

ARAPAHOE COUNTY BOARD OF RETIREMENT MINUTES

January 27, 2021

The Chairman called the meeting to order at 1:30 P.M.

Board Members Present

Mike Garnsey
Sue Sandstrom
Erik Burge
Dennis Lyon
Richard Harris

Others Present

Dale Connors, Ellwood
Andy Fiegel, Ellwood
Tina Seberg, US Bank
Dan Perkins, County Attorney
Jodi Gragg, Assessors
Lauren Albanese, Financial Invest News
Don Triveline, Palisade Capital Mgmt.
Lew Quigley, Plan Administrator
Mona Goodyear, Plan Assistant

Consent Agenda

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

Ms. Sandstrom clarified that the salary invoiced above is for multiple months as there had been a few of the most recent months that were missing employee salaries. A short conversation ensued, and it was determined future employee expenses will be billed on a quarterly basis.

- A. Approval of Minutes December 16, 2020 Meeting
- B. Professional Services Expenditure Approval:

Vendor	Invoice #	Amount	Purpose
Arapahoe County Treasurer	202012	\$51,210.58	Plan Administrator
Davis Graham & Stubbs	811009	\$3,536.00	Plan
Davis Graham & Stubbs	811008	\$578.50	Annual Retainer
Ellwood		\$21,288.50	Annual Retainer
Milliman	016ACR1220	\$7,062.50	License Fee
Gabriel Roeder Smith	459393	\$1,149.00	Actuarial Services
Total Expenditures		\$84,825.08	

- C. Vested/Non-Vested Withdrawals

Number	Reason	Total
3	Retirement	
2	Vested Withdrawal	\$222,335.98
23	Non Vested Withdrawals	\$488,539.50
1	Death	\$34,415.46
	Total Expenditures	\$523,177.29

Ellwood

Mr. Fiegel shared that the month of December was very positive, with value and growth both having a positive quarter. The Russell 3000 Growth did manage to outpace the Russell Value 38.3% to 2.9%. The Plan's assets increased from \$323 million to \$349 million in 2020.

It was a very strong year for the Private Equity market. Some of the investment returns were in negative territory back in March of 2020.

Mr. Connors brought information to the board at the previous request of Mr. Harris. Mr. Harris is suggesting liquidating the position of FIAM Small/Mid Cap Core strategy, as the investment has been particularly poor the last three years. The holdings were purchased on 7/21/11 and have lost an average of 1% annually.

Elwood recommends one of the three occur after divesting the position of FIAM Small/Mid Cap Core Strategy:

- Find a replacement active SMID Core Strategy
- Find a replacement passive/index SMID Cor Strategy
- Create a passive total market strategy

Mr. Connors educated the Board on the aspects of the three. It appears that all mutual funds trade daily, so liquidity shouldn't be an issue.

MOTION: Mr. Harris made a MOTION to liquidate the Plan's position in the Fidelity Small/Mid Core Review AND Purchase Vanguard: Extended Market Index, with Ms. Sandstrom seconding the motion, the Chair called the vote and the motion passed unanimously.

Board Member Comments

No comments.

Plan Administrator

Mr. Quigley released the Engagement Letter with Clifton Lawson Allen, and offered the auditing function increased \$1,000 to an annual total of \$19,000.

MOTION: Mr. Harris made a MOTION to approve the CLA Engagement Letter, with Mr. Burge seconding the motion. the Chair called the vote and the motion passed unanimously.

1. Plan Members Questions and Comments

No Comments.

2. Adjournment

There being no further business to come before the Board, the Chairman adjourned the meeting at 2:37 p.m.

Michael Garnsey, Chair

ARAPAHOE COUNTY BOARD OF RETIREMENT MINUTES
February 24, 2021

The Chairman called the meeting to order at 1:32 P.M., ZOOM due to the COVID-19 Pandemic.

Board Members Present

Michael Garnsey
 Richard Harris
 Erik Burge
 Sue Sandstrom

Others Present

Dale Connors, Ellwood
 Andy Fiegel, Ellwood
 Cindy Birley, DG&S, LLP
 Craig Anzia, DG&S, LLP
 Dana Woolfrey, GRS
 Tina Seberg, US Bank
 Lauren Albanese, Financial News
 Dan Perkins, County Legal
 Lew Quigley, Plan Administrator
 Mona Goodyear, Plan Assistant

Consent Agenda

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

- A. Approval of Minutes – January 27, 2021 Meeting
- B. Professional Services Expenditure Approval:

Vendor	Invoice #	Amount	Purpose
CliftonLarsonAllen	2735748	\$8,499.75	Audit Services
JP Morgan	20201231-26714-A	\$23,646.43	Investment Fees
Fidelity	20201231-805-A	\$25,623.01	Investment Fees
IMA	31481	\$12,783.00	Liability Insurance
Total Expenditures		\$70,552.19	

- C. Vested/Non-Vested Withdrawals

Number	Reason	Total
2	Retirement	
2	Vested Withdrawal	\$182,866.42
6	Non Vested Withdrawals	\$32,327.54
	Total Expenditures	\$215,193.96

1. Cindy Birley, DGS, LLP

Ms. Birley commenced the meeting summarizing and getting Board signatures for AMENDMENT NO. THREE, amendment to the Trust Agreement. This amendment updates our Trust Agreement’s list of common trust or collective investment funds.

This amendment may be executed by original or electronic signature. Any combination of technology available will be accepted. It was electronically signed by all available Board members and will go into effect 3/5/21.

MOTION: Mr. Harris made the MOTION to adopt Amendment Three to the Trust Agreement, Mr. Burge seconded the motion, the Chair called the vote and the motion passed unanimously.

2. Ellwood – Andy Fiegel

Mr. Fiegel stated most of 2020 returns for the Plan's investments are in. The markets were quite strong, despite the pandemic. The S&P returned 18.4% for the year, and the Russell 2000 yielding 20.0%. Market drivers are the expectation of additional fiscal stimulus and widespread vaccine use.

Ellwood - Dale Connors

The Plan is valued at \$349.8 million as of year-end. Fourth quarter had gains across the board and the Plan's overall return matched the policy index return. He stated our Plan is more conservative than most governmental pension plans of a similar size. Most asset classes outperformed their relative index. Given the market had a strong risky appetite, the Plan could have done better with a higher risk profile. The Board has oriented on the conservative side, resulting in lower gains. This will be discussed next month in concert with the Asset Allocation Study.

The Plan's investments have returned an annualized 7.9% since inception through 12/31/20. Private equity is particularly strong at 17.9% annualized since inception of the program as of December 2014. January returns were across the board negative, followed by an estimated February up to 2.8% so far.

3. Other Business

Mr. Quigley has completed the Consultant/Vendor evaluation for 2020, Administration staff had another successful year, complementing the vendors on their continued service and cooperation, looking forward to another year of cooperative service. The audit and actuarial year end data has been completed and forwarded to CliftonLarsonAllen, and Gabriel Roeder Smith early this year and seem to be ready to roll.

Ms. Sandstrom congratulated Mr. Quigley on his 25 years of service with the County. There will be a virtual ceremony tomorrow to offer recognize individuals reaching milestone years.

4. Board Member Comments

No comments.

5. Plan Administrator

Mr. Quigley offered that there appears to be an uptick in the interest of retirement by current Tier 1 employees. He has spoken to 12 individuals so far this year and is averaging three new conversations weekly. The Plan continues to lose non vested employees at the rate of one per day. Most non-vested employees that leave have less than two years' service on the average. This has been the case for the past ten years.

The search for the vacant Board member is continuing. There are no candidates at the present time. Mr. Quigley offered this process usually takes six to eight months.

6. Plan Members Questions and Comments

No Comments

7. Adjournment

There being no further business to come before the Board, the Chairman adjourned the meeting at 3:00 p.m.

Michael Garnsey, Chair

ARAPAHOE COUNTY BOARD OF RETIREMENT MINUTES
March 24, 2021

The Chairman called the meeting to order at 1:30 P.M.

Board Members Present

Michael Garnsey
 Richard Harris
 Erik Burge
 Sue Sandstrom

Others Present

Dale Connors, Ellwood
 Andy Fiegel, Ellwood
 Cindy Birley, DG&S, LLP
 Dana Woolfrey, GRS
 Dan Perkins, County Legal
 Jhanadu Garza, Risk Management
 Lauren Albanese, Financial News
 Vince Ortega, JP Moran
 Lew Quigley, Plan Administrator
 Mona Goodyear, Plan Assistant

Consent Agenda

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

- A. Approval of Minutes February 24, 2021 Meeting
- B. Professional Services Expenditure Approval:

Vendor	Invoice #	Amount	Purpose
US Bank	12339480	\$18,162.66	Custodial Services
Davis Graham & Stubbs	814033	\$4,347.50	Plan
Gabriel Roeder Smith	460482	\$6,446.00	Valuation
Total Expenditures		\$28,920.16	

- C. Vested/Non-Vested Withdrawals

Number	Reason	Total
2	Retirement	
0	Vested Withdrawal	
23	Non Vested Withdrawals	\$247,066.93
	Total Expenditures	\$247,066.93

1. Jhanadu Garza – Risk Management

Colorado experienced a multitude of natural disasters in the past year, to include weather, fires, and protesting and rioting. Costs have trickled down to the insured.

The Retirement Plan and the 457 Plan are jointly insured by RLI. The annual policy premium is \$14,283, and the cost is shared with the 457 Plan. The Retirement Plan pays the bulk of the shared premium.

Ms. Birley questioned Ms. Garza on the \$1 million dollar limit on the policy. Ms. Garza will secure a quote on increasing the liability protection to \$3 million dollars. She will research her vendors to get quotes on cyber coverage and reach out to other local counties to see what kind of insurance liability they have in place. These findings will be presented at next month's board meeting.

2. Andrew Fiegel - Ellwood – Fund Performance through February 21, 2021

Markets are being driven higher due to the increasing number of COVID vaccinations being given. The markets are going to value and small cap stocks. The S&P yielded more than 3% for February. Small cap stocks produced 6.2% in February and are yielding 11.6% year to date. February returns were 1.6%, bringing the year-to-date figure to 1.1%. Plan assets have grown \$2.6 million so far this year. The Plan's assets increased \$2.5 million for the month, starting the month at \$350,305,639 and ending with \$352,889,405.

3. Dale Connors – Ellwood – Asset Allocation Study

Dale Connors presented Elwood's annual Asset Allocation Study. The Board, Mr. Connors, and Ms. Woolfrey from GRS discussed the Plan's expected returns over both shorter and longer periods and how those expected returns might impact the Plan's funded position and contribution recommendations going forward. Ms. Woolfrey will be presenting the 1/1/21 Actuarial Valuation Report at next month's meeting when further discussions will be held regarding the Plan's assumptions.

Mr. Connors presented two recommendations that would eliminate the hedge fund exposure and reduce the fixed rate debt allocation target. He recommends eliminating the hedge fund exposure by selling the Blackstone Partners Fund. He also recommended reducing the fixed rate debt allocation from 15% to 10% of the Plan's assets.

MOTION: Mr. Harris made a motion to liquidate the Blackstone Partners Fund and reduce the fixed rate debt allocation from 15% to 10%. Ms. Sandstrom seconded the motion, the Chair called the vote and the motion passed unanimously.

4. Other Business

Ms. Goodyear will be sending 30 accounts valued at \$221,247 to Millennium Trust as a part of the department's automatic rollover program.

5. Plan Administration

There has been only one individual applying for the Board vacancy. The BOCC feels there may be a conflict of interest with this individual.

6. Plan Members – Questions and Comments

None.

7. Adjournment

There being no further business to come before the Board, the Chairman adjourned the meeting at 3:50 p.m.

Michael Garnsey, Chair

ARAPAHOE COUNTY BOARD OF RETIREMENT MINUTES

April 28, 2021

<https://ellwoodassociates.zoom.us/j/94586146985?pwd=SC9qd0l0QWlmYWtDTlgzb3Z1K2RyQT09>

The Chairman called the meeting to order at 1:30 P.M.

Board Members Present

Mike Garnsey
Richard Harris
Erik Burge
Sue Sandstrom

Others Present

Dale Connors, Ellwood
Andy Fiegel, Ellwood
Dana Woolfrey, GRS
Cindy Birley, DG&S LLP
Tina Seberg, US Bank
Lauren Albanese, Financial News
McCyril Espanol - Journalist
Lew Quigley, Plan Administrator
Mona Goodyear, Plan Assistant

Consent Agenda

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

A. Approval of Minutes – March 24, 2021 Meeting

B. Professional Services Expenditure Approval:

Vendor	Invoice #	Amount	Purpose
Arapahoe County Treasurer	202103	\$55,015.40	Plan Administrator
Milliman	016ACR0421	\$7,062.50	Software License
Davis Graham & Stubbs	815134	\$699.50	Plan
Davis Graham & Stubbs	815133	\$1,258.00	Annual Retainer
Davis Graham & Stubbs	815135	\$4,774.00	Investments
Gabriel Roeder Smith	461267	\$10,404.00	Actuarial Services
Ellwood		\$21,578.00	Investment Services
Total Expenditures		\$100,791.40	

C. Vested/Non-Vested Withdrawals

Number	Reason	Total
5	Retirement	
0	Vested Withdrawal	
37	Non Vested Withdrawals	\$304,689.02
	Total Expenditures	\$304,689.02

1. Liability Insurance

Jhanadu Garza – Ms. Garza was unable to attend the meeting. She will present at next month’s meeting.

2. Ellwood

Mr. Fiegel sees healthy markets for the year thus far. S&P 400 Mid Cap is up 4.7% for the quarter and 13.0% year to date. The equity asset class has yielded more than 80% in the past twelve months. The markets in general are trending positive in part due to rising optimism to the effects of a Covid-19 vaccine and the US fiscal stimulus program.

Value stocks and doing well, as are commodities. Total Plan returns are 2.7% year-to-date through 3/31/21 and 1.6% month-to-date. The public equity sector remains strong, yielding 6.9% year-to-date. The total Plan portfolio as of March 31, 2021 is valued at \$357 million, up from a beginning-of-year value of \$350 million.

Mr. Connors provided an overview of the Investment Policy Statement (IPS). He stressed the purpose of the 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 document is long-term in nature. The Board maintains a separate Investment Strategy document that is designed to be reviewed, and if necessary, revised annually.

The objective of investing the assets of the Plan 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.

MOTION: Mr. Harris made a motion to approve the Statement of Investment Policy updates, Mr. Burge seconded this; the Chair called the vote and the motion passed unanimously.

Mr. Connors also presented the updated Investment Strategy Document which is intended to supplement the Investment Policy Statement. The IPS is long term in nature, while this document is designed to be reviewed and revised annually as needed.

3. Other Business – Actuarial Valuation

Ms. Woolfrey presented a PowerPoint summarizing the results of the January 1, 2021 Actuarial Valuation. As a result of the recent Experience Study, only very minor changes were made to demographic assumptions and no changes were made to economic assumptions. The thirty-year funded rate projection rate is very much in line with the previous projection. The Plan’s smoothed assets investment return was 8.1% for 2020, somewhat better than the 7.25% investment return assumption.

Vested members appear to be staying put and we are seeing a higher number of non-vested, short term separations. As a result of expected attrition, as of 1/1/21, Tier I employees, the most expensive from an actuarial standpoint because they have the highest level of benefits, made up only one-third of the County’s employees.

Ms. Woolfrey stressed that at the current level of contributions, the Plan's funded position will slowly and steadily improve, but only if the Plan consistently earns the assumed 7.25% investment return. She emphasized that at the current level of contributions, the Plan has very little room for adverse experience.

Ms. Woolfrey will work with Ms. Birley creating a slide presentation for the annual BOCC meeting in July.

Mr. Garnsey mentioned that in the late 1980's the Plan's administrative expenses would be paid by the Plan, not the employee. It would make sense to revisit this.

4. Board Member Comments

No comments.

5. Plan Administrator

Mr. Burge's Board position is coming up for election by employees. Nominations will be made during the June meeting.

There is still a vacancy on the Retirement Board (one of the two BOCC appointed positions) and we continue to search for a qualified candidate.

Ms. Goodyear notified the Board she has given notice with June 18, 2021 being her last day of employment with the County.

6. Plan Members Questions and Comments

No Comments

7. Adjournment

There being no further business to come before the Board, the Chairman adjourned the meeting at 3:00 p.m.

Michael Garnsey, Chair

**ARAPAHOE COUNTY BOARD OF RETIREMENT MINUTES
May 26, 2021**

The Chairman called the meeting to order at 1:36 P.M.

Board Members Present

Michael Garnsey
Richard Harris
Erik Burge
Sue Sandstrom

Others Present

Dale Connors, Ellwood
Andy Fiegel, Ellwood
Dana Woolfrey, GRS
Cindy Birley, DGS
Jhanadu Garza, Risk Management
Daniel Perkins, Legal
Markie Davis, IMA
Clarissa Delhotal, IMA
Wendy Teller, IMA
Lauren Albanese, Financial News
Cyril Espanol, Journalist
Jolene Duran, Future Retirement Asst
Lew Quigley, Retirement Admin
Mona Goodyear, Retirement Asst.

Consent Agenda

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

- A. Approval of Minutes – April 28, 2021 Meeting
- B. Professional Services Expenditure Approval:

Vendor	Invoice #	Amount	Purpose
Gabriel Roeder Smith	461967	\$16,141.00	Actuarial Services
Davis Graham & Stubbs	816274	\$2,461.50	Plan
Davis Graham & Stubbs	816273	\$1,073.00	Annual Retainer
Davis Graham & Stubbs	816275	\$819.00	Participant Matters
Fidelity	20210331-805-A	\$19,895.99	Investment Fee
CliftonLarsonAllen	2863710	\$7,500.25	Audit Services
Total Expenditures		\$47,890.74	

- C. Vested/Non-Vested Withdrawals

Number	Reason	Total
5	Retirement	
4	Vested Withdrawal	\$113,562.68
15	Non Vested Withdrawals	\$114,953.39
	Total Expenditures	\$228,516.07

Risk Management

Ms. Garza presented her research regarding the Plan's insurance coverage. She explained that the \$1,500 premium has been in place longer than her tenure in her position. Coverage for the 457 plan is comingled with our Plan's premium. It was determined that Sue Sandstrom and Dusty Sash are responsible for County oversight of the 457 Plan. Ms. Sandstrom suggests that the policy is broken down into two separate plans. She will approach the 457 Board at their next meeting.

The Board launched into a discussion related to raising the Fiduciary Coverage from \$1 million to \$3 million. Our current annual premium is \$14,283. Raising it to \$3 million would result in an annual premium of \$26,742 of coverage.

MOTION: Mr. Harris made a motion to raise our Fiduciary Insurance coverage from \$1 million to \$3 million, Mr. Burge seconded the motion, the Chair called the vote and the motion passed unanimously.

Ellwood

Mr. Fiegel discussed the first quarter 2021 returns. It appears there is economic optimism due to the positive developments with the COVID-19 vaccinations and the fiscal stimulus program.

Small cap and value stocks outpaced large cap, growth, and momentum stocks. Non-US stocks underperformed US stocks, while the dollar appreciated. The economy experienced the fastest quarterly growth rate since 1984.

Mr. Connors launched into the April investment summary. The Plan opened the fiscal year with \$352.2 million. Year to date the Plan's assets have increased to \$370.9 million, or a gain of \$10.5 million over the quarter. The returns are 2.7% for the month of April and 5.8% YTD.

All equity indices are up year to date with the S&P 500 returning 11.8%. The Russell 2000 is up 15.1% for the year, and the MSCI US REIT provided a 17.5% for the period as investors displayed inflation concerns

GRS

Ms. Woolfrey brought the draft of the BOCC Study Session slides to share with the Board. She wants to ensure the BOCC understands we had a good year but are not out of the woods. She will explain to the BOCC where that 18% of the funds go. The Plan has been underfunded since 2012 and is projected to be under 70% funded until 2039 (assuming 7.25% returns).

There are multiple possible outcomes, and she has several slides that will expand on sample scenarios. Local governments with similar Plans will be featured on a slide so the BOCC will see how the County's plan compares to our counterparts.

Board Member Comments

Ms. Sandstrom inquired when the Board will start meeting again in person. Mr. Quigley suggested physically meeting four times a year, with virtual meetings the other eight months. Discussion has been placed on the June 2021 agenda.

Plan Administrator

Mr. Quigley offered that Mr. Burge’s board position is up for election. A Survey Monkey will be run in June to fill his position if he runs opposed. Mr. Burge is planning on running for election.

Audit results will be available for July’s meeting. Finance will have access to the audit in June.

Ms. Jolene Duran will be replacing Ms. Goodyear as Retirement Plan Assistant, starting employment on June 14th. Ms. Goodyear’s last day will be June 18th.

The BOCC Study Session is scheduled for Tuesday, July 27, 2021 from 2-3pm via the Teams platform.

Plan Members Questions and Comments

None

Adjournment

The meeting was adjourned at 3:17 pm.

Michael Garnsey

Date

ARAPAHOE COUNTY BOARD OF RETIREMENT MINUTES

June 23, 2021

<https://ellwoodassociates.zoom.us/j/95766974362?pwd=VStOa2dYciswNmVnaFlqd012bEt5UT09>

The Chairman called the meeting to order at 1:30 P.M.

Board Members Present

Michael Garnsey
Richard Harris
Erik Burge
Sue Sandstrom - Absent
Darcy Kennedy

Others Present

Dale Connors, Ellwood
Dana Woolfrey, GRS
Kathy Stafford, Finance
Jennifer Bennett, Finance
Lauren Albanese, Finance News
Rowen Descallar, Journalist
Lew Quigley, Plan Administrator
Jolene Duran, Plan Assistant

Consent Agenda

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

- A. Approval of Minutes – May 28, 2021 Meeting
B. Professional Services Expenditure Approval:

Vendor	Invoice #	Amount	Purpose
Davis Graham & Stubbs	817798	\$2,084.00	Plan
Davis Graham & Stubbs	817797	\$1,368.00	Annual Retainer
Davis Graham & Stubbs	817800	\$1,855.50	Investments
Davis Graham & Stubbs	817799	\$1,879.50	Participant
LifeStatus360	2020825	\$820.00	Death Audit Services
Total Expenditures		\$8,007.00	

- C. Vested/Non-Vested Withdrawals

Number	Reason	Total
7	Retirement	
2	Vested Withdrawal	\$129,042.23
10	Non Vested Withdrawals	\$171,716.45
1	Death	\$34,668.60

1. Ellwood

Mr. Connors started off stating May was over all a positive month. Whereby Non-US Stocks outperformed US Stocks; however, over all US Stocks are still leading this year. It appears that Value Stocks are outperforming Growth Stocks, and Bond rates are trending down due to rates going up in the first quarter. Cash Flow Summary for 2021 is on target unless something occurs such as large cash outs.

On the Performance side there are still no numbers for the Private Equity to report for 2021. Looking at Fixed Rate Debt, Western Asset Core Plus Bond Fund was impacted when rates jumped in January but appear to be making ground and catching up and currently even with the index. The first five months of 2021 has been a good year for JP Morgan, Oakhill is doing well since put in place the summer of 2020 and is up 40% in less than a year.

June is the last month for Blackstone. Liquidation set for June 30, 2021 and should receive wired funds the third week of July. Decision to eliminate from portfolio due to hedge funds not anticipated to produce much over the next couple of years.

So far this year in the past 5 months we are up 6.7%. So far in June things are a bit choppy with some rotation in the markets due to rise in interest rates. More to come at next meeting.

Metropolitan is closed; however, there is still outstanding credit and needs to keep being reported. Dale will see if we can display under a different line item, so it doesn't appear as active.

2. GRS – Dana Woolfrey

Ms. Woolfrey did one last presentation of the PowerPoint to be used for the BOCC Study Session on July 27, 2021 at 2 pm. The Retirement Board was asked to provide any updates ASAP, since the presentation must go to the BOCC Administration shortly.

In review, 2020 started off with a -4% but by end the of year recovered in a strong position. The experience study was completed for 2020 as to actual retirement, withdrawals and mortality projections. As a result, there are modest changes, such as Inflation at 2%, and 7.25% on investment return, with an 11% return for the year.

Starting in 2021 the county employee and employer contributions increased from 8.75% to 9% each pay cycle in 2021 and the fund does need that increase. This has been a 4-year project with a .25% increase to bring to 9%.

Total Normal Cost Rate is based on this year's benefit accrual and service earned in 2021. If an employee went from 10 years to 11 years of service, 10.59% of pay is what that new benefit would cost. Only 10%-11% is going to new benefits. Employer cost of pay is only 2% and 7%-8% is going to fund unfunded liability. Total Normal Cost Rate, Unfunded Liability and Administrative Cost comes to 21.44% and with contributions at 18% looking at a shortfall of 3.44%. Projected to improve over the course of the next 30 years. Hopefully, we do not have to take any corrective action.

Our peers have continued to adjust as well. Adams County 9% employee and 10% employer and increasing to 11.5% pay over the next couple of year. Recent legislation changes have allowed them to project full funding in about 20 years.

El Paso County is currently at 8% (employer and employee contribution) and looking at an employer contribution of 12% over the next 4 years and full funding in 30 years. Pueblo County with employee contributing 8.25% and employer 9.25% and unknown what their plans are. On the other hand, City of Aurora is at 7% each for employee and employer contributions and 89% funded, although their funding and asset allocation is a bit different from the comparable Counties. Denver is currently at 9.25% employee and 15.75% employer and contributions go up and down depending on plan experience.

This year when going in front of the BOCC, we will not be requesting an increase for the retirement plan at this time. It is recommended that it continue to remain at 18% contribution (9% employee and 9% employer). However, if investments, demographic experience or long-term expectations should change then it will need to be addressed.

Erik brought up clarity on adverse experience as noted in the presentation. Rich stated it includes assets and liabilities. Which should be noted this includes investment and demographics. We can't control the unknown and make sure it is clear to BOCC when presenting.

3. Other Business

Everyone welcomed Ms. Kennedy back as an Arapahoe County Resident Board Member.

Ms. Kathleen Stafford nominate Erik Burge to the board and Ms. Jennifer Bennett second the nomination of Mr. Burge. Erik Burge accepted and was unanimously passed. Mr. Burge re-elected term will be from August 1, 2021 – July 31, 2025. Election has been closed.

BOCC Meeting July 27, 2021 at 2 pm.

Next Retirement Board meeting July 28, 2021 at 1:30 pm

4. Board Member Comments

Richard Harris wanted to go over the Board Summary Report to the BOCC. He will be covering for Michael Garnsey who will be out of town.

Darcy Kennedy brought up being there is a new Commissioner might be good to do a high-level quick history overview before going into the presentation.

Richard Harris had a few suggestions for Lew to change on the Board Summary Report.

Richard Harris made a statement should the monthly meetings continue through Zoom, in person or do hybrid meetings? Comments were made that meetings are shorter virtual vs in person and eliminates travel time.

Darcy made comment that Lew and Jolene control of the meeting. The reason Dale Connors is leading was he was able to setup by Zoom where the County could only do by Teams and there were some issues in the beginning. Dale Connors said they will be going to Teams later this year.

5. Plan Administrator

Lew Quigley introduced Jolene Duran as new Retirement Plan Assistant and welcomed back Darcy Kennedy to the Retirement Board.

Every month two weeks before the meeting the link is posted on the agenda with the website instructions. Anyone is welcome to join.

Discussion to possibly do a luncheon like a meet and greet not a business meeting. Usually do in January but was not possible this year.

July will be presenting the audit. It was completed June 10, 2021 and should be issued soon. Erik Berge says they have everything and expecting back within the week.

A lot of retirees have decided they don't want to return to the office and deciding to retire. Several non-vested are also leaving. We are averaging about 1 per day leaving the county. There have been a lot of vacancies between both the County and the Sheriff office. Darcy Kennedy stated there has had an uptick in employee vacancies at the State of Colorado as well.

6. Plan Members Questions and Comments

No Comments

7. Adjournment

There being no further business to come before the Board, the Chairman adjourned the meeting at 2:52 p.m.

Michael Garnsey, Chairperson

ARAPAHOE COUNTY BOARD OF RETIREMENT MINUTES
July 28, 2021

The Chairman called the meeting to order at 1:36 P.M.

Board Members Present

Michael Garnsey - Absent
 Richard Harris
 Erik Burge
 Sue Sandstrom
 Darcy Kennedy

Others Present

Dale Connors, Ellwood
 Andy Fiegel, Ellwood
 Tim Rawal, CLA
 Dana Woolfrey, GRS
 Lauren Albanese Financial News
 Lew Quigley, Plan Administrator
 Jolene Duran, Plan Assistant

Consent Agenda

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

- A. Approval of Minutes – June 23, 2021, Meeting
- B. Professional Services Expenditure Approval:

Vendor	Invoice #	Amount	Purpose
Davis Graham & Stubbs	819288	\$2,762.00	Plan
Davis Graham & Stubbs	819287	\$1,255.00	Annual Retainer
Davis Graham & Stubbs	819290	\$53.00	Investments
Davis Graham & Stubbs	819288	\$935.50	Participant
Ellwood		\$21,578.00	Investment Fees
Milliman	016ACR0721	\$7,062.50	License Fee
CliftonLarsonAllen	2931847	\$3,000.00	Audit Services
Total Expenditures		\$36,646.00	

- C. Vested/Non-Vested Withdrawals

Number	Reason	Total
7	Retirement	
3	Vested Withdrawal	\$207,710.30
18	Non Vested Withdrawals	\$218,418.26
	Total Expenditures	\$426,128.56

1. 2020 Audit, Tim Rawal - CLA

Mr. Rawal started with the Governance Communication as a required communication which outlines the audit results for plan year 2020. He reflected on 3 audit findings.

All transactions were reported properly on the financial statements in the correct period.

Arapahoe County hires an outside actuary firm, Gabriel Roeder Smith, to provide accounting estimates for the plan. These are projected estimates are based on experience from previous years and current events. Since they are estimates they tend to be more sensitive to the financial statements.

Through the audit process the Auditor's looked closely at fair value investments in private equity and hedge funds since these investment may not be traded on the public market. They are considered accounting estimate and calculated by Actuaries who Arapahoe County has hired.

Net pension liabilities, uncorrected statements past adjustments difference are not in the financial statements and not material enough to misstate the financial statements but need to be noted and disclosed.

Some numbers reported were higher than were disclosed in the financial statements. Elwood adjusts as they occur in the financial portfolio; therefore, due to timing and cut off dates this can cause a discrepancy.

The 4th Quarter of 2020 did reflect positively to end the plan year. Financial statements showed the plan remained steady in assets for 2020. Net appreciation increased and stayed in line with previous years. Net pension net liability was flat, and increase's, were offset by net gains.

As displayed in the Supplementary Information, Mr. Rawal wanted to again point out the contribution deficiencies to the plan and to keep an eye on this as plan moves forward.

Mr. Harris inquired about the test that occurred, December 31, 2018. The Plan had failed and was required to use the mandatory bond rate for one year only. Ms. Woolfrey stated the measured period was in a downturn in the market and was based on contributions of 8.5% at that time. We can only recognize contributions we knew we would receive. But as the contributions increased it corrected itself. Mr. Burge stated this ran through the county financials in 2019 and has come and gone and reversed in 2020.

Mr. Rawal thanked Mr. Quigley, Mr. Burge and Mr. Connors for all the support, effort and timeliness to provide the requested documents to CliftonLarsonAllen LLP electronically as well as in person to make this audit process smooth.

Mr. Quigley wanted to thank Mr. Burge on his continued assistance and valuable input in the audit process, which is so valued in the audit process, and thanked CliftonLarsonAllen LLP for all their work and Mr. Rawal for his continued partnership.

2. Ellwood

Mr. Connors stated the month of June was a decent month. A few areas in the market struggled but most were on an upward trending. Second quarter ended with growth

stocks outperforming value stocks reversing what we saw in the first quarter. Year to date we saw value outperform growth orientated strategies. US stocks are leading in post COVID recovery economically and in the markets currently. Concerns about inflation have carried forward into the second quarter. Bonds have recovered in all sectors and the high yield index was positive.

On the return summary page of the portfolio, the year to date is doing well and currently at 8.8%. Data represents public investments as private equity investments do not report in a timely manner to be reflected in the report.

Ms. Kennedy asked about market performance and outlook as it relates to the Delta Variance. Mr. Connors felt that the market was at this point ignoring the Delta Variance. He went on to say that it appears that the focus is more on inflation than the variance. Everyone is watching to see when the Federal Reserve is going to stop feeding the economy. This impacts artificial stimulus, as the Federal Government starts to taper off spending and assistance, the market will likely see more changes.

When reviewing the Asset's, the total was at \$380.2 million dollars as of June 30, 2021. The Blackstone liquidation was received the week of July 19th. US Bank was notified to redistribute the proceeds into the portfolio. The target in public equity in the July report will move to the new allocation target of 50% and will eliminate the position in low volatility investments. No money is going into equity as we are already over 50% and monies from the low volatility liquidation are going into floating and fixed debt to get the Plan closer to the target in the portfolio.

Distribution from Trumbull July 27,2021 of \$1 million dollars for the quarter received, have been reported, unfortunately the total distribution may take a number of years.

Mr. Connors will go over more of the portfolio in August and cover second quarter.

3. Other Business

Discussed BOCC board meeting July 27, 2021. Mr. Harris inquired about how to request more funding. Ms. Sandstrom does not feel the BOCC would be willing to fund additional funds to the account based on growth in the county and changes coming with Tri-County Health funding and new Judicial District.

Mr. Harris asked Dana to run numbers if the plan was to receive 2 million dollars. How would that play out and take the pressure off the plan? Ms. Woolfrey wanted to defer until next month so she can run the numbers through her models and give a better answer and talking points of what could possibly occur in that scenario.

4. Board Member Comments

None

5. Plan Administrator

Mr. Quigley reran the numbers after the BOCC meeting Tuesday July 27, 2021.

Rule of 75 now 406 people accounts for about 18%

Rule of 80 214 people accounts for 9% of the population

Rule of 85 is 1,535 and accounts for 73% of population

Rule of 75 continues to leave as they age into Medicare eligibility, and eventually will all be gone, at which time, the downward trend will go to 10% and level off.

6. Plan Members Questions and Comments

No Comments

Next meeting will be August 25, 2021, at 1:30 pm.

7. Adjournment

There being no further business to come before the Board, the Chairman adjourned the meeting at 2:24 p.m. Ms. Kennedy motioned and Mr. Burge second

Richard Harris, Chair Pro Tem

ARAPAHOE COUNTY BOARD OF RETIREMENT MINUTES
August 25, 2021

The Chairman called the meeting to order at 1:30 P.M.

Board Members Present

Mike Garnsey
 Richard Harris
 Sue Sandstrom
 Darcy Kennedy
 Loren Kohler

Others Present

Dale Connors, Ellwood
 Dana Woolfrey, GRS
 Jennifer Bennett
 Kevin Nienhaus
 Lauren Albanese Financial News
 Lew Quigley, Plan Administrator
 Jolene Duran, Plan Assistant

Consent Agenda

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

- A. Approval of Minutes – July 28, 2021, Meeting
- B. Professional Services Expenditure Approval:

Vendor	Invoice #	Amount	Purpose
Arapahoe County Treasurer	202106	\$69,979.17	Administration Staff
Davis Graham & Stubbs	819861	\$265.00	Plan
Davis Graham & Stubbs	819862	\$1,722.50	Participant Matters
Gabriel Roeder Smith	452411	\$12,109.00	Actuarial Services
Gabriel Roeder Smith	463875	\$1,050.00	Actuarial Services
Total Expenditures		\$85,126.66	

- C. Vested/Non-Vested Withdrawals

Number	Reason	Total
5	Retirement	\$16,481.62
3	Vested Withdrawal	\$200,442.29
26	Non-Vested Withdrawals	\$206,600.59

1. Ellwood

Mr. Connors presented second quarter 2021 and compared to first quarter 2021. Stocks outperformed commodities in the first quarter and a lot of rotation between stocks and commodities by end of second quarter 2021. Emerging Market Index has been struggling with China and India being the biggest contributors on return on investment. Bloomberg Barclays Index has once again changed its name to now be Bloomberg Aggregate Index. Interest rates shot up with the thought of a quick economic recovery and rollout of COVID vaccines. Since second quarter, interest rates have been drifting back downward. Allowing bonds to be positive. Still a lot of focus

on inflation as it ties into economic recovery and government stimulus ending. Questions remains will this be transitory or permanent? Mr. Connors and his team are continuing to monitor this closely.

In reviewing The State of Economic Recovery that the stimulus and vaccine has helped to boost the economy. GDP Growth is expected to be strong in 2021 and projected to drift down and level off and comparable to pre-COVID years. Industries that were struggling in 2020 such as shelter, food and medical services seems to be under control in 2021; however, energy, used cars and airline fares have been impacted by inflation. There are a similar number of job openings to the number of unemployed. This will continue to be monitored and the impacts on the economy.

As of 6/30/21 we surpassed \$382 million in the plan. CBRE US Core Partners is our newest real-estate fund to replace Trumbull Property Fund. The Real Estate Portfolio Manager has been promoted to Global Real Estate Portfolio Manager and the co-Project Manager is now overseeing the fund. Mr. Connors has reached out to CBRE and will continue to monitor this fund closely.

Year to date cash flow \$352.7 million with net cash flow at about ½ million per month with benefit payouts out pacing current active employee contributions and should eventually level off. Looking at the actuarial assume rate of return and projections over a 5-year smooth rate period annualized, currently the plan is exceeding the actuarial projection, so we are doing well in the plan. The Annualized Return vs Annualized Standard Deviation for 3 and 5 years we are doing well but not taking as much risk as other government entities our size.

For the month of July US still outperforming other investments. Small caps negative in July. Emerging Market flat in the month of July. Hedge funds continue to struggle. Interest rates continue to be down in the month of July and bonds still up. Anything with more credit risk is doing better. Mr. Harris stated numbers look good but what is standing out or surprising to Mr. Connors. Dodge & Cox Global Stock Fund has done better since the upswing. Floating rate debt has helped a lot. Economy was on a good pace pre-COVID and COVID shut down world economy and US since the vaccine and the start of the year the US has really been bouncing back compared to other countries. Mr. Harris asked if Mr. Connors had any numbers for August even though there are a few days remaining. August is looking to be positive, but some stocks are still struggling. Real Estate has had some recovery leasing has picked up and retail vacancy strip malls are picking up with restaurants and specialty shops are reopening.

Blackstone is holding around 5% of the funds as a true-up until their fiscal audit is complete to validate their numbers. Once audit is complete, we will receive all remaining monies and will finally be able to close out this fund. Monies received from Blackstone have been put into Bain Capital floating rate and fixed rate where it was under allocated. Every month spending about 1/2 million in benefits over contributions. We looked better than most plans. \$34 million made in the portfolio 10% return on the \$352 million since the beginning of the year.

Mr. Garnsey asked if fuel prices, shortage of computer chip, and transportation are impacting the markets throughout the year? Mr. Connors stated he hopes these industries are just transitory. Energy prices have rolled over some in the last week. Oil is between \$70-\$65 a barrel, but many think \$50 per barrel is more realistic for long a term number. The demand for fuel has increased compared to 2020 where demand was low due to the pandemic. Supply and demand should level off. Chips are starting to arrive and get distributed. Mr. Connors hoping this will level off and COVID won't shut down production again.

Under floating debt Bain was put in position in June and added money July and has doubled index return. When interest rates rise, we want floating rate and when interest rates fall, we want fixed rates. Floating rate is more credit sensitive. Oak Hill (OHA) and Varde funds have done well, and both have gained money since put in place last year. Principal Real Estate Debt Fund is the only fixed rate loan in the portfolio at interest rate of 9%. Building is in Washington DC loan came due in July. Renters have lined up loan to buy us out. They have been notified and interest rate went up to 11% in August and 12% in September. Loan should be wrapped up soon and off the books before year end. Principal Real Estate Debt Fund II as many loans are refinancing at low rates so loans are being taken out early so will help us initially but in long run will hurt as the loans are closing out early.

Mr. Connors made an announcement although not officially announced but wanted to be transparent being Arapahoe County had to sign a consent. Ellwood will be merging to CAPTRUST in an official blackout period. Mr. Connors is very excited for the change as this will bring more opportunities as Ellwood is a staff of 55 and CAPTRUST has 800+ staff with around 200 that only does research and should open opportunities in our portfolio. No change in fees and personal. Mr. Connors did clarify the name CAPTRUST is in all caps.

2. Other Business

The Chair opened the floor for nominations from eligible plan members for a replacement for Mr. Erik Burge, who is leaving Arapahoe County to make a career change. Mr. Garnsey Chairman of the board called the vote and Mr. Quigley explained the process. Mr. Kevin Nienhaus nominated Mr. Loren Kohler and Ms. Jennifer Bennett second the nomination. Mr. Kohler accepted his nomination as a retirement board member and will serve a 4-year term to July 2025. There were no other nominations made and Mr. Kohler was able to participate in the meeting. Mr. Kohler has been with the county for 10 years and works in finance department.

Ellwood is up for renewal and the Board decided to hold off on the RFP this year for Investment Services for the next 6-12 months. Being Ellwood has been recently acquired by CAPTRUST, it only seemed fit to allow some time for the transition before going to bid. Mr. Quigley also noted that next year is also the RFP for US Bank. Since we are a trustee account there are not a lot of options for banks to bid and most fees are much

higher. Due to statute, we must have a financial institution that accepts trustee account, and it was noted that US Bank is directed by the board.

Ms. Sandstrom will be leaving Arapahoe County December 31, 2022, as her elected term will end. Mr. Quigley announced that he will be retiring November 1, 2022. Board will need to start looking for his replacement.

Mr. Quigley brought up the discussion that the December ACG Board Meeting is scheduled for Wednesday, December 22, 2021, which is right before the Christmas holiday and was wondering if the Board would like to move it back to Wednesday, December 15, 2021. Board was good to move the December meeting back one week to December 15, 2021. Mr. Kohler announced he will not be in attendance for the November 17, 2021, Retirement Board Meeting.

Ms. Woolfrey presented one graph to the board if an additional \$2 million contribution was provided to cover administrative and investment expenses in 2022. Improves over 30-year funding by 13% which is about 1.3% of payroll expense. Other counties are covering all or some of the administrative cost and Arapahoe County stopped covering administrative expenses many years ago. This could help the employees from having to increase contributions. Ms. Kennedy suggested we do a memo to the BOCC what an additional \$2 million would provide to the plan. Ms. Sandstrom said executive budget discussions week after Labor Day. Ms. Woolfrey will put a one-page memo together for the board to review.

3. Board Member Comments

Mr. Kohler asked about mentoring. Ms. Kennedy advised reading through the meeting minutes, and she had a session with Mr. Connors. Mr. Harris offered Mr. Kohler to study the report that Ms. Woolfrey put together and write his questions down and he would be happy to answer. Mr. Quigley will put together information and send it to Mr. Kohler.

4. Plan Administrator

Mr. Quigley stated we are losing about 1 employee per day. County is trying to hire as fast as they can.

5. Plan Members Questions and Comments

No Comments

6. Adjournment

There being no further business to come before the Board, the Chairman adjourned at 3:04 pm.

**ARAPAHOE COUNTY BOARD OF RETIREMENT MINUTES
September 22, 2021**

Chairman called the meeting to order at 1:30 P.M.

Board Members Present

Michael Garnsey
Richard Harris
Loren Kohler – Excused Absence
Sue Sandstrom
Darcy Kennedy

Others Present

Dale Connors, Ellwood
Andy Fiegel, Ellwood
Cindy Birley, DG&S, LLP
Dana Woolfrey, GRS
Wendy Oldeen, US Bank
Pakita Eckford – AC Employee
Kevin Balaod - Journalist
Ronan O’Brien, Financial News
Lew Quigley, Plan Administrator
Jolene Duran, Plan Assistant

Consent Agenda

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

- A. Approval of Minutes August 25, 2021 Meeting
- B. Professional Services Expenditure Approval:

Vendor	Invoice #	Amount	Purpose
Davis Graham & Stubbs	821780	\$1,980.50	Plan
Davis Graham & Stubbs	821818	\$15.72	Participant Matters
Gabriel Roeder Smith	464296	\$786.00	Actuarial Service
Total Expenditures		\$2,782.22	

- C. Vested/Non-Vested Withdrawals

Number	Reason	Total
12	Retirement	
4	Vested Withdrawal	\$244,000.00
22	Non-Vested Withdrawals	\$221,768.36
1	Death	\$29,719.56
	Total Expenditures	\$495,487.92

1. Dale Connors - Ellwood – Fund Performance

Ellwood name should be changing to CAPTRUST any day.

In reviewing the Major Benchmark Returns, August was a good month in the Equity Markets but not as good in the Bond Market. US led with 3% return on the S&P 500. Emerging Markets up 2.6% for the month of August quarter to date down -4.2%. Growth up 6.5% outperforming Value which was up 2.5% for the month of August. In

2021 Value was a stronger performer; however, as of yesterday Growth is outperforming Value for the year. Investment grade bonds were negative for the month as interest rates have increased. High Yield and Emerging Market debts ended August on a positive note. High Yield bonds have done well for year to date compared to other bonds in the fixed income category.

Return Summary year to date we are at 11.5% compared to benchmark at 10%. Strong 5-year but note it does not include liquid assets as those are only report on an end of the quarter basis.

Assets at the end of August were at \$387.6 million and increased about \$4.3 million for the month. Account is up around \$35 million for the year 2021. The Plan continues to experience negative cash flows with benefits outpacing contributions.

Public Equity fund is doing well and note there is a lag on the Private Equity numbers. However, if you look at the 5-year return, Private Equity is outperforming the Public Equity.

Fixed Debt category, Core Plus is doing well for the quarter and trying to make up for the struggles back at the start of the year January 2021.

Floating Rate Index is up 4% and Fixed Rate is down -.7%

Blackstone is currently cash leaving the funds alone. Ellwood is keeping an eye on the market before there is any movement with the funds. Starting next month, Metropolitan Real Estate will no longer appear on the report going forward.

At some point in the future, we will likely see a pull back and want to rebalance the portfolio. Pull back recovery is usually quick and about 3-4 months. When it occurs, Mr. Connors and Mr. Quigley will work with US Bank if we need to move money out of an investment to cover expenses.

Ms. Sandstrom was in another meeting, and it was brought up that CAPTRUST had some legal action against them. Mr. Connors stated he was recently aware of an accusation regarding fees on a 403(b) account at a university and CAPTRUST name was mentioned. He will try and find out any information he can and address at our next meeting. Mr. Connors addressed that Ms. Birley does do fiduciary training and might be good for the board to attend. Ms. Birley would be happy to do the training but would be better to do middle of next year. Ms. Sandstrom recommended a refresher be done annually.

2. Cindy Birley – Mill Levy for Admin Expenses

Years ago, Arapahoe County (the “County”) could not contribute beyond what employees contributed under state law. That Colorado Revised Statute has since changed. Pursuant to Colorado Revised Statutes § 24-54-109, a mill levy may be used to pay plan expenses. Adams County does so. Ms. Birley talked to the County attorneys,

Mr. Perkins and Mr. Christofferson, who could not find any history on a previous mill levy. They did not believe that the Arapahoe County BOCC would vote to move forward with a mill levy. Per the County attorneys, it may also require a vote of the citizens under TABOR. Thus, there is no guarantee that the County could establish a mill levy to pay for plan expenses.

Ms. Birley talked to Ms. Dater who retired after 35 years in the Treasurer's office and Ms. Dater remembers that the County paid for plan expenses many years ago; however, she did not recall a mill levy being used for the retirement plan. Ms. Sandstrom stated that in the 10 years she has been Treasurer, she does not recall any conversation about a mill levy and there have been no contributions towards retirement expenses. Ms. Sandstrom did reach out to Mr. Weaver, Director of Finance, but he has yet to return her call. Ms. Birley stated again that there is no longer a restriction under the law that prevents the County from paying more into the retirement plan than what the employees contribute. Ms. Sandstrom does not feel that the BOCC will be open to contribute more money as there are so many other operating items that need attention. Furthermore, when this issue was presented back in July 2021, it was stated that the plan was currently able to operate without additional funding.

3. Other Business

2022 Board Meeting schedule has been put together. If anyone has changes, please let Mr. Quigley or Ms. Duran know. Rooms have been scheduled in the event we meet in person.

Discussed resuming the annual retirement lunch meeting January 26, 2022, meeting before the monthly Retirement Board Meeting for board members and vendors. Mike will think of some places.

Noted that whoever is elected to Arapahoe County Treasure position in November 2022, they will automatically have the responsibility to be a member of the Retirement Board. Hopefully a smooth transition and can attend the November and December 2022 meetings prior to taking the position January 2023.

4. Plan Administration

In October Mr. Quigley and Ms. Duran will be attending all 4 Open Enrollment Benefit Fairs. Answer any employee questions that stop by and calculate their funds if requested.

Mr. Quigley announced that we have been approached by US Bank that we can enter payment data directly into US Bank instead of sending US Bank the information to enter. It would give Mr. Quigley and Ms. Duran more control, knowledge to assist former employees and speed up the process. US Bank has given Mr. Quigley amendment paperwork to our current contract which Mr. Quigley has passed on to Ms. Birley to review prior to sending to back to US Bank.

Mr. Quigley has seen a steady turnover and increase in retirement in 2021. Have already processed 70 retirees as of September and aware or processed future retirees in the coming months. Typically, there are 65-70 in a year and currently projecting close to 80 by end of this year. The question was posed if they had met their rule of or of retirement age and Mr. Quigley's response was yes.

5. Plan Members – Questions and Comments

None

6. Adjournment

There being no further business to come before the Board, the Chairman adjourned the meeting at 2:31 p.m.

Michael Garnsey, Chair

**ARAPAHOE COUNTY BOARD OF RETIREMENT MINUTES
October 27, 2021**

Chairman called the meeting to order at 1:32 P.M.

Board Members Present

Michael Garnsey
Richard Harris
Loren Kohler
Sue Sandstrom
Darcy Kennedy

Others Present

Dale Connors, CAPTRUST
Andy Fiegel, CAPTRUST
Lauren Albanese Financial News
Lew Quigley, Plan Administrator
Jolene Duran, Plan Assistant

Consent Agenda

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

- A. Approval of Minutes September 22, 2021, Meeting
- B. Professional Services Expenditure Approval:

Vendor	Invoice #	Amount	Purpose
Ellwood	N/A	\$21,578.00	Plan Consulting
IFEBP	623860-S3G7G3	\$1,310.00	Annual Membership Dues
Davis Graham & Stubbs	822900	\$1,613.00	Plan
Davis Graham & Stubbs	822901	\$5,838.00	Investments
Davis Graham & Stubbs	822902	\$727.50	Participant
J.P. Morgan	20210930-26714-A	\$13,129.06	Investment Fees 2 Qtr.
J.P. Morgan	20210630-26714-A	\$15,536.15	Investment Fees 1 Qtr.
Total Expenditures		\$59,731.71	

- C. Vested/Non-Vested Withdrawals

Number	Reason	Total
6	Retirement	
8	Vested Withdrawal	\$510,286.40
26	Non-Vested Withdrawals	\$267,219.11
1	Death	\$46,387.04
	Total Expenditures	\$823,892.55

1. Dale Connors - CAPTRUST – Fund Performance

Correction to paragraph below in the September 2021 meeting minutes are noted in red:

Return Summary year to date we are at 11.5% compared to benchmark at 10%. Strong 5-year but note it does not include **illiquid** assets as those are only reported **ed** on an end of the quarter basis.

October business:

September was not a good month as both the stock and bond markets produced negative performance. The US is still outperforming non-US markets for year 2021. Emerging markets are now in negative territory this year. For the year, the value style has been outperforming growth. Not a great 3rd Quarter compared to first half of the year. Mr. Harris asked how October looks being it is almost over. Mr. Fiegel stated that as of October 26, 2021, the S&P is up 6%, Developmental Non-US Markets up 3.2%, Dodge & Cox up 6% and fixed income slightly down as interest rates continue to rise. Overall looking like we have made back a majority of what was lost in September.

On the return summary page although September was not good month, the year to date reflects we are doing well at 10.8% and rolling annualized five-year return is still doing well at 9.5% and still exceeding the policy index and the assumed rate of return.

Looking at the Asset Allocation vs Target page, the plan is close to the Policy allocation targets.

Cash outflow about \$1.5 million for the month slightly higher for the month and could be a timing issue of more benefit payment periods than contribution periods. Investments lost money in the stock and bond asset classes but made money in floating rate bank loan and real estate but down \$4.6 million. Year to date down \$6 million benefit payments over contributions; however, the ending balance is up \$31.25 million for the year due to strong investment gains of \$37.26 million.

Due to statement timing, there are no returns for Private Equity for 3rd Quarter, but 1st and 2nd Quarter did well at 28% return and in the past 12 months through June 30, 2021, and up 52%.

Moving overweight into floating rate has been good for the plan this year and having had the senior loan fund back in the portfolio has been positive at 3.1%. Floating rate index is up 4.7% and bond index down 1.6% demonstrating that a shift to floating rate from fixed rate has been a good strategic move.

Real Estate has done well for the year. CBRE up 11.3% for the quarter and 20% YTD. Trumbull had good quarter and beginning to see some stabilization.

In the next couple of months Mr. Connors will know more on how CAPTRUST models vs Ellwood.

Lawsuit question that Ms. Sandstrom brought up at the September meeting. Mr. Connors did reach out to CAPTRUST now that the transition has been made from

Ellwood. In the last 5 years CAPTRUST was named in 2 lawsuits which have been dismissed. The lawsuit that Ms. Sandstrom brought up in the last meeting CAPTRUST will not comment as they are not named in the suit and until the lawsuit is settled, they cannot comment.

2. Other Business

Mr. Quigley explained that starting in 2022 IRS will issue W4P which is equivalent to W2 for taxes claimed on your pension benefit. Retirees are not paying enough in taxes and instead of claiming on your taxes to be paid out monthly. Mr. Quigley contacted Ms. Birley and US Bank is aware and working on it. They will provide us instructions once they have it in place, pull a sample of our retirees and test it, mail out and will help with programming. We don't have tax information in Marc so the likelihood we would need assistance with programming into Milliman is slim. This only impacts Federal tax and not state tax. Only change for Colorado State tax, is it went from 4.63% to 4.55%.

Ms. Sandstrom brought up that there is a Colorado change to the pension exemption but only applies to higher income bracket and based on their overall income and not just their pension total. Mr. Quigley stated that all retirees are informed when doing their retirement paperwork that the tax percentage they elect only impact their retirement earnings and not any other earnings they may earn if applicable. They are advised to talk to their tax advisor or financial advisor.

Fiduciary training to be held June 22, 2022, meeting will take about 2 hours for board members and for Mr. Quigley and Ms. Duran.

Mr. Garnsey will be sending out information to the Board for the executive session for performance evaluations.

Mr. Kohler will be on vacation for next Retirement Board meeting scheduled on Wednesday November 17, 2021, at 1:30 p.m. It was recommended that he try and attend via phone if possible being it was an executive session meeting.

3. Plan Administration

Mr. Quigley will be on vacation and away from the office with no access via email or phone starting Monday November 1, 2021 and returning on Tuesday November 16, 2021.

In Mr. Quigley works with Ms. Glanville at US Bank on capital calls and distributions for the Arapahoe County retirement plan. Ms. Glanville has been granted permission to withdraw or deposit any funds that occurs while Mr. Quigley is on vacation.

4. Plan Members – Questions and Comments

Going forward, for administrative and logistical reasons, meetings will no longer be held via ZOOM and instead held on Microsoft Teams. CAPTRUST or Arapahoe County will arrange next month's meeting.

5. **Adjournment**

There being no further business to come before the Board, the Chairman adjourned the meeting at 2:10 p.m.

Michael Garnsey, Chair

**ARAPAHOE COUNTY BOARD OF RETIREMENT MINUTES
November 17, 2021**

Chairman called the meeting to order at 1:30 P.M.

Board Members Present

Michael Garnsey
Richard Harris
Loren Kohler
Sue Sandstrom
Darcy Kennedy

Others Present

Dale Connors, CAPTRUST
Cindy Birley, Davis Graham & Stubbs
Craig Anzai, Davis Graham & Stubbs
Wendy Oldeen, US Bank
Sherry Glanville, US Bank
Dan Perkins, Sr. Asst County Attorney
Lauren Albanese Financial News
Lew Quigley, Plan Administrator
Jolene Duran, Plan Assistant

Consent Agenda

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

- A. Approval of Minutes October 27, 2021, Meeting
- B. Professional Services Expenditure Approval:

Vendor	Invoice #	Amount	Purpose
Davis Graham & Stubbs	824523	\$2,867.00	Plan
Davis Graham & Stubbs	824522	\$773.50	Annual Retainer
Davis Graham & Stubbs	824525	\$601.00	Investments
Davis Graham & Stubbs	824524	\$1,095.50	Participant Matters
Milliman	016ACR2110	\$7,062.50	4 th Qtr. 2021 License Fee
Total Expenditures		\$12,399.50	

- C. Vested/Non-Vested Withdrawals

Number	Reason	Total
10	Retirement	
3	Vested Withdrawal	\$300,000.00
16	Non-Vested Withdrawals	\$104,918.17
	Death	
	Total Expenditures	\$404,918.17

1. Dale Connors - CAPTRUST – Fund Performance

Mr. Connors went over 3rd Quarter performance and October 2021 performance.

Not favorable results in the market for 3rd Quarter. Emerging Markets Index return was down -8.8% and Russell 2000 Index was down -4.4%. YTD Returns for Bloomberg Commodity Index yielded a 29.1% return and S&P 500 Index also ended all 3 quarters on a positive note with 15.9% return for the year so far.

With supply chain disruptions, COVID on the rise again, increase in energy and commodities cost, uncertainties in China have all contributed to concerns on inflation. Federal Reserve had originally forecasted inflation at 1.8% in December 2020 and in September 2021 re-evaluated and forecasted inflation to come in at 4.2% which is a significant increase from original forecast. Inflation for 2022 is now projected at 2.2%.

The stock market is a leading indicator for the economy. This year has been very reactionary to the Macro events. As interest rates went up Value Stocks outperformed Growth Stocks in the 1st Quarter. As interest rates went down in the 2nd Quarter the Growth Stocks outperformed the Value Stocks and Growth narrowly outperformed Value Stocks in the 3rd Quarter.

China's regulations are impacting their own market as well as impacting Emerging Markets around the globe.

We are a little over \$384 million in asset allocations. Real estate is almost on target and received some assets from Trumbull Property Fund. We are exactly where we want to be positioned in real estate portfolio. With overweight in industrial, followed by multifamily, underweight in office and low in retail.

We had net cash flow out of almost \$3 million as benefits are out pacing contributions. We did make \$2.9 million for the quarter. Singular Guff, Bain and OHA all ended on a positive note. Varde did well last year but seems to have stabilized and more in line with the rest of the market. In the Real Estate market CBRE up 11.3% for the quarter and Trumbull only slightly trailed the index. Plan has made about \$37.6 million YTD.

Our risk level is very low compared to our peers. We were shooting for 7.5% and are earning 9.5%. We made a strong adjustment to our Floating Rate to Fixed Rate Debt which has impacted our relative performance.

Floating Rate Debt has been positive unlike bonds YTD. Principal Real Estate Debut Fund performed as expected and the last loan in the portfolio was paid back on October 29, 2021. Should be out of the portfolio by end of the year. Principal Real Estate Debut Fund II has been paying back early, the fund is doing well and only has a few loans remaining in the portfolio.

The plan is up 3% for the month of October, 14.3% YTD and 5 year strong at 10.4% annualized return. Stock allocation higher as we are still well below in private equity and don't need to be rebalanced at this time. We are close to breaking the \$400 million in asset value. With all that has occurred this year the plan is still doing well and making money on its investments.

Cindy Birley – Davis Graham & Stubbs

Ms. Birley presented Amendment No. Four to the Arapahoe County Retirement Plan Trust Agreement (As Amended and Restated Effective January 1, 2011) to the Board Members. Amendment No. Four incorporates an exhibit (“Exhibit A”) common to many trust agreements between U.S. Bank and other retirement plans. Exhibit A allows the Plan Administrator to utilize U.S. Bank’s On-line Benefit-Payment System. The On-Line Benefit-Payment System allows the Plan Administrator to enter information, including payments, into U.S. Bank’s system which accelerates the processing time for Retiree and former employee payouts. Currently, U.S. Bank only processes payouts once per week; the Plan Administrator can process payments more frequently by using the On-Line Benefit-Payment System. Mr. Quigley proposed that this new process does not begin until after the first of next year (2022) to allow for year-end processing.

There was concern amongst the Board Members regarding the entering of information on the On-line Benefit-Payment System. Mr. Quigley reassured the Board Members that checks, and balances would be in place; Mr. Quigley and Ms. Duran will check each other’s work in the system. Mr. Quigley would also like U.S. Bank to monitor and check the work of Mr. Quigley and Ms. Duran during the initial implementation of the On-line Benefit-Payment System.

Mr. Harris motioned to approve Amendment No. Four to the Trust Agreement and the associated Resolution. Ms. Kennedy seconded the motion. The motion passed with no opposition. Mr. Anzai oversaw the electronic signature process in the following order.

Ms. Kennedy questioned whether the Retirement Board would have to amend the Trust Agreement to add a new Plan Administrator to Exhibit A following Mr. Quigley’s retirement. Ms. Birley stated that Plan Administrator is used generally throughout Exhibit A and is not specific to Mr. Quigley; therefore, there will be no need for a future amendment to replace Mr. Quigley.

Ms. Birley stated the IRS is coming up with a new Form W-4P which originally was to be in effect January 1, 2022. Recently the IRS issued an announcement delaying the use of the new W-4P until January 1, 2023. Thus, individuals receiving periodic payments from the County who want to change their tax withholding elections can still use the current Form W-4P. Individuals receiving periodic payments from the County who do not wish to change their tax withholding elections do not need to complete a Form W4-P. U.S. Bank confirmed that it provides an annual withholding notice to individuals receiving periodic payments from the County.

There will be a requirement to map over the existing data for the new Form W-4P and hopefully U.S. Bank will be able to complete this process for the 1,200 retirees currently in existence. The IRS will also be introducing a new form called Form W-4R for lump sum distributions. The IRS has not finalized this form and delayed its use to January 1, 2023. Ms. Oldeen stated that since no final guidance has been issued by the IRS, U.S. Bank

cannot move forward with the mapping requirements at this time. US Bank's Legal and Corporate Tax group will be working on a mailing and will provide a sample to Arapahoe County once complete.

2. Other Business

Mr. Harris stated he wants to discuss partial lump sum payouts. It only has a slight impact to the retiree's monthly benefit and much larger impact to the plan. Mr. Harris would like Ms. Birley to review if the Board can change the methodology for calculating a partial lump sum for all employees not just new hires at a future meeting. Mr. Harris would also like to have Ms. Woolfrey review the impact of the partial lump sum payouts from an actuarial perspective. Mr. Quigley stated that there is availability on the agenda to discuss at the January 26, 2022, or February 23, 2022, meetings. Mr. Harris will check with Ms. Woolfrey availability.

Fiduciary training will be held at the March 2022 Retiree Board meeting instead of the June 2022 meeting.

3. Plan Administration

This year is a record number of retirees retiring in 2021. Also, a record number of Vested and Non-Vested withdrawals in the plan's existence with a projected payout of over 5 million this year.

4. Plan Members – Questions and Comments

None

5. Executive Session to discuss Personnel Issues

Consent Agenda – Executive Session

Motion: Mr. Garnsey made a motion to go back in regular session and Mr. Kohler seconded the motion.

Ms. Kennedy made a motion that any performance evaluations as discussed in the executive session keep in line with any merit increases Ms. Sandstorms provides to her staff in the Treasures office. Mr. Harris seconded the motion.

6. Adjournment

There being no further business to come before the Board, the Chairman adjourned the meeting at 2:40 p.m.

Michael Garnsey, Chair

**ARAPAHOE COUNTY BOARD OF RETIREMENT MINUTES
December 15, 2021**

Chairman called the meeting to order at 1:33 P.M.

Board Members Present

Michael Garnsey
Richard Harris
Loren Kohler
Sue Sandstrom
Darcy Kennedy

Others Present

Dale Connors, CAPTRUST
Dana Woolfrey, GRS
Wendy Oldeen, US Bank
Dan Perkins, Sr. Asst County Attorney
Lauren Albanese Financial News
Lew Quigley, Plan Administrator
Jolene Duran, Plan Assistant

Consent Agenda

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

- A. Approval of Minutes November 17, 2021, Meeting
- B. Professional Services Expenditure Approval:

Vendor	Invoice #	Amount	Purpose
Davis Graham & Stubbs	825777	\$728.00	Annual Retainer Plan
Davis Graham & Stubbs	825778	\$106.00	Plan Matters
Total Expenditures		\$834.00	

- C. Vested/Non-Vested Withdrawals

Number	Reason	Total
5	Retirement	
4	Vested Withdrawal	\$401,577.86
29	Non-Vested Withdrawals	\$333,024.29
1	Death	\$8,873.66
	Total Expenditures	\$743,475.81

1. Dale Connors - CAPTRUST – Fund Performance

Growth Stocks ended the month in a positive position and has surpassed Value Stocks for the year. US Equity has outperformed International Equity for the month and year to date. International market has continued to struggle throughout the year. Pause in inflation worries during November led to positive returns in the bond markets. Interest rates are on the rise in December which is resulting in negative returns on bonds. The bond markets are looking for High Yield Bonds.

In glancing at the Return summary at the end of November, the year to date is positive at 12.9%; however, the month ended on a negative note at -1.4% on return. Hopefully, the 5 year at 10.1% will hold through December and end the year with double digits for the plan.

November ended with \$390 million slight pullback from the high in October. Early in 2022, CAPTRUST will be presenting the Pacing report for Private Equity and Private Credit showing a significant need to do placement in early 2022. Most of the managers have been identified. Real estate exposure in the plan is inline. About \$980 thousand dollars in debt cash outflow and benefit payouts continue to outpace contributions.

Stock portfolio is behind for the month of November. In the Public Equity American New Perspective and Dodge and Cox have moved to an emphasis in financials in their portfolio which have struggled for the month but year to date both managers are ahead of the index. Significant overweight in the S&P 500 has been beneficial to our portfolio. Large Cap US Stock market for almost 10 years has been leading around the world. Our Private Equity portfolio almost everything has been reported for 3rd Quarter and up 34.4% for the year and being reviewed for more placements in the future.

On Fixed Rate Debt and bonds have been up and down for year to date with our core manager ending positive for the month and only down 1.3% for year to date. Western Assets Core is much more sensitive to interest rates and believes interest rates will go down. Overall, this portfolio has done well but will have to continue to watch as interest rates begin to rise how this portfolio will fair. The decision to have higher floating rate debt in the portfolio has been beneficial and even though down for the month of November the year to date up 4.7% where fixed rate debt is down 1.3%. OHA did ok in 2020 but has done well in 2021 on their loans. Varde did well in 2020 and has now leveled off in 2021 but nothing to be alarmed about. Principal Real Estate Debt Fund II is experiencing early loan paybacks which we are benefiting from. CBRE has had a great year and almost over 20% year to date. Trumbull did better in 3rd quarter stabilizing which has allowed them to begin selling their buildings.

Although November was not a good month, the plan overall for the year has done well and remained above policy index this year.

2. Other Business

Election of Officers positions for 2022 took place.

For the position of Chairman, Mr. Harris nominated Mr. Garnsey and Ms. Sandstrom second the motion. For the position of Chair Pro Tem, Ms. Sandstrom nominated Mr. Harris and Mr. Garnsey second the motion. For the position of Secretary Treasury, Mr. Garnsey nominated Ms. Sandstrom and Ms. Kennedy second the motion. All nominations pass unanimously.

Based upon a question by a County employee regarding changing the vesting schedule, or possibly returning a portion of the County matching dollars to terming employees, the vesting schedule was discussed by the board and will remain at 8 years and county dollars will be paid out at the time the employee begins their pension benefit. It was noted that the ACG Retirement Plan is not a savings or investment plan, but a pension plan and for those that are vested could potentially, if that option is chosen, receive a future annuity for the remainder of their life.

3. Plan Administration

Ms. Duran asked Mr. Perkins if employees are required to sign the acknowledgement of the retirement booklet if there is proof that was sent to the employee. Mr. Perkins advised this is county policy and is required. Ms. Duran will work with HR as this should be completed at orientation. Ms. Kennedy stated supervisor should be notified if not completed and Mr. Perkins said the HR Business Partner should be notified as well.

4. Plan Members – Questions and Comments

None

5. Adjournment

There being no further business to come before the Board, the Chairman adjourned the meeting at 2:18 p.m.

Michael Garnsey, Chair