

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

Held Thursday, November 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)	Excused
	Terri Velasquez (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, November 16, 2023, was a hybrid meeting conducted via WebEx and in person at the GERP office.

2) Approval of the Minutes

Tom Tobiassen made, and David McConico seconded, a motion to approve the minutes of the Regular Meeting held on October 19, 2023. The motion passed with David McConico, Michelle Reding, Tom Tobiassen, and Trevor Vaughn, for. Cliff Haight, Andrew Jamison, and Sue Sandstrom abstained.

3) Treasurer's Report

Steve Shanks reviewed the financial statements for investment performance for September. As of November 13, 2023, the fund was valued at approximately \$572 million.

4) Review of Lump Sum Distributions for September

Seventeen participants received lump sum payments totaling \$161,478.18.

5) Approval of Retirement Benefits

Aaron Kahn presented the retirement calculations for Katerzyna Dawidowitz, Brian Lawrence, Melissa Toering, and Peter Thurmes. Trevor Vaughn made, and Tom Tobiassen seconded, a motion to approve retirement benefits for those noted. The motion passed unanimously, with David McConico, Cliff Haight, Andrew Jamison, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

6) New Business

A) Adoption of the 2024 Meeting Calendar

Cliff Haight made a motion, and Tom Tobiassen seconded, a motion to adopt the 2024 Meeting Calendar as presented. The motion passed unanimously, with David McConico, Cliff Haight, Andrew Jamison, Michelle Reding, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for.

B) Interview of David McConico for his Reappointment to the Board

David McConico has indicated that he would like to continue to serve on the Board and has filled out his application and submitted it to Boards and Commissions with the City. Board members thanked David for his contributions to the Board. Sue Sandstrom wholeheartedly supports his renomination and appreciates his willingness to serve as the Board chair. She noted his dedication to staying up to date on pension issues. Trevor Vaughn thanked David for his long-term active engagement and knowledge of the history of GERP. In addition, he appreciates that David is dedicated to the community and work to help young people learn about finance. Michelle Reding praised David for his curiosity about new pension plan issues and his continuing education about such matters.

The Board directed Steve Shanks to write a letter to City Council strongly encouraging his reappointment.

C) Discussion on Asset Classes

Tom Tobiassen has recently learned about some of the advantages of investing in private debt given the high interest rate environment. It's the Board's policy to vet investment opportunities through Callan, so Tom was hoping that they could provide some additional information. Trevor

Vaughn was curious if the Plan may already have some exposure to private debt. Steve Shanks noted that there is a small amount of exposure in private equity investments. Tom Tobiassen has recently looked at private debt with interest rates being as high as they are. Andrew Jamison has some knowledge regarding the types of investments that would be categorized as private debt, including middle market and bridge loans. He is interested in what Callan might present.

D) Audit Engagement Letter for Fiscal Year Ending December 31, 2023

Steve Shanks presented the audit engagement letter. The proposal from Forvis did not have many differences in scope or services, but there were some increases in fees regarding Harvest Transparent Investment Valuations as well as technology and administrative costs. Board members asked if Steve would discuss the fees with Forvis to push back on the unexpected increase. The Board will discuss the audit engagement letter at the Investment Managers meeting on December 7, 2023.

Public Comments

There were no public comments.

7) Old Business

A) Cost of Living Adjustment for Tier 2 Participants

Last month the cost-of-living adjustment for Tier 2 participants was discussed, a motion was made and seconded with a vote of 3 to 1. Hans Hernandez explained that to pass a motion, the Board needs 4 yes votes. The Board discussed some of the issues related to consistently giving a cost-of-living increase to Tier 2 participants. While the increase is immaterial at this time with such a small group of Tier 2 participants, moving forward there will be a great impact and it may force a change in the underlying actuarial assumption for actuarial valuation.

Trevor Vaughn made, and Cliff Haight seconded, a motion to increase the Tier 2 regular benefit as of January 1, 2024, with the understanding that the cost of the increase to Fund is minimal. The motion passed: David McConico, Cliff Haight, Andrew Jamison, Sue Sandstrom, Tom Tobiassen, and Trevor Vaughn for; Michelle Reding against.

B) Update on Pension Plan Administrator Annual Evaluation

Trevor Vaughn reminded Board members to return their questionnaires.

8) Report on Due Diligence, Education and Travel

Both Cliff Haight and David McConico attended the 2023 Program for Advanced Trustee Studies presented by the National Conference on Public Employee Retirement Systems. Cliff found the deep dive into actuarial standards to be interesting. ASOP 4 requires that valuations include liabilities based on a low-default-risk obligation measure or LDRM. This idea is more common in private pension plans. There are considerably more private plan actuaries than public plan actuaries so this free-market valuation idea has crept over from the private valuation world.

David McConico found the actuarial session and the private equity sessions to be informative. In the private equity session, they reiterated that access to the best managers is important to get higher than public market returns. In addition, he noted that there are some new accounting principles on both the asset and liability side that have been proposed.

David McConico also attended a session on real estate investment that suggest that investors have new tools to assess the movement of people, the affect of an aging population that uses machine learning and artificial intelligence.

David suggested that one of the education sessions by Callan for 2024 should be an assessment of the appropriateness of a securities litigation provider. Other Board members agreed.

9) Staff Report

Cost-of-living letters and invitations to the holiday reception have been sent to retirees. The reception will again be in the AMC this year.

Aaron Kahn will be working on setting up the COLA changes and changes to insurance deduction with Northern Trust.

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

Meeting Adjourned at 10:34 am
Minutes Submitted by Aaron Kahn

Minutes Approved

Minutes of the Regular Meeting
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David McConico

Chairperson of the Board

December 14, 2023

Date