

FPPA Investment Committee

January 26, 2017

12:30 - 3:30 p.m.

Agenda

- 12:30 Minutes Approval (Nov 14, 2016)
- 12:30 Asset Liability Study
 - Overview of Process
 - Capital Market Expectations
 - Risk Tolerance Discussion
- 1:30 Economic Assumptions Review Proposal
- 1:50 Break
- 2:00 Risk Management - CAISSA Implementation Update
- 2:20 Liquidity Analysis
- 2:40 Annual Updates
 - Implementation Benchmarks
 - Commitment Pacing
 - Year End Alternative Valuation Adjustment
- 3:00 Investment Costs - Follow up on Survey Results
- 3:10 Investment Consulting
- 3:20 Portfolio and Investment Activity Update
 - Fixed Income Manager Search
 - Citadel - Absolute Return
- 3:30 Adjourn

**Fire and Police Pension Association
Investment Committee**

**Minutes
January 26, 2017**

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

Investment Committee Members Present: Dave Bomberger – Chair, Tyson Worrell, Todd Bower, Guy Torres.

Investment Committee Members Absent: None

Staff Members Present: Dan Slack, Kevin Lindahl, Scott Simon, Austin Cooley, Dale Martin, Ben Bronson, Sean Ross, Scott Bryant, Jessica Hsu, Claud Cloete.

Others Present: John Linder and Ryan Lobdell of PCA.

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.

The meeting was called to order at 1:05 p.m.

The Committee approved the minutes from the November 14, 2016 meeting.

Investment Matters:

Asset Liability Study: Mr. Simon and Mr. Cooley presented materials supporting the upcoming asset liability study. The goal of this meeting was to develop a better sense of the current risk tolerance of the Committee. Mr. Simon provided an overview of the process. Mr. Cooley provided details on the recommended capital market expectations. The Committee discussed the sensitivities of various risk measures across several example investment portfolios. COLA scenarios were presented that were different from historical projections, in particular relative to scenarios presented during the 2014 member election. The Committee asked staff to present additional information on the history and future of projected COLAs at a subsequent meeting.

Risk Management: Mr. Bryant provided an overview of CAISSA, FPPA's new total fund risk management system. Mr. Bryant demonstrated some of the functionalities of the system. Mr. Bryant provided an update on the anticipated timing for the remaining items which still needed to be implemented in the system.

Liquidity Analysis: Mr. Bryant provided an analysis of the Total Fund Liquidity. The analysis showed long-term cash forecasts from various sources and uses of funds. Mr. Bryant discussed the liquidity ratios utilized to measure portfolio liquidity under portfolio stress scenarios. The Committee was comfortable that the

analysis supported the ability for FPPA to increase exposure to illiquid alternatives.

Annual Updates: Mr. Simon provided the Committee with an update on changes made during the year with FPPA's implementation benchmarks. The most notable change was the implementation of a 25% hedged benchmark for the currency overlay program. Mr. Simon provided an update and sought the Committee's approval for a \$200-\$300 million commitment pacing range for the illiquid alternatives portfolio. The Committee approved. Mr. Simon disclosed the year-end alternatives valuation adjustment process resulted in a \$12.3 million write up to the portfolio.

Investment Consulting: Mr. Bomberger disclosed PCA's request to renegotiate its fees now that the Committee will be meeting quarterly in person. Mr. Bomberger directed staff and PCA to propose a new rate at an upcoming meeting. Mr. Bomberger also noted PCA's contract was up at the end of 2017. Given the last formal consultant search was over ten years ago, Mr. Bomberger suggested that FPPA should conduct one this year. The Committee approved the search with Guy Torres recusing himself from the vote.

Time restrictions did not allow the discussion of the following agenda items:

- Economic Assumptions Review Proposal
- Investment Costs - Follow up on Survey Results
- Portfolio and Investment Activity

Adjourn: The meeting was adjourned at 3:50 p.m.