

ADAMS COUNTY RETIREMENT BOARD MEETING

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

SEPTEMBER 2, 2014

BOARD MEMBERS PRESENT

Joe Pacyga - Chairman
Marlise Bruno – Secretary
Michael McIntosh – 1:49 P.M.

BOARD MEMBERS EXCUSED

Ben Dahlman – Vice-Chairman
Brigitte Grimm –Treasurer

ADMINISTRATIVE STAFF

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

LEGAL COUNSEL

Davis Graham & Stubbs, LLP – Cindy Birley

INVESTMENT CONSULTANTS

Watershed Investment Consultants – Gary Ratliff
Watershed Investment Consultants – Paul Schreder

OTHER ATTENDEES

Rangeview Library District – Susan Dobbs

Called to Order: 1:40 P.M.

STANDING REPORTS

**Watershed Investment Consultants, Inc. – Paul Schreder
Investment Updates**

Mr. Schreder stated that the Adams County Retirement Plan was down 1% net of fees through July 2014. He indicated that Watershed did not have the August 2014 numbers but stated that the stocks rallied in August which made up for loss in July 2014.

SPECIAL PRESENTATION

None

EMPLOYEE/RETIREE CORRESPONDENCE

Thank You Note – Lynne Hydinger

UNFINISHED BUSINESS

None

NEW BUSINESS

Watershed Investment Consultants Private Equity Assessment & Review

Mr. Ratliff started by giving an overview of the Private Equity portfolio in the Adams County Retirement Plan. He stated that in June 2014 Watershed indicated that the goal of the private capital portfolio is to generate a long-term return premium to public market equities. Mr. Ratliff reminded the Board of Retirement that they increased the target allocation to 5%. Therefore, Watershed would like to introduce two opportunities to invest in a Direct Partnership rather than going through a fund of funds. He stated that a direct partnership invests directly into a specific strategy. Mr. Ratliff indicated that by going with a direct partnership the Plan would avoid an additional layer of fees that are associated with the fund of funds and able to closely target specific exposures that you might have in the portfolio. Mr. Ratliff proceeded by giving an overview of both firms.

NGP Natural Resources XI, L.P.

Mr. Ratliff gave an overview of NGP Natural Resources XI, L.P. He indicated that NGP has been actively investing in the North American upstream energy sector for more than 25 years while completing more than 250 transactions. Within the energy sector, NGP has focused primarily on investing in oil and gas production; not exploration or land flipping. This experience across multiple industry cycles and economic environments has enabled NGP to develop an investment style that captures a significant portion of upside performance while mitigating many of the risks associated with a sector-specific strategy.

Strategic Value Partners Special Situations Fund III, L.P.

The Strategic Value Partners Special Situations Fund III, L.P. is a distressed investment strategy. SVP will seek to invest the majority of its capital in distressed credit and special situation opportunities, targeting the debt of middle-market companies and will exert meaningful influence, both during and after restructuring. SVP will pursue investments globally with a majority of its investments expected to be outside of North American particularly in Europe. The Fund has the flexibility to invest in a broad range of security types but will focus

mostly on distressed corporate debt and real estate. After some discussion the Board agreed to hire both Investment managers.

Mr. McIntosh moved to hire Strategic Value Partners Special Situations Fund III, L.P. with an initial investment of \$2 million and to hire NGP Natural Resources XI, L.P. with an initial investment of \$2 million subject to legal approval. Ms. Bruno seconded the motion.

Mr. McIntosh – Yea
Ms. Bruno – Yea
Mr. Paycga – Yea

Unanimously carried.

REGULAR BUSINESS SESSION

Consent Agenda: Distributed by E-Mail

Approval of Board Meeting Minutes – August 5, 2014

Approval of Special Board Meeting Minutes – August 19, 2014

Approval of Termination Report – August 2014

Approval of Money Manager Fund Totals and US Bank Summary Reports – July 2014

Approval of Administrative Expenditures – September 2, 2014

Expenditures - \$ 45,179.55

Paid August Expenditures - \$ 920.39

Moved by Board Member – Ms. Bruno

Seconded by Board Member – Mr. McIntosh

Ms. Bruno – Yea
Mr. McIntosh – Yea
Mr. Pacyga - Yea

Unanimously carried

NEW BUSINESS

Davis Graham & Stubbs, LLP

Monthly vs. Semi-Monthly Payroll

Ms. Birley gave a recap for those Board members who were not at the August 19, 2014 Special Board Meeting regarding the topic of monthly vs. semi-monthly payroll. She provided an analysis of certain issues arising from Adams County changing to a semi-monthly payroll and submitting employer pick-up contributions monthly rather than semi-monthly.

Retirement Plan Expenditure Reimbursement

Ms. Birley provided a copy of an analysis of expenses that Davis Graham & Stubbs had prepared in December 2012. She indicated that Davis Graham & Stubbs is still working on this and would like to speak with Mr. Dahlman regarding the mill levy.

2015 Agreement to Perform Legal Services

Ms. Birley indicated that she had provided the Board of Retirement an Agreement to Perform Legal Services for one year and another for a five year agreement. She stated that the five year agreement has the discounted rates that she provides to the Adams County Retirement Plan. Ms. Birley indicated that a managing member for Davis Graham & Stubbs will be retiring in two years and she may not be able to get the discounted rate in the future. After some discussion the Board decided to hire Davis Graham & Stubbs based on the five year agreement.

Ms. Bruno moved to approve Davis Graham & Stubbs Agreement to Perform Legal Services in Connection with the Adams County Retirement Plan with discounted rates effective January 1, 2015 – December 31, 2019. Mr. McIntosh seconded the motion.

Ms. Bruno – Yea
Mr. McIntosh – Yea
Mr. Pacyga – Yea

Unanimously carried.

Legal Information Updates

Ms. Birley indicated that the IRS just came out with another announcement on Group Trusts. She briefly scanned the document and does not believe it impacts the Adams County Retirement Plan. Ms. Birley will keep the Board updated with any new developments.

Retirement Staff – Administrative Business

Administrative Updates GASB 67 & 68

Ms. Mathisen stated that the Retirement staff, Gabriel Roeder Smith, CliftonLarsonAllen, Rangeview Library District and the Finance Department of Adams County had their first meeting with regards to GASB 67 & 68. She stated that there will be another meeting to finalize what years will be used for the initial start dates for GASB 67 & 68.

Retirement Website

Ms. Mathisen indicated that the Retirement website is being updated to reflect the FAQ's for each tier. She stated that it should be completed within a week.

OTHER BUSINESS

None

The Regular Board Meeting adjourned at 3:00 p.m.

Respectfully submitted,

Debbie Haines, Senior Benefits Manager
(Corresponding Secretary)

NEXT BOARD MEETING

TUESDAY, OCTOBER 7, 2014

**REGULAR BOARD MEETING
ADAMS COUNTY GOVERNMENT CENTER
4430 SOUTH ADAMS COUNTY PARKWAY
THIRD FLOOR – CONFERENCE ROOM C3416
BRIGHTON, COLORADO 80601**