

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

Held Thursday, March 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	Excused
	Sue Sandstrom	Present
	Trevor Vaughn	Present
Nonvoting Members	Janice Napper (for the City Manager)	Present
	Terri Velasquez (Finance)	Present
	Monica Lanzi (for Human Resources)	Present
	Hans Hernandez (City Attorney)	Present
Staff	Thomas Connell	Present
	Aaron Kahn	Present

2) Approval of the Minutes

Trevor Vaughn pointed out a correction to the February 15th minutes. Cliff Haight moved and Sue Sandstrom seconded a motion to approve the minutes of the regular meeting held on February 15, 2018, as amended, and the investment managers meeting held on February 22, 2018. The motion passed unanimously, with Trevor Vaughn abstaining from the February 15th meeting.

3) Treasurer's Report

Tom Connell reviewed the financial statements and investment performance for January 2018. As of March 13, 2018 the fund was valued at approximately \$476.5 million.

After Tom reviewed the investment rebalancing schedule, Trevor Vaughn moved and Cliff Haight seconded a motion to sell \$4.5 million from the BlackRock S&P 500 Index fund and reinvest \$3.5 million in the Western Asset Management Core Plus fund. The remaining \$1 million will go into the operating cash account.

Tom Connell announced that the CPI-W was up 0.4% for the month of January.

4) Review of Lump Sum Distributions for February

Fourteen participants received lump sum payments totaling \$100,854.79.

5) **Approval of Retirement Benefits**

Aaron Kahn presented the retirement calculations. Joe McCleary moved and Sue Sandstrom seconded a motion to approve retirement benefits for **Stephen F. Berry, Lauren A Kopp, David Krieger and Florence Vigil**. The motion passed unanimously.

6) **Old Business**

A) **Participant Education**

Aaron Kahn reported that he and Michelle Escobedo had made a joint presentation on GERP and Nationwide to employees at Central Facilities on February 22nd and North Satellite on March 1st. The two plan to be available to answer questions from employees at Tallyn's Reach on March 20th and March 22nd. Their next joint presentation will take place at the AMC on March 28th. That meeting will be videotaped.

Human Resources representative Monica Lanzi discussed the possibility of auto-enrollment into the Nationwide deferred compensation plan for new hires. The City has conducted a survey which indicated that most employees would opt to remain in the Nationwide plan had auto-enrollment existed when they were hired. The City continues to explore how to implement auto-enrollment.

Public Comments

There were no public comments.

7) **New Business**

A) **Global Listed Infrastructure Manager Interviews**

Callan consultant Alex Browning explained that all of the candidate firms are organizationally strong. Each has a different approach to managing global listed infrastructure investments. He suggested that Board members should pick a manager whose investment philosophy and process makes sense to them.

Cohen & Steers Capital Management
Ben Morton and Erin Berry

Cohen & Steers was founded in 1986 and has had a relationship with GERP for 20 years as GERP's REIT manager. The company has offices in New York City, London, Hong Kong, Tokyo and Seattle. Their global listed infrastructure team looks for predictable cash flows, largely regulated and monopolistic businesses with high barriers to entry. The fund hopes to provide equity-like returns with lower volatility and greater downside protection, as well as a greater correlation to inflation. Ben Morton explained that they have a dedicated team with a local presence in many markets. Their process combines both fundamental research and a macroeconomic top-down analysis. David McConico asked about why listed infrastructure didn't protect value in 2008's downturn. Ben Morton noted global listed

Minutes of the Regular Meeting
Held Thursday, March 15, 2018
Page 3

infrastructure companies had higher leverage than they should have and he feels that they have learned their lessons from that experience.

Magellan Asset Management
Matt Schmeltzer and Ben McVicar

Magellan Asset Management was founded in 2006 with offices in Australia and in the United States. They are a boutique firm focused on global equities and global listed infrastructure. They have 120 institutional clients which account for approximately 2/3 of their clients. Magellan's global listed infrastructure fund is focused on absolute return with downside protection. Magellan looks for companies providing services that are essential for the efficient functioning of a community with earnings that are not meaningfully sensitive to competition, commodity prices or sovereign risk. Their investments are defensive, inflation linked and have a low correlation to other asset classes.

Nuveen Asset Management
Jay Rosenberg

Nuveen was founded by John Nuveen in Chicago in 1898. In 2014 the company was acquired by TIAA. Nuveen has \$176 billion in assets under management. Their approach to global listed infrastructure is to generate a total return with low volatility by diversifying by country and asset type. Infrastructure has advantages over broad equities because the businesses are often monopolistic or quasi-monopolistic, regulated and mission critical with better access to capital. Nuveen has participated in up markets and protected well in down markets. Nuveen Global Listed Infrastructure has 143 holdings in 21 countries, with 10% in emerging markets.

Wellington Management Company
Ken Baumgartner and Scott Cokely

Wellington Management Company was founded in 1928, has over \$1 trillion in assets under management and has more than 2,200 clients in 60 countries. They have an absolute return focus with strong downside mitigation. Wellington focuses on essential infrastructure and avoids the more cyclical investments. They look for stable cash flows and monopolistic, regulated and contracted business models. The global listed infrastructure team can leverage the resources of the firm through collaboration with other equity portfolio managers and analysts.

Board members discussed their preferences. Sue Sandstrom moved and Trevor Vaughn seconded a motion to hire Cohen & Steers for the global listed infrastructure mandate. The motion passed unanimously.

8) Report on Travel

There was no report on travel.

9) Staff Report

There was no staff report.

10) **Pension Plan Administrator – Executive Session**

Trevor Vaughn moved and Cliff Haight seconded a motion to enter executive session to discuss a personnel issue. The motion passed unanimously. Trevor Vaughn moved and Sue Sandstrom seconded a motion to exit executive session. The motion passed unanimously.

Sue Sandstrom moved and Helen DiBartolomeo seconded a motion to offer Steve Shanks the position of GERP Pension Plan Administrator. His hiring will depend on his passing a background check, a drug test and the negotiation of the terms of his contract. The motion passed unanimously.

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

Meeting Adjourned 1:00 PM
Minutes Submitted by Aaron D. Kahn

Minutes Approved

David McConico
Chairperson of the Board

April 19, 2018
Date