

ADAMS COUNTY RETIREMENT BOARD MEETING

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

NOVEMBER 6, 2014

BOARD MEMBERS PRESENT

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

BOARD MEMBERS EXCUSED

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 – Dale Connors

OTHER ATTENDEES

US Bank – Tina Seberg
Rangeview Library District – Susan Dobbs

Called to Order: 1:37 P.M.

SPECIAL PRESENTATION

None

EMPLOYEE/RETIREE CORRESPONDENCE

None

Ms. Haines stated prior to the Board meeting Mr. Dahlman had questioned a grammatical error. Ms. Haines indicated that she had caught the error and had already corrected the final copy.

REGULAR BUSINESS SESSION

Consent Agenda: Distributed by E-Mail

Approval of Board Meeting Minutes – October 7, 2014

Approval of Termination Report – October 2014

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

Approval of Administrative Expenditures – November 7, 2014

Expenditures - \$ 88,534.15

Paid October Expenditures - \$ 2,816.59

Moved by Board Member – Mr. Dahlman

Seconded by Board Member – Mr. McIntosh

Unanimously carried

UNFINISHED BUSINESS

Watershed Investment Consultants, Inc. – Dale Connors

PIMCO Total Return Fund and PIMCO Unconstrained Bond Fund

Tabled “action” pending further information from Investment Consultant

Mr. Connors informed the Board that since the last Board meeting Watershed Investment Consultants visited the senior people at PIMCO. He stated that Watershed evaluated the continued use of the two products as investments vehicles for the Plan. Mr. Connors indicated that Watershed’s recommendation is to continue investing in the PIMCO Total Return fund but terminate the PIMCO Unconstrained Bond fund. After some discussion the Board agreed to terminate the PIMCO Unconstrained Bond fund.

Mr. Dahlman moved to terminate the PIMCO Unconstrained Bond fund. Ms. Grimm seconded the motion and it was unanimously carried.

Mr. Dahlman moved to transfer the assets from the PIMCO Unconstrained Bond fund to Denver Investments to fund future capital calls for other investments in the portfolio. Ms. Bruno seconded the motion and it was unanimously carried.

NEW BUSINESS

Watershed Investment Consultants, Inc. – Dale Connors Adams County Retirement Plan – 3rd Quarter Performance Evaluation

Mr. Connors presented the 3rd Quarter Investment Performance Evaluation on the Adams County Retirement Plan. He stated that it was starting to get dicey at the end of October however the Plan did not lose money in the 3rd quarter. Mr. Connors finished by stating that the Plan was up 5.74%

T. Rowe Price US Structured Research Mutual Fund

Mr. Connors indicated that T. Rowe Price has been a problem for awhile. The fund has underperformed its benchmark, the S&P 500 index over the trailing one, two, three and five year periods. It has underperformed the benchmark in three of the last five calendar years and the portfolio manager, Anna Dopkin recently announced her resignation. Mr. Connors stated the Plan needs active managers to add value to justify the higher fees charged relative to index options. He indicated that T. Rowe is not accomplishing this goal. Mr. Connors informed the Board that Watershed Investment Consultants recommended terminating T. Rowe Price US Structured Research mutual fund. After some discussion the Board agreed to terminate T. Rowe Price US Structured Research mutual fund.

Ms. Bruno moved to terminate T. Rowe Price US Structured Research mutual fund and move the money elsewhere. Mr. McIntosh seconded the motion and it was unanimously carried.

Strategic Asset Allocation and Investment Structure

Mr. Connors stated that with the decisions made by the Board today the domestic equity structure changed from 32.50% to 35%. Watershed Investment Consultants would recommend changing the target allocation in the domestic equity structure to the following: leaving State Street Global Advisors at 10%, increase Vanguard to 10%, Tortoise to 10% and Pyramis to 5%.

Mr. Dahlman moved to rebalance the target allocation in the domestic equity structure with the assets from T. Rowe Price to the following leaving State Street Global Advisors at 10%, increase Vanguard to 10%, Tortoise to 10% and Pyramis to 5%. Mr. McIntosh seconded the motion and it was unanimously carried.

Investment Policy Statement Update

Mr. Connors reminded the Board that last year the Investment Policy was split into two documents. He indicated that the Strategic Asset Allocation and Investment Structure is intended to supplement the Statement of Investment Policy. He provided an updated Strategic Asset Allocation and Investment Structure report with the changes made by the Board of Retirement. The final version of the document will be approved at the December 2014 Board meeting.

Davis Graham & Stubbs, LLP – Cindy Birley
Adams County/Rangeview Library District IRS Determination Letters

Ms. Birley informed the Board of Retirement that Davis Graham & Stubbs has received two favorable IRS Determination Letters for Adams County and Rangeview Library District. Ms. Birley indicated that the IRS forgot to include an amendment with the Rangeview Library District letter. She stated that Davis Graham & Stubbs has written a letter to the IRS asking them to correct the final Determination Letter.

PERA

Ms. Birley informed the Board that the Colorado Supreme Court upheld PERA's reduction of the COLA stating that PERA members do not have a contractual right to an unchanging COLA. This decision was based on the court's analysis of the statutory changes to the COLA over time. Ms. Birley stated that the PERA case does not directly impact the changes made by the Adams County Board of Retirement.

Same Sex Marriage

Ms. Birley stated that since same sex marriages are now legal in the State of Colorado Davis Graham & Stubbs went through the Plan Document to see if the Plan defines spouse. She stated that the Plan does not define spouse therefore Davis Graham & Stubbs believes the Plan does not need to be amended.

Adams County Retirement Plan
2015 Proposed Budget Review

Ms. Mathisen presented the 2015 Proposed Budget for the Adams County Retirement Plan. She stated that the employee and employer contribution rate will increase to 9% in 2015 and will be the last increase to the contribution rate. She stated that both staff members' computers will be upgraded along with the necessary software upgrades.

STANDING REPORTS

Watershed Investment Consultants, Inc.
Investment Manager Roundtable

Mr. Connors asked the Board of Retirement if they still wanted the Investment Manager Roundtable in 2015. Ms. Mathisen responded that she will be preparing the Retirement meeting schedule for next year and will be shifting a few items on the schedule. After some discussion the Board would like to continue the Investment Manager Roundtable in 2015.

Davis Graham & Stubbs
Legal Information Updates

The Board had discussion regarding the appointment to the Retirement Board made by the Board of County Commissioners. Ms. Birley informed the Board that a Board member shall continue to hold his or her office until a successor is duly qualified. She indicated that in January, the Chairman shall call for an election to be

held to fill the position of the elected Board member whose term is expiring and shall request the Board of County Commissioners to appoint a person to fill the position of the appointed Board member whose term is expiring.

Retirement Staff – Administrative Business

Administrative Updates

2014 PensionGold User’s Conference

Ms. Haines thanked the Board for allowing Ms. Mathisen and herself to attend the 2014 PensionGold User’s Conference held in Springfield, Illinois. She stated that the conference was informative with 16 clients represented. Ms. Haines indicated that the release of Version 2.12 will be in 2015 however Version 2.13 will be on hold until all clients have implemented Version 2.11 and 2.12. She informed the Board that PensionGold is working on a mobile feature for Version 3 clients and will be working on a mobile version for Version 2 clients in the future. Ms. Haines indicated that Version 3 clients also have the ability to have a Board member election on line. She stated that Ms. Mathisen will be sending a Service Request to PensionGold to see how much it would cost to create a similar product for our version.

Board Member Election

Ms. Haines indicated that the Board packet contained a copy of the list of nominees for the Board member election. She stated that 6 nominees have responded yes and will run for the replacement of the position held by Mr. McIntosh. Ms. Haines stated that the election will close on December 19, 2014.

OTHER BUSINESS

Mr. Pacyga congratulated Ms. Grimm and Mr. McIntosh on their election wins.

Mr. Dahlman moved to convene into Executive Session at 3:26 P.M. Pursuant to C.R.S. Section 24-6-402(2)(d.5)(II) regarding the approval of the October 7, 2014 Executive Session Minutes. Ms. Bruno 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 3:30 P.M. with all Board members, staff and legal counsel present.

The Regular Board Meeting adjourned at 3:31 p.m.

Respectfully submitted,

Debbie Haines, Senior Benefits Manager
(Corresponding Secretary)

NEXT BOARD MEETING

THURSDAY, DECEMBER 2, 2014

**REGULAR BOARD MEETING
ADAMS COUNTY GOVERNMENT CENTER
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BRIGHTON, COLORADO 80601**