

DENVER EMPLOYEES RETIREMENT PLAN

Minutes of the Retirement Board Friday, June 20, 2008 - Meeting #648

The 648th 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, June 20, 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: Dr. Adeniyi Kelani and Ms. Erma Zamora. Advisory Committee Member absent: Mr. Mike Aleksick. Others present: Mr. Steven Hutt, Executive Director, Ms. Roni Kirchhevel, Assistant Director, Ms. Fran Augenblick, Assistant Director, Ms. Janney Sims, Chief Investment Officer, Mr. Randy Baum, Incoming Chief Investment Officer, Mr. Mike Clark, Accounting Manager, Mr. Rich Harris, Finance and Compliance Officer, and Ms. Vicki Halliday, General Counsel.

1. The minutes of meeting #647 were approved by a unanimous vote of the Board Members.
2. The Board unanimously accepted Retirement List #511 and Refund List #409, Plan Operating Expenditures, and the Financial Statements for the period ending May 31, 2008.
3. Mr. Irving Hook submitted his travel report for attendance at the Prudential Real Estate Seminar, May 13 – 15, 2008.

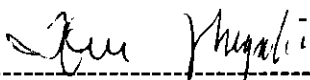
Ms. Erma Zamora received approval for attendance at the 54th Annual IFEBP Employee Benefits Conference and the Certificate of Achievement in Public Plan Policy pre-conference training sessions, November 15-19, 2008.

4. Mr. Randy Baum reported on the Adams Street Private Equity Client Conference he attended in June. Adams Street's funds are in a similar situation to that of JP Morgan's, with buy-out activity having slowed dramatically but the funds' overall rates of return remaining solid.
5. Ms. Vicki Halliday reported on the NCPERS Conference she attended in May, entitled "Challenges Facing Public Pension Plans."
6. Ms. Halliday updated the Board on the settlement accepted in the Majesco securities fraud litigation case. The Plan was a named plaintiff but was not the lead plaintiff. The court approved a settlement of approximately \$8 million, which will now be distributed to claimants. The Plan's recovery amount is, as yet, unknown prior to the conclusion of the claims process.

7. Mr. Hutt updated the Board on Mr. Gene Sit, CEO of Sit Investments. Due to the seriousness of his health problems, Mr. Sit will not be resuming his role at Sit Investments. Mr. Roger Sit will be taking on a broader set of executive responsibilities.
8. Mr. Hutt announced a shift in dates for events occurring in August. The Open House for retirees will be held on Wednesday, August 20, 2008. Ms. Janney Sims' Retirement Reception will take place on Thursday, August 21, 2008.
9. Ms. Fran Augenblick gave an update on the Benefits Administration Computer Replacement Project. A 300-plus-page RFP was issued on May 28, 2008. The RFP may be viewed on the Plan website. Twelve potential firms, which have completed similar projects for other public pension funds, were notified of the RFP. A Bidders' Conference was held on June 19, 2008, which six of the potential proposers attended. It is expected that four or five proposals, due July 11, 2008, will be received. Three different subgroups will review the proposals. In August, finalists will be selected. Plan staff and a designated Board Member(s) will make site visits to other pension funds that have implemented systems from these chosen vendors. In September, the top candidates will be required to demonstrate their products to the Plan, after which there will be a final scoring. In October, the Board will be asked to approve the selection of one vendor. In November, a contract will be signed and the work will begin. In anticipation of the technical needs of the new computer system, the data transmission wiring throughout the entire Plan building has been replaced and updated from "Category 3" to "Category 6," to accommodate the future system.
10. Mr. Baum updated the Board on the RFP process for the Investment Consultant. Thirteen RFPs were sent out, with the Plan receiving seven back. The proposals were reviewed by Mr. Hutt, the Investment Staff, and Board Members Mr. Tom Migaki and Mr. Robert Strenski. They recommended three finalists: Callan Associates, Inc., Summit Strategies Group, and Wilshire Associates, Inc. Mr. Baum highlighted aspects of each firm for the Board, as well as discussing the reasons for the suggested elimination of the other four proposers. The Board approved the list of finalists. The evaluation committee will conduct due diligence site visits with each finalist firm, then the Board will hold a special meeting to interview the finalists. The special meeting will be set for August 4, 5, or 11, 2008, depending on the availability of the firms.
11. Mr. Hutt and Ms. Halliday described a proposed Ordinance change making miscellaneous technical revisions to the governing sections of the *Denver Revised Municipal Code*, as well as a substantive change to allow the Board to grant a one-time Additional Benefit Payment to current retirees rather than a traditional Cost of Living Adjustment (COLA). The language authorizing the new Additional Benefit Payment would intentionally not replace the existing COLA language, but instead would be an additional option for the Board to consider exercising. After discussion, the Board voted unanimously to endorse the

Ordinance change, subject to potential revision regarding limitations to the Board's discretion in granting the Additional Benefit Payment, and authorized Mr. Hutt to proceed with taking the Ordinance change to the Denver City Council for enactment.

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 May 31, 2008, the market value of the Plan was \$2,080,190,180.83(p). The market value was up \$17,994,637.71(p) in May and is down \$59,656,661.38(p) since December 31, 2007.
13. Mr. Baum presented a summary of highlights of the Investment Performance Report prepared by Callan Associates as of the First Quarter, 2008.
14. Mr. Richard Brown, Principal, and Mr. Steve Burns, Principal, of The Townsend Group presented the annual review of the Plan's real estate investments.
15. Mr. Ira Schulman, Managing Principal, of Walton Street Capital, LLC reviewed the performance of the Walton Street real estate fund in which the Plan is invested.
16. Mr. Lester F. Lockwood, Managing Director, Mr. Darren Bright, Assistant Portfolio Manager, and Ms. Joanna Mulford, Assistant Portfolio Manager, of Prudential Real Estate Investors reviewed the performance of the Prudential real estate funds in which the Plan is invested.
17. Mr. Richard Brown of The Townsend Group gave a presentation entitled *View of the World: Real Estate*.
18. The Annual Meeting immediately followed the regular Board meeting. Separate official Minutes were prepared covering that Meeting.
19. The next regularly scheduled Board Meeting will be on Friday, July 18, 2008 at 8:30 a.m. at the Denver Employees Retirement Plan.
20. The meeting was adjourned at 2:05 p.m.



Chairman



Executive Director