

Minutes of the DERP Retirement Board

October 18, 2024 - Meeting #862

Meeting #862 of the DERP Retirement Board was held at the Grant-Humphreys Mansion and via video and audio conferencing. DERP Retirement Board Officers present were Chair Lisa Zúñiga Ramirez and Vice Chair George Delaney. Other DERP Retirement Board Members present were Diane Barrett, John Dominguez, and Guadalupe (Lupe) Guitierrez-Vasquez. DERP Advisory Committee Members present were Heather Britton, Roberta Monaco, and Danielle Sexton. 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 David Hunter, IT Program Manager.

(v) Denotes attended virtually.

Call to Order and Roll Call

The meeting was called to order by Chair Lisa Zúñiga Ramirez at 9:00 a.m. Maro Casparian was unable to attend.

Approval of Minutes

Minutes of meeting #861 were approved by a unanimous vote of the Retirement Board members.

Executive Director's Report

Heather Darlington reported on retirement board vacancies. Ms. Zúñiga Ramirez's term will end on December 31. Ms. Darlington is scheduled to meet with the Mayor's office to discuss new appointments. Ms. Darlington invited Roni Kirchhevel to update on open enrollment for DERP members. Ms. Kirchhevel shared that more than 330 members attended the benefits fair at the PPA Events Center on October 10. Phone calls, emails, and online inquiries have been steady and manageable. Ms. Darlington shared that Heather Britton and Roberta Monaco have deferred their previously approved attendance at IFEBP's Annual Employee Benefits Conference. George Delaney will attend this conference and report back. Ms. Darlington indicated that all DERP staff attended de-escalation training as part of the overall safety plan. The safety plan is close to being finalized.

Benchmark Updates

Randall Baum presented recommended adjustments to the benchmarks used in the investment policy. The recommended adjustments reflected changes in the asset allocation and the use of a net of fees version of the real estate index. The recommended benchmark adjustments were approved by a unanimous vote of the Retirement Board members.

Asset Class Review: Infrastructure

Pamela Watson presented a review of the infrastructure asset class, including performance by managers through June 30, 2024. She reminded the Retirement Board of their approval in July 2024 to increase DERP's investment in infrastructure from a 3% to a 4.5% allocation. She described the intended function of the asset class to deliver stable, long-term returns, and hedge inflation. She identified KKR and J.P. Morgan (both with inception dates in in 2022) as DERP's current infrastructure managers, with a combined actual allocation of \$73 million or 2.8%, split evenly between the two. She anticipates DERP will increase its infrastructure investments through a combination of additional subscriptions with current managers and investments with one or two new managers. NEPC is assisting with that process.

She noted staff expects the asset class to deliver returns through income and capital appreciation. She identified headwinds and tailwinds related to infrastructure investing and reviewed detailed performance and sector differentiation of the current managers.

Mr. Delaney and Diane Barrett asked questions related to the structure of manager investments. Ms. Watson provided an example of J.P. Morgan buying and merging water companies into one platform to improve efficiencies.

Ms. Watson closed with an overview of currency impacts on infrastructure investments. Mr. Delaney asked a question about the term "dry powder" and Ms. Watson explained that the term is used when a commitment has been made, but capital has not been called.

Advisory Committee Comments

Ms. Zúñiga Ramirez invited Advisory Committee members to comment.

Member and/or Guest Comments

Ms. Zúñiga Ramirez noted that no members were present to comment.

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

The Retirement Board voted unanimously to enter into executive session pursuant to Section 24-6-402(4)(b) and (f) of the Colorado Revised Statutes to receive legal advice on benefit appeal matters and to discuss personnel matters.

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



Lisa Zúñiga Ramirez

Appeal of Kent Sundrup

The Retirement Board voted unanimously to schedule the hearing of the appeal filed by DERP retiree Kent Sundrup for the next Retirement Board meeting on November 15, 2024.

Executive Director Performance Review

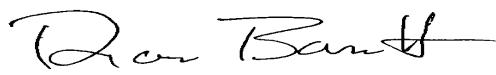
The Retirement Board voted unanimously to approve a 5.2% increase to Ms. Darlington's salary, effective November 1, 2024. Various Retirement Board members expressed their thanks to Ms. Darlington and Ms. Darlington expressed her gratitude to the Retirement Board and her team at DERP.

Review of Next Meeting and Call for Topics

The next regularly scheduled Retirement Board meeting will be Friday, November 15, at 9:00 a.m.

Adjournment

The meeting was adjourned at 10:32 a.m.



DERP Retirement Board Chair



DERP Executive Director