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Maurice Goodgaine
Guadalupe Gutierrez-Vasquez
Bruce Hoyt
Eric S. Rothaus

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Steven E. Hutt

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Heather L. Britton
Frank T. Fresquez
Robert Press

GENERAL COUNSEL
James E. Thompson III

CONSULTANT
Meketa Investment Group

ACTUARY
Cheiron, Inc.

INDEPENDENT AUDITOR
CliftonLarsonAllen, LLP

INVESTMENT MANAGERS
Adams Street Partners, LLC
Athyrium
Brown Advisory
Colchester Global Investors Limited
Contrarian Capital Management, LLC
Dimensional Fund Advisors
Eagle Capital Management
EIG Global Energy Partners
Fidelity Institutional
Franklin Templeton
Golub Capital
GSO Capital Partners, LP
Hancock Timber Resource Group
JPMorgan Asset Management
JPMorgan Private Equity Group
Kayne Anderson Capital Advisors
Lime Rock Resources
LSV Asset Management
Mellon Capital Management
Neuberger Berman, LLC
PAAMCO Prisma
Prudential Real Estate Investors
Tortoise Capital Advisors
UBS Global Asset Management
Walton Street Capital

CUSTODIAN
Bank of New York Mellon Corporation
August, 2019

Dear Plan Members:

The Retirement Board and the Executive Director are pleased to present the 2018 Annual Report for the Denver Employees Retirement Plan. We hope the information presented in this summary publication will provide you with a good understanding of the Plan’s financial position and the many benefits offered to our members.

As a traditional defined-benefit pension plan, the amount of your retirement benefit is determined by your years of service and average monthly salary. The calculated benefit is paid for your lifetime upon retirement.

The Plan’s investment goal is to secure the highest level of return at an acceptable level of risk. Due to steep declines in the financial markets at the end of 2018, the Plan’s investment portfolio return in 2018 was -2.4%, net of fees. These investment results were disappointing, even though they compare favorably to what was earned by our peers. DERP’s investment returns placed us in the top one-fourth nationally of investment results for large public pension funds in 2018.

A comprehensive measure of the health of a pension fund is what is known as the “funded status.” It is calculated annually by an independent actuarial firm, to answer the question: What percentage of the expected funds needed to pay the total projected pension benefits for all current and future retirees is on hand today?

At the beginning of 2018, the Plan’s funded status was 67.7%. If DERP’s actuary had used the same methods and standards again this year as in previous years, the Plan’s funded status would have decreased to 65.9%.

However, this year our actuary recommended that we update the actuarial methods used to those that have become best practices for public pension plans. The Retirement Board voted unanimously to adopt the recommended actuarial methods. Using these revised methods, the actuary calculated the Plan’s funded status to be 62.2%. DERP’s prudent implementation over the last decade of other actuarial changes also lowered our funded status, thus more conservatively depicting the pension fund’s long-term financial health. Please view our Frequently Asked Questions about DERP’s Funded Status for much more information about this topic.

Most important, whether you are already retired or your retirement is many years away, your DERP retirement benefit remains safe and secure. The updated actuarial methods do not impact the calculation or payment of your retirement benefit.

Further, in conjunction with implementing the revised actuarial methods, the Retirement Board also adopted a new funding policy to more quickly improve the Plan’s funded status. The funding target now is to achieve “fully funded” status, where the value of assets matches the value of liabilities, in 20 years rather than 30 years.

Financial security in retirement is an essential element of your overall financial well-being. We know that you rely on your retirement plan to create and maintain a secure retirement. The Retirement Board, the Executive Director, and the Plan staff remain committed to diligently managing the Plan’s assets and liabilities to maintain DERP’s long-term financial soundness, in order to have the funds needed to pay every dollar of benefits promised to every current and future retiree.

Sincerely,

Eric Rothaus
Retirement Board Chair

Steven Hutt
Executive Director
Denver Employees Retirement Plan
Statements of Fiduciary Net Position
December 31, 2018 and 2017

Assets

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and short-term investments</td>
<td>$36,378,568</td>
<td>$42,654,725</td>
</tr>
<tr>
<td>Securities lending collateral</td>
<td>129,463,950</td>
<td>130,408,336</td>
</tr>
<tr>
<td>Receivables</td>
<td>1,559,686</td>
<td>1,887,709</td>
</tr>
<tr>
<td>Investments, at fair value</td>
<td>2,092,143,126</td>
<td>2,254,585,348</td>
</tr>
<tr>
<td>Prepaid Items</td>
<td>32,520</td>
<td>4,035</td>
</tr>
<tr>
<td>Capital assets</td>
<td>3,518,282</td>
<td>3,892,515</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>2,263,096,132</strong></td>
<td><strong>2,433,432,668</strong></td>
</tr>
</tbody>
</table>

Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>3,589,374</td>
<td>2,770,769</td>
</tr>
<tr>
<td>Securities lending obligations</td>
<td>129,463,950</td>
<td>130,408,336</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>133,053,324</strong></td>
<td><strong>133,179,105</strong></td>
</tr>
</tbody>
</table>

Net position restricted for benefits

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net position restricted for benefits</strong></td>
<td><strong>$2,130,042,808</strong></td>
<td><strong>$2,300,253,563</strong></td>
</tr>
</tbody>
</table>

Net position restricted for benefits

<table>
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<tr>
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</tr>
</tbody>
</table>

Statement of Changes in Fiduciary Net Position for the years ended December 31, 2018 and 2017

Additions

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$142,505,960</td>
<td>$129,704,724</td>
</tr>
<tr>
<td>Investment earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net appreciation (depreciation) in fair value of investments</td>
<td>(120,309,087)</td>
<td>282,347,989</td>
</tr>
<tr>
<td>Earnings on investments</td>
<td>57,903,473</td>
<td>45,094,753</td>
</tr>
<tr>
<td>Less: investment expenses</td>
<td>(13,916,856)</td>
<td>(14,782,942)</td>
</tr>
<tr>
<td>Net income from securities lending</td>
<td>812,066</td>
<td>704,400</td>
</tr>
<tr>
<td>Net investment earnings</td>
<td>(75,510,404)</td>
<td>313,364,200</td>
</tr>
<tr>
<td><strong>Total additions</strong></td>
<td><strong>66,995,556</strong></td>
<td><strong>443,068,924</strong></td>
</tr>
</tbody>
</table>

Deductions

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits</td>
<td>233,056,895</td>
<td>220,783,412</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>4,149,416</td>
<td>4,033,860</td>
</tr>
<tr>
<td><strong>Total deductions</strong></td>
<td><strong>237,206,311</strong></td>
<td><strong>224,817,272</strong></td>
</tr>
</tbody>
</table>

Change in net position

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change in net position</strong></td>
<td><strong>(170,210,755)</strong></td>
<td><strong>218,251,652</strong></td>
</tr>
</tbody>
</table>

Net position restricted for benefits

<table>
<thead>
<tr>
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</tr>
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</tr>
</tbody>
</table>

### Allocation of Investments
December 31, 2018

#### Plan's Portfolio

<table>
<thead>
<tr>
<th>Investment</th>
<th>% Return*</th>
<th>Benchmark Comparisons</th>
<th>% Return*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Fund</td>
<td>-2.40</td>
<td>Fund Policy Index</td>
<td>-3.10</td>
</tr>
<tr>
<td>Domestic Equity</td>
<td>-3.40</td>
<td>Russell 3000 Index</td>
<td>-5.20</td>
</tr>
<tr>
<td>International Equity</td>
<td>-16.70</td>
<td>International Equity Policy Index</td>
<td>-15.00</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>2.20</td>
<td>Fixed Income Policy Index</td>
<td>0.20</td>
</tr>
<tr>
<td>Real Estate</td>
<td>5.80</td>
<td>NCREIF Index</td>
<td>8.30</td>
</tr>
<tr>
<td>Alternatives</td>
<td>5.50</td>
<td>Various</td>
<td>N/A</td>
</tr>
</tbody>
</table>

*Net of fees

### Schedule of Investment Returns
Last 7 Years

![Chart showing investment returns for the past 7 years]
Summary Plan Description

Retirement Program
Denver Employees Retirement Plan is a defined benefit plan established on January 1, 1963. The purpose of the Plan is to provide benefits for its members and beneficiaries upon retirement, disability, or death. The Plan was designed to be supplemented by Social Security benefits and other retirement investments.

Contributions
In 2018, the City and County of Denver (City) and Denver Health and Hospital Authority (DHHA) contributed 12.5% of the employee’s total gross salary to the trust fund, and the employee contributed 8.0% of his or her total gross salary, on a pretax basis through a payroll deduction. In 2019, the contribution rate increased to 13.0% for the City and DHHA and 8.5% for the employee.

Calculation of Retirement Benefits
For active members employed by the City/DHHA prior to September 1, 2004, the retirement benefit calculation is 2% of the member’s average monthly salary (AMS)(based upon the highest 36 consecutive months’ salary with an agency covered by this retirement plan) times years of credited service. For members who were originally hired or re-hired on or after September 1, 2004, the retirement benefit is based on 1.5% of the AMS times years of credited service. For members hired on or after July 1, 2011, the benefit calculation is 1.5% of the AMS based on the highest 60 consecutive months’ salary. Active, vested members may purchase additional service. Retirement benefits from the Plan are payable for life.

Normal Retirement
Normal retirement becomes effective the first day of any month after the vested member reaches age 65 and terminates employment with the City/DHHA. Please refer to the Retirement Handbook for specific information.

Normal Retirement - Rule-of-75
For members hired prior to July 1, 2011, the Rule-of-75 enables a member to retire as early as age 55, without a benefit reduction, provided the combined credited service and age at termination equals or exceeds the sum of 75.

Normal Retirement - Rule-of-85
For members hired on or after July 1, 2011, the Rule-of-85 enables a member to retire as early as age 60, without a benefit reduction, provided the combined years and months of credited service and age at termination equals or exceeds the sum of 85.
Early Retirement
A member may retire early upon reaching age 55 or 60, depending on the date of hire, with a minimum of five years credited service. Benefits are determined in accordance with the above calculation based on credited service to the early retirement date and reduced for each year under 65.

Deferred Retirement
Following the month of application, a member with a minimum of five years credited service who has terminated employment with the City/DHHA may elect to receive a benefit as early as age 55 or 60, depending on the date of hire. Calculation of a deferred benefit is based on the member’s age at the time of application for retirement benefits, AMS, and credited service earned as a City/DHHA employee. If a member should die prior to receiving a monthly deferred retirement benefit, a spouse, or children under age 21, may be eligible for a benefit.

Maximum Lifetime Benefit
This option provides a maximum lifetime benefit to the member and ceases upon the member’s death. If the member is married and chooses the maximum lifetime benefit, the spouse must formally forfeit all rights to any lifetime monthly benefit from the Plan.

Joint and Survivor Option
The Plan also provides a Joint and Survivor benefit option. Under this benefit option, the member will receive a reduced lifetime monthly benefit in order to also provide a lifetime monthly benefit for a beneficiary. If the member is married, the spouse must be the designated beneficiary unless the spouse formally forfeits these rights and consents to the designation of another beneficiary.

Disability Retirement - On-the-Job
If a member should become permanently disabled in connection with the member’s employment, the member may be eligible for an On-the-Job Disability retirement benefit. This benefit would be based on the higher of 20 years credited service or actual service plus 10 years. In either case the credited service cannot exceed the service that the member would have earned at age 65. There are no minimum years of service required for this benefit. The member must meet all Ordinance requirements to qualify for an On-the-Job Disability.
Disability Retirement - Off-the-Job
A permanent disability not directly connected to the job will be classified as an Off-the-Job Disability. The Off-the-Job Disability benefit is 75% of the benefit calculated for an On-the-Job Disability. The member must be vested and meet all Ordinance requirements.

Insurance After Retirement
The Plan offers health, dental, and vision insurance options for retired members and the member’s family. The Plan contributes a portion of the monthly insurance premiums, based on the member’s years of credited service and age.

Death Benefits Before Retirement
If an active member should die while employed with the City or DHHA, there are death benefits available for the member’s beneficiary. If the member is married, the member’s spouse will receive the lifetime benefit unless the spouse had formally waived this right and consented to another designated beneficiary. If there is no spouse, any children under age 21 will receive a benefit until they reach age 21. If the member is not married and has no children under 21, the designated beneficiary will receive the lifetime monthly benefit.

On-the-Job Death
If a death is classified as On-the-Job, the member’s beneficiary will receive a lifetime monthly benefit calculated at the higher of 15 years service or actual service plus five years. In either case, the credits may not exceed service which would have been earned by the member at age 65.

Off-the-Job Death
If a death is classified as Off-the-Job, the member’s beneficiary will receive a lifetime monthly benefit that is 75% of the On-the-Job Death benefit. There are no service requirements for this benefit.

Death Benefits After Retirement: Lump-Sum Death Benefit
A lump-sum death benefit is available to members who retire directly from active service. This single payment will be paid to the member’s beneficiary or to the member’s estate if the designated beneficiary is no longer living. The death benefit for Normal Retirement, Rule-of-75, Rule-of-85, or Disability (after age 65) is $5,000.

This publication is intended for general information purposes only and does not constitute legal advice. For detailed information, please refer to the Plan’s Retirement Handbook.