



**COLORADO
PERA**[®]
Record of Proceedings

**Colorado Public Employees' Retirement Association
Board Meeting Minutes**

1300 Logan Street
Denver, Colorado
October 15, 2004
9:00 a.m.

Trustees Present: James Casebolt, Board Chair, Sara Alt, Donna Bottenberg, F. Elizabeth Friot, Joanne Hill, Patricia Kelly, Richard Lansford, Amy Nichols, Scott Noller, Marcus Pennell, Gloria Santistevan-Feedback, Ben Stein, David Williamson

Trustees Absent: Mark Anderson, Vice Chair, Tamela Long, Douglas Windes

Staff Present: Lana Calhoun, Rob Gray, Lisa Kamp, Katie Kaufmanis, David Maurek, Brenda Meidl, Kim Natale, Jennifer Paquette, Greg Smith, John Spielman, Meredith Williams

James Casebolt, Board Chair, called the meeting to order at 9:01 a.m.

Approval of Agenda

By motion of Sara Alt, seconded by Scott Noller, that *"the Board Agenda be approved as published."* The motion was approved.

Approval of September 17, 2004, Board Meeting Minutes

By motion of Richard Lansford, seconded by Donna Bottenberg, that *"the September 17, 2004, Board Meeting minutes be approved as published."* The motion was approved.

Public Comment

Benjamin Dancer, PERA Member and Jefferson County teacher read a letter to the Board regarding his concern about PERA's investment policy regarding "sweatshop" companies that have questionable corporate practices, such as Wal-Mart. James Casebolt explained to Mr. Dancer that PERA would forward his comments to Wal-Mart requesting a response from them.

Monthly Report

Executive Committee Report

Jim Casebolt, Board Chair, reported that the Executive Committee had met and approved the September 17, 2004, Executive Committee minutes and reviewed the August 31, 2004, Unaudited Financial Statements and the September 30, 2004, Budget Report. They also reviewed the Executive Director's evaluation and the Board's evaluation and will be bringing these items to the Board at a later date.



Proposed Rules Discussion

Gregory Smith, General Counsel, explained the proposed changes in PERA Rules as reflected in the Rules document appearing as Tab B to the Board agenda and distributed "Timeline for Rulemaking" to the Trustees. Trustees asked questions and discussed the proposed changes. Patricia Kelly recommended that the verbiage under Rule 5.25 F be amended from "said agreement" to "that agreement."

Gloria Santistevan-Feedback moved and Patricia Kelly seconded that *"the proposed rules, presented as Tab B to today's agenda, be approved as amended and that staff be directed to proceed with the rule-making process in accordance with C.R.S. 24-51-204(5)."* The motion passed.

Trustee Employment Policy

David Maurek, Manager of Strategy and Innovation, discussed the employment of Trustees in PERA staff positions.

Gloria Santistevan-Feedback moved and Richard Landsford seconded that *"a PERA Board Trustee shall not be considered or hired for any PERA employment until a minimum of six months elapse following his or her service on the Board."*

Ben Stein recused himself from the discussion and the voting on this issue. Ms. Santistevan-Feedback requested a roll call vote.

Roll call voting results in alphabetical order:

Sara Alt = Nay	Patricia Kelly = Nay	Marcus Pennell = Nay
Mark Anderson = Absent	Richard Lansford = Yea	Gloria Santistevan-Feedback = Yea
Donna Bottenberg = Nay	Tamela Long = Absent	Ben Stein = Abstain
Elizabeth Friot = Yea	Amy Nichols = Yea	David Williamson = Nay
Joanne Hill = Nay	Scott Noller = Nay	Doug Windes = Absent

Total were seven nays, four yeas, three absent, and one abstaining; the motion failed.

Discussion ensued regarding changing the time frame when any Trustee seeking employment with the Association may not participate in voting or discussion of the evaluation of the Executive Director to a period of 12 months, rather than 24 months, following their application for employment. Mr. Maurek was asked to formulate a draft policy for the Board to review in the November.

Committee Reports

Investment Committee Report

Patricia Kelly, Investment Committee Chair, stated that the Investment Committee had met earlier in the day and discussed the draft of the Statement of Investment Policy which will be presented to the Board for a decision in the November meeting. Jennifer Paquette, Deputy Executive Director of Investments, reminded the Board that any future changes made to the



Governance Manual related to investments will need to be incorporated into the Statement of Investment Policy.

Ms. Kelly moved the Investment Committee recommendation that *“the investment performance contract with RV Kuhns not be renewed at the end of the current contract term.”* The motion passed. The contract is for the defined benefit plan only, and RV Kuhns will continue consultant work for the PERA 401(k) Plan.

Compensation and Budget Committee

Richard Lansford, Compensation and Budget Committee Chair, reported that the Committee met on October 7 and discussed the proposed 2005 PERA Budget. It was included as Tab D of the meeting agenda.

Mr. Lansford moved the Compensation and Budget Committee recommendation that *“the Charter for the Compensation and Budget Committee be approved as published.”* The motion passed.

Mr. Lansford distributed copies of the proposed budget to the Board and indicated that the Committee recommended adoption of the proposed 2005 Budget and would seek approval at the November meeting. A Budget Workshop is scheduled to be held in November.

Monthly Reports

Executive Director’s Report

Meredith Williams, PERA Executive Director, reviewed statistics on membership and the financial status of the fund. Mr. Williams then discussed the successful impact that the Shareholder meetings have had and indicated that Shareholder meetings would again be scheduled in the late summer and early fall of 2005. Mr. Williams also reported that PERA had provided the Denver Public Schools Retirement System and Denver Public Schools with detailed information related to the various costs of PERA benefits relative to a potential merger. An update will be provided to the Board at the November meeting. Mr. Williams responded to Trustees’ questions.

Mr. Williams informed the Board of Deputy Executive Director of Benefits Lana Calhoun’s intention to retire early in 2005. He commended Lana’s leadership.

The Board recessed for a break at 10:22 a.m. and reconvened at 10:37 a.m.

Market and Portfolio Update

Jennifer Paquette, Deputy Executive Director of Investments, provided an update on market and portfolio performance. Ms. Paquette reported on the termination of Bank of Ireland Asset Management and Julius Baer Investment Management Inc. Ms. Paquette also informed the Board of the change in the portfolio management team at Alliance Capital. Ms. Paquette responded to questions from the Trustees.



Semi-Annual Benefits Report

Lana Calhoun, Deputy Executive Director, Benefits introduced Katie Kaufmanis, Director, Communications Division who launched a video presentation about the Communications Division activities this past year.

Semi-Annual Support Services Report

Kim Natale, Deputy Executive Director, Support Services introduced Donna Trujillo, Director, Operations Support Division who provided a narrative to a video about the daily processes of the department's staff.

Monthly Reports (continued)

General Counsel Report

Greg Smith, General Counsel, provided information to the Board regarding a letter sent to Senator Frank Lautenberg responding to his inquiries about PERA's investments in "terrorist-sponsoring" countries. Mr. Smith then discussed an Administrative Review cancellation. Mr. Smith explained a Citistreet issue with 401(k) loans that is being resolved through PERA staff and outside counsel. Mr. Smith also reported that the ADP loan issue was resolved with the Internal Revenue Service. Mr. Smith responded to Trustees' questions.

Mr. Smith then requested the Board go into Executive Session to address pending and threatened litigation involving PERA. Pursuant to C.R.S. § 24-6-402(3) (a), James Casebolt, Board Chair, polled the Trustees in attendance and received the consent of all members present to go into Executive Session at 11:41 a.m. In addition to the Trustees and the General Counsel, the Executive Director, the three Deputy Executive Directors, the Director of Communications, the Director of Government Relations, the Manager of Strategy and Innovation, the Director of Internal Audit, Communications support staff, and the Legal Administrative Assistant remained present for the closed Executive Session.

The Executive Session concluded at 11:56 a.m.

"By my signature below, I certify that the only issues discussed by the members of the Board during the closed Executive Session were pending and threatened litigation involving PERA," Board Chair James Casebolt.

James Casebolt, Chair

The Board recessed for lunch at 11:57 a.m. and reconvened at 12:45 p.m.



Legislative Report

Rob Gray, PERA Director of Government Relations, provided a summary regarding state and federal developments provided to the Board in Tab G of the agenda. Mr. Gray explained the proposed federal "Public Servant Retirement Protection Act" (PSRP), which would modify current federal law related to the Windfall Elimination Provision, and discussed the technical revisions that the State Deferred Compensation Committee is proposing to Senate Bill 04-257. Mr. Gray responded to Trustees' questions.

Proposed Board Meeting Dates for 2005

David Maurek, Manager of Strategy and Innovation, discussed the proposed 2005 Board Meeting dates and the notification for open meetings.

Scott Noller moved and Patricia Kelly seconded that *"the meeting dates as reflected in the 2005 Proposed Board Meeting Dates document, appearing as Tab H to the Board agenda, be approved."* The motion passed.

Gloria Santistevan-Feedback moved and Patricia Kelly seconded that *"all notice of public meetings of the PERA Board of Trustees or Committees of the Board be publicly posted in the entrance lobby of the PERA building at 1300 Logan Street, Denver, Colorado, and on the PERA Web site in accordance with Section 24-6-402(2)(c)C.R.S."* The motion passed.

Other Business

Patricia Kelly commended Jennifer Paquette, Meredith Williams, and Greg Smith, on the complimentary comments that she received from individuals at conferences that she had attended.

Joanne Hill informed the Board that the Audit Committee will be developing a Request for Proposals for a new external auditor because of the high increase in fees proposed by PriceWaterhouseCoopers. This will be discussed at the November committee meeting.

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With no further business to discuss, Chair James Casebolt adjourned the meeting at 1:20 p.m.

Respectfully submitted by
Brenda Meidl
Senior Administrative Assistant, Legal Services Division

James Casebolt, Chair

Meredith Williams, Executive Director