<table>
<thead>
<tr>
<th>Time</th>
<th>Agenda item</th>
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<tr>
<td>7:30 a.m.</td>
<td>Call to order&lt;br&gt;Cliff Stanton, Chair</td>
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<td>Approval of February 28, 2013, Board meeting minutes</td>
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<td><strong>Consent Calendar</strong>&lt;br&gt;Certification of Compliance- Partial Entry into the FPPA Defined Benefit System- City of Englewood (Police Department.)</td>
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<tr>
<td>7:35 a.m.</td>
<td>Investment report&lt;br&gt;Scott Simon</td>
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<td></td>
<td>1. Review of February 2013 performance</td>
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<td>2. Review of managers</td>
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<td>3. Sudan divestment review</td>
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<td>4. Other matters</td>
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<td>8:05 a.m.</td>
<td>Annual Self-directed plans update&lt;br&gt;David Thompson, Suzanne Rogers, Fidelity</td>
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<td>2. Plans – performance review&lt;br&gt;Mike Fleiner, Annette Bidart, Bidart &amp; Ross</td>
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<td>9:35 a.m.</td>
<td>BREAK</td>
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<td>9:50 a.m.</td>
<td>Annual Commitment Pacing Recommendation&lt;br&gt;Investment Staff</td>
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<td>10:20 a.m.</td>
<td>Educational Session: Momentum Investment Strategies&lt;br&gt;John Linder - PCA</td>
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<tr>
<td>10:50 a.m.</td>
<td>BREAK</td>
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<td>11:00 a.m.</td>
<td>Investment Recommendation&lt;br&gt;AQR Emerging Defensive Equity&lt;br&gt;Andrea Frazzini, Bill Latimer</td>
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<td>12:00 p.m.</td>
<td>BREAK - Lunch</td>
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12:30 p.m. **Staff report**

1. CEO report  
   *Dan Slack*
2. Legal report and legislative update  
   *Kevin Lindahl*
3. Other matters

12:40 p.m. **Chairman’s report**  
*Cliff Stanton, Chair*

12:45 p.m. **Adjourn**
Fire and Police Pension Association
Minutes – Board of Directors Meeting
March 21, 2013

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

Board Members Present: Chair Cliff Stanton, Vice Chair Sue Eaton, Lyle
Hesalroad, Todd Bower, Jack Blumenthal and Pam Feely

Tyson Worrell attended via telecom

Staff Members Present: Dan Slack, Kevin Lindahl, Gina McGrail, Kim Collins, Scott
Simon, Jacquette Tara, Austin Cooley, Curt Huntsman, Ben Bronson and Jessica Hsu

Others Present: John Linder, Neil Rue, Pension Consulting Alliance; Annette
Bidart, Mike Fleiner, Bidart & Ross; David Thompson and Suzanne Rogers,
Fidelity; Andrea Frazzini and Bill Latimer, AQR

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.

At 7:30 a.m., Chairman Cliff Stanton called the meeting to order.

Chair Stanton called for a motion to approve the minutes of the February 28, 2013,
Board meeting minutes. Mr. Bower moved to approve the minutes. Mr. Hesalroad
seconded the motion. The motion carried with Pam Feely abstaining.

Consent Calendar

Chair Stanton called for a motion to approve the Consent calendar. Mr. Bower moved
to approve the calendar. Mr. Hesalroad seconded the motion. The motion carried
with Sue Eaton abstaining.

Investment Report

Mr. Simon provided the economic recap and fund performance for February.
Unfortunately, after a strong start to the month, volatility in the market caused a
very flat closing of February. Generally very strong equity markets for YTD. Total
Fund “preliminary” performance for February was **+33%** (net of fees). Total Fund
1-year performance is at +8.71% compared to its composite benchmark +8.81%.

In 2009, FPPA made a $20 million commitment to the *MetWest Enhanced TALF
Strategy Fund*. The fund recently made its final distribution. This was FPPA’s first
investment in the Opportunistic Portfolio and it has met expectations in producing a net 11.3% annualized return.

Alternative cash flows accelerated in February. YTD distributions of $17.9 million have exceeded capital calls of $13.7 million.

Investment Staff is recommending the retention of AQR Capital Management for their Emerging Defensive Equity Fund. AQR is the replacement manager for the emerging markets equity mandate recently managed by JPMorgan.

Investment Staff recommended a $15 million commitment to Catterton Partners Fund VII, L.P. a private equity manager that focuses on the consumer sector.

Investment Staff recommended a $10 million commitment to real-asset manager EnerVest Energy Institutional Fund XIII-A, L.P.

Mr. Simon presented the semi-annual report showing FPPA’s compliance with the Sudan Divestment Legislation.

Mr. Slack shared that Investment Staff has verified that the FPPA only has minimal investment exposure to gun manufactures. There is some exposure through the broad market indices such as MSCI, but no active exposure.

**Investment Risk Committee Report**

The IRC met twice since the last Board meeting. Austin Cooley provided an overview of the Investment Staff’s recommendation to contribute an additional $14 million to Samlyn, an existing manager within the low beta long/short absolute return portfolio. The IRC requested and staff agreed to provide additional diligence information on the underwriting process supporting the recommendation.

The Investment Staff and GAM (fund of hedge funds) are exploring the appropriateness of raising the volatility profile and increasing the manager concentration within the portfolio.

Due to denial of adequate information and access to the general partner necessary to perform due diligence, the Investment Staff recommended passing on KPS Special Situations.

The Pension Consulting Alliance Risk Metrics report will now be included on a monthly basis in the Board packet. The normal practice of covering this report with the Board on a quarterly basis will continue.

At 7:50 a.m., David Thompson and Suzanne Rogers (Fidelity) entered the meeting.

**Staff Report**
Mr. Slack gave an update on Colorado Springs’ Pension Task Force and the proposed voluntary transition. Ms. McGrail and Mr. Slack had a telephone conversation with the Chief Financial Officer of Colorado Springs. With FPPA’s upcoming election and other timing issues it was requested that the Mayor of the City agree to withhold proceeding forward until FPPA’s election process has finalized.

Mr. Slack spoke about the Board technology allowance now in place.

Two trustee vacancies remain on the FPPA Board. Mr. Slack recently had a conversation with someone interested in the Municipal Employer position. Ms. Eaton has referred someone for the Disability Claims Administration position. Ms. Pacheco, Head of the Boards and Commissions office of the Governor’s office emailed information to Mr. Slack on two potential candidates, both are employees at Pinnacle.

**Litigation Report**

Mr. Lindahl updated the Board on FPPA’s legal matters. FPPA’s liability bill (SB-13-080) has passed both houses and is awaiting signature by the Governor.

A draft has been created and a sponsor found (Representative Thomas Exum from Colorado Springs, a retired firefighter), for FPPA’s plan amendment bill (SB-13-240) requesting changing the election process so that a “non” vote is not counted.

At 8:10 a.m., Ms. Bidart and Mr. Fleiner (Bidart & Ross) entered the meeting.

### Self-Directed Plans Annual Review

Ms. Bidart and Mr. Fleiner (Bidart & Ross) presented the 2012 year-end quarterly report and monthly flash performance report through February 2013. The presentation included a general market overview and investment performance for FPPA’s Self-Directed Plans.

Mr. Fleiner discussed the overall status of active and passive managers based on relative performance, risk profile, portfolio characteristics and style traits of the funds. One fund (Perkins mid cap), is currently on the watch list. Investment performance has had a strong start for 2013.

Ms. Bidart talked about the design, strategy and equity exposure of FPPA’s target-date funds. Bidart & Ross worked with Ms. McGrail on designing communication tools that will make the message clearer for the members to assist them in understanding the benefit of these target-date funds.

Ms. Rogers and Mr. Thompson continued with a presentation on FPPA’s self-directed plans and the Portfolio Advisory Service at Work (PAS-W).
At 9:35 a.m., Chair Stanton called for a break, Mike Fleiner, Annette Bidart, Suzanne Rogers and David Thompson left the meeting. At 9:45 a.m., the meeting reconvened. Dale Huntsman and Sean Ross joined the meeting.

2013 Annual Commitment Pacing Plan

Mr. Simon presented the Investment Staff’s analysis and recommendation for the 2013 Annual Commitment Pacing Plan:
- $120 million to Private Capital
- $20 million to Real Assets
- $20 million to Opportunistic

Mr. Bower moved to approve the proposed 2013 Pacing Plan. Mr. Blumenthal seconded the motion. The motion passed.

Mr. Simon highlighted the following considerations for the Alternative Growth Investments classes relative to the upcoming asset liability study:
1. Open architecture management of the Alternative Growth Investments Class.
2. Increased allocation to Alternative Growth
3. Appropriately modeling the risks of the class.
4. Effects of the current and future use of the secondary market to actively manage the portfolio.
5. Implementation Risk

Modeling Private Capital for Asset Allocation studies

Mr. Cooley discussed implementation issues and liquidity risk involved in modeling private capital for asset allocation studies.
- The Problem
  - Assets are valued only four times a year
  - A mix of techniques and valuation methodologies
- Traditional Approach
  - Adjust volatility risk to compensate for the illiquidity risk
  - Results in premium over equities and a volatility higher than equities
- FPPA’s proposed approach
  - Possibility of using the experienced returns of private capital in modeling
Private capital acts as both a return enhancer and risk reducer, a function of the alpha of the class and the smoothed nature of the return.

**Educational Session**

**Momentum**

Mr. Linder began the presentation on Momentum Investment Strategies covering:
- Introduction to Risk Premiums
  - Equity Risk Premium and Fixed Income Term Premium
- Momentum: An Alternative Risk Premium
  - “Value” Effect
  - “Momentum” Effect
- Why it exists and how it fits in the market place
- How the market adjusts prices and its behavior
- Ways in which it could benefit a portfolio

**Trend Following**

Mr. Cooley continued with a discussion on Trend Following covering:
- Viewed as an alternative Beta
- Goal is to obtain exposure: cheaper and liquid
- Focus on buying momentum.
- A very volatile class – look at it as long-term with market risk premium with volatility and drawdowns much like equities

At 11:17 a.m., Dale Martin left the meeting

Mr. Cooley briefed the Board on some key issues surrounding the recommendation of AQR:
- Replacement for the recently terminated JP Morgan
- To enhance the risk return profile of the class
- Add additional diversification within the equity portfolio
- Reduce management fee expense

At 11:25 a.m., Chair Stanton called for a break. At 11:30 a.m., the meeting reconvened, Bill Latimer and Andrea Frazzini (AQR) joined the meeting and Ben Bronson left the meeting.

**AQR Recommendation**

Mr. Latimer provided a history and background on AQR’s systematic investment approach to low beta anomaly and defensive equity portfolios.

Mr. Frazzini described AQR’s stock selection team being responsible of the research and implementation of all the equity strategies as opposed to a dedicated defensive team or long-only team. The presentation continued with AQR’s *Betting Against*
Beta presentation.

At 12:45 p.m. Mr. Latimer and Mr. Frazzini, Austin Cooley, Curt Huntsman, Sean Ross and Jessica Hsu left the meeting.

Mr. Bower moved to staff’s recommendation to allocate $106 million to AQR Emerging Defensive Equity Fund Ltd. (AQR EM). Mr. Blumenthal seconded the motion. The motion passed.

Chairman’s Report

A discussion surrounded FPPA’s contract with Bidart & Ross. The Board agreed to remain under current contract with Bidart & Ross.

At 12:58 p.m., Mr. Simon left the meeting.

At 1:05 p.m., Mr. Blumenthal moved to adjourn the meeting. Mr. Hesalroad seconded the motion and the motion passed. The meeting adjourned.