

JAMES M. CONCIALDI, CH
Appointed Representative

JOEL THOMPSON
Plan Administrator



KATHY KOEN
Elected Representative

MARK MEARS
Elected Representative

ADELBERT OLIVAS
County Treasurer

JUDY A. MARTINEZ
Appointed Representative

**BOARD OF RETIREMENT
PUEBLO COUNTY, COLORADO
MINUTES
May 20, 2019**

ROLL CALL

Board of Directors:

James Concialdi, CH	Present
Kathy Koen, VC	Present
Mark Mears	Present
Judy Martinez	Present
Del Olivas	Present

Also in attendance:

Dale Connors	Ellwood
Andy Fiegel	Ellwood
Cindy Jones	Retirement Bene Specialist
Joel Thompson	Plan Administrator

CALL TO ORDER

A quorum was established and Mr. James Concialdi, Chair, called the meeting to order at 1:00 p.m.

APPROVAL OF CONSENT AGENDA

Mr. Concialdi asked for approval of the consent agenda sent to the Board ahead of the meeting. Ms. Koen moved for approval. Mr. Mears seconded and the Board approved.

QUARTERLY INVESTMENT SUMMARY-ELLWOOD

Mr. Andy Fiegel, CFA, CAIS and Mr. Dale Connors, Senior Consultant of Ellwood presented the Board with preliminary returns for the quarter ended March 31, 2019. Total fund for the quarter was strong with a return of 7.15% vs. 8.03% for the index. Across all classes, first quarter gains in 2018 offset all losses from 2019.

PRELIMINARY MONTHLY INVESTMENT SUMMARY-ELLWOOD

April returns were again strong with a gain of 1.8% overall, equaling the index at 1.8%. Total Fund year to date gains through April are 9.1% and 10.0% for the index, bringing the market value up to \$141.8 million. Net investment change through April is \$10.6 million.

ASSET ALLOCATION STUDY

The Ellwood associates then presented The Asset Allocation Review & Potential Alpha Generating Strategies report which was introduced as a preliminary study at last month's meeting. In the last couple years' allocation studies, Mr. Connors has stated that the Ellwood efficiency frontier model, which projects future returns vs. volatility is projecting less than 7.5% returns. Only two out of the ten asset classes in our portfolio are projecting over 7.5% returns in the next ten years. Those two investments – Private Equity and Emerging Market Equity are noted to be the two most volatile classes. Our current allocation, or investment portfolio design using this model projects a 6.82% return – vs. a 7.5% actuarial assumption rate. The model uses indexed investments, so the goal would be to gain Alpha, or returns above the index by utilizing successful investment structure and manager outperformance. After further presentation, Mr. Connors advised the Board to restructure the allocation in the Vanguard developed markets slot, currently equally divided between U.S. and non-U. S, to favor the U.S. division, given a weak outlook for non-U.S. The exchange will yield a split between U.S. and non-U.S. of 5% and 15% respectively. Further, Mr. Connors recommends that we continue to find private equity value through participation in Principal Debt Fund III. Dale recommends that approximately \$5 million be allotted to the Fund, which will be called up over the next two to three years. The private equity investment through Principal will be subject to contract review by Davis Graham & Stubbs, LLC of Denver. Mr. Olivas moved that the Board accept Ellwood's recommendation. Ms. Koen seconded and the Board approved unanimously.

NEW BUSINESS

Mr. Thompson announced that the Public Notice seeking nominees for the BOCC appointed Board seat ran in the Pueblo Chieftain for two days in May. The deadline to receive applications will be Tuesday, May 22. An email vote will need to occur prior to the next meeting in order to have the seat filled by June 15. Ms. Judy Martinez, incumbent, has submitted a letter of application.

On May 30, Mr. Thompson, Administrator sent an email to the Board members announcing that only one letter of interest was received – from Judy Martinez, and asked that they respond with their vote. Ms. Koen, Vice Chair, made the motion that we recommend Judy to the BOCC for their citizen appointment. Mr. Olivas, Treasurer seconded and the Board voted unanimously to recommend Judy to the BOCC as their citizen appointee. (Letter, Public Announcement, and email votes attached).

Mr. Thompson informed the Board that the annual Personal Statements are being reviewed to correct several small programming items. With the addition of tiers to the structure of the retirement formula, the programming for these statements has required abundant testing, review and corrections. Typically, the statements are distributed in mid-May. We are hoping to have them distributed in early June. Mr. Thompson will attempt to find guidance in order to allow the online pension statements to qualify as pension notification to members. In this way, the statements will be available at any time.

NEXT MEETING

The next regular meeting will be held on Monday, June 24, 2019 at 1:00 pm in the third floor conference room of the Courthouse, room 333.

Joel Thompson
Plan Administrator