

**ADAMS COUNTY RETIREMENT BOARD MEETING**

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

**SEPTEMBER 3, 2019**

**BOARD MEMBERS PRESENT**

Brent Voge – Chairman  
Alisha Reis – Vice Chairman  
Lisa Culpepper – Treasurer  
Marc Osborne

**BOARD MEMBERS EXCUSED**

Jim Morgen – Secretary

**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 Associates – Dale Connors  
Ellwood Associates – Andy Fiegel

**OTHER ATTENDEES**

Susan Dobbs – Rangeview Library District  
Sandra Dean – Chief Deputy Treasurer

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**Called to Order: 1:31 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 – August 6, 2019**

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

**Approval of Administrative Expenditures – September 3, 2019**

Expenditures - \$ 49,275.18

Paid August Expenditures - \$ 142.51

**Provided at Board Meeting:**

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

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

**Seconded by Board Member – Ms. Culpepper**

**Unanimously carried**

## **UNFINISHED BUSINESS**

**Adams County Board Meeting/Expenditure Change – Debbie Haines**

Ms. Haines stated that at the August 2019 Board meeting, Ms. Culpepper asked the other Board members if the monthly Board meetings could be changed to the second Tuesday of the month. Ms. Haines commented if a change would be made it should not be done until the first of the year since this year has been set. She also stated that the Retirement staff is required to be in the office on certain days of the month and if the change would be made it would limit on when and how much vacation could be taken between the two Retirement staff employees.

Ms. Haines stated at the August 2019 Board meeting, Ms. Culpepper commented that Ms. Haines should have already had the authority to pay the expenditures for the Adams County Retirement Plan. Ms. Culpepper stated Ms. Haines should have the authority up to a certain dollar value or comfort value that the Board wants to give. She believes it should be a ratification not an approval from the Board. After some discussion the Board agreed to give authority to the Executive Director to pay the expenditures. Ms. Birley will update the Bylaws to the Adams County Retirement Plan.

Ms. Culpepper moved to delegated authority to the Executive Director to approve the expenditures for the Adams County Retirement Plan for Davis Graham Stubbs, Ellwood Associates, Gabriel Roeder Smith, US

Bank, Adams County and the money managers and to use discretion, if it appears to be unusual to hold off and bring it to the Board of Retirement. Ms. Reis seconded the motion and it unanimously carried.

The Board agreed to continue to have the Adams County Board meetings on the 1<sup>st</sup> Tuesday of the month.

### **Gabriel Roeder Smith – Paul Wood New Contribution Scenarios**

Mr. Wood provided a recap of the previously analyzed strategies to the Board of Retirement. He then went over the new contribution strategies that the Board wanted GRS to prepare for this Board meeting. Mr. Wood stated that the previous five strategies were all constrained by the objective of reaching 100% funded by 2044. The new strategies presented today focus more on contribution level and are not constrained by a funded ratio target in any given year. He indicated all new scenarios result in full funding prior to 2044. Mr. Wood provided an analysis of five different strategies for the Board to compare:

- Strategy #6 – Phase-in increase in the employer contribution rate at a rate of 50bp a year starting January 1, 2020 with an ultimate rate of 11.50%
- Strategy #7 – Phase-in the increase in employer contribution rate at a rate of 25bp a year starting January 1, 2020 with an ultimate rate of 11.50%
- Strategy #8 – Phase-in the increase in employer contribution rate at a rate of 25bp a year starting January 1, 2020 with an ultimate rate of 11.50% as well as \$10 million lump sum in 2020
- Strategy #9 – Phase-in the increase in employer contribution rate at a rate of 25bp a year starting January 1, 2020 with an ultimate rate of 11.50% as well as \$10 million lump sums in 2020 and 2021
- Strategy #10 – Phase-in the increase in employer contribution rate at a rate of 25bp a year starting January 1, 2020 with an ultimate rate of 11.50% as well as \$15 million lump sum in 2020

After some discussion based off the market volatility the Board does not feel a request for a lump sum is appropriate at this time but could keep this option open for a future request.

Ms. Reis moved to include strategy #6 as an option along with strategy #2 for consideration by Adams County for additional contributions by the employers and not to pursue a lump sum option at this time.

Discussion:

Ms. Culpepper stated she would like to see this motion split into two motions.

Ms. Reis moved to include strategy #6 as an option along with strategy #2 for consideration by Adams County for additional contributions by the employers. Ms. Culpepper seconded the motion and is unanimously carried.

Ms. Reis moved not to pursue a lump sum option at this time. Ms. Culpepper seconded the motion and is unanimously carried.

## **NEW BUSINESS**

### **Davis Graham & Stubbs – Cindy Birley Harbert U.S. Real Estate Fund VII Considerations – “Main Fund/Feeder Fund”**

Ms. Birley indicated that the Board of Retirement had already approved investing in the Harbert U.S. Real Estate Fund VII. However, it was not discussed on which offering the Board wanted to invest in “Main Fund” or the “Feeder Fund”. Ms. Birley reminded the Board that the “Main Fund” could generate UBTI and the “Feeder Fund” is intended to minimize or avoid exposure to UBTI.

After some discussion the Board decided to invest in the Harbert U.S. Real Estate Fund VII “Main Fund”.

Mr. Osborne moved to invest in the Harbert U.S. Real Estate Fund VII “Main Fund”. Ms. Culpepper seconded the motion and it unanimously carried.

### **Investment Consultant - RFP**

Ms. Birley indicated that the Ellwood Associates contract extension ends March 31, 2020. She stated that before she looks over the RFP provided by Ms. Haines does the Board want to delay in sending it out? After some discussion the Board would like Ms. Haines to provide a draft copy of the RFP to all Board members prior to legal counsel review in November 2019. The RFP will then go out on the street in December 2019.

### **Ellwood Associates – Dale Connors & Andy Fiegel 2<sup>nd</sup> Quarter Performance Review**

Mr. Fiegel indicated that it was a very strong first half of the year with the S&P 500 up 18.5%, MSCI EAFE up 14% and MSCI Emerging Markets up 10.6% thru June 2019. He stated that economic indicators are mixed unemployment and corporate earnings remain solid while manufacturing activity have softened and inflation remains muted. Mr. Fiegel indicated that all sectors of the S&P 500 were positive for the first six months of the year. Mr. Fiegel continued with the July 2019 performance update stating that the S&P 500 was up 20%, Non-U.S. stocks was up 12.6% and the Emerging markets up 9.2%. He finished by saying the Adams County Retirement Plan was up 10.3% through July 2019.

Mr. Connors commented about the asset allocation for the Adams County Retirement Plan. He stated that the debt portfolio was put into place a few years ago thinking that with all the pressure going on that we could see higher interest rates and some inflationary pressure so a floating rate debt piece was put into place. Mr. Connors stated that the floating rate debt piece has worked pretty well for the Adams County Retirement Plan. However the marketplace at this point views the probability of downward pressure is much higher than upward pressure. Mr. Connors stated in order to take advantage of this the Plan should be in the fixed rate debt. He indicated that Ellwood knew at somepoint the floating rate debt would need to be taken down and believes we are now at that point. Mr. Connor stated that Ellwood recommends liquidating the Barings Global Floating Rate Fund and splitting it equally between Segall Bryant & Hamill and Metropolitan West Total Return.

Ms. Reis moved to liquidate the Barings Global Floating Rate Fund and splitting it equally between Segall Bryant & Hamill and Metropolitan West Total Return and change the strategic targets, accordingly. Ms. Culpepper seconded the motion and it unanimously carried.

### **STANDING REPORTS**

#### **Ellwood Associates Investment Update**

None

#### **Davis Graham & Stubbs Legal Information Updates**

None

#### **Retirement Staff – Administrative Business**

Ms. Haines reminded the Board that the Retirement staff will be attending the 2019 PensionGold Teaming Conference the week of September 16, 2019. She stated that the Retirement office will be closed.

### **OTHER BUSINESS**

None

### **EXECUTIVE SESSION**

None

**The Regular Board Meeting adjourned at 3:03 p.m.**

Respectfully submitted,

Debbie Haines, Executive Director  
(Corresponding Secretary)

### **NEXT BOARD MEETING**

**TUESDAY, OCTOBER 1, 2019  
REGULAR BOARD MEETING  
ADAMS COUNTY GOVERNMENT CENTER  
4430 SOUTH ADAMS COUNTY PARKWAY  
CONFERENCE CENTER, BRANTNER GLUCH B  
BRIGHTON, COLORADO 80601**