

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

**March 11, 2021
10:30 a.m. via Zoom**

- 10:30 a.m. **Call to Order.** *Tammy Hitchens, Chair*
- 10:30 a.m. **Consent Calendar.** *Tammy Hitchens, Chair*
a) Approval of January 28, 2021, Board meeting minutes
- 10:35 a.m. **Cambridge Market Update.** *Brian McDonnell, Cambridge Associates*
- 10:50 a.m. **Investment Report.** *Scott Simon*
a) Investment Report. *Scott Simon*
b) Investment Committee Report. *Guy Torres, Chair*
- 11:10 a.m. **Self-Directed Plans Annual Review**
a) Self-Directed Plans Committee report. *Chip Weule*
b) AndCo presentation. *Annette Bidart, Mike Fleiner*
c) Fidelity presentation. *John Merritt, Lesley Santistevan, Lori Smith, Sam Casad*
- 12:10 p.m. **Break**
- 12:20 p.m. **Staff Reports**
a) Executive Staff Report. *Dan Slack*
b) 4Q Board Scorecard. *Dan Slack*
c) General Counsel Report. *Kevin Lindahl*
d) 2020 Budget Variance report. *Ahni Smith*
e) Web analytics. *Chip Weule*
- 1:00 p.m. **Chair's report.** *Tammy Hitchens, Chair*
a) SWH Plan Task Force update. *Tammy Hitchens, Jason Mantas, Co-Chairs*
b) Other matters

1:20 p.m. **Adjournment**

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FIRE AND POLICE PENSION ASSOCIATION
Minutes – Board Meeting
March 11, 2021

This meeting was held online as a Zoom virtual meeting.

Board Members Present:

Chair Tammy Hitchens, Dave Bomberger, Mike Feeley, Karen Frame, Jason Mantas, Patrick Phelan, Guy Torres, Marisa Pacheco, and John Hoehler.

Staff Members Present:

Chip Weule, Kevin Lindahl, Scott Simon, Elaine Gorton, Mike Sutherland, Austin Cooley, Ben Bronson, Steven Miller, Dale Martin, Scott Bryant Mark Gremmert, Ahni Smith, Rossy Burgin, and Isabel Fernandez.

Cambridge Associates Members Present: Brian McDonnell, Stuart Cameron, and William Craig.

AndCo Consulting Members Present: Annette Bidart, Mike Fleiner

Fidelity Members Present: John Merritt, Lori Smith, Sam Casad, and Lesley Santistevan.

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 10:34 a.m., Chair Hitchens called the meeting to order.

Consent Calendar

Chair Hitchens called for a motion to approve the Consent Calendar:

- Approval of January 28, 2021, Board meeting minutes.

Mr. Bomberger moved to approve the Consent Calendar. Ms. Frame seconded the motion. The motion passed.

Cambridge Market Update

Mr. McDonnell presented the Market Update. The market is becoming slightly volatile as of late. Global Equities are still up 3.5% year to date. Geographic dispersions have been modest, with the UK and Asia doing slightly better than the rest of the world. The Small Cap value index in the United States is up 25% year to date. The Russell 1000 Growth is down 1.5% year to date. Rates have been rising, with the 10-year Treasury being 50 basis points higher than it was at the beginning of the year.

Investment Report

Mr. Simon presented the Investment Report. Finalized performance for 2020 shows the one-year mark at 13.59%, relative to 12.74% Implementation Benchmark, with an outperformance of 85 basis points. The three-year mark shows 9.27% relative to 8.02%, and the five-year mark shows 9.61% relative to 8.84%. With the exception of fixed income – credit, there was outperformance across the board among all the classes.

Mr. Bronson reviewed the Long-Short Equity portfolio. The end of January saw a great deal of volatility with retail-driven trading causing an underwriting risk. The FPPA portfolio didn't have any direct exposure but did see larger than average losses at the end of the January, although nothing outside of expectations. Mr. Simon stated asset allocation for January remains within bounds while Global Public Equity markets continue to rise.

Mr. Torres provided the Investment Committee report. Two new staff members were added to the investment team. Chris Crook is filling a middle office due diligence position and Jane Freda is responsible for data integrity and documentation. Scott Bryant reviewed the 4Q 2020 risk report. Outperformance of the Long-Term Pool came primarily from Global Public Equity and Absolute Return. The Committee discussed risk guardrails around gross equity exposure, assets subject to distressed liquidation and hedge fund class contractual liquidity. Austin Cooley provided an update on the timeline and components of the upcoming Asset Liability Study. Cambridge Associates presented its concurrence memo on the 2020 performance of the Long-Term Pool relative to the Implementation and Policy Benchmarks. The Liquid Strategies Team and Private Markets Team each provided an overview of their investment due diligence process.

Self-Directed Plans Annual Review

After Mr. Lindahl provided an overview and explanation of the Self-Directed Plans Committee for the new Board members, Mr. Weule presented the Self-Directed Plans Committee report. Ahni Smith has been appointed as a voting member of the Committee. The Committee reviewed the Annual Administrative Fee Notice for 2021 and voted to approve it and a communication to members and employers was sent out.

Mr. Fleiner provided an overview of AndCo, governance processes, and how they assist the Self-Directed Plans Committee. Ms. Bidart noted that AndCo is conscientious of fees and highlighted the benefits of moving to CITs in our Target Date Funds. Ms. Bidart went on to review the market environment, the S&P Total Return Index history, and performance.

Mr. Merritt began the Fidelity presentation by presenting investment trends and how the FPPA plan compares to peers. There has been large growth during the last four years with the plan more than doubling in size. Mr. Merritt also noted that the lineup is very well designed, with 20 options offered. There has been an 11.7% return versus 11.1% for peers.

Ms. Smith shared that her team focuses on overall financial wellness including retirement education and guidance. Ms. Santistevan provided an overview of the legislation, rules, and administrative procedures that were enacted in 2020. Ms. Smith stated there has been good growth in the plan, with over a \$90 million increase from 2019 to 2020. Ms. Smith reviewed member engagement, participant asset allocation, participant investments, and loan activity. Mr. Casad noted that 98% of members that were offered appointments attended retirement sessions, with 17% being virtual appointments, and went on to review the Integrated Engagement Plan.

Staff Reports

Mr. Lindahl presented the Staff report. While the executive staff continues to discuss returning to work in the office, the FPPA staff continues to work from home and it's going well. Contractors have been hired to evaluate the FPPA building and provide guidance on the effective lifespan of the building. The executive team has also been researching the cost of leasing alternate space. The 4Q Scorecard shows high marks were assigned to customer service, operations, and external partners. Mr. Lindahl stated the various litigation matters are moving forward as expected.

Ms. Smith presented the 2020 Budget Variance report. FPPA's operating budget of \$8,347,689 was under budget for 2020 with expenditures at 92.64% of budget, for a savings of \$614,021. Professional contracts were over by 5% due to additional work completed on incentive compensation for the Investment Committee. The Asset Based Fees 2020 budget of \$45,381,164 saw expenditures at 96%, for a savings of \$1,813,055.

Mr. Weule presented the Web analytics report. Member and employer surveys have been conducted and the FPPA website is being revamped to make it more intuitive. Google analytics are used to track how members are using the FPPA website.

Chair's Report

Mr. Lindahl presented the Board with the new possible dates for Board offsite meeting. The period of November 3-5, 2021, was chosen. The Board also agreed to have a regular meeting on June 17, 2021.

Mr. Mantas presented an update on the Statewide Hybrid Plan Task Force, explaining the purpose of the task force and issues of the plan.

At 1:17 p.m., Chair Hitchens adjourned the meeting.