

DENVER EMPLOYEES RETIREMENT PLAN

Minutes of the Retirement Board Friday, August 17, 2007 - Meeting #637

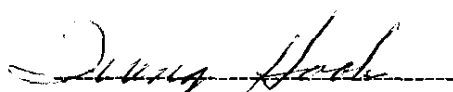
The 637th meeting of the Board of the Denver Employees Retirement Plan was held in the conference room of the Retirement Plan located at 777 Pearl Street, Denver, Colorado, on Friday, August 17, 2007. Board Members present: Mr. Irving Hook, Mr. Bonney Lopez, Mr. Tom Migaki, and Mr. Robert Strenski. Board Member absent: Ms. Kathy Selman. Advisory Committee Members present: Mr. Mike Aleksick, Dr. Adeniyi Kelani and Ms. Erma Zamora. Others present: Mr. Steven Hutt, Executive Director, Ms. Pat Peterson, Assistant Director, Ms. Fran Augenblick, Assistant Director, Mr. Mike Clark, Accounting Manager, Mr. Rich Harris, Manager of Fiduciary Compliance and Ms. Vicki Halliday, General Counsel.

1. The minutes of meeting #636 were approved by a unanimous vote of the Board Members, after one correction was made: the report on the project to evaluate replacement of the computer system for administering retirement benefits was made by Mr. Steven Hutt rather than Ms. Fran Augenblick.
2. The Board unanimously accepted Retirement List #501 and Refund List #399, Plan Operating Expenditures, and the Financial Statements for the period ending July 31, 2007.
3. Mr. Tom Migaki received the Board's authorization to attend the International Foundation of Employee Benefit Plans Scholar Series in Board Governance, November 3-4, 2007.
4. Mr. Robert Strenski received the Board's authorization to attend the Center for Investment Training "Callan College" Primary Sessions, October 15-17, 2007.
5. Mr. Hutt reported to the Board on the matter of reaching a settlement with Towers Perrin regarding the errors made by them in the 2006 valuation report. Mr. Hutt persuaded his counterpart at Towers Perrin to offset all fees paid by the Plan to the firm last year (for the valuation report) against the amounts otherwise due from the Plan to Towers Perrin this year. This created a recovery of 97% of the fee paid to Towers Perrin for the flawed report. In return, Mr. Hutt signed a letter releasing the firm from further liability claims.
6. Mr. Hutt made two retirement announcements for Plan staff. Ms. Pat Peterson moved up her retirement date to September 1, 2007. Mr. Hutt

and the Board thanked her for the excellent work she has done during her 9 years of service. Ms. Janney Sims will be retiring in August 2008, due to her being a participant in DROP II. The Plan is now starting to seek a replacement for her position to join the Investment Department, hopefully during Ms. Stephanie Starns' upcoming maternity leave. The position has been "posted" via the Colorado CFA Society.

7. Ms. Pat Peterson presented an update to the Board on the preparations for switching to Anthem Blue Cross Blue Shield for 2008. The Medicare-eligible members who will be affected by the change in insurance companies have been notified through the mail, and the Plan staff is receiving and answering many questions from the membership. Weekly meetings are being held between the appropriate Plan staff and a transition team from Anthem Blue Cross Blue Shield. Representatives from all the Medicare-eligible insurance providers will be present at the Open House on August 22, 2007 to answer any questions that attending members may have. There will also be two meetings in September with Anthem for members, followed by the Open Enrollment meeting in October. Anthem will be sending out enrollment packets in early September.
 8. Ms. Fran Augenblick presented an update to the Board on the Computer System Replacement Project. A contract has been signed with LR Wechsler to evaluate the Plan's current computer system. They will also look at the imaging system, the Plan's website, and the accounting system to evaluate how they interface with the computer system as a whole. LR Wechsler will then recommend various options for the future. LR Wechsler personnel will be present at the Plan offices through November, interviewing staff, examining the current system, and drafting a menu of options for the Board to consider.
 9. Ms. Augenblick presented an update to the Board on the RFP for audit firms. A proposal was sent out to eight firms. A concern has been expressed by some of the larger firms that their fees will not be competitive with the fees of the smaller firms. The Board asked the staff to review all the proposals received and then to work with Mr. Bonney Lopez to schedule a meeting of the Audit Committee once the proposals have been received and analyzed. The Audit Committee will update the Board after their review of the proposals.
 10. The Board set a date for the yearly all-day Strategy and Education Session. It will be held on Monday, October 22, 2007. Suggested topics for this year's Session included Hedge Funds, Derivatives, and Portable Alpha Strategies.
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11. Ms. Janney Sims presented to the Board a request from Neuberger Berman for a revision to their Investment Guideline. The revision would increase the allowable market cap size of the companies eligible for purchase from \$1.5 billion currently to \$2.0 billion. Ms. Sims shared data from the company showing the growth of the market cap of stocks in the Russell 2000 Index over the course of the last seven years. Consultant Michael O'Leary has expressed his approval of the proposed change. The Board unanimously agreed to accept the Guideline change.
12. Ms. Stephanie Starns 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 July 31, 2007, the market value of the Plan was \$2,074,848,712.48(p). The market value was down \$30,846,506.24(p) in July and up \$84,128,496.16(p) since December 31, 2006.
13. Ms. Starns presented the Large Cap Equity Manager Review for Cadence Capital Management.
14. Mr. Michael Skillman, CEO and Managing Director, and Mr. Steve Shaw, Principal and Account Manager, of Cadence Capital Management, provided a portfolio and performance review of the equity portfolio they manage for the Plan.
15. Ms. Starns presented the Large Cap Equity Manager Review for Sit Investment Associates, Inc, and for Independence Investments.
16. Mr. Eugene Sit, Chairman and CEO, and Mr. Roger Sit, President, of Sit Investment Associates, Inc., provided a portfolio and performance review of the equity portfolio they manage for the Plan.
17. The next regularly scheduled Board Meeting will be on Thursday, September 20, 2007 at 8:30 a.m. at the Denver Employees Retirement Plan.
18. The meeting was adjourned at 12:45 p.m.


Chairperson


Executive Director