

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

Held Thursday, February 18, 2021
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 |
| | Hanosky Hernandez (City Attorney) | Present |
| Staff | Steven Shanks | Present |
| | Aaron Kahn | Present |
| | Laura Steege | Present |

1) Approval of the Minutes

Michelle Reding made, and Cliff Haight seconded, a motion to approve the minutes of the January 21, 2021 Regular Meeting. The motion passed unanimously with David McConico, Cliff Haight, Andrew Jamison, Michelle Reding, Sue Sandstrom and Trevor Vaughn for. Tom Tobiassen abstained as he was not at the meeting.

2) Traditional Fund of Funds vs Fund of Funds Manager Approach
Callan: Alex Browning, Paul Erlendson, and Gary Robertson

Alex Browning provided information about the difference between a traditional fund of funds manager and a modular approach. In a modular approach, the Board would have greater control over the underlying investment decisions, including allocations to primary, secondary, and co-investments. The Board would also have greater control over the concentration of the investments, the fees, and the length of the commitment.

Gary Robertson noted that there are approximately 4-5 large institutions that offer a modular approach to private equity. He noted that most plans of Aurora's size and staff resources tend to use the traditional fund of funds approach. Gary Robertson noted that Aurora's current structure does allow Board control over allocations to venture, buyouts, and foreign investments.

Trevor Vaughn stated that he does not feel that the modular approach is appropriate for Aurora since neither staff nor the Board has enough of a background to go modular. Sue Sandstrom and Tom Tobiassen agreed with Trevor.

Alex Browning noted that the Board could hire a modular manager, specifying fund characteristics such as increased flexibility, liquidity, and lower fees, and the modular manager would make recommendations that the Board could analyze and select from.

Trevor Vaughn made, and Cliff Haight seconded, a motion to authorize Callan to conduct a search for a private equity manager and to include both traditional fund of fund managers and modular candidates to be interviewed by the Board. The motion passed unanimously with David McConico, Cliff Haight, Andrew Jamison, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for. Alex Browning will provide the Board with search criteria to be reviewed at the Regular Meeting in March.

3) Treasurer's Report

Steve Shanks reviewed financial statements and investment performance for December. On February 12, 2021, the fund was valued at approximately \$584.5 million.

4) Review of Lump Sum Distributions for January

Twelve participants took lump sum distributions totaling \$118,543.94.

5) Approval of Retirement Benefits

Aaron Kahn presented the retirement calculations. Michelle Reding made, and Cliff Haight seconded, a motion to approve retirement benefits for **W. Daniel Quillen**, and **Nancy L. Walker**. The motion passed unanimously with David McConico, Cliff Haight, Andrew Jamison, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

Public Comments

There were no public comments.

6) Old Business

There was no old business.

7) New Business

A) Morgan Stanley Prime Property Fund – Consent to Election of Directors

Morgan Stanley sent GERP a request to consent to the election of directors. Alex Browning explained that the SEC has increased the requirement for active investor participation in investment managers activity. We may see more of these requests for consent moving forward. Callan doesn't see any reason to not to consent to the election of directors as presented by Morgan Stanley.

Sue Sandstrom made, and Trevor Vaughn seconded, a motion to consent to election of directors of the Morgan Stanley Prime Property Fund. The motion passed unanimously with David McConico, Cliff Haight, Andrew Jamison, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

B) Segall Bryant & Hamill – Consent to Assign Assets

CI Financial Corporation will be acquiring Segall Bryant & Hamill. As part of the acquisition, the Board will be required to either consent to assign assets to CI Financial or find another manager. Alex Browning stated that Callan sees no reason not to consent. He expects that, once the acquisition has been finalized it may be appropriate to have additional scrutiny on the manager and monitor personnel changes.

Sue Sandstrom made, and Tom Tobiassen seconded a motion to assign assets of Segall Bryant & Hamill to CI Financial Corporation. The motion passed unanimously with David McConico, Cliff Haight, Andrew Jamison, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

C) BKD – Pre-Audit Letter

Steve Shanks reviewed the Pre-Audit letter from BKD as well as the progress of the audit so far. BKD is required to provide us with a Pre-Audit letter which explains standards used, the scope of the audit, and the tests of controls and data. The audit is conducted in accordance with Government Auditing Standards set forth by the Comptroller General of the United States. The letter enumerates the areas of risk addressed by the audit including controls, investment reporting and potential bias, and benefit calculations and reporting.

Per the pre-audit letter drafts of the financial statements should be available by March 26, 2021 with the final reports available on April 9, 2021. The audit has been conducted remotely with meetings held using WebEx and data provided electronically.

D) Review of Callan Work Plan for 2021

Alex Browning reviewed the Callan Work Plan for 2021. Callan will review the asset allocation at the meeting next week. Alex noted that this is the year that they would typically preform and asset/liability study. He noted that the Board has changed actuarial assumptions. Callan will review implementation strategies, including private equity. In September, Callan will review the manager fees. In addition, Alex hopes that in-person Callan conferences will be available depending on the vaccine.

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8) Report on Travel

David McConico attended Opal conferences in January and February. The conferences reviewed Real Estate and Alternative Investments.

9) Staff Report

There was no staff report.

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

Meeting Adjourned 10:05 AM
Minutes Submitted by Laura Steege

Minutes Approved

David L. McConico
Chairperson of the Board

March 18, 2021
Date