



**COLORADO  
PERA®**  
*Record of Proceedings*

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

1300 Logan Street  
Denver, Colorado  
January 20, 2006  
8:30 a.m.

**Trustees Present:** Sara Alt, Donna Bottenberg, F. Elizabeth Friot, Mark Hillman, Patricia Kelly (arrived at 9 a.m.), Tamela Long, Scott Murphy, Amy Nichols, Scott Noller, Marcus Pennell (arrived at 9:53 a.m.), Ben Stein, Carole Wright

**Trustees Absent:** James Casebolt, Board Chair, Mark Anderson, Board Vice Chair, Susan Beeman, Joanne Hill, Maryann Motza

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

In the absence of James Casebolt, Board Chair, and Mark Anderson, Board Vice Chair, Carole Wright called the meeting to order at 8:43 a.m. and solicited nominations for the position of Chair pro tem for the purposes of the meeting today. Ms. Wright opened the floor for nominations.

Donna Bottenberg was nominated by Tamela Long and seconded by Scott Murphy. With no other nominations being made a vote was taken and Dr. Bottenberg was elected to serve as Board Chair pro tem for the January 20, 2006, meeting of the Board of Trustees. Dr. Bottenberg accepted the appointment as Chair pro tem.

**Approval of Agenda**

Dr. Bottenberg called for any amendments to the Agenda, which was transmitted to Trustees on Friday, January 13, 2006. The Agenda was approved as published.

**Approval of December 16, 2005, Board Meeting Minutes**

Dr. Bottenberg called for any amendments to the December 16, 2005, Board Meeting Minutes, which were transmitted to Trustees as Tab A on Friday, January 13, 2006. The Board Meeting Minutes were approved as published.

**Public Comment**

There was no public comment.

**Committee Reports**

**Executive Committee**

Meredith Williams, Executive Director, reported that in the absence of the Chair and Vice Chair, he reviewed the December 31, 2005 Budget Report and reviewed the Agenda for the day's meeting.



### **Legislative Report**

Meredith Williams, PERA Executive Director, announced the retirement of Rob Gray, Director of Government Relations. Mr. Gray will continue to work for PERA part-time as he transitions into retirement. Mr. Williams with the assistance of Beth Minahan and Roberta Robinette, PERA lobbyists, reviewed the status report of PERA-related legislation, which was transmitted to Trustees as Tab B on Friday, January 13, 2006.

A motion was made by Tamela Long and seconded by Carole Wright, that "PERA staff be directed to oppose the passage of House Bill 06-1083." The motion was approved. Mark Hillman voted against the motion.

David Maurek, Chief Operating Officer, discussed the implementation of the Board's December 16, 2005, directive to add outside members to the Board's Benefits, Investment, and Compensation and Budget Committees. Mr. Maurek provided a handout of proposed amendments to the Charters of the three committees for the Board's consideration at the February Board meeting. Discussion ensued and Mr. Maurek responded to questions.

### **Asset Allocation Implementation Plan**

Jennifer Paquette, Chief Investment Officer, made a presentation to the Board and reported that asset allocations are within policy ranges. The report was transmitted to Trustees as Tab C on Friday, January 13, 2006. Discussion ensued and Ms. Paquette responded to questions.

No action was necessary as the Board's existing Rebalancing Policy will govern implementation of the recent changes to target asset allocation.

### **Equity Benchmark Revisions**

Jim Liptak, Director of Equities, presented proposed equity benchmark revisions and responded to questions. A memorandum from Ennis Knupp regarding the S&P Style Index Changes had been transmitted to Trustees as Tab D on Friday, January 13, 2006. Discussion ensued and Mr. Liptak responded to questions.

A motion was made by Scott Noller and seconded by Patricia Kelly, that "*the following portfolio benchmarks be adopted retroactively, as of January 1, 2006:*

*PERA Large Cap Growth Fund – S&P 500/Citigroup Growth Index  
Alliance Large Cap Growth Fund – S&P 500/Citigroup Growth Index  
PERA Low P/E Fund – S&P 500/Citigroup Value Index  
PERA Mid Cap Growth Fund – S&P 400/Citigroup Growth Index"*

The motion was approved.



### **Statement of Investment Policy Revision**

Jennifer Paquette, PERA Chief Investment Officer, explained the proposed revisions to the *Statement of Investment Policy*, which was transmitted to Trustees as Tab E on Friday, January 13, 2006.

A motion was made by Patricia Kelly and seconded by Scott Noller, that “*the Board adopt the proposed changes to the Statement of Investment Policy as described in Tab E and includes the deletion of the Investment Policies and Procedures, formerly Appendix A, and replacing it with the Proxy Voting Policy as the new Appendix A.*” The motion was approved.

The Board recessed for a break at 9:40 a.m. and reconvened at 9:48 a.m.

### **Allen Sinai Presentation**

Allen Sinai, Chief Global Economist, Strategist, President, Decision Economics, Inc. provided the Board with his economic outlook and market perspectives. A handout titled *Sinai’s Economic and Market Perspectives, January 17, 2006* was provided to the Board. Dr. Sinai responded to questions.

The Board recessed for a break at 10:55 a.m. and reconvened at 11:07 a.m.

Mark Hillman, State Treasurer and Board Trustee, left the meeting at 11:07 a.m. and did not return. Ben Stein, Deputy State Treasurer, took Mr. Hillman’s place.

### **Monthly Reports**

#### **Executive Director Report**

Meredith Williams, Executive Director, presented the regular monthly information, which was transmitted to Trustees as Tab F on Friday, January 13, 2006. Mr. Williams informed the Board that in the transitioning of Rob Gray’s, Government Relations Director duties, David Maurek, Chief Operating Officer, will oversee the relationship with PERA’s actuaries, while Gregory Smith, General Counsel, will monitor legislation affecting PERA.

#### **Market & Portfolio Update**

Jennifer Paquette, Chief Investment Officer, presented the regular monthly information, which was transmitted to Trustees as Tab G on Friday, January 13, 2006. Ms. Paquette reviewed recent portfolio activity and performance. Ms. Paquette responded to questions.



### **General Counsel Update**

Gregory W. Smith, General Counsel, reminded the Board of the requirement to submit the Financial Disclosure forms to the Secretary of State, which were due January 10, 2006. Mr. Smith also informed the Board of a C.R.S. §24-51-507 (3) issue. Mr. Smith advised the Board that an issue was raised regarding whether participation of the Judicial Division in retirement plan choice was intended by last years legislation. Mr. Smith advised that no such intent was evidenced by the record and staff was not presently allowing for new Judicial Division members to make a choice of retirement plan. Mr. Smith responded to questions.

Mr. Smith then requested the Board go into Closed Executive Session to address pending or imminent litigation and legal advice on specific legal questions regarding PERA, pursuant to C.R.S. §§ 24-6-402(3)(a)(2) and 24-6-402(4)(b). Donna Bottenberg, Chair pro tem, polled the Trustees in attendance and received the consent of all members present to go into Closed Executive Session at 11:44 p.m. In addition to the Trustees, and the General Counsel, the Executive Director, the Chief Operating, Administrative, and Investment Officers, the Directors of Internal Audit and Communications, and the Legal Administrative Assistant remained present for the Closed Executive Session.

The Closed Executive Session concluded at 11:55 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 regarding pending and threatened litigation as well as legal advice related to specific questions involving PERA constituting attorney client communication."

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Donna Bottenberg, Chair pro tem

The Board recessed for lunch at 11:56 a.m. and reconvened at 12:35 p.m.

### **DC Plan Update**

David Maurek, Chief Operating Officer, provided the Board with an update regarding the DC Plan implementation and responded to questions.

### **Semi-Annual Benefits Report**

David Maurek, Chief Operating Officer, introduced a video that featured the employees and technology utilized in the Customer Service Division. Anne Bandy, Director of Customer Service, responded to questions.

### **Semi-Annual Support Services Report**

Kim Natale, Chief Administrative Officer, introduced Scott Jelsma, Accounting Manager, who provided details of the web-based contribution reporting system used by all PERA employers. Mr. Jelsma responded to questions.



**Other Business**

Kim Natale, Chief Administrative Officer, informed the Board that two election packets had been requested for the upcoming Board elections. Mr. Natale responded to questions.

With no further business to discuss, Dr. Bottenberg adjourned the meeting at 1:45 p.m.

**Board Meeting Dates**

February 10, 2006  
March (16)17, 2006  
April 21, 2006  
June (15)16, 2006  
July 19-21, 2006 (Planning Session)  
September (14)15, 2006  
October 20, 2006  
November (16)17, 2006

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

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Donna Bottenberg, Chair pro tem

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Meredith Williams, Executive Director