

ARAPAHOE COUNTY BOARD OF RETIREMENT

BY-LAWS

Section 1. Authority

The proceedings of the Arapahoe County Board of Retirement hereinafter referred to as the "Board", shall be governed and conducted according to the latest rules of Robert's Rules of Order unless otherwise stated in these By-Laws.

Section 2. Amendments

Amendments and changes to these By-Laws may be made by the Board membership on its own initiative as conditions warrant.

Section 3. Calendar Year

The Board shall observe the calendar year for the purpose of budgeting and auditing.

Section 4. Proceedings Record

An accurate record of all Board proceedings shall be kept in the office of the Arapahoe County Retirement Plan Administration for easy reference. These files may be electronic.

(Amended September 2013)

Section 5. Meetings

The Board shall meet regularly, once each month and special meetings shall be held at such times as determined by the Chairman.

(AMENDED JUNE 10, 1983)

Section 6. Disbursements

No obligation or expense shall be incurred and no money shall be appropriated without prior approval of the Board.

Section 7. Selection of Board Members

The Chairman of the Board shall, during the month of June in each odd numbered year, call for an election of a non-elected County employee by the non-elected County employees for the purpose of selecting, from their own membership, a member to serve on the Board ("Employee Representative Board Member"). Balloting for the selection of an Employee Representative Board Member shall be in writing, by voting machine or other electronic means, with the candidate receiving the majority of votes cast being declared elected to the Board to serve for a term of four (4) years beginning in August or until successor is named. Each of the Employee Representative Board Members shall serve a staggered four (4) year term. No voting by proxy shall be permitted. Provisions for absentee voting shall be reviewed and determined by the Board prior to each election. (Amended June 28, 2017)

The Chairman shall, during the month of December in each odd numbered year, request the Board of County Commissioners to appoint a qualified elector of the County to serve on the Board for a period of four (4) years beginning in the month of January or until a successor is named ("Appointed Board Member"). Each of the Appointed Board Members shall serve a staggered four (4) year term. (Amended June 28, 2017)

Section 8. Election of Officers

The Board shall elect from their own membership, a Chairman, a Chairman Pro Tem and a Secretary to serve until December 31st of each year or until a successor is named. The Board shall, at the December meeting elect from their own membership a Chairman, a Chairman Pro Tem and a Secretary to serve for a period of one (1) year beginning in January, or until a successor is named. If an office becomes vacant, the Board shall, within thirty (30) days, elect from their own membership, another officer to fill out the unexpired term of the member whose office is vacant. (Amended January 2009)

Section 9. Quorum/Voting

A quorum of the Board shall consist of three (3) voting members for all business. (AMENDED AUGUST 28, 2019)

Valid actions at meetings at which a quorum is present require the affirmative vote of at least three (3) Board Members. (AMENDED APRIL 2013)

Section 10. Chairman

The Chairman shall be the head of the Board and shall preside at all Board meetings and perform all duties incident to the office. All official statements, publicity and declarations of the Board shall be made by the Chairman. The Chairman, with the approval of the Board, shall sign documents affecting the operation of the Retirement Plan. The Chairman Pro Tem shall familiarize himself with the duties of the Chairman and act in the absence of the Chairman. (Amended January 2009)

Section 11. Vacancies

A Board Member shall continue to hold his office until his successor is duly qualified. An office shall become vacant when: a Board Member becomes incapacitated or removes himself from office; an Appointed Board Member becomes a non-resident of the County or is no longer a qualified elector of the County; or an Employee Representative Board Member transfers employment to a County department from which a Board member is already sitting or is no longer an employee of the County during his term of office. (AMENDED JUNE 28, 2017)

In case a vacancy on the Board is created by an Appointed Board Member, the Chairman of the Board shall within three (3) days after such vacancy occurs, request the County Commissioners to, within thirty (30) days, appoint another qualified elector to fill out the unexpired term of the Appointed Board Member whose office is vacant. If a vacancy on the Board is created by an Employee

Representative Board Member, the Chairman of the Board shall, within ninety (90) days call for an election of non-elected County employees by the non-elected County employees for the purpose of selecting from their own membership, a duly qualified person to fill out the unexpired term of the Employee Representative Board Member whose office is vacant. No person who is otherwise eligible to sit on the Board as a county employee representative shall stand for such election if there is or may be by virtue of said election another county employee from the same department on the Board.

(AMENDED JUNE 28, 2017)

Section 12. Termination

- (a) Any Board Member may resign upon written request to the Chairman.
- (b) Any Appointed Board Member shall serve at the pleasure of the Board of County Commissioners and is subject to the provisions of any Board of County Commissioner appointment. Conduct prejudicial to the aims or repute of the Board may constitute grounds for expulsion by a majority vote of the Board membership, after notice and opportunity for a hearing are afforded the member. (AMENDED JUNE 28, 2017)
- (c) Any Board Member who is absent from three (3) consecutive regular meetings of the Board, unless excused for good cause, shall be expelled from the Board by a majority vote of the Board membership.

REFUND OF MEMBER'S FUNDS LESS THAN 10 YEARS OF CREDITED SERVICE (DELETED FEBRUARY 4, 1972)

Section 13. Audit

An audit of funds held in trust for the Arapahoe County Retirement Plan shall be made annually by an independent Certified Public Accountant and a report of the auditor's findings shall be made to the Board. (ADDENDUM OCTOBER 2, 1970)

Section 14. Ex-Officio Members

The Chairman of the Board has the power to request County Department Heads to appoint Ex-Officio members to the Board. Ex-Officio members of the Board shall be members of the Arapahoe County Retirement Plan Association and shall not have voting privileges. (ADDENDUM NOVEMBER 6, 1970)

Section 15. Plan Administrator

The Board having established the position of Plan Administrator shall oversee the activities of this position. The Plan Administrator shall be an employee of the County and of the Board pursuant to Section 24-54-101, C.R.S., as amended, Section 24-54-108.5, C.R.S., as amended, and Article XII, Section 2(k) of the Plan. The Board, in conjunction with the County, shall be responsible for recruiting, hiring, disciplining and/or terminating the Plan Administrator. The Plan Administrator will report directly to the Board and be supervised on a day-to-day basis by the County Treasurer. The Plan Administrator shall provide the necessary day-to-day support activities to all members of the Plan; and shall by the nature of the position provide support to the Board members as deemed necessary.
(Amended April 2013)

Section 16. Plan Administration Expenses

All reasonable expenses incident to the administration, termination or protection of the Plan and Retirement Fund, may be paid from the Retirement Fund. The type of expenses include, but are not limited to:

- (a) the cost of the office space which is necessary for, and devoted to, the operation of the plan and Retirement Fund,
- (b) the cost of salaries, wages, benefits and payroll taxes of the employees who provide services which are necessary for the operation of the Plan and Retirement Fund.

(Amended January 2009)

Section 17. Education and Travel

The Board encourages the Board members to stay current on regulatory, economic, investment and fiduciary issues. In order to do so, the Education and Travel Policy shall allow each Board Member and the Plan Administrator to attend conferences, with expenditures not to exceed \$7,500 annually. The Chairman and Plan Administrator shall be permitted additional out-of-state conferences upon individual approval of the Board, with expenses for additional out-of-state conferences also approved individually by the Board.

All Board Members are encouraged to attend at least one conference or fiduciary education seminar annually. All Board Members shall be required to attend at least two conferences or fiduciary education seminars during each four (4) year term of office.

Conference attendees will report back to the Board at the next monthly meeting following the conference or educational seminar to share information about the conference or seminar, and this shall become part of the minutes of that meeting.

Board Members are encouraged to use good judgment when attending conferences to minimize expenses, including attending local conferences.

Conference attendees will complete expense reports and required documentation within 30 days of return from conference. (Added April 2013)

Section 18. Special Procedures for Meetings Conducted by Electronic Mail

Meetings conducted by electronic mail (“e-mail”) shall comply with these Bylaws, including but not limited to, providing public notice as required by the Open Meetings Law under C.R.S. §§ 24-6-401, *et seq.* Meetings conducted by e-mail also shall comply with the following provisions:

- (a) The Chairman or other appropriate Board member as provided in Section 10 shall preside over any meeting conducted by e-mail.
- (b) Board members shall endeavor to copy all other Board members and the Plan Administrator when meeting and voting by e-mail or use “reply to all” so that all Board members can participate in the deliberative process. If a Board member fails to copy all Board members or use “reply to all,” the Plan Administrator (or if the Plan Administrator was not copied on the e-mail, a Board member receiving the e-mail) shall forward the e-mail to any of the Board members and the Plan Administrator who were not copied on the e-mail.
- (c) Only the Chairman or other appropriate Board member presiding over a meeting conducted pursuant to this Section 18 may make a motion by e-mail.
- (d) The Board member who made the motion is automatically counted as an affirmative vote.

- (e) The Board member who made the motion may withdraw it any time prior to approval.
- (f) E-mail motions cannot be amended.
- (g) When voting on a motion, Board members should include the words “I vote No” or “I vote Yes” in the first line of their response.
- (h) If a Board member desires a face-to-face meeting to discuss a motion, the Board member may request a special meeting be held in person or that the motion be heard at the next regular Board meeting. If a Board member requests such a meeting, the motion expires immediately.
- (i) The Plan Administrator shall be responsible for tallying the votes and informing the Board of the outcome.
- (j) Any motion shall expire within seven (7) calendar days or at the start of the next Board meeting if an insufficient number of votes are received by e-mail to approve the motion.
- (k) The Board shall review any e-mail motions, approved, unapproved, or expired at the next Board meeting. The Secretary or the Plan Administrator acting as the Corresponding Secretary shall include that review in the minutes of that Board meeting.

(Added September 2013)

Section 19. Statement of Intent

The Board has adopted a Statement of Intent to memorialize certain observations and offer advice to future Board members regarding the administration of the Plan to ensure the sustainability of the Plan. This Statement of Intent is attached hereto as Exhibit A.

(Added May 2014)

Exhibit A

ARAPAHOE COUNTY BOARD OF RETIREMENT

STATEMENT OF INTENT REGARDING ARAPAHOE COUNTY RETIREMENT PLAN ("STATEMENT OF INTENT")

May 28, 2014

The Arapahoe County Board of Retirement ("Board") approved certain design changes to the Arapahoe County Retirement Plan ("Plan"), which became effective January 1, 2014. The poor financial market performance of the Plan's investments, reductions in hiring, and salary increases being less than expected had severely impacted the Plan's funded status. As of January 1, 2012, the Plan was less than 62% funded based on the market value of its assets and projected to be less than 54% funded in 30 years. The design changes were a necessary step to ensure the sustainability of the Plan, and were made with a goal that the Plan would be between 85% to 95% funded in approximately 30 years. The current Board, having experienced this downturn and having the benefit of hindsight, desires to memorialize certain observations and offer advice to future Board members regarding the administration of this Plan.

Advice/Guidance on the Future Operation of this Plan

The design changes implemented effective January 1, 2014 reduced future benefit accruals for existing employees in accordance with Senate Bill 12-149. Senate Bill 12-149 provides that a retirement board may modify benefits and age and service requirements for a retirement plan if the retirement board determines that the modification is required to ensure the sustainability of the retirement plan. Senate Bill 12-149 prohibits the Board from adversely affecting vested benefits already accrued, including pension benefits of retired members or members who were eligible to retire. The Board's authority under Senate Bill 12-149 to make modifications will be terminated on July 1, 2017, with the repeal of the provisions of Senate Bill 12-149 that permitted the modifications.

It is the Board's advice to future Boards that when the Plan's funded ratio begins to improve, future Boards should first conduct their management of the Plan in a prudent and conservative manner.

Future Boards should approach each action or decision regarding the Plan with a long-term view and assess the effect upon the Plan and its ability to meet its goals. Therefore, before future Boards implement benefit improvements or cost of living adjustments, the long-term implications of such decisions should be considered. These recommendations are made because as we have seen from history, the value of plan assets can drop dramatically in a relatively quick period of time, e.g., 30.4% from January 2008 to January 2009. When the Plan is again fully funded, and not before it is fully funded, the Board should consider making changes that can be legally modified by the Board in the event the Plan's funding were to decline, rather than simply raising benefits in a method that cannot be modified. Possible changes could include:

- 1) One time cost-of-living adjustment for retirees and beneficiaries in the form of a thirteenth check;
- 2) Decrease employee and employer contributions for a limited period of time, such as not to exceed two years;
- 3) Changes in investment strategy, such as matching of assets and liabilities; or
- 4) Benefit increases that are limited in duration, including an increase to a benefit multiplier that is limited in duration, and limited to funds being available as measured by the Plan's funded ratio.

Future Boards should avoid the following changes, which may be difficult to reverse in challenging financial times:

- 1) Increasing the rate of benefit accruals, such as permanently increasing the benefit multiplier;
- 2) Providing for more favorable early retirement rules and/or subsidies; and
- 3) Adding more favorable options for the refund of contributions, such as refunding more than the employee contributes.

Thus, the Board should proceed carefully going forward and administer the Plan for the benefit of all participants, including those new hires who will be retiring in the distant future.

Approved effective the 28th day of May, 2014, by a majority of the Board consisting of:

ARAPAHOE COUNTY BOARD OF
RETIREMENT

Steve Oliver, Chairman
Mike Madziarek, Vice Chairman
Sue Sandstrom, Secretary/Treasurer
LaDonna Jurgensen
Dennis Lyon