

ADAMS COUNTY RETIREMENT BOARD MEETING

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

NOVEMBER 1, 2016

BOARD MEMBERS PRESENT

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

BOARD MEMBERS EXCUSED

Joe Pacyga – Chairman

ADMINISTRATIVE STAFF

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

ACTUARIAL STAFF

Gabriel Roeder Smith – Paul Wood

LEGAL COUNSEL

David Graham & Stubbs – Vicki Johnson

INVESTMENT CONSULTANTS

Ellwood – Dale Connors
Ellwood – Andy Fiegel

OTHER ATTENDEES

None

Called to Order: 1:32 P.M.

INTRODUCTION OF SPECIAL GUESTS/ATTENDEE'S

None

SPECIAL PRESENTATION

None

EMPLOYEE/RETIREE CORRESPONDENCE

None

REGULAR BUSINESS SESSION

CONSENT AGENDA

Consent Agenda: Distributed by E-Mail

Approval of Board Meeting Minutes – October 4, 2016

Approval of Money Manager Fund Totals and US Bank Summary Reports – None

Approval of Administrative Expenditures – November 1, 2016

Expenditures - \$ 116,710.57

Paid October Expenditures - \$ 188.09

Provided at Board Meeting:

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

Moved by Board Member – Ms. Bruno

Seconded by Board Member – Ms. Grimm

Unanimously carried

UNFINISHED BUSINESS

October 6, 2016 – Ratify into Minutes – RCP Fund XI

Motion

At the Board meeting on September 6, 2016, the Board Members who were present approved, subject to review by legal counsel at Davis Graham & Stubbs LLP (“DGS”), to hire RCP Fund XI. In the course of reviewing the documents provided by RCP, RCP informed DGS they were making available an offshore feeder fund available to tax-exempt investors who wish to have added security in avoiding unrelated business taxable income (UBTI). The offshore feeder will have the same investment strategy and will offer the same economic terms as the domestic fund. As this new information varied slightly from the information that was initially presented to the Board during the September 6, 2016 meeting, we are asking for your feedback as to which you would prefer.

Option One – Proceed with investing the previously approved amount in the Delaware version of RCP Fund XI. The administrator should continue to ensure that Schedule K-1s received from the fund reflect UBTI and are maintained in records.

Option Two – Invest the previously approved amount instead in the offshore feeder version of RCP Fund XI.

Please respond to this message with your emailed response no later than **3:00 p.m. MT on Friday, October 7, 2016** in accordance with procedures in the Board’s Bylaws for meetings conducted by email.

Option One – to proceed with investing the previously approved amount in the Delaware version of RCP Fund XI.

Board member tally

Joseph Pacyga – Yea
Ben Dahlman – Yea
Marlise Bruno – Yea
Brigitte Grimm – Yea
Marc Osborne – Yea

Motion approved.

Gabriel Roeder Smith – Agreement to Perform Actuarial Services
CliftonLarsonAllen – Agreement to Perform Actuarial Services

Ms. Mathisen indicated that she has the signed executed agreements from Gabriel Roeder Smith and CliftonLarsonAllen. She stated that the agreements will be given to Davis Graham & Stubbs for signature and then sent back to her. She will then get the Chairman’s signature since he is not in attendance today.

NEW BUSINESS

Davis Graham & Stubbs, LLP – Vicki Johnson
Unclaimed Benefits Certificate & Resolution

Ms. Johnson brought a resolution to be executed by the Board with regards to the forfeiting of benefits for 5 lost participants. Ms. Johnson provided an overview of the efforts to find the 5 lost participants and stated that none of them were entitled to a vested benefit. Ms. Haines and Ms. Mathisen provided additional information regarding their attempts to locate the lost participants. Ms. Johnson indicated that Davis Graham & Stubbs believes that it is more favorable to leave the unclaimed benefits in the Plan instead of sending them to the State of Colorado. She stated that the Board approved a similar resolution in 2014. Ms. Johnson indicated that the resolution follows Section 9.7 in the Plan Document.

Ms. Bruno moved to approve a resolution to declare that the five members (Leanne Cull, Feerouz Jafari, Damaris Guerra, Larry Mullins and Amy Wright) 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, the five members are deceased and 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, whichever is later. Mr. Osborne seconded the motion and it unanimously carried.

Ms. Mathisen read the Oath and Acknowledgement regarding the Certificate and Resolution to the Board of Retirement. Ms. Bruno, Ms. Grimm, Mr. Osborne and Mr. Dahlman all responded “I do”.

Normal Retirement Age Discussion

Ms. Johnson stated earlier in the year the IRS came out with proposed regulations for Normal Retirement Age using the Safe Harbor rules. She indicated that Davis Graham & Stubbs had sent a comment letter back to the IRS with regards to handling rehires. Ms. Johnson stated that as of today the IRS has not responded and with the effective date of the proposed regulations to go into effect January 1, 2017 Davis Graham & Stubbs feels that they need proceed in amending the Plan. She stated that Davis Graham & Stubbs is proposing doing an amendment to the Plan adding that participants that are rehired and were in Tier 4 or 5 come in back into the Plan with a Rule of 80. She stated that this would satisfy the Safe Harbor rules and it makes sense because Tier 3 participants have a Rule of 80. Ms. Johnson indicated that Davis Graham & Stubbs will be bringing back an amendment at the December 2016 Board meeting. She stated hopefully by then the IRS will respond to their comment letter for clarification.

Ellwood – Dale Connors & Andy Fiegel 2016 3rd Quarter Investment Analysis

Mr. Connors presented the 2016 3rd quarter investment analysis on the Adams County Retirement Plan. He indicated that the 5 year annualized return was 8.5% for the Plan.

Mr. Connors continued by going over each of the investment sectors in the Adams County Retirement Plan. He stated that the Adams County Retirement Plan continues to have fairly significant net outflows. He indicated that at the end of the 3rd quarter the Adams County Retirement Plan was at \$234,469,911.

Case for Hedge Funds

Mr. Connors indicated that because hedge funds have been in the news, Ellwood wanted to remind the Board why and where hedge funds fit into the Adams County Retirement Plan. Mr. Fiegel continued giving a summary of hedge funds. He stated that while hedge funds have underperformed the broad equity markets, they have done so with significantly less risk and have protected capital during periods of negative equity market returns. Mr. Fiegel stated that the current environment appears to be increasingly attractive for hedge fund strategies for the following reasons: increased equity market volatility, divergent monetary policy, credit spread widening and increased corporate action. Mr. Fiegel commented that Ellwood recommends investors continue to allocate to hedge funds where appropriate given the risk adjusted returns, decreased portfolio volatility and exposure to unique strategies relative to long only investing.

Roundtable Discussion

Mr. Connors commented that the question was asked at the last Board meeting if the Board wanted to continue with the roundtable discussions twice a year with the money managers. However, he asked the Board if they wanted to do something different next year. Mr. Connors asked the Board if they would like to meet with a

single money manager in order for them to give their overview. The Board agreed to meet with individual money managers at several monthly meetings and have one roundtable during the year.

Adams County Retirement Plan 2016-2017 Budget Review – Pam Mathisen

Ms. Mathisen presented the 2016-2017 Proposed Budget for the Adams County Retirement Plan. She indicated that with the potential IRS changes that would affect the Adams County Retirement Plan she has increased actuarial fees and a decrease in legal fees.

Adams County Board Member Re-Appointment – Term 2017-2021

Ms. Mathisen informed the Board of Retirement that Ms. Bruno's term as a Board member is up January 2017. She stated that Ms. Burczek from the Board of County Commissioners Office has sent an inquiry regarding the intent of the Board of Retirement. Ms. Mathisen stated that Ms. Bruno has informed her that she would like to be reappointed to the Board of Retirement. Ms. Mathisen indicated that she had a conversation with Mr. Pacyga and should it be the Board's recommendation he would prepare a letter to the BoCC recommending Ms. Bruno be reappointed to the Board of Retirement. The Board agreed they would like the Chairman to prepare a letter to the BoCC recommending Ms. Bruno be reappointed to the Board of Retirement.

STANDING REPORTS

Ellwood

Investment Updates – Performance Update

None

Davis Graham & Stubbs

Legal Information Updates

None

Gabriel Roeder Smith & Company

Update

Mr. Wood indicated the new mortality projection schedule was released by the Society of Actuaries. He stated that it turns out that mortality is not improving as they first expected, so the Society of Actuaries has pulled back some of the mortality improvement. He indicated that it would not affect the Adams County Retirement Plan directly on the upcoming actuarial study but could in the future when the Plan does an experience study.

Retirement Staff – Administrative Business

Administrative Updates

None

OTHER BUSINESS

None

The Regular Board Meeting adjourned at 3:08 p.m.

Respectfully submitted,

Debbie Haines, Senior Benefits Manager
(Corresponding Secretary)

NEXT BOARD MEETING

**TUESDAY, DECEMBER 6, 2016
REGULAR BOARD MEETING
ADAMS COUNTY GOVERNMENT CENTER
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BRIGHTON, COLORADO 80601**