

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

Held Thursday, July 20, 2017
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	Helen DiBartolomeo	Present
	Cliff Haight	Present
	Joe 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)	Excused
	Dan Quillen (Human Resources)	Present
	Dan Brotzman (City Attorney)	Present
	Hans Hernandez (City Attorney)	Present
Staff	Thomas Connell	Present
	Aaron Kahn	Present

2) Approval of the Minutes

Cliff Haight moved and Trevor Vaughn seconded a motion to approve the minutes of the regular meeting held on June 15, 2017. The motion passed unanimously.

3) Treasurer's Report

Tom Connell reviewed the financial statements and investment performance for May 2017. As of July 18, 2017, the fund was valued at approximately \$452.5 million.

Following a recommendation by Tom, Trevor Vaughn moved and Cliff Haight seconded a motion to sell \$3 million of the BlackRock S&P 500 index fund to cover benefits and operating expenses. The motion passed unanimously.

4) Review of Lump Sum Distributions for June

Nineteen participants received lump sum payments totaling \$145,416.49

5) Approval of Retirement Benefits

Aaron Kahn presented the retirement calculations. Michelle Reding moved and Sue Sandstrom seconded a motion to approve retirement benefits for **Sherrill Brimmer, Glenna J. Owens, Lee Ann Ratajewski, Deborah Smith and Therese Work**. The motion passed unanimously.

6) Old Business

A) Insurance Renewals

Tom and Dan Brotzman informed the Board about their meeting with Arthur Gallagher and Travelers representatives regarding cyber insurance. Dan explained that the coverage doesn't have many enumerated exclusions, for example, the use of older software is covered. He noted that the greatest risks involve the release of personal information and identity theft; there is no direct access to investment accounts. In the event of a breach, Travelers would provide forensic services to determine source and extent of the breach and would take care of notifying and providing credit monitoring for affected participants. Travelers' resources include public relations and legal assistance as well.

Board members agreed to renew coverage at current level, but to continue to assess risks and coverage limits.

Public Comments

There were no public comments.

7) New Business

A) Introduction to Multi-Sector Credit and Private Credit

Bill Howard, Nate Wong, and Alex Browning – Callan Associates

Nate Wong explained that these alternative fixed income strategies are relatively new and can provide diversification, enhanced yield and lower interest rate risk. Managers use diverse instruments and dynamic allocation to control risk and provide a higher yield. The strategies reduce exposure to interest rate risk, but may increase exposure to credit risk. Returns can be volatile over long time periods, but due to the diversification of the assets, often perform better than exposure to a high yield portfolio alone.

B) Management Fee Analysis

Bill Howard and Alex Browning – Callan Associates

Bill Howard provided a summary of the fees paid to GERP's investment managers. He noted that GERP's costs are close to the peer median for all assets and that the total annual investment management fee is approximately 55 basis points.

8) Report on Travel

David McConico told the Board about the Global Future of Retirement conference that he attended. He stated that it was an enriching conference with a world-wide perspective. Poor preparation for retirement is an international phenomenon.

9) Staff Report

Tom Connell announced that the Plan's 2016 Comprehensive Annual Financial Report has been completed and that copies are available.

Tom will be attending the Management and Finance Committee meeting on August 8, 2017 to discuss the ordinance change required to apply the actuarial assumption changes for optional forms of benefit.

Tom noted that Callan will be discussing the upcoming asset/liability study at the end of the Investment Managers Meeting on August 24th. Board members should contemplate if any new asset classes should be considered.

Michelle Reding moved and Cliff Haight seconded a motion to adjourn. The motion passed unanimously.

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

Minutes Approved

David L. McConico
Chairperson of the Board

8/17/2017
Date