



**COLORADO  
PERA®**

*Record of Proceedings*

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

1300 Logan Street  
Denver, Colorado  
November 17, 2006  
9:00 a.m.

**Trustees Present:** James Casebolt, Board Chair, Mark Anderson, Vice Chair, Sara Alt, Susan Beeman, Michael Coffman, F. Elizabeth Friot, Carol Hogle, arrived at 9:20 a.m., Maryann Motza, Scott Murphy, Amy Nichols, Scott Noller, Marcus Pennell, Ben Stein, Sally Symanski, Carole Wright, Patricia Kelly, participated by phone at 1:51 p.m. to provide the Actuarial Subcommittee report

**Trustees Absent:** Tamela Long

**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: Adam Chadwick, Human Resources and Aubrey Dye, Operations Support, present for the afternoon session: Patricia Harris, Customer Service and Amy Steelman, Benefit Services

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

**Approval of Agenda**

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

**Approval of October 20, 2006, Board Meeting Minutes**

A motion was made by Carole Wright and seconded by Scott Murphy, that *"the October 20, 2006, Board Meeting Minutes be approved as published."* The motion was approved.

**Public Comment**

There was no public comment.



### **Executive Committee Report**

Mark Anderson, Vice Chair, reported that the Executive Committee had met in the morning, they reviewed the September 14, 2006, and October 20, 2006, Executive Committee minutes and reviewed the September 30, 2006, Unaudited Financial Statements and the October 31, 2006, Budget Report. They also reviewed information on monthly operations and the Committee reviewed the proposal made by Tony Villani, Creative Public Solutions, Inc. at the September 15, 2006, Board Meeting. The Committee requested that the Benefits Committee review the information and contact Mr. Villani before the next Benefits Committee meeting. Finally, they reviewed the agenda for the day's meeting.

### **Interest Rate on PERA Accounts**

David Maurek, Chief Operating Officer, reviewed the information on interest credit for member accounts, which was transmitted to Trustees as Tab D on Friday, November 10, 2006. Mr. Maurek responded to questions.

### **401(k) Plan Changes**

David Maurek, Chief Operating Officer, presented the information on the proposed 401(k) Plan changes, which was transmitted to Trustees as Tab E and Tab F on Friday, November 10, 2006. Mr. Maurek responded to questions.

A motion was made by Sara Alt and seconded by Amy Nichols that, "*the modifications to section 7.04 (C) and (D), Hardship Withdrawal, of the Colorado PERA 401(k) Voluntary Investment Plan Document, be approved as presented in Tab E.*" The motion was approved.

Tab F would be discussed at a later date after additional Department of Labor guidance is issued.

### **2007 Election Calendar**

Meredith Williams, Executive Director, and John Spielman, Internal Audit Director, reviewed the 2007 Election Calendar, which was transmitted to Trustees as Tab G on Friday, November 10, 2006.

A motion was made by Scott Noller and seconded by F. Elizabeth Friot that, "*the 2007 Board Election Calendar be approved as presented in Tab G.*" The motion was approved.

### **Monthly Reports**

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

Jennifer Paquette, Chief Investment Officer, provided a market and portfolio update, which was transmitted to Trustees as Tab I on November 10, 2006.



### **Member Administrative Appeal**

Mr. Anderson stated that in accordance with the Board Agenda, an administrative appeal by Ranne Trumbore, 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 Ms. Trumbore's request and also stepped out of the meeting.

In accordance with the requirements of due process and pursuant to PERA Rule 2.20, Trustee Susan Beeman had previous involvement in Ms. Trumbore's appeal and stepped out of the meeting. Board members Tamela Long and Patricia Kelly were absent from the day's meeting. An Administrative Appeal involves member information, which is deemed confidential by C.R.S. § 24-51-213. Ms. Trumbore requested that the appeal be heard in Closed Session. Mr. Anderson polled the Trustees in attendance and received the consent of all members present to go into Closed Session at 9:33 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 Session concluded at 10:14 a.m.

"By my signature below, I certify that the only issues discussed by the members of the Board during the Closed Session were regarding the appeal of Ranne Trumbore, PERA Member."

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Mark Anderson, Vice Chair

### **Administrative Review Appeal Motion**

A motion was made by Scott Noller and seconded by Sara Alt that, *"the Board adopt and ratify the Findings of Fact, Conclusions of Law and Decision of the Administrative Review Panel to deny Ms. Trumbore's request to purchase service credit based on service credit purchase agreement #120659, and request the PERA staff to work with Ms. Trumbore to amend the agreement."* The motion was approved.

The Board recessed for a break at 10:16 a.m. reconvened at 10:24 a.m.

State Treasurer Michael Coffman, Trustee, joined the meeting at 10:26 a.m. and took Ben Stein, Trustee designee's, place at the table.



### **Risk Budgeting**

Jennifer Paquette, Chief Investment Officer, introduced Brian Birnbaum, Principal, and Steve Cummings, President and CEO, Ennis Knupp, who provided a presentation regarding Risk Budgeting, which was transmitted to Trustees as Tab B on Friday, November 10, 2006. A recommendation to add a Risk Budgeting Policy to the Statement of Investment Policy will be presented to the Board for consideration at the January 19, 2007, Board Meeting. Ms. Paquette, Mr. Birnbaum, and Mr. Cummings responded to questions.

### **Pension Protection Act**

Meredith Williams, Executive Director, introduced Leigh Snell, National Council on Teacher Retirement (NCTR), Director of Federal Relations, who provided a summary of the provisions of the Pension Protection Act. Mr. Snell responded to questions.

### **Committee Reports**

#### **Audit Committee**

Elizabeth Friot, Acting Chair, Audit Committee, reported that the Committee had met the previous day and received a report from Jim Comisky and Steve Shanks of Clifton Gunderson, PERA's external auditor, regarding their Audit Plan year ending December 31, 2006, and their tentative schedule for the upcoming year. They also had discussed a peer review of Clifton Gunderson with Dianne Ray, Office of the State Auditor, in which they received a clean opinion. In addition, the Committee met with Meredith Williams, Executive Director, where he provided input on the annual performance evaluation of the Director of Internal Audit and the General Counsel. The Committee also reviewed the Annual Report to the Board of Audit Committee activities. A copy of the report was provided to the Board. Finally, they reviewed a letter sent to Tamela Long, Audit Committee Chair, by State Treasurer Michael Coffman regarding concerns about PERA Retiree's working after retirement for PERA employers. The Committee recommended that a response letter be sent to Mr. Coffman that outlined the steps that have been taken and that are in place regarding this matter.

#### **Benefits Committee**

Amy Nichols, Chair, Benefits Committee, reported that the Committee had met the previous day and received an update from David Maurek, Chief Operating Officer and Wendy Tenzyk, Director, Insurance Division regarding PERACare Open enrollment period that had recently concluded. They also received information from Ann Bandy, Director, Customer Service Division, Rick Larson, Director, Benefit Services Division, and Katie Kaufmanis, Director, Communications Division on the service delivery statistics within their respective areas. The Committee will continue to look at these service statistics gathered from 2005 through 2006 to establish service levels for key member processes.



**Committee Reports (Continued)**

**Investment Committee**

Marcus Pennell, Chair, Investment Committee, reported that the Committee had met the previous day and received a report from Ennis Knupp that outlined PERA’s compliance with its Statement of Investment Policy. The Committee also received a review of Investment performance from Ennis Knupp. The Committee discussed benchmarks and performance award scales.

The Investment Committee recommended that, *“the Board approve the following 2007 Investment Incentive Plan Benchmarks and Performance Award Scales:”*

Assets	Benchmark	Performance Award Scale
Total Fund	Policy Benchmark	0-40 bp
Domestic Equities	Wilshire 5000	0-35 bp
International Equities	ACWI-Ex U.S.	0-75 bp
Fixed Income	Lehman Universal	0-25 bp
Real Estate	NFI net + 100	0-50 bp
Alternatives	Venture Economics Pooled	Minus 50bp-Venture Economics Pooled

Mr. Casebolt explained that the scale had no changes and was approved and used in 2006. The foregoing motion was approved.

**Shareholder Responsibility Committee**

Carole Wright, Chair, Shareholder Responsibility Committee, reported that the Committee had met the previous day and received a report regarding international manager contracts and proxy voting. They also received a presentation from Gregory W. Smith, General Counsel, regarding the Government Finance Officers Association (GFOA) recommended practice on securities litigation claims filing template with which PERA is in compliance.

The Board recessed for lunch at 11:49 a.m. and reconvened at 12:33 p.m.

**2007 Budget**

Sara Alt, Chair, Compensation and Budget Committee, reviewed the mornings budget education meeting in which the 2007 Budget was discussed. The Board received a copy of the proposed 2007 Budget at the October 20, 2006, Board meeting. The 2007 was also transmitted to Trustees as Tab C on Friday, November 10, 2006.

The Compensation and Budget Committee moved that *“the Board approve the 2007 operating budget in the amount of \$38,653,972.”* The motion was approved.



### **Monthly Reports (Continued)**

#### **Executive Director Report**

Meredith Williams, Executive Director, reviewed the monthly information report presentation which was transmitted to Trustees as Tab H on November 10, 2006.

#### **General Counsel Update**

Gregory Smith, General Counsel, provided an update on the completion of the Rules filing with an effective date for January 1, 2007. Mr. Smith also reported on the National Association of Public Pension Attorneys (NAPPA) Executive Board and the upcoming 2007 annual conference.

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 1:12 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 1:30 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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James Casebolt, Board Chair

### **Legislative Report**

Meredith Williams, Executive Director, with the assistance of Beth Minahan and Roberta Robinette, PERA Lobbyists, informed the Board on issues related to the upcoming legislative session. Mr. Williams responded to questions.

### **Actuarial Services Evaluation Subcommittee**

Patricia Kelly, Chair, Actuarial Services Evaluation Subcommittee, via phone, reviewed the previous day's committee meeting.

A motion was made by the Actuarial Services Evaluation Subcommittee that *"the Board of Trustees authorizes staff to negotiate a contract with Cavanaugh Macdonald Consulting to serve as the Board's consulting actuary."* The motion was approved.



### **2007 Board Meeting Dates**

Meredith Williams, Executive Director, reviewed the 2007 Board Meeting and Committee Meeting dates as follows:

January 19, 2007, February 16, 2007, March (15) 16, 2007, April 20, 2007, June (14) 15, 2007, July 18-20, 2007, (Planning Session), September (20) 21, 2007, October 19, 2007, and November (15) 16, 2007

A motion was made by Scott Noller and seconded by Susan Beeman that *"the 2007 Board Meeting Dates be approved as published."* The motion was approved.

The Board recessed for a break at 2:00 p.m. and reconvened at 2:16 p.m.

### **Executive Director Discussion**

The Board met separately with Meredith Williams, Executive Director, and received information regarding PERA's organization.

### **Other Business**

With no further business to discuss, Mr. Casebolt adjourned the meeting at 3:08 p.m.

### **Board Meeting Dates**

January 19, 2007  
February 16, 2007  
March (15) 16, 2007  
April 20, 2007  
June (14) 15, 2007  
July 18-20, 2007 (Planning Session)  
September (20) 21, 2007  
October 19, 2007  
November (15) 16, 2007

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

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James Casebolt, Board Chair

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Meredith Williams, Executive Director