

DENVER EMPLOYEES RETIREMENT PLAN

Minutes of the Retirement Board Friday, August 21, 2009 - Meeting #671

The 671st 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 21, 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 and Ms. Erma Zamora. Advisory Committee Member absent: Dr. Adeniyi Kelani. 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 #670 were approved by a unanimous vote of the Board Members.
2. The Board unanimously accepted Retirement List #525 and Refund List #423, Plan Operating Expenditures, and the Financial Statements for the period ending July 31, 2009.
3. Mr. Migaki received the Board's authorization to attend the Taft Hartley Pension Investing Summit, September 23-25, 2009.

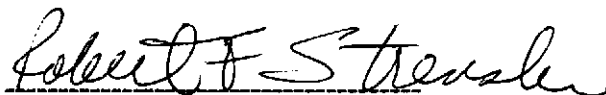
Mr. Migaki received the Board's authorization to attend the IFEBP 55th Annual Employee Benefits Conference, November 8-11, 2009.

4. Mr. Hutt updated the Board on IT staffing. Adam Ordal left his new position in the IT Department after a very brief time, upon deciding that the current duties were not a match with his career goals. The Plan will supplement the IT staffing as necessary through contract service companies on a project-by-project basis. Richard Heiman will also be utilized on contract as needed. The budgeted new member for the IT Department will be hired once the new computer system is closer to going live.
5. Ms. Augenblick updated the Board on the CRIS Project. Another milestone, with tangible results, has been reached. For the past three weeks, the DERP members of the CRIS team have been participating in UAT (User Acceptance Testing) with instructions to try to "break the system" in order to check for programming errors. So far, two miniature modules have been written and tested, using transferred legacy data. Security and viewability have also been tested. Any errors found have been reported and fixed within 24 hours. UAT will continue for the remainder of the project (2+ years).

6. Mr. Hutt introduced to the Board the proposed renewal rates for Anthem Blue Cross Blue Shield, for 2010. The rate increase from 2009 to 2010 would be \$123.68. In an attempt to keep the premium lower, Anthem quoted options for possible reductions to the benefits, which would somewhat reduce the amount of the 2010 premium increase, but would mean a doubling of certain co-pays and a significant reduction in prescription drug coverage. After reviewing these changes, the Board felt that reducing these benefits while also incurring a still-large premium increase would be very negatively received by the retirees, and that it was preferable and important to maintain the current level of benefit coverage. The Board voted unanimously to maintain the existing Anthem Blue Cross Blue Shield plan for 2010, with the accompanying rate increase, but maintaining the same level of benefits offered in 2009.
7. Mr. Hutt announced that for the Under-65 coverage, Aetna Health is being dropped, and will be replaced by United Healthcare. This decision was made by the City, since for the Under-65 coverage the Plan piggybacks on the coverage offered to the City workforce. Members who are currently using Aetna will be automatically default-enrolled into United, unless they choose a different option. United rates for 2010 will not increase significantly from those currently in place with Aetna for 2009.
8. Mr. Harris presented a report and recommendation on the timing and scope of services to be provided by the "Reviewing Actuary," Milliman and Associates. Mr. Harris and Mr. Hutt recommended that the Board adopt a schedule where Milliman is retained to perform a full replication audit every five years, and that midway between these audits, the reviewing actuary perform a high-level peer review on the consulting actuary's valuation. The Board voted unanimously to accept the review schedule as recommended, with the first work to be done by Milliman being a high-level peer review in 2010, of the valuation work to be done by GRS as of December 31, 2009.
9. In consideration of the 2008 drop in the Plan's funded position, the Board had asked that the Plan engage GRS to model the impact of several potential future benefit changes, which would have an impact only on the City's new hires. Mr. Harris presented an evaluation of possible prospective benefit structure changes, with the understanding that the changes presented would have a limited impact on pension costs, especially in the early years. The exception to this, in that it would have a substantial beneficial impact on costs, would be a further lowering of the benefit calculation multiplier for new hires. However, Mr. Harris showed and emphasized the impact that the already-lowered multiplier of 1.5% compared to 2% will continue to have on lower pension costs. Mr. Hutt stated that the only one of these potential changes likely to be adopted by the City in the near future is excluding from the pension calculation formula the amounts paid out (to new hires only) for unused leave.

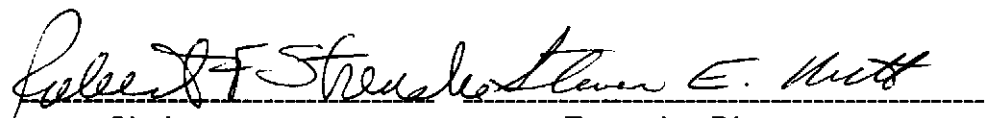
10. Mr. Baum presented the Staff Investment Report. Contained in that report were updates of the asset allocation position, performance data and other related investment information. As of July 31, 2009, the market value of the Plan was \$1,558,639,172.48(p). The market value was up \$65,027,410.48(p) in July and is up \$18,805,783.48(p) since December 31, 2008.
11. Mr. Tim Sant, Senior Vice President, of Summit Strategies Group, presented the Mid-Year Investment Performance Review for the Plan.
12. Mr. Baum presented a Securities Lending Review for the Plan, covering a review of securities lending strategy, a current status and outlook, and a listing of the top revenue-generating securities..
13. 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 settlement 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

14. Following the executive session, the Board returned to open session.
15. A special Board Meeting to interview Investment Manager finalists will be held on Monday, August 31, 2009 at 1:00 p.m. at the Denver Employees Retirement Plan.
16. The next regularly scheduled Board Meeting will be on Friday, September 18, 2009 at 8:30 a.m. at the Denver Employees Retirement Plan.
17. The meeting was adjourned at 12:40 p.m.



Chairman

Executive Director