

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

Held Thursday, September 17, 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, September 17, 2020 was conducted via WebEx.

2) Approval of the Minutes

Tom Tobiassen made, and Cliff Haight seconded, a motion to approve the minutes of the regular meeting held on August 20, 2020. The motion passed unanimously with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for. Tom Tobiassen made, and Cliff Haight seconded, a motion to approve the minutes of the investment manager meeting held on August 27, 2020. The motion passed unanimously with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Tom Tobiassen, and Trevor Vaughn for; Sue Sandstrom abstained.

3) Treasurer's Report

Steve Shanks reviewed the financial statements and investment performance for July. As of September 11, 2020, the fund was valued at approximately \$510.4 million.

Steve Shanks provided a cash flow projection and suggested that the Board transfer \$2 million to operating cash. Sue Sandstrom made, and Trevor Vaughn seconded, a motion to transfer \$2 million from the BlackRock S&P 500 fund to operation cash. The motion passed unanimously with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

4) Review of Lump Sum Distributions for August

Fifteen participants received lump sum payments totaling \$152,214.46.

5) Approval of Retirement Benefits

Aaron Kahn presented the retirement calculations. Sue Sandstrom made, and Tom Tobiassen seconded, a motion to approve retirement benefits for **Marthan Demoney, Ann Hasenbalg, David J. Hernandez, Jamie A. Holmes, and Mark Isenburg**. The motion passed unanimously with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

6) Old Business

A) Update on GERP Election

Steve Shanks noted that he and the City are working together to make sure the election goes smoothly. The election will be conducted electronically through Survey Monkey and IT, Payroll, and Human Resources have all been helpful to get GERP the required information with appropriate concerns about the security of email addresses and personal information.

So far, there are 3 candidates. Cliff Haight, Aurora Water, John Howes, Public Works and Michael Wolf, Aurora Water. The deadline to declare candidacy is Friday, September 18, 2020.

B) Discussion on Questions for Callan to Answer for Private Equity Education

Callan will be presenting additional educational information on Private Equity at the Regular Meeting in October. Steve Shanks suggested that Board members should email him the questions that they would like answered. Alex Browning will be addressing return expectations, volatility, and correlation statistics, as well as implementation and fees. Ultimately, the Board will need to address whether to keep the private equity exposure, wind down the private equity investment or pursue a different implementation strategy.

Aaron Kahn noted that there seems to be a widely held concern that private equity returns are trending down closer to public equity options and hopes that Callan can address those concerns. Trevor Vaughn noted that in private equity, certain managers have been shown to consistently outperform others. He would like to know if HarbourVest and Abbott been outperforming their peers. Aaron is also interested in Callan's methodology for projecting private equity returns, volatility, and correlation in their Capital Market Projections.

Public Comments

There were no public comments.

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7) **New Business**

There was no new business.

9) **Report on Travel**

Steve Shanks attended a meeting presented by the National Conference on Public Employee Retirement Systems (NCPERS). Many public pension plans are struggling given the fluctuations in the market. He felt thankful that GERP is doing so well.

Steve also attended the annual Cohen & Steers investor conference and commented on an interview with David Simon, CEO of Simon Property Group, a large investor of malls and shopping centers worldwide, in which David Simon discussed Simon Property Group's purchases of retail outlets such as J.C. Penney, Arrow and Forever 21 because he believes high end malls are here to stay.

Steve noted that in a presentation by Northern Trust, they anticipate US Equities to return approximately 4.7% over the next 5 years.

Steve shared a slide from a presentation from NCPERS on private equity noting that the private equity hurdle may be more difficult to overcome because of the carried interest of the general partners.

Steve also attended a virtual presentation by Western Asset Management. He was impressed by their presentation that showed their thoughts and projections regarding the future of the markets.

10) **Staff Report**

Aaron Kahn and Laura Steege will be taking some vacation time at the end of September.

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

Meeting Adjourned 8:46 AM
Minutes Submitted by Aaron D. Kahn

Minutes Approved

David McConico
Chairperson of the Board

10/15/20
Date