

Minutes of the Regular Meeting
City of Aurora General Employees' Retirement Board
Held Thursday, July 18, 2024
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
	Terri Velasquez (Finance)	Present
	Ryan Lantz (Human Resources)	Present
	Hans Hernandez (City Attorney)	Excused
Staff	Steven Shanks	Present
	Aaron Kahn	Present

The Board Meeting held on Thursday, July 18, 2024, was a hybrid meeting conducted via WebEx and in person at the GERP office.

1) **Approval of the Minutes**

Cliff Haight made, and Michelle Reding seconded, a motion to approve the minutes of the Regular Meeting held on June 20, 2024. The motion passed with David McConico, Cliff Haight, Andrew Jamison, Michelle Reding, and Trevor Vaughn, for. Sue Sandstrom abstained.

2) **Treasurer's Report**

Steve Shanks reviewed the financial statements and investment performance for May. As of July 15, 2024, the fund was valued at approximately \$643 million.

3) **Review of Lump Sum Distributions for June**

Twenty-six participants received lump sum payments totaling \$193,496.16.

4) **Approval of Retirement Benefits**

Aaron Kahn presented the retirement calculations for Tammy L. Erickson, Kristal Fennell, Joanne M. Flaherty, Philip Nachbar, and Sherry M. Scaggiari. Sue Sandstrom made, and Trevor Vaughn seconded, a motion to approve retirement benefits. The motion passed unanimously with David McConico, Cliff Haight, Andrew Jamison, Michelle Reding, Sue Sandstrom, and Trevor Vaughn, for.

5) **New Business**

A) **New Asset Allocation**

Alex Browning, Callan Associates

Since recent fixed income returns have been historically low, many pension plans, including GERP, have reduced their allocation to fixed income. Now, as rates have increased, fixed income is a more viable asset to achieve target returns. Alex Browning stated that GERP has an opportunity given that the Plan is close to fully funded and is not trying to play catch up. Alex provided information about mix 2 with a 39% allocation to US fixed income and mix 3 with a 37% allocation from the presentation from last month.

Sue Sandstrom noted that there is not that much of a difference between mix 2 and mix 3, but that her preference is toward mix 3. She is somewhat skeptical of Callan's expectation of a fixed income return of 5.3% over a longer time period. Trevor Vaughn noted that reducing the volatility of the portfolio increases the confidence that the underlying return is achievable. Andrew Jamison noted that allocations to non-US fixed income provides diversification but adds volatility due to currency.

Board members discussed their preferences and included mix 4 with an allocation of 35% to fixed income. Some Board members suggested leaving the allocation to Global Listed Infrastructure, which reduced the allocation to fixed income to 33%.

Trevor Vaughn made, and Andrew Jamison seconded, a motion to change the target allocation to:

US Equity	20%	Private Equity	13%
Global ex-US Equity	17%	Global Listed Infrastructure	5%
US Fixed Income	33%	Timber	2%
Real Estate	10%		

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

Board members also discussed some implementation ideas. Cliff Haight noted that there may be some consideration of replacing Western Asset Management. Sue Sandstrom wondered about the timing of the trades. Board members thought that gradually trading into fixed income could mitigate the risk associated with market timing.

David McConico asked about tail risk strategies as a way of reducing volatility. Alex Browning noted that strategies marketed as tail risk strategies tend to be complex and expensive and involve more market timing than he feels is appropriate for GERP at this time.

Public Comments

There were no public comments.

6) Old Business

A) Update on IT Guru and Request for Proposals for IT Services

Steve Shanks has discussed internal controls with IT Guru and the Board's desire to have those controls written. Joe Axne has admitted that since GERP is the only client that needs written controls. Due to the time it would take to formally write down its control environment, IT Guru has decided they will not provide written controls at this time. If written controls are required to propose on GERP's request for IT services, IT Guru has opted out as a candidate. Joe Axne has suggested that smaller companies may not have written controls unless they work for governmental entities already.

Trevor Vaughn and Terri Velasquez noted that a governmental plan of GERP's size needs written controls by its service providers. Aaron Kahn noted that written controls protect not only the Board, but also the provider. Andrew Jamison stated that the budget for IT services may end up being higher than the current amount. Terri Velasquez also noted that the size and sophistication of companies that have been compromised with cyber attacks means that we need to be more diligent in what we do.

Finally, Steve Shanks noted the limited access to GERP's IT infrastructure. Staff connects to the cloud which has sophisticated and up to date security and back up, and the only entity that has access to the technology on site via remote access is IT Guru itself.

7) Report on Due Diligence, Education and Travel

Cliff Haight would like to attend an educational opportunity presented by NCPERS. David McConico made, and Andrew Jamison seconded, a motion to approve Cliff Haight to attend the NCPERS Accredited Fiduciary Program. The motion passed unanimously with David McConico, Cliff Haight, Andrew Jamison, Michelle Reding, Sue Sandstrom, and Trevor Vaughn, for.

8) Staff Report

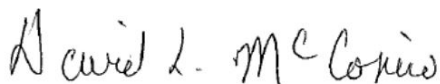
Trevor Vaughn has discussed various annual goals with Steve Shanks. Steve has sent Trevor a link to the potential document repository. The link will be sent to all Board members for feedback. The repository will include Callan reports, Actuarial Reports, Board Packets and Minutes among other things.

Steve has been looking at the office lease and has requested estimates of 3, 5, and 8 years for the current space. Currently the lender is in control of the building. A decision regarding the location of the GERP offices will need to be made by May of 2025.

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

Meeting Adjourned at 10:03 am
Minutes Submitted by Aaron Kahn

Minutes Approved



August 15, 2024

Chairperson of the Board

Date