

**ADAMS COUNTY RETIREMENT BOARD MEETING**

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

**JANUARY 5, 2016**

**BOARD MEMBERS PRESENT**

Joe Pacyga – Chairman  
Ben Dahlman – Vice-Chairman  
Brigitte Grimm –Treasurer  
Marlise Bruno – Secretary  
Marc Osborne

**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 – Paul Wood

**LEGAL COUNSEL**

Davis Graham & Stubbs – Cindy Birley

**INVESTMENT CONSULTANTS**

Watershed Investment Consultants – Dale Connors  
Watershed Investment Consultants – Paul Schreder

**OTHER ATTENDEES**

Susan Dobbs – Rangeview Library District  
Tina Seberg – US Bank

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**Called to Order: 1:39 P.M.**

**SPECIAL PRESENTATION**

**US Bank – Annual Report**

Ms. Seberg, Relationship Manager for the US Bank Institutional Trust & Custody started by thanking the Board for their business. She stated that the Adams County Retirement Plan has been with US Bank since 1998. Ms.

Seberg stated that US Bank is the sixth largest custodian in the country. Ms. Seberg finished by stating that she enjoys working with everyone who is associated with the Adams County Retirement Plan.

### **EMPLOYEE/RETIREE CORRESPONDENCE**

None

### **REGULAR BUSINESS SESSION**

#### **CONSENT AGENDA**

Ms. Haines' informed the Board that the Fiduciary, Directors and Officers and the Employment Practices Liability Insurance is now thru Hudson Insurance Company. She indicated that Ms. Mathisen and she met with Mr. Rickaby, Commercial Insurance Concepts concerning the insurance for the Plan. Mr. Rickaby informed them that Philadelphia Insurance Company is no longer offering insurance on Retirement Plans. He also stated that Chubb Insurance Company sent him a quote and then rescinded. Mr. Rickaby looked into other carriers and found Hudson Insurance Company. Ms. Haines indicated that Hudson Insurance Company has agreed to carry the full \$8 million in coverage as well as prior or pending date back each of the policies. She informed the Board that going to Hudson is a savings of \$11,554.00.

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

**Approval of Board Meeting Minutes – December 1, 2015**

**Approval of Money Manager Fund Totals and US Bank Summary Reports – October 2015**

**Approval of Administrative Expenditures – January 5, 2016**

Expenditures - \$ 153,716.87

Paid December Expenditures - \$ 2,708.11

**Provided at Board Meeting:**

**Approval of Lump-Sum Distributions Report/Retirees Payout Report – December 2015**

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

**Seconded by Board Member – Ms. Bruno**

**Unanimously carried**

### **UNFINISHED BUSINESS**

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

**Board of County Commissioner Analysis of Expenses Discussion**

**Move to Executive Session - Last Order of Business**

## **NEW BUSINESS**

### **Watershed Investment Consultants, Inc. – Paul Schreder Hedge Fund Discussion**

Mr. Schreder presented four different hedge fund options for the Board's review. He informed the Board the candidates were Blackstone Alternative Asset Management-Partners NT Offshore Fund, Ltd., BlackRock Alternative Advisors-BlackRock Appreciation Fund IV who are the diversified hedge funds of funds, Visium Asset Management-Visium Global Offshore Fund, Ltd. the direct hedge fund and Blackstone Alternative Asset Management-Blackstone Alternative Multi-Strategy Fund the hedge fund of funds offered in a mutual fund format.

Mr. Schreder proceeded to explain each candidate's characteristics with the Board. After some discussion the Board agreed to hire Visium Asset Management as the new hedge fund manager.

Ms. Bruno moved to hire Visium Asset Management and move the money that resides in GAM to Visium Asset Management. Mr. Osborne seconded the motion and it unanimously carried.

The Board then stated subject to legal counsel's review.

## **STANDING REPORTS**

### **Watershed Investment Consultants, Inc. Investment Updates – Performance Update**

Mr. Connors stated that Watershed Investment Consultants did not have all the December 2015 numbers. Mr. Connors continued by indicating that Watershed Investment Consultants is recommending the Board commit \$10 million to the Harbert United States Real Estate Fund VI. He stated that the Plan has benefited from accelerated returns from Harbert which have led to quicker than expected sales to core investors. Mr. Connors indicated while this is good it creates a problem in that the Plan will not reach the targeted 20% allocation in real estate as capital is being returned during the call period of the investment. Mr. Connors stated that the prior funds have been financially successful with Fund V ahead of schedule providing strong IRRs and multiples. After some discussion the Board agreed to invest \$10 million in the Harbert United States Real Estate Fund VI.

Ms. Bruno moved to commit \$10 million into the Harbert United States Real Estate Fund VI subject to legal counsel approval. Mr. Dahlman seconded the motion and it unanimously carried.

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

Ms. Birley indicated that the IRS came out with a Notice stating that determination letters filed prior to January 4, 2016 have no deadline. She stated that both the Adams County and Rangeview Library District's determination letters were filed in 2014 so they will not have an expiration date.

## **Gabriel Roeder Smith & Company**

Ms. Thompson stated that there has been a lot of discussion about CALPERS. She indicated that the headlines read CALPERS go to a 6% assumed rate of return. She stated that is not what they are doing. Ms. Thompson indicated that what they are doing is a form of de-risking the portfolio. She stated that CALPERS deals with the California Retirement Plans.

Ms. Thompson indicated that the Board might hear of Direct Rates Smoothing. She stated that this does not apply to the Plan. She stated that the Plan already does 5 and 30 year smoothing.

Ms. Thompson stated that new mortality tables are out however Gabriel Roeder Smith is not recommending the Adams County Retirement Plan move to those new tables. She indicated they will look to move the mortality tables after the next experience study is done on the Plan.

## **Retirement Staff – Administrative Business**

### **Administrative Updates**

### **Board of Retirement Election Results**

Ms. Haines indicated that included in the Board packet was a copy of the Board member election results. She stated that Mr. Osborne was reelected to the Board of Retirement and his term of office will be February 1, 2016 to January 31, 2020.

All Board members and associates congratulated Mr. Osborne on his reelection to the Board.

## **OTHER BUSINESS**

None

Recess at 3:06 P.M.

Reconvened at 3:15 P.M.

All Board members, staff and legal counsel present.

Mr. Dahlman moved to convene into Executive Session at 3:15 P.M. Pursuant to C.R.S. Section 24-6-402(4)(b) to obtain legal advice regarding the Retirement Plan. 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. Mr. Osborne seconded the motion and it was unanimously carried.

The Regular Board Meeting reconvened at 4:20 P.M. with all Board members, staff and legal counsel present.

Mr. Dahlman moved to direct Davis Graham & Stubbs to draft a letter regarding Plan expenses to the Employers participating in the Adams County Retirement Plan. He also directed Ms. Mathisen to contact Ms. Thompson, Gabriel Roeder Smith to prepare scenarios showing the possible impact to the Plan if the County allocated funds into the Plan. Ms. Bruno seconded the motion and it unanimously carried.

**The Regular Board Meeting adjourned at 4:22 p.m.**

Respectfully submitted,

Debbie Haines, Senior Benefits Manager  
(Corresponding Secretary)

**NEXT BOARD MEETING**

**TUESDAY, FEBRUARY 2, 2016  
REGULAR BOARD MEETING  
ADAMS COUNTY GOVERNMENT CENTER  
4430 SOUTH ADAMS COUNTY PARKWAY  
RETIREMENT CONFERENCE ROOM, C3414  
BRIGHTON, COLORADO 80601**