

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

Held Thursday, January 19, 2017
12100 East Iliff Avenue, Suite 108
Aurora, CO 80014

1) 8:00 AM - Meeting Called to Order – Election of Officers

Helen DiBartolomeo nominated David McConico as chairperson and Sue Sandstrom as vice-chair. Trevor Vaughn seconded the nomination. There were no other nominations. The Board voted unanimously for David McConico as chairperson and Sue Sandstrom as vice-chair.

Cliff Haight, Sue Sandstrom and Michelle Reding volunteered to serve on the Audit Committee. David McConico, Dan Quillen, Joe McCleary and Trevor Vaughn will serve on the Personnel Committee. Joe McCleary moved and Michelle Reding seconded a motion to approve the committee assignments. The motion passed unanimously.

Roll Call

Chairperson	David McConico	Present
Legislative Members	Helen DiBartolomeo	Present
	Cliff Haight	Present
	Joseph McCleary	Present
	Michelle Reding	Present
	Sue Sandstrom	Present
	Trevor Vaughn	Present
Nonvoting Members	Janice Napper (for Skip Noe, City Manager)	Present
	Jackie Ehmann (for Terri Velasquez, Finance)	Present
	Dan Quillen (Human Resources)	Present
	Hans Hernandez (City Attorney)	Present
Staff	Thomas Connell	Present
	Aaron Kahn	Present

2) Approval of the Minutes

Trevor Vaughn moved and Sue Sandstrom seconded a motion to approve the minutes of the investment managers meeting held on December 1, 2016 and the regular meeting on December 8, 2016. The motion passed unanimously with Cliff Haight abstaining.

3) Treasurer's Report

Tom Connell reviewed the financial reports and investment performance for November 2016. As of January 17, 2017, the fund was valued at approximately \$427.4 million.

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

Thirteen participants received lump sum payments totaling \$358,240.40.

5) **Approval of Retirement Benefits**

Aaron Kahn presented the retirement calculations. Michelle Reding moved and Joe McCleary seconded a motion to approve retirement benefits for **Paul S. Anderson (Susan K. Pena, alternate payee), Susan R. Andrade, Jay J. Brent, Brian M. Brown, James D. Brown, Gary L. Bruner (Elisabeth L. Ortiz, alternate payee), Donna Doty, Edward G. Duros, Russell J. Grant, Marshall L. Hartman, Diana L. Herrera, James D. Kahler, Michael E. Kowalczyk, Mary K. Morgan, Timothy E. Pitts, John L. Thompson, Troy J. Westensee, and Susan A. Yoneda.** The motion passed unanimously.

Public Comments

There were no public comments

6) **Old Business**

A) **Executive Session: Pension Plan Administrator's annual evaluation**

Joe McCleary moved and Trevor Vaughn seconded a motion to enter executive session to discuss the evaluation. After discussion, Michelle Reding moved and Sue Sandstrom seconded a motion to leave executive session.

B) **Pension Plan Administrator's annual evaluation**

Michelle Reding moved and Sue Sandstrom seconded a motion to increase Tom Connell's salary by 3% as of January 1, 2017. The motion passed: David McConico, Cliff Haight, Michelle Reding, Sue Sandstrom and Helen DiBartolomeo voting for; Trevor Vaughn and Joe McCleary voting against. Trevor Vaughn explained he felt that the pay increase for the Pension Plan Administrator should match the 2.5% increase that most City employees received in January 2017. Joe McCleary, Janice Napper, Jackie Ehmann and Dan Quillen expressed agreement with that sentiment. David McConico pointed out that the Board has a fiduciary responsibility to reward and retain high quality employees and he felt that the Tom's performance justified the increase.

Sue Sandstrom moved and Cliff Haight seconded a motion to give Tom Connell a \$2,000 bonus. The motion passed unanimously.

Tom expressed surprise regarding a comment in the evaluation suggesting that he did not fully address the challenges facing GERP in his presentations to employees and to City leadership. He noted that his presentations were factual and reflected the information provided by GERP's

actuary and auditor. He did not feel that this criticism was justified. Trevor Vaughn explained that his comment was based on remarks he had heard from others.

7) New Business

A) Bull & Bear Predictions for 2017

Aaron Kahn won the 2016 Bull & Bear Award with his prediction that the S&P 500 index would have a return of 11.0%. The actual S&P 500 return was 11.96%. The following predictions were made for 2017:

Trevor Vaughn	-5.10%	Jackie Ehmann	7.85%
Cliff Haight	-1.50%	Janice Napper	9.63%
Joe McCleary	5.80%	Aaron Kahn	11.00%
Sue Sandstrom	6.00%	Dan Quillen	12.30%
Hans Hernandez	7.00%	Michelle Reding	13.25%
Tom Connell	7.50%	Helen DiBartolomeo	13.60%
David McConico	7.75%		

8) Report on Travel – “Becoming More Liability Aware”

David McConico discussed a liability driven approach to investing that he learned about at a recent conference. He had included information in the Board packet from Kamp Consulting Solutions. David felt that the Board could benefit from an educational session on asset management strategies that are sensitive to plan liabilities. He asked Tom to find out what Callan Associates’ capabilities are in this area.

Tom noted that the approach had looked much more attractive in the past, when bond yields were far higher than they are today. It would be a great deal more costly to implement today.

9) Staff Report

Tom explained that Lincoln National, the disability insurance provider selected by the Board, had increased their premium quote for a “grossed up” benefit that would not be taxable upon payment. Since the taxability of the distribution would have no impact on the amount that disability insurer would have to pay out in benefits, Tom felt that Lincoln National’s increase was completely unjustified. GERP’s agent went back to Sun Life, the current life insurance provider, and obtained a more reasonable quote which he accepted.

BKD concluded their first of three weeks of audit field work last week. They will be returning to complete their work during the first two weeks of March. The independent auditors’ report for 2016 will be presented at the April 20th meeting.

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Tom will be away from the office Monday through Wednesday of next week to attend Callan's annual client conference.

Cliff Haight moved and Sue Sandstrom seconded a motion to adjourn. The motion passed unanimously.

Meeting Adjourned 10:57 AM
Minutes Submitted by Aaron D. Kahn

Minutes Approved

David L. McConico
Chairperson of the Board

2-16-17
Date