

DENVER EMPLOYEES RETIREMENT PLAN

Minutes of the Retirement Board Thursday, October 16, 2008 - Meeting #657

The 657th 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, October 16, 2008. Board Members present: Mr. Tom Migaki, Mr. Bonney Lopez, and Mr. Robert Strenski. Board Members absent: Ms. Cheryl Cohen-Vader and Mr. Irving Hook. 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. Randy Baum, Chief Investment Officer, Ms. Stephanie Starns, Investment Analyst, Mr. Mike Clark, Accounting Manager, Mr. Rich Harris, Finance and Compliance Officer, and Ms. Vicki Halliday, General Counsel.

1. The minutes of meetings #654, #655, and #656 were approved by a unanimous vote of the Board Members.
2. The Board unanimously accepted Retirement List #515 and Refund List #413, Plan Operating Expenditures, and the Financial Statements for the period ending September 30, 2008.
3. Mr. Donald Braden and Ms. Sandra Klawonn, retired members of the Plan, represented an informal group of retired members in providing feedback to the Board regarding the \$153 Additional Benefit Payment. They first thanked the Board, Advisory Committee, and Plan staff for maintaining the financial solvency of the Plan. They then shared concerns and made inquiries on behalf of retirees, in regard to the one-time benefit payment received in lieu of a COLA. The Board, the Executive Director, and the Advisory Committee explained the reasoning behind the decision to not grant a COLA, and reviewed the options that had been discussed in formulating the new Additional Benefit Payment. They also assured the members that the Additional Benefit Payment would not become an automatic annual outcome, noting that the Ordinance provision permitting the Additional Payment has a 2008 sunset, and that the language in the Ordinance allowing a traditional COLA was purposely left unchanged. Mr. Braden and Ms. Klawonn stated that they would share the answers with the concerned members.

Mr. Steven Hutt notified the Board that, per Membership Services' record-keeping, the Plan had received 167 positive member comments about the Additional Benefit Payment once it was sent out to the members on October 1, and one negative comment.

4. Mr. Tom Migaki received the Board's authorization to attend the IIEF Global Shareholder Activism Conference, December 4-6, 2008.

Mr. Robert Strenski received the Board's authorization to attend the IIEF Global Shareholder Activism Conference, December 4-6, 2008.

5. Mr. Hutt described the member response to the "Reassurance Messages" that went out with the October benefit to retired members (and which is also viewable on the Plan website), and a similar message that he sent via the City's email to active members. Contained in the communication were reassurances that "Your DERP Benefit Remains Safe and Secure" Mr. Hutt reported that the Plan had received numerous complimentary and appreciative messages back from active as well as retired members
 6. Mr. Hutt informed the Board that The Townsend Group has been contacted to terminate the business relationship with the Plan. They agreed to work with the Plan for the remainder of 2008. Mr. Hutt and Mr. Migaki described their desire to provide an opportunity for the Board members who had not been on the site visit to Summit Strategies in St. Louis to go to Summit's offices to meet the team who will now be working with the Plan as investment consultants. This will be scheduled prior to year-end.
 7. Ms. Fran Augenblick updated the Board on the Computer System Replacement Project "Best and Final Offers" were received from CPAS and Sagitec, and the decision was confirmed to purchase the new system from Sagitec. Sagitec has been notified, and the Plan is ready to begin final contract negotiations Ms. Augenblick also informed the Board that the Computer System Replacement Project will be included in the 2009 Budget once contract negotiations with Sagitec are completed and the final cost is settled.
 8. Mr. Hutt updated the Board on the status of the interim Disaster Recovery Planning, and the search for an alternate way to produce benefits in a time of emergency. The Plan's IT staff discovered an issue with the newly-written print program, involving the fonts and spacing necessary for benefit checks to print correctly, and are now modifying it to allow it to work successfully They anticipate having the programming completed by the end of October.
 9. Mr. Hutt updated the Board on his discussions with Denver Health regarding the Supplemental Contribution owed for 2008, which is approximately \$2 million. He anticipates the payment being made as required by December 31.
 10. Ms. Augenblick presented the proposed Budget for 2009. Mr Hutt and Ms Augenblick then answered questions about the Budget. A Budget Committee was formed comprised of Mr. Irving Hook, Mr. Bonney Lopez, and Ms. Erma Zamora, to review the proposed Budget The budget will be brought back to the Board for a vote at the November meeting.
 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
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investment information. As of September 30, 2008, the market value of the Plan was \$1,809,189,812.35(p) The market value was down \$141,657,047.28(p) in September and is down \$330,657,029.86(p) since December 31, 2007.

12. Mr. Baum presented a review of the Plan's Alternative Investments, including timber, energy, and private capital investments.
13. Mr. Migaki distributed to the Board his report on the NCPERS Program for Advanced Trustee Studies, which he attended in July. Among the topics discussed during the program were Infrastructure as an Asset Class, and Corporate Governance issues. He recommended the course for others to attend.
14. Ms. Molly Veneziano, Partner, and Ms. Jana Monier, Partner, of Adams Street Partners, provided a portfolio and performance review of the private equity portfolio they manage for the Plan.
15. Mr. Patrick Hickey, Senior Vice President, of TCW Energy Group, provided a portfolio and performance review of the energy company portfolio they manage for the Plan.
16. Mr. Rich Harris gave a presentation to the Board entitled, "Actuarial Impacts of 2008 Negative Investment Returns." This presentation discussed the impacts of various levels of negative return on the end-of-year funded position, and on next year's Actuarially Required Contribution. He informed the Board in summary that, if the markets do not rebound before the end of the year, the Plan could experience serious impacts to its funded position that could potentially affect the contributions required in 2009 and possibly in years to follow. He recommended that the Plan's Actuary be contacted to begin work on this issue, and reminded the Board that, despite this issue, the Plan remains one of the best-funded public pension plans in the country.
17. The Board's Annual Strategic Planning Session will be held on Monday, October 27, and Tuesday, October 28, 2008 at 8:15 a.m. at The DoubleTree Hotel, 3203 Quebec Street, Denver, CO 80207.
18. The next regularly scheduled Board Meeting will be on Friday, November 21, 2008 at 8:30 a.m. at the Denver Employees Retirement Plan.
19. The meeting was adjourned at 1:45 p.m.



Chairman



Executive Director