

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

Held Thursday, October 18, 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	Excused
	Joe McCleary	Excused
	Michelle Reding	Present
	Sue Sandstrom	Excused
	Trevor Vaughn	Present
Nonvoting Members	Janice Napper (for the City Manager)	Excused
	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**

The minutes were approved via email. Joe McCleary moved and Trevor Vaughn seconded a motion to approve the minutes of the regular meeting held on September 20, 2018. The motion passed with David McConico, Joe McCleary, Trevor Vaughn and Sue Sandstrom voting to approve with Michelle Reding abstaining.

**3) Treasurer's Report**

Steve Shanks reviewed financial statements for August. On October 17, 2018 the fund was valued at approximately \$470.6 million.

Steve noted that Private Equity may exceed the upper limit of its asset allocation, but due to the illiquidity of the asset, it will be difficult to reduce exposure. Steve suggested that since private equity is valued with a quarterly lag, the effects of a broad market correction is delayed, and therefore during market downturns exceeding the allocation limits should be expected. Hans Hernandez explained that the Board has some discretion on the frequency of rebalancing, and due to the nature of certain illiquid assets the Board can justify not taking actions which would be detrimental to the returns of the Fund. He explained that Board decisions regarding delaying rebalancing need to be well documented.

**4) Review of Lump Sum Distributions for September**

18 participants took lump sum distributions totaling \$217,966.98.

**5) Approval of Retirement Benefits**

Aaron Kahn presented the retirement calculations. Trevor Vaughn moved, and Michelle Reding seconded a motion to approve retirement benefits for **Dale E. Eicher, Ronald L. Forster II, Linda D. Mann, Mark A. Martinez, Penny L. Pfeiff, Elizabeth C. Saunders, Glenn R. Ward**. The motion passed unanimously.

**6) New Business**

**A) Cost of Living Adjustments for January 1, 2019**

Aaron Kahn presented information regarding the cost of living adjustment for January 1, 2019 pension payments. The Regular Benefit for Tier 1 participants will increase by 3%. This benefit increase is automatic and based on the CPI-W.

Aaron noted that last year the Board had an extensive discussion to add clarity to how the Board determines discretionary cost of living adjustments. It was determined that Board members should consider the financial health of the plan, the financial impact of the increase, measures of inflation included the CPI, and the history of awarded Cost of Living Increases.

Aaron noted that for the Supplemental Benefit, Board members should be aware that keeping the Supplemental Benefit unchanged was the way that retirees shared in the recovery of the Plan from the financial crisis of 2008. Active participants were affected by the increase in contributions, the decrease in interest credited to accounts, and the Tier 2 less generous early retirement benefits. Deferred Vested participants benefits were impacted by the reduction in interest credited to accounts. Board members felt at the time of all those changes, it was fair for retirees to share in the pain of the recovery. Michelle Reding moved and Trevor Vaughn seconded a motion to keep the Supplemental Benefit the same. The motion passed unanimously.

Helen DiBartolomeo asked if the CPI-W is broadly used by other pension plans and asked if it was an appropriate measure of inflation for our population. Michelle Reding stated that cost of living adjustments for pension plans are quite diverse, with some plans using the CPI, a fixed increase, ad hoc increases, and increases that only apply to part of the pensions. Aaron Kahn noted that it would be very difficult to change the automatic increase measure and that the CPI-W is the measure used for Social Security COLAs.

Board members discussed the Cost of Living Adjustment for the Tier 2 regular benefit. The consensus was that due to the minimal impact on liabilities and the strong financial health of the Plan, a 3% Cost of Living Adjustment is appropriate. Michelle Reding moved and Trevor Vaughn seconded a motion to provide a cost of living adjustment of 3% to the Regular Benefit for Tier 2 pensioners on January 1, 2019. The motion passed unanimously.

**7) Public Comments**

Terri Velasquez introduced Aurora City Councilmember Crystal Murillo. Ms. Murillo attended the GERP meeting to meet the Board members and learn about Plan operations.

In addition, Jeff Larsen, who is a candidate for the employee elected Board position attended the meeting.

**8) Old Business**

**A) Insurance Benefits for Staff**

David McConico has signed the insurance agreement between the City and GERP. GERP Staff will have access to insurance for health, dental and vision through the City. Life insurance and disability will be covered separately. Tom Connell is aware that he will have to find his own dental coverage as a retiree.

**9) Report on Travel**

Steve Shanks attended a Callan conference in Chicago. Attendees learned about Callan's process of assessing investments, reporting, and other information. Steve felt that the conference reaffirmed that GERP has been following Callan's recommendation of having a diversified and balanced investment portfolio.

In addition, Steve Shanks attended a GFOA training. Steve enjoyed a presentation by Paul Angelo which warned about several errors that pension plans can make, including allowing participants to spike their 3 year average earnings, contribution holidays, and issuing debt. GERP does none of those things.

**10) Staff Report**

The Board election is scheduled for October 24, 2018. Trevor Vaughn and Jeff Larsen are running for the employee elected position on the Board.

The two-day Retirement Ready Workshop was well received. Participants requested more information on Social Security Benefits, life insurance, and caring for parents.

**11) Executive Session Confidential Legal Advice**

Michelle Reding moved and Trevor Vaughn seconded a motion to go into executive session to discuss confidential legal advice. The motion passed unanimously. After discussing the legal advice, Trevor Vaughn moved and Michelle Reding moved to leave executive session. The motion passed unanimously.

Michelle Reding moved, and Helen DiBartolomeo seconded a motion to adjourn. The motion passed unanimously.

**Minutes of the Regular Meeting  
Held Thursday, October 18, 2018  
Page 4**

Meeting Adjourned 10:24 AM  
Minutes Submitted by Aaron Kahn

Minutes Approved

*David L McConico*

Chairperson of the Board

*12/17/18*

Date