



**COLORADO
PERA®**

Record of Proceedings

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

1300 Logan Street
Denver, Colorado
September 15, 2006
9:00 a.m.

Trustees Present: Mark Anderson, Board Vice Chair, Sara Alt, Susan Beeman, Michael Coffman, F. Elizabeth Friot, Carol Hogle, Patricia Kelly, Tamela Long, Maryann Motza, Scott Murphy, Marcus Pennell, Sally Symanski

Trustees Absent: James Casebolt, Board Chair, Amy Nichols, Scott Noller, Carole Wright

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

Mark Anderson, Board Vice Chair, called the meeting to order at 9:00 a.m.

Approval of Agenda

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

Approval of July 20, 2006, July 21, 2006, and August 10, 2006, Board Meeting Minutes

A motion was made by Tamela Long and seconded by Patricia Kelly, that *"the July 20, 2006, July 21, 2006, and August 10, 2006, Board Meeting Minutes be approved as published."* The motion was approved.

Public Comment

Mr. Tony Villani, Creative Public Solutions, Inc. provided a packet of information and explained his proposal of involving a private company in a governmental arena to improve economic efficiency by utilizing retired PERA members to work for current affiliated employers after retirement. Mr. Villani responded to questions. Mark Anderson, Board Vice Chair, informed Mr. Villani that he would bring the topic to the Executive Committee for discussion.

Executive Committee Report

Mark Anderson, Board Vice Chair, reported that the Executive Committee had met in the morning, approved the July 21, 2006, Executive Committee Minutes and reviewed the June 30, 2006, and July 31, 2006, Unaudited Financial Statements. They also reviewed the July 31, 2006, and August 31, 2006, Budget Reports. The Committee also reviewed PERA operations. Finally, the Committee reviewed the agenda for the day's meeting.



Board Committee Appointments

Mark Anderson, Board Vice Chair, reviewed the committee assignments that were transmitted to Trustees on Friday, September 8, 2006, as Tab D.

A motion was made by Marcus Pennell and seconded by Sally Symanski, that *“the 2006-07 PERA Board Committee assignments be approved as published.”* The motion was approved.

Committee Reports

Audit Committee

Tamela Long, Chair, Audit Committee, reported that the Committee had met the previous day and had the annual meetings with John Spielman, Director of Internal Audit and Gregory Smith, General Counsel, separately, as required by the Charter for the Audit Committee. Ms. Long informed the Board of the successful transition of Allison Pippin, Administrative Assistant, Internal Audit, from part-time to full-time. Ms. Long also reported that all Board members are in compliance with the Education Policy. Ms. Long noted that the Committee reviewed the proposed disclosure-based Gift Policy for the Board and staff and that a recommendation to the full Board may be presented at the November Board meeting. Finally, Ms. Long reported that Don Stevens, Audit Committee member, had resigned this past July and that the process was underway to fill the vacant seat.

Benefits Committee

Sara Alt, Acting Chair, Benefits Committee, reported that the Committee had met the previous day and had received a presentation from Standard Insurance Company which provided review of how they administer PERA's disability plan. The Committee also received a recommendation from RV Kuhns with regard to the 401(k) Investment Policy. As a result, the Benefits Committee moved *“approval of changing the classification of the Fidelity Contrafund from the Core Domestic Equity Category to an Opportunistic Equity Category investment in the 401(k)'s current investment categories spectrum.”* Discussion ensued and Ms. Alt and David Maurek, Chief Operating Officer, responded to questions. The motion was approved.

Finally, Ms. Alt reported that Mr. Maurek had provided a presentation on *Management Expectations Using Accepted Services Levels*, and that this topic would be continued at the next meeting.

Member Administrative Appeal

Mr. Anderson stated that in accordance with the Board Agenda, an administrative appeal by Robin Baughman, PERA retiree, would be heard. Mr. Baughman represented himself via telephone.

An Administrative Appeal involves member information, which is deemed confidential by C.R.S. § 24-51-213. Mr. Baughman had requested that the appeal be heard in open session. In accordance with the requirements of due process and pursuant to PERA Rule 2.20, Trustee Scott Murphy had previous involvement in Mr. Baughman's appeal and stepped out of the



meeting. Meredith Williams, Executive Director, made the initial determination regarding Mr. Baughman's request and also stepped out of the meeting. In addition, Tamela Long, Trustee, recused herself and left the meeting. Board members James Casebolt, Amy Nichols, Scott Noller, and Carole Wright were absent from the day's meeting.

Mr. Anderson introduced Gregory Smith, General Counsel, counsel to the Board and Adam Franklin, Staff Attorney, who would be presenting the position of Colorado PERA. The Trustees present introduced themselves.

Mr. Baughman, began his statement at 9:35 a.m. and concluded at 9:41 a.m.

Mr. Franklin began his statement at 9:43 a.m. and concluded at 9:49 a.m.

Mr. Anderson announced that the Board would go into Closed Executive Session for deliberation and asked that all other attendees step out of the room, except for Mr. Smith, the Board's legal advisor. The Board commenced the Closed Executive Session at 9:51 a.m. and concluded at 10:16 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. Robin Baughman, PERA retiree."

Mark Anderson, Vice Chair

Administrative Review Appeal Motion

A motion was made by Patricia Kelly and seconded by Marcus Pennell, "*that the Board uphold the decision of the administrative panel and deny Mr. Baughman's appeal, and in doing so, further direct that PERA's General Counsel engage in further discussion with Mr. Baughman immediately following the Board's vote.*" The motion was approved.

The Board recessed for a break at 10:18 a.m. and reconvened at 10:26 a.m.

Northern Trust Risk Report

Jennifer Paquette, Chief Investment Officer, introduced Paul d'Ouille, Director Investment Risk and Analytical Services, and Nauman Ahmed, Senior Investment Risk Consultant, from Northern Trust. Mr. d'Ouille reviewed the *Risk Report* as of June 30, 2006, which was transmitted to Trustees as Tab E on Friday, September 8, 2006. Mr. d'Ouille responded to questions.



Committee Reports (Continued)

Investment Committee

Marcus Pennell, Chair, Investment Committee, reported that the Committee had met the previous day and had heard a presentation by Ennis Knupp regarding risk budgeting. Ennis Knupp and Jennifer Paquette also discussed the manager review process.

Shareholder Responsibility Committee

In the absence of Carole Wright, Chair, Shareholder Responsibility Committee, Mark Anderson handled this portion of the meeting and reported that the Committee had met the previous day and had heard a report by Gregory Smith and the Legal staff regarding proxy voting and other general updates.

Monthly Reports

Executive Director Report

Meredith Williams, Executive Director, reviewed the monthly information report presentation which was transmitted to Trustees as Tab F on September 8, 2006.

Market & Portfolio Update

Jennifer Paquette, Chief Investment Officer, reviewed the regular monthly report which was transmitted to Trustees as Tab G on September 8, 2006.

General Counsel Update

Gregory Smith, General Counsel, reported on his new responsibilities overseeing the Operations Support, Property Management and Fleet Services, and Human Resources Divisions. In addition, Mr. Smith informed the Board of the upcoming Council of Institutional Investor 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). Mark Anderson, Board Vice Chair, polled the Trustees in attendance and received the consent to go into Closed Executive Session at 11:53 a.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 12:26 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."

Mark Anderson, Board Vice Chair

Board Resolution

Mark Anderson, Vice Chair, Board of Trustees, recognized the retirement of Robert Gray and offered the following proclamation:

PROCLAMATION CONCERNING Robert B. Gray

Whereas, Rob Gray provided the Public Employees' Retirement Association of Colorado (Colorado PERA) with 33 years of exemplary service as the legislative liaison for Colorado PERA both locally and nationally, and

Whereas, through Rob's professionalism, knowledge of the history of Colorado PERA, dedication, selfless and untiring efforts, he earned the respect, confidence and esteem of members of the Colorado PERA Board, staff, the leadership of the Colorado Legislature and members of the state administration, and members of national public retirement industry organizations, and

Whereas, Rob served PERA's membership with dignity, loyalty, dedication and integrity, and

Whereas, Rob retired from his staff position of Director of Government Relations effective June 1, 2006; now therefore, be it

Resolved, that with deep appreciation and congratulations, the Board of Trustees of Colorado PERA formally recognize and thank Rob Gray for his dedicated and conscientious service to the membership of Colorado PERA, his many contributions to the members of the Board of Trustees over his 33-year career, and wish him much success as he transitions into retirement, and

Resolved that a copy of this Resolution be placed in the official minutes of the September 15, 2006, PERA Board of Trustees meeting.

Submitted by Mark Anderson,
Board Vice Chair
Public Employees' Retirement Association of Colorado
September 15, 2006

A motion was made by Patricia Kelly and seconded by Maryann Motza that *"the foregoing proclamation be adopted."* The motion was approved.

The Board recessed for lunch at 12:28 p.m. and reconvened at 1:05 p.m.



Benefits Report

David Maurek, Chief Operating Officer, introduced Wendy Tenzyk, Director of Insurance, who provided a presentation, *A PERACare Primer*, which provided a historical perspective on the health care provided by PERA. Ms. Tenzyk also highlighted the 2007 PERACare program changes. Finally, Ms. Tenzyk responded to questions.

In addition, Mr. Maurek introduced Kevin Carpenter, Information Systems Manager, who provided a presentation, *Security at PERA*, which provided an overview of the information systems security issues and the efforts of PERA staff to manage the risks. Mr. Carpenter also responded to questions.

Signature Authorization Changes

Gregory W. Smith, General Counsel, stated that the Board may wish to consider the following updated resolution, which was transmitted to Trustees as Tab H on September 8, 2006, in order that the language is current due to the General Counsel's new responsibilities:

CERTIFICATE OF RESOLUTION

by the Board of Trustees of Public Employees' Retirement Association of Colorado

In the regular meeting on the 15th day of September 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; Jennifer Paquette,



Chief Investment Officer; and Gregory W. Smith, General Counsel, 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 15th day of September, 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; Jennifer Paquette, Chief Investment Officer; and Gregory W. Smith, General Counsel, are on the date of this certification, and are presently, duly qualified and acting in the capacity indicated.

Dated this 15th day of September 2006.
James Casebolt, Chairman of the Board of Trustees
Public Employees' Retirement Association of Colorado

A motion was made by Patricia Kelly and seconded by Tamela Long that, *"the forgoing resolution be adopted."* The motion was approved.

Contract Authorization

Mark Anderson, Vice Chair, discussed the contract authorization for Meredith Williams.

A motion was made by Scott Murphy and seconded by Sara Alt *"to authorize execution of a three-year contract with Meredith Williams, Executive Director, on the terms and conditions previously discussed and in the terms provided to the Board today, subject to receipt of a bullet-point summary."* Discussion ensued. The motion was approved. Michael Coffman voted against the motion.

Professional Services RFP

Karl Paulson, Manager of Strategic Innovation, reviewed the Request for Proposals (RFP) materials that were transmitted as Tabs I, J, K, L, M to the Trustees on Friday, September 8, 2006. Mr. Paulson informed the Board that an Ad Hoc Committee would be helpful in reviewing the submitted



RFP's and asked for volunteers. Pat Kelly, Tamela Long, and F. Elizabeth Friot volunteered to be on the Ad Hoc Committee.

A motion was made by F. Elizabeth Friot and seconded by Scott Murphy that, "*staff be authorized to initiate the request for proposal process for actuarial services.*" The motion was approved.

Rules Discussion

Gregory Smith, General Counsel, reviewed the *Gubernatorial Appointees Study*, which was transmitted to Trustees as Tab N on Friday, September 8, 2006. Discussion ensued and Mr. Smith responded to questions. The Board directed Mr. Smith to continue with the formal Rule-making procedure and with regard to the appointed Trustees, include a provision to establish a \$100 a day limit to be paid to these appointees and to include a cap of 20 days per year for attending official Board functions in the proposed Rule.

Marcus Pennell left the meeting at 2:20 p.m. and did not return.

Administrative Review Panel Responsibilities

Gregory Smith, General Counsel, provided an overview of the Administrative Review process and informed the Board that a formal training tool will be available to Trustees on the Board Web site before the October Administrative Reviews. Mr. Smith responded to questions.

Other Business

With no further business to discuss, Mr. Anderson adjourned the meeting at 2:53 p.m.

Board Meeting Dates

October 20, 2006
November (16) 17, 2006

Respectfully submitted by
Brenda Meidl
Senior Administrative Assistant
Legal Services Division

Mark Anderson, Board Vice Chair

Meredith Williams, Executive Director