

**ADAMS COUNTY RETIREMENT BOARD MEETING**

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

**MAY 7, 2019**

**BOARD MEMBERS PRESENT**

Alisha Reis – Vice Chairman  
Lisa Culpepper - Treasurer  
Jim Morgen – Secretary  
Marc Osborne

**BOARD MEMBERS EXCUSED**

Brent Voge – Chairman

**ADMINISTRATIVE STAFF**

Debbie Haines, Executive Director (Corresponding Secretary)  
Lucy Miles, Retirement Benefits Specialist

**ACTUARIAL STAFF**

Gabriel Roeder Smith – Paul Wood

**LEGAL COUNSEL**

Davis Graham & Stubbs – Cindy Birley

**INVESTMENT CONSULTANTS**

Ellwood – Dale Connors

**OTHER ATTENDEES**

Tim Rawal - CliftonLarsonAllen

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**Called to Order: 1:32 P.M.**

**INTRODUCTION OF SPECIAL GUESTS/ATTENDEE'S**

Ms. Haines introduced Lucy Miles as the new Retirement Benefits Specialist.

**SPECIAL PRESENTATION**

None

**EMPLOYEE/RETIREE CORRESPONDENCE**

None

## **REGULAR BUSINESS SESSION**

### **CONSENT AGENDA**

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

**Approval of Regular Board Meeting Minutes – April 2, 2019**

**Approval of Money Manager Fund Totals – March 2019**

**Approval of Administrative Expenditures – May 7, 2019**

Expenditures - \$ 90,833.61

Paid April Expenditures - \$ 436.77

**Provided at Board Meeting:**

**Approval of Terminated Retirement Members Payout Report – April 2019**

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

**Seconded by Board Member – Mr. Morgen**

**Unanimously carried**

### **UNFINISHED BUSINESS**

None

### **NEW BUSINESS**

**Ellwood – Dale Connors**

**2019 1<sup>st</sup> Quarter Performance**

Mr. Connors indicated that the Plan in the 1<sup>st</sup> quarter of 2019 rebounded which was a complete reversal of 2018. He stated that most of the negative returns in 2018 were in the 4<sup>th</sup> quarter. Mr. Connors indicated that the Federal Reserve's plan to pause on the rate hikes in 2019 was favorably to the market sentiment during the quarter. He stated that the Adams County Retirement Plan was up 7.03% ending the 1<sup>st</sup> quarter at \$263,126,272. Mr. Connors then went over each of the money managers with the Board.

## **Ellwood Associates – Dale Connors Asset Allocation Study**

Mr. Connors 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. Connors stated looking at the 10 year capital market assumptions there are two asset classes that expect to return over 7.25%, they are Private Equity and Emerging Markets Equity. Mr. Connors indicated that given the weak outlook for Non-U.S. developed markets, it is Ellwood's recommendation that 5% of the Vanguard Total International Stock Index fund be exchanged into the Vanguard Total Institutional Index fund. He also stated that the floating rate debt is 15% with 10% in private credit. Mr. Connors stated that it will take time to achieve the allocation due to the nature of private credit. He indicated that the Plan needs to make another private credit commitment this year and recommends continuing utilizing the Principal Real Estate Debt Strategy. Mr. Connors continued stating the Plan's real estate allocation target is 15% with 10% in core real estate and 5% in value-add. He indicated that the Plan needs to make another value-add real estate commitment this year and recommends continuing utilizing the Harbert strategy through a commitment to Fund VII. After some discussion the Board agreed with Ellwood's recommendation.

Mr. Osborne moved to exchange 5% of the Vanguard Total International Stock Index into the Vanguard Total Institutional Index Fund. He moved to commit \$10 million into Principal Real Estate Debt III and commit \$12.5 million into Harbert U.S. Real Estate Fund VII, subject to legal review. Mr. Morgen seconded the motion and it was unanimously carried.

## **CliftonLarsonAllen – 2018 Financial Statements and Audit Report**

Mr. Rawal, Manager, CliftonLarsonAllen was present to present the December 31, 2018, Financial Statements in draft format for the Adams County Retirement Plan. Mr. Rawal indicated that he is waiting on final numbers from the Plan's actuary and will send the final copy once he receives that information. Mr. Rawal stated 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 decreased for 2018 primarily a result of investment losses.

## **STANDING REPORTS**

### **Ellwood - Dale Connors Investment Update**

None

**Davis Graham & Stubbs  
Legal Information Updates**

Ms. Birley informed the Board that SB 19-106 was just signed on May 6, 2019 and is only limited to Defined Contribution Plans. She stated that there is a Companion Bill SB 19-260 which was introduced however it does not impact the Plan. Ms. Birley indicated that HB 19-1299 was moving forward which could allow employers to contribute more into Retirement Plans.

Ms. Birley stated on the Federal legislation side there is bill called the Secure Act that is being introduced. She indicated that a lot of the language does not apply but some of it does. Ms. Birley stated that if it goes through it would change the post death non spouse optional benefits to the Plan. She will continue to monitor.

Ms. Birley informed the Board that Ms. Haines and she have been working on rehired employees. She stated to the Board that the Plan has three very different tiers and a complex reemployment rule which got more complicated in 2017. Ms. Birley indicated that because there were only a few rehired employees in the past the Retirement system was never programmed for these changes. She stated that in the last year the Plan has seen numerous rehired employees. Ms. Birley indicated that the two of them are working on each participant and once in agreement they will write it up and send a fee quote to PensionGold.

**Gabriel Roeder Smith  
Actuarial Updates**

Mr. Wood indicated he will get the final GASB 67/68 numbers to CliftonLarsonAllen by the end of the week. However based off the preliminary numbers he stated that the big number that jumps out is the funding status which has dropped below 50%. Mr. Wood indicated that one reason were salary increases that were in excess of GRS's assumptions for the Plan.

After some discussion the Board would like to hear the final results on the Actuarial Valuation at the June 2019 Board meeting but then have a Special Board meeting in June 2019 to discuss HB 19-1299.

**Retirement Staff – Administrative Business**

Ms. Haines informed the Board that usually the Board reviews all vendors at the July Board meeting. She stated however that Ellwood and Davis Graham & Stubbs contract is up in 2019. Ms. Haines indicated that Ellwood's contract ends June 30, 2019 and Davis Graham & Stubbs at the end of the year. She asked the Board if they wanted to extend or do an RFP on the Investment Consulting Services for the Adams County Retirement Plan. After some discussion the Board would like to extend Ellwood's contract through March 31, 2020 but go out for an RFP in August/September 2019.

Ms. Culpepper moved to go out for an RFP for Investment Consulting Services on the Adams County Retirement Plan in August or September 2019. Mr. Morgen seconded the motion and it was unanimously carried.

Ms. Culpepper moved to extend Ellwood Associates contract for Investment Consulting Services on the Adams County Retirement Plan through March 31, 2020. Mr. Morgen seconded the motion and it was unanimously carried.

**OTHER BUSINESS**

None

**EXECUTIVE SESSION**

None

**The Regular Board Meeting adjourned at 2:54 p.m.**

Respectfully submitted,

Debbie Haines, Executive Director  
(Corresponding Secretary)

**NEXT BOARD MEETING**

**TUESDAY, JUNE 4, 2019  
REGULAR BOARD MEETING  
ADAMS COUNTY GOVERNMENT CENTER  
4430 SOUTH ADAMS COUNTY PARKWAY  
RETIREMENT CONFERENCE ROOM  
BRIGHTON, COLORADO 80601**