

ADAMS COUNTY RETIREMENT BOARD MEETING

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

MAY 1, 2018

BOARD MEMBERS PRESENT

Marc Osborne - Chairman
Ben Dahlman – Vice-Chairman
Brigitte Grimm – Treasurer – 2:31 P.M.
Jim Morgen – Secretary
Brent Voge

BOARD MEMBERS EXCUSED

ADMINISTRATIVE STAFF

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

ACTUARIAL STAFF

Gabriel Roeder Smith – Paul Wood
Gabriel Roeder Smith – Leslie Thompson

LEGAL COUNSEL

David Graham & Stubbs – Cindy Birley

INVESTMENT CONSULTANTS

Ellwood – Andy Fiegel

OTHER ATTENDEES

Tim Rawal – CliftonLarsonAllen
Susan Dobbs – Rangeview Library District

Called to Order: 1:35 P.M.

INTRODUCTION OF SPECIAL GUESTS/ATTENDEE'S

Tim Rawal, CliftonLarsonAllen

SPECIAL PRESENTATION

CliftonLarsonAllen – 2017 Financial Statements and Audit Report

Mr. Rawal, Manager, CliftonLarsonAllen was present to present the December 31, 2017, Financial Statements for the Adams County Retirement Plan. Mr. Rawal indicated that CliftonLarsonAllen expressed an unmodified opinion on the financial statements.

Mr. Rawal then went over some of the financial statement highlights. He stated that the net position of the Adams County Retirement Plan increased for 2017 primarily a result of global stock markets fluctuations as well as the increased contribution rates implemented at the beginning of 2015.

EMPLOYEE/RETIREE CORRESPONDENCE

None

REGULAR BUSINESS SESSION

CONSENT AGENDA

Consent Agenda: Distributed by E-Mail

Approval of Board Meeting Minutes – April 3, 2018

Approval of Special Board Meeting Minutes – April 12, 2018

Approval of Money Manager Fund Totals and US Bank Summary Reports – February & March 2018

Approval of Administrative Expenditures – May 1, 2018

Expenditures - \$ 105,689.24

Paid April Expenditures - \$355.86

Provided at Board Meeting:

Approval of Terminated Retirement Members Payout Report – April 2018

Moved by Board Member – Mr. Voge

Seconded by Board Member – Mr. Morgen

Unanimously carried

UNFINISHED BUSINESS

None

NEW BUSINESS

Updated – Education & Travel Policy - Approval

Ms. Haines stated that provided in the Board packet was a copy of the updated Education & Travel Policy. She indicated that based on information provided at the Strategic Planning Session with the Retirement Board she made a few minor changes to the policy. Ms. Haines stated that if there were no changes then the Board could adopt the new policy today. After, some discussion the Board tabled until the June 2018 Board meeting.

Davis Graham & Stubbs – Cindy Birley

NGP – Taxation Forms

Ms. Birley indicated that the Adams County Retirement Plan received several documents from NGP regarding state income tax withholding from four different states. She stated that the Plan is tax exempt under Code Section 501(a) and 115 so the Plan does not incur Unrelated Business Taxable Income. Ms. Birley indicated that looking through the documents the Plan needs to request from The State of New Mexico an exemption of withholding. She stated that a letter has been prepared for the Chairman's and Executive Director's signatures and will be mailed both to the State of New Mexico and NGP.

Ellwood Associates – Andy Fiegel

Asset Allocation Study and Private Equity Pacing Model

10-Year Expected Returns

Mr. Fiegel indicated that Ellwood reviews the portfolio asset allocation with the Board of Retirement each year and revisits the Retirement Plan's unique circumstances and constraints. The asset allocation analysis includes revisiting the Board of Retirement's collective risk preferences as it relates to the Retirement Plan.

Mr. Fiegel stated that there were big changes on the assumptions from last year to this year due to a strong market in the 2017. He stated looking at the 10 year capital market assumptions there were two asset classes that expect to return over 7.5%, they are Private Equity and Emerging Markets Equity. Mr. Fiegel stated that Ellwood believes that the 7.5% target is doable however a significant amount of risk level will need to be taken in order to obtain that return. He stated that Ellwood is more comfortable with 7.25%.

Mr. Fiegel indicated that Ellwood recommends increasing private equity from 5% to 10%.

Gabriel Roeder Smith – Paul Wood

January 1, 2018 – Experience Study Findings

Mr. Wood presented the Experience Study Findings on the Adams County Retirement Plan. He indicated that the purpose of the Experience Study:

- ◆ Actuarial assumptions and methods are utilized to develop each of the outputs of actuarial valuation process

- ◆ Experience Study is a regularly scheduled review of the assumptions and methods
 - ACRP's last experience study was in 2013
 - ACRP experience study schedule meets the GFOA guidelines
- ◆ General process for setting assumptions and methods
 - Actuary makes recommendations
 - Board considers actuary's recommendation and makes the final decision for the Plan

Mr. Wood indicated that GRS is recommending the following changes. He stated that these changes would take place with the January 1, 2018 valuation.

- ◆ Inflation – reduce from 2.80% to 2.50%
- ◆ Real Rate of Return – Set to a rate no greater than 4.75%
- ◆ Discount rate/Assumed Rate of Return – Reduce from 7.50% to at least 7.25%
- ◆ Wage Inflation – Reduce from 3.80% to 3.50%
- ◆ Payroll growth assumption – Reduce from 3.80% to 3.50%
- ◆ Individual Merit and Promotion Increases – Extend rates to later service points
- ◆ Post-retirement mortality – Update to the RP2014 Blue Collar table projected using the ultimate MP Scale
- ◆ Disabled life mortality – Update to the RP2014 table projected using the ultimate MP Scale
- ◆ Active life mortality – Update to the RP2014 Blue Collar table projected using the ultimate MP Scale
- ◆ Rates of disability – Reduce disability assumption
- ◆ Rates of retirement – Increase retirement rates and extend table to age 75
- ◆ Rates of termination – Reduce rates at earlier service and increase rates at later service

After some discussion Mr. Morgen moved to change the Assumed Rate of Return on the Adams County Retirement Plan from 7.50% to 7.25%. Mr. Voge seconded the motion.

Discussion:

Mr. Dahlman stated that he feels moving the Assumed Rate of Return to 7% is more realistic at this time.

Jim Morgen – Yea
 Brigitte Grimm – Yea
 Brent Voge – Yea
 Marc Osborne – Yea
 Ben Dahlman – Nay

Motion carried.

Mr. Dahlman moved to approve the remaining Economic Assumptions recommended by Gabriel Roeder Smith Mr. Morgen seconded the motion and it unanimously carried.

STANDING REPORTS

Ellwood – Andy Fiegel 2018 1st Quarter Performance Review

Mr. Fiegel presented the 2018 1st Quarter Performance Review on the Adams County Retirement Plan. He stated that the equity market started out strong in 2018 which was a continuation of 2017 and then it was hit with volatility. Mr. Fiegel indicated that it was due to inflation and rising interest rates. He indicated the S&P was down .08%, MSCI EAFE down 1.5% and Emerging Markets down 1.4%. Mr. Fiegel stated that for the 1st Quarter the Adams County Retirement Plan was down .53%.

Davis Graham & Stubbs Legal Information Updates

None

Retirement Staff – Administrative Business

Ms. Haines indicated that included in the Board packet was the year-end Income/Expenditure Statement and a Profit/Loss Statement. She stated that the Income/Expenditure Statement is the report that the Retirement office uses which shows the contributions coming into the Plan as well as refund payments, retiree payments and expenditures going out of the Plan. Ms. Haines indicated that the staff met with Ms. Grimm and the Profit/Loss Statement is the report that she would like to see going forward.

OTHER BUSINESS

None

Recess at 4:03 P.M.

Reconvened at 4:13 P.M.

All Board members, Retirement staff and legal counsel were present.

Mr. Dahlman moved to convene into Executive Session at 4:14 P.M. Pursuant to C.R.S. Section 24-6-402(4)(f)(I) and C.R.S. Section 24-6-402(4)(b) to discuss personnel matters and to receive legal advice regarding personnel matters. Mr. Morgen seconded the motion and it was unanimously carried.

EXECUTIVE SESSION

Mr. Dahlman moved to adjourn Executive Session and reconvene the Regular Board Meeting. Mr. Morgen seconded the motion and it was unanimously carried.

The Regular Board Meeting reconvened at 4:23 P.M. with all Board members, Retirement staff and legal counsel present.

The Regular Board Meeting adjourned at 4:24 p.m.

Respectfully submitted,

Debbie Haines, Senior Retirement Benefits Specialist
(Corresponding Secretary)

NEXT BOARD MEETING

**TUESDAY, JUNE 5, 2018
REGULAR BOARD MEETING
ADAMS COUNTY GOVERNMENT CENTER
4430 SOUTH ADAMS COUNTY PARKWAY
RETIREMENT CONFERENCE CENTER
BRIGHTON, COLORADO 80601**