



**COLORADO
PERA®**

Record of Proceedings

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

1300 Logan Street
Denver, Colorado
October 20, 2006
9:00 a.m.

Trustees Present: James Casebolt, Board Chair, Sara Alt, Susan Beeman, F. Elizabeth Friot, Carol Hogle, Patricia Kelly, Tamela Long, Maryann Motza, Scott Murphy, Amy Nichols, Scott Noller, Marcus Pennell, Ben Stein, Sally Symanski, Carole Wright

Trustees Absent: Mark Anderson, Board Vice Chair

Staff Present: Lisa Fedak, Adam Franklin, Katie Kaufmanis, David Maurek, Brenda Meidl, Jennifer Paquette, Karl Paulson, Gregory W. Smith, John Spielman, Meredith Williams, present for the morning session: Angela Byrne, Jim Lavan, Brian Pippin, present for the afternoon session: Nancy Fuller, Steve Svenningsen

James Casebolt, Board Chair, called the meeting to order at 9:02 a.m.

Approval of Agenda

A motion was made by Scott Noller and seconded by Amy Nichols that *"the Agenda be approved as published."* The motion was approved.

Approval of September 15, 2006, Board Meeting Minutes

A motion was made by Patricia Kelly and seconded by Marcus Pennell, that *"the September 15, 2006, Board Meeting Minutes be approved as published."* The motion was approved.

Public Comment

Greg Douros, Property Services Division Director, Service Employees International Union (SEIU) Local 105 and Marilyn Quinn, PERA member and SEIU CAPE member asked to address the Board. Meredith Williams, Executive Director, provided background on how PERA is related to the matter that they were going to present to the Board. Mr. Douros and Ms. Quinn discussed and provided a handout regarding a dispute involving janitorial services at two buildings in Houston, owned by a real estate fund that includes PERA as a limited partner. Meredith Williams, Executive Director, responded and informed them that the limited partners have been contacted and PERA has expressed displeasure with the situation and will monitor it in hopes of a positive outcome. Mr. Williams and Gregory W. Smith, General Counsel, responded to questions.



Executive Committee Report

James Casebolt, Board Chair, reported that the Executive Committee had met in the morning, they reviewed the August 31, 2006, Unaudited Financial Statements and the September 30, 2006, Budget Report. They also reviewed information on monthly operations. Finally, they reviewed the agenda for the day's meeting

Compensation and Budget Committee Report

Sara Alt, Compensation and Budget Committee Chair, reviewed the Committee meeting held on October 5, 2006, and distributed a copy of PERA's proposed 2007 budget. The proposed budget will be on the Board's agenda for action at the Board meeting on November 17, 2006.

Member Administrative Appeal

Patricia Kelly, Trustee, stated that in accordance with the Board Agenda, an administrative appeal by Carl Miller, PERA member, would be heard. James Casebolt, Chair, recused himself from the proceeding and stepped out of the meeting. Meredith Williams, Executive Director, made the initial determination regarding Mr. Miller's request and also stepped out of the meeting.

In accordance with the requirements of due process and pursuant to PERA Rule 2.20, Trustees Amy Nichols, Scott Noller, and Scott Murphy had previous involvement in Mr. Miller's appeal and stepped out of the meeting. An Administrative Appeal involves member information, which is deemed confidential by C.R.S. § 24-51-213. Mr. Miller had requested that the appeal be heard in closed session. Ms. Kelly polled the Trustees in attendance and received the consent of all members present to go into Closed Session at 9:30 a.m. In addition to the Trustees, Gregory W. Smith, Counsel to the PERA Board of Trustees, Adam Franklin, Staff Attorney, and the Legal Administrative Assistant remained present for the Closed Session.

The Closed Executive Session concluded at 10:10 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 regarding the appeal of Mr. Carl Miller, PERA member."

Patricia Kelly, Trustee

Administrative Review Appeal Motion

A motion was made by Carole Wright and seconded by Ben Stein that, *"the Board adopt and ratify the Findings of Fact, Conclusions of Law and Decision of the Administrative Review Panel to deny Mr. Miller's request to purchase service credit at the cost calculation in effect in October 2003."* The motion was approved.



Staff was directed to compose and send a letter of apology to Mr. Miller.

The Board recessed for a break at 10:12 a.m. and reconvened at 10:21 a.m.

Benefits Update

David Maurek, Chief Operating Officer, provided an update regarding participation statistics in the Defined Contribution Plan. In addition, Mr. Maurek gave copies of the proposed changes to the 401(k) Plan Document regarding hardship withdrawal provisions and an article on potentially changing the default investment option safe harbor. These items will be on the Board's agenda for action at the Board meeting on November 17, 2006. Mr. Maurek also provided a copy of correspondence that was sent to Thomas Goldsmith, PERA retiree, in response to his request during Public Comment at the June 2006 Board meeting to enhance PERA's Web site with resources that would be helpful to retirees. Finally, Mr. Maurek responded to questions.

Monthly Reports

Executive Director Report

Meredith Williams, Executive Director, reviewed the monthly information report presentation which was transmitted to Trustees as Tab C on October 13, 2006.

Market & Portfolio Update

Jennifer Paquette, Chief Investment Officer, provided a market and portfolio update which was transmitted to Trustees as Tab D on October 13, 2006. Ms. Paquette also reviewed recent reductions in the international equity portfolio.

Rules Hearing

Gregory W. Smith, General Counsel, with the assistance of Adam Franklin, Staff Attorney, reviewed the draft of the proposed changes to PERA Rules as transmitted to Trustees as Tab B on October 13, 2006.

Scott Murphy, Trustee, left the meeting at 11:09 a.m. and did not return.

Discussion ensued regarding Rule 2.43 B. which is being added to define the amount of compensation gubernatorial appointed trustees will receive. By consensus the following italicized information will be added:

"The per diem amount shall be paid each day the trustee attends at least 75 percent of an official Board meeting, committee meeting, administrative hearing, planning session, or trustee orientation, or other event expressly designated by the Board Chair and Vice Chair up to a maximum of 20 days per year."

Rule 11.12 is being added to further clarify when employer contributions on retiree services are to be paid. Mr. Smith reported that a meeting with several employers was conducted to hear concerns regarding this Rule change. Suggestions from these employers were considered when drafting this Rule. In addition, Beth Vega, Human Resource Director, City of Pueblo,



was present at the Rules Hearing and submitted alternative language for Rule 11.12. Extensive discussion ensued and Mr. Smith responded to questions.

A motion was made by Scott Noller and seconded by Sara Alt that, *"the Board approve and adopt the proposed amendments and additions to the PERA Rules as presented and modified during the hearing along with the Statement of Basis and Purpose, with an effective date of January 1, 2007."* The motion was approved.

The Board recessed for lunch at 12:48 p.m. and reconvened at 1:23 p.m.

Legislative Report

Meredith Williams, Executive Director, informed the Board of an informational meeting scheduled with PERA, the State Department of Personnel and Administration, and Higher Education Human Resources Directors. This meeting will focus on the legislation adopted earlier this year (Senate Bill 06-235), expanding retirement plan choice to institutions of higher education.

Monthly Reports (Continued)

General Counsel Update

Gregory Smith, General Counsel, provided a report pursuant to C.R.S. § 24-51-205(6)(b). In addition, Mr. Smith informed the Board of his involvement at the NCTR conference held in October and the upcoming NAPPA Executive Board meeting to be held in November.

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). James Casebolt, Chair, polled the Trustees in attendance and received the consent to go into Closed Executive Session at 1:43 p.m. In addition to the Trustees, and the General Counsel, the Executive Director, the Chief Investment Officer and Chief Operating Officer, 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 1:56 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."

James Casebolt, Board Chair



Governance Refresher

David Maurek, Chief Operating Officer, introduced John Por, Cortex Applied Research. Mr. Por provided the Board with a presentation regarding Board Governance and the strategic planning process for 2007.

The Board recessed for a break at 2:55 p.m.

James Casebolt, Chair, left the meeting at 2:55 p.m. and did not return. Scott Noller, Trustee, was asked to chair the meeting in Mr. Casebolt's absence.

The Board reconvened from the break at 3 p.m.

Mr. Por continued with his presentation.

Other Business

With no further business to discuss, Mr. Noller adjourned the meeting at 3:56 p.m.

Board Meeting Dates

November (16) 17, 2006

Respectfully submitted by
Brenda Meidl
Senior Administrative Assistant
Legal Services Division

James Casebolt, Board Chair

Meredith Williams, Executive Director