

ADAMS COUNTY RETIREMENT BOARD MEETING

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

SEPTEMBER 6, 2016

BOARD MEMBERS PRESENT

Joe Pacyga – Chairman – 1:47 P.M.
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

None

LEGAL COUNSEL

Davis Graham & Stubbs – Kevin Teng

INVESTMENT CONSULTANTS

Ellwood – Dale Connors
Ellwood – Andrew Fiegel

OTHER ATTENDEES

Susan Dobbs – Rangeview Library District
Tina Seberg – US Bank

Called to Order: 1:37 P.M.

Mr. Osborne moved to approve the Executive Session Minutes from August 2, 2016. Ms. Grimm seconded the motion and it was unanimously carried.

INTRODUCTION OF SPECIAL GUESTS/ATTENDEE'S

None

SPECIAL PRESENTATION

None

EMPLOYEE/RETIREE CORRESPONDENCE

None

REGULAR BUSINESS SESSION

Ms. Mathisen informed the Board that the per diem for herself to the 2016 PensionGold Teaming Conference is slightly higher than Ms. Haines'. She stated that the reason was that she has a meeting with the PensionGold staff on Monday to discuss the 2.12 Oracle upgrade.

CONSENT AGENDA

Consent Agenda: Distributed by E-Mail

Approval of Board Meeting Minutes – August 2, 2016

Approval of Money Manager Fund Totals and US Bank Summary Reports – June 2016

Approval of Administrative Expenditures – September 6, 2016

Expenditures - \$ 56,121.69

Paid August Expenditures - \$ 198.17

Provided at Board Meeting:

Approval of Lump-Sum Distributions Report/Retirees Payout Report – August 2016

Moved by Board Member – Ms. Bruno

Seconded by Board Member – Mr. Osborne

Unanimously carried

UNFINISHED BUSINESS

None

NEW BUSINESS

Davis Graham & Stubbs – Kevin Teng Resolution and Amendment No. Four to the Adams County Retirement Plan (As Amended and Restated Effective January 1, 2014)

Mr. Teng provided the Board of Retirement a Summary of Changes with regards to the Amendment No. Four to the Adams County Retirement Plan as Amended and Restated Effective January 1, 2014. He indicated that the amendment was made in accordance with the PATH Act. It now allows a distribution made after December 18, 2015 to provide that a participant's non-spouse designated beneficiary may make a direct rollover to a SIMPLE IRA provided the rollover contribution occurs after the end of the 2 year period.

Ms. Bruno moved to approve Amendment No. Four to the Adams County Retirement Plan as Amended and Restated Effective January 1, 2014. Mr. Osborne seconded the motion and it was unanimously carried.

Ms. Mathisen read the Oath regarding Amendment No. Four – Certificate and Resolution to Ms. Bruno, Ms. Grimm, Mr. Osborne and Mr. Dahlman. They all responded "I do". Ms. Mathisen read the Acknowledgement regarding Amendment No. Four to Ms. Bruno, Ms. Grimm, Mr. Osborne and Mr. Dahlman. They all responded "I do".

Ellwood – Dale Connors & Andy Fiegel Aberdeen

Mr. Connors informed the Board that the 5% investment allocation into Aberdeen has been completed. He indicated that the Board will see the changes in the August 2016 update.

Principal Real Estate Debt Fund II

Mr. Connors indicated that at the August 2016 Board meeting he stated that the Principal Real Estate Debt Fund is about done with its investment period. He stated that the Principal Real Estate Debt Fund II's paperwork is being processed this week. Mr. Connors indicated that the two funds are similar and it would be appropriate to re-up with Principal Real Estate Debt Fund II. Ellwood recommends investing 12 million into the Principal Real Estate Debt Fund II.

Mr. Dahlman moved to invest \$12 million into the Principal Real Estate Debt Fund II when it becomes available. Ms. Grimm seconded the motion.

Discussion:

Mr. Connors wanted clarification from the Board if the motion included legal counsel's review of the documents. He also reminded the Board that the commitment of \$12 million will be drawn down over time.

Mr. Dahlman amended the motion to include subject to legal counsel review. Ms. Bruno seconded the amendment to the motion and it was unanimously carried.

Original motion
Unanimously carried.

Private Equity Candidates

Mr. Connors reminded the Board that at the August 2016 Board meeting Ellwood discussed the possibility of raising the Private Equity target allocation from 5% to 10%. He stated that whichever way the Board would like to go Ellwood recommends moving this year's allocation into the Private Equity bucket called "buyout".

Mr. Fiegel continued by giving of an overview of the Private Equity candidates.

RCP Advisors

- RCP is a premier small buyout fund-of-funds manager with a proven track record of success, access and sourcing capabilities.
- The team is dedicated solely to the lower middle buyout space and has made over 200 commitments to over 100 different primary fund managers since inception in 2001.
- Given the team's industry experience, RCP has a unique view that covers a substantial portion of the evolving market.
- The team favors constructing concise portfolios, investing in 10-15 of the top funds in a three year period, letting the best funds drive results and avoiding "index-like" performance.

Siguler Guff

- Siguler Guff is one of the most active and experienced investors in the small and lower middle market. The buyout team is dedicated solely to the small and lower middle buyout space and has committed over \$1.5B to 67 small buyout funds and over \$550M to 90 small buyout co-investments.
- Siguler Guff has extensive experience and expertise co-investing directly into small companies, enhancing fund returns while reducing fees paid to the underlying GP
- The team is able to leverage their dominant position, often as lead investor, to negotiate favorable terms and conditions, reduce expenses and increase transparency with underlying GP's. In SBOF II, Siguler Guff was able to enhance the terms and conditions in every fund in which it invested.

After a lengthy discussion the Board decided to hire RCP Advisors.

Mr. Osborne moved to hire RCP Advisors subject to legal counsel review. Ms. Bruno seconded the motion and it was unanimously carried.

Mr. Dahlman moved to raise the target allocation in Private Equity to 10%. Mr. Osborne seconded the motion and it was unanimously carried.

Mr. Dahlman moved to allocated \$6 million to RCP Advisors to get to the 10% target allocation. Ms. Bruno seconded the motion and it was unanimously carried.

Fixed Income Manager Replacement Discussion

Mr. Connors reminded the Board at the August 2016 Board meeting Ellwood recommended replacing PIMCO Total Return strategy and looking at other candidates. He continued by giving an overview of the three candidates.

MetWest/TCW

- The team seeks to add value through a long-term value discipline emphasizing bottom-up research and controlling risk through diversification and duration constraints. The team exhibits expertise across various sectors including non-agency mortgages, non-dollar and corporate high yield bonds.

Western Asset Management Company

- Western blends the Global Investment Strategy Group's top-down investment outlook with bottom-up fundamental research for sector and issue selection. The team actively manages duration, volatility, sector selection and yield curve positioning based on their economic outlook. Additionally, the team will opportunistically select securities at the lower end of the investment grade scale (BBB) to provide attractive risk-adjusted opportunities.

Manulife Asset Management

- The strategy uses a multi-sector fixed income approach guided by the team's macroeconomic outlook to assess the best opportunity set across the universe of fixed income sectors, countries and currencies. The portfolio is built around the philosophy that given the expanded universe of sectors and currencies a diverse portfolio can be created that adds value while mitigating risk.

After a lengthy discussion the Board decided to hire MetWest/TCW.

Mr. Dahlman moved to hire MetWest/TCW to replace PIMCO. Mr. Osborne seconded the motion and it unanimously carried.

STANDING REPORTS

Ellwood

Investment Updates – Performance Update

Mr. Connors indicated that July 2016 was a great month. He stated that the Adams County Retirement Plan was up 5.5% through July 2016.

**Davis Graham & Stubbs
Legal Information Updates**

Mr. Teng indicated that the SEC is monitoring Private Equity. He stated that they are looking at what expenses are being charged to funds and the broker dealer activity.

Recess at 3:28 P.M.
Reconvened at 3:36 P.M.

**Gabriel Roeder Smith & Company
Update**

Ms. Mathisen gave an update on behalf of GRS. She stated that GRS completed the data request for Gallagher and it was placed on a secure ftp site on August 24, 2016. Ms. Mathisen indicated that Mr. Finger, Deputy County Manager is leaving Adams County and is not sure of who will receive the results from Gallagher. The Board would like to table discussion until the October 2016 Board meeting.

**Retirement Staff – Administrative Business
Administrative Updates**

Ms. Mathisen reminded the Board that the Adams County Retirement Office will be closed from September 19 through September 23, 2016. She stated that the staff will be attending the 2016 PensionGold Teaming Conference.

2016 Colorado Public Plan Coalition (CPPC) Conference

Mr. Dahlman indicated that CPPC Conference was very interesting with a variety of topics ranging from selecting money managers, social security and legislative updates. He stated that there was also discussion on how to communicate better with participants particularly in the 457(b) Plan. However, Mr. Dahlman indicated it might be something that the Board/Retirement staff can look into doing more education about the Defined Benefit Plan to the participants. Ms. Haines' concluded that the social security and legislative sections of the conference were very informative.

OTHER BUSINESS

None

The Regular Board Meeting adjourned at 4:03 p.m.

Respectfully submitted,

Debbie Haines, Senior Benefits Manager
(Corresponding Secretary)

NEXT BOARD MEETING

**TUESDAY, OCTOBER 4, 2016
REGULAR BOARD MEETING
ADAMS COUNTY GOVERNMENT CENTER
4430 SOUTH ADAMSCOUNTY PARKWAY
CONFERENCE CENTER – PLATTE RIVER B
BRIGHTON, COLORADO 80601**