

MINUTES OF THE REGULAR MEETING
City of Aurora General Employees' Retirement Board

Held Thursday, April 18, 2019
12100 East Iliff Avenue, Suite 108
Aurora, CO 80014

1) 8:00 AM - Meeting Called to Order

Roll Call

Chairperson	David McConico	Present
Legislative Members	Helen DiBartolomeo	Present
	Cliff Haight	Present
	Steve Wasiecko	Present
	Michelle Reding	Present
	Sue Sandstrom	Present
	Trevor Vaughn	Present
Nonvoting Members	Janice Napper (for the City Manager)	Present
	Terri Velasquez (Finance)	Present
	Renee Mosley for Dianna Giordano (Human Resources)	Present
	Hans Hernandez (City Attorney)	Present
Staff	Steven Shanks	Present
	Aaron Kahn	Present

2) Approval of the Minutes

Michelle Reding made, and Cliff Haight seconded, a motion to approve the minutes of the regular meeting held on February 21, 2019. The motion passed unanimously with Helen DiBartolomeo and Steve Wasiecko abstaining. Trevor Vaughn made, and Cliff Haight seconded, a motion to approve the minutes of the Investment Manager meeting on February 28, 2019. The motion passed unanimously with David McConico, Sue Sandstrom, and Steve Wasiecko abstaining. Cliff Haight made, and Trevor Vaughn seconded, a motion to approve the minutes of the regular meeting on March 21, 2019. The motion passed unanimously with David McConico, Sue Sandstrom, and Steve Wasiecko abstaining.

3) Treasurer's Report

Steve Shanks reviewed the financial statements and investment performance for February, 2019. As of April 11, 2019, the fund was valued at approximately \$483.2 million.

Janice Napper noted there are two categories of travel expense on the financial report and asked what the difference is between education and due diligence travel expenses. Steve Shanks answered that education travel expense is for general retirement plan conferences attended by Board members and staff, and due diligence travel expense is for investor meetings of GERP's investment managers attended by Board members and staff, or other site visits made to investment managers' offices to observe processes and controls.

4) Review of Lump Sum Distributions for March

10 participants received lump sum payments totaling \$38,215.41.

5) Approval of Retirement Benefits

Aaron Kahn presented the retirement calculations. Trevor Vaughn made, and Cliff Haight seconded, a motion to approve retirement benefits for **Chris R. Carnahan, Jeffrey T. Davis, Susan D. Gray, Patrick McKown, Gale R. Pough, Kim Quante, Cynthia Stevenson, and Lyle York**. The motion passed unanimously.

6) New Business

A) Financial Audit Report – Christopher Telli, Lisa Horn, Joe Maroney (BKD, LLP)

Chris Telli noted that a draft of the audit report was reviewed by the audit committee. Lisa Horn reviewed the Independent Auditors Report and Financial Statements and discussed the notes to the financial statements. Mrs. Horn told the Board that GERP's 2018 financial statements received an unmodified, or "clean" opinion. As of December 31, 2018, the Plan's net position was \$450,368,075.

The auditors had two recommendations. Currently, Steve Shanks uses a combination of QuickBooks and Excel for financials. At one time, QuickBooks had a limit on the size of numbers that could be entered. Since that has been resolved in current versions of QuickBooks, the auditors recommend transitioning all financial reporting into the QuickBooks system.

In addition, the auditors noted that the Plan is about to conduct an actuarial experience study. The auditors noted that the Society of Actuaries has released updated mortality assumptions, and that the Board should strongly consider any improvement to actuarial assumptions after the study is conducted.

B) Actuarial Valuation – Joel Stewart, Katie Antoline (Milliman)

Joel Stewart stated that the purpose of the annual valuation is to measure the Plan's actuarial liabilities, to determine the adequacy of contributions and to provide information required under governmental accounting standards.

The market value of assets decreased from \$475.6 million on January 1, 2018 to \$450.4 million on January 1, 2019. Due to the three-year smoothing of investment gains and losses, the actuarial value of assets on January 1, 2019 was \$474.3 million. The actuarial liability was \$508.9 million resulting in a funded ratio based on actuarial value of assets of 93%.

Joel Stewart and Katie Antoline discussed the process of conducting an actuarial experience study. Staff will provide certain data files from past actuarial valuations and the actuaries will assess the accuracy of the current assumptions.

**Minutes of the Regular Meeting
Held Thursday, April 18, 2019**

Page 3

7) **Public Comments**

There were no public comments

8) **Old Business**

A) Amendment to Investment Policy

Steve presented the amendments to the investment policy which allows the Board to delay rebalancing illiquid assets when the rebalancing would be detrimental to the returns. Alex Browning of Callan has reviewed the amendments presented at the last meeting and suggested a few wording changes. Sue Sandstrom made, and Cliff Haight seconded, a motion to adopt the amendments to the Investment Policy as presented. The motion passed unanimously.

9) **Report on Travel**

David McConico, Steve Wasiecko, and Steve Shanks all attended the Mountain States Institutional Forum. Steve Shanks noted that many of the presenters stated that they are anticipating a soft landing instead of a major recession. He noted that MLPs were mentioned as an advantageous investment. The Plan continues to have exposure to MLPs through Cohen & Steers Listed Global Infrastructure fund. Steve Wasiecko was impressed by a presentation on Emerging Markets. Overall, the Board members were impressed by the forum.

10) **Staff Report**

As part of Steve Shanks' review process, Board members requested that Steve Shanks provide a list of goals.

Cliff Haight made, and Trevor Vaughn seconded, a motion to adjourn. The motion passed unanimously.

Meeting Adjourned 10:20 AM
Minutes Submitted by Aaron D. Kahn

Minutes Approved

Sue Sandstrom

Vice - Chairperson of the Board

May 16, 2019

Date