



**COLORADO  
PERA®**

*Record of Proceedings*

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

1300 Logan Street  
Denver, Colorado  
September 21, 2007  
9:00 a.m.

**Trustees Present:** Mark Anderson, Board Chair, Sara Alt, Vice Chair, Susan Beeman, James Casebolt, Howard Crane, Carol Hogle, Cary Kennedy arrived at 9:15, Tamela Long, Maryann Motza, Scott Murphy, Susan Murphy, Scott Noller, Carole Wright

**Trustees Absent:** Amy Nichols, Lynn Turner

**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 Chair, called the meeting to order at 9:00 a.m.

**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.

**Approval of July 20, 2007, and August 23, 2007, Board Meeting Minutes**

A motion was made by Carol Hogle and seconded by James Casebolt that *"the July 20, 2007, and August 23, 2007, Board Meeting Minutes be approved as published."* The motion was approved.

**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 July 18, 2007, Executive Committee minutes and reviewed the June 30, 2007, and July 31, 2007, Unaudited Financial Statements and the July 31, 2007, and August 31, 2007, Budget Reports. Finally, they reviewed the agenda for the day's meeting.

**Board Committee Appointments**

Mark Anderson, Board Chair, reviewed the committee appointments that were transmitted to Trustees as Tab C on Friday, September 14, 2007.

A motion was made by Carole Wright and seconded by Scott Noller that *"the 2007-2008 PERA Board Committee assignments be approved as published."* The motion was approved.



## **Committee Reports**

### **Investment Committee**

Maryann Motza, Committee Chair, reviewed the previous day's committee meeting. The Committee reviewed the *Investment Committee Charter*. They received an update from Jennifer Paquette regarding Sudan divestment compliance activities. Ennis Knupp provided reports regarding portfolio benchmarks, cost methodologies and Sudan compliance. Finally, the Committee received a portfolio report from Ms. Paquette.

A motion was made by the Investment Committee that, "a long duration bond portfolio be created with a minimum size of \$25 million and maximum size of 1 percent of the total fund. The funding source will be limited to fixed income assets or cash assets." The motion was approved.

### **Benefits Committee**

Carole Wright, Committee Chair, reviewed the previous day's committee meeting. The Committee received a report from Becky Gratsinger, RV Kuhns, regarding the evaluation of candidates who might provide a socially responsible investment offering for the 401(k) and Defined Contribution Plan. PERA staff and RV Kuhns provided a recommendation to the Committee and the Board will be requested to make a decision at its October meeting. The Committee also received an update from RV Kuhns on the investment performance of PERA's 401(k) Plan. Finally, the Committee received a PERACare update from Wendy Tenzyk, Insurance Division Director. Discussion ensued on a request by AFSCME and CRSEA for assistance in a blind mailing and David Maurek, Chief Operations Officer, responded to questions. The Committee instructed staff to contact AFSCME and CRSEA of their decision to not provide such service based on consensus about violating the confidentiality section of the statute. Finally, there was discussion about employers who are dropping their retiree insurance coverage and PERA's efforts to transition them to PERACare.

### **Audit Committee**

James Casebolt, Committee Chair, reviewed the previous day's committee meeting. The Committee received the *Audit Committee Charter* and will review it for any needed modifications. They discussed employer audits being conducted by the Internal Audit Department. The Committee also met separately with John Spielman, Internal Audit Director, as required by the *Audit Committee Charter* and deferred meeting with Gregory Smith, General Counsel, due to time constraints. Finally, the Committee reviewed Trustee education compliance, received an update on the *Governance Manual*, and the relocation efforts.

### **Shareholder Responsibility Committee**

Tamela Long, Committee Chair, reviewed the previous day's committee meeting. The Committee received an update regarding Council of Institutional Investors matters. They also received a report on proxy access and voting issues. Finally, the Committee received updates on objections to attorney's fees and securities litigation matters.



### **Ad-hoc Custodial RFP Committee**

Tamela Long, Committee Chair, reviewed the previous day's committee meeting where they discussed the timeline regarding custodial services and securities lending request for proposals.

### **Member Administrative Appeal**

Mark Anderson, Board Chair, stated that in accordance with the Board Agenda, an administrative appeal by Beatrice Jefferson, PERA retiree, would be heard. An Administrative Appeal involves member information, which is deemed confidential by C.R.S. § 24-51-213.

Peter Mullison, 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 Noller and Carole Wright had previous involvement in Ms. Jefferson's appeal and stepped out of the meeting. In addition, Trustee James Casebolt recused himself from the proceedings. Meredith Williams, Executive Director, made the initial determination regarding the request and also stepped out of the meeting.

The Board went into Closed Session at 9:35 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 Board went into Closed Session for deliberations at 9:59 a.m. The Closed Session concluded at 10:37 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 Beatrice Jefferson, PERA retiree."

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Mark Anderson, Board Chair

Ms. Jefferson arrived at 10:37 a.m.

A motion was made by Tamela Long and seconded by Carol Hogle that "*the Board adopt and ratify the Findings of Fact, Conclusions of Law and Decision of the Administrative Review Panel to deny Ms. Jefferson's request to allow her to change her benefit option more than 60 days after the date her initial benefit payment was issued.*" The motion was approved.

The Board recessed at 10:39 a.m. and reconvened at 10:48 a.m.

### **Northern Trust Risk Report**

Jennifer Paquette, Chief Investment Officer, introduced Nauman Ahmed, Senior Investment Risk Consultant, The Northern Trust. Mr. Ahmed reviewed the *Risk Profile Review*, which was transmitted to Trustees as Tab D on Friday, September 14, 2007.



### **Monthly Reports**

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

Jennifer Paquette, Chief Investment Officer, reviewed the *Investments Report*, which was transmitted to Trustees as Tab F on Friday, September 14, 2007. Ms. Paquette discussed capital market developments as well as recent portfolio out-performance and under-performance.

#### **Executive Director Report**

Meredith Williams, Executive Director, reviewed the *Executive Director's Report*, which was transmitted to Trustees as Tab E on Friday, September 14, 2007. Mr. Williams introduced Beth Minahan and Steve Adams, PERA lobbyists. Mr. Williams provided an update on legislative activities. Mr. Williams, Mr. Adams, and Ms. Minahan responded to questions.

The Board recessed for lunch at 12:07 p.m. and reconvened at 12:59 p.m.

### **Communications Update**

Katie Kaufmanis, Communications Director, introduced Eric Anderson and Illana Poley from SE2. Ms. Kaufmanis, Mr. Anderson, and Ms. Poley provided a follow-up presentation outlining the communication efforts as a result of the implementation of key findings from the focus groups. Ms. Kaufmanis identified items that had been completed in 2007 as well as strategies that will occur in 2008 related to enhancing communication with PERA's membership, member and employer associations, and to editorial boards.

### **Monthly Reports (Continued)**

#### **General Counsel Update**

Gregory W. Smith, General Counsel, informed the Board on a C.R.S. § 24-51-205(6)(b) matter. Mr. Smith provided updates on the 401(k) wrongful distributions issue, Sudan active and inactive companies responses received, and the office relocation efforts that are underway. Mr. Smith 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 consent to go into Closed Executive Session at 2:12 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 2:51 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

Scott Murphy, Trustee, left the meeting at 2:51 p.m. and did not return.



The Board recessed at 2:51 p.m. and reconvened at 3:00 p.m.

**Data Hub Presentation**

Jennifer Paquette, Chief Investment Officer, introduced Thomas Liddy, Director, Investment Operations and Kevin Carpenter, Director, Information Technology. Mr. Liddy and Mr. Carpenter reviewed the status of the efforts made to date on the Data Hub and the scheduled activities remaining. Mr. Liddy and Mr. Carpenter responded to questions.

**Monthly Reports (Continued)**

**Benefits Update**

David F. Maurek, Chief Operating Officer, provided an update on Defined Contribution (DC) Plan statistics since program inception. Mr. Maurek responded to questions.

**Governance Follow-Up**

David F. Maurek, Chief Operating Officer, provided an update of the Cortex compliance review of the Board operations within the *Governance Manual*. Revisions to the *Governance Manual* will be considered by the Board in 2008.

**Other Business**

With no further business to discuss, Mr. Anderson adjourned the meeting at 4:09 p.m.

**Board Meeting Dates**

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