

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

Held Thursday, November 17, 2022
12100 East Iliff Avenue, Suite 108
Aurora, CO 80014

1) 8:00 AM - Meeting Called to Order

Roll Call

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|---------------------|--|---------|
| 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 | Sheree VanBuren (for the City Manager) | Present |
| | Carol Toth (for Terri Velasquez - Finance) | Present |
| | Ryan Lantz (Human Resources) | Excused |
| | Hans Hernandez (City Attorney) | Present |
| Staff | Steven Shanks | Present |
| | Aaron Kahn | Present |

The Board Meeting held on Thursday, November 17, 2022, was a hybrid meeting conducted via WebEx and in person at the GERP office.

2) Approval of the Minutes

Michelle Reding made, and Tom Tobiassen seconded, a motion to approve the minutes of the regular meeting held on October 20, 2022. The motion passed with Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for. Cliff Haight abstained.

3) Treasurer's Report

Steve Shanks reviewed the financial statements and investment performance for September. As of November 14, 2022, the fund was valued at approximately \$575.3 million. Steve reviewed quarterly returns for Private Equity, Timber and Infrastructure.

4) Review of Lump Sum Distributions for October

Sixteen participants received lump sum payments totaling \$182,065.72.

5) Approval of Retirement Benefits

Aaron Kahn presented the retirement calculations. Cliff Haight made, and Tom Tobiassen seconded, a motion to approve retirement benefits for **Ruth Eisner, Linda Reardon and Donald Sutton**. The motion passed unanimously with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

Public Comments

There were no public comments.

6) New Business

A) 1/1/2022 - Actuarial Audit Report
Jason Franken and Paul Baugher of Foster & Foster

Jason Franken is discussed the actuarial audit. Foster and Foster worked with staff and Milliman to collect data and reviewed some test cases. He noted that since they had all the data, they performed a full recalculation of the actuarial liability which was beyond the requested scope. There were only a few questions on participant recalculations, which they believe were due to some reasonable differences in liability calculation methods. Their calculation of the actuarial liability was within 0.5% of the liability that Milliman provided.

Paul Baugher presented the executive summary. Foster and Foster reviewed the accuracy and completeness of underlying census and financial information, the accuracy of the incorporation of plan provisions, and agreed that the report provides good information.

Jason Franken suggested that the Board look carefully at the amortization of the unfunded liability. The actuarial defined contribution in 2021 was higher than 14%. He noted that they don't see any negative amortization in our structure, but that we might consider either not using open amortization, changing to 15-year amortization, or not using level percent of pay. Aaron Kahn pointed out that, since the contributions are fixed, changing the amortization methodology doesn't affect year to year contribution policy. He also pointed out that if the plan goes into surplus, the actuarial determined contribution being very low can be problematic.

Paul Baugher noted that the mortality assumption in the valuation should be kept up to date. There are more recent updates to the mortality tables used by the plan. On the other hand, due to COVID, the actuaries have not updated those assumptions recently. The Board needs to make sure that mortality assumptions are kept up to date for the valuation. The Board has tried to keep the mortality assumption for valuation and for optional forms of benefit the same. Michelle Reding noted that it may make sense to keep the mortality assumptions close, but that they could be decoupled.

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Jason Franken stated that it's difficult to time projected long term economic assumptions on return and inflation. He feels that the assumptions that GERP uses are reasonable and are common for other pension plans of our size.

Paul Baugher discussed pay increases for Plan participants. Recently there have been some significant increases in pay for many participants. For the next experience study, these assumptions need to be looked at very closely.

B) Adoption of the 2023 Meeting Calendar

The Board reviewed the 2023 Meeting Calendar. Cliff Haight made, and Sue Sandstrom seconded, a motion to approve the 2023 Meeting Calendar as presented. The motion passed unanimously with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

C) 2023 Interest Crediting Rate on Employee Contributions

Aaron Kahn presented a history of the interest credited to participant accounts. The 10-year treasury is close to 4% currently. Staff recommends that the interest rate stay at the 4% rate and noted that the interest rate affects both cash values and money purchase benefits. Michelle Reding made, and Cliff Haight seconded, a motion to leave the rate at 4%. The motion passed unanimously with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

7) Old Business

There was no old business.

8) Report on Travel

Steve Shanks attended the Public Pension Financial Forum. He noted that actuaries are on both sides of the issue of whether showing the risk-free rate liabilities is useful. He noted that plan will need to account for private equity fees, including the impact of "carry" and other issues with fees. Finally, there is pending legislation for increasing the age for required minimum distributions to 75 years old.

David McConico attended the Abbott Advisory Board meeting. He noted that Jonathan Roth will be retiring from Abbott. Abbott is expecting that the private markets are likely to see a significant decline as their valuations trail the public market valuations.

9) Staff Report

Steve Shanks noted that the cost of living letters have been sent to retirees, as well as the invitation to the Holiday reception on December 13, 2022 at the AMC.

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It Guru will be in the office on November 21st to install new, more secure, equipment.

Michelle made, and Cliff 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.

Meeting Adjourned 10:39 AM
Minutes Submitted by Aaron D. Kahn

Minutes Approved by

David L. McConico
Chairperson of the Board

12/8/ 2022
Date