

DENVER EMPLOYEES RETIREMENT PLAN

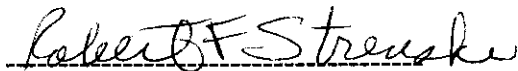
Minutes of the Retirement Board Tuesday, May 26, 2009 - Meeting #667

The 667th 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 Tuesday, May 26, 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: Ms. Erma Zamora. Advisory Committee Members absent: Mr. Mike Aleksick and Dr. Adeniyi Kelani. Others present: Mr. Steven Hutt, Executive 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 meetings #665 and #666 were approved by a unanimous vote of the Board Members after discussion.
2. The Board unanimously accepted Retirement List #522 and Refund List #420, Plan Operating Expenditures, and the Financial Statements for the period ending April 30, 2009.
3. Mr. Dennis Yockey, Partner, and Mr. Jerry M. Laflen, Senior Manager, of BKD, LLP, presented the Audited 2008 Financial Statements for the Plan, subsequent to an earlier meeting at which they reviewed those Statements. The Board unanimously accepted and approved the Audited Financial Statements for 2008.
4. Ms. Leslie Thompson, Senior Consultant, of Gabriel, Roeder, Smith & Company (GRS), presented the 2009 Actuarial Valuation Report. The report showed that due to the investment market losses in 2008, after the actuarial smoothing methodology employed by the actuary the funded status of the pension fund fell to 91.8%. The resulting unfunded liability of \$171 million is amortized over a period of 30 years. The amount of additional payroll contribution needed to cover the amount of the 2009 amortization equates to approximately 2% of covered employee payroll, bringing the total Actuarially Required Contribution Rate to 13.04%. The Board therefore unanimously voted to initiate the City Ordinance process, to reset the overall City contribution rate from 11% to 13%, pending a decision from the City administration about whether and how the additional 2% is to be divided between the employees and the employer.

5. After reviewing the 2009 Actuarial Valuation Report, and specifically noting the reduced funded-status of the Plan and the lack of any extra assets to cover any benefit improvements, the Board voted unanimously not to grant an increase in the pension benefit via a Cost of Living Adjustment (COLA) or any other form of benefit increase for 2009.
6. The Board met in executive session, pursuant to Section 24-6-402(4)(b) of the Colorado Revised Statutes to discuss, with General Counsel, potential litigation and the proposed Fourth Amendment to the Agreement with Denver Health.

"I, Robert Strenski, as Chairman of the executive session, attest that these written minutes accurately reflect the substance of the discussion held during the executive session."



Robert Strenski, Chairman

7. Following the executive session, the Board returned to open session. The Board directed the staff to provide additional analysis of the issues involving the dispute with Denver Health about the required Supplemental Contribution and report back to the Board.
8. Ms. Cheryl Cohen-Vader received the Board's authorization to attend the National Association of Securities Professionals 20th Annual Pension and Financial Services Conference, June 10-12, 2009.


Mr. Bonney Lopez received the Board's authorization to attend the Corporate Library's 1st Annual Conference on the Future of Corporate Reform, September 8-10, 2009.

Ms. Erma Zamora received the Board's authorization to attend the IFEBP 55th Annual Employee Benefits Conference and CAPP Employee Pensions Part II, November 7-11, 2009.
9. Mr. Hutt reported to the Board on the NCPERS Conference, which he attended in May. One of the topics covered was the expectation that public plans across the country will be looking at establishing a lower tier of benefits for new hires, as a result of lowered funding status due to the 2008 market losses, and the legal basis for having a lower tier. Other topics of note included the revitalization of the SEC under current Federal administration, and the reasons why International Small Cap makes sense as an asset allocation.

10. Mr. Hutt discussed the renegotiation of fees for the Franklin Templeton Small Cap portfolio. They have agreed to lower the fee charged for managing that portfolio, by combining its asset level, for fee-setting purposes, with the asset level of the Templeton International Equity portfolio also managed for the Plan. This will generate a savings to the Plan of between \$10,000 to \$15,000 annually.
11. Ms. Fran Augenblick discussed an intended distribution to members of a refund provided to the Plan by Kaiser Permanente Colorado. Kaiser reached an agreement with the Colorado Division of Insurance to provide financial relief to employers offering coverage to non-Medicare and to Medicare subscribers. The Plan has received a lump-sum credit for each subscriber enrolled in the Kaiser Under-65 and Over-65 plans. The Board voted unanimously to accept the recommendation to distribute this refund to members proportionately with the average percentage of the Kaiser premium paid by the members and the Plan via our Premium Reduction Program. All amounts are based on Kaiser enrollment as of March 2009. Covered members will be mailed a refund check in June. A similar refund program is anticipated from Kaiser in 2010.
12. 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 April 30, 2009, the market value of the Plan was \$1,445,527,858.81(p). The market value was up \$65,817,654.81(p) in April and is down \$94,305,530.19(p) since December 31, 2008.
13. Mr. Tim Sant, Senior Vice President, of Summit Strategies Group, presented a further educational session on International Small Cap and on Emerging Markets, the two new asset classes for which the Board will be hiring managers.
14. The next regularly scheduled Board Meeting will be on Friday, June 19, 2009 at 8:30 a.m. at the Denver Employees Retirement Plan.
15. The meeting was adjourned at 1:20 p.m.



Chairman



Executive Director