

**ADAMS COUNTY RETIREMENT BOARD MEETING
MINUTES - REGULAR MEETING
RETIREMENT CONFERENCE ROOM
BRIGHTON, CO 80601**

MAY 2, 2024

BOARD MEMBERS PRESENT

Pernell Olson - Chairman
Sean Allegar – Vice-Chairman – 1:37 P.M.
Alex Villagran – Treasurer
Crystal Hoffner – Secretary
Alisha Reis

BOARD MEMBERS EXCUSED

ADMINISTRATIVE STAFF

Debbie Haines – Executive Director (Corresponding Secretary)

ACTUARIAL STAFF

Gabriel Roeder Smith – Paul Wood
Gabriel Roeder Smith – Krysti Kiesel

LEGAL COUNSEL

Davis Graham & Stubbs – Cindy Birley

INVESTMENT CONSULTANTS

CAPTRUST – Dale Connors
CAPTRUST – Andy Fiegel

OTHER ATTENDEES

Susan Dobbs – Rangeview Library District
Molly Quinn – CliftonLarsonAllen
John Paul Lechevallier - CliftonLarsonAllen

Called to Order: 1:32 P.M.

INTRODUCTION OF SPECIAL GUESTS/ATTENDEE'S

Molly Quinn - CliftonLarsonAllen
John Paul Lechevallier – CliftonLarsonAllen

SPECIAL PRESENTATION

**CliftonLarsonAllen – Molly Quinn & John Paul Lechevallier
2023 Financial Statements and Audit Report**

Ms. Quinn, CliftonLarsonAllen presented the December 31, 2023, Financial Statements in draft format for the Adams County Retirement Plan. Ms. Quinn indicated that CLA is waiting on some confirmations from a

couple of the money managers before they finalize the report. Ms. Quinn stated that CliftonLarsonAllen expressed an unmodified opinion on the financial statements.

Ms. Quinn then went over some of the financial statement highlights. She stated that the net position of the Adams County Retirement Plan increased for 2023 by \$54 million primarily a result of investment gains.

Ms. Quinn, CliftonLarsonAllen presented the Governance letter indicating that there were no new accounting policies during 2023. She stated there were no uncorrected misstatements on the Adams County Retirement Plan.

EMPLOYEE/RETIREE CORRESPONDENCE

None

REGULAR BUSINESS SESSION

None

CONSENT AGENDA

Consent Agenda: Distributed by E-Mail

Approval of Regular Board Meeting Minutes – April 4 1, 2024
Approval of Money Manager Fund Totals – March 2024

Provided at Board Meeting:

Approval of Terminated Retirement Members Payout Report – April 2024

Ratify of Administrative Expenditures – May 2, 2024

May 2024 Expenditures - \$ 53,779.36

April 2024 Paid Expenditures - \$2,124.47

Moved by Board Member – Ms. Reis

Seconded by Board Member – Mr. Allegar

Unanimously carried.

UNFINISHED BUSINESS

Report from Sub Committee – Pernell Olson & Sean Allegar

Mr. Allegar stated that Mr. Olson and himself had discussed four different scenarios regarding the Adams County Retirement Plan. After a lengthy discussion the Board would like Gabriel Roeder Smith (GRS) to run some studies based off those scenarios and Davis Graham & Stubbs (DGS) to provide the legal implications that these scenarios might have on the Adams County Retirement Plan.

Mr. Allegar moved to have GRS run studies based off the four scenarios the Board had discussed and bring them back at the July 2024 Board meeting. Ms. Reis seconded the motion and it unanimously carried.

NEW BUSINESS

CAPTRUST – Dale Connors & Andy Fiegel 2024 1st Quarter Performance Review

Mr. Fiegel indicated that all major U.S. stock indexes posted gains with the growth style outperforming the value style across market capitalization tiers. Small cap stocks lagged as they tend to be the most sensitive to Fed rate cut expectations. He stated that the international developed and emerging markets saw modest gains. Japan was the exception continuing to outpace most of its peers on the heels of investment friendly structural reforms.

Mr. Connors continued by stating the Adams County Retirement Plan was at \$370,870,661 as of March 31, 2024. He stated that it was a good quarter up 3.6%. Mr. Connors pointed out that the net contributions is now posting a positive number which means more money is coming into the Plan than going out of the Plan. He indicated that this is great to see showing that the extra contributions coming into the Plan from the Employer's is helping the Plan. Mr. Connors continued to go over each of the money managers with the Board.

Asset Allocation Review

Mr. Connors provided the annual asset allocation review for the Adams County Retirement Plan. He stated that the assumption set for this year's asset allocation is minimally different from the 2023 assumptions. Specifically:

- Assumed returns for public equities did not change though expected risk levels were moderately reduced
- Fixed income assumed returns were increased to reflect the higher starting interest rates for this study
- Alternative return and risk assumptions are essentially the same as in the 2023 asset allocation study

Based on this year's assumptions, the Plan's current asset allocation structure is expected to earn 7.6% annually at a risk level of 10.6% standard deviation. Mr. Connors stated that CAPTRUST does agree that interest rates appear to be at or near peak levels and a movement down in interest rates would provide an additional tailwind for fixed rate debt. That said, the model's 30% decrease in public equity exposure is significant. He indicated that CAPTRUST's recommendation is a 10% shift from stocks to fixed rate debt and a monitoring of interest rates and the economy for potential for a future shift from stocks to bonds.

Mr. Allegar moved to liquidate the Vanguard Extended Market Stock Index position and take the remaining yet to be determined amount out of the Vanguard Institutional Index and move proceeds into the Segall Bryant & Hamill portfolio and the newly selected bond manager portfolio. Ms. Reis seconded the motion.

Pernell Olson – Yea
Sean Allegar – Yea
Alisha Reis – Yea
Crystal Hoffner – Yea
Alex Villagran - Nay

Approved.

Bond Manger Review

Mr. Connors indicated that Board of Retirement has been invested in Metropolitan West Total Return Bond strategy since September 2020. He stated that changes to the management team and recent relative underperformance vs. core plus bond peers has eroded CAPTRUST's conviction in the Metropolitan West Total Return strategy. Mr. Connors indicated that they brought four candidate firms and strategies for the Board's review:

- BlackRock Total Return
- Dodge & Cox Income
- Fidelity Total Bond Fund
- JPMorgan Core Bond

After some discussion, CAPTRUST recommends the removal of the Metropolitan West Total Return Fund and replacement with the JPMorgan Core Bond Fund.

Mr. Allegar moved to terminate Metropolitan West Total Return Fund and hire JPMorgan Core Bond Fund for the Adams County Retirement Plan. Ms. Reis seconded the motion.

Pernell Olson – Yea
Sean Allegar – Yea
Alisha Reis – Yea
Crystal Hoffner – Yea
Alex Villagran - Nay

Approved.

STANDING REPORTS

CAPTRUST – Dale Connors Monthly Investment Update

None

Davis Graham & Stubbs – Cindy Birley Legal Update

Ms. Birley stated that Senate Bill 24044 is not moving along which is a tax credit for low income who participate in PERA. Currently, this bill does not affect the Adams County Retirement Plan.

**Gabriel Roeder Smith – Paul Wood
Actuarial Update**

Mr. Wood stated that GRS will present the Actuarial valuation at next month's Board meeting.

**Retirement Staff
Administration Business**

None

OTHER BUSINESS

None

EXECUTIVE SESSION

None

The Regular Board Meeting adjourned at 2:56 p.m.

Respectfully submitted,

Debbie Haines
Executive Director (Corresponding Secretary)

NEXT BOARD MEETING

**THURSDAY, JUNE 6, 2024
REGULAR BOARD MEETING
4430 S. ADAMS COUNTY PKWY
RETIREMENT CONFERENCE ROOM
BRIGHTON, COLORADO**