

Minutes of the DERP Retirement Board

April 21, 2023 - Meeting #849

Meeting #849 of the DERP Retirement Board was held at the Grant-Humphreys Mansion and via video/audio. The meeting began at 9:00 a.m. DERP Retirement Board Members present: Diane Barrett, Guadalupe Gutierrez-Vasquez, George Delaney, John Dominguez, and Lisa Ramirez. Advisory Committee Members present: Heather Britton, Roberta Monaco, Danielle Sexton, and Maro Casparian. 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, Deputy Chief Investment Officer; Nali Kande, Membership Services Representative; Ben Baugher, IT Manager; and James E. Thompson III, General Counsel. Others present: Leandro Festino and Eric Larsen from Meketa; Jeffrey Barrack and Linda Border from Barrack, Rodos & Bacine.

1. The Minutes of Meeting #848 were approved by a unanimous vote of the Board Members.
2. Heather Darlington presented the Executive Director's Report. She highlighted Jim Hayden's retirement from his position as IT Manager at the end of April 2023. She then welcomed Ben Baugher as the new IT manager. Mr. Baugher started his position with DERP in February 2023. Mr. Baugher introduced himself and commented that the IT department was running efficiently and he was excited to work with DERP.
3. Heather Darlington provided an update about the Advisory Committee Election. She reported that six retirees and three active members submitted intent to run forms. Voting began April 24, 2023. She anticipates announcing the newly elected Advisory Committee Member in May at the annual meeting.
4. Heather Darlington announced the DERP had received the Government Finance Officers Association (GFOA) Award on the Annual Comprehensive Financial Report (ACFR) and the Popular Annual Financial Report (PAFR). She thanked Julie Vlier and Jake Houlihan for their work on the ACFR and PAFR.
5. George Delaney briefed the Board on the International Foundation of Employee Benefit Plans (IFEBC) Conference he attended in February 2023. Mr. Delaney described the conference, noting that there were 450 participants and that the speakers were knowledgeable and professional. He stated that the presentations confirmed to him that the work being done by executive staff and Board members demonstrates best



practices. He reported attending presentations on economic trends and issues, legislation, and health services overviews. Mr. Delaney noted cybersecurity was an important theme at the conference. He noted the importance and priority of fiduciary responsibilities was also a recurring theme.

Heather Britton submitted a request to attend the IFEBP training symposium in August 2023 with Advisory Committee member Roberta Monaco. The Board voted unanimously to approve the request for Ms. Britton and Ms. Monaco to attend the August training.

6. Julie Vlier provided a Marketing and Communication update. She shared images of DERP's website before and after the brand change was implemented. She reminded the Board that DERP members found the prior website hard to navigate and old fashioned. She shared images of the current website, highlighting that navigation is easier. She then provided a history of DERP's marketing and communication projects. She emphasized the strategic plan goals of strengthening member education, understanding, and engagement with DERP. Ms. Vlier provided an overview and timeline of the marketing and communications department and its efforts to date, including the DERP.org website redesign and the creation of an education series based on life and career stages.

Ms. Vlier described the ongoing project of creating educational DERP videos. She reported that two videos have been created: Welcome to DERP, an introduction to DERP benefits, and The Importance of DERP Beneficiaries. The Welcome to DERP video is included by the City's Office of Human Resources (OHR) in the benefits training for new employees. The Importance of DERP Beneficiaries will be published on the DERP website.

Ms. Vlier reminded the Board that information about DERP is now also shared in the DEB, digital signage, and DenverHub. She provided statistics and analysis of communications efforts, including the number of articles published, web traffic and engagement with the website. George Delaney expressed interest in attending the retirement seminars and requested to be notified. Ms. Vlier agreed to send invitations to all such events.

Ms. Vlier updated the Board on next steps for marketing and communications. She highlighted communication efforts to target the active members who have not selected a DERP beneficiary. Various Board members expressed surprise at the amount of DERP members who have not selected a beneficiary and asked what happens if a member doesn't select a beneficiary. Heather Darlington explained what would happen under different scenarios. She also noted that members are able to add a beneficiary on Workday for life insurance, however, the beneficiaries entered there are not applicable

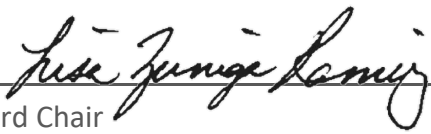


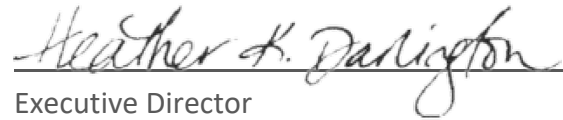
to DERP. She explained that DERP does routinely reach out to members to remind them to select a beneficiary for their retirement benefits.

7. Meketa presented its Capital Markets Outlook and Asset Allocation Review. Leandro Festino described the process for examining asset allocation, including risk and return assumptions for every asset class. He noted that the current asset allocation was adopted by DERP at its April 2022 Board meeting. Mr. Festino explained that the models Meketa created with various alternate asset mixes did not demonstrate a clear improvement in expected risk and return. Randall Baum provided insight into the process used by DERP staff to evaluate asset allocation. Meketa and DERP staff recommended no change to the current asset allocation. Various Board members asked questions about how historical anomalies are factored into Meketa's assumptions. Mr. Festino explained how they are factored in.
8. Jake Huolihan presented an actuarial training refresher on the DHHA UAL. Mr. Huolihan provided background on DHHA's history with DERP. He explained that DHHA was making 3-5% of total yearly contributions to DERP, while DHHA employees, with higher average salaries make up 10-14% of the total UAL. He described the 2021 ordinance creating an avenue for DHHA to close the gap on its UAL and noted the supplemental UAL payment is due June 30th each year starting in 2023. Mr. Huolihan described the agreements reached between DERP, DHHA and the City to adjust the DHHA payment schedule. He noted the payment structure is set as an annual floor of \$3 million beginning in 2025 (\$1 million in 2023, \$2 million in 2024), plus 10% of DHHA's operating income in excess of \$5M in the year preceding the payment due date.
9. Jeffrey Barrack presented an overview of securities claims monitoring and litigation. Mr. Barrack noted that Barrack, Rodos & Bacine has worked with DERP since June 2005. He also provided background of SEC history and policy in securities class actions. He described subject matter and form of the monthly and annual claims monitoring reports provided to DERP. Linda Border provided additional comments on the format of reports. Mr. Barrack described the criteria the firm uses to evaluate whether to pursue litigation and described the characteristics of a typical case. James Thompson added that an important role of the US securities class action system is helping investors have faith in public markets.
10. Pamela Watson presented a review of the international equity managers. She provided an outlook for the asset class and presented a side-by-side comparison of each manager within the asset class. She described the composite performance of DERP's managers for the international equity asset class relative to benchmark for various time periods. She reported that DERP staff is not pleased with the international equity performance in 2022, but would not recommend deviating from the current allocation.



11. The next regularly scheduled board meeting is Friday, May, 19 at 9:00 a.m.
12. The meeting was adjourned at 11:34 a.m.


Board Chair


Executive Director

