DERP Denver Employees Retirement Plan
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Minutes of the DERP Retirement Board

August 28, 2026 - Meeting #877

Meeting #877 of the DERP Retirement Board was held at the Grant-Humphreys Mansion and via video and audio conferencing. DERP Retirement Board members present were Chair George Delaney, Vice-Chair John Dominguez, Diane Barrett, Carole Buyers, and Danielle Sexton. DERP Advisory Committee members present were Heather Britton, Chris Miller, and Jessica Skibo. DERP staff present were Heather Darlington, Executive Director; Randall Baum, Chief Investment Officer; Veronica Kirchhevel, Deputy Executive Director/Membership and Technology Director; James E. Thompson III, General Counsel; Julie Vlier, Marketing and Communications Director; Pamela Watson, Deputy Chief Investment Officer; and Terri Campbell, Office Administrator. Guests in attendance were Rose Dean and Will DuPree with NEPC, and Michael Dunleavy (v) and Hayden Gallary (v) with Cambridge Associates.
(v) Denotes attended virtually.

Call to Order and Roll Call

The meeting was called to order by George Delaney at 9:00 a.m.

Approval of Minutes

Minutes of meeting #876 were approved by a unanimous vote of the Retirement Board members.

Executive Director's Report

Heather Darlington acknowledged that the meeting will be Randy Baum's final Retirement Board meeting prior to his retirement from DERP. She also shared that Diane Barrett plans to step down from the Retirement Board due to increasing other commitments. Mr. Delaney, Ms. Darlington, and others thanked Ms. Barrett for her willingness to remain active until a replacement is appointed.

Ms. Darlington welcomed Michael Dunleavy and Hayden Gallary from Cambridge Associates to the meeting.

Ms. Darlington invited Mr. Delaney to update on the creation of committees. Mr. Delaney shared that John Dominguez, Heather Britton, and Roberta Monaco will serve on the Executive Director Review Committee. Mr. Delaney, Ms. Barrett, and Chris Miller will serve on the Budget Committee. Carole Buyers, Danielle Sexton, and Jessica Skibo will serve on the Audit Committee.

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Ms. Darlington shared that DERP has recently filled two open staff positions in Marketing and Communications and Membership Services and she is currently interviewing candidates for the Finance Director position.

Ms. Darlington reported that she and James Thompson met with Denver Health regarding the outstanding balance owed on the supplemental UAL payment for the 2025 plan year, but they have not reached a resolution.

Semi-Annual Membership Overview and Retiree Survey Results

Roni Kirchhevel shared membership demographics across active members, inactive vested members, and retired members. She reported that the number of active members is down, but otherwise, the demographics are stable year-over-year.

Ms. Kirchhevel detailed the volume of member appointments, emails, and phone calls year-to-date. She also reviewed attendance metrics for DERP's virtual and in-person education seminars. Employee contribution refunds and retirement application submissions are on track year-to-date and year-over-year. Volume requests for tax withholding, and address changes remain steady. There has been a spike in requests for direct deposit changes due to PNC Bank's acquisition of FirstBank. Retiree insurance enrollments and insurance premium reduction (IPR) benefits for 2026 year-to-date are consistent with 2025.

Ms. Kirchhevel thanked Julie Vlier for providing clarity to the questions in the new retiree survey. The survey is sent monthly to new retirees. Approximately 20% of those surveyed responded and the results year-to-date are positive. Questions delve into materials, communications, online experiences, and direct engagement with Membership Services Representatives. Respondents can elect to be anonymous or provide their name for follow up. Ms. Kirchhevel routinely follows up with non-anonymous responses for understanding.

Ms. Darlington thanked Ms. Kirchhevel for her leadership and the Membership Services Representatives for their professionalism and dedication.

Mid-Year Investment Performance Review

Rose Dean with NEPC began the Mid-Year Investment Performance Review with a report on the market environment through the 2nd quarter. She reported that the 2nd quarter came back from the selloff in the 1st quarter and the exuberance was evident in small cap and emerging markets. The market momentum shifted in July especially around artificial intelligence. For the S&P 500, 85% of the 338 companies across sectors reporting to date have beat expectations to support the outsized returns. Looking ahead, the greatest uncertainty is around interest rates.

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Mr. Baum reported on the DERP portfolio performance for the 2nd quarter. He thanked the Retirement Board and Advisory Committee for their trust and leadership over the years. He shared that DERP's portfolio had a return of 6.7% for the 2nd quarter. As Ms. Dean pointed out, the greatest returns were from small cap and emerging market investments. Total equity was up 14% and fixed income was up 0.4%. Alternatives, such as infrastructure, were up 1.5%.

Mr. Baum reviewed DERP's portfolio allocations as compared to peers and risk impacts. He provided performance detail by asset class and by manager. Mr. Baum commented that the portfolio should meet the 7% return assumption for 2026.

Mr. Delaney thanked Mr. Baum for his commitment and contributions to DERP over 19 years.

Asset Class Review: Fixed Income and Securities Lending

Mr. Baum began the presentation on the core fixed income asset class and performance. DERP's target allocation is 15% and the characteristics of the asset class are liquidity, risk mitigation, and yield production. The actual allocation is 17.4%. The environment for core fixed income anticipates rate hikes above those estimated by the Federal Reserve.

Pamela Watson provided an overview of DERP's core fixed income portfolio, sharing that DERP's composite performance has exceeded the fund policy target year-over-year and since inception in 2001. Ms. Watson described DERP's internally managed government bond portfolio, the characteristics, and sector allocations. Ms. Watson reviewed DERP's cash prop fund and workout account.

Mr. Baum described the non-core fixed income asset class and performance. The target allocation is 9% and the characteristics are inflation responsiveness, illiquidity, and credit sensitivity. The actual allocation is 5.9%. The credit risk by fund ranges from medium high to high. Interest rate risk is very low and liquidity risk is low. The environment for non-core fixed income shows private credit fundraising and dry powder (investor funds ready to lend) increasing along with investor interest.

Ms. Watson detailed the composite performance of DERP's non-core fixed income portfolio. She highlighted that the performance, including private debt, has exceeded the fund policy target year-over-year and since inception in 2012. Ms. Watson detailed non-core fixed income performance and strategy by manager.

Ms. Darlington and Ms. Watson highlighted how the portfolio has grown and changed since Mr. Baum joined DERP in 2007. They thanked Mr. Baum for his integrity, discipline, conviction, focus, and curiosity as he transitions into retirement.

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Advisory Committee Comments

Mr. Delaney invited Advisory Committee members to comment.

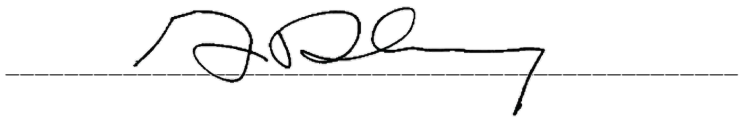
Member and/or Guest Comments

Mr. Delaney noted no guests were present for comment.

Executive Session Pursuant to Section 24-6-402(4)(b) of the Colorado Revised Statutes to Receive Legal Advice on Litigation Matters

The Retirement Board voted unanimously to enter into executive session pursuant to Section 24-6-402(4)(b) of the Colorado Revised Statues to receive legal advice on litigation matters.

I, George Delaney, as Chair of the executive session, attest that these written minutes accurately reflect the substance of the discussion held during the executive session.



Review of Next Meeting and Call for Topics

The next regularly scheduled Retirement Board meeting will be Friday, October 22, at 9:00 a.m.

Adjournment

The meeting was adjourned at 11:15 a.m.



DERP Retirement Board Chair



DERP Executive Director

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