

## Minutes of the DERP Retirement Board

October 20, 2023 - Meeting #854

Meeting #854 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. DERP Advisory Committee Members present: Heather Britton, Danielle Sexton, and Maro Casparian. DERP staff present: Heather Darlington, Executive Director; Jake Huolihan, Finance and Technology 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; Michelle Binns, Membership Services Representative; and James E. Thompson III, General Counsel. Others present: Anne Harper and Graham Schmidt from Cheiron.

1. The Minutes of Meeting #853 were approved by a unanimous vote of the Retirement Board members.
2. Heather Darlington presented the Executive Director's report. Ms. Darlington reported that the ordinance was submitted to City Council to reduce the assumed rate of return from 7.25% to 7%. She also reported staff had submitted another ordinance request to update and remove obsolete language to align with current practices. Ms. Darlington opened the floor for any questions. George Delaney asked how DERP orients new council members. Ms. Darlington explained that she intends to meet with all new council members once they have had the time to settle in.
3. Ms. Darlington asked for the establishment of audit and budget committees. Lisa Ramirez appointed George Delaney, Danielle Sexton, and herself to the audit committee. She appointed John Dominguez, Maro Casparian, and Diane Barrett to the budget committee. Ms. Darlington stated Jake Huolihan would be in touch with the board members to schedule committee meetings.
4. Roni Kirchhevel provided an update on open enrollment. Ms. Kirchhevel stated open enrollment is busy, but going smoothly because there haven't been many changes to the insurance plans this year. Ms. Kirchhevel stated the benefits fair on October 4<sup>th</sup> at the PPA event center went well and had about 250 retirees in attendance. Ms. Darlington thanked Ms. Kirchhevel and her team as well as Julie Vlier and her team for everything they do to make this event successful. George Delaney asked what percentage of DERP retirees take advantage of the health insurance offered through

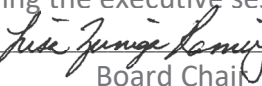
DERP. Ms. Kirchhevel replied she did not know the exact percentage, but it is not very many if the member is pre-Medicare. She stated she would investigate the exact number and get back to him.

5. Ms. Darlington invited Heather Britton to provide an update on the recent educational conference she attended. Heather Britton reported attending the annual International Society of Employee Benefits Professionals conference. She described several sessions she attended, including some retirement break-out sessions. The most interesting sessions she attended was on preparing retirees psychologically for retirement. Ms. Darlington announced a travel request from Diane Barrett to attend the International Foundation Investments Institute in March of 2024. The Board voted unanimously to approve the travel request. Ms. Darlington noted the dates for the conference are March 6<sup>th</sup> and March 7<sup>th</sup> if other Board members are interested in attending.
6. Randall Baum presented the results and recommendation from the investment consultant RFP. Mr. Baum stated that it is best practice to conduct an RFP for an investment consultant every 5–7 years. He noted DERP has been with Meketa for 5 years. He reminded the Board members that the evaluation team consisted of himself, Heather Darlington, Pamela Watson, and John Dominguez. Mr. Baum stated the process was by invitation only to ensure quality candidates and adequate time to evaluate each. Mr. Baum went on to describe the process by which candidates were evaluated, including initial screening, in-depth review and analysis, and on-site interviews with finalists. Mr. Baum presented a side-by-side comparison of the three finalists, including a recommendation that NEPC be retained as investment consultant, subject to successful contract negotiations. He noted that DERP is cautious about making changes to important relationships, but highlighted the strength of NEPC across several categories that are highly meaningful. Mr. Baum asked for a motion to approve the recommendation. The Board voted unanimously to approve the recommendation.
7. Anne Harper from Cheiron presented the Actuarial Standards of Practice No. 4 revisions. Ms. Harper stated the reason for the presentation was to review ASOP No. 4 revisions disclosures that need to be added to the actuarial valuation report. Ms. Harper wanted to alert the board this change was occurring on January 1, 2024, in the event anyone had a question. She identified the 3 key changes that impact public pension plans, including disclosing a reasonable Actuarially Determined Contribution (ADC), assessing implications of funding policy, and disclosing a Low-Default-Risk Obligation Measure (LDROM). Ms. Harper advised the Board that the new policy changes would have no real impact on DERP because current practices are consistent with the guidance. She went on to go into detail explaining how the 3 key changes are applicable to DERP, and how DERP can communicate this information to external parties.



8. James Thompson presented a brief overview of the Board self-assessment process, including a draft self-assessment survey. Mr. Thompson explained the purpose of the board self-assessment survey is to identify areas where the Board may be performing well and shed light on any areas that may need improvement. Mr. Thompson asked the board members to provide feedback on what questions or areas should be further explored in the survey. He explained that once feedback is provided, the survey will be finalized and sent to the Board members to be completed prior to the November Board meeting. During the November Board meeting, Mr. Thompson will make a presentation evaluating the results compiled from the survey. Lisa Ramierz commented that she feels the questions thoroughly cover the fiduciary duties and responsibilities of being on the Retirement Board. Guadalupe Gutierrez-Vasquez agreed with Ms. Ramirez's comment and suggested the addition of more open-ended questions on the survey and opportunities for providing more detail. Ms. Ramirez suggested a question be added to the survey asking if the retirement board members think they have the correct skill set and experience to be on the retirement board.
9. Pamela Watson presented the asset class review on infrastructure. She provided an overview of the infrastructure allocation, noting that it is a target of 3.0% and currently comprises approximately 2.9% of the DERP portfolio, or \$71M, as of 6/30/23. She explained that the role of the infrastructure allocation is to provide stable long-term returns, an inflation hedge, and diversification benefits. She noted the infrastructure composite is benchmarked to CPI + 3%, and short-term performance of the infrastructure composite has been lower than the 7-9% annual return expected from the asset class. Ms. Watson stated that the allocation has delivered on its objective to provide diversification as the underlying portfolio companies exhibit factors not otherwise found within the DERP portfolio. She concluded that DERP staff believes infrastructure remains an attractive long-term investment and the existing managers possess the skills necessary to generate the expected returns.
10. Lisa Ramirez opened the floor for advisory committee member comments. No comments were received.
11. Lisa Ramirez opened the floor for public comment. No comments were received.
12. The Board voted unanimously to enter into executive session pursuant to Section 24-6-402(4)(f) of the Colorado Revised Statutes to discuss personnel matters.

"I, Lisa Ramirez, 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



13. Upon returning to regular session, the Board voted unanimously to provide Heather Darlington a 5.2% raise, effective November 1, 2023. Lisa Ramirez informed Ms. Darlington that the Board agreed her performance has been excellent and in-line with the highest possible rating. Ms. Darlington thanked the Board, review committee, and her team for their efforts.
14. The next regularly scheduled retirement board meeting is Friday, November 17th at 9:00 a.m.
15. The meeting was adjourned at 11:40 a.m.

  
DERP Retirement Board Chair

  
DERP Executive Director