

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

August 31, 2017
7:30 a.m.

- 7:30 a.m.** Call to Order. *Pam Feely, Chair*
- a) Conflicts disclosure
- 7:35 a.m.** Consent Calendar. *Pam Feely, Chair*
- a) Approval of July 27, 2017, Board meeting minutes.
 - b) Westminster Police Form of Certification of Compliance for the FPPA Defined Benefit System.
- 7:40 a.m.** Investment report.
- a) Review of July performance and managers. *Scott Simon*
 - b) Investment Committee Report. *David Bomberger, Chair of Investment Committee*
- 8:10 a.m.** PCA Quarterly Report and Risk Metrics. *Ryan Lobdell, Pension Consulting Alliance*
- 8:40 a.m.** Break
- 8:55 a.m.** Staff reports.
- a) Executive Director Report. *Dan Slack*
 - b) General Counsel Report. *Kevin Lindahl*
 - c) Analysis of reentry. *Dan Slack*
 - d) Proposed 2018 legislation. *Kevin Lindahl*
 - e) Review of Lombard & Clayton contract. *Kevin Lindahl*

9:55 a.m. Chair's report. *Pam Feely, Chair*

- a) Chair's remarks. *Pam Feely*
- b) 2018 Proposed Board meeting dates. *Pam Feely*
- c) Committee appointments, effective September 1. *Nick Nuanes*
- d) Evaluation of Global Future of Retirement conference. *Todd Bower*
- e) Items for future discussion.

10:15 a.m. Adjournment.

FIRE AND POLICE PENSION ASSOCIATION
Minutes – Board Meeting
August 31, 2017

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

Board Members Present: Chair Pam Feely, Vice Chair Nick Nuanes, Jack Blumenthal, Dave Bomberger, Todd Bower, Tammy Hitchens, Sue Morgan, Guy Torres, and Tyson Worrell.

Staff Members Present: Dan Slack, Kim Collins, Kevin Lindahl, Scott Simon, Elaine Gorton, Beth Hemenway, Ben Colussy, and Karen Moore.

Others Present: Ryan Lobdell, Pension Consulting Alliance, and Manuel and Beverly Esquibel.

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.

At 7:29 a.m., Chair Feely called the meeting to order.

Chair Feely called for any potential conflicts of interest for discussion.

Ms. Hitchens disclosed a potential conflict with item two of the consent calendar, Westminster Police Certification of Compliance for the FPPA Defined Benefit System. Ms. Hitchens recused herself from any discussions on this item.

Mr. Blumenthal, Mr. Bomberger, and Mr. Torres also disclosed potential conflicts regarding the Wells Fargo litigation and will recuse themselves from any discussions on this litigation.

Mr. Torres also recused himself from any substantive discussions on the selection of the Investment Consultant.

Chair Feely presented Mr. Esquibel with an engraved plaque of Resolution 2017-01 thanking him for his service as an FPPA Board Member.

At 7:32 a.m., Chair Feely called for a break.

At 7:45 a.m., the meeting reconvened. Mr. and Mrs. Esquibel left the meeting.

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

- Westminster Police Certification of Compliance for the FPPA Defined Benefit System.

Mr. Bomberger moved to approve this Consent Calendar item without discussion. Mr. Bower seconded the motion. The motion passed.

The Board discussed changes to the July 27, 2017, Board meeting minutes. Mr. Nuanes moved to approve the minutes, as amended. Mr. Torres seconded the motion. The motion passed.

Investment report

At 7:48 a.m., Mr. Simon commenced his presentation of the Investment report.

Review of July performance and managers

Mr. Simon provided the economic recap and fund performance for July 2017. Total Fund performance (net of fees) was +1.44% in July and 7.99% YTD. Implementation benchmark performance was +7.86% YTD. Net Investible Assets for the Total Fund was \$4.86 billion as of July 31, 2017.

Investment Activity:

- Palestra Capital (Long/Short Equity). Staff approved a \$42 million investment in Palestra Capital Fund, LP, a \$1.6 billion long biased long/short equity fund which pursues a fundamentally-driven and concentrated long/short strategy targeting large and mid-cap companies across developed markets.
- Key Quant (Managed Futures). Staff approved a \$30 million - \$50 million investment in Key Trends 15 LLC, a \$250 million medium to long-term systematic trading strategy investing in the most liquid global futures markets. Key Trends targets a volatility of 15%.
- NVM Private Equity (Private Capital). Staff approved a £15 million commitment to NVM Private Equity Vintage III, LP, a £150 million fund focused on small market management buyout opportunities primarily in the UK. This is FPPA's first investment with the manager.
- Commonwealth (Absolute Return). Commonwealth announced that their firm will be acquired by Soros Fund Management. All capital will be returned to investors. FPPA recently made a \$20 million investment.

Mr. Bomberger provided the Investment Committee Report. The next Investment Committee (IC) meeting will be held on October 16. The committee will review responses to the Investment Consultant RFP, which was released on August 8 with responses due back on September 13. Responses will be available to Board members via Dropbox. Interviews will be held in October. The IC's

recommendation will be presented to the Board at the December Board meeting. Time permitting, the IC will review the global equity portfolio construction and continue discussion on the illiquid alternatives implementation plan at the October IC meeting. Mr. Torres will be recusing himself from any substantive discussions on the selection of the Investment Consultant.

Mr. Simon reviewed the results of the survey regarding investment consultants that was distributed to the Board and Investment Staff. Both the Board and Investment Staff chose fees, conflicts of interest, and third-party assets as important issues in the selection of an investment consultant. The Board put the highest importance on fees, reporting, and client service. Investment Staff put the highest importance on research, alternative investments, and asset allocation. Mr. Simon also discussed that FPPA may see higher fees associated with required attendance of the investment consultant at Board, Investment Committee, Self-Directed Plans Committee, and Internal Investment Committee meetings.

Mr. Lobdell, Pension Consulting Alliance, provided a review of the 2Q 2017 Performance Report.

Mr. Lobdell provided a review of the PCA Quarterly Report and Risk metrics.

Staff Reports

Executive Director Report

At 8:16 a.m., Mr. Slack notified the Board of the Employer Summit that was happening next week. If any of the Board would like to attend, they can touch base with Ms. Hemenway.

Mr. Slack provided a brief overview of the Board retreat survey. Based on survey results, we plan on negotiating a return to The Pines Lodge for next year's retreat.

FPPA is conducting interviews of the Chief Benefits Officer finalist candidates.

Mr. Slack discussed firearms in the office and provided the proposed staff policy for discussion. The Board supports the policy and directs staff to perform further research on providing armed security at the office in conjunction with public meetings. Staff will provide that analysis to the Board at a future Board meeting. Mr. Worrell asked that Staff contact local law enforcement for feasibility as a part of its analysis.

Mr. Slack provided an overview of training and consultation on threat assessment provided by John Nicolette.

At 8:43 a.m., Chair Feely called for break.

At 9:00 a.m., the meeting reconvened.

General Counsel Report

Mr. Lindahl presented the litigation report.

Mr. Nuanes moved the Board to adjourn into executive session to discuss and receive legal advice from the General Counsel regarding the Deutsche Postbank litigation, as allowed under Section 24-6-402(4)(b) of the Colorado Revised Statutes. Ms. Hitchens seconded the motion. The motion passed.

Mr. Lobdell left the meeting.

The Board convened into executive session.

At 9:05 a.m., Mr. Bomberger moved to adjourn executive session. Mr. Bower seconded that motion. The motion passed.

The Board returned to regular session. Chair Feely declared that no motions were made and no actions were taken during the executive session.

Mr. Bomberger moved to grant authority to the Executive Director and General Counsel to determine whether FPPA should participate in the Deutsche Postbank litigation. Mr. Bower seconded that motion. The motion passed.

At 9:07 a.m., Mr. Nuanes moved the Board to adjourn into executive session to discuss and receive legal advice from the General Counsel regarding Dolan v. Fire and Police Pension Association, as allowed under Section 24-6-402(4)(b) of the Colorado Revised Statutes. Ms. Morgan seconded the motion. The motion passed.

Mr. Lobdell left the meeting.

The Board convened into executive session.

At 9:15 a.m., Mr. Nuanes moved to adjourn executive session. Mr. Bower seconded that motion. The motion passed.

The Board returned to regular session. Chair Feely declared that no motions were made and no actions were taken during the executive session.

The Board provided direction to the General Counsel regarding the Dolan matter in its executive session.

Mr. Nuanes moved the Board to adjourn into executive session to receive an update from the General Counsel regarding the mediation in the Wells Fargo Case, as allowed under Section 24-6-402 (4)(b) of the Colorado Revised Statutes. Mr. Worrell seconded the motion. The motion passed.

Mr. Blumenthal, Mr. Bomberger, Mr. Torres and Mr. Lobdell left the meeting.

At 9:17 a.m., the Board convened to executive session.

At 9:22 a.m., Mr. Nuanes moved to adjourn executive session. Mr. Bower seconded that motion. The motion passed.

The Board returned to regular session. Chair Feely declared that no motions were made and no actions were taken during the executive session.

Analysis of reentry

Mr. Slack discussed the staff and GRS analysis on the value of the reentry process. Staff believes that the reentry process is beneficial to current membership. Staff does not believe that the reentry process has negatively impacted current membership in the way of services or benefits.

The Board directed Staff to request GRS to provide an actuarial study on COLAs within the Statewide Defined Benefit Plan.

2018 Proposed Legislation

At 9:43 a.m., Mr. Lindahl announced that the Pension Reform Commission will be meeting on September 28. Mr. Lindahl presented the two pieces of legislation to be proposed during the upcoming legislative session for the Board's comment.

The first piece of legislation would allow departments to affiliate with FPPA for all newly hired firefighters and police officers without requiring a vote of existing members and without requiring existing members be given the option of joining FPPA. The second piece of legislation would allow staff to collect health history information electronically, eliminating paper forms. The legislation would also prevent requiring FPPA to prove fraud in order to deny disability benefits when a member omits material health history information.

Review of Lombard & Clayton contract

Mr. Lindahl presented the proposed contract to renew the legislative services of Lombard & Clayton, Inc.

Mr. Bower moved the Board to approve the renewal of the Lombard & Clayton, Inc. contract for legislative services. Ms. Morgan seconded that motion. The motion passed.

Chair's Report

2018 Proposed Board meeting dates

The Board discussed the 2018 proposed meeting dates and found no conflicts.

Committee appointments, effective September 1

Mr. Nuanes appointed Ms. Morgan and Ms. Hitchens to the Budget Committee with Ms. Morgan as Chair.

Mr. Nuanes appointed Ms. Feely, Mr. Blumenthal, and Mr. Nuanes to the Audit Committee with Ms. Feely as Chair.

Mr. Nuanes appointed Mr. Bomberger, Mr. Bower, Mr. Worrell and Mr. Torres to the Investment Committee (IC). The IC will elect the IC Chair at the upcoming IC meeting.

Mr. Bower provided his evaluation of the Global Future of Retirement conference.

There were no items for future discussion.

Mr. Nuanes moved to adjourn the meeting. Mr. Bower seconded that motion. The motion passed.

At 10:01 a.m., Chair Feely declared the meeting adjourned.