



**COLORADO
PERA®**

Record of Proceedings

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

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

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

Trustees Absent: No trustees were absent

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

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

Mr. Casebolt announced that PERA was awarded the *Certificate of Achievement for Excellence in Financial Reporting* for its 2004 comprehensive annual financial report by the Government Financial Officers Association (GFOA). This is the twentieth consecutive year that PERA has received this designation from GFOA. He also announced that PERA was awarded the *Outstanding Achievement in Popular Annual Financial Reporting* by the GFOA for its 2004 popular annual financial report. This was the third time that PERA had submitted this report for consideration. These certifications are the highest form of recognition in the area of public employee retirement plan accounting and financial reporting.

Mr. Casebolt recognized Karl Greve, Director of Accounting, Katie Kaufmanis, Director of Communications, Madalyn Knudsen, Creative Services Manager, and their staffs for their roles in leading the PERA accountability effort.

In addition, Mr. Casebolt announced that PERA had received the 2006 Pensions & Investments Eddy Award, Second Place, for Excellence in DC Plan Participant Education and recognized David Maurek, Chief Operating Officer and Katie Kaufmanis, Director of Communications, and her staff, for their role in this effort.

Finally, Mr. Casebolt reported that in 2004 the Governmental Accounting Standards Board issued new standards requiring governments to report on Other Post-employment Benefits (OPEB). To assist entities in procuring professional actuarial services to determine their OPEB liability the GFOA created a Request for Proposal checklist for OPEB Actuarial Valuation. Karl Greve, Director of Accounting, was a member of the team that produced this valuable tool. Mr. Casebolt thanked Mr. Greve for his continued dedication to public pension fund accountability.



Approval of Agenda

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

Approval of February 10, 2006, Board Meeting Minutes

A motion was made by Maryann Motza and seconded by Tamela Long, that *"the February 10, 2006, minutes be approved as published."* The motion was approved.

Public Comment

There was no public comment.

Executive Committee Report

Mark Anderson, Board Vice Chair, reported that the Executive Committee had met in the morning, reviewed the agenda for the day's meeting, approved the Executive Committee Minutes, reviewed the January 31, 2006, Unaudited Financial Statements and the February 28, 2006, Budget Reports. Finally, the Committee discussed the Board's 2006 Planning Session. Mr. Anderson asked the Board to submit discussion items to be considered for the July 2006 Planning Session.

Member Administrative Appeal

Mr. Anderson stated that in accordance with the Board Agenda, an administrative appeal by Douglas Perko, Esq. on behalf of his client Jane Hammond, PERA retiree, 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. Hammond'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 Sara Alt, Tamela Long, and Susan Beeman, who had previous involvement in Ms. Hammond's appeal, stepped out of the meeting. Administrative Appeal involves member information, which is deemed confidential by C.R.S. § 24-51-213. Mr. Perko 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 9:15 a.m. In addition to the Trustees, Craig Adams, Esq., Legal 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 9:44 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 an Administrative Review of Jane Hammond, PERA retiree."

Mark Anderson, Vice Chair



Administrative Review Appeal Motion

A motion was made by Scott Noller and seconded by Carole Wright that *“the Board adopt and ratify the Findings of Fact, Conclusions of Law and Decision of the Administrative Review Panel to deny Ms. Hammond’s request to prorate her payout for unused vacation leave back over her final year of PERA membership.”* The motion was approved.

Monthly Reports

Defined Contribution (DC) Plan Update

David Maurek, Chief Operating Officer, presented a report regarding progress of activities with the new DC Plan implemented January 3, 2006. Mr. Maurek responded to questions.

Committee Reports

Benefits Committee

Amy Nichols, Benefits Committee Chair, reported that the Committee had met the previous day and received updates on PERA’s insurance programs, a Medicare Part D, Medicare Part A analysis, and the status of the Health Care Trust Fund.

Audit Committee

Tamela Long, Audit Committee Chair, reported that the Committee had met the previous day and received a report regarding audit activity. The Committee also met with Meredith Williams, Executive Director, to discuss the evaluations of the General Counsel and the Internal Audit Director. The Committee also received a report from Gregory Smith, General Counsel, that there are no apparent gaps or areas left unaddressed when comparing the Model Ethics Policy endorsed by the Association of Public Pension Auditors and PERA’s Statutes, Rules, and Governance Manual. Finally, Ms. Long reported that the Gift Policy will be reviewed at the next Committee meeting in June.

Compensation and Budget Committee

Sara Alt, Compensation and Budget Committee Chair, reported that the Committee had met the previous day and reported that they reviewed the Employee Benefits Program study conducted by the Hay Group which concluded that PERA provided an average benefits program for employees and suggested that the current program be maintained.

Investment Committee

Marcus Pennell, Investment Committee Chair, reported that the Committee had met the previous day and had received a report regarding the differences between a range of 70 and 75 percent in equity and equity like allocation at market value and determined that the 5 percent difference shows no significant impact. Therefore, there was no recommendation for change regarding the current asset allocation policy by the Committee. In addition, the Committee was given a summary from Northern Trust representatives of the custodial services that they provide to Colorado PERA. Further, the Committee received



a report regarding the current Alternatives and Real Estate approval process and determined no changes are necessary.

Shareholder Responsibility Committee

Donna Bottenberg, Shareholder Responsibility Committee Chair, reported that the Committee had met the previous day and received a report from staff on the status of proxy voting, share lending, and securities litigation.

Evaluation Subcommittee

James Casebolt, Evaluation Subcommittee Chair, reported that the Committee had met the previous day and reviewed the Executive Summary of the Board self-evaluations analysis by Cortex. Copies of the summary were provided to Trustees. Mr. Casebolt indicated that he would like to conduct a workshop, possibly over lunch, at a future meeting to address the issues in the summary. In addition, Mr. Casebolt informed the Board that the performance evaluation of the Executive Director would be discussed at the April 2006 Board meeting.

Legislative Report

Meredith Williams, Executive Director, provided the Board with copies of correspondence that he and Jim Casebolt, Chair, had sent in response to an editorial comment in *The Rocky Mountain News* that had mischaracterized Mr. Williams' statements at a meeting with University of Colorado staff. Mark Hillman, Trustee, then commented on a recent political ad related to PERA.

Mr. Williams reviewed the current status of PERA-related legislation with the assistance of Roberta Robinette, PERA lobbyist. A status report of PERA-related legislation was transmitted to Trustees as Tab B on Friday, March 10, 2006. Mr. Williams and Ms. Robinette responded to questions.

The Board recessed for a break at 10:21 a.m. and reconvened 10:35 a.m.

Monthly Reports (Continued)

Executive Director Report

Meredith Williams, Executive Director, presented the regular monthly information, which was transmitted to Trustees as Tab C on Friday, March 10, 2006. In addition, Mr. Williams formally introduced Karl Paulson, Manager of Strategic Innovation, who joined PERA in January 2006.

Market & Portfolio Update

Jennifer Paquette, Chief Investment Officer, presented the regular monthly information, which was transmitted to Trustees as Tab D on Friday, March 10. Ms. Paquette provided a portfolio and market update and responded to questions.

General Counsel Update

Gregory W. Smith, General Counsel, provided a report on the volume of Domestic Relations Orders handled by PERA Legal staff in 2005 and the process involved. Mr. Smith also reported on the total external counsel fees paid in 2005.



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, Board Chair, polled the Trustees in attendance and received the consent of all members present to go into Closed Executive Session at 10:56 a.m. In addition to the Trustees, and the General Counsel, the Executive Director, the Chief Administrative, Investment, and Operating Officers, the Directors of Communications and Internal Audit, and the Legal Administrative Assistant remained present for the Closed Executive Session.

The Closed Executive Session concluded at 11:51 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 pending and threatened litigation as well as legal advice related to specific questions involving PERA constituting attorney client communication."

James Casebolt, Chair

The Board recessed for lunch at 11:51 a.m. and reconvened 12:30 p.m.

2006 Board Election

Greg Smith, PERA General Counsel, reviewed the status of the Board election in the State, School and Local Government Divisions. Mr. Smith announced that Donna Bottenberg, Trustee, elected not to run for the State Division seat.

A motion was made by Scott Noller and seconded by Sara Alt that *"the Board direct staff to conduct an election for one seat in the State Division for a period of four years and to include in that election the following slate of candidates:*

*Michael Command – Colorado Department of Transportation
Carol Hوجلund – Aims Community College
Randy Jensen – Colorado Department of Transportation"*

The foregoing motion was approved.

A motion was made by Carole Wright and seconded by Amy Nichols that *"the Board approve the appointment of Scott Murphy for the School Division Trustee position on the Board of Trustees for a four-year term beginning July 1, 2006, as he is the sole candidate duly nominated and eligible to be elected to the position. Further, I move that the Board direct staff to not go forward with the election for the School Division position."* The motion was approved.

A motion was made by Susan Beeman and seconded by Sara Alt that *"the Board approve the appointment of Mark Anderson for the Local Government Division Trustee position on the Board of Trustees for a four-year term beginning July 1, 2006, as he is the sole candidate duly nominated and eligible to be elected to the position. Further, I move that the Board direct staff to not go forward with the election for the Local Government Division position."* The motion was approved.



Other Business

Jim Casebolt, Chair, announced that there may be a special Board meeting held in the next couple weeks and asked Trustees to inform Robbie Weadick, Executive Assistant, of their schedules.

In addition, Mark Anderson, Vice Chair, asked for issues to be discussed at the July 2006 Planning Session. Staff was directed to provide copies of the agendas of the past five Planning Sessions to assist with determining the topics to be discussed.

With no further business to discuss, Mr. Casebolt adjourned the meeting at 12:39 p.m.

Board Meeting Dates

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

James Casebolt, Chair

Meredith Williams, Executive Director