

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

Held Thursday, February 15, 2018
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	Present
	Cliff Haight	Present
	Joe McCleary	Present
	Michelle Reding	Present
	Sue Sandstrom	Present
	Trevor Vaughn	Excused
Nonvoting Members	Janice Napper (for the City Manager)	Present
	Terri Velasquez (Finance)	Present
	Noël Mink (Human Resources)	Present
	Hans Hernandez (City Attorney)	Present
Staff	Thomas Connell	Present
	Aaron Kahn	Present

2) Approval of the Minutes

Michelle Reding moved and Cliff Haight seconded a motion to approve the minutes of the regular meeting held on January 18, 2018. The motion passed unanimously, with Sue Sandstrom and Joe McCleary abstaining.

3) Treasurer's Report

Tom Connell reviewed the financial statements and investment performance for November 2017. As of February 13, 2018 the fund was valued at approximately \$470.4 million.

Tom reviewed his plan for rebalancing to the new allocation targets. Michelle Reding moved and Cliff Haight seconded a motion to transfer \$4.5 million from the BlackRock S&P 500 index fund to the EuroPacific Growth Fund. The motion passed unanimously.

Tom noted that BKD had provided a letter outlining the scope and timing of their audit of 2017 financial activity. Input from Board members was invited.

4) Review of Lump Sum Distributions for January

Ten participants received lump sum payments totaling \$128,768.51.

5) Approval of Retirement Benefits

Aaron Kahn presented the retirement calculations. Sue Sandstrom moved and Michelle Reding seconded a motion to approve retirement benefits for **Karlene A. Pitrusu**. The motion passed unanimously.

6) Old Business

A) Participant Education

Aaron Kahn informed the Board that he has scheduled presentations on GERP for employees at Central Facilities, North Satellite and the AMC. He said that Michelle Escobedo of Nationwide had been an immense help in setting up and organizing the meetings.

B) Office Technology Upgrades

Tom Connell reported that staff held an onboarding meeting with Joe Axne of IT Guru. Hardware upgrades, a network attached storage device, faster internet service and a new email and website hosting provider were discussed. Staff will continue to address the issues raised in the security assessment report by City's IT department.

C) Pension Plan Administrator Recruitment Update

Sue Sandstrom told the Board that the Pension Plan Administrator job opening had been posted. A sub-committee will review the applications and invite finalist candidates for interviews in March. The goal is to have the new employee start on April 2nd.

Public Comments

There were no public comments.

7) New Business

**A) Callan Associates
Alex Browning and Gary Robertson (by phone)**

Update on the Global Listed Infrastructure Manager Search

Alex Browning reviewed the four candidates: Cohen & Steers Capital Management, Magellan Asset Management, Nuveen Asset Management and Wellington Management Company. As this is a new asset class for GERP, Board members felt that hearing presentations from all four candidates would be beneficial. Those interviews will take place on March 15th.

Commitment Pacing Recommendations for Private Equity and Timberland

Gary Robertson explained that the assumption was that GERP would want to continue to evenly split its private equity allocation between Abbott Capital Management and HarbourVest Partners, and that the underlying investments would be 70% U.S.-based and 30% non-U.S. Gary discussed the advantages of diversifying private equity investments by vintage year, as there can be dramatic differences in outcomes depending on the stage of the economic cycle. David McConico noted that HarbourVest Partners XI will have a small allocation to micro buyouts as well as early stage venture capital.

Alex Browning discussed the advantages of timber investing, including a low correlation to other assets and growth that was unrelated to other economic factors.

Several Board members questioned whether this was the right time to invest more in illiquid assets. Sue Sandstrom explained that once the Board makes a new commitment, it can take several years for the funds to actually be called. In the meantime, GERP's older investments will continue to return distributions to the Plan. New commitments are necessary in order to maintain the 10% target for private equity and 5% for timber. Sue Sandstrom moved and Cliff Haight seconded a motion to commit \$5 million to HarbourVest XI-Combined Fund and \$5 million to Molpus Woodland Group Fund V, as recommended by Callan. The motion passed unanimously.

Revisions to Investment Policy Statement

Alex Browning reviewed updates to the investment policy that incorporated the new asset allocation that had been approved in November 2017 following the asset/liability study. Alex suggested that a more in-depth review and revision of the policy be considered at a later date. Michelle Reding moved and Cliff Haight seconded a motion to adopt the changes to the investment policy statement as presented. The motion passed unanimously.

8) Report on Travel

David McConico attended Callan Associates' annual client conference in January. He noted that it was an excellent program.

David also attended the Public Fund Summit in Arizona and met an investment salesperson who asked for the opportunity to present information to the Board. This prompted a discussion about developing a policy for invited speakers which might include a review by Callan and the City Attorney's office. While agreeing that some screening is appropriate, Sue Sandstrom noted that not every Board member has an opportunity to attend conferences, so we don't want to completely dissuade invited speakers. Tom was asked to draft a policy statement on the topic for the Board's review.

9) Staff Report

BKD auditors were in the office for their first week fieldwork in early January. They will return for two additional weeks starting on February 26th. Staff is in the process of compiling and testing data for the

Minutes of the Regular Meeting
Held Thursday, February 15, 2018
Page 4

actuarial valuation. At Sue Sandstrom's request, David McConico volunteered to take her place on GERP's audit committee.

Joe McCleary moved and Cliff Haight seconded a motion to adjourn. The motion passed unanimously.

Meeting Adjourned 10:37 AM
Minutes Submitted by Aaron D. Kahn

Minutes Approved

David McConico
Chairperson of the Board

March 15, 2018
Date