

RETIREMENT BOARD  
MEETING MINUTES

**Date:** November 25, 2019

**Location:** 200 W Oak St, Fort Collins, CO; Lake Loveland, 2<sup>nd</sup> Floor

Board Members	TIAA/Innovest Representatives	HR/Finance Representatives	Guests
Nancy Baker	Brenton Becker	Jennifer Fairman	Kevin Bowen
Matthew Behunin	Paul Krajcir	Kathy Harris	
Irene Josey	Chris Meyer		
Jim Saulnier	Gordon Tewell		
Laura Walker			

The meeting was called to order at 9:00 a.m.

Minutes were approved as submitted.

Public comment. Kevin Bowen discussed his desire to purchase real estate utilizing the Plan to help fund the purchase or to hold the real estate. He requested that loans or withdrawals be made more available in order facilitate his purchase of real estate or for the Plan to allow him to hold real estate in a self-directed account. It was explained that withdrawal provisions have been expanded to the limit of Internal Revenue Code and that loans are now available for the purchase of a primary residence. TIAA and Innovest explained that the type of self-directed account used to hold real estate is not available to retirement plans. It was indicated that a specialized self-directed IRA is needed for this type of transaction. TIAA and Innovest did mention the direct real estate investment option in the investment menu and this was of interest to Kevin.

Terminations were reported for 9/12 through 11/20. Ms. Walker noted that vesting was either 100% or 0% and asked about the rationale for this structure and whether it has an impact on retention. Ms. Josey noted that the cliff vesting had previously been much longer. Mr. Saulnier noted that cliff vesting keeps short term employees from walking away with County contributions after a short tenure.

This discussion moved into a review of the structure of the reallocation of forfeitures back to participants. Mr. Behunin expressed that he feels the current structure which weights the reallocation of forfeitures to more tenured employees is unfair to shorter tenured employees. Ms. Josey indicated that the structure has been in place for many years and was originally put in place to reward tenure. It was noted that this structure was put into place to assist employees who were in the original 3% employee and 3% employer contribution structure. Additionally Mr. Behunin noted that a dollar for a younger employee is worth more over time than a dollar for an older employee due to the tie value of money. Ms. Josey discussed the history of the contribution





changes for those who are unaware of the past structure starting at 3%/3%. TIAA mentioned that many employers do not reallocate the forfeitures back to employees, but use it to offset employer contributions. The County's structure of reallocating back to employees is an advantage to County employees.

Further discussion was held regarding Ms. Josey's previous request to the Board regarding moving minute-taking and recordkeeping responsibilities outside of her office's scope. A brief discussion of the options of either Innovest or TIAA holding the historical documents was held. Ms. Walker noted that any third party utilized for this service would need to provide some type of contract language that the County still owns the documents. Mr. Behunin to follow up. Innovest will be adopting the minute taking responsibilities.

The Board next addressed the timing of meetings and internal Board responsibilities. Ms. Walker will be responsible for the agenda and Mr. Behunin will be responsible for the calendar. Ms. Walker recommended that the Board consider meeting every other month. It was determined that Mondays are still favorable for the Board. Monday holidays will be a consideration, but Mr. Behunin committed to send calendar invitations.

Mr. Krajcir reviewed the TIAA report. Other items from the report include that contribution flow for the YTD is up over last year, diversification is good across the Plan and the number of participants continues to increase. Mr. Krajcir also discussed the level of loans and the ability for employees to continue loan payments via an ACH process. It was noted that Edward Jones continues to receive rollouts of a large number of accounts. The Board discussed several ways to educate employees on the Plan and considerations when they consider moving their accounts out of the Plan. TIAA will look to have the Plan educator attend sessions specifically targeted at the pre-retiree population.

Innovest reviewed the quarterly performance report. Mr. Meyer reviewed manager scorecard. While there are few concerns from Innovest regarding the Plan investments, there were some new concerns which arose during the 3rd quarter. Specifically: the DFA Small Cap Value Fund has underperformed the benchmark and median in the 3 and 5 year periods. Mr. Meyer noted that this is in line with the value style of the fund and the funds philosophy of not investing in REITs and Utility stocks; the Templeton Foreign Fund has underperformed its peers and benchmark over a 3- and 5-year period, warranting a minor concern. The fund's deep-value approach has hindered up-capture over an extended period of time. Lastly, the AQR International Equity Fund has seen outflows from the fund of greater than 30% over the past 12 months. Innovest will continue to closely monitor the fund's asset base. Mr. Tewell reviewed the Plan statistics and the markets. Market performance was mixed for the quarter and Plan assets were relatively flat, however the year has been quite strong.

The meeting adjourned at 11:05 a.m.

Respectfully submitted,  
Innovest Portfolio Solutions LLC