



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

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

Marriott Tech Center
Denver, Colorado
July 15, 2005
8:30 a.m.

Trustees Present: James Casebolt, Board Chair, Mark Anderson, Board Vice Chair, Sara Alt, Susan Beeman, Donna Bottenberg, F. Elizabeth Friot, Joanne Hill, Patricia Kelly, Maryann Motza, Scott Murphy, Tamela Long, Amy Nichols, Scott Noller, Marcus Pennell, Ben Stein, Carole Wright

Trustees Absent: No trustees were absent

Staff Present: Katie Kaufmanis, David Maurek, Brenda Meidl, Kim Natale, Jennifer Paquette, Gregory Smith, John Spielman, Meredith Williams

James Casebolt, Board Chair, called the meeting to order at 8:30 a.m.

Approval of Agenda

By motion of Amy Nichols and second by Scott Noller, that *"the Board Agenda be approved as published."* The motion was approved.

Approval of June 17, 2005, Board Meeting Minutes

By motion of Sara Alt and second by Scott Noller, that *"the June 17, 2005, Board Meeting Minutes be approved as published."* The motion was approved.

Public Comment

Elemer Bernath, retiree and PERA Ambassador, thanked the Board for their hard work. Mr. Bernath informed the Board that he appreciates their efforts in working in the best interest of the PERA members and retirees. Mr. Casebolt thanked Mr. Bernath for his participation in the Ambassador program.

Monthly Report

Executive Committee Report

Mark Anderson, Board Vice Chair, reported that the Executive Committee had met earlier in the day and had reviewed the May 31, 2005, Unaudited Financial Statements and the June 16, 2005, Board Minutes. Finally, they reviewed the agenda for today's meeting.



Actuarial Issues

David Maurek, PERA Chief Operating Officer, reviewed the Actuarial Experience Study provided by Buck Consultants and the Actuarial Review provided by Mercer the previous day. Discussion ensued regarding the actuarial issues.

By motion of Ben Stein and second by Scott Noller, that *“the Board adopt the proposed assumption rate tables for the demographic assumptions as presented in the Buck Consultants Actuarial Experience Study for the period January 2001 through December 2004, and that these rate tables become effective January 1, 2006, and be used with the December 31, 2005, actuarial valuation.”*

Discussion ensued regarding the above motion and Mr. Maurek responded to questions. The foregoing motion was then amended to the following:

“The Board adopt the proposed demographic recommendations as presented in the Buck Consultants Actuarial Experience Study for the period January 2001 through December 2004, and that these become effective January 1, 2006, and be used with the December 31, 2005, actuarial valuation.” The amended motion was approved.

By motion of Patricia Kelly and second by Scott Noller, that *“Buck Consultants, in cooperation with the PERA staff, consider methods for implementing the recommendations made within the Mercer Actuarial Review as of December 31, 2004, regarding the actuarial asset valuation methodology, and report back to the Board with the implications of making such changes effective with the next actuarial valuation.”*

Discussion ensued regarding the above motion. During the discussions the Board decided to have a Board meeting on August 19, 2005. The topics for this meeting will include discussions on the Buck consultants recommendations, an update on the Denver Public Schools Retirement Services System merger and the discussions regarding the actuarial “what if” scenarios on interest rates and inflation. Mr. Maurek, Jennifer Paquette, Chief Investment Officer, and Gregory Smith, General Counsel, responded to questions. The foregoing motion was then amended to the following:

“Buck Consultants, in cooperation with the PERA staff, consider the recommendations made within the Mercer Actuarial Review as of December 31, 2004, regarding the actuarial asset valuation method, and report back to the Board with the implications of making such changes effective with the next actuarial valuation.” The amended motion was approved.



Rules Discussion

Gregory Smith, PERA General Counsel, informed the Board of the timeline of the proposed Rules changes, which will be brought to the Board for approval at the October 2005 meeting, for implementation January 1, 2006. Mr. Smith reviewed each of the proposed Rule changes, as reflected on the handout to the Board. Discussion ensued regarding the changes. Mr. Smith, Adam Franklin, Staff Attorney, and Mr. Maurek responded to questions.

The Board recessed for a break at 10:33 a.m. and reconvened at 10:47 a.m.

Mr. Smith continued with narratives about each of the remaining changes and responded to questions.

Finally, Mr. Smith continued with narratives of the Rules for the new Defined Contribution Plan. Discussion ensued and suggestions from the Trustees were noted and will be made prior to the Rules hearing, which will be presented at the October 2005 Board meeting. Mr. Smith, Mr. Franklin, and Mr. Maurek responded to questions. Mr. Smith was then authorized to proceed with the formal Rule making procedure with regard to the proposed Rules.

At the end of the discussion Mr. Casebolt thanked Jane Stanfield, Executive Assistant, for her hard work in setting up this planning session. Mr. Casebolt extended his thanks to Meredith and Joan Williams for their hospitality in hosting a wonderful dinner for the Board the previous night. Finally, Mr. Casebolt thanked Carole Wright for her contribution to the dinner.

The Board recessed for lunch at 12:33 p.m. and reconvened at 1:07 p.m.

Monthly Reports

Legislative Report

In the absence of Rob Gray, Director of Government Relations, Bob Kirscht and Beth Minahan, PERA lobbyists, reviewed the Tab D materials that were transmitted to Trustees on Friday, July 8, 2005. Discussion ensued regarding the Legislative Report. Ben Stein, stated that because of conflicts of interest that could arise in his role as State Treasurer designee, due to the public stance taken by the Treasurer on the subject of the report, he recused himself from any further discussion regarding this report and he stepped out of the room. Mr. Stein did not return for the remainder of the meeting. Discussion continued regarding the report and Mr. Kirscht and Ms. Minahan responded to questions.

Executive Director's Report

Meredith Williams, Executive Director, reviewed the regular monthly information report. The presentation was transmitted to Trustees on July 8, 2005, as Tab B. Mr. Williams informed the Board of the information that will be provided at the upcoming Board meetings.

Discussion ensued regarding Fiduciary conflicts of interest and the Board directed Gregory Smith, General Counsel, to provide a memorandum regarding Colorado



conflicts of interest laws at the Board meeting that will be held September 16, 2005.

Market and Portfolio Update

Jennifer Paquette, Chief Investment Officer, provided an update on market and portfolio performance as transmitted to Trustees on July 8, 2005, as Tab C. Ms. Paquette noted that recent portfolio changes in international equities have brought the passive portfolio to at least 25 percent of the asset class and the small capitalization weight to less than 5 percent. Ms. Paquette responded to questions.

The Board recessed for a break at 2:29 p.m. and reconvened at 2:42 p.m.

Board Officer Elections

Nominations were solicited for the positions of Chair and Vice Chair for the Board of Trustees. James Casebolt, Board Chair, opened the floor for nominations of a new chair.

By motion of Tamela Long and second by Amy Nichols that "*James Casebolt be nominated as Board Chair.*" By motion of Sara Alt and second by Elizabeth Friot that the "*nominations cease.*" The motions were approved. Accepting the appointment as Board Chair, Mr. Casebolt then opened the floor for nominations for Board Vice Chair.

By motion of Scott Noller and second by Scott Murphy that "*Mark Anderson be nominated as Board Vice Chair.*" By motion of Elizabeth Friot and second by Scott Noller that the "*nominations cease.*" The motions were approved. Mr. Anderson acknowledged his appointment as Board Vice Chair. Their terms will end January 1, 2007 pursuant to the proposed Rules changes that are scheduled to be implemented January 1, 2006.

Monthly Reports (Continued)

General Counsel Report

Gregory Smith, General Counsel, informed the Board about the numerous Colorado Open Records Act (CORA) requests that PERA had received and that the requests have taken a substantial amount of staff time hours to produce the information. He noted that additional positions may need to be created to answer these requests in the future. Mr. Smith also provided a report pursuant to C.R.S. § 24-51-205(6)(b).

Mr. Smith, as requested by the Board at its June 17, 2005, meeting reported that he had contacted Irene Griego, Community Superintendent, Jefferson County Schools, regarding whether the correspondence printed on Jefferson County School letterhead from Benjamin Dancer, PERA Member and Jefferson County School teacher, was of a private or official nature. Ms. Griego affirmed that the correspondence was of a private nature. Also, Mr. Smith, as requested by the Board at the June 17, 2005, Board meeting, reported that he had sent a



response to Dr. Larry Penley, Colorado State University (CSU) System Chancellor's correspondence.

In addition, Mr. Smith provided information regarding the Administrative Review Panels that Trustees may be called to be a part of. Finally, Mr. Smith reported that Institutional Shareholder Service (ISS) had acquired Investor Responsibility Research Center (IRRC), and more detailed information will be presented at the September 15, 2005, Shareholder Responsibility Committee meeting.

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 3:06 p.m. In addition to the Trustees and the General Counsel, the Legal Staff Attorney, the Executive Director, the three Chief Officers, the Directors of Internal Audit and Communications, and the Legal Administrative Assistant remained present for the closed Executive Session.

The Executive Session concluded at 4:03 p.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

Health Care Premiums

By motion of Donna Bottenberg and second by Amy Nichols, that *"the Board direct the Executive Director to terminate the practice of paying health care premiums for retired executives effective with the new plan year, with the exception of continuing to comply with the terms of the express written separation agreement dated September 15, 1986."* The motion was approved.

DC Plan Update

David Maurek, Chief Operating Officer, provided an update on the Defined Contribution (DC) Plan design. Mr. Maurek responded to questions.

Other Business

Mr. Casebolt reminded the Board to submit their evaluation forms for this planning session and their preferences for Committee assignments before the August 19, 2005, Board meeting.

With no further business to discuss, Chair James Casebolt adjourned the meeting at 4:24 p.m.



2005 Board Meeting Dates

August 19, 2005
September (15) 16, 2005
October 21, 2005
November (17) 18, 2005

Respectfully submitted by
Brenda Meidl
Senior Administrative Assistant
Legal Services Division

James Casebolt, Chair

Meredith Williams, Executive Director