



**COLORADO
PERA®**

Record of Proceedings

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

1300 Logan Street
Denver, Colorado
June 16, 2006
9:00 a.m.

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

Trustees Absent: No trustees were absent

Staff Present: Lisa Fedak, Katie Kaufmanis, David Maurek, Brenda Meidl, Jennifer Paquette, Karl Paulson, Gregory W. Smith (via conference call at 11:30 a.m.), John Spielman, Meredith Williams

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

Mr. Casebolt introduced new trustee Sally Symanski, Acting State Auditor. Sally will officially begin her term as State Auditor on July 1. By virtue of her position and the Audit Committee's Charter, Sally is automatically a member of the Audit Committee. Additionally, at her request, the Chair appointed Sally to the Compensation and Budget Committee.

Mr. Casebolt stated that Gregory Smith, General Counsel was attending a hearing on the Royal Ahold case in Baltimore and would participate in the meeting by phone.

Approval of Agenda

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

Approval of April 21, 2006, Board Meeting Minutes

A motion was made by Donna Bottenberg and seconded by Maryann Motza, that "*the April 21, 2006, minutes be approved as published.*" The motion was approved.

Approval of Special Board Meetings Minutes

A motion was made by Scott Noller and seconded by Tamela Long that "*the April 25, 2006, April 27, 2006, April 28, 2006, May 1, 2006, May 2, 2006, May 3, 2006, May 4, 2006, and May 8, 2006, minutes be approved as published.*" The motion was approved.



Public Comment

Carole Wright, Trustee, thanked staff on behalf of the American Association of Retired Persons (AARP) and the National Retired Teacher's Association (NRTA) Pension Roundtable for the opportunity to conduct their meeting at PERA this past May and for the support of the staff in providing a speaker and the PERA facilities.

Thomas Goldsmith, PERA retiree, asked for the consideration of formal involvement by PERA on customer service activities of Health Maintenance Organization's (HMO's) and presented suggestions that could be beneficial to retirees to address customer service and consumer issues with regard to HMO's. James Casebolt, Chair, directed David Maurek, Chief Operating Officer, to follow up on these issues.

Executive Committee Report

Mark Anderson, Board Vice Chair, reported that the Executive Committee had met in the morning, approved the April 21, 2006, Executive Committee Minutes and reviewed the March 31, 2006, and April 30, 2006, Unaudited Financial Statements and the May 31, 2006, Budget Reports. The Committee also reviewed PERA operations and discussed aspects of the Board's 2006 Planning Session. Finally, the Committee reviewed the agenda for the day's meeting. Mr. Anderson responded to questions.

Release of the CAFR

Tammy Long, Chair, Audit Committee, reported that the Committee had reviewed the proposed *Comprehensive Annual Financial Report (CAFR)* for 2005. Patricia Kelly, Trustee, noted that a clean opinion had been given by Clifton Gunderson, the external auditing firm, regarding the CAFR.

The Audit Committee recommended that, "*the Board approve the 2005 Comprehensive Annual Financial Report.*" The motion was approved.

Board Election Results

John Spielman, PERA's Internal Audit Director reviewed the *Retirement Board Election Results* of June 6, 2006. A copy was provided to Trustees during the meeting.

A motion was made by Sara Alt and seconded by Scott Noller that, "*the published June 6, 2006, Retirement Board Election Results be affirmed and that Carol Hogle, Chief Business Officer at Aims Community College, is duly elected to a four-year Board term from the State Division.*" The motion was approved.



Investment Performance Report

Jennifer Paquette, Chief Investment Officer, introduced Brian Birnbaum and Richard Ennis, from Ennis Knupp. Mr. Birnbaum reviewed the *Year-End 2005 Performance Review*, which was transmitted to Trustees as Tab C on June 12, 2006. Mr. Birnbaum and Mr. Ennis responded to questions.

Committee Reports

Benefits Committee

Amy Nichols, Benefits Committee Chair, reported that the Committee had met the previous day and had received an update on the 2007 PERACare program, information on PERA member trends, and participation in the Defined Contribution Plans offered to new state employees. Ms. Nichols responded to questions.

Audit Committee

Tamela Long, Audit Committee Chair, reported that the Committee had met the previous day and had received a report from Clifton Gunderson regarding the 2005 Financial Audit, in which a clean opinion was given. Ms. Long reported that a proposed *Gift Policy* was introduced for the Committees' input and review. A recommendation may be presented to the Board at the July Planning Session.

Compensation and Budget Committee

Sara Alt, Committee Chair, reported that the Committee had met the previous day and had received a report from Karl Paulson regarding the timeline for the 2007 Budget. The Committee also received a presentation on staff turnover from Sharyl Harston, PERA's Human Resources Director, and discussed succession planning with Meredith Williams.

Investment Committee

Marcus Pennell, Investment Committee Chair, reported that the Committee had met the previous day and had received a report from Jim Liptak, Director of Equities, regarding changes within the Domestic Equity Portfolio.

Shareholder Responsibility Committee

James Casebolt, Board Chair, reported that the Committee had met the previous day and had received a report regarding developments in securities litigation activities.

Evaluation Subcommittee

James Casebolt, Evaluation Subcommittee Chair, reported that the Committee had met the previous day and reviewed the evaluation of the Executive Director. Mr. Casebolt responded to questions.

Michael Coffman, Trustee, joined the meeting at 10 a.m.



Monthly Reports

Executive Director Report

Meredith Williams, Executive Director, presented the regular monthly statistical information, which was transmitted to Trustees as Tab D on Friday, June 9, 2006.

The Board recessed for break at 10:22 a.m. and reconvened at 10:34 a.m.

Actuarial Report

David Slishinsky, Chris Hulla, and Michelle DeLange, Buck Consultants, reviewed the Actuarial Valuation Results as of December 31, 2005. A copy of the report was provided to Trustees during the meeting. Mr. Slishinsky responded to questions.

Member Administrative Appeal

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

Michael Coffman, Trustee left the meeting at 11:35 a.m. and did not return. Ben Stein, Alternate Trustee, took his place at the table.

In accordance with the requirements of due process and pursuant to PERA Rule 2.20, Trustees Marcus Pennell, Amy Nichols, and Carole Wright, who had previous involvement in Mr. Thompson's appeal, stepped out of the meeting. In addition, Scott Murphy and Sally Symanski, Trustees, recused themselves from the proceedings and stepped out of the meeting. Administrative Appeal involves member information, which is deemed confidential by C.R.S. § 24-51-213. Mr. Thompson, through his counsel Alexander Halpern, Esq., had requested that the appeal go forward resting on the filings which are contained in the notebook provided each Trustee; there was not an appearance on behalf of Mr. Thompson. Mr. Halpern requested a closed session on behalf of his client due to the statutory confidentiality of PERA member information. Mr. Anderson polled the Trustees in attendance and received the consent of all members present to go into Closed Session at 11:36 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 12:07 p.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 William Randal Thompson, PERA retiree."

Mark Anderson, Vice Chair

Administrative Review Appeal Motion

A motion was made by Patricia Kelly and seconded by Scott Noller that, "the Board adopt and ratify the Findings of Fact, Conclusions of Law and Decision of the Administrative Review Panel to deny Mr. Thompson's request to recalculate his retirement benefit." The motion was approved.

Monthly Reports (Continued)

General Counsel Update

Gregory W. Smith, General Counsel, reported on administrative error corrections pursuant to C.R.S. § 24-51-205(6) (b).

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 12:13 p.m. In addition to the Trustees, and the General Counsel, the Executive Director, the Chief 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 12:21 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, Chair

The Board recessed for lunch at 12:22 p.m. and reconvened at 12:56 p.m.

Legislative Report

Meredith Williams, Executive Director, Beth Minahan, and Roberta Robinette, PERA lobbyists provided an overview of PERA-related legislation. A copy of *Legislation Impacting Colorado PERA* and a handout outlining the future Board structure based on the passage of SB 06-235 were distributed. Mr. Williams, Ms. Minahan, and Ms. Robinette responded to questions.



Gregory W. Smith, General Counsel, left the meeting at 1:25 p.m. and did not return.

Monthly Reports (Continued)

Market & Portfolio Update

Jennifer Paquette, Chief Investment Officer, provided a portfolio and market update, which was transmitted to Trustees as Tab E on Friday, June 9. Ms. Paquette reviewed recent reductions in the international equity portfolio and additions to the fixed income portfolio. Ms. Paquette responded to questions.

Signature Authorization Changes

James Casebolt, Chair, stated that the Board may wish to consider the following updated resolution in order that the language is current due to the retirement of Kim Natale, Chief Administrative Officer:

CERTIFICATE OF RESOLUTION by the Board of Trustees of Public Employees' Retirement Association of Colorado

In the regular meeting on the 16th day of June 2006, the Board of Trustees of the Public Employees' Retirement Association adopted the following resolution:

WHEREAS, the Board of Trustees ("Board") of the Public Employees' Retirement Association of Colorado ("PERA") has the responsibilities, duties and authorities as set forth in the PERA Statutes (C.R.S. §§ 24-51-101, et seq.);

WHEREAS, C.R.S. § 24-51-205(6)(a) authorizes the Board to delegate any of its responsibilities, duties and authorities as set forth in the PERA Statutes to the Executive Director of PERA or designated agents of PERA;

WHEREAS, C.R.S. § 24-51-207(1) states that the Trustees of the Board shall be held to the standard of conduct of a fiduciary in the discharge of their functions; and

WHEREAS, the Board believes that it is prudent in carrying out the Board's responsibilities, duties and authorities to authorize the Executive Director and/or any Chief Officer of PERA to execute, on behalf of PERA, any and all documents and instruments in all matters and transactions relating to any business of PERA, including but not limited to any security, investment, investment agreement, contract or other document;

NOW, THEREFORE, BE IT RESOLVED, that Meredith Williams, Executive Director; and/or David F. Maurek, Chief Operating Officer; and Jennifer Paquette, Chief Investment Officer, be and are hereby authorized to execute, on behalf of PERA, any and all documents and instruments in all matters and transactions relating to any business of PERA, including without limitation, to hold, manage, control, improve, partition, invest, reinvest, sell, exchange, grant, convey, deliver, assign, transfer, lease, option, mortgage, pledge, borrow, contract, bargain, agree, purchase, assign, endorse, transfer, pay, make, execute and/or deliver on behalf of PERA any monies, security instrument, guarantee, application, representation, affidavit, letter, statement, warranty, waiver, receipt, release, assignment, transfer, note, certificate, stock, bond, investment, investment agreement, contract and/or other document, instrument or undertaking.



I hereby certify that the foregoing Resolution is a full, true and correct copy of the Resolution duly adopted on the 16th day of June, 2006, by the Board of Trustees of the Public Employees' Retirement Association of Colorado ("PERA"). I further certify that due notice of the meeting was duly given to each Trustee and that a quorum was present at the meeting.

I further certify that the Resolution is still in full force and has not been amended or revoked.

And I further certify that Meredith Williams, Executive Director; David F. Maurek, Chief Operating Officer; and Jennifer Paquette, Chief Investment Officer, are on the date of this certification, and are presently, duly qualified and acting in the capacity indicated.

A motion was made by Patricia Kelly that, *"the forgoing resolution be adopted."* Scott Murphy seconded the motion and it was approved.

Other Business

Sara Alt, Trustee, and Mr. Casebolt, on behalf of the Board, thanked Donna Bottenberg, Trustee, for her distinguished career as a member of the Board. Dr. Bottenberg will be retiring and did not seek re-election to her State Division Trustee seat. Dr. Bottenberg has served on the Board of Trustees since 1993.

With no further business to discuss Mr. Casebolt adjourned the meeting at 1:40 p.m.

Board Meeting Dates

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