

## **DENVER EMPLOYEES RETIREMENT PLAN**

### **Minutes of the Retirement Board Thursday, September 20, 2007 - Meeting #638**

The 638<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 Thursday, September 20, 2007. Board Members present: Mr. Irving Hook, Mr. Tom Migaki, Ms. Kathy Selman, and Mr. Robert Strenski. Board Member absent: Mr. Bonney Lopez. Advisory Committee Members present: Mr. Mike Aleksick, Dr. Adeniyi Kelani and Ms. Erma Zamora. Others present: Mr. Steven Hutt, Executive Director, Ms. Roni Kirchhevel, 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.

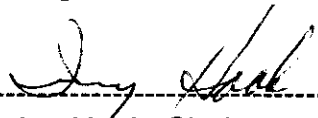
1. The minutes of meeting #637 were approved by a unanimous vote of the Board Members.
2. The Board unanimously accepted Retirement List #502 and Refund List #400, Plan Operating Expenditures, and the Financial Statements for the period ending August 31, 2007.
3. Ms. Stephanie Starns presented the Staff Investment Report. Contained in that report were updates of the asset allocation position, performance data and other related investment information. As of August 31, 2007, the market value of the Plan was \$2,083,605,360.37(p). The market value was up \$15,011,192.13(p) in August and up \$92,885,141.05(p) since December 31, 2006.
4. Mr. Michael O'Leary, Executive Vice President of Callan Associates, Inc., provided a Mid-Year Investment Performance Review and performance evaluation, describing the overall investment results of the portfolio, highlighting certain managers' performance, and explaining what happened to the securities markets during the 3rd Quarter to cause so much volatility.
5. Dr. Adeniyi Kelani submitted his travel report for attendance at the Employee Pensions CAPPP Certification Program, June 19-22, 2007.
6. Mr. Robert Strenski received the Board's authorization to attend the IIEF 6<sup>th</sup> Annual Conference on Global Shareholder Activism, November 29-December 1, 2007.

7. Mr. Steven Hutt presented to the Board a proposed Agenda for the Education and Strategy Session to be held October 22, 2007. The potential topics for the agenda included: An overview of the world of derivatives and hedge funds, a presentation on terms and methods used by the Actuary when working with public pension funds, a follow-up on the New Board Member Orientation project begun by Julia Chivers-Nicholson, a discussion about the current national and regional economic outlook, and an explanation of the duties of Plan staff members. Mr. Hutt requested the Board's feedback before the finalization of the agenda.
  8. Mr. Rich Harris updated the Board on a conversation held with representatives of Total Petroleum, as a result of the "engagement" letter sent to them by the Plan regarding the Sudan divestment policy. What emerged from the discussion was the specific intent of Total to only resume oil exploration work in Sudan in conjunction with also taking humanitarian "substantial action" that would meet the standards of the Sudan Divestment Task Force and other organizations for rising to the level of adequate effort to continue to exempt them from potential divestment by their institutional investors.
  9. Ms. Fran Augenblick presented an update to the Board on the Computer System Replacement Project. The Plan is currently well into Phase I of the project, which involves an assessment of the current system as well as looking at the options and risks of a new system. Mr. Will Morrow from LR Wechsler has been on site at the Plan to interview staff members. Three visioning sessions have been held to discuss staff members' vision for what an enhanced system could provide. In order to maintain the current quality of customer service, it was decided to keep the phone systems operated by members of staff (rather than an automated system), and to continue the option for members to meet personally with Membership Services. It was agreed that the website is in need of being more robust, allowing members to have access to their secured personal information on-line, with the option to do certain transactions on-line. The website would also contain videos that cover all aspects of the retirement process. LR Wechsler is currently preparing a report to present to the Board. Members of the Board and Advisory Committee were invited to meet with Mr. Morrow the following week, to discuss their vision and ideas with him.
  10. Ms. Augenblick presented an update to the Board on the RFP for audit firms. After an initial three proposals were received, the Audit Committee met to review them. The Audit Committee informally came to an agreement that the proposal received by BKD was the most suitable, and that the staff should initiate discussions with BKD's representative regarding hours, fees, and associated issues. Those discussions led to agreement by BKD to lower their proposed fees in the initial and subsequent years. The Board voted unanimously to accept the
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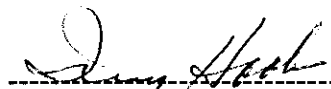
recommendation of the Audit Committee, and offer a contract to BKD to perform the audit for year-end 2007, with an annual option to renew for four additional years.

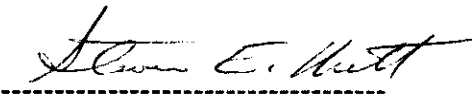
11. Mr. Hutt presented an update to the Board on the preparations for switching from SecureHorizons and Rocky Mountain Health Plan to Anthem Blue Cross Blue Shield for 2008. The Medicare-eligible members who will be affected by the change in insurance companies have received an enrollment packet from Anthem, along with a letter from the Plan explaining the benefits. Two meetings were scheduled in September with Anthem for members, to be followed by the Open Enrollment meeting in October. One of the information meetings has already taken place, and members have been submitting their enrollment forms. However, the Plan was notified that New West Physicians, a large multi-physician group, has made a business decision to not participate with Anthem. A large number of members would be affected by this, and would thus have to change their healthcare providers. Their only option, in order to maintain the care they are familiar with, would be to purchase their own individual health insurance with SecureHorizons or Rocky Mountain. As a result, Mr. Hutt submitted a proposal to the Board to expand the Health Care Premium Reimbursement option offered by the Plan, to members age 65 and older whose current doctor(s) or medical provider(s) will not accept group insurance offered by the Plan. The Board adopted a Resolution, a copy of which is attached to these Minutes, authorizing that option for the next two years and describing the eligibility and calculation basis for such reimbursement. The Board also directed Mr. Hutt to include cautionary language in materials sent out about this option, urging that members pay careful attention to the coverage details of any individual insurance policy that they select.
  
12. The Board met in executive session, pursuant to Section 24-6-402(4)(b) of the Colorado Revised Statutes, to receive an update from General Counsel on securities litigation matters that the Plan is currently involved in and to discuss, with General Counsel, the possibility of the Plan initiating further securities litigation.

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

  
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Irving Hook, Chairman

13. Following the executive session the Board returned to open session. The Board voted unanimously to initiate a derivative class action suit against Siemens Aktiengesellschaft ("Siemens") to effectuate corporate governance changes within the company, and to retain the law firm of Barrack, Rodos & Bacine to file the action on behalf of the Plan.
14. The next regularly scheduled Board Meeting will be on Friday, October 19, 2007 at 8:30 a.m. at the Denver Employees Retirement Plan.
15. The Board's Annual Educational and Strategy Session will be held on Monday, October 22, 2007 at 8:15 a.m. at The DoubleTree Hotel, 3203 Quebec Street, Denver, CO 80207.
16. The meeting was adjourned at 12:45 p.m.

  
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Chairperson

  
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Executive Director