1) 8:00 AM - Meeting Called to Order
Roll Call

Chairperson   David McConico       Present
Legislative Members Helen DiBartolomeo Present
                 Cliff Haight       Present
                 Steve Wasiecko     Present
                 Michelle Reding    Present
                 Sue Sandstrom      Present
                 Trevor Vaughn      Present
Nonvoting Members Janice Napper (for the City Manager) Present
                 Terri Velasquez (Finance) Present
                 Dianna Giordano (Human Resources) Present
                 Hanosky Hernandez (City Attorney) Present
Staff         Steven Shanks        Present
                 Aaron Kahn          Excused

2) Approval of the Minutes

Sue Sandstrom noted one amendment to the minutes for the June 20, 2019 regular meeting. Michelle Reding was listed as seconding the motion to approve retirement benefits, but she was excused. Upon reviewing the meeting notes, it was determined that Trevor Vaughn actually seconded the motion to approve retirement benefits. Sue moved to approve the minutes of the June 20, 2019 minutes subject to the amendment noted, and Cliff Haight seconded the motion. The motion passed unanimously with Michelle Reding and Steve Wasiecko abstaining due to excused absence.

3) Treasurer’s Report

Steve Shanks reviewed the financial statements and investment performance for May 2019. As of July 11, 2019, the fund was valued at approximately $494.3 million.

4) Review of Lump Sum Distributions for June

19 participants received lump sum payments totaling $314,831.21.
5) **Approval of Retirement Benefits**

Steve Shanks presented the retirement calculations. Cliff Haight made, and Michelle Reding seconded, a motion to approve retirement benefits for Thomas F. Barrett, Patricia J. Bateman, Troy E. Farstveet, Charles W. Hahn, Mark R. Hinterreiter, Vera Jackson, Joseph H. Krumrine, Don J. Paulovich, Susan Richstone, Richard Rusk, Duane A. Severson, Michael Singletary, Randy D. Thompson, Gregory K. Tyler, and Lary Waldron. The motion passed unanimously.

6) **Old Business**

There was no old business.

**Public Comments**

There were no public comments

7) **Report on Travel**

David McConico attended the Heitman 2019 Investor Conference in Chicago. As part of the conference they made a site visit to “The 78”, Chicago’s 78th neighborhood, a newly approved development. David noted that the HART fund that GERP is invested in is doing well.

8) **Staff Report**

Steve Shanks noted that Aaron was on vacation and would return on Tuesday July 30th. Steve also noted that Laura was out of the office due to health concerns. Sue Sandstrom moved, and Cliff Haight seconded for the Board to send flowers to Laura. The motion passed unanimously.

Steve Shanks brought forward a travel request by David McConico to attend the NCPERS Public Pension Funding Forum in New York City, September 11 – 13, 2019. Steve also brought forward two events requiring travel for himself to attend the Public Pension Financial Forum in Salt Lake City, October 20 – 23, 2019 and to attend a “Callan College” training on alternative investments in Chicago, October 28 – 29, 2019. Steve further noted that he was bringing this travel before the Board because the Plan’s Travel Policy requires any travel requests for Board members or employees of more than two events per year or total annual costs of over $3,000 per person to be brought before the Board. David has already attended the HarbourVest annual investor meeting in London and the Heitman annual investor meeting in Chicago and Steve has already attended the Callan conference in San Francisco and is scheduled to attend the Colorado Public Plan Coalition conference in Beaver Creek, Colorado.

Trevor Vaughn commented that the Board should consider an outside perception of Board members traveling to London and other high-profile destinations at the expense of the Plan. Steve Shanks noted that David was not originally scheduled to go to London but filled in when another Board member was unable to make it. Steve said he was requesting travel because he was unable to find enough pension plan relevant training for continuing education in the Denver Metro area. Steve also noted that he got the
registration fee waived for the “Callan College” training, so the only expenses will be travel costs, and that all requested travel will fit in the Plan’s budget for travel and education.

The Board had a discussion noting the need for education and that all travel events and planned travel events are relevant to Plan activity. It was also noted that as Board Chair, David is representing the plan at member organizations like NCPERS. The Board also discussed the Travel Policy in general and how it compares to other public pension plans. Steve Wasiecko suggested the board reach out to other public pension plans to see what their policies are. There was a general consensus that the requested travel plans should go forward.

9) **New Business**

A) **Molpus Woodlands Group**

George Dahduh and Mike Cooper

Molpus is an independent privately held Timber Investment Management Organization (TIMO) and is also a Registered Investment Adviser registered with the SEC since 2004. Molpus was formed in 1905, developing into a timber manufacturer and later evolved in a TIMO. Molpus has invested $3.7 billion across 3.8 billion acres since 1996 and is currently managing 1.85 million acres valued at approximately $2.1 billion as of March 31, 2019.

Michael Cooper went over the company’s structure and their “four pillars of success.” Molpus is in the third generation of family ownership and the current chairman, Dick Molpus, is actively involved in the business. Michael noted that part of the Molpus difference is that they are located in the communities where they manage timber, and since timber is a local industry due to shipping costs, this allows Molpus to know the buyers very well.

George Dahduh gave an overview of Molpus Woodlands Funds III (MWF III) and IV (MWF IV). He noted that MWF III has provided distributions back to investors at far above the Model to date, and he also noted the expected benefits of the carbon sequestration project on the Minnesota property. For both funds MWF III and MWF IV George pointed out properties with revenues exceeding budget for 2019 and land sales under contract. George further noted that both funds’ internal rates of return (IRR) are lagging behind the models due to low valuations of the properties, but there are current opportunities to sell lumber to Canada, and he believes the current oversupply of lumber will turn around in the next 12 to 24 months. Once there is no longer an oversupply of lumber, the prices will go up which should result in higher valuations of the properties. In response to Board member questions about the valuation process, George noted that Molpus gets annual third-party appraisals for all their properties.

Helen DiBartolomeo asked about the succession plan at Molpus. Michael Cooper noted that Dick Molpus has already divested some of his ownership to the executives and that Bob Lyle current president and then Terrell Winstead, CFO would take over as chairman after Dick Molpus, as both are being groomed for the position. Trevor Vaughn asked what analysis had been performed to indicate the market would improve for lumber in the next couple of years and Steve Wasiecko asked about the sustainability of the of the lumber industry as a whole with products such as hemp and recyclables being used as construction
materials. George Dahduh summarized their analysis of market improvements by saying that new housing starts remain low, but the housing market also remains underbuilt based on demographics. Michael Cooper explained how Molpus is audited for sustainability by two different groups for separate certifications and he reiterated the work they have done with the carbon sequestration project on the Minnesota property.

David McConico asked about the information security policy including cybersecurity at Molpus. Michael Cooper gave an enthusiastic overview of the processes Molpus has in place to keep investor information secure.

Following the Molpus presentation the Board had a discussion concerning how timber investments fit into the Plan’s portfolio, and a general discussion on illiquidity levels in the Plan.

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

Meeting Adjourned 11:13 AM
Minutes Submitted by Steven Shanks

Minutes Approved

David L. McConico  8/15/19
Chairperson of the Board  Date