

**Fire and Police Pension Association of Colorado  
Investment Committee (Zoom meeting)  
September 24, 2020**

**Agenda**

- 1:00 Call to Order (start time to follow end of the Board Meeting)
- 1:00 Election of Investment Committee Chair
- 1:05 Approval of Minutes
  - June 9, 2020
- 1:05 Quarterly Risk Report / Performance Attribution  
*Scott Bryant*
- 1:35 ESG - UNPRI  
*Cambridge Associates*
- 2:00 Break
- 2:10 Team Updates  
*FPPA Staff*
- 3:15 Adjourn

This meeting will follow the Board meeting that begins at 7:30 a.m.

Please note this will be a Zoom (virtual) meeting. Details are below:

Join Zoom Meeting

<https://fppaco.zoom.us/j/93686818172?pwd=SnVGOGFUaFdDVTFVZHJrK3h6L0dCdz09>

Meeting ID: 936 8681 8172

Passcode: 384866

One tap mobile

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**Fire and Police Pension Association of Colorado  
Investment Committee  
September 24, 2020**

**This meeting was held as a virtual Zoom meeting.**

**Investment Committee Members Present:** Chair Guy Torres, Dave Bomberger, Karen Frame, and Mike Feeley.

**Staff Members Present:** Dan Slack, Scott Simon, Kevin Lindahl, Ben Bronson, Dale Martin, Kyle Geordan, Sean Ross, Scott Bryant, Steven Miller, Austin Cooley, Chip Weule, Rossy Burgin, Mandy Kamm, and Isabel Fernandez

**Others Present:** Brian McDonnell, Stuart Cameron, Joe Marena, William Craig (Cambridge Associates)

*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 9:02 a.m., Chair Torres called the meeting to order.

**Election of Investment Committee Chair**

Mr. Bomberger nominated Mr. Torres to serve as Chair of the Investment Committee. Ms. Frame seconded the motion. Mr. Torres accepted the nomination. The motion passed.

**Approval of Minutes**

Chair Torres called for a motion to approve the June 9, 2020, meeting minutes. Mr. Bomberger moved to approve, Mr. Feeley seconded. The motion passed.

**Quarterly Risk Report / Performance Attribution**

Mr. Bryant reviewed the presentations from the Portfolio team. The Return Attribution approach includes shadow accounting, which pulls cash flow records out of the custodial system to recalculate all of the returns and reconcile the returns back to the book of record. This process is done every month and it provides a good check and balance. There are two models in this approach; the Implementation Benchmark Attribution model provides a granular view of fund selection impact using individually assigned fund benchmarks. The Policy Benchmark Attribution model provides a high-level view of performance attribution including the asset allocation effect. Mr. Simon stated FPPA is in contact with BNY Mellon to obtain the correct calculations for the implementation benchmark. Mr. Bryant went on to present the Risk Management review stating all the discussion guardrails of the long term pool are within expectations. The Absolute Return portfolio is the largest contributor of leverage and it has marginally increased. The unhedged foreign exchange exposure has increased to \$647 million. Pool liquidity under stressed market conditions remains within expectations. The US dollar had depreciation during the second quarter. Pool liquidity under stressed market conditions remains within expectations. Asia exposures in the long/short portfolio have been increasing with the additions of Asia-focused managers. Securities lending remains on hold as opportunity costs continue to remain low relative to risk. Strategic cash continues to be invested in U.S. Treasuries.

## **ESG – UNPRI**

Mr. McDonnell stated there has been increased attention to ESG. The Principles for Responsible Investment were released by the United Nations in 2006 and it is a member-driven initiative. It's one of the longest standing and most utilized ESG programs. ESG considerations have become material and in the best interest of plan participants and organization from an investment return perspective. UNPRI is a framework of six principles, one of which calls for adopters to report on their activities in this area. The Investment Committee asked that a discussion of this program be placed on an upcoming board meeting agenda.

## **Fee Analysis**

Mr. Simon stated that FPPA used to participate in two surveys to gauge its management fees compared to peers in the industry. Mr. Cameron stated that on an aggregate level the fees paid by the Long Term Pool are closely aligned with peers. FPPA pays 90 basis points on a weighted average versus the median of 97 basis points. The median fee structure was examined for specific asset classes and it was then rolled up into the asset allocation.

In response to Ms. Frame's question, Mr. Simon confirmed the CAFR does more accurately capture the current (lower) level of fees, whereas the Cambridge analysis used some normalized values.

## **Team Updates**

Mr. Martin provided an update on the Private Markets portfolio. The long-term target allocation is currently 30% with a current allocation of 25%. It's a \$1.4 billion portfolio across three sub-asset classes. There are 149 active partnerships across 84 relationships. It's a very large and active portfolio.

Mr. Bomberger moved to adjourn into executive session to discuss confidential private equity investment matters as required by state or federal law as allowed under Section 24-6-402 (4)(c) of the Colorado Revised Statutes. Mr. Feeley seconded the motion. The motion passed.

The Committee returned to its regular meeting. Mr. Torres stated that no formal action was taken during the executive session.

Mr. Bronson went over the Liquid Strategies presentation. Current LTP allocations shows Global Equity at 39.8%, Fixed Income at 15.2%, Long Short at 7.8%, Absolute Return at 9.2% and Managed Futures at 1.7%. Risk assets have bounced back. Equities have shown a wide range of outcomes over recent months as volatility has increased. Global Equity is ahead of its benchmark year to date and continues to transition towards an increased active risk. Fixed Income has underperformed and is behind on its benchmark, due to higher exposure to credit and a lower portfolio duration. The Long Short portfolio has been ahead of its benchmark all year. The Absolute Return portfolio has seen a strong year in 2020 and is ahead of its benchmark. The portfolio can have losses as well as returns, as it is not risk-free, despite the name. Managed futures is ahead in its benchmark for the year and has held up well during periods of severe risk.

Mr. Bryant went over the Process Improvement Summary presentation. Improvements can be achieved by consolidating Risk Management, Operations and Asset Allocation into a single team. This has resulted in several benefits including cross training and increased communication. The Strategic Asset Allocation Report has produced better transparency into current investment exposures.

Mr. Simon stated the Managed Futures class continues to be wound down as a source of liquidity going into year-end. Some of the proceeds will be used to fund the SRA transfer in early January 2021.

At 12:54 p.m., Chair Torres adjourned the meeting.