

# MINUTES OF THE INVESTMENT MANAGERS MEETING

## City of Aurora General Employees' Retirement Board

Held Thursday, May 23, 2019  
12100 East Iliff Avenue, Suite 108  
Aurora, CO 80014

### 8:00 AM- Meeting Called to Order

#### Roll Call

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

#### 5) Approval of Retirement Benefits

Aaron Kahn presented one retirement calculation. Michelle Reding made, and Trevor Vaughn seconded, a motion to approve retirement benefits for **Linda Doport**. The motion passed unanimously.

#### 1) 1st Quarter 2019 Performance Report

Alex Browning, Callan Associates

Alex Browning reviewed the economy and 1<sup>st</sup> quarter performance. The Plan earned 7.10% for the quarter and 4.29% for the year ending March 31, 2019. Active management detracted 1.91% from returns for the year, with much of the underperformance attributable to the value style of GERP equity managers.

Trevor Vaughn asked Alex Browning about Molpus, which has significantly underperformed their index. Alex encouraged the Board to invite Molpus to a meeting to address the Board's concerns.

#### 2) Morgan Stanley Prime Property Fund (Private Real Estate)

Josh Meyerberg

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The Morgan Stanley Prime Property Fund is open-end commingled real estate fund designed to provide stable, income-driven return over the long term. The fund focuses on high quality office, class A apartments, warehouses in major distribution markets, and top tier regional malls. The PRIME fund has consistently outperformed the NCREIF Index, and gross returns have exceeded 8% in 34 out of 45 calendar years.

Morgan Stanley Prime Property Fund has a return for the 1<sup>st</sup> Quarter of 1.27% and a return of 7.19% for the year ending March 31, 2019.

### **3) Heitman America Real Estate Trust (Private Real Estate)**

John Mancuso and Blaise Keane (by phone)

Heitman American Real Estate Trust is an open-end core strategy which invests in high quality, income generating strategies using well researched, low risk strategies with a conservative leverage strategy. Heitman's well-leased, high quality portfolio has had 33 consecutive quarters of income return outperformance. The appreciation component of returns has underperformed the ODCE. As of March 31, 2019, the HART time weighted annualized return, since inception June 18, 2012 is 10.98% gross and 9.83% net.

Heitman America Real Estate Trust has a return for the 1st Quarter of 1.29% and a return of 5.72% for the year ending March 31, 2019.

### **4) Cohen & Steers Capital Management (Global REITs)**

Evan Serton and Erin Berry

Cohen & Steers Collective Investment Trust Global Realty Fund uses extensive research and stock selection to consistently outperform their index. Evan Serton noted that REITs are currently valued fairly compared to equities and fixed income and are attractive versus non-listed real estate. Real estate correlations and volatility are at 20 year lows.

Cohen & Steers Global REIT had a return for the 1st Quarter of 14.84% and a return of 13.61% for the year ending March 31, 2019.

### **5) Board Discussion on Investment Performance**

Alex Browning noted that Heitman and Morgan Stanley complement one another. Board members discussed educational opportunities including a discussion on illiquidity of certain assets, demographics, and would like Callan to be a part of discussions after the Actuarial Experience Study.

Trevor Vaughn moved, and Michelle Reding seconded a motion to adjourn. The motion passed unanimously.

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Meeting Adjourned at 11:00 AM  
Minutes Submitted by Aaron D. Kahn

Minutes Approved

David L. McConico  
Chairperson of the Board

6/19/19  
Date