

ADAMS COUNTY RETIREMENT BOARD MEETING

**MINUTES - REGULAR MEETING
4430 SOUTH ADAMS COUNTY PARKWAY
RETIREMENT CONFERENCE ROOM C3414
BRIGHTON, COLORADO 80601**

NOVEMBER 3, 2015

BOARD MEMBERS PRESENT

Joe Pacyga – Chairman
Ben Dahlman – Vice-Chairman
Brigitte Grimm –Treasurer – 1:39 P.M.
Marlise Bruno – Secretary
Marc Osborne

BOARD MEMBERS EXCUSED

ADMINISTRATIVE STAFF

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

ACTUARIAL STAFF

None

LEGAL COUNSEL

Davis Graham & Stubbs – Vicki Johnson

INVESTMENT CONSULTANTS

Watershed Investment Consultants – Dale Connors
Watershed Investment Consultants – Paul Schreder

OTHER ATTENDEES

Susan Dobbs - Rangeview Library District

Called to Order: 1:34 P.M.

SPECIAL PRESENTATION

None

EMPLOYEE/RETIREE CORRESPONDENCE

None

REGULAR BUSINESS SESSION

CONSENT AGENDA

Consent Agenda: Distributed by E-Mail

Approval of Board Meeting Minutes – October 6, 2015

Approval of Money Manager Fund Totals and US Bank Summary Reports – None

Approval of Administrative Expenditures – November 3, 2015

Expenditures - \$ 80,013.09

Paid October Expenditures - \$ 160.00

Provided at Board Meeting:

Approval of Lump-Sum Distributions Report/Retirees Payout Report – October 2015

Moved by Board Member – Mr. Dahlman

Seconded by Board Member – Mr. Osborne

Unanimously carried

UNFINISHED BUSINESS

E-mail - October 19, 2015 - Ratify into Minutes – Directed Trustee and Bank Depository Services

Motion

Upon reviewing the document, I note that:

1. All of the evaluators ranked U.S. Bank highest, though for some evaluators it was a closer call than for others and
2. The averaged weighed scores are 73.15 for U.S. Bank and 62.65 for Wells Fargo; a difference of slightly more than ten points.

As Chairman, I move to cancel the oral presentations and award the bid to U.S. Bank based upon the evaluations.

Please vote.

“Aye” signifies that you desire to cancel the presentation and award the bid to U.S. Bank.

“Nay” signifies that you are voting to proceed with the presentations and make a decision after the presentations.

Board member tally

Marlise Bruno – Aye
Ben Dahlman – Aye
Joseph Pacyga – Aye
Brigitte Grimm – Aye
Marc Osborne – Aye

Ms. Bruno moved to publish the motion to hire U.S. Bank for Directed Trustee and Bank Depository Services into the minutes. Mr. Dahlman seconded the motion.

Motion approved.

NEW BUSINESS

Watershed Investment Consultants, Inc. – Dale Connors 3rd Quarter Performance Evaluation Review

Mr. Connors presented the 3rd Quarter Investment Analysis on the Adams County Retirement Plan. He stated that the 3rd quarter was not great ending at \$220,723,568. Mr. Connors indicated that nothing on the stock side had a positive return for the 3rd quarter. He continued by giving an overview of each of the investment sectors that the Plan is currently invested in.

Watershed Investment Consultants, Inc. – Paul Schreder Hedge Fund Update & Review

Mr. Connors stated that Watershed Investment Consultants wanted to give a review to the Board on the Plan's two hedge fund managers. He reminded the Board that Grosvenor is the multi-strategy manager and GAM is the macro manager. Mr. Connors stated that GAM is in an area that has been struggling.

Mr. Schreder proceeded by giving a review of GAM to the Board. He stated that GAM's risk, as measured by volatility, has not changed meaningfully since the strategy's June 1996 inception. GAM's correlation to equities does change over time depending on the environment. Mr. Schreder stated that macro strategies and GAM in particular performed positively during protracted bear markets. He indicated pre-2010 GAM offered better diversification than fixed income equity drawdown's. He stated that this relationship has reversed post-2010, GAM returns have been flat to modestly negative and have trailed fixed income. Mr. Schreder stated that the global central bank policies have had a direct impact on fixed income returns as yields have come down. He concluded by saying Watershed believes that the central bank policy has impacted the stability of macro strategies.

Adams County Retirement Plan 2015 – 2016 Budget Review – Pam Mathisen

Ms. Mathisen presented the 2015-2016 Proposed Budget for the Adams County Retirement Plan. She stated that the employee and employer contribution rate increased to 9% in 2015. She indicated that with the potential change to the payroll system made by Adams County she has increased legal fees, actuarial fees, PensionGold fees with regards to Retirement Plan.

Mr. Osborne asked if Ms. Mathisen could provide a summary cost of the payroll change to the Board. Ms. Mathisen stated that she will work on that and provide the Board at a future meeting.

STANDING REPORTS

Watershed Investment Consultants, Inc. Investment Updates – Performance Update

None

Davis Graham & Stubbs Legal Information Updates

Ms. Johnson stated that Davis Graham & Stubbs will be bringing Plan Amendments to the December 2015 Board meeting. Ms. Johnson continued by stating that there is a new proposed “Conflict of Interest” Rule that the Department of Labor (DOL) has proposed. She stated that it would expand the definition on who is considered a fiduciary under ERISA. Ms. Johnson indicated that this would not affect Adams County since it is a governmental Plan but wanted the Board to be aware.

Gabriel Roeder Smith & Company

None

Retirement Staff – Administrative Business Administrative Updates

Board Member Election – Marc Osborne (January 2016 – January 2020)

Ms. Haines indicated that there were three participants who accepted the nomination to run for the Board of Retirement. They were Marc Osborne, Sheriff’s Office, Bryan Ostler, Human Resources and Cynthia South, Assessor’s Office. Ms. Haines indicated that the ballot with the resumes have been sent to print. She stated that the ballots will go out to all active participants in the Plan in a couple of weeks with the close of the election December 11, 2015.

Cyber Liability Insurance

Ms. Haines indicated that Ms. Mathisen and she met with the Plan's insurance agent Mark Rickaby, Commercial Concepts to go over all of the Plan's insurance coverage. She indicated that Mr. Rickaby is working on the fiduciary insurance since the coverage ends December 31, 2015. Ms. Haines asked the Board if they would be interested in increasing the Cyber Liability Insurance coverage. She indicated that currently they have a \$1 million aggregate policy. After a brief conversation the Board will continue with the current coverage on the Plan.

Rocky Mountain Benefit Plans Conference

Ms. Haines indicated that included in the Board packet was information for a Benefits Plan Conference to be held on December 8, 2015 at the Wellshire Inn in Denver. She stated that if any Board member would like to attend to let her know by November 10, 2015.

OTHER BUSINESS

None

EXECUTIVE SESSION

None

The Regular Board Meeting adjourned at 3:17 p.m.

Respectfully submitted,

Debbie Haines, Senior Benefits Manager
(Corresponding Secretary)

NEXT BOARD MEETING

**TUESDAY, DECEMBER 1, 2015
REGULAR BOARD MEETING
ADAMS COUNTY GOVERNMENT CENTER
4430 SOUTH ADAMS COUNTY PARKWAY
RETIREMENT CONFERENCE ROOM, C3414
BRIGHTON, COLORADO 80601**