

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

November 7, 2019
7:30 a.m.

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

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

a) Approval of September 26, 2019, Board meeting minutes

7:35 a.m. Managing through the next bear market. *Wade O'Brien, Cambridge Associates*

8:35 a.m. Break

8:50 a.m. Laws, Rules, and Plan Documents. *Kevin Lindahl*

9:50 a.m. Break

10:00 a.m. Cambridge Market Update and 3Q Performance. *Brian McDonnell, Cambridge Associates*

10:30 a.m. Investment report

a) Review of September performance and managers. *Scott Simon*

b) Approval of Investment Policy Statement. *Guy Torres, Investment Committee Chair; Dan Slack; Scott Simon*

11:00 a.m. Break

11:10 a.m. Staff report

- a) Executive Staff Report. *Dan Slack*
- b) 3Q board scorecard. *Dan Slack*
- c) General Counsel Report. *Kevin Lindahl*
- d) Pension Review Commission update. *Kevin Lindahl*
- e) Review of Hearing Officers. *Kevin Lindahl*

11:40 a.m. Chair's report. *Dave Bomberger, Chair*

- a) Chair's remarks.
- b) Approval of resolutions honoring Todd Bower, Pam Feely, and Nick Nuanes.
- c) Evaluation of the National Association of Corporate Directors membership and sessions. *Karen Frame*

12:10 p.m. Adjournment

FIRE AND POLICE PENSION ASSOCIATION
Minutes – Board Meeting
November 7, 2019

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

Board Members Present: Chair Dave Bomberger, Guy Torres, Jason Mantas, Karen Frame, Michael Feeley, Patrick Phelan, Sue Morgan, Tammy Hitchens, and Tyson Worrell.

Staff Members Present: Dan Slack, Scott Simon, Kevin Lindahl, Chip Weule, Kim Collins, Dale Martin, Michael Sutherland, Steven Miller, and Karen Moore.

Others Present: Brian McDonnell and Wade O'Brien, Cambridge Associates.

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 welcomed our new Board member, Jason Mantas.

Consent Agenda

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

- Approval of September 26, 2019, Board meeting minutes.

Ms. Morgan moved to approve the Consent Calendar. Mr. Torres seconded the motion. The motion passed.

Managing through the next bear market

At 7:31 a.m., Mr. Simon introduced Wade O'Brien, Managing Director in Cambridge Associates' Arlington office. Mr. Phelan joined the meeting. Mr. O'Brien presented Managing through the Next Bear Market.

The Board and staff discussed liquidity management.

At 8:41 a.m., Chair Bomberger called for a break. Mr. O'Brien left the meeting.

Laws, Rules, and Plan Documents

At 9:02 a.m., the meeting reconvened. Mr. Lindahl gave an educational presentation on Laws, Rules, and Plan Documents.

Cambridge Market Update and 3Q Performance

At 9:38 a.m., Mr. McDonnell presented the market update, providing market highlights. Global equities were flat in Q3. Emerging markets underperformed, but we are seeing some recovery. Trade tensions caused stocks to oscillate. The Chinese economy is decelerating. Bonds continue to rally. The Fed delivered a pair of 25 bp rate cuts. Earnings growth is now at stall speed.

Mr. McDonnell reviewed 3Q performance. Cambridge Associates is working through constructing a performance report with the addition of the three new pools. A revised performance report can be circulated.

Investment Report

Review of September performance and managers

At 9:55 a.m., Mr. Simon provided the total fund performance for September 2019. Long-Term Pool performance (net of fees) was +0.52% in September (+10.00% YTD). Performance of the Implementation Benchmark YTD was +8.86%. Net Investible Assets for the Total Fund is \$5.37 billion.

Portfolio Update:

- Global Public Equity: The portfolio performance slightly lags its benchmark YTD. The active extension managers were the primary detractors for the portfolio.
- Long-Short Equity: The portfolio performance lagged its benchmark for the month but is still solidly ahead YTD. With the exception of Hitchwood (scheduled for redemption), all managers are performing well YTD
- Fixed Income: The portfolio performance is slightly lagging its benchmark YTD. Garcia and Prudential are the primary detractors for under-performance.
- Managed Futures: The portfolio performance declined significantly in September although it has still produced solid performance YTD. The rise in interest rates and decline of the US Dollar were the primary detractors of these strategies in September.
- Absolute Return: The portfolio performance is lagging its benchmark YTD. Both AQR strategies are the primary detractors. Autonomy rebounded some after a significant drawdown in August, primarily attributable to its Argentina exposure. Nantahala is off to a poor start.

- Private Markets: The portfolio strategies (private capital, real assets and real estate) are meeting expectations. YTD relative outperformance will narrow once final 2Q benchmarks are incorporated.

Approval of Investment Policy Statement

Mr. Torres provided a summary of the updates to the Investment Policy Statement proposed today and Mr. Slack explained the changes to the Internal Investment Committee (IIC) process.

At 10:05 a.m., Mr. Torres moved the Board to approve the amendments to the Investment Policy Statement. Mr. Worrell seconded the motion. The motion passed.

Mr. Simon reviewed investment activity. Staff approved commitments to Hudson Ferry Capital III and Banner Ridge Secondary Fund III, both private capital funds. Staff completed the phased-in rebalancing of the glide-path pool.

Mr. Simon reviewed the RVK Peer Survey.

At 10:12 a.m., Chair Bomberger called for a break.

Staff Report

Executive Director Report

At 10:30 a.m., Mr. Slack provided highlights from the staff report. Staff presented to many employer representatives at the October 3 Employer Summit. Staff completed mental health first aid training. Mr. Slack requested permission to speak at the Markets Group Private Equity Latin America Forum in December. The Markets Group will be paying for airfare and lodging, with the FPPA paying for incidental expenses, if the Board approves.

At 10:35 a.m., Mr. Worrell moved the Board to allow Mr. Slack to attend the Private Equity Latin America Forum conference in São Paulo. Mr. Phelan seconded the motion. The motion passed.

The Board confirmed that it will continue with the use of meeting security personnel.

Mr. Slack noted the newsletters and articles found in the Articles tab of the meeting material.

3Q board scorecard

Mr. Slack explained the Board scorecard for the new Board members and reviewed the 3Q scorecard.

General Counsel Report

Mr. Lindahl provided an update on the Wells Fargo litigation. We are still awaiting the final settlement order. The Judge is considering some of the contract attorney's fees as costs rather than attorney's fees.

Pension Review Commission update

Mr. Lindahl provided an update on the October 21 Pension Review Commission hearing. The funding for the Statewide Death & Disability Plan in the proposed legislation will be an issue. Mr. Lindahl updated the Board on the questions posed by legislators and interested persons.

The Board discussed the inaccurate message on the Statewide Defined Benefit Plan proposed legislation included in the Colorado Municipal League newsletter.

Review of Hearing Officers

Mr. Lindahl reviewed the hearing officer reappointments. The Legal Department recommends that FPPA renew the contracts of Thomas Kanan, Eric Moutz, and Randie Thompson.

At 11:02 a.m., Mr. Feeley moved the Board to continue the appointment of Thomas Kanan, Eric Moutz, and Randie Thompson as hearing officers in 2020. Mr. Bomberger abstained from the vote. Ms. Morgan seconded the motion. The motion passed.

Chair's report

Approval of resolutions honoring Todd Bower, Pam Feely, and Nick Nuanes

At 11:04 a.m., Mr. Phelan moved the Board to adopt FPPA resolutions 2019-07, 2019-08 and 2019-09. Ms. Hitchens seconded the motion. The motion passed.

Evaluation of the National Association of Corporate Directors membership and sessions

Ms. Frame provided a review of the National Association of Corporate Directors (NACD) membership, including the meetings and webinars she attended.

Mr. Slack noted that if other Board members are interested in the NACD membership, FPPA could obtain a Board membership. The Board determined that a Board membership would be beneficial in helping board members meet their fiduciary obligations.

Chair's remarks

Chair Bomberger and Mr. Slack noted the educational conference memo, specifically for new Board members, adding that the conferences listed are preapproved for a

Board member to attend.

The Board Holiday Reception will be held on Friday, December 20 at Maggiano's.

At 11:18 a.m., Chair Bomberger declared the meeting adjourned.