

**Fire and Police Pension Association of Colorado**  
**Investment Committee (Zoom meeting)**  
**March 11, 2021**

**Agenda**

- 7:30 Call to Order
- 7:30 Approval of Minutes
- December 9, 2020
- 7:30 Quarterly Risk Report & Portfolio Team Update  
*Scott Bryant*
- 7:50 Asset Liability Study  
Timeline Update  
*Austin Cooley*  
Capital Market Assumptions  
*Cambridge Associates*
- 8:10 2020 Performance and Benchmark Concurrence  
*Brian McDonnell, Cambridge Associates*
- 8:20 Investment Due Diligence Overview
- Introduction  
*Scott Simon*
  - Liquid Strategies  
*Ben Bronson*
  - Break
  - Private Markets  
*Dale Martin*  
*Sean Ross*
  - Operational Due Diligence  
*Brian McDonnell, Cambridge Associates*
  - Legal Review Process  
*Steven Miller*
  - Portfolio Team Support  
*Scott Bryant*
  - Internal Investment Committee  
*Dan Slack*
- 10:30 Adjourn

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**Fire and Police Pension Association of Colorado  
Investment Committee  
March 11, 2021**

**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:** Scott Simon, Kevin Lindahl, Chip Weule, Ben Bronson, Dale Martin, Kyle Geordan, Sean Ross, Scott Bryant, Steven Miller, Austin Cooley, Rossy Burgin, Chris Crook, and Isabel Fernandez

**Others Present:** Brian McDonnell, Joe Marena, William Craig, and Barjdeep Kaur; (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 7:30 a.m., Chair Torres called the meeting to order.

**Approval of Minutes**

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

**Quarterly Risk Report & Portfolio Team Update**

Mr. Bryant presented the Quarterly Risk report providing team updates. Two new team members have been added. Chris Crook will be leading the Middle Office reorganization and Jane Freda will be establishing the new data integrity function. An automated document management interface for financial statements, investments, schedule notices, and correspondence has been completed with Hamilton Lane. The reporting interface with BNY Mellon had been reengineered from an email based framework to a secured file transfer interface. Market and liquidity analytic capabilities for the separately managed accounts was added through implementation of the Bloomberg portfolio module.

Mr. Bryant reviewed the two-part system for Performance Attribution – the first one is the Implementation Benchmark and the second is the Policy Benchmark. Mr. Cooley stated it's correct that the Absolute Return allocation has a negative equity exposure but has a positive beta. Mr. Bryant stated that duration for the GPP remains stable at 5.37. This is above the long-term market average of 5.1 but below the current market duration of 6.2. Mr. Cooley went on to state there have been \$430 million overlay trades conducted year to date. This includes \$150 million manager transition, purchase and selling of futures, and standard overlay trades.

## **Asset Liability Study**

Mr. Cooley reviewed the details, timeline, and focus of the Asset Liability study that will be presented to the Investment Committee.

In response to Mr. Feeley's question, Messrs. Cooley, Simon, and Lindahl explained the history and process the Investment Committee follows in presenting the study to the Board for approval.

Mr. Cooley presented the Long Term pool liquidity risk analysis. A higher private capital allocation is being considered. There are 173 highly diverse Volunteer Plans that are fully allocated to the Long Term Pool.

Mr. McDonnell reviewed the Capital Market Assumptions, stating there is a high degree of variability in actual outcomes. There is a very robust assumption process for setting the rank order with the various asset classes and there is nothing at the moment that would require any changes. This is the first year there has been a dedicated credit allocation.

## **2020 Performance and Benchmark Concurrence**

Mr. Simon stated Cambridge Associates was charged with an independent verification of the structure and calculation of the benchmarks.

Mr. McDonnell presented the Performance and Benchmark Concurrence memo and stated there were changes recommended by FPPA that were reviewed and approved.

Mr. Simon stated the memo focuses on the Long Term Pool and is specifically measured against the implementation benchmark specifically for the Long Term pool.

## **Investment Due Diligence Overview**

Mr. Simon began the Investment Due Diligence overview, highlighting FPPA's strategic advantage, challenges and improvements to its due diligence process.

Mr. Bronson reviewed the Liquid Strategies Team Due Diligence process, workflow, and sourcing. FPPA is trying to balance limited resources and the objectives with a clearly defined due diligence process.

Chair Torres asked for a motion to move into executive session. Ms. Frame moved that the Committee adjourn into executive session to discuss confidential investment information as allowed under Section 24-6-402(4)(c) of the Colorado Revised Statutes. Chair Torres seconded the motion. The motion passed.

The Committee returned to its regular meeting. No formal action was taken during the executive session.

Mr. Martin presented the Private Markets Due Diligence process reviewing portfolio construction guidelines, core responsibilities, and reporting requirements. Private Markets is 25% of the total fund with three classes that include Private Capital, Real Assets, and Real Estate. There are 155 active partnerships and 84 managers with \$1.5 billion market value and \$802 million in unfunded

capital commitments as of December 2020. There are 9,000 – 10,000 private funds/managers across the globe with 3,000 – 4,000 funds being raised.

Chair Torres asked for a motion to move into executive session. Mr. Bomberger moved that the Committee adjourn into executive session to discuss confidential investment information as allowed under Section 24-6-402(4)(c) of the Colorado Revised Statutes. Ms. Frame seconded the motion. The motion passed.

The Committee returned to its regular meeting. No formal action was taken during the executive session.

At 10:23 a.m., Mr. Bomberger moved to recess and reconvene at the conclusion of the Board meeting. Mr. Feeley seconded the motion. The motion passed.

At 1:21 p.m., the Committee reconvened.

Mr. McDonnell presented the Operational Due Diligence review, stating there is a dedicated team at Cambridge Associates that focuses on operational due diligence and topics observed include procedures and control, and separation of duties.

Mr. Miller presented the Legal Review Process, stating it is very comprehensive and every document that comes in is thoroughly reviewed.

Mr. Bryant presented the Portfolio Team Support presentation. One of the priorities of the Portfolio Team is to take a fresh look at the onboarding process for new funds. It involves how risk is transitioned while onboarding. Mr. Cooley added that the operational systems are available from the beginning of the investment.

Mr. Lindahl provided the overview of the Internal Investment Committee, reviewing the Committee members, attendees, meeting frequency, and materials reviewed.

At 2:03 p.m., Chair Torres adjourned the meeting.