

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

Held Thursday, June 21, 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)	Present
	Terri Velasquez (Finance)	Present
	Dianna Giordano (Human Resources)	Present
	Hans Hernandez (City Attorney)	Present
Staff	Steven Shanks	Present
	Aaron Kahn	Present

2) Approval of the Minutes

Trever Vaughn moved, and Cliff Haight seconded a motion to approve the minutes of the regular meeting held on May 17, 2018, and the Investment Manager meeting held on May 24, 2018. The motion passed. David McConico abstained from the meeting on the 17th and Michelle Reding and Joe McCleary abstaining from the meeting on the 24th.

3) Treasurer's Report

Steve Shanks reviewed financial statements and investment performance for April. On June 19, 2018 the fund was valued at approximately \$474 million.

Steve Shanks provide a list of recommended transfers to bring the plan back into balance. He noted that that while all allocations are within their targets certain funds have maintained their misbalance within each asset classes for a prolonged period. Sue Sandstrom suggested that the Board does not want to rebalance too frequently, as that incurs transaction costs and that she's not in favor of rebalancing at this time. Other Board members agreed with Sue Sandstrom. Cliff Haight suggested adding a column that provides variance information to the summary report.

4) Review of Lump Sum Distributions for May

Fourteen participants received lump sum payments totaling \$152,432.03.

5) Approval of Retirement Benefits

Aaron Kahn presented the retirement calculations. Michelle Reding moved, and Trevor Vaughn seconded a motion to approve retirement benefits for **Francis Brown, Sandra Fisher, Richard Hurd, Mitchell Huston, Jo Ann Ramirez, Michelle Samura** and **Scott Underwood**. The motion passed unanimously.

6) New Business

There was no new business.

Public Comments

There were no public comments.

7) Old Business

A) Cohen & Steers Investment Vehicle

Steve Shanks stated that we are waiting for a final side letter regarding indemnification from SEI. Luke Pagels of Reinhart Boerner Van Deuren noted that the emails and documents which have outlined the promised side letter offer protection since the Global Listed Infrastructure assets are already in the Collective Investment Trust. Once the Board received the side letter, they intend on ratifying the decision to invest in the Collective Investment Trust. At that time, the Cohen & Steers other investment in REITs will be transferred to a Collective Investment Trust.

B) Update on IT Guru Progress

Steve Shanks updated the Board on the progress made on GERP's IT. Staff has replaced two older computers. Cloud backup through IT Guru, known as File Sync & Share, has been set up. Staff is responsible for setting up the file structure so that all files are securely stored remotely. The system will have a version history of files and will provide continuous backup.

Steve noted that the webpage is being transferred to the new domain. Currently, the domain auroragerp.org points to the old website.

Steve is exploring Network Attached Storage (NAS) solutions for on-site backup, which would provide redundancy with the cloud solution and reduce down-time if a computer fails.

C) GERP Staff Benefits 2019

Dianna Giordano informed the Board that Human Resources is working with the City Attorneys Office to design an agreement so that City affiliated service providers, like GERP, can be added to the City's Kaiser,

Delta, and Vision. Human Resources staff is working on the logistics and intend on having everything set up so that GERP staff can make selections during open enrollment with benefits to start on January 1, 2019.

Trevor Vaughn suggested that the Board could explore adding GERP staff to the City's payroll system which would provide some additional internal controls and would reduce the time spent by staff on payroll. Steve Shanks noted that payroll is reviewed by the Board chair which provide internal controls which have been deemed acceptable by GERP's auditors. Hans Hernandez noted that maintaining a certain level of independence from the City is crucial to maintain the tax status of the trust but that payroll could be conducted by the City on a contract basis. The Board needs to be careful should they decide to use the City for GERP staff payroll.

8) Report on Travel

Steve Shanks attending Heitman's Annual Investor Meeting in Chicago. He was impressed by the expertise and knowledge of Heitman's investment professionals. He had visited several warehouses which are in high demand and expensive due to eCommerce. He also visited office properties designed for office sharing. He noted that the offices have long leases with the company managing the shared offices. Investors had an opportunity to express their concerns about the risks of co-investment in self-storage and the high level of exposure to that investment allocation.

He attended a lecture by Kevin Warsh, a distinguished fellow at the Hoover Institution at Stanford and former Federal Reserve Governor. Mr. Warsh suggested that the Federal government needs finalize trade agreements with other countries to avoid potential negative impact on the markets. Steve noted that the consensus at the meeting was that we are at the end of a market cycle.

David McConico attended the HarbourVest Annual Meeting in Boston. David said that the event was very interesting. He enjoyed a presentation regarding Chinese investment opportunities. He noted that due to the size of the market they serve, the scale of some of the companies in China is astounding and may give them a competitive advantage as they expand into other markets. David suggested that if any Board members are interested, he can provide the presentation materials and resources.

9) Staff Report

Steve Shanks stated that the active statements have all been sent out today through interoffice mail. The deferred vested statements will be sent out next Tuesday. All of the retirees were sent a copy of the Summary Annual Financial Report.

Steve Shanks will provide the audit committee and BKD with copies of the Comprehensive Annual Financial Report on Monday. The deadline for the CAFR is the end of June.

Aaron Kahn will be on vacation from July 6 to July 20.

Steve Shanks sent Joe McCleary a list of annual goals. Joe requested that Steve forward the list to the other members of the review committee, Dianna Giordano and David McConico.

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

Meeting Adjourned 9:25 AM
Minutes Submitted by Aaron D. Kahn

Minutes Approved

Chairperson of the Board

Date