

**Minutes of the Regular Meeting**  
**City of Aurora General Employees' Retirement Board**  
Held Thursday, June 20, 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	Excused
	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)	Present
Staff	Steven Shanks	Present
	Aaron Kahn	Present

The Board Meeting held on Thursday, June 20, 2024, was a hybrid meeting conducted via WebEx and in person at the GERP office.

1) **Approval of the Minutes**

Trevor Vaughn made, and Michelle Reding seconded, a motion to approve the minutes of the Regular Meeting held on May 16, 2024. The motion passed with Andrew Jamison, Michelle Reding, and Trevor Vaughn, for. Cliff Haight and David McConico abstained.

Michelle Reding made, and Cliff Haight seconded, a motion to approve the minutes of the Investment Managers Meeting held on May 23, 2024. The motion passed with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, and Trevor Vaughn, for

2) **Treasurer's Report**

Steve Shanks reviewed the financial statements and investment performance for April. As of June 17, 2024, the fund was valued at approximately \$633 million. The Board has some concerns

about Western Asset and American Century. As assets are moved, there will be some discussion about international equity in general.

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

19 participants received lump sum payments totaling \$189,273.04

**4) Approval of Retirement Benefits**

Aaron Kahn presented the retirement calculations for Meleaia Dennis and Gail Pough. Cliff Haight made, and Andrew Jamison seconded, a motion to approve retirement benefits. The motion passed unanimously, with Cliff Haight, Andrew Jamison, David McConico, Michelle Reding, and Trevor Vaughn for.

**5) New Business**

**A) Callan Education on Bank Loan Asset Class**

Dave Zee, Callan

Dave Zee from Callan provided education regarding multi-sector credit. The purpose of an allocation to multi-sector credit would be to provide higher returns than a core-plus fixed income portfolio without substantially more volatility. Multi-sector credit is not as sensitive to interest rates as other fixed income assets and tends to have a stronger correlation to stocks than to bonds.

The multi-sector credit asset class includes investments in non-investment grade subsets of the Multi-Asset Credit sector. Managers can have different strategies and proportions of investments in bank loans, high yield, emerging markets debt, and other sectors. While managers tend to have short track records in the overall strategy, many managers have been investing in individual subsets for longer periods.

Mr. Zee suggested that the strategy is difficult to benchmark, and managers use diverse strategies depending on investor goals. In response to a question from Cliff Haight, Mr. Zee explained that Callan looks at the track records of the individual managers based on the resources that they have available and how well they have done with each subset of the strategy. Callan has been researching these subsets for decades.

Mr. Zee stated that a reasonable fee for a multi-sector credit manager would be approximately 60 basis points.

David McConico noted that at the presentations that he just attended that private debt secondaries were discussed. He asked Mr. Zee how private debt secondaries might fit into multi-sector credit. Mr. Zee stated that private debt secondaries are relatively new and a much smaller market than the securities in a multi-sector credit strategy. The private equity managers may have some exposure to private debt secondaries, but the total volume of private debt secondaries is only approximately 4% of the total private secondaries market.

Trevor Vaughn noted that it seems like multi-sector credit falls between a fixed income asset and an equity asset and therefore could be mostly replaced by some combination of the two. Andrew Jamison agreed that we should use our current fixed income strategies to help reduce risk and that multi-sector credit doesn't seem necessary at this time. Aaron Kahn noted that GERP's large cap equity fund is passive with a fee of 2 basis points and the two fixed income manager fees are lower than 30 basis points. The benefit of diversification could be offset by the higher fees.

**B) Board Discussion on Asset Allocation**

David McConico noted that Western Asset Management and American Century returns have been disappointing. Without improvement, they may be put on the Board's watchlist. Board members would like to better understand why these managers are underperforming their peers.

**Public Comments**

There were no public comments.

**6) Old Business**

**None**

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

Cliff Haight attended the NCPERS Annual Conference and the NCPERS Accredited Fiduciary Program (modules 1 & 2) and noted the discussion about CalPERS voting against ExxonMobile's Board of Directors. In addition, he noted that the consensus at the conference was that it is unlikely that the Federal Reserve will cut rates before the election.

David McConico attended meetings for HarbourVest, Pantheon, and BlackRock. The theme of these meetings included a discussion of opportunities in Private Credit. Board members wondered if there might be some exposure to this asset class moving forward in the existing fund-of-funds Private Equity portfolios.

8) Staff Report

Staff has sent out statements to participants. There are a handful of additional statements to be sent, but active participants should expect to see their statements very soon.

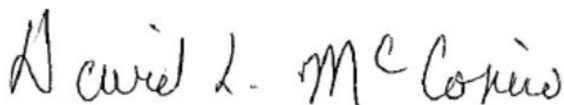
Steve Shanks is working on the Annual Comprehensive Financial Report (ACFR). Steve noted that an invitation to review the ACFR would be sent to Audit Committee members early next week.

The Summary Financial Report will be provided online this year, instead of in print, and will be available on the website in July.

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

Meeting Adjourned at 9:10 am  
Minutes Submitted by Aaron Kahn

Minutes Approved



July 18, 2024

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Chairperson of the Board

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Date