

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

Held Thursday, April 19, 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	Present
Nonvoting Members	Janice Napper (for the City Manager)	Excused
	Terri Velasquez (Finance)	Present
	Dianna Giordano (Human Resources)	Excused
	Hans Hernandez (City Attorney)	Present
Staff	Thomas Connell	Present
	Steven Shanks	Present
	Aaron Kahn	Present

2) Approval of the Minutes

Trevor Vaughn moved and Cliff Haight seconded a motion to approve the minutes of the regular meeting held on March 15, 2018. The motion passed unanimously.

3) Treasurer's Report

Steve Shanks reviewed the financial statements and Tom Connell reviewed investment performance for January 2018. As of April 17, 2018 the fund was valued at approximately \$472.9 million.

The Harvest MLP investment will be holding back 2% of the investment until after their 2018 audit. Helen DiBartolomeo asked if GERP would earn interest on this money that's being held back. Steve indicated that he would check with Harvest.

After Tom reviewed the investment rebalancing schedule, Trevor Vaughn moved and Cliff Haight seconded a motion that once the Plan receives the proceeds from the sale of Harvest MLP to sell \$4 million from the BlackRock S&P 500 Index fund and reinvest \$17 million in the Cohen & Steers Global Listed Infrastructure. The approximate remaining \$1 million will go into the operating cash account. The motion passed unanimously.

Staff is using outside counsel at Reinhart Boerner Van Deuren to determine which Cohen & Steers vehicle to invest in: an institutional mutual fund or a collective investment trust. The collective investment trust has slightly lower fees, but the attorneys had some concerns about an indemnification clause in another collective investment trust offered by Cohen & Steers before.

4) Review of Lump Sum Distributions for March

Fifteen participants received lump sum payments totaling \$205,542.01.

5) Approval of Retirement Benefits

Aaron Kahn presented the retirement calculations. Michelle Reding moved, and Joe McCleary seconded a motion to approve retirement benefits for **Charles Collins, Dennis Darnell, Nicholaas R. de Jonge, Janice L. Lamon, Deanna J. Morrill and Pamela K. Trudell**. The motion passed unanimously.

6) New Business

A) Financial Audit Report – Bud Hollenkamp & Dan Schwemin (BKD, LLP)

Budd Hollenkamp noted that a draft of the audit report was reviewed by the audit committee. Dan Schwemin reviewed the Independent Auditors Report and Financial Statements and discussed the notes to the financial statements. Bud Hollenkamp told the Board that GERP's 2017 financial statements received an unmodified, or "clean" opinion. As of December 31, 2017, the Plan's net position was \$475,556,466. Mr. Hollenkamp complimented the Board and staff. David McConico asked that the auditors maintain strong communication with Steve Shanks during his first year.

B) Actuarial Valuation – Joel Stewart, Katie Antoline (Milliman)

Joel Stewart stated that the purpose of the annual valuation is to measure the Plan's actuarial liabilities, to determine the adequacy of contributions and to provide information required under governmental accounting standards.

The market value of assets increased from \$425.2 million on January 1, 2017 to \$475.6 million on January 1, 2018. Due to the three-year smoothing of investment gains and losses, the actuarial value of assets on January 1, 2018 was \$457.1 million. The actuarial accrued liability was \$480.0 million resulting in a funded ratio based on actuarial value of assets of 95.0%. Using market value for assets, the funded ratio is 99.6%.

At the actuaries' suggestion, Michelle Reding moved and Cliff Haight to include \$585,000 in administrative expenses to be added to normal cost. The motion passed unanimously.

Joel Stewart suggested that the Plan is due for an actuarial experience study to assess the reasonableness of the actuarial assumptions. He noted that the Society of Actuaries are in the process of analyzing the mortality assumptions for public employees. Aaron Kahn suggested that GERP's analysis would benefit

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from the mortality analysis and suggested delaying the study until the data is available. The Board asked Joel Stewart to keep the staff updated on progress.

Public Comments

There were no public comments.

7) Old Business

There was no old business.

8) Report on Travel

There was no report on travel.

9) Staff Report

Steve Shanks started working on April 2, 2018. He and Tom have been working through procedures and processes. Steve is in the process of getting authorizations for all providers and he and Tom have had conversations and introductions to the investment managers.

Tom Connell's last day will be Friday, April 27th. Board members thanked Tom for all that he's done for the Plan.

Michelle Reding moved, and Trevor Vaughn seconded a motion to adjourn. The motion passed unanimously.

Meeting Adjourned 10:20 AM
Minutes Submitted by Aaron D. Kahn

Minutes Approved

Sue Sandstrom
Vice Chairperson of the Board

May 17, 2018
Date