

Minutes of the DERP Retirement Board

October 17, 2025 - Meeting #870

Meeting #870 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, Danielle Sexton, Diane Barrett, and Vice-Chair John Dominguez. DERP staff present were Heather Darlington, Executive Director; Roni Kirchhevel, Deputy Executive Director/Membership Services Director; Randall Baum, Chief Investment Officer; Jake Huolihan, Finance 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 Amy McDuffee, Chris Ailman, and Natasha Smith with Mosaic Governance Advisors, and Rose Dean (v) and Will DuPree (v) with NEPC.

(v) Denotes attended virtually.

Call to Order and Roll Call

The meeting was called to order by George Delaney at 9:00 a.m. Carole Buyers, Heather Britton, Maro Casparian, Chris Miller, and Roberta Monaco were unable to attend.

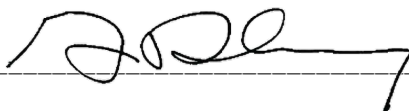
Approval of Minutes

Minutes of meeting #869 were approved by a unanimous vote of the Retirement Board members.

Executive Session Pursuant to Section 24-6-402(4)(b) and (f) of the Colorado Revised Statutes to Discuss Matters Subject to Negotiation and Personnel Matters

The Retirement Board voted unanimously to enter into executive session pursuant to the Sections 24-6-402(4)(e) and (f) of the Colorado Revised Statutes to discuss matters subject to negotiation and personnel matters.

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





Executive Director's Report

After returning to regular session, Heather Darlington presented the Executive Director's Report, updating the Retirement Board on new functions and features for the member portal at MyDERP.org. Ms. Darlington indicated that open enrollment for retirees was going smoothly, and that the benefits fair on October 9 was well attended. Ms. Darlington thanked Roni Kirchhevel and Julie Vlier and the Membership Services and Communications teams for their efforts with open enrollment.

COLA Presentation

James Thompson presented information about cost of living adjustments (COLAs). Mr. Thompson informed the Retirement Board that the Denver Revised Municipal Code (DRMC) does not require COLAs, and he shared relevant citations from the DRMC. He went through the history of COLAs for DERP and Social Security.

Mr. Thompson provided further information about the consequences of awarding a COLA, including the impact on the plan's funded status, liabilities, and contribution rates. He shared hypotheticals showing average benefit amounts and contributions for DERP members in the three tiers of membership and highlighted the inequity between tiers. He noted that seventy-seven percent of active DERP members are in Tier 3, contributing at a historically high rate and receiving a lesser benefit.

Danielle Sexton asked about how lack of a COLA would impact current active members. Mr. Thompson reiterated that awarding a COLA only benefits those members retired at the time of the COLA award and does not benefit active employees.

John Dominguez asked about the split between DERP and Social Security payments for retired members. Mr. Thompson responded that DERP is unable to calculate what percentage of a retiree's total retirement income is represented by their DERP Pension Benefit. Mr. Delaney, a Tier 1 retiree, volunteered that approximately 48% of his retirement income is from Social Security, and 52% is from DERP. Mr. Delaney offered that active employees are more interested in payroll increases to offset required contributions and inflation.

Mr. Dominguez said that while COLAs are a good idea, they need to be funded, and the source of funding is not in place right now. Mr. Thompson agreed, indicating that the issues are broader than just COLAs and involve plan inequity, specifically the required contribution rates for active members. He also noted what is in the Retirement Board's purview to consider, which does not include changes to the plan design. Ms. Darlington indicated that she and others have consistently educated and raised issues with the City over plan design and



required contribution rates. Ms. Sexton added that she hopes these transparent conversations result in changes to the plan design to make it more attractive for active members.

Review of Bylaws: Risk Management Committee

Mr. Thompson introduced the topic of adding risk management responsibilities to the Audit Committee. He reviewed the current responsibilities of the Audit Committee and noted that the bylaws mention establishing a risk management plan for Retirement Board oversight. He stated that DERP's risk management plan is not condensed into one document, but is more dispersed, particularly when it comes to enterprise risk management.

He identified common risks associated with governmental pension plans, including investments, funding, contributions, administration, information security, pension reform, operations, etc. He stated that the question for DERP is how much the Retirement Board wants or needs to cover and the risk management framework. Diane Barrett suggested that some of these areas may be covered by an OCIO. Mr. Dominguez expressed the belief that risk management has high level exposure for governmental pension plans like DERP. He further commented that DERP's position should reflect best practices and does not need to be complex. Mr. Thompson agreed and thinks that the risk management framework should be realistic and responsive to the needs and the resources available.

Mr. Thompson recommended that the Retirement Board formalize DERP's risk management needs, plan, and oversight in the bylaws. Mr. Delaney agreed and suggested that there should be a committee, whether added to the Audit Committee or as a standalone. He asked for a proposal from Ms. Darlington and Mr. Thompson.

Asset Class Review: Infrastructure

Randy Baum introduced the infrastructure asset class presentation. He stated that the asset class was introduced into the DERP portfolio in 2021 with an initial 3% allocation. In 2024, that allocation increased to 4.5%. He reminded the Retirement Board that the goals of the allocation are equity diversification, stable long-term returns, hedging inflation risk, and low volatility. Currently, DERP has approximately 3.2% of the total portfolio, or \$90 million, invested in infrastructure through three funds. He expects to be near the full 4.5% allocation in 2026. Mr. Baum suggested the outlook for infrastructure is strong based on global demand.

Pamela Watson provided details about the performance of DERP's three infrastructure managers and compared performance relative to benchmarks and peers.



Advisory Committee Comments

Mr. Delaney noted no Advisory Committee members were present for comment.

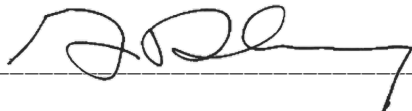
Member and/or Guest Comments

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 the Sections 24-6-402(4)(b) of the Colorado Revised Statutes to receive legal advice on litigation matters.

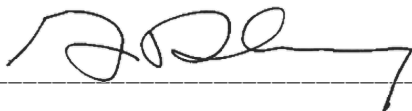
I, George Delaney, as Chair of the executive session, attest that these written minutes accurately reflect the substance of the discussions held during the executive session.



Executive Session Pursuant to Section 24-6-402(4)(f) of the Colorado Revised Statutes to Discuss Personnel Matters

The Retirement Board voted unanimously to enter into executive session pursuant to the Sections 24-6-402(4)(f) of the Colorado Revised Statutes to discuss personnel matters.

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





Executive Director Annual Review

After returning to regular session, the Retirement Board thanked Heather Darlington for her performance over the past year and voted unanimously to grant a six percent raise in salary, effective November 1, 2025.

Review of Next Meeting and Call for Topics

The next regularly scheduled Retirement Board meeting will be Friday, November 21, at 9:00 a.m.

Adjournment

The meeting was adjourned at 11:59 a.m.


DERP Retirement Board Chair


DERP Executive Director

