



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

Colorado Public Employees' Retirement Association Board Meeting Minutes

Loews Hotel
Denver, Colorado
July 16, 2004
9:00 am

Trustees Present: James Casebolt, Board Chair, Mark Anderson, Vice Chair, Sara Alt, Donna Bottenberg, F. Elizabeth Friot, Joanne Hill, Patricia Kelly, Richard Lansford, Tamela Long, Sandra Mills, Ben Stein, Amy Nichols, Scott Noller, Marcus Pennell, Gloria Santistevan-Feedback, Douglas Windes.

Staff Present: Lana Calhoun, Rob Gray, Katie Kaufmanis, Amber Malley, David Maurek, Kim Natale, Jennifer Paquette, Greg Smith, John Spielman, Jane Stanfield, Meredith Williams.

James Casebolt, Board Chair, called the meeting to order at 9:04 a.m.

Approval of Agenda

Patricia Kelly moved and Sara Alt seconded that *"the Board agenda be approved as published."* The motion was approved.

Approval of June 21 and 22, 2004 and June 29, 2004 Board Meeting Minutes

James Casebolt, Board Chair, called for amendments to the Board minutes. Dick Lansford, PERA Trustee, stated that he recommended two revisions to the June 21 and June 22, 2004 Board Meeting minutes. Mr. Lansford stated that the heading for approval of the Board minutes inaccurately read October 17, 2004 and should be revised to read April 7 and April 16, 2004. Mr. Lansford then requested that the last sentence of the Investment Committee Report, located on page 9 of the minutes, be revised with the deletion of "discussed PERA's contract with R.V. Kuhns" and the insertion of "and discussed the timeline for a Request for Proposal concerning PERA's contract with its investment performance consultant."

Donna Bottenberg, PERA Trustee, then stated that she was incorrectly listed as attending the June 29, 2004 Board Meeting.

By motion of Amy Nichols, and second by Marcus Pennell, the June 21 and June 22, 2004 and June 29, 2004 Board Meeting minutes were approved as amended.

Public Comment

There was no public comment.

Monthly Reports

Executive Committee Report

Mark Anderson, Board Vice Chair, reported that the Executive Committee met earlier in the day. The Executive Committee approved the June 22, 2004 Executive Committee minutes, reviewed the May 31, 2004 Unaudited Financial Statements and the June 30, 2004 Budget Reports. Mr. Anderson then stated that the Committee discussed operations at PERA and reviewed the Board Meeting Agenda.

Executive Director Report

Meredith Williams, PERA Executive Director, reviewed statistics on membership and the financial status of the fund. Mr. Williams then responded to questions from Trustees regarding the figures provided regarding the net cash flows per quarter. At the conclusion of discussion, it was decided that a workshop would be scheduled wherein a multi-year historical perspective of cash flow will be provided to allow the Board to assess the usefulness of periodically reviewing a projected cash flow analysis. Mr. Williams then discussed activities related to the Board's termination of the Denver Public Schools Retirement System merger, activities pertaining to the creation of the defined contribution plan, his appearance on a radio talk show, provided statistics on average benefits paid to the PERA membership, relayed activities occurring in pension funds in other jurisdictions, items to be discussed later in the meeting and at the September Board meeting and thanked Jane Stanfield for her exceptional job coordinating the Board Retreat.

Market and Portfolio Update

Jennifer Paquette, Deputy Executive Director of Investments, provided a market and portfolio review and gave information regarding the economic outlook for the fund. Ms. Paquette then discussed current activities occurring in the Equities, Fixed Income, Real Estate and Alternative Investment Divisions. Ms. Paquette reviewed PERA's policy for monitoring outside investment managers, personnel changes in her department and the management of cash and the funding of fixed income investments. Ms. Paquette distributed a report that summarized the results of a benchmarking of PERA's investment manager fees, stating that the findings demonstrated that PERA's fees were appropriate and her staff would continue to evaluate any opportunities to reduce investment manager fees.



Legislative Report

Rob Gray, PERA Director of Government Relations, with the assistance of Bob Kirscht and Beth Minahan, PERA contract lobbyists, provided a summary of the Tax Payer Bill of Rights (TABOR), the Gallagher Amendment and Amendment 23, and discussed the restriction that the combination of the three amendments places on the ability of the state to fund state services.

The Board recessed for a break at 10:35 a.m. and reconvened at 10:52 a.m.

General Counsel Report

Greg Smith, General Counsel, informed the Board that the Legal Department is currently working with outside tax counsel on the new defined contribution plan. Mr. Smith stated that staff was working on refining the employer manual and relayed information regarding factors that led to an administrative correction by the Executive Director that resulted in the cancellation of an Administrative Review.

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 10:56 a.m. In addition to the Trustees and the General Counsel, the Executive Director, the three Deputy Executive Directors present, the Director of Communications, the Director of Government Relations, the Manager of Strategy and Innovation, and the Legal Administrative Assistant remained present for the closed Executive Session.

The Executive Session concluded at 11:08 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

Other Business

Trustees Douglas Windes and Marcus Pennell, presented a memorandum to the Board which outlined a topical list of items for possible Board discussion for long range planning. They stated that an electronic list would be distributed to Trustees and requested that each Trustee review the list, make additions and revisions to it, and return their suggestions to David Maurek, Manager of Strategy and Innovation, for tabulation. Mr. Maurek will then distribute a comprehensive topical list to each Trustee who should then rank each potential discussion item in order of importance and return it to him so that he may compile the responses for anticipated discussion at the September Board Meeting.

James Casebolt, Board Chair, made the following announcements:

- October 14, 2004 will be added to the Board Meeting Calendar as a day to focus on policies and strategic planning with the assistance of Cortex.
- A Committee Assignment Sheet will be distributed to Trustees. Mr. Casebolt requested that each Trustee indicate a preference for their committee assignments and return their completed forms to him at their earliest convenience.
- The following Committee Chair assignments will continue: Scott Noller, Shareholder Responsibility Committee and Patricia Kelly, Investment Committee. The following Committee Chair assignments have expired: Joanne Hill, Audit Committee and Donna Bottenberg, Benefits Committee and these committees will require new Chairs.
- Meredith Williams, PERA Executive Director, was informed that the Board wished to pursue making the Budget and Salary Committee a standing committee. Mr. Casebolt stated that staff would prepare a draft Committee Charter for review and, upon completion and approval, inclusion in the Board Governance Manual.
- Trustees were reminded to return completed retreat evaluations to Jane Stanfield.
- The Board's request to have significant agenda items moved to the beginning of future Board Agendas had been relayed to staff.
- Pursuant to the Board's desire to hold discussions with the Executive Director on a timelier basis, the next Board Discussion with the Executive Director will be held in November for approximately an hour. Mr. Casebolt stated that he anticipated that these meetings would be held on a quarterly basis.
- Meredith Williams and staff should explore the feasibility of an approach which would allow PERA to be proactive in providing the membership with PERA's response to public statements about PERA.



- Staff will analyze the option of distributing various publications electronically to those members and retirees who wish to receive it in an electronic format.
- Meredith Williams and Katie Kaufmanis, Director of Communications, will prepare talking points to assist Board Members in responding to member inquiries regarding PERA activities.

At the conclusion of Mr. Casebolt's announcements, the Board extended their thanks to the PERA Administration for a successful Board Retreat.

2004 Board Meeting Dates

September (16) 17
October (14) 15
November (18) 19

With no further business to discuss, Chair James Casebolt adjourned the meeting at 11:35 a.m.

Respectfully submitted by

Amber Malley
Senior Administrative Assistant, Legal Services Division

James Casebolt, Chair

Meredith Williams, Executive Director