

ADAMS COUNTY RETIREMENT BOARD MEETING

**MINUTES - REGULAR MEETING
4430 SOUTH ADAMS COUNTY PARKWAY
ITI CONFERENCE ROMM
BRIGHTON, COLORADO 80601**

JUNE 4, 2019

BOARD MEMBERS PRESENT

Brent Voge – Chairman
Alisha Reis – Vice Chairman
Jim Morgen – Secretary
Marc Osborne

BOARD MEMBERS EXCUSED

Lisa Culpepper - Treasurer

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
Ellwood – Andy Fiegel

OTHER ATTENDEES

Tina Seberg – US Bank
Brigitte Grimm – Deputy Treasurer

Called to Order: 1:30 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 Regular Board Meeting Minutes – May 7, 2019

Approval of Money Manager Fund Totals – None

Approval of Administrative Expenditures – June 4, 2019

Expenditures - \$ 113,746.17

Paid May Expenditures - \$ 1,927.81

Provided at Board Meeting:

Approval of Terminated Retirement Members Payout Report – May 2019

Ms. Reis – Aye

Mr. Osborne – Aye

Mr. Morgen - Aye

Mr. Voge abstained from approving the minutes – everything else - Aye

Approved.

UNFINISHED BUSINESS

None

NEW BUSINESS

**Gabriel Roeder Smith (GRS) – Paul Wood
Actuarial Valuation Effective January 1, 2019**

Mr. Wood presented the Actuarial Valuation Report as of January 1, 2019 for the Adams County Retirement Plan. He continued by stating some of the highlights of the Valuation:

- Market value of assets return was more than the rate of return assumption
 - (3.1)% return vs. 7.25% assumption
- Actuarial value of assets return was less than the rate of return assumption
 - 4.7% return vs. 7.25% assumption
 - Overall loss on actuarial value of assets due to the recognition of 2014, 2015 and 2018 asset losses offset the recognition of 2016 and 2017 asset gains.

- Contribution shortfall increased to 6.49% of payroll in 2019 from 6.21% of payroll in 2018
- Because the shortfall exists, there is upward pressure on the contribution rate and downward pressure on the funded ratio
- Employer and member contributions at 9.00% in 2019
- Funded ratio (ratio of assets to liabilities)
 - Market value funded ratio decreased to 49.2% from 54.3% last year
 - Actuarial value funded ratio decreased to 52.6% from 53.6% last year

Mr. Wood continued by going over the information used in the valuation. He stated that the active and retiree population increased in 2019. Mr. Wood stated that Tier 3 participants are starting to dominate the Plan now at 65% of the total population. Mr. Wood finished by saying that the Plan still is expected to be fully funded by 2049. He stated that the additional County contribution started in 2018 helped the Plan stay on course.

Board Discussion regarding HR19-1299

Mr. Wood brought some long term projections for the Board to look at regarding the Adams County Retirement Plan. He showed the Board a projection using a 30-Year Return of 7.25% and stated that the order in which returns are made does affect the funded ratio.

Ms. Birley reminded the Board that Rangeview Library District will also be a decision maker with regards to extra employer contributions into the Plan. She stated that back in 2009 the Board of Retirement at that time had done a Statement of Intent for future Boards to possibly follow with regards of adding back in benefits to the Plan if the Plan becomes 100% funded.

After a lengthy discussion the Board would like Gabriel Roeder Smith bring to the July 2019 Board meeting several options with regards to items discussed and the pros/cons of each of those strategies.

Mr. Wood informed the Board that Leslie Thompson, Gabriel Roeder Smith will be retiring October 31, 2019.

STANDING REPORTS

Ellwood - Dale Connors Investment Update

Mr. Connors stated that Plan through April 2019 was up 9% ending at \$267,389,968. He indicated that all stocks were up double digits through the first four months of 2019. Mr. Fiegel continued saying that gains in April 2019 were offset with the losses in May 2019. He stated that the equity markets gave back what they had gained and then some in May 2019.

**Davis Graham & Stubbs
Legal Information Updates**

Ms. Birley informed the Board that Davis Graham & Stubbs had sent a draft side letter to Principal Real Estate Debt Fund III for their review.

Ms. Birley stated that SB 19-260 which was the FPPA legislation is still moving forward but does not impact the Plan.

Ms. Birley indicated that on the Federal legislation side the Secure Act has passed the house. She stated that there are 2 pieces to this bill that DGS was concerned about the 1st is too increased the Required Minimum Distribution age from 70 ½ to 72. This would be effective for distributions made after 12/31/2019 with respect to participants that turn 70 ½ after that date. Ms. Birley stated that this will impact the Plan and require Plan Document changes, form changes, and system changes. The 2nd piece to this bill has been limited to Defined Contribution Plans which is the post death non spouse optional benefit and will not affect the Plan. She will continue to monitor.

Ms. Birley informed the Board that Ms. Haines and she have been working on several items. The first was an error from Adams County for missed contributions both for the employee/employer regarding an employee. Ms. Birley stated that when an error is made you must follow the IRS correction procedure if you are going to self correct and it must be consistent. In further research Ms. Birley had found that there was a similar situation in 1998/1999 in which Adams County made up both the employee/employer contributions. She indicated that Ms. Haines went back to Adams County letting them know the proper procedure to correct.

The second item was a policy change that Adams County made to employees applying for Long Term Disability. Ms. Birley stated that Adams County did not inform the Retirement office of this change to find out if it would affect the Plan. Ms. Birley indicated that the Plan Document has a six month retro payment that might need to be changed if the Board agrees to extend this out further.

Ms. Birley stated that Ms. Haines and DGS are continuing to work on both past/present rehires. She indicated that they want to make sure both past/present are done consistently. Ms. Birley stated that the next step is to see how much of this is programmed into PensionGold. After some discussion about reprogramming PensionGold the Board would like Ms. Haines to reach out to PensionGold regarding Version 3 and possible upgrading.

**Gabriel Roeder Smith
Actuarial Updates**

None

Retirement Staff – Administrative Business

None

OTHER BUSINESS

None

EXECUTIVE SESSION

None

The Regular Board Meeting adjourned at 3:38 p.m.

Respectfully submitted,

Debbie Haines, Executive Director
(Corresponding Secretary)

NEXT BOARD MEETING

**TUESDAY, JULY 2, 2019
REGULAR BOARD MEETING
ADAMS COUNTY GOVERNMENT CENTER
4430 SOUTH ADAMS COUNTY PARKWAY
RETIREMENT CONFERENCE ROOM
BRIGHTON, COLORADO 80601**