

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

Held Thursday, November 19, 2020
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	Cliff Haight	Present
	Andrew Jamison	Present
	Michelle Reding	Present
	Sue Sandstrom	Present
	Tom Tobiassen	Present
	Trevor Vaughn	Present
Nonvoting Members	Janice Napper (for the City Manager)	Present
	Terri Velasquez (Finance)	Present
	Dianna Giordano (Human Resources)	Present
	Hans Hernandez (City Attorney)	Present
Staff	Steven Shanks	Present
	Laura Steege	Present

Due to concerns about COVID 19, the Board Meeting held on Thursday, November 19, 2020 was conducted via WebEx.

2) Approval of the Minutes

Andrew Jamison made, and Sue Sandstrom seconded, a motion to approve the minutes of the regular meeting held on October 15, 2020. The motion passed unanimously with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

3) Treasurer's Report

Steve Shanks reviewed the financial statements and investment performance for September. As of November 17, 2020, the fund was valued at approximately \$540.46 million.

4) Review of Lump Sum Distributions for October

Sixteen participants received lump sum payments totaling \$235,050.05.

5) Approval of Retirement Benefits

Steve Shanks presented the retirement calculations. Sue Sandstrom made, and Trevor Vaughn seconded, a motion to approve retirement benefits for **Lucy Meirose, Craig N. Nash, and David Panter**. The motion passed unanimously with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

6) Old Business

A. Follow-up discussion on Callan Private Equity Education

Steve Shanks commented that it appeared that Callan was presenting themselves as a potential Investment Manager for Private Equity at the October meeting. Noting that David had asked about a possible conflict of interest, Steve commented that in their current role as our Consultant, part of their job is to perform investment manager searches, vetting possible managers and provide the top three options. Callan also provides the service of checking fees charged by fund managers for reasonableness. Steve spoke to Alex Browning about this, asking if the Board could bring in another consultant to review Callan's management of the fund should the Board choose that option, but Alex said that finding a consultant willing to do that would likely be cost prohibitive. Steve also suggested that the Board would need to consider performing a manager search to determine if Callan is the best option. Trevor Vaughn commented that the City had a similar situation with Innovest's custom target date funds within the 457 plan, but that ultimately Innovest ended up recommending against their own fund in favor of a different manager. Trevor added that performance would determine if Callan does a good job as an investment manager. David noted that if the Plan might never get to the top tier of Private Equity funds without a direct investment in Private Equity, and Callan's direct program might be more in line with the risk level that GERP is open to. Cliff Haight asked if the Plan wants to stay in this asset class since it doesn't appear that it will ever get to that top tier of funds. Callan will present more information to the Board at the December 3rd Investment Manager meeting.

B. Review of Re-appointment memo for David McConico

Steve shared the memo written on behalf of the Board members recommending that City Council re-appoint David McConico to the Board of Trustees. Steve will submit the memo to the City Clerk for next steps. Terri Velasquez recommended reaching out to the City Clerk to get this agenda item added to the City Council's calendar.

Public Comments

There were no public comments.

7) New Business

A. Adoption of the 2021 Board Meeting Calendar

The Board reviewed the proposed 2021 calendar. Cliff Haight made, and Trevor Vaughn seconded, a motion to adopt the calendar. The motion passed unanimously with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

8) Report on Travel

Steve Shanks attended the virtual P2F2 Public Pension Financial Forum which covers finance, investments, and actuarial best practices. He noted that much of the relevant information was related to actuaries being required to show us what our liability would be with “risk-free” rate of return. The Governmental Accounting Standards Board (GASB) does not currently require that information to be included in our audited financial statements and has not looked into requiring disclosure of an actuarial liability calculated with a “risk-free” rate of return.

Also, in the P2F2 conference it was noted that GASB currently has a project to review the amount and types of information to disclose concerning investment manager fees. It is possible that additional details about carried interest and other revenue sharing arrangements for Private Equity may become required. Currently the Plan does not have to disclose this information.

Steve and David McConico both attended the Abbott Capital Investors Meeting and the HarbourVest 2020 Virtual Annual Meeting. Steve reported that both meetings noted a trend towards companies waiting longer before going public which is helping provide opportunity to the growing interest in Private Equity.

Steve Shanks also said that even with slow fund-raising in the first quarter, the second and third quarters have seen increased activity. Both HarbourVest and Abbott Capital said that Private Equity is alive and well and providing plenty of investment opportunities for the growing interest in Private Equity.

David McConico attended the Opal Group Virtual Summit, sharing that there are a lot of women and minority led companies providing opportunities for diversity and inclusion.

9) Staff Report

Steve Shanks reported that the Board election was successfully conducted via survey monkey in October, and that Cliff Haight was re-elected to the Board by a large margin.

Sue Sandstrom made, and Michelle Reding seconded, a motion to adjourn. The motion passed unanimously with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

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Meeting Adjourned at 9:07am
Minutes Submitted by Laura Steege

Minutes Approved

David L. McConico

Chairperson of the Board

12/10/2020

Date