

Minutes of the Retirement Board

July 15, 2022 - Meeting #843

Meeting #843 of the Retirement Board of the Denver Employees Retirement Plan was held at the Grant-Humphreys Mansion and via video/audio. The meeting began at 9:00 a.m.

Retirement Board Members present: Diane Barrett, Maurice Goodgaine, Guadalupe Gutierrez-Vasquez, and George Delaney. Advisory Committee Members present: Heather Britton, Roberta Monaco, Danielle Sexton, and Andrew Luxen. Staff present: Heather Darlington, Executive Director; Jake Huolihan, Finance and Operations Director; Roni Kirchhevel, Benefits and Membership Services Director; Julie Vlier, Marketing and Communications Director; Randall Baum, Chief Investment Officer; Pamela Watson, Assistant Portfolio Manager; Nali Kande, Operations Assistant; and James E. Thompson III, General Counsel. Others present: Amy McDuffee and Catherine Jackson from Mosaic Governance Advisors, LLC.

1. The Minutes of Meetings #841 and #842 were approved by a unanimous vote of the Board Members.
2. Heather Darlington presented the Executive Director's Report. She welcomed Roberta Monaco and Danielle Sexton to the Advisory Committee. Roberta Monaco is a retired member with 22 years of service to the city and was previously in the compensation department. Danielle Sexton is an active member with 12 years of service in the District Attorney's Office. Ms. Darlington reminded the Board that all executive sessions must be held in person and the next session will be during the August Board meeting.
3. Amy McDuffee and Catherine Jackson of Mosaic Governance Advisors presented the Strategic Planning Review. Ms. McDuffee highlighted the findings from the research conducted with the Board & Advisory Committee and the executive leadership team, in addition to previous research from DERP's branding initiative. There were eight key takeaways from the research, highlighted by the following: 1) strong senior staff and reputation are critical to DERP's success; 2) effective and uniform language is needed around plan inequity; 3) continued oversight of changing conditions related to funding; 4) further alignment around the topic of plan design; 5) more proactive, transparent information and education for plan participants; 6) clarification of DERP's role within the City and County retirement offerings; 7) strategically communicate the value of the pension benefit; and 8) productive and strong relationships with stakeholders. Ms. McDuffee asked the Board, Advisory Committee, and executive leadership for their reactions to the findings.



Heather Britton remarked that there has historically been an “us vs. them” mentality between the City and DERP. She stated that she would like to see the City and DERP unify to offer better retirement services to the members. Guadalupe Gutierrez-Vasquez commented that she believes this strategic plan is a great continuation from the last cycle. Ms. Gutierrez-Vasquez and Maurice Goodgaine commended the executive leadership team and Mosaic for their work on updating the strategic plan. George Delaney raised the issue of DERP’s communication to members about what DERP is and how it benefits them. Additionally, Mr. Delaney stated that members of all backgrounds should have communications with DERP. Ms. Gutierrez-Vasquez responded to Mr. Delaney’s comments, stating that DERP is a great resource for members but there has not been great communication advocating for DERP benefits. Roberta Monaco remarked that collaborating with members to educate and communicate the benefits is important.

Randall Baum observed that DERP is not empowered to talk about other aspects of retirement, including other benefits outside of DERP (i.e., 457(b), Social Security). Heather Darlington added DERP has been working on its communication and education with members. She highlighted the new member education sessions and the partnership with the City’s 457(b) plan at those meetings. Roni Kirchhevel and Julie Vlier noted that the new member education sessions are more accessible now that they are offered online. Ms. Vlier stated that DERP has been reaching out to members through emails, the DEB, and the DERP website. She noted that the next step is to reach out directly to supervisors and managers to have them encourage their staff to take advantage of the education sessions.

4. Amy McDuffee opened a discussion about the draft Vision of Success Statements. Maurice Goodgaine stated that the statements capture where DERP wants to be and demonstrate that DERP will continue to collaborate with the City. Guadalupe Gutierrez-Vasquez commented that it is important to highlight transparency. Mr. Goodgaine added that DERP should provide the best support and education for all members, but ultimately it is up to the member to take advantage of the education. Ms. McDuffee highlighted that it is important to have a sense of alignment with the Vision of Success Statements and Mission Statement.

Ms. McDuffee then introduced the Board to the suggested updated Mission Statement, highlighting that there has not been a major change from the previous statement. The Board expressed approval of the revisions.

Ms. McDuffee then introduced a suggested updated to the Vision Statement. She suggested the use of “customer” should be eliminated because it does not align with



DERP or its members. The Board expressed that the Vision Statement should encapsulate expectations of DERP, but not promise things that are out DERP's control.

5. Ms. McDuffee discussed suggested changes to the Core Value Statements with the Board. Various Board Members expressed that the changes were welcomed. Diane Barrett specifically noted that the statements lost nothing but gained from streamlining.
6. Ms. McDuffee then provided the Board with a SWOT analysis. The concepts that were reflected in the SWOT were: DERP's financial health, education and service, governance, value proposition to stakeholders, leadership, expertise, and key stakeholder relationships. The three critical themes that emerged from the SWOT analysis were as follows: ensure long-term financial health of the DERP pension benefit, evolve DERP's education and service and uphold DERP's leadership position. Ms. McDuffee noted that she will be returning for the August meeting to present a framed-up version of the strategic plan for approval. George Delaney asked questions about prioritization and short-term goal setting objectives. Ms. McDuffee described the process for prioritization and action planning.
7. Jake Houlihan presented the Mid-year Expenditure and Demographic Review. He stated there is no significant difference between the projected budget and the year-to-date budget. The only exception is the computer expense, where DERP will return to ask for an amendment on the budget for this expense. Mr. Houlihan cited changes in cyber security requirements, specifically implantation of multi-factor authentication, for the expected increase in the computer expense. He noted that retirements in 2021 were low, but in 2022 are getting back to normal levels. He also stated that non-vested separations are increasing. He reported that hiring has increased compared to 2021, highlighting 1,000 new hires for the first quarter. He provided the Board with an update on changes in DROP expenditures, noting that there has been a decrease in spending on interest from the previous \$2M per quarter down to \$200,000 per quarter.
8. Randall Baum presented the Recommended Benchmark and Tolerance Band Revisions. He recommended changes to the overall total fund composite benchmark as well as to core fixed income and private equity composites. He noted that the recommended change of the private equity benchmark database was due to a new charge of fees from the previous provider. Lastly, he recommended adjustments to the tolerance ranges due to allocation changes. He requested approval of the three recommendations. The Board voted unanimously to approve the recommended changes to the total fund composite, core fixed income, and private equity composite benchmarks.



9. Pamela Watson presented a review of the Private Equity allocation and DERP's investment managers in that asset class. She first provided a market environment overview. She then described the composite and individual performance of the two managers used by the DERP, over various time periods, and the differences between managers in terms of strategies employed and industry concentrations. She then noted that DERP has an overweight to private equity due to a combination of good performance, delayed exits, and increased capital calls. She also noted that the Plan's private equity pacing model calls for no additional commitments; however, vintage year diversification considerations may result in the need for a commitment in 2023.
10. The Board met in executive session, beginning at 11:40 a.m. pursuant to Section 24-6-402(4)(b) of the Colorado Revised Statutes to receive legal advice on contract negotiations and disability retirement benefit appeal matters.

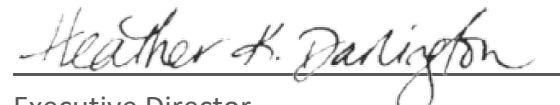
"I, Maurice Goodgaine, as Board Chair of the executive session, attest that these written minutes accurately reflect the substance of the discussions held during the executive session."


Board Chair

Following the executive session, the Board returned to open session. No action was taken regarding any matters discussed during the executive session.

11. After exiting executive session, the Board unanimously voted to approve the on-the-job disability retirement application of Rhonda Gunnerson, effective from the date the Social Security Administration determined her to be eligible to receive disability benefits.
12. The next regularly-scheduled Board Meeting will be held on Friday, August, 19 at 9:00 a.m.
13. The meeting was adjourned at 12:30 p.m.


Board Chair


Executive Director

