

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

Held Thursday, August 20, 2020
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	Cliff Haight	Present
	Andrew Jamison	Present
	Michelle Reding	Present
	Sue Sandstrom	Present
	Tom Tobiassen	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

Due to concerns about COVID 19, the Board Meeting held on Thursday, August 20, 2020 was conducted via WebEx.

2) Approval of the Minutes

Michelle Reding made, and Trevor Vaughn seconded, a motion to approve the minutes of the regular meeting held on July 16, 2020. The motion passed unanimously with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

3) Treasurer's Report

Steve Shanks reviewed the financial statements and investment performance for June. As of August 13, 2020, the fund was valued at approximately \$513.4 million.

4) Review of Lump Sum Distributions for July

Seven participants received lump sum payments totaling \$24,897.26.

5) Approval of Retirement Benefits

Aaron Kahn presented the retirement calculations. Cliff Haight made, and Tom Tobiassen seconded, a motion to approve retirement benefits for **Stephanie Baca, Gerald R. Corbett, Jose Dudek, Adela C.**

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Garcia, Leo R. Herrera, Sylvia L. Martinez, Jose Mendoza, Patty Mikkelsen, Terrall Rankin, and Asif Samuel. The motion passed unanimously with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

6) Old Business

There was no old business.

7) Public Comments

There were no public comments.

6) New Business

A) Insurance Renewal

Karen Graham, Bri Young, Tracy Paladino – Gallagher Insurance

Karen Graham and Bri Young reviewed GERP's insurance policies. Karen explained that the package policy, that includes business personal property, general liability, and hired/non-owned auto liability coverage was automatically renewed with Hartford for an annual premium of \$1,315 which represents a 2% increase. Crime coverage is with Travelers for three years and will renew in 2021. The Fiduciary Liability coverage premium increased by 5% to \$36,645 due to the increase in Plan assets, contributions, and participants. Gallagher discussed increasing the limit with Travelers, but Travelers declined to increase the limit given concerns about current market conditions. Only 19% of our peer group (pension plans with assets between \$100 million and \$1 billion) are above our current \$10 million Fiduciary Liability limit.

Karen reviewed Network Security and Privacy Liability coverage. She noted that Travelers has added social engineering coverage. If the Board elects to keep the coverage the same, the annual premium will increase from \$8,500 to \$9,400. Gallagher requested quotes from two other companies, Chubb and Beazley. Travelers had the lowest premium. Gallagher also compared the current limit of \$2 million with \$3 million and \$5 million. The \$5 million limit includes an increase in the self-insured retention amount from \$25,000 to \$50,000. Board members requested that Gallagher provide information about typical claims before they adopt a change to the Network Security and Privacy Liability coverage.

Tom Tobiassen asked for more information about ransomware attacks. Karen noted that the insurance provider would negotiate the ransom payment.

B) Proposed Increase to Minimum Wage in Aurora and Effects on GERP

Michelle Reding noted that there is currently a proposal before the Aurora City Council which would phase in an increase to the minimum wage to \$20 per hour by 2027. She suggested that this minimum wage increase would put upward pressure on all wages and the Board may want to consider the

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actuarial impact to the Plan of such an increase. Trevor Vaughn noted that with typical wage increases there are only a handful of Plan participants who would be paid minimum wage by 2027.

7) Public Comments

There were no public comments.

8) Old Business

9) Report on Travel

Steve Shanks attended the Heitman Annual Investors Meeting for the HART Fund online on July 29, 2020. Steve noted that other investors in the meeting who invest in multiple private real estate trusts believe Heitman has been more proactive and realistic about their write downs to retail properties and are hopeful that retail properties in the HART fund are priced to see increased valuations soon. Steve also noted it will take five quarters beginning in the fourth quarter of 2020 for Heitman to pay out the \$3 million redemption request GERP made in the second quarter of 2020.

10) Staff Report

On September 14th Steve Shanks attended the Study Session regarding the ordinance changes which would adopt actuarial assumptions used for benefit payment calculations which closely match the actuarial assumptions for valuation purposes. In addition, the ordinance includes a change to how average earnings are calculated for short service participant. Mayor Mike Coffman asked about the reasonableness of a 7% return assumption. Steve noted that past returns and actuarial and investment advisors have suggested that 7% is a reasonable expectation.

Given the impact of COVID 19, Staff will be using Survey Monkey to conduct the Board Election this year. Staff will work with Human Resources, Payroll, and the Election Commission to make sure all active participants will have an opportunity to vote.

Trevor Vaughn made, and Tom Tobiassen seconded, a motion to adjourn. The motion passed unanimously with Andrew Jamison, David McConico, Michelle Reding, Cliff Haight, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

Meeting Adjourned 10:03 AM
Minutes Submitted by Aaron D. Kahn

Minutes Approved

David L. McConico
Chairperson of the Board

9/17/20
Date