

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

Held Thursday, October 17, 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	Excused
	Cliff Haight	Present
	Michelle Reding	Present
	Sue Sandstrom	Excused
	Trevor Vaughn	Present
Nonvoting Members	Janice Napper (for the City Manager)	Excused
	Terri Velasquez (Finance)	Present
	Dianna Giordano (for Human Resources)	Present
	Hanosky Hernandez (City Attorney)	Present
Staff	Steven Shanks	Present
	Aaron Kahn	Present

2) Approval of the Minutes

The approval of the minutes was deferred to a later meeting as there weren't enough Board members who attended the meeting to approve them.

3) Treasurer's Report

Steve Shanks reviewed the financial statements and investment performance for August 2019. As of October 11, 2019, the fund was valued at approximately \$499.8 million.

Steve suggested transferring money from Cohen & Steers and the Blackrock S&P 500 Fund to add to cash. Board members felt that one transfer from an equity fund would be more appropriate. Cliff Haight made, and Michelle Reding seconded, a motion to transfer \$1.5 million from the Blackrock S&P 500 Index Fund to Cash. The motion passed unanimously: David McConico, Cliff Haight, Michelle Reding, Trevor Vaughn; for.

4) Review of Lump Sum Distributions for September

31 participants received lump sum payments totaling \$240,221.54.

5) Approval of Retirement Benefits

Aaron Kahn presented the retirement calculations. Cliff Haight made, and Michelle Reding seconded, a motion to approve retirement benefits for **Michele A. Bowen, Frederick Di Ubaldo, Sharon L. Finney, Dave T. Hew Len, Hector Salinas**. The motion passed unanimously: David McConico, Cliff Haight, Michelle Reding, Trevor Vaughn; for.

6) New Business

A) Cost of Living Adjustments for January 1, 2020

Aaron Kahn reviewed the cost of living calculation for the Tier 1 Regular Benefit. Based on the increase in the CPI-W, on January 1, 2020, the Tier 1 Regular Benefit will increase by 1.5%. Aaron then showed that if the Board increases the Tier 2 Regular Benefit by 1.5%, the total increase in Plan liabilities would be \$4,224.47.

The Board's policy has been to leave the Supplemental Benefit unchanged until the Plan is over-funded. After 2008, the Board increased contribution rates for active employees, decreased the interest credited to contribution accumulations, and asked that City Council create the Tier 2 benefit structure. By leaving the Supplemental Benefit unchanged, the retirees also shared in the recovery of the Plan's funded status.

Michelle Reding made, and Trevor Vaughn seconded, a motion to increase the Tier 2 Regular Benefit by 1.5% on January 1, 2020, and to leave the Supplemental Benefit unchanged. The motion passed unanimously: David McConico, Cliff Haight, Michelle Reding, Trevor Vaughn; for.

B) Audit Engagement letter for 2019

Steve Shanks reviewed the BKD audit engagement letter. This is the 4th year of a 5-year contract with BKD. Cliff Haight made, and Trevor Vaughn seconded, a motion to authorized David McConico to sign BKD's audit engagement letter. The motion passed unanimously: David McConico, Cliff Haight, Michelle Reding, Trevor Vaughn; for.

7) Public Comments

There were no public comments.

8) Old Business

A) Proposed Revisions of Travel Policy

The Board discussed amendments to the Travel Policy. As part of each Board member's fiduciary responsibilities, Board members are strongly encouraged to attend at least one training session per year. The Board will have at least one in-house educational training session per year. In addition, the current

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Travel Policy requires prior approval for a Board member to exceed annual travel expenditures of \$3,000, or to attend more than two events. Board members wish to remove the “more than two events” clause.

Trevor Vaughn made, and Michelle Reding seconded, a motion to amend the Travel Policy to include the sentence, “Each Board member is encouraged to attend at least one training session annually to help with understanding a trustee’s responsibilities as a fiduciary.” In addition, the motion included removing prior approval for more than two events. The motion passed unanimously: David McConico, Cliff Haight, Michelle Reding, Trevor Vaughn; for.

B) Advertising for the Appointed Board Position

As of the end of the year, Helen DiBartolomeo will have served 18 years on the Board. She has elected to leave the Board as of the end of the year to enjoy her retirement. Board members suggested that Steve Shanks should discuss advertising the open Board seat with Kim Stuart, the City’s Director of Communications and Marketing.

9) Travel Report

David McConico attended the Managing Pension Risk and Liabilities conferenced hosted by Pensions and Investments. He found the conference to be very interesting. The conference reviewed strategies for reducing volatility using liability driven investments (LDI). LDI strategies have become more sophisticated over the years and may be worth another look.

10) Staff Report

Terri Velasquez announced that Moody’s has upgraded the City’s credit rating to AAA. The financial health of GERP helped to improve the City’s rating.

Terri also discussed that participants in the 457 plan will see both auto-enrollment and annual automatic increases in their contributions to the 457 unless they opt out.

Steve Shanks noted that all staff members now have standing desks.

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

Meeting Adjourned 9:32 AM
Minutes Submitted by Aaron D. Kahn

Minutes Approved

David L. McConico
Chairperson of the Board

12/12/19
Date