

ADAMS COUNTY RETIREMENT BOARD MEETING

**MINUTES - REGULAR MEETING
4430 SOUTH ADAMS COUNTY PARKWAY
RETIREMENT CONFERENCE ROOM, SUITE C3414
BRIGHTON, COLORADO 80601**

AUGUST 6, 2013

BOARD MEMBERS PRESENT

Ben Dahlman – Vice-Chairman
Michael McIntosh – Secretary
Marlise Bruno

BOARD MEMBERS EXCUSED

Joe Pacyga – Chairman
Brigitte Grimm –Treasurer

ADMINISTRATIVE STAFF

Pamela Mathisen, Executive Director
Debbie Haines, Senior Benefits Manager (Corresponding Secretary)

ACTUARIAL STAFF

None

LEGAL COUNSEL

Davis Graham & Stubbs, LLP – Vicki Johnson
Davis Graham & Stubbs, LLP – Kevin Teng

INVESTMENT CONSULTANTS

Watershed Investment Consultants – Dale Connors

OTHER ATTENDEES

PIMCO – Matt Clark – Senior Vice President
Susan Dobbs – Rangeview Library District
Lew Quigley – Arapahoe County – Executive Director

Called to Order: 1:58 P.M.

SPECIAL PRESENTATION

PIMCO Unconstrained Bond Fund

Mr. Clark began with an overview of the PIMCO Unconstrained Bond Fund. He indicated that the Unconstrained Bond Fund is really a fixed income bond focused fund. Mr. Clark indicated that the Unconstrained Bond Fund captures PIMCO's best ideas drawing on PIMCO's investment process and expertise without fixed income benchmark related constraints. He stated that the Unconstrained Bond Fund has the flexibility to adjust interest rate sensitivity beyond the traditional core total return mandate. Mr. Clark indicated that the Unconstrained Bond Fund has a broader investment universe with fewer systematic biases that helps capitalize on the global opportunity set. He stated that this allows PIMCO to focus on the highest conviction strategies and to reduce or eliminate undesired exposures. Mr. Clark stated that the Unconstrained Bond Fund has duration of -3 years to +8 years vs. +/-2 years relative to the index duration.

After some discussion the Board thanked Mr. Clark for his presentation on the PIMCO Unconstrained Bond Fund.

EXECUTIVE SESSION

None

EMPLOYEE/RETIREE CORRESPONDENCE

None

REGULAR BUSINESS SESSION

Ms. Haines commented that the July 2013 Board Meeting minutes were amended by Davis Graham & Stubbs and sent via email to the Board members for review prior to the Board meeting.

Consent Agenda: Distributed by E-Mail

Approval of Board Meeting Minutes – July 2, 2013, As Amended

Approval of Termination Report – July 2013

Approval of Money Manager Fund Totals and US Bank Summary Reports – June 2013

Approval of Administrative Expenditures – August 6, 2013

Expenditures - \$ 69,994.65

July Paid Expenditures \$ 336.80

Moved by Board Member – Mr. McIntosh

Seconded by Board Member – Ms. Bruno

Unanimously carried

UNFINISHED BUSINESS

None

NEW BUSINESS

Davis Graham & Stubbs, LLP – Kevin Teng Amendment No. Two to the Adams County Retirement Plan Fund Trust Agreement (As Amended and Restated Effective January 1, 2011)

Mr. Teng indicated that the Board members received a redlined copy of Amendment No. Two to the Adams County Retirement Plan Fund Trust Agreement (As Amended and Restated Effective January 1, 2011). He stated that the changes being made were because of the new investments into Principal and Babson. Mr. Teng indicated that Section 9.5 is being expanded with additional language regarding delegation. He also stated there were a number of changes under Section 9.6. The terms of the indemnification provision are being broadened under Section 9.6 to include designations of investment managers as well as designations of an investment under 4.1 of the Trust Agreement.

Mr. McIntosh moved to approve Amendment No. Two to the Adams County Retirement Plan Fund Trust Agreement (As Amended and Restated Effective January 1, 2011). Ms. Bruno seconded the motion and it was unanimously carried.

Watershed Investment Consultant – Dale Connors PIMCO Unconstrained Bond Fund

Mr. Connors reminded the Board that at the July 2013 Board meeting the Board approved moving 5% of the assets in Denver Investments into Babson Capital Floating Rate Income Fund. He indicated the other recommendation was to take 5% of the PIMCO Total Return Fund and move it to the PIMCO Unconstrained Bond Fund. Mr. Connors indicated that the Plan will be moving from two income investment funds into four income investment funds. He stated that the Plan is still emphasizing core bonds with Denver Investments and the PIMCO Total Return Fund while adding a floating rate piece and unconstrained piece to the portfolio.

Ms. Bruno moved to transfer 5% of the PIMCO Total Return Fund investment to the PIMCO Unconstrained Bond Fund. Mr. McIntosh seconded the motion.

Discussion:

Mr. Connors indicated that this is an exchange of shares thru PIMCO and will be a smooth transition done by US Bank. The funds will never be out of the market.

Motion unanimously carried

2nd Quarter 2013 Performance Evaluation

Mr. Connors presented the Investment Performance Evaluation for the 2nd Quarter 2013 for the Adams County Retirement Plan. He stated that US equities was the place to be for the 2nd quarter with real estate still doing good. Bonds were negative across the board with Tips down 7.1% and long term treasuries down 5.6% for the quarter. Mr. Connors stated it was a very difficult quarter for bonds. Mr. Connors indicated that the Adams County Retirement Plan ended the 2nd quarter at \$206,813,960. He stated that the Plan was up 4.80% net of fees for the 2nd quarter of 2013.

Request for Proposal (RFP) - Pam Mathisen 2013.177 Investment Advisory Consulting Services

Ms. Mathisen indicated that all Board members received a draft of the RFP and contract prior to the Board meeting. She stated that the contract has been reviewed by legal counsel and was ready to go pending minor changes to the RFP. Ms. Mathisen stated that Section 8 language from the contract will be inserted into the RFP. She indicated that she had a few minor changes to the Scope of Work and proceeded to go over each item with the Board members. Ms. Mathisen questioned the Board as to whether all five Board members wanted to evaluate the proposals or did they want a sub-committee. After a long discussion the Board indicated that they wanted to evaluate the candidates. The Board also requested that the RFP state that the bidding firm have a Colorado based office. The Board also requested to delay the RFP until next year (2014) with interviews of candidates to be held at the April 1, 2014 Board meeting.

STANDING REPORTS

Watershed Investment Consultants, Inc. – Dale Connors Investment Updates – Performance Update

None

Davis Graham & Stubbs, LLP Legal Information Updates

Ms. Johnson gave an update on a new PERA case that she believed the Board would be interested in hearing. She indicated that Walker Stapleton, Denver Treasurer and Board member of PERA wanted to get information on retirees. Ms. Johnson indicated that PERA got an advisory opinion from an outside consultant stating that it would be a breach of fiduciary duty for the PERA Board to give that information to one particular Board member. She stated that the Mr. Stapleton then took it to the Colorado Court of Appeals which analyzed the PERA statutes and a Board members duty of loyalty. The Colorado Court of Appeals found that based on a Board members duty of loyalty they cannot get information unless they show that it is solely in the interest of the plan members and benefit recipients. She stated that she is not sure if Mr. Stapleton will appeal to the Supreme Court.

Ms. Johnson also informed the Board that the suit regarding the reduction in the COLA's that PERA had enacted last year is now at the Supreme Court. She stated that hopefully they will make a decision within a year.

Mr. Teng gave an update to the Board regarding the Babson contract. He stated that some revisions were made to the contract and side letter and both are now ready for execution.

Retirement Staff – Administrative Business
Administrative Updates
PensionGold Teaming Conference
September 30, 2013 – October 3, 2013
Springfield, Illinois

Ms. Mathisen informed the Board that unfortunately she will not be able to attend the ISCEBS Employee Benefits Symposium in September but will be sending Ms. Haines to receive her award. She indicated that the PensionGold Teaming Conference will be held the first week of October. Ms. Mathisen stated that because of all the testing on PensionGold she will be go to the Teaming Conference and leave Ms. Haines here to run the October 2013 Board meeting. She indicated that the October 2013 Board meeting would be the Investment Manager Roundtable Discussion.

OTHER BUSINESS

The Regular Board Meeting adjourned at 3:46 p.m.

Respectfully submitted,

Debbie Haines, Senior Benefits Manager
(Corresponding Secretary)

NEXT BOARD MEETING

TUESDAY, SEPTEMBER 3, 2013

REGULAR BOARD MEETING
ADAMS COUNTY GOVERNMENT CENTER
4430 SOUTH ADAMS COUNTY PARKWAY
RETIREMENT CONFERENCE CENTER
BRIGHTON, COLORADO 80601