



**COLORADO  
PERA®**

*Record of Proceedings*

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

1300 Logan Street  
Denver, Colorado  
April 20, 2007  
8:30 a.m.

**Trustees Present:** Mark Anderson, Board Chair, James Casebolt, F. Elizabeth Friot, Carol Hoglund, Patricia Kelly, Cary Kennedy arrived at 8:44 a.m., Tamela Long, Maryann Motza, Scott Murphy, Amy Nichols, Scott Noller, Marcus Pennell, Eric Rothaus arrived at 8:40 a.m. and left at 8:44 a.m.

**Trustees Absent:** Sara Alt, Vice Chair, Susan Beeman, Carole Wright

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

Mark Anderson, Board Chair, called the meeting to order at 8:29 a.m.

Mr. Anderson announced that former Trustee Ada Houck had recently passed away and recognized her for her 24 years of service and commitment to PERA.

**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 March 16, 2007, Board Meeting Minutes**

A motion was made by Maryann Motza and seconded by Tamela Long that *"the March 16, 2007, Board Meeting Minutes be approved as amended to name Mark Anderson as Board Chair on page 3."* The motion was approved.

**Public Comment**

There was no public comment.

**Executive Committee Report**

Mark Anderson, Board Chair, reported that the Executive Committee had met the previous day. The Committee approved the March 15, 2007, Executive Committee minutes and reviewed the February 28, 2007, Unaudited Financial Statements and the March 31, 2007, Budget Report. They also reviewed information on monthly operations. Finally, they reviewed the agenda for the day's meeting and preparations for the Board's July planning meeting.



### **Legislative Report**

Meredith Williams, Executive Director, with the assistance of Roberta Robinette, PERA lobbyist, informed the Board of the signing ceremony for HB 07-1184, regarding Sudan Divestment that he attended with PERA staff. The signing of the bill initiates a series of actions that PERA must fulfill under this new law. Actions include the creation of a list of scrutinized companies for engagement and possible divestment. Mr. Williams responded to questions.

Mr. Williams also reported that the House Labor and Business Affairs Committee had met the previous day to discuss HB 07-1365, Inclusion of the Colorado Consortium for Earth and Science Education (Challenger Learning Center) as a PERA Employer. Gregory W. Smith, General Counsel, was at the hearing and answered legislators' questions. This bill would allow current PERA members to retain PERA membership.

Mr. Williams also updated the Board on the probability that legislation would be introduced in the near future to reverse portions of SB 06-235, expanding DC Choice into higher educational institutions. These provisions were added at the last minute of the session last year without much input or analysis from any of the institutions. Mr. Williams responded to questions.

Finally, Mr. Williams indicated that he would be meeting with Governor Ritter early next week. Mr. Williams responded to questions regarding federal legislation activities.

### **Sudan Legislation Report**

Gregory W. Smith, General Counsel, and Jennifer Paquette, Chief Investment Officer, discussed the divestment-related *Timeline*, which was transmitted to Trustees as Tab B on Friday, April 13, 2007. Mr. Smith and Ms. Paquette discussed the implementation process, internal policy, and the process to find research firms to comply with the new law. Staff had sent out an Invitation to Negotiate (ITN) requesting proposals from qualified firms to provide socially responsible research regarding entities doing business in the Republic of the Sudan. Responses were received from four firms. Two firms were interviewed, Institutional Shareholder Services Inc. (ISS) and KLD Research & Analytics, Inc. The decision was made to hire both firms. Mr. Smith explained that PERA would be best served by having both firms' philosophies. Discussion ensued and Mr. Smith and Ms. Paquette responded to questions.

The Board recessed for a break at 9:18 a.m. and reconvened at 9:28 a.m.

### **Member Administrative Appeal**

Mark Anderson, Board Chair, stated that in accordance with the Board Agenda, an administrative appeal by PERA retiree Deana Strom would be heard. An Administrative Appeal involves member information, which is deemed confidential by C.R.S. § 24-51-213. William J. Maikovich, Esq., Legal Counsel for the Petitioner, 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.



In accordance with the requirements of due process and pursuant to PERA Rule 2.20, Trustees Scott Murphy, Tamela Long had previous involvement in Ms. Strom's appeal and stepped out of the meeting. Also, Sara Alt had previous involvement in Ms. Strom's appeal and was absent from the day's meeting, as were Susan Beeman and Carole Wright. In addition, Board members James Casebolt and Amy Nichols recused themselves from the proceedings. Meredith Williams, Executive Director, made the initial determination regarding the request and also stepped out of the meeting.

Ms. Friot had originally recused herself from the proceedings because the appellant is a personal acquaintance. However, Ms. Friot agreed to participate in the hearing and stated that she believed she could make an unbiased decision. Mr. Maikovich stated that he did not have any concerns or objections. The Board went into Closed Session at 9:40 a.m. In addition to the Trustees, Gregory W. Smith, Counsel to the Board of Trustees, Adam Franklin, Senior Staff Attorney, and the Legal Executive 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 Deana Strom, PERA retiree."

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Mark Anderson, Board Chair

A motion was made by Scott Noller and seconded by Marcus Pennell that *"the Board adopt and ratify the Findings of Fact, Conclusions of Law and Decision of the Administrative Review Panel to deny Ms. Strom's request that her unused paid leave payout remain in the month it was paid rather than projected forward over as many months as possible at her monthly rate of pay."* The motion was approved.

### **Historical Overview of Investments**

Jennifer Paquette introduced Beth Roybal, Senior Portfolio Manager in the Real Estate Division. Ms. Roybal introduced Martha Argo, Investment Director; and Tim Moore, Alternative Investments Director. The Board was presented with a video on the historical overview of PERA's investments. The video was produced by the Communications Division and Investments staff.

Gregory W. Smith, General Counsel, left the meeting at 10:35 a.m.

The Board recessed for a break 10:40 a.m. and reconvened at 10:50 a.m.

### **Investment Educational Workshop**

Brian Birnbaum and Steve Cummings of Ennis Knupp reviewed their presentation on *Hedge Funds and Portable Alpha Strategies*, which was transmitted to Trustees as the Tab C on Friday, April 13, 2007. Mr. Birnbaum and Mr. Cummings 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 D on April 13, 2007. Mr. Williams discussed a letter that was received from a PERA retiree regarding concerns with PERACare provider Anthem. Mr. Williams noted that the complaint had been resolved and was due to a coding error made by the retiree's physician. Mr. Williams asked the Board to review the letters in their folders with regard to the Windfall Elimination Provision (WEP)/ Government Pension Offset (GPO) and the Iran issue.

The Board recessed for lunch at 12:02 p.m. and reconvened at 12:46 p.m.

Gregory Smith, General Counsel, returned to the meeting at 12:46 p.m.

### **Market & Portfolio Update**

Jennifer Paquette, Chief Investment Officer, reviewed the market and portfolio performance information report, which was transmitted to Trustees as Tab E on April 13, 2007. Ms. Paquette also discussed recent portfolio changes in International Equities.

Meredith Williams, Executive Director, left the meeting at 12:53 p.m. and did not return.

### **General Counsel Update**

Gregory W. Smith, General Counsel, provided a report regarding Domestic Relations Orders (DRO) and the 90-day requirement for filing of a DRO in order for it to be valid. Mr. Smith also informed the Board that he will be a panelist on the topic of Securities Litigation at the Government Finance Officers Association (GFOA) annual conference in June. Mr. Smith will also be moderating panels at the annual National Association of Public Pension Attorneys (NAPPA) conference in June regarding Sudan Divestment and International Investment issues, and will serve as a speaker on the panel addressing Fiduciary Insurance issues. In addition, Mr. Smith informed the Board that he is looking into the possibility of PERA's participation in an Amicus Brief regarding the possible elimination of "Scheme Liability" in securities litigation.

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, Chair, polled the Trustees in attendance and received the consent to go into Closed Executive Session at 1:11 p.m. In addition to the Trustees and the General Counsel, the Chief Investment Officer and Chief Operating Officer, the Directors of Internal Audit and Communications, and the Legal Executive Administrative Assistant remained present for the Closed Executive Session.

The Closed Executive Session concluded at 2:16 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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Mark Anderson, Board Chair

**Benefits Update**

David F. Maurek, Chief Operating Officer, provided an update on 401(k) Plan participant statistics as a result of a request from Board members at previous meetings.

Jennifer Paquette, Chief Investment Officer, left the meeting at 2:25 p.m. and did not return.

**Other Business**

Mr. Anderson mentioned the upcoming COPERS Forum in Denver and noted that it is sponsored by a for-profit organization and not PERA. If Trustees wanted to attend they would have to pay for it using their educational budget. With no further business to discuss, Mr. Anderson adjourned the meeting at 2:32 p.m.

**Board Meeting Dates**

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*  
Executive Administrative Assistant  
Office of the General Counsel

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Mark Anderson, Board Chair

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Meredith Williams, Executive Director