

ADAMS COUNTY RETIREMENT BOARD MEETING

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

SEPTEMBER 3, 2013

BOARD MEMBERS PRESENT

Joe Pacyga – Chairman
Ben Dahlman – Vice-Chairman
Michael McIntosh – Secretary
Brigitte Grimm –Treasurer – 1:35 P.M.
Marlise Bruno

BOARD MEMBERS EXCUSED

ADMINISTRATIVE STAFF

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

ACTUARIAL STAFF

Gabriel Roeder Smith – Leslie Thompson
Gabriel Roeder Smith – Todd Kanaster

LEGAL COUNSEL

Davis Graham & Stubbs, LLP – Cindy Birley

INVESTMENT CONSULTANTS

Watershed Investment Consultants – Dale Connors

OTHER ATTENDEES

Susan Dobbs – Rangeview Library District
David Pocs – LPL Financial/Adams County Resident

Called to Order: 1:33 P.M.

SPECIAL PRESENTATION

None

EXECUTIVE SESSION

None

EMPLOYEE/RETIREE CORRESPONDENCE

None

REGULAR BUSINESS SESSION

Ms. Haines commented that the August 2013 Board Meeting minutes were amended by Ms. Johnson, Davis Graham & Stubbs and received at 11:51 P.M. today. Ms. Haines indicated that a copy of the changes were in the Board packet.

Consent Agenda: Distributed by E-Mail

Approval of Board Meeting Minutes – August 6, 2013, As Amended

Approval of Termination Report – August 2013

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

Approval of Administrative Expenditures – September 3, 2013

Expenditures - \$ 84,090.49

August Paid Expenditures \$ 291.80

Moved by Board Member – Mr. Dahlman

Seconded by Board Member – Mr. McIntosh

Discussion:

Mr. Pacyga wanted to clarify that the Request for Proposal (RFP) for the Investment Advisory Consulting Services will be completed in April 2014. Ms. Mathisen responded confirming that the interviews will be done April 1, 2014 with the RFP being released for bid February 3, 2014. Mr. Dahlman commented that his intent was to have the RFP completed sooner however, with the testing of Plan changes and the fact that the five Board members would be reviewing what potentially could be numerous responses the Board decided to delay until next year.

Unanimously carried

UNFINISHED BUSINESS

None

NEW BUSINESS

Gabriel Roeder Smith – Leslie Thompson

Experience Study of Investment Return and Inflation Assumptions as of December 31, 2012

Ms. Thompson presented a Draft Experience Study presentation for the Adams County Retirement Plan. She stated that the purpose of an Experience Study is:

- Assumptions are not static; they should change to reflect
 - Possible mortality improvement
 - Changing patterns of retirements, terminations, etc.
 - Changing economic situation
- Recent experience provides strong guidance for some assumptions (for example, mortality) and weak guidance for others (for example, the investment return rate)
 - Some changes in patterns are permanent, while others are cyclical
- Based on results of study:
 - Actuary suggest some items for consideration
 - Actuary recommends revised assumptions
 - Board accepts or modifies recommendations
- Keeping assumptions up-to-date will minimize gains and losses and keep the actuarially determined contribution rate stable

Ms. Thompson reviewed with the Board two major economic assumptions Price Inflation (CPI) and Investment Return. She stated that the recommended and adopted assumptions would be implemented in the January 1, 2014 valuation. Ms. Thompson indicated that the last Experience Study done was for the period of January 1, 2004 to December 31, 2007. She stated that the last Experience Analysis Study increased inflation from 2.5% to 2.8% and the analysis did not review the investment return. Ms. Thompson indicated that the Investment Return was last reviewed and changed from 8% to 7.5% in 2005.

Ms. Thompson recommended the following assumption and method changes to be reviewed at the November 2013 Board Meeting:

- Keep the current inflation estimate of 2.80%
- Change the current real return assumption to 4.45% from 4.70%
- The result lowers the Investment Return assumption from 7.50% to 7.25%

Mr. Connors indicated that if the Board wanted another view point Watershed Investment Consultants could run an Asset Allocation Study. After some discussion, Gabriel Roeder Smith will run their proposed recommendations and present their findings at the November 2013 Board Meeting.

Watershed Investment Consultant – Dale Connors
Statement of Investment Policy
Strategic Asset Allocation and Investment Structure

Mr. Connors indicated that in updating the Statement of Investment Policy he realized that there are sections that never get updated and therefore he has created two documents. The first document is the Statement of Investment Policy which will be long term in nature. The second is the Strategic Asset Allocation and Investment Structure document which is designed to be reviewed, annually and if necessary revised, by the Board of Retirement.

Mr. Connors stated that the specifics in the Statement of Investment Policy were taken out and placed in the new Strategic Asset Allocation and Investment Structure document. Mr. Connors indicated that he will make some minor corrections and bring the final documents to be approved at the October 2013 Board Meeting.

STANDING REPORTS

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

Mr. Connors indicated that the Adams County Retirement Plan was at \$210,943,049 thru July 31, 2013. He stated the Plan was up 7.08% net of fees thru July 2013.

Recess at 2:39 P.M.

Reconvened at 2:46 P.M.

Davis Graham & Stubbs, LLP
Legal Information Updates

Ms. Birley indicated that Babson Capital had requested a Board Resolution listing the authorized signers in connection with the investment in the Babson Fund. Ms. Birley stated that Babson notified Davis Graham & Stubbs, today, September 3, 2013. She has brought a Board Resolution to be executed if approved by Board.

Mr. Dahlman moved to accept the Board Resolution listing the authorized signers in connection with the investment in the Babson Fund. Mr. McIntosh seconded the motion and it unanimously carried.

IRS – Rev. Ruling 2013-17

Ms. Birley indicated that the IRS ruled that same-sex couples, legally married in jurisdictions that recognize their marriages will be treated as married for federal tax purposes. The ruling applies regardless of whether the couple lives in a jurisdiction that recognizes same-sex marriage or a jurisdiction that does not recognize same-sex marriage. Ms. Birley indicated that the IRS issued two FAQ's that pertain to the Adams County Retirement

Plan. She stated that Qualified Retirement Plans must comply with these rules as of September 16, 2013. Ms. Birley stated that the IRS will be issuing additional guidance on Plan amendments that plans might need to do.

Ms. Birley stated that in looking at the Plan Document for the Adams County Retirement Plan the Plan does not define "spouse". Therefore, the Plan Document would not need to be amended for this change. However, with regards to a "Dissolution of Marriage" she will monitor this closely for additional guidance.

**Retirement Staff – Administrative Business
Administrative Updates**

Ms. Mathisen reminded the Board that the October 2013 Board meeting will be held in the Conference Center in Platte River C for the Investment Manager Roundtable Discussion. She indicated that Ms. Haines will run the October 2013 Board meeting since she will be at the PensionGold Teaming Conference.

Ms. Mathisen indicated that PensionGold has sent new build for the staff to begin testing 2014 Plan changes.

OTHER BUSINESS

The Regular Board Meeting adjourned at 3:03 p.m.

Respectfully submitted,

Debbie Haines, Senior Benefits Manager
(Corresponding Secretary)

NEXT BOARD MEETING

TUESDAY, OCTOBER 1, 2013

**REGULAR BOARD MEETING
ADAMS COUNTY GOVERNMENT CENTER
4430 SOUTH ADAMS COUNTY PARKWAY
CONFERENCE CENTER – PLATTE RIVER C
BRIGHTON, COLORADO 80601**