

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

Held Thursday, September 21, 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	Excused
	Trevor Vaughn	Present
Nonvoting Members	Sheree Van Buren (for the City Manager)	Present
	Carol Toth (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, September 21, 2023, was a hybrid meeting conducted via WebEx and in person at the GERP office.

**1) Approval of the Minutes**

Andrew Jamison made, and Trevor Vaughn seconded, a motion to approve the minutes of the Regular Meeting held on August 17, 2023, and the minutes of the Investment Managers Meeting held on July 24, 2023. The motion passed unanimously with Cliff Haight, Andrew Jamison, David McConico, Sue Sandstrom, and Trevor Vaughn; for. Michelle Reding abstained.

**3) New Business**

**A) 2<sup>nd</sup> Quarter 2023 Performance Report**

Connor Foy, Callan

Connor Foy discussed the markets and noted that inflation is still above the Federal Reserve target but seems to be subsiding. Unemployment numbers remain low and while wage growth remains above historic averages, it is trending down. Individuals are not moving to new jobs as much as they have been

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recently. Unfortunately, due to inflation, households have been burning through any excess savings that they have, and younger consumers have been taking on greater credit card debt.

Connor noted that US growth stocks have been outperforming recently. The price to earnings ratio of the top ten stocks is 23.3x and those stocks account for 31.7% of the index.

For international equity markets, the developed markets are outperforming. He noted that China is really struggling economically. David McConico noted that a pension plan can achieve exposure to international markets through US global companies. Connor Foy agreed but noted that companies domiciled in other countries provide additional diversification and that the Fund does have exposure to global companies in the current US equities holdings.

The bond market has struggled as rates have increased, but the Federal Reserve is unlikely to raise interest rates much further and at some point, the rates are likely to come down. Bond yields have increased which may help the asset class to be more attractive to pension plans moving forward.

In real estate, office is the sector that has really struggled. Mr. Foy noted that every city is having a different experience with office. Some have employees returning to work on site, and other cities, have employees working from home. Regional diversification is important.

The private equity asset class lags public equity, as we could see some losses moving forward. The asset is a diversifier and has reduced the volatility of the Fund.

In the 2<sup>nd</sup> quarter the Plan had a return of 2.55%. For the year ending June 30, 2023, the plan had a return of 5.53% with active management contributing 0.71% and for the 5-year period the plan has a return of 9.85% with managers contributing 1.02%.

Connor Foy discussed management fees. Callan provided an analysis of fees and noted that GERP's management fee total of 0.57% is competitive with peers. He noted the difficulty of trying to assess the fees of private equity.

**4) Treasurer's Report**

Steve Shanks reviewed financial reports and investment performance for July. As of September 18, 2023, the fund was valued at approximately \$586 million.

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

Thirty-seven participants received lump sum payments totaling \$263,685.12.

**6) Approval of Retirement Benefits**

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Aaron Kahn presented the retirement calculations for Ralph Dering, Roslyn Fleischman, and the surviving spouse of Robert Lowry, Roxanne Lowry. Cliff Haight made, and Michelle Reding seconded, a motion to approve retirement benefits for those noted. The motion passed unanimously with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, and Trevor Vaughn; for.

**7) Old Business**

**A) Update on GERP Election**

Cliff Haight will continue to be an employee elected Board member since he ran unopposed. The Board will not have an election this year as no other candidate expressed interest in serving. The Board congratulated Cliff and thanked him for his service.

**B) GERP Introduction at New Employee On-Boarding**

Cliff Haight expressed his concern that a lot of new employees are not getting the information that they need regarding their GERP benefits. He noted that the pension plan is an important benefit and the only information that they are getting is their Beneficiary Forms.

Trevor Vaughn noted that he thinks that new hires are lacking general awareness of their benefits, not just GERP. Trevor suggested that GERP draft a brochure for new hires. Cliff Haight agreed and reiterated that GERP and the other benefits that the City provide really should be capitalized on to attract quality employees. Cliff Haight, Trevor Vaughn, and Andrew Jamison volunteered to form a subcommittee of the Board to address onboarding of new hires and they will work with staff and human resources to improve how new hires are able to get information regarding their GERP benefits.

Staff will request that human resources send them a list of new hires so that they can disseminate information to new participants early.

**Public Comments**

There were no public comments.

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

Steve Shanks reported on the Colorado Public Pension Coalition conference. He enjoyed the conference and felt that there was a lot of good investment information and legal updates. He feels that GERP is doing a lot of the right things. Trevor Vaughn enjoyed the presentations and economic updates. He noted the importance of assessing fees. In addition, cyber security continues to be an important area for not just pension plans and can be an area for litigation risks. Trevor also attended a session on ESG, which, unfortunately has become politicized. Great care needs to be taken by fiduciaries when assessing ESG.

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David McConico attended both the Public Pension Funding Form by NCPERS and the Public Funds Forum by Value Edge Advisors. He explained that Fairfax County in Virginia has worked to assess the sustainability of their pension plan, not just the funded ratio, by looking at other measures of financial health. They have made their process available to other pension plans to help come up with greater analysis of pension plan funding. David provided Steve Shanks with contact information for Hank Kim who has offered to provide more information regarding Fairfax County's assessment. Steve will look into it.

David attended a variety of sessions at the two conferences including a presentation on the importance of Artificial Intelligence and its effect on the entire economic landscape. He also attended a session that described ransomware attacks and other cybersecurity concerns.

Andrew Jamison noted the importance of training to prevent cybersecurity risks of all sorts. Since attack vectors change over time, continuous training is important. He suggested that GERP staff could benefit from some of the City's training sessions.

David McConico also suggested that the Board review staff succession planning. In a three-person office, it's important that a plan is in place if one team member is unable to be available or leaves employment. Steve Shanks agreed.

David McConico needs approval by the Board to go to an additional NCPERS conference. Cliff Haight moved, and Andrew Jamison seconded, a motion to approve David McConico to go to the conference. The motion passed unanimously, with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, Sue Sandstrom, and Trevor Vaughn for.

**9) Staff Report**

Steve Shanked noted that Becky Schiller has passed the exams to become a notary public and has her certificate. She will be getting her seal shortly.

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

Meeting Adjourned at 9:45 am  
Minutes Submitted by Aaron Kahn

Minutes Approved

David McConico  
Chairperson of the Board

October 20, 2023

Date