



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

**Denver, Colorado
June 19, 2020
8:00 a.m.**

The meeting was held remotely by using a teleconferencing service and a livestream service in order to comply with recommendations from the Governor to minimize the size of groups gathering due to the COVID-19 pandemic.

Trustees Present: Timothy M. O'Brien, Chairman, Marcus Pennell, Vice Chairman, Ramon Alvarado, Thomas Barrett, Guillermo Barriga, Rebecca Freyre, Julie Friedemann, David Hall, Roger Johnson, Suzanne Kubec, Tina Mueh, Susan Murphy, William Parker, Cheryl Pattelli, David Young, Amy Grant

Staff Present: Ron Baker, Kevin Carpenter, Adam Franklin, Patrick W. Lane, Amy C. McGarrity, Brenda Meidl, Joshua Neugebauer, Ande Sailer, Rebecca Shelton, Tara Stacy, Michael Steppat, Sarah Wager, Annie Yao

Timothy M. O'Brien, Chairman, called the meeting to order at 8:00 a.m.

Approval of the Consent Agenda

A motion was made by David Hall and seconded by William Parker that, "*the Board of Trustees approve the Consent Agenda as published with the following items:*

- a. *Approval of Agenda*
- b. *Approval of March 20, 2020, Board Meeting Minutes*
- c. *Approval of April 28, 2020, Special Board Meeting Minutes*
- d. *Resolution for Signature Authorization*
- e. *Anti-BDS Report.*"

The motion was approved.

Public Comment

Devin Reynolds, PERA member, provided her views and opinions related to divestment from fossil fuels.



2020 Board Election Results

Kevin Carpenter, PERA Chief Administrative Officer, reviewed the election results.

A motion was made by Suzanne Kubec and seconded by David Young that, *“the Board of Trustees Election Results as set forth in the report dated June 12, 2020, be affirmed and that David Hall be duly elected to a four-year Board term from the State Division beginning July 1, 2020.”*

The motion was approved.

Memoriam—Robert J. Scott

A motion was made by Timothy M. O'Brien and seconded by Marcus Pennell that the following Memoriam for Robert J. Scott be approved:

Whereas, Robert (Bob) J. Scott, former Colorado Public Employees' Retirement Association (PERA) Executive Director, passed away on April 20, 2020, at the age of 79; and

Whereas, Bob was appointed to the PERA Board of Trustees in 1977 as Colorado's State Auditor and served as a Trustee on the PERA Board for seven years; and

Whereas, Bob became PERA's fourth Executive Director in 1984 and served in that role for 16 years until his retirement; and

Whereas, when Bob retired in 2000, PERA had nearly 158,000 active members, 53,000 benefit recipients, and the trust fund grew to more than \$28 billion; and

Whereas, under Bob's leadership, PERA implemented the 401(k) Voluntary Investment Plan program, the retiree health care program, and earned Certificates of Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for 15 successive years; and

Whereas, Bob was a leader in the public pension industry and held positions with the National Association of State Retirement Administrators, the Public Pension Coordinating Council, the National Conference of State Legislatures, and the Government Finance Officers Association Committee on Public Employee Retirement Associations; and

Whereas, Bob was admired and respected by members, employees, and peers across the country and will be remembered for his commitment to improve upon past programs and philosophies while drawing blueprints for the future; and

Whereas, Bob had a vision for a better retirement plan for all PERA members that Colorado's public employees are still benefiting from today; and



Whereas, it is self-evident that PERA will be forever indebted to Bob, now therefore, be it

Resolved, that with profound gratitude, the PERA Board of Trustees memorialize Robert J. Scott for his numerous contributions and accomplishments during his esteemed career at PERA; and

Resolved, that the PERA Board and staff extend their sincere condolences to his wife Lila, his children, Katie, Wendy, Noah, and David, and his four grandchildren; and that a copy of this resolution be presented to the family; and

Resolved, that a copy of this Resolution be placed in the official minutes of the June 19, 2020, PERA Board of Trustees meeting.

The foregoing motion was approved.

Investment Performance Report

Amy C. McGarrity, PERA Chief Investment Officer, introduced John Lee, Aon, Partner, Katie Comstock, Aon, Senior Consultant, and Laura Flaum, Aon, Senior Consultant. The team reviewed the Investment Performance Report that was transmitted to Trustees as Tab G.

Actuarial Valuation

Brad Ramirez, Segal Consulting, Vice President and Consulting Actuary, and Matt Strom, Segal Consulting, Senior Vice President and Consulting Actuary provided the Pension Actuarial Valuation presentation, which was transmitted to Trustees as Tab H1.

The Board recessed at 10:00 a.m. and reconvened at 10:05 a.m.

Melissa Krumholz, Segal Consulting, Health Care Actuary, continued with a presentation regarding Other Post-Employment Benefits (OPEB). The presentation was transmitted to Trustees as Tab H2.

Public Comment

Marie Venner, PERA Retiree, provided her thoughts regarding fossil fuel investments.

Release of 2019 Comprehensive Annual Financial Report (CAFR)

David Hall, Chairman, Audit Committee, and Catherine Maninger, PERA Controller, provided information regarding the 2019 CAFR.

Mr. Hall moved that the Audit Committee recommends that, *“the Board authorize the release of the 2019 Comprehensive Annual Financial Report.”*



Combined Investment Fund (CIF) Investment Consultant RFP

Rebecca Shelton, PERA Investment Operating Officer, and Joshua Neugebauer, PERA Assistant Director of Investment Administration, provided a presentation regarding the CIF Investment Consultant RFP.

Committee Reports

Executive Committee

Marcus Pennell, Vice Chairman, reported that the Executive Committee met on June 9, 2020, and approved the March 16, 2020, Committee Meeting Minutes. The Committee reviewed the February 29, 2020, March 31, 2020, and April 30, 2020, Unaudited Financial Statements and the May 31, 2020, Budget Report. The Committee approved the Educational Waiver request by David Young. They also reviewed the June 18-19, 2020, Board Meeting Agenda and Schedule.

Audit Committee

David Hall, Chairman, Audit Committee, reported that the Committee met the previous day. The Committee received an update on the 2019 Financial Audit provided by CliftonLarsonAllen (CLA). The Committee met privately and separately with the PERA Independent Auditors and Deputy State Auditor, the PERA Controller, and finally with the PERA Director of Internal Audit. The Committee also received updates on the 2019 *Comprehensive Annual Financial Report* and the Internal Audit Division activity. In addition, the Committee discussed the evaluations of the Outside Audit Committee members, A. Tom Hall and Tammie Lowrie. Their service agreements were reviewed for 2020-2021 and they voted to extend their contracts for another year.

Benefits Committee

Suzanne Kubec, Chair, Benefits Committee, reported that the Committee met the previous day. The Committee approved recommended amendments to the *PERA 401(k) Plan and 457 Plan Documents*, which will be taken up at the September Board meeting for consideration. Additionally, the Committee received results of the membership surveys, an update regarding the Defined Contribution Plans Recordkeeper RFP, an overview of the Capital Accumulation Plan (CAP), and a PERACare Insurance update.

Compensation and Budget Committee

Roger Johnson, Chairman, Compensation and Budget Committee, reported that the Committee met the previous day. The Committee received information regarding the 2019 PERA Employees Metrics report and they reviewed the Budget Report for February 2020.



Investment Committee

Susan Murphy, Committee Chair, reported that the Committee met the previous day. The Committee received information regarding the Capital Accumulation Plan (CAP) first quarter performance, and the *Proxy Voting Policy* evaluation. The Committee will hold a special meeting in September to continue the discussion regarding Environmental, Social, and Governance Issues (ESG). Finally, the Committee received an overview of the Fixed Income Asset Class.

Legislative Update

Ron Baker, PERA Executive Director, and Michael Steppat, PERA Public & Government Affairs Manager, reviewed the Legislative Update presentation. Mr. Baker and Mr. Steppat responded to questions.

Interest on Member Accounts Policy Review

Ron Baker, PERA Executive Director, provided information regarding the Interest on Member Accounts Policy. The member interest credit policy presentation was transmitted to the Trustees as Tab K1 and K2. The Board will consider the Policy at the September Board meeting.

Strategic Plan Update - Review of Mission and Vision Statements

Ron Baker, PERA Executive Director, provided an update on the Strategic Plan. The presentation was transmitted to Trustees as Tab L. Jeffrey Sprole, PERA Community Affairs Manager and Kurt Woock, PERA Editorial Services Manager. Staff will take all the comments from the Board and prepare recommended Mission and Vision Statements and present it to the Board for consideration at the September Board meeting.

Staff Reports

Executive Director Report

Ron Baker, PERA Executive Director, reviewed the Executive Director Report, which was transmitted to Trustees as Tab M.

Market and Portfolio Update

Amy C. McGarrity, PERA Chief Investment Officer, reviewed the Market and Portfolio Update presentation. The presentation was transmitted to Trustees as Tab N.

General Counsel Update

Adam Franklin, PERA General Counsel, reported that PERA was selected by the I.R.S. for an audit regarding employment taxes paid for 2018 tax year for the employees of PERA. Discussion ensued regarding fiduciary duties and investments related to climate risk.

The Board recessed at 2:28 p.m. and reconvened at 2:35 p.m.



Cyber Security

A motion was made by Susan Murphy and seconded by Marcus Pennell that, "*the Board go into Closed Executive Session to discuss issues that involve details of security arrangements concerning PERA.*"

The motion was approved and the Board went into Closed Executive Session at 2:40 p.m. In addition to the Trustees, the Executive Director, the General Counsel, all the Chief Officers, the Internal Audit Manager, IT Audit Project Manager, the Multimedia Specialist, and the Manager of the Executive Director's Office participated in the Closed Executive Session. The Closed Executive Session concluded at 3:10 p.m.

2020 Board Planning Session Topics

Timothy M. O'Brien, Chairman, Board of Trustees, asked the Board to send him and Ron Baker, Executive Director, any topics they would like to discuss at the upcoming planning session.

Other Business

With no further business to discuss, Timothy M. O'Brien, Chairman, Board of Trustees, adjourned the Board meeting at 3:13 p.m.

Board Meetings

September 9-11, 2020 Planning Session
November (19) 20, 2020

Respectfully submitted by

Brenda E. Meidl

Manager of the Executive Director's Office

Timothy M. O'Brien, Chairman, Board of Trustees

Ron Baker, Executive Director
Approval Date: September 11, 2020