



**COLORADO  
PERA®**

**Colorado Public Employees' Retirement Association**

**Board Meeting Minutes**

1301 Pennsylvania Street

Denver, Colorado

March 20, 2009

8:30 a.m.

**Trustees Present:** Mark Anderson, Board Chair, Sara Alt, Vice Chair, James Casebolt, M. Judy Chavez, Howard Crane, Richard Delk, Cary Kennedy, Maryann Motza, Susan Murphy, Amy Nichols, Scott Noller, Lynn Turner, Carole Wright

**Trustees Absent:** Susan Beeman, Scott Murphy

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

Mark Anderson, Board Chair, called the meeting to order at 8:30 a.m.

**Approval of Agenda**

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

**Approval of the January 16, 2009, Board Meeting Minutes and the March 3, 2009, Special Board Meeting Minutes**

A motion was made by Scott Noller and seconded by Susan Murphy that, *"the January 16, 2009, and March 3, 2009, Special Board Meeting Minutes be approved as published."* The motion was approved.

**Announcements by the Board Chair**

Mr. Anderson announced that PERA had received the Award for Recognition in Administration by the Public Pension Coordinating Council, awarded for meeting professional standards for plan administration set forth in the public pension sector. The Council is a collaborative effort between the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement. These standards are intended to reflect the minimum expectations for public retirement systems, management, and administration and serves as a benchmark by which all defined benefit plans should be measured. The award reflects the output of the entire PERA operations and staff. Mr. Anderson recognized David F. Maurek, Chief Operating Officer, and his staff for their role in leading the PERA benefit administration effort.

In addition, Mr. Anderson announced that for the 23rd consecutive year, the Colorado Public Employees' Retirement Association had been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) of the United States and



Canada. The GFOA established this Certificate in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles, to prepare a Comprehensive Annual Financial Report (CAFR), that evidences the spirit of transparency and full disclosure, and to recognize individual governments that succeed in achieving that goal. PERA also received the GFOA award for Outstanding Achievement in Popular Annual Financial Reporting for its 2007 Popular Annual Financial Report (PAFR). The PAFR is a summary of the CAFR that is mailed to PERA members and benefit recipients. The GFOA established this award in 1991 to encourage and assist state and local governments to extract information from their CAFR to produce a high quality PAFR specifically designated to be readily accessible and understandable to the general public and other interested parties.

The CAFR and the PAFR represent the output of the entire PERA operation and staff. Mr. Anderson recognized Karl Greve, Chief Financial Officer, Katie Kaufmanis, Director of Communications, Madalyn Knudsen, Creative Services Manager, and John Spielman, retired Director of Internal Audit, and their staffs for their role in leading the PERA accountability effort.

### **Public Comment**

Mr. Anderson invited members of the audience to come forward to address the Board. Nikki Goletski, PERA Retiree, and Robert Furlong, PERA Retiree, commented and questioned the Board separately regarding the plans of PERA in the current market and expressed concerns regarding the political environment. Meredith Williams, Executive Director, Jennifer Paquette, Chief Investment Officer, and Mr. Anderson responded to their questions regarding PERA's efforts so far and to be taken in the future.

Cary Kennedy, Trustee, arrived at 8:50 a.m.

### **Executive Committee Report**

Sara Alt, Vice Chair, reported that the Executive Committee had met the previous day and approved the January 15, 2009, Executive Committee Minutes and reviewed the December 31, 2008, and January 31, 2009, Unaudited Financial Statements, and the January 31, 2009 and February 28, 2009, Budget Reports. Additionally, the Committee discussed legislative matters, future Board meeting dates and they reviewed the agenda for the day's meeting. Finally, Ms. Alt thanked the PERA staff for the service provided to the membership and stated that the Board is aware of the stresses that staff is working under and the Board appreciates the world-class efforts.

### **Follow-up on Medicare Part A**

David F. Maurek, Chief Operating Officer, provided the background regarding Medicare Part A coverage within the PERA Law. Wendy Tenzyk, Director of Insurance, introduced Liz Leif, Leif Associates. Ms. Leif reviewed the Medicare Part A presentation, which was transmitted to Trustees as Tab C on March 13, 2009. Ms. Tenzyk and Ms. Leif responded to questions.



### **Iran Investment Update**

Martha Argo, Investment Director, provided an update regarding the status of the phases of the Iran-Related Investment Policy. Ms. Argo discussed the proposed improvements to the Iran-Related Investment Policy and handed out the recommendations. A copy of the Policy was transmitted to Trustees as Tab D on March 13, 2009. Ms. Argo and Gregory W. Smith, General Counsel, responded to questions.

A motion was made by Howard Crane and seconded by Scott Noller that, *“the Board of Trustees approve the changes to the Iran-Related Investment Policy as presented to the Board in the Iran-Related Investment Policy report dated March 20, 2009. Further, the Board of Trustees acknowledges the receipt of the staff-prepared Iran-Related Investment Policy report dated March 20, 2009.”* The motion was approved.

### **2009 Board Election**

Gregory W. Smith, General Counsel, reviewed the status of the Board election in the State, School, and Retiree divisions.

A motion was made by Scott Noller and seconded by Howard Crane that, *“the Board direct staff to conduct an election for two seats in the State Division to be elected by the members of that division, and to include in that election the following slate of candidates: Carol Jonas-Morrison, Maryann Motza.”* The motion was approved.

A motion was made by Carole Wright and seconded by Susan Murphy that, *“the Board direct staff to conduct an election for two seats in the School Division to be elected by the members of that division, and to include in that election the following slate of candidates: Katharine Diodosio, Scott Noller, Marcus Pennell, Joe Waneka.”* The motion was approved.

A motion was made by Howard Crane and seconded by Scott Noller that, *“the Board direct staff to conduct an election for one retiree seat from the School Division, Local Government Division, and Judicial Division, to be elected by the retired members of those divisions, and to include in that election the following slate of candidates: Donald Deane, Donald Fiscus, Roger Piwowarski, Carole Wright.”* The motion was approved.

### **Committee Reports**

#### **Investment Committee**

Maryann Motza, Chair, Investment Committee, reported that the Committee had met the previous day and received updates, reports, and recommendations from the Investment staff and consultants.

The Investment Committee moved that, *“the Board of Trustees approve that the Fixed Income Active Risk limit, defined in the Active Risk Policy, may be temporarily exceeded. This allowance to exceed the limit expires December 31, 2009, with consideration of an extension prior to that date. Staff is directed to continue efforts to prudently reduce Fixed Income Active Risk when possible and keep the Board informed as required by the Active Risk Policy.”* The motion was approved.



**Investment Committee (Continued)**

The Investment Committee moved that, *“the Board of Trustees approve that the fixed income Lehman benchmarks currently utilized reflect the name change from Lehman to Barclays Capital. This name change will be reflected in the Statement of Investment Policy.”* The motion was approved.

The Investment Committee moved that, *“the Board of Trustees approve the amended Statement of Investment Policy as described in Tab E of the Investment Committee Agenda dated March 19, 2009.”* The motion was approved.

The Investment Committee moved that, *“the Board of Trustees consider at the March 2010 Board Meeting the timing of a request for proposals regarding investment consulting services.”* The motion was approved.

The Board recessed at 9:52 a.m. and reconvened at 10:02 a.m.

**Benefits Committee**

Carole Wright, Chair, Benefits Committee, reported that the Committee had met the previous day and received several reports and recommendations from PERA staff and consultants.

The Benefits Committee moved that, *“the Board of Trustees approve that the recommended investment mapping of the State’s Defined Contribution Plans, as described in the Summary Mapping Document, be implemented effective July 1, 2009, to accomplish the transfer of the State’s Defined Contribution plans’ responsibilities to PERA.”* The motion was approved.

The Benefits Committee moved that, *“the Board of Trustees approve the following investments be added to the investment offerings within the PERA 401(k) Plan effective July 1, 2009 – T. Rowe Price Small Cap Value Strategy Fund, and Tygh Capital Management Small Cap Growth as Small Cap equity offerings under the Small/Mid Cap Equity asset class, and the Vanguard Mid Cap Index Fund as a Mid Cap Core (Passive) equity offering under the Small/Mid Cap Equity asset class.”* The motion was approved.

**Audit Committee**

James Casebolt, Chair, Audit Committee, reported that Committee had met the previous day and discussed the proposed change for the Audit Committee Charter Tab 6, Section 2d, to include an annual meeting with the Chief Finance Officer without management present, during the year.

The Audit Committee moved that, *“the Board of Trustees approve the recommended change to the Audit Committee Charter, Tab 6, Section 2d as transmitted to Trustees on Friday, March 13, 2009, as Tab E in the meeting materials.”* The motion was approved.

In addition, Mr. Casebolt reported that the Committee received several reports and recommendations from PERA staff. Finally, the Committee discussed the evaluations of the external Audit Committee members and reviewed Gregory W. Smith’s evaluation by Meredith Williams, Executive Director.



### **Committee Reports (Continued)**

#### **Shareholder Responsibility Committee**

Lynn Turner, Chair, Shareholder Responsibility Committee, reported that the Committee had met the previous day. Mr. Turner thanked PERA staff for the detailed information provided regarding the 2008 proxy season and 2009 proxy season. The Committee made the recommendation to disclose votes made on a weekly basis rather than on an annual basis. The votes will be disclosed after the annual shareholder's meeting for the company.

#### **Compensation and Budget Committee**

Scott Noller, Chair, Compensation and Budget Committee, reported that the Committee had met the previous day and received reports from staff. The Staff will discuss a cost assessment of the 2009 budget with the Committee at a future meeting.

### **Internal Audit Charter Approval**

James Casebolt, Chair, Audit Committee, asked for comments regarding the proposed changes to the *Internal Audit Charter*, which was distributed to Trustees at the January 19, 2009, Board meeting and a revised version was transmitted to Trustees as Tab F on March 13, 2009.

The Audit Committee moved that, "*the Board of Trustees approve the Internal Audit Charter as transmitted to Trustees on Friday, March 13, 2009, as Tab F.*" The motion was approved.

### **Strategic Initiatives Update**

Karl Paulson, Manager of Strategic Innovation, provided a review of the Strategic Planning Efforts Progress Report, which was transmitted to Trustees as Tab G1 and Tab G2 on Friday, March 13, 2009.

Extensive discussion ensued and Mr. Paulson and Meredith Williams, Executive Director, responded to questions. Additional 2009 Board and Committee Meetings were scheduled for April 16 and 17, May 29, July 23 and 24, and October 15 and 16. In addition, the Board discussed holding Trustee Shareholder meetings in August around the State. When the meetings are set, Trustees are asked to sign up for meetings that they are able to attend.

The Board recessed at 11:48 a.m. and received a presentation regarding stakeholder relations, presented by Katie Kaufmanis, Communications Director, Eric Anderson and Illana Poley from SE2.

The Board reconvened at 12:56 p.m.



**Resolution for Signature Authorization**

Gregory W. Smith, General Counsel, stated that the Board may wish to consider the following updated resolution:

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

In the regular meeting on the 20th day of March 2009, 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 20th day of March 2009, 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 March 20, 2009  
Mark Anderson, Chair of the Board of Trustees  
Public Employees' Retirement Association of Colorado

A motion was made by James Casebolt and seconded by Amy Nichols that, "*the foregoing Resolution, be approved.*" The motion was approved.

### **Legislative Report**

Meredith Williams, Executive Director, and Gregory W. Smith, General Counsel provided an update on the current status of PERA-related legislation previously introduced. Mr. Williams provided an update regarding staff's efforts in drafting legislation for the potential merger with the Denver Public Schools Retirement System.

### **Staff Reports**

#### **Executive Director Report**

Meredith Williams, Executive Director, reviewed the *Executive Director's Report*, which was transmitted to Trustees as Tab H on Friday, March 13, 2009. Mr. Williams also reported that PERA had received an environmental award from Cintas. Finally, Mr. Williams discussed recent activities and current developments. Mr. Williams responded to questions.

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

Jennifer Paquette, Chief Investment Officer, reviewed the market and portfolio performance, which was transmitted as Tab I to Trustees on March 13, 2009. Ms. Paquette responded to questions.

#### **Benefits Update**

David F. Maurek, Chief Operating Officer, provided a Benefits update, which was provided as a hand out. Mr. Maurek responded to questions.

#### **General Counsel Update**

Gregory W. Smith, General Counsel, informed the Board on C.R.S. § 24-51-205(6) (b) matters. Additionally, Mr. Smith provided an update regarding the relocation of PERA staff to the Penn Center building. Finally, Mr. Smith provided an annual update regarding outside counsel fees and Domestic Relation Orders (DROs) handled in the Legal Division.

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 2:28 p.m. In addition to the Trustees and the Executive Director, General Counsel, the Chief Financial Officer, the Chief Investment Officer and Chief Operating Officer, the Directors of Communications



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and Internal Audit, the Strategic Innovation Manager, and the Legal Executive Administrative Assistant remained present for the Closed Executive Session. The Closed Executive Session concluded at 3:04 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

**Other Business**

With no further business to discuss Mr. Anderson adjourned the meeting at 3:06 p.m.

**Board Meeting Dates**

April (16) 17, 2009  
May 29, 2009  
June (18) 19, 2009  
July (23) 24, 2009  
September 16-18, 2009 (Planning Meeting)  
October 15, 16, 2009  
November (19) 20, 2009

Respectfully submitted by  
*Brenda E. 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