

# DENVER EMPLOYEES RETIREMENT PLAN

## Minutes of the Retirement Board November 20, 2020 - Meeting #828

Meeting #828 of the Retirement Board of the Denver Employees Retirement Plan was held via video/audio conferencing due to social distancing restrictions. The meeting began at 8:00 a.m. Board Members present: Ms. Diane Barrett, Mr. Maurice Goodgaine, Ms. Guadalupe Gutierrez-Vasquez, Mr. Eric Rothaus and Mr. Bruce Hoyt. Advisory Committee Members present: Ms. Heather Britton, Mr. George Delaney, Mr. Frank Fresquez, and Mr. Andrew Luxen. Staff present: Ms. Heather Darlington, Executive Director; Mr. Jake Huolihan, Director of Finance and Operations; Ms. Roni Kirchhevel, Director of Benefits; Ms. Julie Vlier, Director of Communications; Mr. Randall Baum, Chief Investment Officer; Ms. Pamela Watson, Assistant Portfolio Manager; Mr. James E. Thompson III, General Counsel. Others present: Mr. Leandro Festino, Mr. Jonas Noack and Mr. Adam Toczykowski of Meketa Investment Group.

1. The Minutes of Meeting #827 were approved by a unanimous vote of the Board Members
2. Mr. Houlihan presented the proposed Budget for 2021. He noted that Staff had conducted an in-depth line-by-line review with the Budget Committee prior to the meeting and thanked the Budget Committee for their participation. He highlighted several year-on-year differences between budget and actuals and explained how the remote working environment affected the proposed Budget for 2021. Ms. Gutierrez-Vasquez, Mr. Goodgaine and Mr. Delaney commended the work of the Budget Committee and Staff. The Board unanimously adopted the 2021 Budget.
3. Mr. Festino presented an asset allocation review, including a review of current asset allocation and recommendations based on the Board's newly adopted assumed rate of investment return. Mr. Festino and Mr. Toczykowski discussed infrastructure as an asset class and entertained questions from Board Members. The Board voted unanimously to adopt a new asset allocation with increases in infrastructure, real estate, private equity and developed market equity (non-US), and decreases in MLPs, natural resources and small cap developed market equity (non-US). Mr. Festino noted that Meketa would conduct an additional educational session on implementation of the new asset allocation at the January 2021 Board meeting.
4. Mr. Festino and Mr. Noack presented a review of overall investment performance for the Quarter ending September 30, 2020. They described the results achieved compared to the blended portfolio benchmark and relative to peers, for various time periods, as calculated by Meketa. The portfolio's overall performance for the Quarter placed it in the bottom quartile of peer public pension funds nationally. Mr. Baum provided additional explanation and context. Mr. Baum and Mr. Festino identified and described the performance of the individual managers who had most impacted the results for the Quarter.
5. Mr. Baum presented the annual Investment Policy Update and asked the Board for approval of a change to the fund policy index to reflect the revised asset allocation. The Board unanimously approved the change.
6. Mr. Thompson provided the results of the Board self-assessment and asked for Board discussion and feedback. Ms. Darlington provided historical context on Board governance and meeting structure. Board members provided their individual comments and thoughts. Ms. Darlington offered to present further on this topic at the January 2021 Board meeting.
7. Ms. Darlington presented the Executive Director's report, including a preview of the 2021 workplan and an update on the staff working environment under coronavirus restrictions. Ms. Darlington reported that DERP staff will continue working remotely until at least April 2021.

8. Ms. Kirchhevel provided an update on open enrollment. She informed the Board that members tended to stay in the same plans this year due to decreasing premiums. About 400 members made changes using the on-line portal. Ms. Kirchhevel received questions from the Board and Advisory Committee about how furloughs can impact DERP benefits. Ms. Britton commented that the City comprehensively communicates furlough information to active employees.
9. Mr. Baum presented a review of the Natural Resources (Energy and Timber) investments and the Plan's managers in those asset classes. He reviewed the managers' individual and composite performance over various time periods, and provided analysis at both the fund level and collectively relative to expectations and benchmarks.
10. Ms. Watson presented a review of the Securities Lending program. She explained how the program works, the history, strategy, and an analysis of the Securities Lending results over the last year and since inception of the program in 2005.
11. Mr. Rothaus announced that this would be Mr. Hoyt's last Board meeting and thanked him for his service as a Board member. Various Board and staff members also expressed their appreciation for Mr. Hoyt's contributions.
12. The Board met in executive session, beginning at 11:19 a.m., pursuant to Section 24-6-402(4)(b) of the Colorado Revised Statutes to receive legal advice on operational compliance issues and potential changes to the DRMC.

"I, Eric Rothaus, as Chair of the executive session, attest that these written Minutes accurately reflect the substance of the discussions held during the executive session."



Board Chair

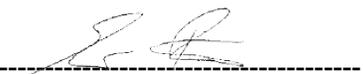
13. The Board met in executive session, beginning at 12:03 p.m., pursuant to Section 24-6-402(4)(f) of the Colorado Revised Statutes to discuss a personnel matter.

"I, Eric Rothaus, as Chair of the executive session, attest that these written Minutes accurately reflect the substance of the discussions held during the executive session."

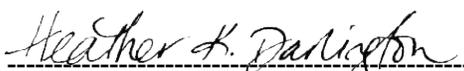


Board Chair

14. The next regularly-scheduled Board Meeting will be held on Friday, January 15, 2021 at 8:00 a.m.
15. The meeting was adjourned at 12:52 p.m.



Board Chair



Executive Director