

ARAPAHOE COUNTY BOARD OF RETIREMENT MINUTES
January 26, 2023

Chairman called the meeting to order at 3:30 P.M.

P = Present in person V = Virtual via Teams A = Absent

Board Members Present

Michael Garnsey - A
 Richard Harris - P
 Darcy Kennedy - P
 Loren Kohler - P
 Michael Westerberg - P

Others Present

Dale Connors, CAPTRUST - P
 Andy Fiegel, CAPTRUST - P
 Cindy Birley, Davis Graham & Stubbs - V
 Dana Woolfrey, GRS – P
 Corey Reavis, US Bank - P
 Dan Perkins, Sr. Asst County Attorney- V
 Amy Copley, Employee - V
 Lauren Albanese, Financial News - V
 Kevin Balaod, With Intelligence - V
 Justin Shanahan, CBRE - P
 Brian Kinsella, CBRE - P
 Ben Colussy, Plan Administrator - P
 Jolene Duran, Plan Assistant - P

Consent Agenda

MOTION: Ms. Kennedy made a motion to approve the Consent Agenda, Mr. Kohler seconded this; the Chair Mr. Harris called the vote and the motion passed unanimously.

- A. Approval of Minutes December 14, 2022, Meeting
- B. Professional Services Expenditure Approval:

Vendor	Invoice #	Amount	Purpose
CapFinancial Partners	LT85865	\$23,088.50	4 th Quarter 2022 Fees
Davis Graham & Stubbs	842787	\$10,853.00	Plan Matters
J.P. Morgan	20221231-26714-A	\$11,679.36	4 th Quarter 2022
J.P. Morgan	20220930-26714-A	\$12,020.50	3 rd Quarter 2022
Total Expenditures		\$57,641.36	

- C. Vested/Non-Vested Withdrawals

Number	Reason	Total
8	Retirement	
4	Vested Withdrawal	\$262,000.00
26	Non-Vested Withdrawals	\$249,976.16
0	Death	\$0.00
	Total Expenditures	\$511,976.16

1. Mr. Justin Shanahan – CBRE U.S. Core Partners – Fund Performance

Mr. Shanahan and Mr. Kinsella from CBRE presented the plans performance in commercial real estate and estimated projections for year 2023. Investments are all within the United States. Answered any Board members questions.

2. Dale Connors - CAPTRUST – Fund Performance

Mr. Fiegel stated the 4th quarter performed a little better than the first 3 quarters in 2022. There is continued concerns over inflation.

Mr. Connors presented the month of December. We all know it was not a great year. For the month of December 2022, the return summary index was down -3.6% and the policy index fared slightly better than the plan at -2.5%. Overall, for the year the plan fared better over the index at -10.2% and the policy index ended at -12%.

Cash Flow for the month of December started the month at \$368.5 million and ended the month at \$353.7 million. Cash Flow for Year-to-Date 2022 had a beginning balance of \$406.5 million and net investment change of -\$41.7 million.

Mr. Connors discussed with the Retirement Board an investment opportunity with a \$10 million commitment to Principal Real Estate Open End Debt Fund. The initial Principal Fund ended and had an annualized return of 7.7% and the Principal Real Estate Debt Fund II which is expected to reach maturity in 2024 has also had an annual return of 7.7%. CAPTRUST is recommending the plan to continue to invest in floating rate debt. If there is a commitment by the retirement board now the founders fee is only 0.85% verse paying 100% of the full price fee.

Ms. Kennedy moved to commit \$10 million to the Principal Real Estate Open-End Debt Fund as described by Mr. Connors and Mr. Harris seconded that motion. All board members present passed unanimously.

3. By Laws Discussion

Mr. Garnsey has been working with Finance and Human Resources to transition the Retirement Department to be moved under Human Resources. Ms. Birley discussed with the Retirement Board that there is no rule or statute that states that Mr. Colussy and Ms. Duran must report and be under the Treasurer's Department. Mr. Colussy stated it would streamline benefits for employees and improve communication. The by-laws would need to be amended and Mr. Garnsey wanted to update the Retirement Board

on the matter. Ms. Kennedy suggested that we invite Mr. Hernandez Director of Human Resources and Mr. Weaver Director of Finance to one of our meetings.

4. Cost to Reinstate Prior Refunded Service

Mr. Colussy introduced the topic and described how it is currently being administered. The plan document provides an employee the opportunity to reinstate refunded service if they are rehired by the County within 1 year of separation. Eligible rehires are to return the full amount that was distributed from the plan and pay 3% interest for the period the funds were not in the Arapahoe County Retirement Plan. Based on our actuarial assumed rate of return which is currently set at 7.25% this practice leaves a shortfall of 4.25% which would have to be covered by the plan.

Ms. Woolfrey stated there are arguments for and against to leave it as is because valid reinstatement requests do not occur very often and might be considered punitive for eligible rehires.

Ms. Birley reminded the Board the cost to reinstate can be repaid by lump sum trustee-to-trustee transfer from a 403(b) or 457(b) plan. Members cannot use Roth funds and in addition, the plan document currently does not allow the plan to accept funds from an IRA. Mr. Harris made a motion that the cost to reinstate prior refunded service should be set at the actuarial assumed rate of return, which is currently 7.25%. Ms. Kennedy second the motion and all retirement board members present passed unanimously. Based on the Board motion, this change will be added to a year end amendment to the plan.

Ms. Kennedy requested staff communicate with terminated employees the option to reinstate should they return to work for the County within one year. This should be done at the time the member separates service and receives the refund application.

Mr. Kohler asked Mr. Colussy if we can quantify the number of people that have returned in the past year over the last 10 years that would have been eligible?

5. Ms. Woolfrey – GRS

Ms. Woolfrey wanted to touch base on next month's meeting. Preparing for retirement board and BOCC meeting materials.

6. Reports from Finance

Mr. Kohler presented the report from Finance which ties with monetary amounts that Mr. Connors stated in portfolio for the month of November 2022. Will produce monthly.

7. Corey Reavis – US Bank

Mr. Reavis requested a motion by the Board to grant Mr. Colussy the authority to sign and execute documents for US Bank on behalf of Arapahoe County Retirement Board. The authority to sign and execute documents on behalf of the Retirement Board has historically been assigned to the Retirement Plan Administrator. Mr. Westerberg made the motion for Mr. Colussy to have the ability to sign and execute documents on behalf of the Arapahoe County Retirement Board and Ms. Kennedy seconded the motion and all retirement board members present passed unanimously.

8. Board Member Comments

None

9. Plan Administration

Ms. Sandstrom sent a card to say thank you to the board for her retirement gift.

Mr. Colussy introduced the Retirement Dashboard document and suggested it be provided as a replacement to the paid-out activity report. The Retirement Dashboard contains the same information but presents it to the Board graphically for easier comprehension. Positive feedback was received, and it included some suggested enhancements by the Board.

10. Plan Members – Questions and Comments

None

11. Adjournment

There being no further business to come before the Board, Ms. Kennedy motioned to adjourn, and Mr. Kohler seconded the motion, and the Chairman Mr. Harris adjourned the meeting at 5:05 p.m.

Mr. Harris, Chair