

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

Held Thursday, March 16, 2023  
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	Sheree Van Buren (for the City Manager)	Present
	Jackie Ehmann (for Finance)	Present
	Ryan Lantz (Human Resources)	Present
	Hans Hernandez (City Attorney)	Present
Staff	Steven Shanks	Present
	Aaron Kahn	Present

The Board Meeting held on Thursday, March 16, 2023, was a hybrid meeting conducted via WebEx and in person at the GERP office.

1) **Approval of the Minutes**

Cliff Haight made, and Tom Tobiassen seconded, a motion to approve the minutes of the Regular Meeting held on February 16, 2023. The motion passed unanimously with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, Tom Tobiassen and Trevor Vaughn for.

Sue Sandstrom made, and Tom Tobiassen seconded a motion to approve the minutes of the Investment Manager's Meeting held on February 23, 2023. 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 January. As of March 14, 2023, the fund was valued at approximately \$578.6 million.

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Steve informed the Board that in 2022, staff fell behind in reviewing financial statements and that the audit will contain a comment that the reviews were not happening in a timely manner. Staff have caught up with the review process and procedures are in place so that this review process will be more timely moving forward.

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

Sixteen participants received lump sum payments totaling \$218,844.89.

**5) Approval of Retirement Benefits**

On March 1, 2023, Staff requested that the Board approve benefit for Kathy Sawyer-Snow online. Michelle Reding made, and Trevor Vaughn seconded, a motion to approve for Kathy Sawyer-Snow. The motion passed unanimously, with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, and Trevor Vaughn for.

Aaron Kahn presented the retirement calculations. Sue Sandstrom made, and Cliff Haight seconded, a motion to approve retirement benefits for **Melvin Cobb, Steve Dambroski, James Van Pelt, and Zane Zwemke**. 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.

**Public Comments**

There were no public comments.

**7) New Business**

**Discussion on Investment Related Issues**

Alex Browning, Callan

**A) Molpus III Term Extension Amendment and Liquidation Offer**

Molpus Woodlands Fund, III, has requested that investors in the fund either consent to a 10-year extension amendment and either retain or sell their interest, or to not consent to such an amendment. A secondary market buyer has been found who is willing to purchase assets at 95% of the September 30, 2022 net asset value.

Alex Browning noted that some of the enthusiasm in timber has been through carbon credits and that Callan research feels that there are a lot of unknown factors anticipating the potential increase in these credits. He noted that one of the risks is that the Board decides to get out of Timber just as it's about to appreciate, but he also noted the proceeds of any sale will be redeployed into domestic and foreign

equities, which could also appreciate over the next 10 years. The Board has already decided to wind down the timber exposure in the Investment Policy Statement.

Board members felt that, while an extension might have been appropriate, the 10-year extension represented too long of a time period. Trevor Vaughn made, and Cliff Haight seconded, a motion to consent to the amendment and liquidate assets. The motion passed unanimously, with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

**B) Abbott Capital ACE VI Term Extension Amendment**

Abbott has sent a request that the Board consent to an extension for the Capital ACE VI fund to March 31, 2025. Further extension of the term requires the consent of a majority interest of the limited partners. GERP's share of the fund is currently valued at approximately \$3.7 million.

Abbott suggests that seeking a secondary buyer would result in a discount to the value of the assets, and actively managing the fund will be in the best interest of the limited partners. The proposal includes a reduction of fees to 0.5% of the aggregate fair value of the partnership.

Alex Browning noted that Callan has seen a lot of requests for extensions in the private equity market. Callan recommends approving the extension, as it's likely to provide the best value.

Trevor Vaughn made, and Andrew Jamison seconded, a motion to agree to the Abbott Capital ACE VI Term Extension. The motion passed unanimously, with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

**C) GERP's exposure to Silicon Valley Bank Collapse**

Alex Browning discussed GERP's exposure to the Silicon Valley Bank collapse. He suggested that due to the FDIC making all of the depositors whole, GERP has very little exposure to the bank collapse. He noted that some of the private equity firms will see a small impact, but that effect shouldn't be substantial. Any direct exposure to the equity and bonds of Silicon Valley Bank is very small.

Silicon Valley Bank's primary depositors were startups and venture capital firms. During the pandemic, Silicon Valley Bank's deposit base tripled, and bank management elected to invest in mortgage bonds and long treasuries. Alex noted that, perhaps due to the rapid influx of deposits, the assets of the bank were mismanaged, and risk was not addressed appropriately. Compounding issues, management maintained only a 5% cash cushion and only 5.7% of bank's deposits were within the FDIC's \$250,000 guarantee.

On March 8, Silicon Valley Bank announced a plan to raise \$2 billion by selling common stock and stated that they had lost \$1.8 billion in the sale of securities including treasuries and mortgage bonds. The next day, shares of Silicon Valley Bank fell 60% and depositors started aggressively transferring money out. On March 10<sup>th</sup>, the FDIC took over operations. On March 12<sup>th</sup>, the FDIC announced that they would

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guarantee deposits exceeding the \$250,000 limit using the \$128 billion Deposit Insurance Fund. Since the primary issue with Silicon Valley Bank wasn't bad loans but being forced to sell quality assets for a loss, the impact on the Deposit Insurance Fund should be minimized. On that same day, the Federal Reserve created an emergency lending program where distressed banks borrow funds instead of being forced to sell securities for a loss.

Overall, Alex gave the Board the impression that the FDIC provided the support that it was designed for. He anticipates that the end result will be appropriate greater scrutiny.

**8) Report on Due Diligence, Education and Travel**

There was no report on travel.

**10) Staff Report**

Staff is continuing to work with the auditors and actuaries in preparation for the meeting in April.

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 at 9:04 am  
Minutes Submitted by Aaron Kahn

Minutes Approved

David L. McConico  
Chairperson of the Board

April 20, 2023  
Date