



**COLORADO  
PERA®**

***Record of Proceedings***

**Colorado Public Employees' Retirement Association**

**Board Meeting Minutes**

Denver Marriott Tech Center

Denver, Colorado

July 20, 2007

8:30 a.m.

***Trustees Present:*** Mark Anderson, Board Chair, Sara Alt, Vice Chair, Susan Beeman, James Casebolt, Howard Crane, Carol Hoglund, Cary Kennedy, Tamela Long, Maryann Motza, Scott Murphy, Amy Nichols, Scott Noller, Lynn Turner, Carole Wright

***Trustees Absent:*** Susan Murphy

***Staff Present:*** Katie Kaufmanis, Adam Franklin, 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 8:30 a.m.

Mr. Anderson announced that the new Governor-appointed Trustees are Lynn Turner, appointed to a three-year term; Howard Crane, appointed to a one-year term; and Susan Murphy, appointed to a two-year term.

**Approval of Agenda**

A motion was made by Tamela Long and seconded by Scott Noller that *"the Agenda be approved as published."* The motion was approved with Lynn Turner and Howard Crane abstaining from the vote.

**Approval of June 15, 2007, Board Meeting Minutes**

A motion was made by Susan Beeman and seconded by Carole Wright that *"the June 15, 2007, Board Meeting Minutes be approved as published."* The motion was approved with Lynn Turner and Howard Crane abstaining from the vote.

**Public Comment**

There was no public comment.

**Executive Committee Report**

Sara Alt, Vice Chair, reported that the Executive Committee had met the previous day and approved the June 14, 2007, Executive Committee minutes and reviewed the May 31, 2007, Unaudited Financial Statements and the June 30, 2007, Budget Report. Finally, they reviewed the agenda for the day's meeting. Ms. Alt informed the Board that the Committee Charters will be sent to them via e-mail. Trustees will need to send their Committee preferences to Mark Anderson, Chair, by the end of August. Finally, Ms. Alt directed the Board to read the correspondence from Cassandra Kauffman, PERA member, which was provided to them in their Board packets.



### **Sudan Divestment List**

Jennifer Paquette, Chief Investment Officer and Gregory W. Smith, General Counsel discussed the Methodology for Creation of Scrutinized Company List required by C.R.S. § 24-54.8-103, which was transmitted to Trustees as Tab B on July 13, 2007.

A motion was made by Maryann Motza and seconded by Scott Murphy that, *“the Board approve the Methodology for Creation of Scrutinized Company List required by C.R.S. § 24-54.8-103 that was transmitted to Trustees on Friday, July 13, 2007, as Tab B to the meeting materials.”* The motion was approved.

Extensive discussion ensued. Mr. Smith and Ms. Paquette responded to questions.

A motion was made by Scott Noller and seconded by Carole Wright that, *“the Board approve the following list as the Scrutinized Company List required by C.R.S. § 24-54.8-103:*

<b>Company name Active Operations</b>	<b>Country</b>
Alstom	France
AREF Investment Group	Kuwait
Areva Group	France
AviChina (AviChina Industry & Technology Company Ltd)	China
Jiangxi Hongdu Aviation (sub of AviChina)	
Hafei Aviation Industry (sub of AviChina)	
Jiangxi Changhe Automobile Co (sub of AviChina)	
Dongan Motor (sub of AviChina)	
Bharat Heavy Electricals Ltd	India
Dongfeng Motor Group Co	China
Dongfeng Automobile Co Ltd (sub of Dongfeng Motor Group Co)	
Electricity Generating Public Company (EGCO)	Thailand
Harbin Power Equipment Co	China
Indian Oil Corp (IOCL)	India
Lanka IOC Ltd (sub of Indian Oil Corp)	
Chennai Petroleum Corp Ltd (sub of Indian Oil Corp)	
Bongaigaon Refinery & Petrochemicals Ltd (sub of Indian Oil Corp)	
Kejuruteraan Samudra Timur Bhd	Malaysia
Kencana Petroleum Bhd	Malaysia
La Mancha Resources (sub of Areva)	Canada
Lundin Petroleum AB	Sweden



Mangalore Refinery and Petrochemicals Ltd (sub of ONGC)	India
MISC Berhad (Malaysian International Shipping Co) (sub of Petronas)	Malaysia
Mitsui Engineering & Shipbuilding (MES)	Japan
Muhibbah Engineering Bhd	Malaysia
Oil & Natural Gas Corp Ltd (ONGC)	India
PECD Bhd	Malaysia
Petrochina Co (sub of CNPC)	China
CNPC Hong Kong Ltd (sub of CNPC)	Hong Kong
Petrofac Ltd	United Kingdom
Petronas Dagangan Bhd	Malaysia
Petronas Gas Bhd	Malaysia
Petronas (Petronas Capital Limited)	
Reliance Industries Limited	India
Reliance Petroleum	
Scomi Group Bhd	Malaysia
Scomi Engineering Bhd (sub of Scomi Group)	
Sinopec Shanghai Petrochemical Co (sub of Sinopec Corp)	China
China Petroleum & Chemical Corp (Sinopec Corp) (sub of Sinopec Group)	
Sinopec Kantons Holdings (sub of Sinopec Corp)	
Sudan Telecommunications Co Ltd (Sudatel)	Sudan
Weir Group	United Kingdom

**Inactive Operations**

Alcatel Lucent	France
Bollere	France
ICSA (India) Ltd	India
Man AG	Germany
Nam Fatt Co Bhd	Malaysia
Schlumberger Ltd	France
Total SA	France
Videocon Industries Ltd	India
White Nile Ltd	United Kingdom

The foregoing motion was approved.

**Rules Discussion**

Gregory W. Smith, General Counsel and Adam Franklin, Senior Staff Attorney, discussed the draft of the proposed Rule changes, which were transmitted to Trustees as Tab C on July 13, 2007. Extensive discussion ensued. Mr. Smith and Mr. Franklin responded to questions.



The Board recessed for a break at 10:56 a.m. and reconvened at 11:08 a.m.

Mr. Smith and Mr. Franklin continued with the discussion regarding the Rules and responded to questions.

A motion was made by Tamela Long and seconded by Amy Nichols that, *“the Board authorize and direct staff to proceed with the formal Rule-making process with regard to the issues discussed today.”* The motion was approved.

### **Ad hoc Committee Assignments – Custodial Request for Proposals**

Mark Anderson, Chair, announced that he had appointed Maryann Motza, Sara Alt, Carole Wright, and Tamela Long to an Ad Hoc Committee to assist in the upcoming custodial search process. Ms. Long will be the Chair of this Committee. Howard Crane, Trustee, volunteered to be on the Committee and Mr. Anderson appointed Mr. Crane. The search process will begin in September and conclude next summer.

### **Legislative Report**

Meredith Williams, Executive Director, with the assistance of Roberta Robinette and Beth Minahan, PERA lobbyists, informed the Board of possible future legislative issues. The Board directed staff to produce a resolution applicable to all socially responsible investment issues, similar to the January 2007 Sudan divestment resolution. A draft will be presented for the Board’s approval at a special meeting that will be scheduled in August. Discussion ensued and Mr. Williams responded to questions.

### **Monthly Reports**

#### **Executive Director Report**

Meredith Williams, Executive Director, reviewed the report, which was transmitted to Trustees as Tab C on July 13, 2007.

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

Jennifer Paquette, Chief Investment Officer, elaborated on the *Market Scorecard* produced by JP Morgan on the economy. Ms. Paquette reviewed the market and portfolio performance information report, which was transmitted to Trustees as Tab D on July 13, 2007.

Cary Kennedy, Trustee, left the meeting at 12:20 p.m. and did not return.



### **General Counsel Update**

Gregory W. Smith, General Counsel, provided a review of the NAPPA annual conference held in Vail at the end of June. Mr. Smith provided a copy of an *Administrative Review Panels Memorandum*, which informed Trustees of their panel assignment for future hearings. Finally, Mr. Smith provided an update on the office relocation efforts underway and responded to questions.

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 12:44 p.m. In addition to the Trustees and the Executive Director, 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 1:12 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 Defined Contribution Plan statistics from January 1, 2007, through June 30, 2007, as well as statistics since the DC Plan program inception, from January 3, 2006, through June 30, 2007.

Scott Murphy, Trustee, left the meeting at 1:22 p.m. and did not return.

The Board recessed for a break at 1:22 p.m. and reconvened for a working lunch at 1:40 p.m.

### **Discussion with Executive Director**

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

Lynn Turner, Trustee, left the meeting at 2 p.m. and did not return.



**Other Business**

With no further business to discuss, Mr. Anderson adjourned the meeting at 2:40 p.m.

**Board Meeting Dates**

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