

Fire & Police Pension Association
Board of Directors Meeting Agenda

September 28, 2017
7:30 a.m.

7:30 a.m. Call to Order.

- a) Board to elect chair for meeting
- b) Recognition of new board member
- c) Conflicts disclosure

7:35 a.m. Consent Calendar.

- a) Approval of August 31, 2017, Board meeting minutes.

7:40 a.m. Hearing Regarding Amendments to Rules and Regulations. *Michael Sutherland*

- a) FPPA Rules and Regulations and Statewide Hybrid Plan Regulations, Resolution No. 2017-04
- b) Statewide Money Purchase Plan Document, Resolution No. 2017-05
- c) Statewide Hybrid Plan Document, Resolution No. 2017-06
- d) Colorado Springs New Hire Pension Plan Rules and Regulations, Resolution No. 2017-07
- e) Termination of the Model FPPA Deferred Compensation Plan and Adoption of the FPPA Multi-Employer Deferred Compensation Plan, Resolution No. 2017-08

9:10 a.m. Break

9:20 a.m. Investment report. *Scott Simon*

- a) Review of August performance and managers.
- b) Investment Committee Report.
- c) Sudan Divestment Compliance

9:50 a.m. Audit Committee Report. *Chair Pam Feely*

- a) Update re September 19 meeting
- b) Update to Audit Procurement Policy

10:20 a.m. Wells Fargo Derivative Litigation Status Report. (Executive Session)
Joy Kruse, Esq., Lieff Cabrasser Heimann & Bernstein

10:50 a.m. Break

11:00 a.m. Staff report.

- a) Executive Director Report. *Dan Slack*
- b) Strategic plan document. *Dan Slack*
- c) General Counsel Report. *Kevin Lindahl*
- d) Other matters

11:45 p.m. Chair's report.

- a) Chair's remarks.
- b) Other matters.

12:00 p.m. Adjournment.

FIRE AND POLICE PENSION ASSOCIATION
Minutes – Board Meeting
September 28, 2017

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

Board Members Present: Chair Pam Feely, Todd Bower, Tammy Hitchens, Guy Torres, Shawn Turner, and Tyson Worrell.

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

Others Present: Holly Faddis, Stevens-Koenig Court Reporting; Ryan Lobdell and Neil Rue, Pension Consulting Alliance; and Joy Kruse, Lief Cabraser Heimann & Bernstein.

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 7:33 a.m., Chair Feely called the meeting to order.

Mr. Worrell moved the Board to elect Pam Feely as the temporary Chair of today's Board meeting due to the absence of both the Board Chair and Vice Chair. Mr. Torres seconded the motion. The motion passed.

Chair Feely introduced new Board member, Shawn Turner. Board members and staff introduced themselves.

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

Mr. Torres disclosed a potential conflict regarding the Wells Fargo litigation and will recuse himself from any related discussions.

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

- Approval of August 31, 2017, Board meeting minutes.

Ms. Hitchens moved to approve this Consent Calendar without discussion. Mr. Torres seconded the motion. The motion passed.

Hearing Regarding Amendments to Rules and Regulations and to Plan Documents

At 7:38 a.m., Chair Feely began the Public hearing regarding amendments to rules and regulations and to plan documents.

Mr. Lindahl explained the rule-making and legislative process.

Mr. Sutherland presented the proposed amendments to the rules and regulations and to plan documents as follows:

- FPPA Rules and Regulations and Statewide Hybrid Plan Regulations, Resolution No. 2017-04.
- Statewide Money Purchase Plan Document, Resolution No. 2017-05.
- Statewide Hybrid Plan Document, Resolution No. 2017-06.
- Colorado Springs New Hire Pension Plan Rules and Regulations, Resolution No. 2017-07.

Mr. Sutherland and Mr. Lindahl addressed questions from the Board. No questions or comments were received from the public or from employers.

Mr. Worrell moved the Board to adopt Resolution 2017-04 which sets forth amendments to the FPPA Rules and Regulations and the Statewide Hybrid Plan Regulations. Mr. Torres seconded the motion. The motion passed.

The Board and staff agreed that clarification will be added to procedures specifying that any revenue sharing for the self-directed plans will be returned to the participant's account whose account earned the revenue sharing, not to all participants.

Mr. Worrell moved the Board to adopt Resolution 2017-05 which sets forth amendments to the Statewide Money Purchase Plan Document. Mr. Torres seconded the motion. The motion passed.

Mr. Torres moved the Board to adopt Resolution 2017-06 which sets forth amendments to the Statewide Hybrid Plan Document. Mr. Worrell seconded the motion. The motion passed.

Mr. Torres moved the Board to adopt Resolution 2017-07 which sets forth amendments to the Colorado Springs New Hire Pension Plan Rules and Regulations. Mr. Worrell seconded the motion. The motion passed.

Mr. Sutherland presented the proposed termination of the Model FPPA Deferred Compensation Plan and adoption of the FPPA Multi-Employer Deferred Compensation Plan, Resolution No. 2017-08.

Mr. Torres moved the Board to adopt Resolution 2017-08 which terminates the Model FPPA Deferred Compensation Plan Document and adopts the FPPA Multi-Employer

Deferred Compensation Plan. Mr. Worrell seconded the motion. The motion passed.

At 8:34 a.m., Chair Feely closed the public hearing and called for a break. Ms. Witsell left the meeting.

At 8:49 a.m., the meeting reconvened.

Investment report

Mr. Simon commenced his presentation of the Investment report.

At 8:52 a.m., Ms. Faddis left the meeting.

Review of August performance and managers.

Mr. Simon provided the economic recap and fund performance for August 2017. Total Fund performance (net of fees) was +0.96% in August and 9.02% YTD. Implementation benchmark performance was +8.30% YTD. Net Investible Assets for the Total Fund were \$4.63 billion as of August 31, 2017.

Portfolio Update:

- Global Public Equity: Portfolio performance slightly exceeded its benchmark for the month adding to its outperformance YTD. Manager outperformance YTD is partially offset by currency hedging losses. Driehaus and the Emerging Markets Equity portfolio had strong relative performance YTD.
- Equity Long/Short: The portfolio exceeded its benchmark for the month adding to its outperformance YTD. Southpoint and Palestra were the largest contributors.
- Fixed Income: The portfolio slightly lagged its benchmark for the month and YTD. Manulife and Prudential were the detractors.
- Managed Futures: A reprieve from the drawdown, the portfolio produced two positive months of performance. Performance is still within expectations for the class, but it's still had a difficult one-year period.
- Absolute Return: The portfolio slightly lagged its benchmark for the month and YTD. Hutchin Hill and MKP were detractors.
- Illiquid Alternatives: The portfolio had some positive performance as the 2Q valuations have been reported. The portfolio still lags the implementation benchmark given the poor performance of the real assets portfolio. The policy benchmark of public equity +200 bps continues to significantly outperform the portfolio over the last year.

Sudan Divestment Compliance

FPPA is in compliance with the Sudan Divestment legislation. FPPA sent a letter to Siemens AG asking the company to clarify and, if any, cease active business operations in Sudan. If non-compliant to our request, FPPA will work with the separately managed portfolios to divest of this security.

Investment Committee Report

At 8:57 a.m., Messrs. Torres, Rue, and Lobdell left the meeting.

Mr. Simon updated the Board on the Investment Consultant search. The Investment Committee (IC) will review candidate responses and decide who to interview on October 30. The IC will complete interviews, on site diligence, and will make a recommendation to the Board at the December Board meeting.

Messrs. Torres, Rue, and Lobdell rejoined the meeting.

At 9:07 a.m., Ms. Hitchens moved the Board to adjourn into executive session to discuss confidential matters regarding EnerVest XII as allowed under Section 24-6-402 (4)(c) of the Colorado Revised Statutes. Mr. Torres seconded the motion. The motion passed.

Mr. Slack stated that staff and Ms. Kruse may stay during executive session.

The Board convened into executive session.

At 9:34 a.m., Mr. Bower joined the meeting and moved to adjourn executive session. Mr. Torres seconded the 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.

Audit Committee Report

Chair Feely provided an update on the September 19 Audit Committee meeting, including the proposed Audit Procurement Policy updates.

Ms. Hitchens moved the Board to approve the amendments to the Audit Procurement Policy as recommended by the Audit Committee. Mr. Worrell seconded the motion. The motion passed.

Mr. Torres left the meeting.

Wells Fargo Derivative Litigation Status Report

Mr. Lindahl provided summary of items to be discussed and introduced Ms. Kruse.

Mr. Worrell moved the Board to adjourn into executive session to receive legal advice regarding Wells Fargo litigation as allowed under Section 24-6-402 (4)(b) of the Colorado Revised Statutes.

Mr. Bower seconded the motion. The motion passed.

At 9:41 a.m., the Board convened into executive session.

At 10:06 a.m., Mr. Bower moved to return to regular session. Ms. Hitchens seconded that motion. The motion passed.

The Board moved into regular session. Mr. Torres rejoined the meeting.

Chair Feely declared that no motions were made and no actions were taken during the executive session and called for a break. Ms. Hemenway left the meeting.

Staff Report

At 10:20 a.m., the Board returned to regular session.

Executive Director Report

Mr. Slack announced that Chip Weule the new Chief Benefits Officer will start October 2.

Mr. Slack provided a review of his recent meeting with the Council of Institutional Investors.

Ms. Collins announced that new, online self-service applications for retirees were rolled out the past month. Within hours of the roll-out, we had retirees logging in and using the new services.

Mr. Slack mentioned that new videos on FPPA's commitment to its members and on reentry are now, respectively, available on FPPA's website and the reentry website.

Strategic plan document

At 10:28 a.m., Mr. Slack directed the Board to the Strategic Plan document included in the meeting materials and provided history on the plan to Mr. Turner. Mr. Slack noted the SWD&D plan and COLA expectations were ripe for future policy discussion and consideration in 2018.

Mr. Slack highlighted the glossary added to the reference section of the Board materials. The glossary will be expanded.

Mr. Slack also highlighted certain articles provided with the meeting materials. He also noted that articles included with the meeting materials are not necessarily endorsed but are provided for the Board's reading.

General Counsel Report

At 10:38 a.m., Mr. Lindahl presented the litigation report.

Messrs. Slack, Lindahl, and Simon will be presenting and proposing legislation to the Pension Reform Commission later in the afternoon.

There were no other matters for discussion.

Chair's Report

Chair's remarks

Chair Feely noted that there were no items for discussion.

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

At 10:40 a.m., Chair Feely declared the meeting adjourned.