montrose FPD Old Hire Fire Pension Plan amendment, increasing survivor benefits effective January 1, 2019.

Mr. Bower moved to approve the Consent Calendar. Ms. Feely seconded the motion. The motion passed.

Cambridge Market Update & Q2 Portfolio Performance

At 7:29 a.m., Mr. McDonnell presented the market update and investment performance report. Portfolio performance was pretty flat, roughly in-line with the benchmark. Mr. McDonnell highlighted the following:

- The small-cap overlay was very beneficial to the portfolio.
- Within public equities, emerging markets was a drag on performance.
- Long/short was a strength for the quarter.
- Fixed income was slightly behind the benchmark.

- Managed futures had a small gain.

Investment Report

Review of July performance and managers

At 7:48 a.m., Mr. Simon began his presentation on July performance and managers.

Total Fund performance (net of fees) was **+1.29% in July (+2.86% YTD)**. Performance of the Implementation Benchmark YTD was +2.29%. Net Investible Assets for the Total Fund was \$5.0 billion as of July 31, 2018.

Portfolio Update:

- Global Public Equity: The portfolio produced performance in line with the benchmark for July and continues to be ahead YTD. Given the strengthening of the US dollar, the currency overlay program continues to add value.
- Long/Short Equity: The portfolio produced performance in line with the benchmark for July and continues to be ahead YTD. Anchor Bolt is the primary detractor of performance YTD.
- Fixed Income: Although negative performance, the portfolio was ahead of its benchmark YTD with positive relative contribution coming from Prudential.
- Managed Futures: The portfolio produced positive relative performance to its benchmark for the month and YTD. AHL and Graham are the largest detractors.
- Absolute Return: The portfolio exceeded its benchmark performance for the month and is now ahead again on YTD basis. Both AQR funds are the primary detractors.
- Private Markets: The portfolio strategies (private capital, real assets and real estate) are in-line with their benchmarks YTD. The ILPA implementation benchmarks for Q2 are incorporated.

The Internal Investment Committee (IIC) approved a \$20M commitment to Raine Partners III, \$150M investment in the DE Shaw Active Extension fund, and \$70M investment in Neumeier Poma Small Cap Value Equity. The IIC also approved a full termination of the remaining account (\$116M) of the EDHEC factor-based investment strategy.

Mr. Simon presented the Self-Directed Plans Committee's (SDPC) recommended updates to the Investment Policy Statement of the SDPC. Many of the updates were in line with the Investment Policy Statement of the Defined Benefit Plan.

Mr. Bower moved to approve the recommended changes to the Investment Policy

Statement of the SDPC. Ms. Feely seconded the motion. The motion passed.

Investment Committee Report

The Investment Committee (IC) has not met since the last board meeting, so there was nothing to report.

Statewide Plans Task Force update

At 7:57 a.m., Mr. Bower provided an update on the Statewide Plans Task Force. Mr. Bower and Ms. Feely are working to solidify the task force members, while ensuring fair representation. The Board wants to ensure that those who want to participate are aware of the task force. Representatives of the Special District Association, Colorado Municipal League, Colorado State Fire Chiefs, and unions are aware of the task force. These representatives have also reached out to those who they believe may be interested. The task force will also be discussed at the Employer Summit on October 5.

Mr. Bower and Ms. Feely are aiming for late September for the first educational meeting. Mr. Bower and Ms. Feely will discuss the education platform and meetings schedule with Messrs. Slack and Lindahl. They are considering how to integrate staff's recommendation on the Statewide Hybrid Plan with the work of the task force.

Staff Report

Executive Director Report

At 8:06 a.m., Mr. Slack began the staff report and updated the Board on the Pension Review Commission (PRC). There was interest in the Statewide Death & Disability Plan and the increase in the number of disabilities. Senator Jack Tate was interested in the investment program and will be invited to visit FPPA at a later date. Neither FPPA nor PERA will be proposing legislation during the 2019 legislative session. Mr. Simon noted that the PRC had a lot of questions on how we were different and similar to PERA, including in the investment area.

Staff, GRS, and Cambridge are reviewing the closed plans and will keep the task force current on this review. Cambridge has been asked to present on the closed plans at the September 10 IIC meeting and then present at the next Board meeting.

Mr. Slack noted the Colorado State Fire Chiefs' email regarding the passing of Senator John McCain and his contributions to the profession over the years.

Mr. Slack asked the Board for permission to present at the Latin American private equity forum in São Paulo in December. The conference organizers will cover Mr. Slack's travel and lodging expenses. Per travel policy, international conference travel by the executive director must be approved by the Board. The Board approved Mr. Slack's trip.

General Counsel Report

At 8:18 a.m., Mr. Lindahl updated the Board on the investment counsel position search. Mr. Lindahl updated the Board on pending litigation and upcoming mediations.

Review of Lombard & Clayton contract

At 8:24 a.m., Mr. Bower moved the Board to approve the renewal of the Lombard and Clayton contract for legislative services. Ms. Feely seconded the motion. The motion passed.

Chair's Report

Vice Chair's remarks

Vice Chair Bomberger requested staff to provide education sessions on benefit plans at future board meetings.

2019 Proposed Board meeting dates

The Board reviewed the proposed meeting dates for 2019. The Board had no conflict and approved these dates.

Committee appointments, effective September 1

Chair Bomberger announced committee appointments, effective September 1.

Dave Bomberger, Todd Bower, Karen Frame, Guy Torres, and Tyson Worrell will serve on the Investment Committee (IC). The IC will elect its chair at the September 27 meeting.

Tammy Hitchens, Pam Feely, and Nick Nuanes will serve on the Audit Committee, with Ms. Hitchens as the Chair.

Karen Frame and Sue Morgan will serve on the Budget Committee, with Ms. Frame as the Chair.

There were no items for future discussion.

At 8:27 a.m., Ms. Feely moved to adjourn the meeting. Mr. Torres seconded the motion. The meeting was adjourned.