

**ADAMS COUNTY RETIREMENT BOARD MEETING**

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

**JUNE 3, 2014**

**BOARD MEMBERS PRESENT**

Joe Pacyga – Chairman  
Ben Dahlman – Vice-Chairman  
Brigitte Grimm –Treasurer  
Michael McIntosh

**BOARD MEMBERS EXCUSED**

Marlise Bruno – Secretary

**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

**INVESTMENT CONSULTANTS**

Watershed Investment Consultants – Dale Connors  
Watershed Investment Consultants – Gary Ratliff  
Watershed Investment Consultants – Andrew (Anje) Sramek

**OTHER ATTENDEES**

Rangeview Library District – Susan Dobbs

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**Called to Order: 1:36 P.M.**

## **SPECIAL PRESENTATION**

### **Gabriel Roeder Smith (GRS) – Leslie Thompson Actuarial Valuation Effective January 1, 2014**

Ms. Thompson presented the Actuarial Valuation Report as of January 1, 2014 for the Adams County Retirement Plan. She indicated that the funded status on a market value basis went up from 51.6% to 59.1%. She continued by stating some of the highlights of the Valuation:

- Benefit changes for the current year
  - Career average formula and soft freeze for Tier 1 and Tier 2 beginning January 1, 2014
  - There is no employer matching on refunds for contributions accrued after January 1, 2014
- Assumption changes effective for the current year
  - Decrease retirement and termination rates
  - Decrease wage inflation from 4.5% to 3.8%
  - No change to discount rate, minor tweak to mortality assumption
- Market value of assets return exceeded the rate of return assumption
  - 14.1% return vs. 7.5% assumption
- Actuarial value of assets return exceeded the rate of return assumption
  - 9.3% return vs. 7.5% assumption
  - Overall gain on actuarial value of assets due to the recognition of 2012 and 2013 asset gains.
- Contribution shortfall decreased to 6.34% of payroll in 2014 from 11.88% of payroll in 2013
- Employer and member contributions increased from 8.5% to 8.75% in 2014
- Funded ratio (ratio of assets to liabilities)
  - Market value funded ratio increased to 59.1% from 51.6% last year
  - Actuarial value funded ratio increased to 56.4% from 51.5% last year

Ms. Thompson finished by stating that the valuation results indicate that the career average formula with soft freeze on the Tier 1 and Tier 2 continues to be necessary in order to improve the long term funded ratio of the Plan.

## **STANDING REPORT**

### **Board of County Commissioners (BoCC) Presentation of the Actuarial Valuation – Pam Mathisen**

Ms. Mathisen stated that the Board of County Commissioners (BoCC) has moved their Study Session meetings to Tuesdays starting in June 2014. She indicated that the Board of Retirement will need to get on the BoCC's schedule in order to present the Actuarial Valuation. Ms. Mathisen asked the Board what date would be their preference. After some discussion the Board would like to try and meet with the BoCC on August 19, 2014. Ms. Mathisen stated that she will be in contact the Keisha Hirsch to set up the meeting.

## **EMPLOYEE/RETIREE CORRESPONDENCE**

None

## **REGULAR BUSINESS SESSION**

**Consent Agenda: Distributed by E-Mail**

**Approval of Board Meeting Minutes – May 6, 2014**

**Approval of Termination Report – May 2014**

**Approval of Money Manager Fund Totals and US Bank Summary Reports – March & April 2014**

**Approval of Administrative Expenditures – June 3, 2014**

Expenditures - \$ 107,203.95

May Paid Expenditures \$ 1,084.97

**Moved by Board Member – Mr. McIntosh**

**Seconded by Board Member – Mr. Dahlman**

**Unanimously carried**

## **UNFINISHED BUSINESS**

**Watershed Investment Consultants, Inc. – Dale Connors**

**Update – Harbert United States Real Estate Fund V, L.P.**

Mr. Connors stated that at the May 2014 Board Meeting the Board approved the investment of Harbert United States Real Estate Fund V, L.P. subject to legal approval.

**Davis Graham & Stubbs, LLP – Cindy Birley**

**Adopt and Execute Resolution – Harbert United States Real Estate Fund V, L.P.**

Ms. Birley continued by stating that Davis Graham & Stubbs had reviewed the documents and had a few minor corrections. Ms. Birley prepared a Resolution for the Board to adopt authorizing US Bank as Trustee to take action on behalf of the Adams County Retirement Plan to invest in Harbert United States Real Estate Fund V, L.P.

Mr. Dahlman moved to approve the Resolution authorizing the investment into Harbert United States Real Estate Fund V, L.P. and to authorize people to act in conjunction there with. Ms. Grimm seconded the motion and it was unanimously carried.

Ms. Mathisen read the Oath and Acknowledgement regarding the Certificate and Resolution to the Board of Retirement. They all responded “I do”.

## **NEW BUSINESS**

### **Agreement to Perform Investment Consultant Services – Cindy Birley Execution of Agreement Board of Retirement & Watershed Investment Consultants, Inc.**

Ms. Birley informed the Board that she brought the Agreement between the Board of Retirement and Watershed Investment Consultants, Inc. to be executed which was approved at the May 2014 Board meeting. She stated that the reason the agreement provided was so large was that Adams County requires a copy of the RFP and response from the consultant.

### **Agreement to Perform Auditing Services – Pam Mathisen Execution of Agreement Board of Retirement & CliftonLarsonAllen**

Ms. Mathisen indicated that she has provided the Agreement between the Board of Retirement and CliftonLarsonAllen to perform auditing services for an additional two years. She stated that the Board has not approved this Agreement with the new costs which includes a 3% increase each year based on their previous contract. Ms. Mathisen indicated that the agreement had been reviewed by legal counsel.

Mr. Dahlman moved to approve the Agreement to perform auditing services with CliftonLarsonAllen. Ms. Grimm seconded the motion and it was unanimously carried.

### **Watershed Investment Consultants – Dale Connors 2014 Asset Allocation Study**

Mr. Connors presented a review of Investment objectives and an Asset Allocation Study to the Board of Retirement. He stated that the rate of return assumption is 7.5% and there has been a concern as to whether this assumption is achievable. Mr. Connors stated that historically achieving a 7.5% annualized return over longer periods of 20 to 30 years has proven relatively reasonable. However, Watershed believes based on their long-term efficient frontier modeling that a 7.5% annualized return over the next twenty years is less probable without generation of alpha from investment structure and/or investment managers adding value. Mr. Connors stated that Watershed recommended following the direction of the modeling but not the magnitude of the changes. After some discussion the Board tabled further discussion until the July 2014 Board meeting.

### **Watershed Investment Consultants – Gary Ratliff 2014 Private Equity Review**

Mr. Ratliff gave an overview of the Private Equity portfolio in the Adams County Retirement Plan. He stated that the goal of the private capital portfolio is to generate a long-term return premium to public market equities. Over the past 20 years, private equity has generated an annualized return of 15.9% annualized vs. 9.3% for US equities. Mr. Ratliff stated that the Adams County Retirement Plan would need to make annual new private equity commitments in amounts up to 2% of the total portfolio value to achieve a target allocation of 5% over a three to four year time horizon. Based on projected valuations, a 2% commitment is equal to \$3.8 million in 2014 and \$4.1 million in 2015. After some discussion the Board tabled further discussion until the July 2014 Board meeting.

## **STANDING REPORTS**

### **Watershed Investment Consultants, Inc. – Dale Connors Investment Updates**

Mr. Connors stated that the Adams County Retirement Plan was up 2.19% net of fees through April 2014. He indicated that the pace does need to pick up in order to meet the 7.5% annualized return. Mr. Connors stated that there has been little distinction between the asset classes as they have been earning around the same rate.

### **Davis Graham & Stubbs, LLP Legal Information Updates**

Ms. Birley indicated that she received a call from the IRS concerning the compliance statement. She stated that they did not realize that they had issued a favorable IRS compliance statement on the Adams County Retirement Plan. Ms. Birley indicated that she got everything straightened out and that this is not uncommon from the IRS.

### **Retirement Staff – Administrative Business Administrative Updates Summary Plan Description (SPD) Updates – Debbie Haines**

Ms. Haines indicated that Ms. Mathisen, Ms. Johnson, Davis Graham & Stubbs and she finalized the Summary Plan Descriptions. She stated that the SPD's are at the print shop and will be going to each active participant within the Adams County Retirement Plan.

## **OTHER BUSINESS**

None

Recess at 3:50 P.M.

Reconvened at 3:56 P.M.

Mr. Dahlman moved to convene into Executive Session at 3:57 P.M. pursuant to C. R. S. Sections 24-6-402(4)(f)(I), regarding "Personnel Matters" Pursuant to C.R.S. Section 24-6-402(2)(d.5)(II) regarding the approval of the May 6, 2014 Executive Session Minutes and Pursuant to C.R.S. Section 24-6-402(4)(b) to obtain legal advice regarding the Retirement Plan. Mr. McIntosh seconded the motion and it was unanimously carried.

## **EXECUTIVE SESSION**

Mr. Dahlman moved to adjourn Executive Session and reconvene the Regular Board Meeting. Ms. Grimm seconded the motion and it was unanimously carried.

The Regular Board Meeting reconvened at 4:10 P.M. with all Board members, staff and legal counsel present.

Mr. Dahlman moved to approve a resolution to declare for five members who failed to respond to the Board of Retirement's written demand pursuant to Section 9.7 of the Adams County Retirement Plan for his or her then address or for satisfactory evidence of continued life, or both that pursuant to Section 9.7 any benefit payable to each of such members is terminated as if the death of the payee had occurred on the date of the last payment made thereon or the date such payee first became entitled to receive benefit payments.

Mr. McIntosh seconded the motion and it unanimously carried.

Ms. Mathisen read the Oath and Acknowledgement regarding the Certificate and Resolution to the Board of Retirement. They all responded "I do".

**The Regular Board Meeting adjourned at 4:15 p.m.**

Respectfully submitted,

Debbie Haines, Senior Benefits Manager  
(Corresponding Secretary)

## **NEXT BOARD MEETING**

**TUESDAY, JULY 1, 2014**

**REGULAR BOARD MEETING  
ADAMS COUNTY GOVERNMENT CENTER  
4430 SOUTH ADAMS COUNTY PARKWAY  
CONFERENCE ROOM C3414  
BRIGHTON, COLORADO 80601**