



Colorado Retirement Association

OPERATING AND PROCEDURAL MANUAL

Updated February 2020

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CHAPTER 1: ORGANIZATIONAL STRUCTURE

1.1 *In General.*

The Colorado Retirement Association a/k/a CRA is an association of local governments formed pursuant to Colorado Statute (C.R.S. §§ 24-54-101 et seq.) to provide a retirement system for an Association of Colorado counties, municipalities, and special districts.

The CRA Retirement Plan is a formal pension plan adopted to provide income after retirement for eligible officials and employees of member counties, municipalities and special districts. The CRA Deferred Compensation Plan is adopted to provide employees an additional means to provide income after retirement for eligible officials and employees of member counties, municipalities and special districts. Retirement benefits through CRA's plan are in addition to those provided under the Federal Social Security system.

Effective July 1, 2005 CRA has engaged the services of EMPOWER for record keeping.

1.2 *Governing Board.*

Pursuant to 24-54-107(5) C.R.S., the management of the Retirement Association is vested in a Board of Retirement consisting of seven members. Pursuant to 24-54-108 C.R.S. the Retirement Board is to have full and complete control and management of any retirement plan provided for and authorized by state statute. It is allowed by state statute to make all necessary rules and regulations for managing and discharging its duties, for its own government and procedure in so doing, and for the preservation and protection of any funds. A Chairman and Vice-Chairman shall be elected by a majority vote of the Board Members, at the meeting subsequent to the first quarter for a one-year term. It is currently the Governing Board's policy that the Vice-Chairman automatically becomes the Chairman in the year following their election as Vice-Chairman.

1.2.1 *Elected County Members.*

Pursuant to 24-54-107(5)(b) C.R.S., two of the members shall be nonelected member county employees nominated and elected by said employees. One is to be an employee of an East Slope member county, and one is to be an employee of a West Slope member county. However, the entire county Participant population votes for the elected representatives. Such Board Members serve four-year staggered terms. Board members must be CRA participants.

1.2.2 *Elected Municipal/Political Subdivision Members.*

Pursuant to 24-54-105 (5)(c) C.R.S., two of the members shall be representatives of a municipal or political subdivision Participating Employer and shall be nominated and elected by the municipal and political subdivision employers participating in the Plan. Board members must be CRA participants.

1.2.3 *Election Procedure for Both County and Municipal/Political Subdivision Members.*

The procedure which the Board has implemented is as follows:

1.2.3.1 No later than April 15, the current board member whose term is ending shall declare if he/she will seek another term.

1.2.3.1.1 No later than May 1, CRA staff shall publish a formal NOTICE OF RETIREMENT PLAN BOARD ELECTION, as set forth below and shall also notify all parties eligible to submit a nomination. County members may nominate themselves whereas municipal/political subdivision members may be nominated by representatives from the municipal and political subdivision employers participating in the Plan. A participant may not nominate another participant for election to the Governing Board. However, a Participating Employer of a municipal/political subdivision may nominate an employee of the Participating Employer with the consent of the nominated employee.

1.2.3.1.2 The prepared NOTICE announces the election of a Board member for a four-year term and notes the commencement date of that term. Further, it states the preferred method of the election shall be by electronic methods with alternative accommodations for mail-in nominations and voting; identifies the current Board Member and whether the current member is seeking another term; identifies whether nominations to the Governing Board should be made in regard to either a West Slope or East Slope nonelected county employee or in regard to a municipal/political subdivision representative; and provides a deadline of June 1 for submission of a nonelected county employee participant's name or, in the case of the election of a municipal/political subdivision representative, a said representative's name to be considered for election. Along with the completion of a CRA board election nomination form, nominations must include the nominee's resume, no more than one page in length, which will be reproduced for review and consideration by the voters in casting their votes, as well as the CRA Governing Board Nominee Commitment Letter, signed by the nominee.

1.2.3.1.3 If the current board member declares that he/she is seeking another term and no other nominations are received by the deadline, or the current board member declares that he/she is not seeking another term and only one nomination is received by the deadline, no election will be held and said person will be deemed elected.

1.2.3.1.4 If an election is necessary (see 1.2.3.1.3), no later than June 15, if an election is necessary, each eligible voter will be provided instructions to vote online in regard to their particular election. For those eligible voters with no email address on file with CRA, CRA or its recordkeeper shall mail a post card with instructions to vote online or obtain a paper ballot and information on the candidates from their respective Member Employer. All notifications will indicate the close of voting on June 30. Each active County Employee of a Participating Entity may cast a ballot for the county nominee(s) and one ballot may be cast by one representative from each CRA municipality/political subdivision Participating Employer.

1.2.3.1.5 Ballots for county nominees will require that the voter certify that the voter is an active county employee of a Participating Entity and ballots for municipal/political subdivision nominees will require that the voter certify that the voter has been authorized to cast the ballot either by the governing board or CEO of the participating municipality/political subdivision.

1.2.3.1.6 Results of said election shall be posted and shared with all eligible voters..

1.2.3.2 Cessation of employment or death.

Elected County Members and Elected Municipal/Political Subdivision Members must be actively employed with a Participating Employer. No later than thirty days after the cessation of said employment, or in the event of the death of said member of the Governing Board, all Participants/Participating Employers, as appropriate, will be notified of an impending vacancy on the Board. The election procedures will follow those set forth in 1.2.3.1.2 above, with an adjusted timeline. The vacancy notice shall provide a deadline of 30 days from the date of the notice for the submission of all nominations; voting shall commence no later than 45 days after the notice of vacancy; and voting shall be completed no later than 75 days after the notice of vacancy.

1.2.3.2.1 If only one name is submitted in nomination

If only one name is submitted in nomination, prior to the deadline, for the vacant position in response to a member's cessation of employment, no election will be held and said person shall be deemed elected.

1.2.3.2.2 Term

The person so elected shall serve out the unexpired term of the term associated with the vacancy.

1.2.4 Chosen Members.

Two members of the Governing Board are registered electors of member counties and active participants in CRA chosen by the Board(s) of County Commissioners whose Counties are Association Members (pursuant to 1.2.3.1.2). One member must possess experience in investments, while the other must possess experience in personnel/corporate administration. These two members serve four-year staggered terms and shall remain active participants in CRA throughout their term.

1.2.4.1 Procedure for Choosing.

The procedure which the Board has implemented is as follows:

1.2.4.1.1 Nomination for a Chosen Position. No later than April 15, the current board member whose term is ending shall declare if he/she will seek another term.

1.2.4.1.2 No later than May 1, CRA shall notify each county commissioner from a member county and Member County Employers of each commissioner's right to nominate a registered elector from their county for the chosen member's position.

1.2.4.1.3 No later than June 1, any county commissioner from a member county who is an active participant in CRA may nominate a registered elector who is an active participant in CRA from their county to run for the chosen member's position. Such nomination shall be made using a provided CRA nomination election form and should be accompanied by no more than a one-page resume of the nominee, which must contain a representation that the nominee is experienced in the field of experience required (investments or personnel/corporate administration) and is an active participant in CRA and will be provided for review and consideration by the commissioners during the voting process. The nominee shall also complete and sign the Nominee Commitment Letter.

1.2.4.1.4 If the current board member declares that he/she is seeking another term and no other qualified nominations are received by the deadline, or the current board member declares that he/she is not seeking another term and only one qualified nomination is received by the deadline, no election will be held and said person will be deemed elected.

1.2.4.1.5 No later than June 15, all commissioners within every member county shall receive instructions to vote online in the election. Information also shall be provide to each member county in the event that any commissioner prefers to mail in a ballot. Voting shall be completed by June 30. Each County Commissioner may cast a ballot for one of the nominated persons for the vacancy. The resumes of the nominees that have been received will be available for voter review.

1.2.4.1.6 Ballots for chosen members shall contain a certification to the effect that the voter is a current county commissioner and an active participant in CRA.

1.2.4.2 Resignation from the Governing Board or death.

No later than thirty days after the resignation from the Governing Board, ineligibility of the Chosen Member as a result of not being an active participant in CRA or death of a Chosen Member, all Commissioners of member counties shall be individually notified of a vacancy on the Board and each commissioner will be invited to nominate a registered elector from his county who is an active participant in CRA to run for the vacant position. Such notice shall provide a deadline of 30 days after the email notice for the submission of all nominations, whether the chosen position requires experience in investments or personnel/corporate administration and who is an active participant in CRA; and shall request that each nomination be accompanied by a resume of the nominee no longer than one page which must contain a representation that the nominee is experienced in the field of experience required (investments or personnel/corporate administration) and is an active participant in CRA; and a Nominee Commitment Letter completed and signed by the nominee . The resumes will be reproduced for review and consideration by the commissioners when choosing a new member.

1.2.4.2.1 If only one qualified name is submitted in nomination, prior to the deadline, for a chosen member's position in response to a chosen member's resignation or death, no election will be held and said person shall be deemed elected.

1.2.4.2.2 If more than one nomination is received, then no later than 45 days after the notice of vacancy occurs, the procedure set forth in 1.2.4.1.5 shall be followed with the exception that voting be completed by 75 days afer the notice of vacancy. The person so chosen shall serve out the unexpired term of the Term associated with the vacancy.

1.2.4.2.3. Results of elections shall be posted and provided to all Commissioners and Member Counties.

1.2.4.2.4 All notices and information required to be provided to Commissioners shall also be provided to each individual commissioner and CRA's Member Counties.

1.2.5 *Holidays and Weekends*

If any date herein specified falls on a Saturday, Sunday or legal holiday, that date shall be extended to the next business day.

1.2.6 *Ex Officio Treasurer.*

Pursuant to 24-54-108(4) C.R.S., the treasurer of the most populous member county shall be treasurer of the Association. The treasurer of the Association shall have no more nor no less duties and responsibilities than any other member of the Governing Board.

1.2.7 *Board Chair.*

The following are additional duties and responsibilities of the CRA Governing Board Chair:

1.2.7.1 Chairs all meetings according to Robert's Rules of Order

1.2.7.2 Primary contact for Executive Director.

1.2.7.3 Contacts all fellow Board Members for all meeting and agenda topics. Communicates the same to CRA's Executive Director and staff for input and preparation for meeting agenda.

1.2.7.4 With the assistance of CRA's staff coordinates all regular and Special Board meetings.

1.2.7.5 Acts as the CRA Governing Board spokesperson when so authorized by a majority of the Board.

1.2.7.6 Approves Executive Director's travel expenses/monthly reports and reports substantial matters to fellow Board members at next Board meeting.

1.2.7.7 Determines whether a Special Board meeting is necessary in regard to any matter brought to the Chair's attention either by the Executive Director, the Association's attorney, CRA Staff or any other Governing Board member.

1.2.8 *Board Vice Chair.*

In the event of the Board Chair's absence, the Vice Chair has the authority to act and assume all duties and responsibilities listed in Section 1.2.7.

1.3 *Executive Director.*

The Retirement Plan adopted by the Board provides for a Director, who is hired by the Board and shall be referred to as "Executive Director". The Executive Director is responsible to Governing Board for:

1.3.1 Administration of the Retirement Plan and administration of the §457 Deferred Compensation Plan.

1.3.2 Monitor and review outside management of the "Book Value Fund".

1.3.3 Administration of the self-direction program.

1.3.4 Additional responsibilities as determined by the Board (currently includes the following):

1.3.4.1 Employing staff as provided below, including all employment decisions and the authority to hire and fire.

1.3.4.2 Making presentations to potential new entities.

1.3.4.3 Communicating with various elected officials and appointed officials of entities on an as needed basis.

1.3.4.4 Communicating with Governing Board Members.

1.3.4.5 Communicating with current and potential investment companies (GIC's, mortgages, mutual funds), as needed.

1.3.4.6 Keeping the Board apprised of governmental regulations that may affect the Plans.

1.3.4.7 General management of the retirement plans and Association.

1.3.4.8 The authority to contract on behalf of the Association as authorized by the Board.

1.3.4.9 And other duties as assigned by the Governing Board

1.4 Chief Financial Officer.

CRA employs a Chief Financial Officer (CFO). The CFO's duties include:

1.4.1 Performing and maintaining all accounting operations, maintaining and reconciling general ledger, preparing quarterly financial statements for Governing Board and Executive Director, drafting annual financial statements and preparing work papers for audit, monitoring investments, coordinating with computer consultant various software updates and changes, preparing cash flow projections, reconciling monthly contributions received from entities, preparing and issuing 1099R's, W-2's and other required tax information to terminated participants and the Internal Revenue Service, assisting the Executive Director with CRA properties, managing office operations, supervising the work of assistant administrators and part-time administrative clerks. General management of the retirement plans, recordkeeper and investment advisor contracts.

1.5 Personnel Policies and Procedures.

1.5.1 Executive Director.

This position is filled by the Board. The Board shall review the salary of the Executive Director for the coming fiscal year in conjunction with the annual budget process.

1.5.2 CFO and Staff.

The Executive Director has the authority and responsibility of employing all other staff members. Employment is at will. Salaries for those staff members will be established yearly by the Executive Director based upon the Governing Board's annual budget.

1.5.3 EMPLOYEE BENEFITS.

1.5.3.1 Health Insurance. Medical and dental insurance is provided to all employees (and their immediate family) working in excess of 20 hours per week.

1.5.3.2 Participation in CRA's Retirement Plan. Employees working in excess of 20 hours per week shall immediately participate in CRA's Retirement Plan and shall contribute an amount equal to 8% of salary (a/o 1/1/10) which shall be matched by the Association on a pre-tax basis (pick-up). Vesting shall occur over 5 years (20% per year). Employees shall be allowed to self-direct the entire portion of their account.

1.5.3.3 Life Insurance and Disability. Term life insurance and long term disability insurance shall be provided for CRA's Executive Staff, currently the Executive Director and the CFO. Term life insurance shall be provided in an amount approximating, but not in excess of twice annual compensation. Long-term disability shall have a 90 day waiting period and shall replace 80% of income for life. The insured under each term life insurance policy shall have the authority to name the beneficiary of that policy and the insured under each long-term disability policy shall be the beneficiary of the benefits of that policy.

1.5.3.4 Vacation, PTO & VTO. CRA provides paid vacation, PTO and VTO to full-time and eligible part-time employees, as outlined in the CRA Employee Handbook.

1.5.3.5 CRA Employee Handbook. The Board will establish and modify an Employee Manual designed to be a guide and reference for all CRA employees. It contains important information to provide employees with an overview of CRA's policies, procedures, benefits and rights and responsibilities as set by the Board. From time to time this Handbook will be modified by the Board as it sees fit.

1.6 Organizational Chart. See Appendix A.

1.7 OFFICIALS

1.7.1 At all times, an Official shall be fully vested in his Employer Contributions Account and Prior Service Contribution Account.

1.7.2 Official means an individual of the Participating Employer who has acquired such position through public election or who has been appointed to fill a vacancy of a publicly elected office.

1.8 WITHDRAWAL PROCEDURES FROM CRA MEMBERSHIP

1.8.1 A resolution by the participating employer to withdraw per 24-54-106(2) CRS must be submitted to CRA.

- 1.8.2 Make notification to the CRA Board to withdraw including copy of resolution with proposed election date.
- 1.8.3 Pre-election disclosures will be made by CRA to Participants and Employer via written communication and agreed-upon meetings prior to the election date.
 - 1.8.3.1 Sharing of materials from both the existing plan and the alternative plan.
 - 1.8.3.2 Disclosures
 - 1.8.3.2.1 Immediate vesting for all participants upon plan change.
 - 1.8.3.2.2 Disclosure of the investment options in both plans.
 - 1.8.3.2.3 Disclosure of the investment management costs for those options.
 - 1.8.3.2.4 Disclosure of the Investment returns for YTD, 1 year, 5 year and 10 years.
 - 1.8.3.2.5 Disclosure of the Standard Deviations of the investment options.
 - 1.8.3.2.6 Disclosure of the Administrative and record keeping fees and costs for both plans including the Basis Points, charges for inactive participants, corrections, reinstatements, transfers, roll-overs in or out of plan, payouts (check, wire, ACH), 1099-R production, W-2 production, form 5498 production, voice response service center, interactive VRU and website, on-line access, DRO qualification, optical scanning and storage of all documents related to participants, loan origination, on-going loan services, enrollments, IRA trustee services, compliance testing, overnight fees, manual trade input fees, quarterly statements, mailing costs, confirmation of transfers, reports, newsletter, Investment Advisory services, custom portfolios, and annual maintenance fee.
 - 1.8.3.2.7 If vote is in the affirmative to move to an alternate plan and participant elects to transfer assets to that plan a participant's assets cannot be transferred in kind but must be liquidated and reinvested.
- 1.8.4 Election Procedure:
 - 1.8.4.1 Minimum of 20 business days' notice to CRA by Employer.
 - 1.8.4.2 Voting will be by secret ballot with absentee ballots permitted if received by election date.
 - 1.8.4.3 CRA will be permitted to monitor the election and vote tabulation which will be held on one day.
 - 1.8.4.4 Eligible voters must be active contributors to the 401(a) plan
 - 1.8.4.5 Certification of the results must be by an authorized Employer representative by the following business day after election day.
- 1.8.5 Plan Transition Requirements assuming a successful election:

1.8.5.1 Any Participants opting to transfer existing assets must voluntarily sign a Transfer form.

1.8.5.2 CRA will aggregate all signed forms until an agreed upon date and will have our recordkeeper liquidate the assets of those Participants on the same date.

1.8.5.3 A “bulk transfer” of those funds will be sent to the new recordkeeper in a mutually agreed upon format.

1.8.5.4 Any outstanding loans must either be paid off or transferred to the new recordkeeper.

1.8.5.5 Employer and participants must comply with any and all CRA Plan provisions.

1.8.5.6 Subsequent to the bulk transfer date, future transfer requests by individual participants will be accommodated on a monthly basis.

CHAPTER 2: INVESTMENT POLICIES

The Investment Policies shall be set forth in a separate Investment Policy Statement.

CHAPTER 3: FISCAL AND ADMINISTRATIVE POLICIES AND PROCEDURES

3.1 *Payment of Association Obligations.*

The Association shall establish a checking account for association operation, an account for investment activities, and any others as recommended by the Executive Director and approved by the Board. Additional accounts may be established for the management of the Book Value Fund.

3.1.1 *Participant Distribution.*

A checking account is maintained for distribution of Participant account balances by EMPOWER - both §401(a) pension funds, and §457 deferred compensation funds.

3.1.1.1 Distribution Procedure. On a daily basis, Association participants may submit Requests for Distribution to EMPOWER. Each Member Entity certifies the last date of employment of the Participant. Upon receipt by EMPOWER, each Request is scanned and preserved. CRA is notified electronically by EMPOWER on a daily basis and reviews and approves such requests.

EMPOWER makes monthly reports of all Distributions available electronically to each Entity. Such report shows each Participant's contributions; matching Employer contributions; voluntary contributions; and deferred compensation funds. A vested account balance is prepared, with distribution costs being reflected.

Distribution checks are prepared and sent out by EMPOWER. Properly completed Distribution requests are processed within 5 business days by EMPOWER.

3.1.2 *Administrative Expenses.*

Not less than once per month, the CFO prepares payroll and assembles all administration expense invoices. Based upon invoiced amounts, checks are then prepared. The prepared

checks are attached to each applicable invoice. They are then presented to the Executive Director or Assistant Executive Director for review and signature.

3.1.2.1 Budget. Annually, the Staff prepares a budget not to exceed ½ of 1% of assets. This is presented to the Board for review, discussion and any proposed modifications. The budget will then be adopted, prior to the commencement of the next fiscal year.

3.1.2.2 Board Review of Expenditures. At each quarterly meeting of the Board (including the annual meeting) the CFO prepares for the Board a statement which states the approved budget for the fiscal year, expenses incurred to date, budgeted expenditures by budget categories and the uncommitted budget to date. This statement shall include all travel expenses of staff and the Executive Director's expenses as approved by the Board Chair. Such review shall constitute approval of the all expenses as reflected in any respective statement. This is a regular agenda item which is introduced for discussion by the Executive Director. Any Board member may inquire or question staff about any related items. (See also "Board and Staff Ethics" at section 4.2.)

At each regularly meeting of the Board, the monthly CRA credit card statement and Staff travel reimbursements including the backup documentation shall be provided to the Board for review and approval until further notice.

3.1.2.3 Borrowing. The Executive Director or ex-officio Treasurer have been given authority to borrow funds. All borrowing must be approved by the Board in advance.

3.1.2.4 Safeguards. It is administrative policy that no checks are prepared by the same person who signs the checks. This is reviewed favorably by the bonding insurance company. Bonding is provided for the Executive Director; and CFO. Presently the Executive Director has signature authority.

3.1.2.5 Capital Purchases. The Executive Director has the authority to make capital equipment purchases within the approved capital budget. Any capital equipment purchase in excess of such amount requires prior Board approval.

3.1.2.6 Risk Management Policies and Procedures.

3.1.2.6.1 Insurance.

3.1.2.6.1.1 Property & casualty- \$112,200; General liability \$1,000,000 each occurrence/\$2,000,000 annual aggregate.

3.1.2.6.1.2 Board Acts and Omissions. Fidelity coverage in the amount of \$2,000,000. Such coverage includes officers, board members, and employees.

3.1.2.6.1.3 Workmen's Compensation.

3.1.2.6.1.4 Fiduciary. \$5,000,000, with a \$50,000 deductible is provided for wrongful acts committed by the directors, officers or employees of CRA.

3.1.2.6.1.5 Cyber Risk. \$1,000,000

3.1.2.6.2 Plan Provisions. The Retirement Plan provides that neither the Governing Board, nor any member thereof shall incur any liability of any nature in connection with any act done or omitted to be done in good faith in its or his capacity as such, and the Governing Board and each member thereof will be indemnified and saved harmless by the Trust Fund from and against any and all liability to which subjected by reason of any such act or conduct, including all expenses reasonably incurred in its or their defense in case the Association fails to provide such defense. Additionally, the Retirement Plan provides that the Trustee may defend any proceeding concerning the Trust Fund, and if any Participant brings legal action, the result of which is adverse to the Participant, the cost of participating in such action or dispute shall be charged to such extent as is possible directly to the share of the said Participant.

3.1.2.6.3 Colorado Governmental Immunity Act. Requires that Governing Board members be provided a defense and all judgments and settlements be paid by the Plan where a claim is made against a Board member which arises out of injuries sustained from an act or omission of such Board member occurring during the performance of his duties and within the scope of his duties unless the act or omission was willful or wanton.

3.1.2.7 *Travel and Communication Policies and Procedures.* Client Service Representative(s) designated by the Executive Director visits each Member Entity not less than once per year. The purpose of such visit is to directly communicate with member Employers and Plan Participants about the Retirement Plan and Deferred Compensation Plan benefits and their personal account balances, as well as assisting participants with any retirement planning.

3.1.2.7.1 Travel Costs for Staff. All costs of travel, including mileage is reimbursed. The expenses incurred by CRA staff and the Executive Director for travel shall be provided to the Board for their review on a regular basis. Such review shall constitute Board approval of expenses contained therein.

Vehicle Operational Costs. Utilizing information published by the American Automobile Association (AAA), all costs of vehicle operation shall be paid in one of the following methods, as determined by the Executive Director:

Mileage costs - Staff may be reimbursed for all miles traveled on behalf of the Association, at a floating rate as determined by the IRS. Staff will then be responsible for all costs of maintenance, insurance, and fuel; or

Vehicle leases and/or Purchases - CRA may lease or purchase a vehicle according to the following policies. The budget line item detail provided to the Board shall state each vehicle's lease or purchase amounts.

Insurance. Insurance on leased or owned vehicles shall be paid by the Association. The Association shall be listed as a loss payee on all policies. Policies may be secured directly by the Association.

Maintenance and repairs. Periodic maintenance of leased or owned vehicles shall be paid by the Association. It shall be the responsibility of the employee to keep the automobile serviced, maintained, and repaired in good driving condition, including all maintenance required to keep the vehicle under warranty.

Personal Use. In general, CRA automobiles shall only be used for Association purposes, other than: Occasional commuting to and from the employee's residence and the office of CRA; Deminimus personal use and the vehicle may not be driven by anyone other than the CRA employee who has use of the leased vehicle or another CRA employee without the prior consent of the Executive Director.

Seminars and Conferences. Travel allowance is also provided for seminars or education directly related to the service or administration of the Association plans.

3.1.2.7.2 Board Costs.

3.1.2.7.2.1 Allowances. The members of the Board, unless indicated by the individual member otherwise, receive a per diem allowance for attendance at Board meetings (as defined in the Colorado open Meetings Act) which is established by the Board as part of its annual budget. Board members have the option to donate their per diem allowance back to fund the CRA scholarship program.

3.1.2.7.2.2 Travel costs. All costs of travel, including lodging, meals, and mileage is reimbursed for all miles traveled on behalf of the Association, at a floating rate as determined by the IRS.

3.1.2.7.3 Misc. Spouses of the Board members' and the Staff attending Association activities are not reimbursed for meals or travel unless specifically voted on and approved by the Board as necessary.

3.1.2.8 *Legal Representation.* The Association shall be represented by a law firm chosen by the Board.

3.1.2.8.1 At any time, a Board member may directly contact the Association's attorney(s) about any legal matter related to CRA.

3.1.2.8.2 Should any Board member feel that there is a legal matter concerning the acts or omissions of the staff which require legal review, such Board member with the approval of a majority of Board members may contact another law firm for legal counseling in regard to such matter. All costs and expenses associated therein will be paid for by the Association.

3.1.2.8.3 The Executive Director reviews the law firm invoices. As to legal time, the Executive Director reviews the charges, attorney notes, and reasonableness of the time. Monthly legal bills are reviewed by the Board at the next scheduled Board meeting.

3.1.2.8.4 The Executive Director has the authority of the Governing Board to utilize the contract legal services of the approved Association attorney within the budget constraints as adopted by the Governing Board in the annual budget. If the Executive Director sees the need for additional legal services beyond the previously adopted annual budget amount, he must obtain specific approval from the Governing Board before obligating the Association for any additional legal costs.

3.1.2.9 CRA Headquarters. The Association currently owns the land and building at 751 SouthPark Dr. The Governing Board budgets on a yearly basis the building's operational expenses. The Governing Board has appointed the Association's Executive Director as its representative on the Board of Directors of the Southpark Owner's Association which the Association is a member. Distribution Fees.

3.1.2.10 After July 1, 2005 there are no fees for periodic distributions.

3.1.2.11 Plan Loans.

Effective July 1, 2005 participants may obtain loans from their account(s) subject to EMPOWER Loan Policy Administration as described in Appendix B.

3.2 Annual Audit.

Each year an audit is performed by an independent certified public accounting firm, competitively selected by the Board for an indefinite term as determined by the Board. Upon conclusion of the audit, a presentation of the results of the audit, including a management letter shall be made directly to the Board by the auditing firm.

3.3 Errors.

Upon the discovery of posting errors, whether clerical or computer related, CRA Staff will immediately report the error to the CFO and Executive Director and then proceed to determine the problem that caused the error and whether the error was caused by EMPOWER, the Entity or the Participant.

3.3.1 If it is EMPOWER related, staff will work with EMPOWER to eliminate the continuation of the error. Then, in the most expedient manner, staff and EMPOWER will calculate the amount of the error to all participant accounts.

3.3.2 If the error causes a decrease to the participant's account, staff will work with EMPOWER to document and post the proper amount to the participant's account.

3.3.2.1 Staff and/or EMPOWER will notify the participant of the reason for the correction and will provide appropriate documentation of the error correction.

3.3.2.2 If necessary, EMPOWER will also seek and obtain from the participant written direction as to the continued investment selections of the participant.

3.3.3 If the error causes an increase to the participant's account, EMPOWER will contact the participant, inform the participant of the error and, if necessary, obtain written direction as to the continued investment selections of the participant.

3.3.4 The Governing Board will establish and maintain a fund known as the "Reserve for Error Corrections" to cover the funds needed to correct errors to participants' accounts.

3.3.4.1 The amount of the funds shall, at no time, be more than \$5,000

3.3.4.2 The Executive Director will report any errors that require more than \$5,000 for the Reserve account immediately to the Governing Board.

3.3.4.2.1 Any amounts less than \$5,000 will be reported to the Board at its next scheduled Board meeting.

3.3.5 All errors discovered shall be handled in the following manner:

3.3.5.1 Errors shall be corrected prospectively and the matter shall be brought to the Governing Board's attention at its next Board Meeting.

3.3.5.2 The Board will, in its sole and absolute discretion, determine what action, if any, will be taken in regard to the error retrospectively.

3.3.6 Participant statements and confirmations will include the following language:

3.3.6.1 Current language is:

"Please review this statement carefully to confirm that we have properly acted on your instructions. Corrections will be made only for errors which have been communicated within 90 calendar days of the last calendar quarter. Please direct all inquiries / complaints to the following:

Client Service Department

Attn - Correspondance Dept 6T2 8515 E. Orchard Rd.

Greenwood Village, CO 80111

1-800-352-0313

After 90 days, this account information shall be deemed accurate and acceptable to you. If you notify the Company of an error after 90 days the correction will only be processed from the date of notification forward and not on a retroactive basis."

3.4 Admission to CRA.

Admission to CRA of new participating entities will only occur on the majority vote of the Governing Board. At the time that the Governing Board considers the admission of a new participating entity, it shall be provided in advance of that consideration the following: a) Fully completed and executed Participation Agreements from the prospective new participating entity; b) A written summary from the Executive Director describing or identifying the prospective new participating entity, the elected officials of that entity, who the entity contact will be for that entity, the plans the entity will participate in, the estimated amount of rollovers from a prior retirement plan, the contribution levels at which it will participate and the estimated per annum contributions from the entity; and c) A written certificate from the attorney for the Association as to the legal status of the prospective new participating entity, the statute under which the entity was formed, the I.R.S. organizational status and that the

entity is qualified and permitted to become a participating entity pursuant to 24- 54- 101 et. seq. C.R.S.

Admission of a new participating entity shall not occur unless and until the Governing Board has been provided all of the above described documentation and the Governing Board, by a majority vote, has approved its admission to CRA.

3.5 CRA Fees.

The CRA annual Administrative fee charged to Participants shall be the greater of .25% of the account balance or \$28.00. The fee is reviewed at least annually and is subject to modification by the Board. Effective July 1, 2014 the .25% annual fee will not be charged on any combined account balance exceeding \$450,000. The maximum annual fee to any one Participant shall not exceed \$1000.00.

CHAPTER 4: BOARD AND STAFF MANAGEMENT AND ETHICS POLICIES

4.1 Board Meetings.

The Board has regular meetings at least once per quarter, and holds special meetings as necessary.

All meetings are posted at CRA headquarters in conformance with the Colorado Open Records law. A meeting is defined to include any statutory Meeting as specified in C.R.S.

All members of the Board are expected to attend all regular meetings. Attendance at any scheduled meeting constitutes a waiver of any objection regarding notice.

It is the policy of the CRA Board that CRA board members must attend meetings to maintain governance continuity, to be fully informed about the issues on which they will vote, and to meet their responsibility to contribute to the decisions the Board is required to make.

If a board member will be absent from all or part of any meeting, the board member is expected to contact the board chair or the executive director as soon as the need to be absent is known. If a board member is absent from three (3) consecutive board meetings, the board chair will inform the board and ask the board for deliberation and discussion on potential action. When a board member is absent from two (2) consecutive board meetings, the board chair will contact the board member and remind the board member of this meeting attendance policy.

An Agenda and related materials are circulated to Board members one week in advance of the meeting. Board members are to review the materials prior to the Board meeting.

4.1.1 Special Meetings.

Special meetings of the Board may be requested by any Board member and held at times and places other than set forth in the Board's regular meeting schedule as the Board in its discretion deems necessary. The Chair is responsible for calling and notifying Board members, including arrangement of conference calls, if necessary. No special meeting shall be called or held until the following procedure has been complied with by the Board:

4.1.1.1 Setting a reasonable place and time for the meeting.

4.1.1.2 Diligently taking all action necessary to reasonably and timely notify all Board members of the time and place of said special meeting.

4.1.1.3 Taking such further action as is reasonable to notify those persons or parties known to have a direct interest in the subject matter of the special hearing of the time and place of such meeting.

4.1.1.4 Notice requirements of the Colorado Open Meetings Law are completely complied with.

4.1.2 *Conduct of Meetings.*

4.1.2.1 *Meeting Procedure.* All meetings will be open to members of the public and administered by Board Chair, using procedures similar to Robert's Rule of Order, based upon an agenda which is circulated in advance of the meeting. Motions will pass based upon a majority vote of a quorum. Except for Emergency Meetings, Board attendance may not be made by telephonic or other electronic means. The Board may adopt such additional rules as are necessary for the fair and efficient conduct of such meetings.

4.1.2.2 *Normal Agenda Items.* At each regular meeting, the Board considers the following items:

4.1.2.2.1 The Executive Director presents the Financial Statements of the Association, which include a Balance Sheet and an Income Statement.

4.1.2.2.2 The Executive Director presents the Budget, including expenses to date.

4.1.2.2.3 The Board also considers any pending litigation or any legal matters.

4.1.2.2.4 Any other business item which includes quarterly reports from financial advisors.

4.1.2.2.5 Any board member wishing to have a matter acted upon at the next Board Meeting must submit the item and any related material to the Board Chair.

4.1.2.3 *Executive Sessions.* All executive sessions shall comply with the Colorado Open Meetings Law in all respects including but not limited to notice, items to be considered and the record of the executive sessions.

4.1.3 *Board action.*

No official action, decision, resolution or regulation of the Board shall be taken except at a regular meeting as set forth in paragraph 4.1 above, or special meeting pursuant to 4.1., and unless three Board members are present. Three Board members shall constitute a quorum for the conduct of official business. Motions will pass based upon a majority vote of a quorum. If there is lack of a quorum a meeting may be held, but only for discussion purposes.

4.1.4 *Records of Board Proceedings.*

The Executive Director, or a member of staff designated by the Executive Director, shall keep minutes of all meetings and each special meeting, which are reviewed and approved at the following Board meeting. The minutes will be kept at Association headquarters. Copies of the previous Board meeting's minutes will be provided in advance of the following Board meeting for individual Board member review prior to the next scheduled meeting. All meetings will be taped but no minutes or transcription will be made of such Executive sessions, and the tapes of all meetings shall be retained by CRA's counsel for no less time than that required by the Colorado Open Meetings Law.

4.1.5 *Public Records of the Association.*

The Staff, the Board and the Association's legal counsel shall fully and completely comply with any and all provisions of any Colorado statute that requires disclosure of information or documents of the Association to the public.

4.1.6.1 *Injury to the Public Interest.* However, the disclosure of information and documents resulting from (1) a duly called and held executive session of the Board, (2) matters involving the attorney-client relationship, (3) personnel matters and (4) financial information provided to the Board or Staff, at the request of the Association, by third parties has been determined by the Board to do substantial injury to the public interest (24-72-202(3)(a) C.R.S.) and therefore that information and those documents will not be disclosed to the public without a prior court order.

4.1.6.2 *Application to the District Court.* If a request is received from the public for information or documents falling within any one of the four categories referred to in 4.1.6.1., Staff and legal counsel shall apply to the district court pursuant to 24-72-204(6)(a) C.R.S. for an order permitting the Association to restrict such disclosure.

4.2 *Board and Staff Ethics.*

On November 9, 1990, the Board adopted the ethical policy set forth below, by the following Resolution:

RESOLVED, That all proposed expenditures for the administration of the Retirement Association, as well as all proposed expenditures for the investment of the Retirement Association funds, will be first approved by the Governing Board at its regular or special meetings. Any proposed transactions involving related parties will be disclosed to the Governing Board and, after discussion, which shall be set forth in the Minutes of the Meetings of the Board, the Governing Board shall take action on the proposed transaction solely on the basis of the best interest of the Retirement Association.

BE IT FURTHER RESOLVED, That the attached "Standards of Professional and Ethical Conduct", modeled after and that used by the Colorado Public Employees Retirement Association as attached hereto is hereby adopted.

It is the obligation of every member of the Governing Board and each employee of the Colorado Retirement Association to conduct themselves with utmost integrity, professionalism and ethical behavior in relations with retirees, members, the public, employers and staff.

In performing his or her duties and responsibilities, the following standards apply:

A MEMBER OF THE GOVERNING BOARD AND A CRA EMPLOYEE MUST:

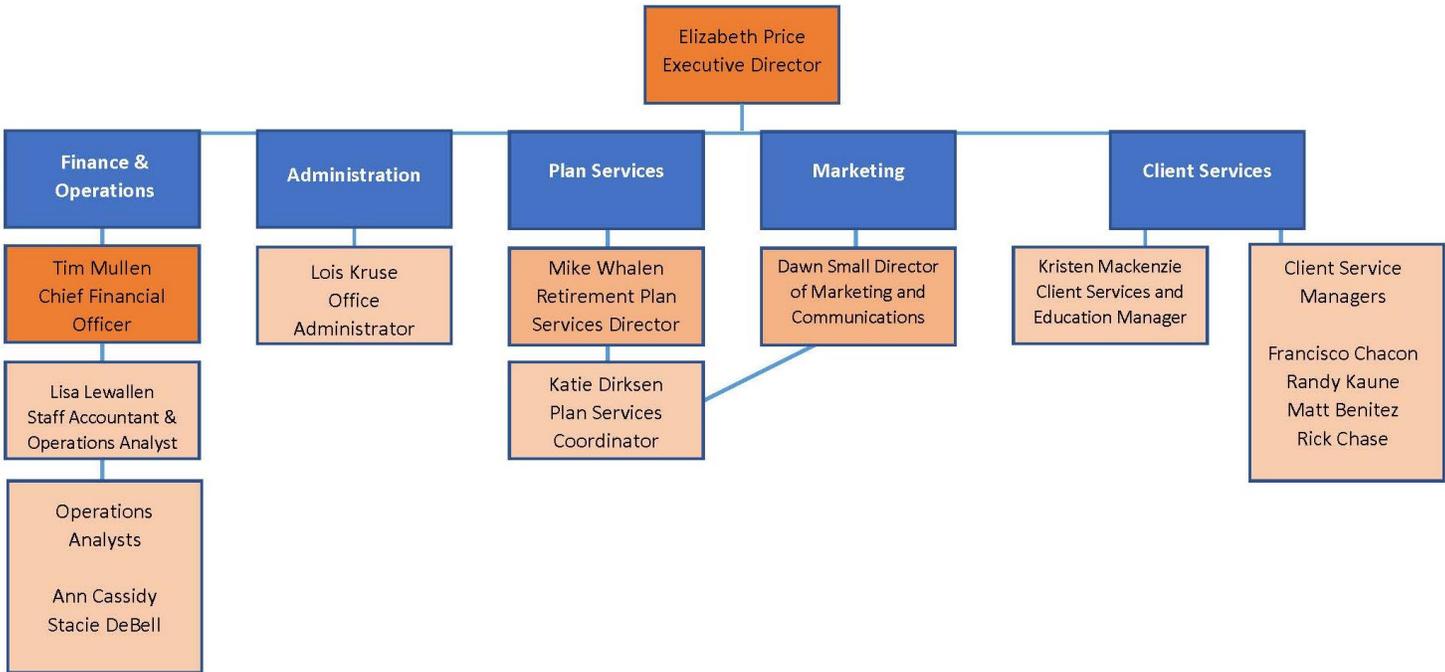
- recognize and be accountable for his or her responsibility as a fiduciary;
 - conduct all CRA business responsibilities in a fair manner and
 - be honest in all business transactions;
 - strive to provide the highest quality of performance and counsel;
 - avoid any activity which may be interpreted as a conflict of interest by others;
 - exercise prudence and integrity in the management of funds in their custody;
 - communicate to an appropriate Board or staff member information on actions that may be violations of the law, these standards of conduct or actions which may be conflicts of interest;
 - be responsible for maintaining their professional competence;
 - maintain confidentiality of information so designated which is received or maintained by CRA;
- and

NO MEMBER OF THE GOVERNING BOARD AND NO CRA EMPLOYEE SHALL:

- utilize any property or resources of CRA for personal gain;
- falsify or fail to record proper entries on any books or records of CRA;
- knowingly be a party to, or condone, any illegal activity;
- authorize payment on behalf of CRA of any amount, or for any purpose, other than that explicitly disclosed in the original request for payment;
- directly or indirectly seek or accept gifts, money or property that would influence or appear to influence the conduct of his or her duties;
- engage in or conduct outside activities of financial or personal interest that may conflict with the impartial and objective execution of CRA business activities;
- sell or provide goods or services to CRA without disclosure;
- utilize the services of relatives or close personal associates for CRA business without disclosing such relationship prior to execution and obtaining the Governing Board's approval;
- engage in activities involving dishonesty, fraud, deceit or misrepresentation;
- engage in outside employment that would interfere with or hamper expected performance at CRA.

The Governing Board and the Executive Director of CRA are responsible for communicating the standards of professional and ethical conduct and monitoring their compliance and enforcement within CRA.

CHAPTER 5: APPENDIX A – Staff Organizational Chart – Updated January 2020



CHAPTER 6: APPENDIX B – Empower Loan Policy Administration

I. Eligibility

Section 1.01 Only active employees who participate in a deferred compensation plan or defined contribution plan that permits loans may request a loan. The participant must have a minimum vested account balance of \$5,000.

II. Minimum and maximum loan amounts

Section 2.01 The minimum loan amount that a participant may request is \$2,500.

Section 2.02 The maximum loan amount that a participant may request is \$50,000 or 50% of the vested account balance – whichever is less. The \$50,000 maximum loan amount is reduced by the highest loan balance during the past 12 months minus the loan balance on the date a new loan is made.

Section 2.03 If a participant has an outstanding loan through another qualified plan, 403(b) plan, or a 457 plan maintained by the same employer, the maximum loan amount available must be reduced by the highest outstanding loan balance during the past 12 months. The participant is responsible for ensuring that the aggregated loan amount on all plans sponsored by the same employer is the lesser of \$50,000 or 50% of the vested account balance.

III. Number of loans permitted

Section 3.01 The number of loans a participant may have outstanding at one time is one (1) as long as the loan repayments are submitted via payroll deduction. Loans may be refinanced if the participant qualifies.

Section 3.02 If a participant has an outstanding loan and wishes to initiate another loan and does not qualify for refinancing, the participant must first repay the current outstanding loan via a cashier's check or money order.

IV. Cost

Section 4.01 A loan setup and implementation fee may be assessed to the plan prior to loans being offered to participants. The loan setup fee may vary from plan to plan. The implementation department will determine any applicable loan setup and implementation fee.

Section 4.02 A loan origination fee in the amount of \$50.00 shall be deducted from the loan amount approved for plan sizes > 5,000 participants.

Section 4.03 An administrative fee of \$25.00 per year/per loan, deducted quarterly at a rate of \$6.25 will be assessed to each participant's account for plans with sizes > 5,000 participants.

Section 4.04 If a participant requests their loan check to be sent express delivery, an additional

\$25.00 charge will be deducted from the loan check amount.

V. Loan Initiation

Section 5.01 Empower Retirement Services (EMPOWER) uses a two-step loan process. The first step of the loan process begins by the participant applying for a loan via the Web site or KeyTalk®. The second step combines the Promissory Note and Loan Check into one document, eliminating the step of returning the signed Promissory Note prior to issuing the Loan Check. By endorsing the check, the participant agrees to the terms of the Note and the repayment obligation.

Section 5.02 Plans will be required to sign the Loan Administration Policy document prior to loans being made available. The signed Loan Administration Policy document will allow the participant to initiate and complete a loan request electronically without the plan's signature.

VI. Distribution of loan amount

Section 6.01 Loan distribution amounts will be prorated across all available money types as follows 1.non-fixed fund(s); 2.guaranteed fixed fund(s).

Article VII. Types of loans available

Section 7.01 A General Purpose Loan has a term of one to five (1-5) years. No reason or documentation (other than a signed promissory note) is required when a participant requests a General Purpose Loan. The interest rate for this type of loan is fixed for the life of the loan. The interest rate is 1% over the Prime Rate published in the Wall Street Journal on the first business day of the month before the loan is originated.

Section 7.02 A Principal Residence Loan has a term of six to fifteen (6-15) years. This loan must be utilized for the purchase of a primary residence ONLY. The interest rate is 1% over the Prime Rate published in the Wall Street Journal on the first business day of the month before the loan is originated.

VIII. Interest

Section 8.01 Interest paid on loans is not income tax deductible.

Article IX. Payment Requirements

Section 9.01 Scheduled payments must be made by payroll deduction or in some circumstances by cashier's check or bank money order. Loan repayments will be allocated to the participant's account according to current allocation percentages on ISIS.

Section 9.02 Once a new loan has been initiated, the payroll department will be sent a report or an electronic file to begin loan payments. Loan repayments must begin on time or the loan payments will be in arrears. If loan payments are not caught up in time, the loan may default.

Loan default results in adverse tax consequences to the participant.

Section 9.03 Basic Rules Regarding Loans to Ensure They Do Not Default

- (a) Any amount paid out of a plan will be treated as a taxable distribution unless the plan loan rules under Code section 72(p) and the applicable Treasury regulations are followed.
- (b) Payments must be made in level amortized amounts and must be made at least quarterly.
- (c) Missed payments must be received prior to the end of the calendar quarter following the quarter in which the payment was missed.
- (d) If a participant fails to make a loan repayment on time, and the missed loan repayment(s) is/are not made by the end of the following calendar quarter (or within the plans' more restrictive cure period), the loan is in default and ceases to comply with section 72(p).
- (e) The entire outstanding loan balance plus accrued interest at the time of the default is taxable to the participant as a deemed distribution.
- (f) The plan loan rules under Code section 72(p) do not provide a mechanism to ignore missed payments or to reverse a loan that has already defaulted.

Section 9.04 Loans are in arrears and delinquent when any payment is missed. A late loan payment notice will be issued after the end of the calendar quarter in which the payment is delinquent. If all missed payments are not made by the end of the calendar quarter after the calendar quarter in which a payment is first missed such that the loan is totally paid up to date, the loan will be in default. In that event, the entire outstanding loan balance, consisting of the missed payments, all accrued but unpaid interest and the remaining principal, will be reported to the IRS as taxable income on a Form 1099-R for the year in which the loan default occurs.

Section 9.05 In addition, if a loan has not been fully repaid by the end of its term, the outstanding balance will be taxable and will be reported to the IRS on Form 1099-R as taxable income. There is no opportunity to cure a late payment once the term has expired. The payroll department will be notified of the final loan payment amount prior to the final payment due date.

Section 9.06 If the participant has a loan that defaulted at any time in the past, their eligibility for a new loan is revoked.

Section 9.07 Participants who leave service prior to the end of the loan term will be required to pay off the loan at severance of employment as provided by the plan. A former participant may avoid treatment of an unpaid loan as a "deemed distribution" and reporting of income to the IRS by paying the loan balance by the end of the grace period via a cashier's check or money order. Non-payment will force a "deemed distribution" and reporting of taxable income in the year the "deemed distribution" occurs.

Section 9.08 When a participant takes a leave of absence of not longer than 1 year, either without pay from the employer or at a rate of pay that is less than the amount of the installment payments required under the terms of the loan, the plan should provide leave of absence information for a leave start and stop dates. The loan may be reamortized when the participant returns from leave to pay the loan in full by the maturity date of the loan. The entire outstanding loan balance, including all accrued but unpaid interest, will be reamortized.

Section 9.09 If the participant takes a military leave of absence, the interest rate on the loan will be reduced to 6%, during the period of military service provided the interest rate on the loan is greater than 6%. Loan payments must resume upon the participant's return from military

leave. The term of the loan may be extended by the term of the military leave. The entire outstanding loan balance, including all accrued but unpaid interest, will be reamortized.

Section 9.10 The participant's outstanding loan balance will be offset upon receiving any type of distribution after severance of employment. As required by federal tax regulations, a participant's defaulted loan will remain on the books until a qualifying event occurs, even though income has been reported to the IRS.

Section 9.11 Partial lump sum loan repayments, via a cashier's check or money order, are permitted in order to catch up on a past-due amount or to reduce the principal amount of the loan. If a participant remits a partial payment, the loan payment amount will not change but the loan would be paid off earlier.

X. Early Loan Payoff

Section 10.01 A loan can be paid in full at any time, in the form of a cashier's check or money order. The participant may obtain a loan payoff quote via KeyTalk®. The loan payoff quote is valid for 15 days from the date it is obtained.

XI. Outstanding Loan at Death

Section 11.01 All outstanding loan principal and accrued interest shall be treated as a distribution from the plan when Great- West Retirement Services is notified of a participant's death. A deceased participant's loan may not be transferred or assumed by the participant's beneficiary(ies). If a participant's loan has not been repaid as of the date of the participant's death, any distributions made from the deceased participant's plan account will be made net of any outstanding loan obligations. The amount of the outstanding loan as of the participant's date of death will be tax reported as a distribution to the participant or to the participant's estate as applicable.

XII. Future additions

Section 12.01 Future tax laws regarding plan loans will be incorporated into this loan policy and the Promissory Note.

XIII. Enforcement

Section 13.01 Empower Retirement Services is required to enforce these rules. The loan policy and loan administration procedures have been developed to comply with the requirements of Internal Revenue Code section 72(p) and the federal Treasury regulations there under, as amended from time to time.

CRA has authorized EMPOWER as the Service Provider to implement participant-initiated loans based on the Loan Policy outlined above.