

**Fire and Police Pension Association of Colorado
Investment Committee
April 13, 2017**

Agenda

- 8:00 Call to Order
- 8:00 Minutes Approval (Feb 23, 2017)
- 8:00 Managed Futures – portfolio construction discussion
- *Austin Cooley*
 - *Graham Robertson, AHL*
- 9:00 Asset Liability Study – recommendation
- 10:00 Investment Matters
- a. Illiquid Alternatives – resources discussion
 - b. Investment Costs – follow up on survey results
 - c. Investment Consultant RFP - timeline
 - d. Investment Activity - Update
- 11:00 Adjourn
- Article: Meeting the Challenge of CPI +5%

**Fire and Police Pension Association
Investment Committee**

**Minutes
April 13, 2017**

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

Investment Committee Members Present: Dave Bomberger – Chair, Todd Bower (joined at 9:45), Guy Torres, Tyson Worrell.

Investment Committee Members Absent: None

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

Others Present: John Linder and Ryan Lobdell of PCA. (via phone) Graham Robertson of AHL.

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 8:00 a.m.

The Committee approved the minutes from the February 23, 2017 meeting.

Investment Matters:

Managed Futures: Mr. Robertson provided an educational overview of managed futures strategies and an introduction to AHL's Pure Momentum Plus Program currently being utilized by FPPA. The Committee discussed the basic concepts of momentum strategies, which securities were utilized, historical performance and AHL's investment process. Mr. Robertson answered questions from the Committee. Mr. Robertson left the meeting at 8:33.

Mr. Cooley presented an overview of FPPA's current managed futures portfolio. Mr. Cooley presented the risk and return expectations of the current portfolio. Mr. Cooley proposed the concept of increasing the volatility target which could increase the efficiency of the portfolio. The Committee discussed the risk and return expectations of a higher volatility portfolio. The Committee also discussed the appropriateness of changing the benchmark for the class if such a change were to occur. After further discussion, the Committee approved the managed futures portfolio construction plan as detailed in the presentation.

Asset Liability Study: Mr. Simon provided an update to the Asset Liability Study Process. Staff is recommending the ability to increase the total illiquid alternatives target allocation to 30% (up from the current 23%). This would be implemented

over several years. The Total Fund would maintain a meaningful aggregate allocation of 20% to the three hedge fund strategies. The Committee discussed specific merits of the managed futures and long/short equity classes. Overall the Committee was supportive of the recommended target allocations.

Investment Costs: As a follow up to the Board's inquiry regarding a recent RVK survey which showed higher FPPA investment costs relative to its peers, staff engaged RVK to provide a deeper analysis of the data. The analysis concluded that FPPA's costs are reasonable given our allocations and structures.

Investment Consultant RFP: Mr. Simon provided a potential timeline of for FPPA to issue and evaluate investment consultant RFP's. Mr. Torres highlighted that he will need to abstain from the process. The Committee was comfortable with the time frame and their anticipated role in the process.

Illiquid Alternatives Resources: Mr. Simon highly some the potential additional resources needed if FPPA were to proceed towards a higher allocation to illiquid alternatives. The Committee discussed resources such as a consultant, additional staff, systems and compensation structures.

Investment Activity: Mr. Simon highlighted recent investment activity to the Committee.

Proper motion and second was given to adjourn into executive session to discuss the details of the recommendations. The recommendation contained confidential and proprietary information and is therefore not subject to public disclosure under the Colorado Open Records Act. The executive session was allowed pursuant to Section 24-6-402(4)(a). The motion passed and the Committee went into executive session.

The Committee exited executive session. No actions were taken.

Adjourn: The meeting was adjourned at 10:30 a.m.