

DENVER EMPLOYEES RETIREMENT PLAN

Minutes of the Retirement Board Friday, February 19, 2010 - Meeting #680

The 680th 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, February 19, 2010. Board Members present: Ms. Cheryl Cohen-Vader, Mr. Irving Hook, Mr. Tom Migaki, and Mr. Robert Strenski. Advisory Committee Members present: Mr. Mike Aleksick, and Dr. Adeniyi Kelani. Advisory Committee Member absent: Ms. Erma Zamora. Others present: Mr. Steven Hutt, Executive Director, Mr. Mike Clark, Assistant Director, Mr. John Finamore, Accounting Manager, Mr. Randy Baum, Chief Investment Officer, Ms. Stephanie Starns, Investment Analyst, Mr. Rich Harris, Finance and Compliance Officer, Ms. Vicki Halliday, General Counsel, Ms. Wendy Muench, System Specialist-Technology Services, and Mr. Bonney Lopez.

1. Mr. Hutt introduced Wendy Muench, a new employee hired in the Plan's I.T. department.
2. The Minutes of meetings #677 and #678 were approved by a unanimous vote of the Board Members, after an amendment was made to the Minutes of meeting #677 regarding the Board's desire to comprehensively review the *Investment Manual* at a later date.
3. The Board unanimously accepted Retirement List #531 and Refund List #429, Plan Operating Expenditures, and the Financial Statements for the period ending January 31, 2010.
4. Mr. Hook submitted his report on the IMN 14th Annual Superbowl of Indexing, December 6-9, 2009.

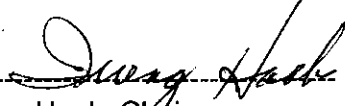
Mr. Migaki received authorization to attend the Institutional Investor Institute 2010 Public Funds Roundtable, April 21-23, 2010.

5. Pursuant to conversations with Mr. Claude Pumilia, Chief Financial Officer for the City of Denver, Mr. Hutt recommended additional wording for the *Investment Manual* regarding "Investment Objectives." The Board voted to defer a decision on making changes in the wording in the *Investment Manual* until their overall review of the *Manual* later in 2010.
6. Mr. Hutt updated the Board on the CRIS project. Mr. John Voulgaris, of Sagitec, was promoted by Sagitec to the position of Project Manager after Ms. Susan Kunz received a promotion to the position of Account Manager. Mr. Hutt described this change as one which is expected to not have any negative impact on the project. He also stated that it is the intent of Sagitec that Mr. Voulgaris will remain in the Project Manager role for the duration of the CRIS project.
7. Mr. Migaki requested, and received approval, to be included in the future quarterly CRIS Steering Committee meetings, as a representative of the Board.
8. The Board made an adjustment to the April meeting date, moving the meeting from the 16th to the 14th.

9. Mr. Hutt informed the Board that Ms. Nancy Williams, of Ennis Knupp, has suggested dates in October, 2010, to return to the Plan to continue the Strategic Planning process that was started in 2008. He will poll the Board and Advisory Committee via email to find the best date for the session.
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 January 31, 2010, the market value of the Plan was \$1,616,470,861.96(p). The market value was down \$26,408,686.90(p) in January and is thus down \$26,408,686.90(p) since December 31, 2009.
11. Mr. Baum presented an update on the status of benchmark changes for the Plan's domestic equity managers. All equity managers with multiple benchmarks have agreed to a single style-based benchmark, as approved by the Board on January 13, 2010. At the time of the Board's decision, it was uncertain if fixed income manager Seix Advisors would request, and the Plan grant, authority to opportunistically buy bonds rated CCC. The firm subsequently made a formal request for that authority. Further analysis and discussion with Seix concluded that regardless of any guideline change to include CCC bonds, the most appropriate benchmark going forward would be the more conservative Barclays BB/B index. Mr. Baum therefore made the recommendation to the Board to change the official benchmark. The Board unanimously voted to change the benchmark for Seix Advisors to the Barclays BB/B index.
12. Ms. Starns presented an update on the Commission Recapture program. Commission Recapture is an arrangement whereby a fund sponsor instructs its investment managers to trade, subject always to best execution, with particular brokers for the benefit of the Plan. The brokerage commission is then split between the agent and the Plan. The Plan's rebate of such commissions declined from approximately \$150,000 in 2008 to approximately \$100,000 in 2009. The decline in the 2009 rebate was due in large part to the termination of an active manager (Independence Investments), and their replacement with an index fund. This reduced the Plan's trading costs as well as the number of trades eligible for commission recapture. Ms. Starns went on to describe for the Board what to expect, moving forward. Trading costs are trending down. Over the past 10 years, the Plan's average commission per equity share traded has declined from 5 cents per share to approximately 3 cents per share. As a result of lower commissions, participants are receiving less recapture revenue than in previous years. Commission recapture revenue in 2010 will likely be less than in 2009.
13. Ms. Starns presented an overview of the recent performance of two International Equity Managers: Franklin Templeton Institutional and Pyramis Global Advisors.
14. Ms. Roxane White, the Mayor's Chief of Staff, and Mr. Claude Pumilia, Chief Financial Officer of the City of Denver, spent approximately a half hour with the Board. This session was at their request, to get better acquainted with the Board members and to discuss topics of mutual interest. Matters discussed included: the Plan's recent investment performance, steps taken in 2009 and pending in 2010 designed to bolster investment performance, the desire of Mr. Bonney Lopez to be reappointed to the Board, and the desirability of on-going communication between the Plan and the City regarding funded-status issues and investment performance progress. The Board extended an invitation to Ms. White and Mr. Pumilia to attend Board meetings at any time.

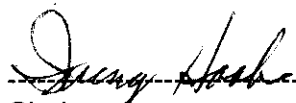
15. The Board met in executive session, pursuant to Section 24-6-402(4)(b) of the Colorado Revised Statutes to discuss, with General Counsel, the possibility of the Plan initiating securities-related litigation.

"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."




Irving Hook, Chairman

16. Following the executive session, the Board returned to open session. The Board voted unanimously to engage the firm of Grant and Eisenhofer to initiate litigation on the Plan's behalf against J.P. Morgan Chase Bank related to its management of the cash collateral pool for securities lending transactions and related investment losses sustained by that pool in 2008.
17. Mr. Tim Sant, Senior Vice President, of Summit Strategies Group, presented the 2009 Investment Performance Review for the Plan. He described the elements of investment manager performance that produced an overall return gross of fees of approximately 14.2% for the calendar year, and the degree to which the Plan's commercial real estate investments and specific active managers' performance had lowered the overall portfolio returns.
18. Mr. Sant's educational session on Hedge Funds was deferred to the March, 2010 meeting.
19. Ms. Starns presented the International Equity Manager Review for LSV Asset Management.
20. Mr. James Owens, Director of Client Portfolio Services, of LSV Asset Management, presented an overview of the new Emerging Markets International Equity portfolio managed for the Plan.
21. Ms. Starns presented the International Equity Manager Review for Dimensional Fund Advisors.
22. Mr. Daniel Ong, Vice President/Portfolio Manager, and Mr. Joe Young, Regional Director, of Dimensional Fund Advisors, presented an overview of the new International Equity Small Cap portfolio managed for the Plan.
23. The next regularly scheduled Board Meeting will be on Wednesday, March 17, 2010 at 8:30 a.m. at the Denver Employees Retirement Plan.
24. The meeting was adjourned at 1:12 p.m.



Chairman



Executive Director