

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

April 25, 2019  
7:30 a.m.

**7:30 a.m.** Call to Order. *David Bomberger, Chair*

**7:30 a.m.** Consent Calendar. *David Bomberger, Chair*

- a) Approval of March 14, 2019, Board meeting minutes

**7:35 a.m.** Cambridge Market Update. *Diana Gibson, Cambridge Associates*

**7:50 a.m.** Investment report

- a) Review of February and March performance and managers. *Scott Simon*
- b) Sudan Divestment semi-annual review. *Scott Simon*
- c) Investment Committee Report. *Guy Torres, Chair of Investment Committee*

**8:20 a.m.** Break

**8:30 a.m.** Self-Directed Plans Annual Review. *Annette Bidart and Mike Fleiner, AndCo Consulting; Suzanne Rogers and David Thompson, Fidelity.*

**9:30 a.m.** Break

**9:45 a.m.** Old Hire plans allocation update

**9:55 a.m.** Statewide Plans Task Force update. *Todd Bower & Pam Feely, Co-Chairs*

**10:20 a.m.** Staff report

- a) Executive Director Report. *Dan Slack*
- b) General Counsel Report. *Kevin Lindahl*
  - County Sheriffs in FPPA legislation

**10:45 a.m.** Chair's report. *David Bomberger, Chair*

- a) Endeavour Capital
- b) Evaluation of The Pension Bridge Annual conference. *David Bomberger*
- c) Evaluation of The Pension Bridge Annual conference. *Sue Morgan*
- d) Designated meals

**11:00 a.m.** Adjournment

**FIRE AND POLICE PENSION ASSOCIATION**  
**Minutes – Board Meeting**  
**April 25, 2019**

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

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

**Staff Members Present:** Dan Slack, Chip Weule, Kevin Lindahl, Kim Collins, Scott Simon, Ben Bronson, Steven Miller (via phone), Michael Sutherland, and Karen Moore, Claud Cloete.

**Others Present:** Diana Gibson, Stuart Cameron, Cambridge Associates (CA); Annette Bidart and Mike Fleiner, AndCo Consulting; Suzanne Rogers and David Thompson, Fidelity; Jim Baker, Private Equity Stakeholder Project.

*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.*

**Call to Order**

At 7:30 a.m., Chair Bomberger called the meeting to order and, without objection, Chair Bomberger moved the Endeavor Capital matter up from the Chair's report since Mr. Baker had arrived.

At 7:31 a.m., Ms. Morgan moved the Board adjourn into executive session to receive legal advice from Legal Counsel regarding the discussion of proprietary investment information as allowed under Section 24-6-402(4)(b) of the Colorado Revised Statutes. Ms. Feely seconded the motion. The motion passed.

At 7:42 a.m., Ms. Feely moved the Board return to its regular meeting. Ms. Hitchens seconded the motion. The motion passed. The Board returned to its regular meeting.

Mr. Baker joined the meeting. Mr. Baker circulated handouts and shared the Private Equity Stakeholder Project's concerns on Endeavour Capital.

At 7:48 a.m., Ms. Feely moved that the Board adjourn into executive session to discuss confidential and proprietary information related to the Endeavor Capital private equity fund which is protected from public disclosure under the Colorado Open Records Act as allowed under Section 24-6-402(4)(c) of the Colorado Revised Statutes. Mr. Nuanes seconded the motion. The motion passed.

At 7:48 a.m., Mr. Baker left the meeting and the Board entered into Executive Session.

At 8:03 a.m., Ms. Hitchens moved the Board return to its regular meeting. Mr. Nuanes seconded the motion. The motion passed. The Board returned to its regular meeting. Mr. Cloete left the meeting.

### **Consent Agenda**

Mr. Bower moved to approve the March 14, 2019, Board meeting minutes. Mr. Nuanes seconded the motion. The motion passed.

Mr. Baker returned to the meeting. Mses. Bidart and Rogers and Messrs. Fleiner and Thompson joined the meeting.

### **Cambridge Market Update**

Mr. Cameron presented the market update providing Q1 highlights. US markets led the way. Quality and growth led factor returns. Growth beat value by 5%. CA continues to monitor Brexit on a risk-management basis. China A-shares led equity returns. CA is seeing above average valuations.

### **Investment Report**

#### **Review of March performance and managers**

Mr. Simon provided the total fund performance for March 2019. Total Fund performance (net of fees) was +1.49% in March (+6.64% YTD). Performance of the Implementation Benchmark YTD was +5.78%. Net Investible Assets for the Total Fund is \$5.1 billion as of March 31, 2019.

#### Portfolio Update:

- Global Public Equity: The portfolio performance was in-line with its benchmark for the month and YTD. Walter Scott (Global Equity) and Baillie Gifford (Emerging Markets) are outperforming YTD.
- Long/Short Equity: The portfolio performance is ahead of its benchmark for the month and YTD. Most managers are outperforming with Hitchwood being the only detractor. Yiheng has gotten off to a good start.
- Fixed Income: The portfolio performance was in-line with its benchmark for the month and YTD. Manulife is the primary contributor for outperformance.
- Managed Futures: After a negative start to the year, portfolio performance rebounded in March to be positive YTD. The portfolio is slightly lagging its benchmark with AHL being the primary detractor.
- Absolute Return: The portfolio performance is lagging its benchmark YTD. KCL and both AQR strategies were the primary detractors.

- Private Markets: The portfolio strategies (private capital, real assets and real estate) performed well for 2018. Positive performance YTD is primarily from the roll-off of the year-end valuation adjustment.

Mr. Simon updated the Board on allocation targets.

#### Investment Committee Report

Mr. Torres discussed the changes to the Investment Policy Statement. The next Investment Committee meeting will be held in Beaver Creek before the June Board meeting.

Mr. Simon provided an update on recent investment activities with OSP and State Street.

#### Sudan Divestment

Mr. Simon referred the Board to his March 2019 memo and reviewed FPPA's continued compliance with House Bill 07-1184, requiring all public pension funds in the state of Colorado to divest from companies with active business operations in Sudan. Mr. Simon briefed the Board on an opportunity that FPPA was not able to take advantage of since it included an investment in commingled funds.

Mr. Simon reviewed the results of the RVK survey.

At 8:30 a.m., Chair Bomberger called for a break. Ms. Gibson and Messrs. Cameron, Bronson, and Baker left the meeting.

#### **Self-Directed Plans Annual Review**

At 8:43 a.m., the meeting reconvened and Mr. Fleiner provided an overview of AndCo and the services provided to FPPA, highlighting 2018 accomplishments.

At 8:48 a.m., Mr. Lindahl and Ms. Hitchens returned from the break.

The Board and Staff discussed the need for participant education on investment fees and the use of the self-directed investments.

Ms. Bidart provided examples of the utilization of lowest-fee share classes and revenue sharing refunded to the participant, to ensure FPPA participants are receiving the net lowest fees.

Ms. Bidart discussed the information presented and matters discussed during the Self-Directed Plans Committee (SDPC) meetings, such as fund performance, funds on watch, guarded or passed status. Ms. Bidart explained the plan design and investment fund options. Ms. Bidart reviewed the scoring of the funds, providing Gabelli Institutional Small Cap Equity as an example. This fund will be replaced due

to its effective change in style to a mid-cap fund. Ms. Rogers explained that FPPA is allowed two fund changes a year without incurring additional fees. Ms. Bidart then reviewed the glide path of the target date funds, and administrative and recordkeeping fees.

Mr. Thompson began his presentation, reviewing investment trends and comparing the hybrid plan to similar plans of government tax exempt clients. Mr. Thompson reviewed participant trends in the managed accounts. Ms. Rogers explained the annual check-ins and marketing campaigns performed by Fidelity. Mr. Thompson reviewed the asset allocation and funds of model portfolios, including performance.

Ms. Rogers reviewed the services provided by Fidelity, including SDPC meetings, reentries, and campaigns to increase beneficiary designations, engagement of participants, and financial wellness. Sam Casad, Fidelity Director - Retirement Planner, routinely participates in onsite quarterly visits at FPPA to meet with members that may have not been able to meet with him at the member's employer. Ms. Rogers reviewed plan assets and participant trends.

At 10:01 a.m., Mr. Worrell left the meeting.

At 10:05 a.m., Chair Bomberger called for a break. Mses. Bidart and Rogers and Messrs. Fleiner and Thompson left the meeting. Mses. Smith and Gorton joined the meeting. Ms. Gibson and Mr. Cameron rejoined the meeting.

#### **Old Hire plans allocation update**

At 10:13 a.m., Mr. Lindahl provided an update on the Old Hire Plan allocation communication. Letters have been sent to all of the departments impacted by the allocation, scheduled for July 1. Mr. Lindahl and Ms. Collins met with the Denver Old Hire Fire board. Meetings have been set up with West Metro and Colorado Springs.

#### **Statewide Plans Task Force Update**

At 10:18 a.m., Mr. Bower and Ms. Feely provided an update on the task force and potential proposals in discussion.

#### **Staff Report**

##### **Executive Director Report**

At 10:20 a.m., Mr. Slack briefed the Board on his discussions with the Aurora City Manager, Jim Twombly, who requested a meeting with FPPA.

Mr. Slack met with Kate Siegel Shimko, newly appointed Director of the Governor's Office of Boards and Commissions. Ms. Shimko indicated that due to the large amount of appointments to be made in June and July, attention to the FPPA Board appointments will not occur until August.

Mr. Slack provided an update on the June Board Strategic Planning Session, noting the memo designating dinner meals of a spouse or significant other as covered by FPPA.

### General Counsel Report

#### *County Sheriffs in FPPA legislation*

Mr. Lindahl updated the Board on proposed legislation that was requested by county sheriffs that would allow sheriffs exiting CCOERA to join the Statewide Defined Benefit Plan, paying the full associated costs, as opposed to participating in the Social Security Supplemental plan. FPPA is neutral on the bill, unless the Board instructs Staff otherwise. The legislation was drafted to provide for rules to implement this legislation if signed into law. Staff is looking for direction on whether the Board would like to remain neutral or oppose or endorse the bill. The Board discussed the issues and concerns.

At 10:40 a.m., Ms. Hitchens moved to support the bill allowing the sheriffs full entry into the FPPA Defined Benefit system. Ms. Feely seconded the motion. The motion passed.

Mr. Lindahl provided an update on the CDOR litigation. An order was issued March 14, 2019, dismissing the CDOR case on personal jurisdiction grounds and finding some claims as time-barred. FPPA has filed a Notice of Appeal.

Mr. Lindahl provided an update on SB 18-247, which created a board that is tasked with creating a fund to pay for health and dental insurance for families of public safety officers killed in the line of duty for one year post-death. It is an optional program for employers. Mr. Lindahl discussed the issues in implementing and funding this program, noting that the legislature did not provide funding.

Staff discussed an option of paying these premiums out of the Statewide Death & Disability Plan (SWD&D Plan) for our members, which would add a cost to the SWD&D Plan. The Board discussed the issues and possible funding sources. The Board felt it was not appropriate to consider incorporating this program within the Statewide Death & Disability Plan.

### **Chair's Report**

At 10:55 a.m., Mr. Bomberger and Ms. Morgan provided their evaluation of The Pension Bridge Annual conference.

At 10:59 a.m., Chair Bomberger declared the meeting adjourned.