

Fire and Police Pension Association of Colorado
Investment Committee
The Pines Lodge
Beaver Creek
June 5, 2019

Agenda

- 1:30 Call to Order
- 1:30 Approval of Minutes
 - February 13, 2019
 - March 14, 2019
- 1:30 Asset Allocation: Long-Term Pool
FPPA Staff and Cambridge Associates
- 2:00 Absolute Return Review
Ben Bronson
- 2:30 Risk Review
Scott Bryant
- 3:00 Break
- 3:15 Core Real Estate
Cambridge Associates
- 3:45 Co-Investments
Scott Simon
- 4:15 Environmental, Social, and Governance (ESG)
Scott Simon
- 4:30 Break
- 4:45 Private Markets Year-End Alternatives Adjustment
Staff Incentive Compensation
Scott Simon and Cambridge Associates
- 5:00 Internal Investment Committee Governance
FPPA Staff
- 5:30 Adjourn

**Fire and Police Pension Association of Colorado
Investment Committee
The Pines Lodge, Beaver Creek
June 5, 2019**

Investment Committee Members Present: Chair Guy Torres, Dave Bomberger, Karen Frame, and Tyson Worrell.

Staff Members Present: Dan Slack, Scott Simon, Kevin Lindahl, Ben Bronson, Scott Bryant, Steven Miller, and Karen Moore.

Others Present: Brian McDonnell, Alex Pekker, and Dwight Keysor, Cambridge Associates (CA).

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.

Call to Order

At 1:30 p.m., Mr. Torres called the meeting to order.

Approval of Minutes

Mr. Bomberger moved to approve the February 13, 2019 and March 14, 2019, meeting minutes. Ms. Frame seconded the motion. The motion passed.

Asset Allocation: Long-Term Pool

At 1:30 p.m., Mr. McDonnell announced that Mr. Keysor will be leaving Cambridge for a new opportunity. Mr. Keysor thanked staff and the Board for the opportunity to work with FPPA.

Mr. Simon provided an introduction and status update on the long-term pool asset allocation. Staff is targeting July 1 for the initial de-risking of the glide path pool. Staff is not recommending any changes to the long-term asset allocation pool at this time.

Mr. Pekker reviewed the capital market class assumptions. The assumptions prepared by Staff and Cambridge for many of the asset classes are substantially similar to existing assumptions, if not equal, with the exception of absolute return, managed futures, and private equity. The difference in the absolute return and managed futures assumptions is due to philosophical approaches. The difference in the private equity assumptions is due to volatility. These differences do not result in a large impact or change the recommendations. Both methodologies utilized have merit. CA finds the FPPA assumptions acceptable. Mr. Pekker reviewed the current and target long term pool asset allocations. The current and target allocations are substantially similar, with more global equity and less private capital allocated in the

current asset allocation. Mr. Pekker reviewed return distributions, the probability of achieving target compound returns, and the efficient region of 30-year assumptions.

The IC approved to recommend the current Long-Term Pool target allocation to the Board.

Absolute Return Review

At 1:48 p.m., Mr. Bomberger moved the Committee to adjourn into executive session to consider and discuss investment information related to FPPA's investment in the absolute return strategy that is deemed proprietary and confidential under the Colorado Open Records Act as allowed under Section 24-6-402 (4)(c) of the Colorado Revised Statutes. Mr. Worrell seconded the motion. The motion passed. The Committee convened into executive session.

Mr. Bomberger moved the Committee to exit executive session. Mr. Worrell seconded the motion. The motion passed. The Committee returned to its regular meeting. Chair Torres stated that no motions were made and no actions were taken during executive session.

Risk Review

At 2:38 p.m., Mr. Bomberger moved the Committee to adjourn into executive session to consider and discuss investment information related to FPPA's portfolio risk that is deemed proprietary and confidential under the Colorado Open Records Act as allowed under Section 24-6-402 (4)(c) of the Colorado Revised Statutes. Mr. Worrell seconded the motion. The motion passed. The Committee convened into executive session.

At 3:04 p.m., Mr. Bomberger moved the Committee to exit executive session. Mr. Worrell seconded the motion. The motion passed. The Committee returned to its regular meeting. Chair Torres stated that no motions were made and no actions were taken during executive session.

At 3:05 p.m., Chair Torres called for a 10-minute break.

Core Real Estate

At 3:15 p.m., the meeting reconvened. Mr. Bomberger moved the Committee to adjourn into executive session to consider and discuss investment information related to FPPA's investment in core real estate that is deemed proprietary and confidential under the Colorado Open Records Act as allowed under Section 24-6-402 (4)(c) of the Colorado Revised Statutes. Mr. Worrell seconded the motion. The motion passed. The Committee convened into executive session.

At 3:30 p.m., Mr. Bomberger moved the Committee to exit executive session. Mr. Worrell seconded the motion. The motion passed. The Committee returned to its regular meeting. Chair Torres stated that no motions were made and no actions were

taken during executive session.

Co-Investments

At 3:31 p.m., Mr. Bomberger moved the Committee to adjourn into executive session to consider and discuss investment information related to FPPA's investment in co-investments that is deemed proprietary and confidential under the Colorado Open Records Act as allowed under Section 24-6-402 (4)(c) of the Colorado Revised Statutes. Mr. Worrell seconded the motion. The motion passed. The Committee convened into executive session.

At 4:20 p.m., Mr. Bomberger moved the Committee to exit executive session. Mr. Worrell seconded the motion. The motion passed. The Committee returned to its regular meeting. Chair Torres stated that no motions were made and no actions were taken during executive session.

The Committee discussed the proposed Investment Policy Statement (IPS) implementing the co-investment selection process. The additional language discussed will be added to the proposed IPS and provided to the IC for recommendation to the Board at July Board meeting.

Environmental, Social, and Governance (ESG)

At 4:23 p.m., Bomberger moved the Committee to adjourn into executive session to consider and discuss investment information related to environmental, social and governance factors that is deemed proprietary and confidential under the Colorado Open Records Act as allowed under Section 24-6-402 (4)(c) of the Colorado Revised Statutes. Mr. Worrell seconded the motion. The motion passed. The Committee convened into executive session.

At 4:55 p.m., Mr. Bomberger moved the Committee to exit executive session. Mr. Worrell seconded the motion. The motion passed. The Committee returned to its regular meeting. Chair Torres stated that no motions were made and no actions were taken during executive session.

At 4:55 p.m., Chair Torres called for a 5 minute break. Messrs. Bronson and Bryant left the meeting.

Private Markets Year-End Alternatives Adjustment & Staff Incentive Compensation

At 5:01 p.m., the meeting reconvened. Mr. Simon explained the private markets year-end alternatives adjustment. CA found the implementation and policy benchmarks through December 2018 to have been reasonably constructed and accurately calculated.

The Committee decided to place the staff incentive compensation plan on a future Committee meeting agenda when all Committee members are present.

Internal Investment Committee Governance

At 5:11 p.m., the Committee discussed the Internal Investment Committee (IIC) governance. The IIC will meet in July to discuss governance and provide their governance suggestions to the Committee.

Adjournment

At 5:34 p.m., Mr. Worrell moved to adjourn the meeting. Ms. Frame seconded the motion. The motion passed. Chair Torres declared the meeting adjourned.