Minutes of the DERP Retirement Board

July 17,2026 - Meeting #876

Meeting #876 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, Roberta Monaco, 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 (v) and Will DuPree (v) with NEPC, and Michael Dunleavy (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 #875 were approved by a unanimous vote of the Retirement Board members.

Executive Director's Report

Heather Darlington introduced Jessica Skibo as the newest Advisory Committee member. Ms. Skibo introduced herself, highlighting that she has worked for the City for 18 years and is currently in the Department of Finance. The other Retirement Board and Advisory Committee members welcomed her to the Advisory Committee.

Ms. Darlington also welcomed Michael Dunleavy and indicated that the onboarding of Cambridge Associates as DERP's OCIO is underway.

Ms. Darlington shared that DERP received $9M from Denver Health and Hospital Authority (DHHA) in partial payment of their required supplemental UAL contribution. She noted that the total amount due under DHHA's agreement is approximately $11M and that discussions are underway regarding the $2M shortfall.

Ms. Darlington invited Mr. Delaney and John Dominguez to share insights from the IFEBP and NCPERS conferences that they recently attended. They shared insights on topics including

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portfolio diversity, the value of meeting minutes, artificial intelligence, cyber security, investment governance, funding ratios, pension models, and risk management. Mr. Dominguez reported that he completed the NCPERS training to achieve accredited fiduciary designation. Several Retirement Board members noted the exceptional programming offered by NCPERS.

Strategic Plan Update

Ms. Darlington shared a mid-year update of the current 2023-2027 strategic plan. For DERP's goal to ensure long-term financial health, Ms. Darlington has worked with the City's Department of Finance on tiered contribution increases and improving tier equity overall. Ms. Darlington highlighted the $9M received from DHHA in furtherance of this goal.

For the goal to evolve education and service, the website redesign and implementation is on track for December. DERP also continues to monitor and update the website to meet federal accessibility requirements. Ms. Darlington reported that surveys of retirees have been conducted to guide DERP's health insurance communications and Roni Kirchhevel will update on the Medicare supplemental insurance RFP as part of this goal.

Finally, for the goal to uphold DERP's leadership position, DERP has concluded the OCIO RFP and due diligence process with the selection of Cambridge Associates. Next steps will be onboarding and updating the investment policy statement (IPS) with Retirement Board input and approval on track for October.

Carole Buyers thanked Ms. Darlington for delivering on the strategic plan and recommended sharing KPIs as well as activities in the future.

Mid-Year Expenditure and Demographic Review

Ms. Darlington shared year-to-date budget to actual expenses. DERP has seen a drop in total retirements, separations, and hiring compared to this time last year, however at rates that DERP anticipated. Heather Britton noted that hiring for attrition is resuming for departments that have met their vacancy savings targets. Ms. Darlington reviewed how the reduction in total payroll has impacted contributions versus benefits paid year over year.

Medicare Advantage RFP Update

Roni Kirchhevel indicated that Medicare RFPs were issued to four carriers. Humana (incumbent), Anthem, and UnitedHealthcare (UHC) responded while Aetna declined.

The responses were evaluated on cost, plan design, provider network, and gain share opportunities. Humana was the only carrier willing to offer gain share and was the most

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competitive in terms of cost, plan design, and provider network, especially with CommonSpirit rejoining effective July 1.

Ms. Kirchhevel announced that Humana will continue as DERP's Medicare provider for 2027, along with Kaiser.

Asset Class Review: Private Equity

Randy Baum presented the review of the private equity asset class. The target allocation is 9% and the actual is 7.7%. For DERP, private equity is used as a return driver characterized by growth, high illiquidity, long horizons, and high risk. DERP's benchmark is Burgiss Global Private Equity Index. DERP's investments in private equity turned cash positive in 2019 and are now self-funded. Mr. Baum detailed the allocation by strategy, geography, subclass, and industry. The outlook for private equity is distinguished by the broadening of the IPO market along with narrow windows.

Ms. Buyers asked about pacing models and new commitments as DERP transitions to Cambridge Associates as OCIO. Mr. Baum responded that he has been in communication with Cambridge and DERP continues to make new commitments as the pacing model calls for $50M annually.

Mr. Dominguez commented on DERP's cumulative cash flows and fair values since 2006. Mr. Baum shared that the number of public companies has declined and that the number of publicly traded companies today is at levels not seen since the 1980s. Valuations in private equity today are high.

Pamela Watson reviewed DERP's private equity performance highlighting internal and time weighted rates of return against benchmarks. Long term, results conform to expectations. Ms. Watson reviewed DERP's private equity managers, including Adams Street Partners, J.P. Morgan, and Hildred Capital Management, detailing the number of companies and subclasses for each.

Asset Class Review: Real Estate

Randy Baum presented the asset class review of real estate. The target allocation is 10% and the actual is 8.2%. For DERP, real estate is a return driver characterized by diversification, yields, interest rate sensitivity, and inflation responsiveness. DERP's benchmark is NFI-ODCE +0.2%. DERP's real estate investments are across 9 funds, with strategies in debt, core, and non-core. Real estate returns come from rents and property value appreciation or depreciation. The outlook for real estate in the U.S. is improving in residential, industrial and logistics, office, and retail.

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Mr. Delaney commented on recent headlines about Denver office and retail space being purchased for residential conversion at a significant discount. Mr. Baum noted that the spaces being converted in Denver are not necessarily Class A and shared that Colorado has one of the highest work-from-home rates in the country. He noted DERP had minimal exposure to the Denver residential conversion market.

Mr. Baum reviewed DERP's real estate portfolio performance to the benchmarks. He noted that data centers are not as yet a separate category within NFI-ODCE but reported that DERP had a small exposure in the real estate portfolio.

Ms. Watson shared that DERP's real estate composite performance has gone up 3.8% over the past 12 months. She reviewed the performance of each of the 9 funds in DERP's portfolio as aggregated by open-ended and close-ended. Ms. Watson summarized that real estate investments are stabilizing through growth and improved liquidity.

Chris Miller asked if DERP's portfolio has any exposure to recent regulations governing institutional ownership of single-family real estate and Mr. Baum indicated that it does not.

Mr. Delaney asked how much of DERP's total portfolio is retained in cash. Mr. Baum indicated a target allocation of zero and provided insight into how DERP handles cash from contributions to benefit payments. He commented that Cambridge Associates may adopt a different strategy.

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.

Review of Next Meeting and Call for Topics

The next regularly scheduled Retirement Board meeting will be Friday, August 28, at 9:00 a.m.

Adjournment

The meeting was adjourned at 10:43 a.m.

______________________________ DERP Retirement Board Chair

Heather K. Darlington
______________________________ DERP Executive Director

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