

**Adams County Retirement Plan  
Strategic Asset Allocation and Investment Structure  
September 2019**

This document is intended to supplement the Statement of Investment Policy (“IPS”) of the Adams County Retirement Plan. The IPS is long term in nature while this Strategic Asset Allocation and Investment Structure (“Investment Strategy”) document is designed to be reviewed, and if necessary revised, annually by the Board of the Adams County Retirement Plan (“Board”).

The Investment Strategy includes the following:

- Actuarial assumed rate of return,
- Strategic asset class targets and ranges, refined within the IPS allowable ranges,
- Liquidity Policy,
- Investment structure and performance benchmarks for the Total Plan and subcomponents, and
- Contact information for vendors involved with the investments of the Plan.

**Actuarial Assumed Rate of Return**

The current actuarial assumed rate of return is 7.25%

**Strategic Asset Class Targets and Ranges**

| Asset Class  | Sub-Asset Class    | Current Target | Allowable Range  |
|--------------|--------------------|----------------|------------------|
| Equity       |                    | <u>45%</u>     | <u>35% - 55%</u> |
|              | Public Equity      | 40%            | 35% - 45%        |
|              | Private Equity     | 5%             | 0% - 10%         |
| Debt         |                    | <u>25%</u>     | <u>15% - 35%</u> |
|              | Fixed Rate         | 15%            | 10% - 20%        |
|              | Floating Rate      | 10%            | 5% - 15%         |
| Alternatives |                    | <u>30%</u>     | <u>15% - 40%</u> |
|              | Low Volatility     | 10%            | 5% -15%          |
|              | Liquid Real Assets | 5%             | 0% - 10%         |
|              | Equity Real Estate | 15%            | 10% - 20%        |

### Liquidity Policy

The IPS states that the Executive Director of the Plan will determine the appropriate level of cash reserves depending on the anticipated liquidity needs. The Executive Director has determined that the current liquidity requirement is \$3 million. When the balance exceeds \$4 million, excess reserve cash will be transferred into the invested assets. When the balance falls below \$500,000, the cash reserves will be replenished to \$3 million by liquidation of invested assets. The Executive Director, with the assistance of the Investment Consultant, will coordinate all investment manager cash inflows and outflows with the effected products and with the Plan's custodial bank.

### Investment Structure and Performance Benchmarks

The Plan's investments, in total, by asset class and by individual manager, will be measured against appropriate benchmarks. Unless otherwise stated, performance will be compared on a net-of-investment management fees basis.

|                  |                                      |                                   |  |
|------------------|--------------------------------------|-----------------------------------|--|
| Absolute Return: | 7.25%                                |                                   |  |
| Relative Return: | Public Defined Benefit Pension Plans |                                   |  |
| Benchmark Index: | 40%                                  | MSCI All Country World            | (Equity – Public)                        |
|                  | 5%                                   | Russell 3000 (lagged one quarter) | (Equity – Private)                       |
|                  | 10%                                  | BBgBarc US Aggregate              | (Debt – Fixed Rate)                      |
|                  | 15%                                  | Credit Suisse Leverage Loan       | (Debt – Floating Rate)                   |
|                  | 5%                                   | HFRI Fund of Funds                | (Low Volatility – Hedge FOF)             |
|                  | 5%                                   | 50% S&P 500/50% T-Bills           | (Low Volatility – Defensive Equity)      |
|                  | 5%                                   | Alerian MLP                       | (Liquid Real Assets – MLPs)              |
|                  | 10%                                  | NFI ODCE Net of Fees              | (Equity Real Estate – Private Core)      |
|                  | 5%                                   | NCREIF Property                   | (Equity Real Estate – Private Value-add) |

Investment management structure and benchmarks are on the following pages.

| Investment Manager                      | Investment Product   | Fee Structure   | Investment Style/Universe          | Benchmark Index                 | Target Allocation |
|---|--|---|------------------------------------|---------------------------------|-------------------|
| Vanguard Group                          | Vanguard Institutional Index fund, Ticker VINIX                    | 0.04% Expense Ratio                                       | U.S. Equity S&P 500 Index          | S&P 500                         | 20%               |
| Vanguard Group                          | Vanguard Total International Stock Market Index fund, Ticker VTSNX | 0.09% Expense Ratio                                       | Non-U.S. Equity Index              | FTSE Global All Cap ex-US       | 5%                |
| Capital Group/American Funds            | New Perspective fund – R6 shares, Ticker RNPGX                     | 0.45% Expense Ratio                                       | Global Equity – Growth             | MSCI All Country World          | 5%                |
| Dodge & Cox                             | Dodge & Cox Global Stock fund, Ticker DODWX                        | 0.63% Expense Ratio                                       | Global Equity – Value              | MSCI All Country World          | 5%                |
| Fidelity Institutional Asset Management | Smid Cap Core Commingled fund: (IRS Rev. Rul. 81-100 fund)         | 0.65% of Assets   | U.S. Equity Smid Cap Core          | Russell 2500                    | 5%                |
| Private Equity Program                  | Multiple Managers/Products   | Varies  | Private Equity                     | Russell 3000                    | 5%                |
| Segall Bryant & Hamill                  | Separate Account   | 0.30% on first \$25 million<br>0.25% on the balance       | Core Fixed Income                  | BBgBarc US Govt/Credit          | 7.5%              |
| TCW Group                               | MetWest Total Return Bond fund – Ticker MWITX                      | 0.44% Expense Ratio                                       | Core Fixed Income                  | BBgBarc US Aggregate            | 7.5%              |
| Private Debt/Credit Program             | Multiple Managers/Products   | Varies  | Private Debt and Credit            | Credit Suisse Leveraged Loans   | 10%               |
| Grosvenor Capital Management            | Grosvenor Institutional Partners, L.P.                             | 1.25% on first \$25 million<br>1.00% on next \$25 million | Hedge Fund of Funds Multi-Strategy | HFR Fund of Funds - Diversified | 5%                |
| Parametric                              | Parametric Defensive Equity fund LLC                               | 0.35% of Assets   | Defensive Equity                   | 50% S&P 500 / 50% T-Bills       | 5%                |
| Tortoise Capital Advisors               | Master Limited Partnership (MLP) Separate Account                  | 0.75% of Assets   | U.S. Equity MLPs                   | Alerian MLP                     | 5%                |

| Investment Manager              | Investment Product   | Fee Structure  | Investment Style/Universe                   | Benchmark Index | Target Allocation |
|---------------------------------|--|--|---|-----------------|-------------------|
| Principal Real Estate Investors | Principal U.S. Property Account: Insurance Separate Account  | 1.1% under \$10 million<br>1.0% over \$10 million<br>0.95% over \$25 million | Equity Real Estate - U.S. Private Core      | NFI ODCE        | 10%               |
| Harbert Management Corporation  | Harbert United States Real Estate Fund V – Commingled fund   | 1.5% of Committed/Managed Assets<br>20% incentive over 9% Preferred          | Equity Real Estate - U.S. Private Value-add | NCREIF Property | 5%                |
|                                 | Harbert United States Real Estate Fund VI – Commingled fund  | 1.25% of Committed/Managed Assets<br>20% incentive over 9% Preferred         | Equity Real Estate - U.S. Private Value-add | NCREIF Property |                   |
|                                 | Harbert United States Real Estate Fund VII – Commingled fund | 1.35% of Committed/Managed Assets<br>20% incentive over 8% Preferred         | Equity Real Estate - U.S. Private Value-add | NCREIF Property |                   |

Private Equity Program Structure:

| Management Firm               | Investment Product                                    | Commitment     | Vintage     | Investment Fees   | Investment Style                              |
|-------------------------------|---|----------------|-------------|---|---|
|                               | Equity Partnership Fund IV, L.P.                      | \$4.5 million  | 2007 - 2009 | 1.0% of Committed Capital   | Private Equity Multi-Strategy FOF             |
| Adams Street Partners         | Partnership Fund Program - 2012 Global Offering       | \$4 million    | 2012 - 2014 | 1.0% on first \$25 million:<br>0.5% Year 1, 0.75% Year 2,<br>10% decline per year after year 7  | Private Equity Multi-Strategy FOF             |
| NGP Energy Capital Management | NGP Natural Resources XI, L.P.                        | \$2 million    | 2015 - 2017 | 1.5% of Committed Capital<br>20% Carry over 8% Preferred  | North American Energy                         |
| Strategic Value Partners, LLC | Strategic Value Partners Special Situations III, L.P. | \$2 million    | 2015 - 2017 | 1.75% of Committed Capital<br>20% Carry over 8% Preferred   | Global Distressed Debt and Special Situations |
| RCP Advisors                  | RCP Fund XI, LP                                       | \$6 million    | 2016 - 2018 | Yrs 1 - 5: 1% of Committed Capital<br>Yrs 6 - 10: 0.75% of Committed Capital<br>5% Carry over 12% Preferred   | Private Equity - Small Buyout FOF             |
| Crestview Partners            | Crestview Partners Fund IV                            | \$3.75 million | 2019 - 2021 | Investment Period: 1.75% of Committed Capital<br>Follow-On Period: 1.55 of Invested Capital<br>20% Carry over 8% Preferred  | Private Equity - Middle Market Buyout         |
| Greenspring Global Partners   | Greenspring Partners IX                               | \$3 million    | 2019 - 2021 | Yrs 1-4: 1.0% of Committed Capital<br>Yrs 4-8: 0.75% of Committed Capital<br>Thereafter 0.50% of prior annual fee<br>5% on Primary Investments<br>20% on Direct Investments | Private Equity - Venture Capital FOF          |

Private Debt/Credit Program Structure:

| Management Firm            | Investment Product                        | Commitment   | Vintage     | Investment Fees   | Investment Style                       |
|----------------------------|---|--------------|-------------|---|--|
| Principal Global Investors | Principal Real Estate Debt Fund, L.P.     | \$10 million | 2014 - 2016 | 0.65% of Invested Assets<br>15% Incentive over 8% Preferred                                     | Mezzanine/High Yield Real Estate Loans |
| Golub Capital Partners     | Golub International 11, L.P.              | \$8 million  | 2016 - 2018 | 1.25% of Middle Market Assets<br>0.50% of Syndicated Loan Assets<br>20% Carry over 8% Preferred | Middle Market Loans                    |
| Principal Global Investors | Principal Real Estate Debt Fund II, L.P.  | \$12 million | 2017 - 2019 | 0.85% of Invested Assets<br>15% Incentive over 7% Preferred                                     | Mezzanine/High Yield Real Estate Loans |
| Principal Global Investors | Principal Real Estate Debt Fund III, L.P. | \$10 million | 2019 - 2021 | 0.95% of Invested Assets<br>15% Incentive over 7% Preferred                                     | Mezzanine/High Yield Real Estate Loans |