

ADAMS COUNTY RETIREMENT BOARD MEETING

**MINUTES - REGULAR MEETING
4430 SOUTH ADAMS COUNTY PARKWAY
CONFERENCE CENTER – PLATTE RIVER B
BRIGHTON, COLORADO 80601**

MAY 6, 2014

BOARD MEMBERS PRESENT

Joe Pacyga – Chairman
Ben Dahlman – Vice-Chairman
Brigitte Grimm –Treasurer
Marlise Bruno – Secretary
Michael McIntosh

BOARD MEMBERS EXCUSED

ADMINISTRATIVE STAFF

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

LEGAL COUNSEL

Davis Graham & Stubbs, LLP – Cindy Birley

INVESTMENT CONSULTANTS

Watershed Investment Consultants – Dale Connors

OTHER ATTENDEES

Babson Capital – Mark Senkpiel
Dimensional Fund Advisors – Joel Schneider, Jessica Walton
Denver Investments – Ken Harris
Grosvenor Capital Management – Mark Roman, Andrew Preda
Mesirow Financial – Dan Howell
State Street Global Advisors – Linda Ng
T. Rowe Price – David Orlando
Tortoise Capital Advisors – Kevin Birzer
Rangeview Library District – Susan Dobbs

Called to Order: 2:03 P.M.

SPECIAL PRESENTATION

Roundtable Panel Discussion

The Board of Retirement had a roundtable discussion with eight of its money managers. The following money managers were in attendance Babson Capital Management, Dimensional Fund Advisors, Denver Investments, Grosvenor Capital Management, Mesirow Financial, State Street Global Advisors, T. Rowe Price and Tortoise Capital. Each money manager was given 10 to 15 minutes to provide the Board with their firm's global perspectives.

After all of the money managers made their presentations there was a question and answer session. Discussion included rate of return, inflation and the global economy.

Mr. McIntosh left at 3:16 P.M.

Recess at 3:29 P.M.

Reconvened at 3:39 P.M.

Members present:

Joseph Pacyga

Ben Dahlman

Marlise Bruno

Brigitte Grimm

Pam Mathisen

Debbie Haines

Cindy Birley

Dale Connors

Susan Dobbs – Rangeview Library District

UNFINISHED BUSINESS

Investment Advisory Services

Tabled Motion

The Board asked Mr. Connors, Watershed Investment Consultants to step outside while they discussed the tabled motion from the April 1, 2014 Board meeting. Mr. Pacyga stated that at the April 2014 Board meeting Mr. McIntosh moved to "Retain Watershed as our Investment Advisory". Ms. Bruno seconded the motion. The motion was tabled for further discussion at the May 2014 Board meeting.

Discussion:

Mr. Dahlman stated that he is interested in making a change to the Investment Advisory Services for the Adams County Retirement Plan. He indicated that in looking through the RFP's there were some inconsistencies where 4 of the 5 candidates talked about asset liability studies being conducted by the Investment Advisory firms in conjunction with the Actuarial firm. Mr. Dahlman stated that Innovest was one of the clients that indicated that

they would do an asset liability study. He also stated that their proposal showed differences when it comes to education for their clients and staff. Mr. Dahlman indicated that he liked the fact they were bigger in size which could provide more input in presenting, selecting or recommending money managers to the Board. Ms. Grimm stated that she understands Mr. Dahlman's concern however she believes that Watershed Investment Consultants has followed what the Board of Retirement wanted them to do and that the Board needs to change its expectations and do things differently for the future. After a lengthy discussion the Board voted.

Ms. Bruno – Yea
Ms. Grimm – Yea
Mr. Pacyga – Yea
Mr. Dahlman – Nay

Motion carried.

Mr. Dahlman moved to convene into Executive Session at 4:00 P.M. pursuant to C. R. S. Sections 24-6-402(4)(f)(I), regarding "Personnel Matters" Pursuant to C.R.S. Section 24-6-402(2)(d.5)(II) regarding the approval of the April 1, 2014 Executive Session Minutes and Pursuant to C.R.S. Section 24-6-402(4)(b) to obtain legal advice regarding the Retirement Plan. Ms. Bruno seconded the motion and it was unanimously carried.

EXECUTIVE SESSION

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

The Regular Board Meeting reconvened at 4:09 P.M. with all Board members and legal counsel present.

Mr. Dahlman moved to reconsider the previous compensation review percentage allocation for Ms. Mathisen and Ms. Haines from 4.5% to 3% effective on their annual review dates. Ms. Grimm seconded the motion and it was unanimously carried.

EMPLOYEE/RETIREE CORRESPONDENCE

Thank You Note – Rose Muniz
Thank You Note – Dianne Burgoyne

Ms. Mathisen informed the Board that the Expenditures included expenses for Mr. Grimm's trip to the 2014 NCPERS – Teds Conference. These expenses were incurred at the end of April 2014. She also noted that there is a fee for a maintenance kit for her printer.

REGULAR BUSINESS SESSION

Consent Agenda: Distributed by E-Mail

Approval of Board Meeting Minutes – April 1, 2014
Approval of Special Board Meeting Minutes – April 1, 2014
Approval of Termination Report – April 2014
Approval of Administrative Expenditures – May 6, 2014

Expenditures - \$ 127,370.71
March Paid Expenditures \$ 217.29
April Paid Expenditures \$ 2,211.80

Moved by Board Member – Mr. Dahlman
Seconded by Board Member – Ms. Bruno

Unanimously carried

Ms. Bruno left at 4:15 P.M.

UNFINISHED BUSINESS

National Conference on Public Employee Retirement Systems (NCPERS)
Trustee Educational Seminar (TEDS) – April 26-27, 2014, Chicago, Illinois
Brigitte Grimm – Trustee Update on Conference

Ms. Grimm indicated that the TEDS Conference was an awesome event and that she learned a lot. She stated that they had an Investment Management Challenge and her team took second. Ms. Grimm finished by thanking the Board and recommended that the other Board members attend the event.

NEW BUSINESS

Watershed Investment Consultants
1st Quarter Performance Evaluation

Mr. Connors presented the 1st Quarter Investment Performance Evaluation on the Adams County Retirement Plan. He stated that most all of the markets returned 2% in the 1st quarter of 2014. Mr. Connors indicated that the Plan was up 1.67% at \$225,370,058. He finished by stating that Principal Real Estate Debt Fund has made their 1st capital call.

Watershed Investment Consultants

Recommendation to invest in Harbert United States Real Estate Fund V, LP

Mr. Connors presented Harbert United States Real Estate Fund V, LP to the Board of Retirement. He stated that Watershed continually monitor's the capital markets for asset classes and strategies that may benefit the Board in achieving the Investment objective of the Plan. Their research has led them to believe that this is an opportune time to incorporate a value-add real estate portfolio into the Plan's investment structure. Mr. Connors went over the appealing attributes that Harbert United States Real Estate Fund offered. He stated that since this fund is a limited partnership Davis Graham & Stubbs will need to look over the documents. Mr. Connors indicated that the final close is June 6, 2014 so a decision needs to be made quickly on whether to hire Harbert United States Real Estate Fund. After some discussion the Board agreed to hire Harbert United States Real Estate Fund.

Mr. Dahlman moved to hire Harbert United States Real Estate Fund V, LP with the initial investment amount not to exceed \$11.3 million. Ms. Grimm seconded the motion. Mr. Dahlman amended the motion to include subject to legal approval.

Unanimously carried.

STANDING REPORTS

Davis Graham & Stubbs, LLP

Legal Information Updates

Ms. Birley indicated that the Adams County Retirement Plan received a favorable IRS compliance statement. She stated that she will be bringing this back at the June 2014 Board meeting. Ms. Birley indicated that the Plan has 150 days to take action and resolve.

Retirement Staff – Administrative Business

Administrative Updates

CliftonLarsonAllen – Final Print – Pam Mathisen

Ms. Mathisen indicated that the 2013 Financial Statements presented by CliftonLarsonAllen at the May 2014 Board meeting did not contain her MDA. Therefore, she has given the Board the final print and asked each Board member to destroy the previously distributed copies.

OTHER BUSINESS

None

The Regular Board Meeting adjourned at 5:05 p.m.

Respectfully submitted,

Debbie Haines, Senior Benefits Manager
(Corresponding Secretary)

NEXT BOARD MEETING

TUESDAY, JUNE 3, 2014

**REGULAR BOARD MEETING
ADAMS COUNTY GOVERNMENT CENTER
4430 SOUTH ADAMS COUNTY PARKWAY
CONFERENCE ROOM C3414
BRIGHTON, COLORADO 80601**