

ADAMS COUNTY RETIREMENT PLAN
STATEMENT OF INVESTMENT POLICY

June 2024

This Statement of Investment Policy is approved by action of the Board of the Adams County Retirement Plan.

DATE: June 6, 2024 APPROVED BY:









Investment Policy Statement

Adams County Retirement Plan

June 2024

Overview

The Adams County Retirement Plan, sometimes hereinafter referred to as the "Plan", is a defined benefit pension plan providing retirement benefits to eligible employees of Adams County, Colorado and Rangeview Library District. The Plan is funded by contributions from participating employees of Adams County and Rangeview Library District and by contributions from Adams County and Rangeview Library District. These contributions are paid into the Plan's Trust Fund.

This Investment Policy Statement ("IPS") was established for the investments of the Plan. The purpose of this IPS is to detail the financial goals to be achieved and to articulate the investment strategy that will be used to accomplish those goals. The IPS assists in the investment decision-making process by communicating an understanding of the goals and strategies to all parties involved and by providing discipline to the process through clearly stated guidelines. The intent of this IPS is to provide guidelines that are specific enough to be meaningful but also flexible enough to consider practical considerations.

Investment Objectives

The primary objective of Trust Fund investments is to grow the assets over time at a compound rate of increase that, together with employee and employer contributions, will assure payment of benefits stipulated by the Plan. The compound rate of increase is defined as the actuarial assumed rate of return which is currently set at 7.25%. The Board of Retirement recognizes that the rate of return objective is long term in nature, and that actual year-to-year returns achieved may be above or below the long-term target. The Board also targets a volatility of returns, as measured by standard deviation, to be less than the composite benchmark index's volatility.

The Board of Retirement further expects the investments to provide a competitive return relative to other investments available that would meet the Investment Objectives.

Responsibilities

Under Article 54, Title 24, of the Colorado Revised Statutes, the County Board of Retirement shall have full and complete control and management of the Plan. The Board of Retirement shall make all necessary rules and regulations for managing and discharging its duties.

The Board of Retirement is responsible for establishing and maintaining this IPS, as well as managing, monitoring and evaluating the investments of the Plan on an ongoing basis. The Board of Retirement has retained an independent investment consulting firm to assist with developing, implementing and monitoring the investment program.

The Board of Retirement will retain, with the assistance of the investment consultant, qualified investment management firms to manage the assets of the investment program. Retained investment management firms will be responsible for managing their portion of the investments with full discretionary investment authority, subject to the Policies and Guidelines set forth in this document and subject to any guidelines in separate documents executed between the Board and the investment management firm. All retained investment management firms are expected to provide monthly written reports on portfolio activity, investment performance and investment strategies. Further, the investment management firms will be responsible for notifying the Board and the investment consultant of any significant organizational changes, such as key personnel, ownership, investment process or style.

Asset Allocation Strategy

The asset allocation strategy is designed to reflect, and be consistent with, the long-term investment objectives expressed in this IPS. Various asset classes and investment manager styles are used to create a broadly diversified portfolio. Both the actuarial return assumption and the asset allocation strategy will change over time to reflect current investment objectives and market conditions. The Board has developed asset allocation ranges based on several factors including: the investment goals of the Fund; the Board's tolerance for short-term losses; the Plan's liquidity needs; and any legal or regulatory issues. Based on the Board's analyses, the allowable long-term asset allocation ranges are outlined below.

Asset Class	Sub-Asset Class	Current Target	Allowable Range
Equity		<u>50%</u>	<u>40% - 60%</u>
	Public Equity	40%	35% - 50%
	Private Equity	10%	5% - 15%
Debt		<u>35%</u>	<u>20% - 45%</u>
	Fixed Rate Bonds	20%	15% - 25%
	Floating Rate Debt	15%	5% - 20%
Private Equity Real Estate		<u>15%</u>	<u>10% - 20%</u>
	Core	10%	5% - 15%
	Value-Add	5%	0% - 10%

The investment products used to implement the asset allocation above as well as the benchmarks for those products are detailed in Appendix A.

Liquidity

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 cash inflows and outflows with the affected investment managers and with the Fund's custodial bank.

Rebalancing

The Trust Fund portfolio should be rebalanced to maintain the desired risk/return posture. When a cash contribution is made or withdrawal is needed, the portfolio should be rebalanced toward the strategic target, as possible, given the dollar amount of the contribution or withdrawal. That is, invest contributions in underweight asset classes and withdraw from overweight asset classes. In addition, the portfolio will be rebalanced if the actual asset allocation mix falls outside of the allowable ranges noted above.

Investment Guidelines

Fiduciary Standard

The Plan is a noninsured trust retirement plan, with a bank or trust company authorized to exercise trust powers in Colorado as trustee. As per Section 24-54-112 of the C.R.S., the Plan will be invested using the "Colorado Uniform Prudent Investor Act" found in the provisions of Part 3 of Article 1 of Title 15, C.R.S.

The Plan assets shall be invested and managed as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances. In satisfying this standard, all fiduciaries shall exercise reasonable care, skill and caution. Investment decisions should be evaluated within the context of the entire portfolio (rather than on an individual investment basis) and as part of an overall investment strategy having risk and return objectives reasonably suited to the Plan's purpose.

Investment Discretion

Investments shall be fully consistent with each manager's stated strategy and approach. Allowable investments are restricted by the Fiduciary Standard section and investment managers will be held to the Fiduciary Standard.

Separate accounts or pooled funds may be used based upon the most favorable approach for the Plan's circumstances. If pooled funds are used, the pooled fund's investment goals,

policies, guidelines and restrictions are set forth in a separate document governing the investments of the pooled fund rather than in this Policy.

Securities Trading

Investment managers have a fiduciary obligation to obtain best execution for the Plan's investments. Transactions must be executed in such a manner that the Plan's total cost or proceeds in each transaction is the most favorable under the circumstances of the particular transaction. The manager should consider the full range and quality of a broker's services in placing trades, including, among other things, the value of research provided, execution capability, commission rate, financial responsibility, and responsiveness to the manager.

Proxy Voting

Investment managers have a fiduciary obligation regarding proxy voting. The investment manager must consider proxies as an asset of the Plan and is expected to vote only in the best economic interest of the participants in the Plan.

Review Standards

Performance Benchmarks

Active investment managers are expected to outperform, on a net-of-fee basis, the designated passive index, and rank above median within a peer universe of active investment managers. Passive products are expected to produce returns that have minimal tracking error to their target index returns.

Time Horizon

Active investment managers are expected to outperform their designated benchmark over rolling three- to five-year periods. A three- to five-year period is used to allow investment managers the opportunity to meet their performance benchmarks, given shorter-term fluctuations due to style considerations. Investment managers who fail to meet the performance benchmarks over these time periods may be terminated. Underperformance for two consecutive years may be cause for a formal review of the investment management firm's organization, process and performance.

Compliance with Policies and Guidelines

Each retained investment management firm's portfolio will be monitored for compliance with the Policies and Guidelines found in this document. If a portfolio is determined to be out of compliance, the retained investment management firm will be contacted to develop a mutually agreed upon solution to bring the portfolio back into compliance with this Policy. If retained investment management fails to move the portfolio into compliance, termination of the retained investment management firm will be considered.

Other Standards

Any significant changes in investment philosophy and process, organizational structure, investment staff, or other non-performance reasons may be cause for termination, regardless of the status of their investment performance relative to their designated benchmarks.

The Board of Retirement retains the right to terminate an investment manager for any reason subject to the terms of the agreement between the two parties.

Appendix A

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.

Total Plan Benchmarks

Absolute Return:	7.25%		
Relative Return:	Public Defined Benefit Pension Plans		
Benchmark Index:	40%	MSCI All Country World Index	(Equity – Public)
	10%	Burgiss U.S. Private Equity	(Equity – Private)
	20%	Bloomberg US Aggregate Bond Index	(Debt – Fixed Rate)
	5%	Credit Suisse Leveraged Loan Index	(Debt – Floating Rate)
	10%	Burgiss U.S. Private Debt	(Debt – Private Credit)
	10%	NFI ODCE Net of Fees	(Equity Real Estate – Private Core)
	5%	NCREIF Property	(Equity Real Estate – Private Value-add)

Investment Products and Benchmarks

Investment Manager	Investment Product	Fee Structure	Investment Style/Universe	Benchmark Index	Target Allocation
Vanguard Group	Vanguard Total Stock Market Index fund: Ticker VITSX	0.03% Expense Ratio	U.S. Equity Total Stock Market Index	CRSP US Total Market Index	20%
Capital Group/ American Funds	New Perspective fund – R6 shares, Ticker RNPGX	0.41% Expense Ratio	Global Equity – Growth	MSCI All Country World	10%
Dodge & Cox	Dodge & Cox Global Stock fund, Ticker DODWX	0.62% Expense Ratio	Global Equity – Value	MSCI All Country World	10%

Investment Manager	Investment Product	Fee Structure	Investment Style/Universe	Benchmark Index	Target Allocation
Segall Bryant & Hamill	Separate Account	0.30% on first \$25 million 0.25% on the balance	Core Fixed Income	Bloomberg US Aggregate	10%
JP Morgan Asset Management	JP Morgan Core Bond fund R6, Ticker JCBUX	0.34% Expense Ratio	Core Fixed Income	Bloomberg US Aggregate	10%
Barings LLC	MassMutual Global Floating Rate Fund – Ticker BXFIX	0.75% Expense Ratio	Floating Rate Debt	Credit Suisse Leveraged Loan	2.5%
Principal Global Investors	Principal Real Estate Open-End Debt Fund, L.P.	0.85% of Invested Assets	Mezzanine/High Yield Real Estate Loans	Credit Suisse Leverage Loan	2.5%
Principal Global Investors	Principal U.S. Property Account: Insurance Separate Account	1.1% < \$10 mil 1.0% > \$10 mil .95% > \$25 mil	Equity Real Estate - U.S. Private Core	NFI ODCE	10%
Private Equity Program	Multiple Managers/Products	Varies	Private Equity	Russell 3000 lagged 1 Qtr.	10%
Private Credit Program	Multiple Managers/Products	Varies	Private Credit	Credit Suisse Leveraged Loan lagged 1 Quarter	10%
Private Real Estate Program	Multiple Managers/Products	Varies	Private Equity Real Estate	NCREIF Property	5%

Private Equity Program Structure:

Management Firm	Investment Product	Commitment	Vintage	Investment Fees	Investment Style
Mesirow Private Equity Investments	Equity Partnership Fund III, L.P.	\$4 million	2005 - 2007	1.0% of Committed Capital	Private Equity Multi-Strategy FOF
	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: 0.5% Year 1, 0.75% Year 2, 10% decline per year after year 7	Private Equity Multi-Strategy FOF

Management Firm	Investment Product	Commitment	Vintage	Investment Fees	Investment Style
NGP Energy Capital Management	NGP Natural Resources XI, L.P.	\$2 million	2015 – 2017	1.5% of Committed Capital 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 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 Cmtd Capital Yrs. 6 – 10: .75% of Cmtd Capital 5% Carry over 12% Preferred	Private Equity – Small Buyout FOF
Veritas Capital Fund Management	Veritas Capital Partners VIII, LLC	\$7.5 million	2022 – 2024	Investment Period: 1.75% of Committed Capital Follow-On Period: 1.5% of Invested Capital 20% Carry over 8% Preferred	Private Equity – Middle/Large Buyout
Crestview Partners	Crestview Partners Fund IV	\$3.75 million	2019 – 2021	Investment Period: 1.75% of Committed Capital Follow-On Period: 1.55 of Invested Capital 20% Carry over 8% Preferred	Private Equity – Middle Market Buyout
Stepstone Group	Stepstone VC Global Partners IX-B	\$5.75 million	2019 - 2021	Yrs. 1-4: 1.0% of Cmtd Capital Yrs. 4-8: 0.75% of Cmtd Capital 5% on Primary Investments 20% on Direct Investments	Private Equity - Venture Capital FOF
Stepstone Group	Stepstone VC Global Partners X-B	\$6 million	2020 - 2022	Yrs. 1-4: 1.0% of Cmtd Capital Yrs. 4-8: 0.75% of Cmtd Capital 5% on Primary Investments 20% on Direct Investments	Private Equity - Venture Capital FOF

Private Debt/Credit Program Structure:

Management Firm	Investment Product	Commitment	Vintage	Investment Fees	Investment Style
Golub Capital Partners	Golub International 11, L.P.	\$8 million	2016 – 2018	1.25% of Middle Market Assets 0.50% of Syndicated Loan Assets 20% Carry over 8% Preferred	Middle Market Loans
Golub Capital Partners	Golub Rollover Fund 2, L.P.	\$16.75 million	2022	1.25% of Middle Market Assets 0.50% of Syndicated Loan Assets 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 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 15% Incentive over 7% Preferred	Mezzanine/High Yield Real Estate Loans
Värde Partners	Värde Dislocation Fund, L.P.	\$7 million	2020 – 2021	1.5% of Invested Assets 20% Incentive over 8% Preferred	Credit Suisse Leveraged Loan

Private Equity Value-Add Real Estate Program Structure:

Investment Manager	Investment Product	Commitment Amount	Vintage	Fee Structure	Investment Style
Harbert Management Corporation	United States Real Estate Fund V: Commingled Fund	\$11.3 million	2014 – 2016	1.5% of Assets 20% incentive over 9% preferred return	Value-Add Private Equity Real Estate
Harbert Management Corporation	United States Real Estate Fund VI: Commingled Fund	\$10 million	2016 – 2018	1.25% of Assets 20% incentive over 9% preferred return	Value-Add Private Equity Real Estate
Harbert Management Corporation	United States Real Estate Fund VII: Commingled Fund	\$12.5 million	2019 – 2021	1.35% of Assets 20% incentive over 8% preferred return	Value-Add Private Equity Real Estate