

ADAMS COUNTY RETIREMENT BOARD MEETING

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

DECEMBER 3, 2013

BOARD MEMBERS PRESENT

Joe Pacyga – Chairman
Ben Dahlman – Vice-Chairman
Michael McIntosh – Secretary – 1:43 P.M.
Brigitte Grimm –Treasurer
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

LEGAL COUNSEL

Davis Graham & Stubbs, LLP – Cindy Birley
Davis Graham & Stubbs, LLP – Ethan Nutter

INVESTMENT CONSULTANTS

Watershed Investment Consultants – Dale Connors

OTHER ATTENDEES

Susan Dobbs – Rangeview Library District

Called to Order: 1:35 P.M.

SPECIAL PRESENTATION

None

EXECUTIVE SESSION

None

EMPLOYEE/RETIREE CORRESPONDENCE

None

REGULAR BUSINESS SESSION

Ms. Haines commented that the November 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 – November 5, 2013, As Amended

Approval of Termination Report – November 2013

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

Approval of Administrative Expenditures – December 3, 2013

Expenditures - \$ 71,065.62

November Paid Expenditures \$ 1,208.33

Moved by Board Member – Mr. Dahlman

Seconded by Board Member – Ms. Bruno

Unanimously carried

UNFINISHED BUSINESS

Watershed Investment Consultants, Inc. – Dale Connors

Investment Assumption Analysis

Mr. Connors indicated that at the November 2013 Board meeting the Board asked Watershed Investment Consultants to speak about the return assumption on the Adams County Retirement Plan with regards to the Experience Analysis done by Gabriel Roeder Smith. Mr. Connors prepared a Rate of Return Assumption Analysis for the Board of Retirement and proceeded to give his presentation. He stated that currently the Adams County Retirement Plan's rate of return assumption is 7.50%. He indicated that Gabriel Roeder Smith had presented their analysis and indicated that this assumption may be inappropriate and should be lowered to 7.25%. Mr. Connors stated that historically achieving a 7.50% annualized return over longer periods of 20 or 30 years is highly probable. Mr. Connors provided a graph showing rate of return assumptions on other Governmental Defined Benefit Plans in Colorado. He stated that they range from 7.50% to 8% and only 3 of those counties have recently reduced from 8% to 7.50%. Mr. Connors indicated that Watershed Investment Consultants uses the Efficient Frontier Modeling method. This is a mathematical method used to generate a set of "efficient" asset allocations meaning to target either the highest return at a desired risk level or the lowest risk at a desired return level. Mr. Connors stated that based on historical perspective and a forward looking, long-term perspective Watershed Investment Consultants recommends leaving the current rate of return assumption at 7.50%.

Gabriel Roeder Smith – Leslie Thompson
Experience Analysis Summary of Recommendations

Ms. Thompson stated that at the November 2013 Board meeting the Board requested that Gabriel Roeder Smith revise the Cost Impact study leaving the investment return at 7.50% and applying the other recommended assumptions. She also indicated that Ms. Bruno questioned the recommended change to the mortality table from Scale AA to Scale BB. Ms. Thompson indicated that Scale AA has not matched up well with recent mortality. She stated that Scale BB is the most current projection scale at the moment with the release of the ultimate table in late 2013 or early 2014.

Ms. Bruno stated she has heard that Scale BB is too aggressive as far as assuming mortality improvements. She indicated that she is hearing that Plans are not moving to Scale BB and are holding off for the new mortality table. Ms. Bruno commented that she believes the Plan does not need to go that far yet.

Ms. Thompson went over each item of the Experience Analysis Summary of Recommendations with the Board. She indicated that if the Board chooses the recommended assumptions and changing the rate of return to 7.25% the funded ratio would be 87.5% in 2044. If they choose the recommended assumptions and leave the rate of return at 7.50% the funded ratio would be 100% in 2044. The Board had a lengthy discussion regarding the rate of return. Ms. Birley reminded the Board that in December 2012 the Board adopted a Resolution stating that the Plan's actuary had advised the Retirement Board that to ensure the sustainability of the Plan pursuant to SB 12-149, the Retirement Board should set a goal that the Plan is projected to be between 95% and 105% funded by 2044 based on the market value of its assets. She indicated that if the Board lowers the assumption to 7.25% then the Plan will not be in that target range. So, the Plan changes that the Board would be doing would not be sufficient for sustainability.

The Board voted on the following Experience Analysis Summary of Recommendations:

Investment Return

Mr. Dahlman moved to lower the rate of return assumption from 7.50% to 7.25%. Motion died for lack of second.

Salary Increase

Ms. Bruno moved to lower the wage inflation from 4.50% to 3.80% as outlined in Gabriel Roeder Smith's study. Mr. McIntosh seconded the motion.

Discussion:

Ms. Thompson asked if the salary scale was the only change? Ms. Bruno amended the motion to include all changes decrease merit rates and decrease merit period to 10 years. Mr. McIntosh seconded the motion and it was unanimously carried.

Mortality

Mr. Dahlman moved to change the projection scale to Scale BB and add setback to post-retirement female mortality. For disabled mortality no change to current table. Mr. McIntosh seconded the motion.

Mr. Grimm – Yea
Mr. Dahlman – Yea
Mr. McIntosh – Yea

Motion carried.

Retirement

Ms. Bruno moved to decrease rates for most ages to better reflect experience. Adjust rates for tiers. Mr. McIntosh seconded the motion and it was unanimously carried.

Termination

Ms. Bruno moved to accept changes proposed by Gabriel Roeder Smith. Ms. Grimm seconded the motion.

Mr. McIntosh – Yea
Ms. Bruno – Yea
Ms. Grimm – Yea
Mr. Pacyga - Yea
Mr. Dahlman – Nay

Motion carried.

Recess at 3:04 P.M.
Reconvened at 3:10 P.M.

STANDING REPORTS

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

Mr. Connors indicated that it was an awesome October 2013 for the Adams County Retirement Plan which ended at \$217,616,911. The Adams County Retirement Plan is 10.86% net of fees through October 2013. He stated that November 2013 should also provide positive results with December 2013 being a little volatile.

NEW BUSINESS

Davis Graham & Stubbs, LLP – Cindy Birley Amendment No. Four to the Adams County Retirement Plan (As Amended and Restated Effective January 1, 2011)

Ms. Birley provided the Board with Amendment No. Four to the Adams County Retirement Plan As Amended and Restated Effective January 1, 2011. She indicated that the IRS came out with a list of required modifications on the 415 changes in 2013. Ms. Birley stated that in order for the Plan to benefit as early as possible because the Retirement Plan has had a few participants bump the 415 limits Davis Graham & Stubbs has done a free standing amendment retro to January 1, 2013. She proceeded by going over the items that had been changed with regards to Amendment No. Four to the Adams County Retirement Plan As Amended and Restated Effective January 1, 2011.

Legal Information Updates

Ms. Birley indicated that Davis Graham & Stubbs had provided Ms. Mathisen a notary log. She stated that in order to follow all of the notary procedures each Board member will sign by their name. Ms. Birley stated that Ms. Mathisen will be reading and Oath and Acknowledgement to the Board members.

NEW BUSINESS

Davis Graham & Stubbs, LLP – Cindy Birley Amendment No. Four to the Adams County Retirement Plan (As Amended and Restated Effective January 1, 2011)

Mr. McIntosh moved that The Adams County Retirement Plan (As Amended and Restated Effective January 1, 2011) (the “Plan”) be amended by Amendment No. Four to the Plan, a copy of which has been presented to the Retirement Board at this meeting, and such Amendment No. Four is approved and adopted effective January 1, 2013; The Retirement Board is authorized to execute forthwith Amendment No. Four to the Plan, and to do all other acts and things necessary and proper to keep the Plan and its related fund (the “Trust”) in full force and effect and to make such further amendments and changes, if any, as may be necessary to maintain the qualification of the Plan and Trust under the applicable sections of the Code; and Any member of the Retirement Board and/or the Plan Administrator are authorized to submit, or have submitted, copies of the Plan, as amended including Amendment No. Four to the Plan and the prior plan documents, the Trust, this resolution and any prior plan and trust documents and amendments to the Internal Revenue Service in connection with qualification of the Plan and Trust under Sections 401(a) and 501(a) of the Code. Mr. Dahlman seconded the motion and it was unanimously carried.

Ms. Mathisen read the Oath regarding Amendment No. Four - Certificate and Resolution to the Board of Retirement. They all responded “I do”. Ms. Mathisen read the Acknowledgement regarding Amendment No. Four – Amendment to the Board of Retirement. They all responded “I do”.

Adams County Retirement Plan As Amended and Restated Effective January 1, 2014

Ms. Birley provided the Board a copy of the Summary of Major Changes for Amendment and Restatement of the Plan Generally Effective January 1, 2014. She stated that at the November 2013 Board meeting Ms. Johnson went over each item with the Board. Therefore she will only go over the changes that were made after November 2013 Board meeting.

Mr. McIntosh moved that the Plan be Amended and Restated Effective January 1, 2014; The Adams County Retirement Plan (As Amended and Restated Effective January 1, 2014), copies of which have been presented to the Retirement Board at this meeting, is approved and adopted effective as of January 1, 2014; The Retirement Board is authorized to execute forthwith the Adams County Retirement Plan (As Amended and Restated Effective January 1, 2014), and to do all other acts and things necessary and proper to keep the Plan and its related fund (the "Trust") in full force and effect and to make such further amendments and changes, if any, as may be necessary to maintain the qualification of the Plan and Trust under the applicable sections of the Code; and Any member of the Retirement Board and/or the Plan Administrator are authorized to submit, or have submitted, executed, verified counterparts of the Adams County Retirement Plan (As Amended and Restated Effective January 1, 2014), the Trust, this resolution and any prior plan and trust documents and amendments to the Internal Revenue Service in connection with qualification of the Plan and Trust under Sections 401(a) and 501(a) of the Code. Ms. Bruno seconded the motion and it was unanimously carried.

Ms. Mathisen read the Oath regarding the Adams County Retirement Plan (As Amended and Restated Effective January 1, 2014 - Certificate and Resolution to the Board of Retirement. They all responded "I do". Ms. Mathisen read the Acknowledgement regarding the Adams County Retirement Plan (As Amended and Restated Effective January 1, 2014 – Amendment to the Board of Retirement. They all responded "I do".

Resolution of the Adams County Board of Retirement

Ms. Birley indicated that in the prior resolution which was adopted on December 19, 2012 that resolved certain Plan provisions should be amended, Effective January 1, 2014 by the amendment such that the Plan is projected to be 95% funded by 2044 based on the market value of its assets. Ms. Birley stated that DGS wants to revise the wording due to the actuarial assumption changes that were made by the Board to state that the Plan is projected to be at least 95% funded because the new projection is a 100%.

Mr. McIntosh moved that certain Plan changes were amended, Effective January 1, 2014 such that the Plan is projected to be at least 95% funded by 2044 based on the market value of its assets. Mr. Dahlman seconded the motion and it unanimously carried.

Adams County Retirement Board Final Ballot

Ms. Haines notified the Board that the Retirement Office received three nominees to serve on the Board of Retirement. They were Joseph Pacyga, District Attorney's Office, Marc Osborne, Sheriff's Office and Jim Morgen, Sheriff's Office. She stated that the final ballot went out to all members in the Retirement Plan and they have until December 13, 2013 to vote.

STANDING REPORTS

Retirement Staff – Administrative Business Administrative Updates Fiduciary Insurance

Ms. Mathisen informed the Board that the Retirement Office had not received the renewal price regarding the Fiduciary Insurance as of the Board meeting. She stated that Mr. Rickaby was having trouble getting a quote from Philadelphia Insurance. Ms. Mathisen indicated that the Fiduciary Insurance must be made by December 31, 2013. She asked the Board whether they wanted to approve by email or give authorization to pay the Fiduciary Insurance once the Retirement Office receives the invoice.

Mr. McIntosh moved to allow the Retirement Staff to pay the Fiduciary Insurance once it is received and be ratified at the next Board meeting. Mr. Dahlman seconded the motion and it was unanimously carried.

2014 Adams County Board of Retirement Meeting Schedule

Ms. Mathisen indicated that in the Board packet contained the 2014 Adams County Board of Retirement Meeting Schedule. Ms. Mathisen stated that the November Board meeting will fall on election day and since the Board has two members who are affected by the election that the Board meeting could be canceled if needed.

OTHER BUSINESS

The Regular Board Meeting adjourned at 4:02 p.m.

Respectfully submitted,

Debbie Haines, Senior Benefits Manager
(Corresponding Secretary)

NEXT BOARD MEETING

TUESDAY, JANUARY 7, 2014

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