

## DENVER EMPLOYEES RETIREMENT PLAN

### Minutes of the Retirement Board Friday, April 25, 2008 - Meeting #646

The 646<sup>th</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, April 25, 2008. 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 and Ms. Erma Zamora. Advisory Committee Member absent Dr. Adeniyi Kelani. Others present: Mr. Steven Hutt, Executive Director, Ms Fran Augenblick, Assistant Director, Ms Janney Sims, Chief Investment Officer, Mr. Randy Baum, Incoming Chief Investment Officer, Ms. Stephanie Starns, Investment Analyst/Asst Portfolio Manager, Mr Mike Clark, Accounting Manager, Mr Rich Harris, Finance and Compliance Officer, and Ms. Vicki Halliday, General Counsel.

1. The minutes of meeting #645 were approved by a unanimous vote of the Board Members
2. The Board unanimously accepted Retirement List #509 and Refund List #407, Plan Operating Expenditures, and the Financial Statements for the period ending March 31, 2008.
3. Mr. Irving Hook received the Board's authorization to attend the Prudential Real Estate Client Seminar, May 14-15, 2008

Mr. Tom Migaki received the Board's authorization to attend the NCPERS Program for Advanced Trustees Studies, July 22-24, 2008

4. Several members of staff presented summaries of their most recent travel to conferences.

Mr. Steven Hutt reported on the IMN Public Funds Roundtable conference, where he participated on the Actuarial Roles and Relationships panel. Topics discussed included what a fund should expect from its Actuary and lessons we had learned from the RFP process

Ms. Vicki Halliday attended both the NCPERS Legislative Conference and the NAPPA Winter Sessions in February. Among the topics discussed were the potential effects of the upcoming national elections on retirement issues, health care, and Social Security, as well as the possible extension of income tax deductions for out-of-pocket retiree health insurance costs to additional (non-public-safety) public employees.

Ms. Janney Sims attended the national Callan Client Conference. Among the topics discussed were a preview of the year to come, and Callan's Capital Market projections. She also attended the Prudential PRISA Advisory meeting, where she

serves as a member of the Advisory board. Lastly, she attended the UBS Real Estate client meeting, where they discussed their conversion from being under the ownership of Aetna insurance to being a stand-alone entity

Mr. Randy Baum attended the JP Morgan Private Equity Client Conference. Among the topics discussed were performance of the various funds and projections for the venture and buyout sectors for the coming year

5. Mr. Hutt reported to the Board on a project to update member beneficiary information. Prompted by a situation where a deceased member did not have a listed beneficiary, the Plan's IT department created a list of members that had either no beneficiary or an ineligible beneficiary listed. Customized letters and forms were then sent to these members. 538 letters were sent in late March to members with no beneficiary listed, with 68 forms coming back to the Plan, to date. Recently, 276 letters were sent to members with ineligible beneficiaries, and the Plan is now awaiting their response. The Plan staff is now actively reviewing all Membership Enrollment forms received for new City employees in order to catch ineligible or missing beneficiaries early.
6. The Board addressed several calendar items. The September Board Meeting was rescheduled to Thursday, September 18, 2008. The August Board Meeting was rescheduled to Thursday, August 14, 2008. Mr. Hutt also announced to the Board that the Plan will be holding a half-day Retirement Planning Seminar on Wednesday, June 25, 2008 at the Webb Building for City employees
7. Ms. Halliday presented the Hearing Officer's decision on a Disability Appeal by a member. The Hearing Officer upheld the determination by the staff that the member did not meet the Ordinance requirements for a disability retirement benefit.
8. Ms. Halliday gave an explanation to the Board about the Health Insurance Premium Reduction amount for Medicare-eligible members who are under age 65.
9. Ms. Leslie Thompson, Senior Consultant, and Mr. Joe Herm, Consultant, of Gabriel, Roeder, Smith & Company (GRS), presented the results of their projects to 1) review and replicate the 2007 Towers Perrin actuarial valuation, and 2) to do a five-year Experience Study comparing actual demographic data about the Plan's membership to the assumed or expected demographic data. Regarding the 2007 replication project, they were glad to report that working with the source data, they were able to match each of the measures of liabilities to within less than 1%, thus considered to be a sound match, and thus giving them strong comfort about the validity of the 2007 Valuation Report. Regarding the Experience Study, they found most of the actual data to be close enough to the expected data to require no change in actuarial assumptions or methodologies. However, they did recommend six minor changes or refinements in actuarial assumptions and three minor changes in actuarial methodology. (These changes are summarized in the two pages attached from their report.) The Board unanimously adopted all the recommended changes
10. Mr. Migaki discussed with the Board the options for facilitators to work with the Plan on a strategic planning project. The decision was made to talk further with Ms

Nancy Williams from the Ennis Knupp firm about doing the first phase of this work, with a day-and-a-half session to be held sometime in October 2008

11. Mr. Randy 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 March 31, 2008, the market value of the Plan was \$2,003,025,104.17(p). The market value was down \$16,604,837.28(p) in March and is down \$136,821,738.04(p) since December 31, 2007
12. Mr. Baum presented the 2008 Asset Allocation Recommendation, continuing the discussion initiated by Mr. Michael O'Leary of Callan Associates at the March meeting. The recommendation of Mr. Hutt and the Plan's investment staff was to adopt Callan's "Alternative A," which would increase the target allocation to Private Equity from 4% to 5%, and lower the allocation from High Yield Bonds from 6% to 5%. The recommendation was unanimously accepted by the Board.
13. Ms. Stephanie Starns presented the International Equity Manager Review for Templeton Investment Counsel, Inc
14. Mr. Peter Nori, Executive Vice President/Portfolio Manager, and Mr. Thomas J. Dickson, Senior Vice President/Institutional Relationship Manager, of Templeton Investment Counsel, Inc., provided a portfolio and performance review of the international value equity portfolio they manage for the Plan.
15. Ms. Starns presented the International Equity Manager Review for Pyramis Investment Management (formerly Fidelity).
16. Ms. Sue Curran, Relationship Manager, and Mr. Michael Strong, Lead Portfolio Manager, of Pyramis Investment Management, provided a portfolio and performance review of the international growth equity portfolio they manage for the Plan.
17. The next regularly scheduled Board Meeting will be on Friday, May 9, 2008 at 8:30 a.m. at the Denver Employees Retirement Plan.
18. The meeting was adjourned at 1:26 p.m.



---

Chairman



---

Executive Director