

## **DENVER EMPLOYEES RETIREMENT PLAN**

### **Minutes of the Retirement Board Friday, February 20, 2009 - Meeting #662**

The 662<sup>nd</sup> meeting of the Board of the Denver Employees Retirement Plan was held in the conference room of the Retirement Plan located at 777 Pearl Street, Denver, Colorado, on Friday, February 20, 2009. Board Members present: Ms. Cheryl Cohen-Vader, Mr. Irving Hook, Mr. Bonney Lopez, Mr. Tom Migaki, and Mr. Robert Strenski. Advisory Committee Members present: Mr. Mike Aleksick, Dr. Adeniyi Kelani, and Ms. Erma Zamora. Others present: Mr. Steven Hutt, Executive Director, Ms. Roni Kirchhevel, Assistant Director, Ms. Fran Augenblick, Assistant Director, Mr. Mike Clark, Accounting Manager, Mr. Randy Baum, Chief Investment Officer, Ms. Stephanie Starns, Investment Analyst, Mr. Rich Harris, Finance and Compliance Officer, and Ms. Vicki Halliday, General Counsel

1. The minutes of meeting #661 were approved by a unanimous vote of the Board Members
2. The Board unanimously accepted Retirement List #519 and Refund List #417, Plan Operating Expenditures, and the Financial Statements for the period ending January 31, 2009.
3. The Retirement Board held their election of officers for 2009. Mr. Robert Strenski was elected as Chairman of the Board, and Mr. Bonney Lopez was elected as Vice-Chair.
4. Mr. Tom Migaki received the Board's authorization to attend the IMN Distressed Investments Summit, March 16-18, 2009
5. Ms. Erma Zamora received the Board's authorization to attend the International Foundation's Benefits Conference for Public Employees, March 30-31, 2009.
6. Ms. Vicki Halliday presented a Federal legislative update. One bill introduced in Congress would expand the \$3,000 tax deduction currently allowed for public safety retirees for out-of-pocket health insurance to all public sector retirees. In other matters, GASB is examining how public plan actuaries report matters, including issues of amortization periods, smoothing methods, and marking of liabilities to market
7. Mr. Hutt updated the Board on the dispute with Denver Health regarding the \$2 million Supplemental Contribution that they owed for 2008. A mediation session with Denver Health has been scheduled for May 20, 2009.

- 8 Mr. Hutt presented a draft of the *Goals and Objectives* developed by the Board and senior staff during the Strategic Planning Process. After making changes regarding establishing performance metrics and exploring ways to enhance shareholder activism, the Board adopted the list of *Goals and Objectives*.
9. Mr. Migaki reviewed the status of the Board's list of Goals for 2008, offering a thank you to the Plan staff and the Board for their diligence in accomplishing most of the goals set for 2008.
10. Ms. Leslie Thompson, Senior Consultant, of Gabriel Roeder Smith & Company, and Mr. Rich Harris, Finance and Compliance Officer, of Denver Employees Retirement Plan, gave a presentation to the Board on Smoothing Methodologies in the Actuarial Value of Assets. The focus was on whether or not to continue to use a limiting 80/120% corridor on the amount that the smoothed Actuarial Value of Assets (AVA) can differ from the Market Value of Assets (MVA). Ms. Thompson and Mr. Harris emphasized that fuller smoothing without the corridor would not negate the need for the City's Actuarial Required Contribution to rise significantly (due to the market losses experienced in 2008), but rather would stretch out and smooth out the period of loss recognition over the next 5-7 years, allowing a significant recovery in the markets during that time to have a mitigating impact on the level of future contributions needed. The Board voted unanimously to adopt the full smoothing without the corridor, but to have the actuary also annually calculate their figures with the corridor in place and report that to the Board for information purposes.
- 11 Mr. Baum presented the Staff Investment Report. Contained in that report were updates of the asset allocation position, performance data and other related investment information. As of January 31, 2009, the market value of the Plan was \$1,476,530,558.42(p). The market value was down \$47,877,093.58(p) in January and is down \$47,877,093.58(p) since December 31, 2008.
12. Mr. Tim Sant, Senior Vice President, and Mr. Christopher Jordan, Vice President, of Summit Strategies Group provided a 2008 Investment Performance Review for Denver Employees Retirement Plan.
13. Ms. Stephanie Starns presented the Small Cap Equity Manger Review for NorthPointe Capital.
14. Mr. Mike Hayden, Chief Executive Officer, and Mr. Karl Knas, Portfolio Manager, of NorthPointe Capital provided a portfolio and performance review of the small cap growth equity portfolio they manage for the Plan.
15. A special Board Meeting will be held on Friday, March 6, 2009 at 8:30 a.m. at the Denver Employees Retirement Plan

16. The next regularly scheduled Board Meeting will be on Friday, March 20, 2009 at 8:30 a.m. at the Denver Employees Retirement Plan.
17. The meeting was adjourned at 1:35 p.m.

*Robert F. Stresak*

Chairman

*Alan E. Hunt*

Executive Director