



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

Raymond "Doc" Heath Memorial Boardroom  
1301 Pennsylvania Street  
Denver, CO

**November 19, 2021  
9:00 a.m.**

**Trustees Present:** Marcus Pennell, Chairman, Suzanne Kubec, Vice Chair, Ramon Alvarado, Thomas Barrett, Guillermo Barriga, Rebecca Freyre, Norm Franke (virtual), Julie Friedemann, Nathan Geroche, Amy Grant, Taylor McLemore, Tina Mueh, Timothy M. O'Brien, Cheryl Pattelli, Ashley Smith, Dave Young

**Staff Present:** Ron Baker, Kevin Carpenter, Adam Franklin, Stephen Komon Patrick Lane, Jim Liptak; Amy C. McGarrity, Brenda Meidl, Julie Mullin, Megan Peitzmeier, Ande Sailer, Keith Tayman, Sarah Wager, Annie Yao

**Others Present:** Katie Comstock, Aon; John Lee, Aon; Janet Becker-Wold, Callan; Gordie Weightman, Callan

Marcus Pennell, Chairman, called the Board meeting to order at 9:00 a.m.

**Approval of Consent Agenda Action**

A motion was made by Suzanne Kubec and seconded by Timothy M. O'Brien that, "*The Consent Agenda be approved with the following items:*

- a) *Approval of Agenda*
- b) *Approval of September 15, 2021, Board Planning Session Minutes (Tab A)*
- c) *Approval of September 16, 2021, Board Meeting Minutes (Tab B)*
- d) *Approval of September 17, 2021, Board Meeting Minutes (Tab C)* "

The motion was approved.

**Public Comment**

There was no Public Comment.



## **Committee Reports**

### **Executive Committee**

Suzanne Kubec, Vice Chair, Board of Trustees reported that the Executive Committee met on November 16, 2021, and approved the September 13, 2021, minutes. The Committee reviewed September 2021, Unaudited Financial Statements and the September 2021 Budget Report. Finally, the Committee reviewed the November 18-19 Board Meeting Agenda and Committee Meetings Schedule.

### **Audit Committee**

Timothy M. O'Brien, Chairman, Audit Committee, reported that the Committee met on November 12, 2021 and interviewed Outside Audit Committee member candidates.

Mr. O'Brien moved that the Audit Committee recommends that, *"The Board of Trustees appoint Mary-Margaret Henke to fill the Outside Audit Committee member vacancy."*

The motion was approved.

Mr. O'Brien reported that the Committee also met the previous day. The Committee received the 2021 Financial Audit Plan from the independent auditor. The Committee reviewed the timetable for the PERA 2021 *Annual Comprehensive Financial Report* (ACFR) and they approved the Internal Audit 2022 Proposed Budget. In addition, the Committee received updates regarding the Internal Audit Activity, the Annual Summary Report on Audit Committee Activities. Finally, the Committee met separately and privately with the Internal Audit Director, the Executive Director, and the General Counsel.

### **Benefits Committee**

Tina Mueh, Chair, Benefits Committee, reported that the Committee met the previous day. The Committee received an update regarding the Capital Accumulation Plans (CAP) record keeper transition. In addition, the Committee reviewed the amendments to the *PERA 401(k) and Defined Contribution Plans*, and the *PERA 457 Plan*.

Ms. Mueh moved that the Benefits Committee recommends, *"The Board of Trustees approve the amendments to the PERA 401(k) and Defined Contribution Plans, and the PERA 457 Plan, as published in the Committee meeting materials."*

The motion was approved.

Finally, the Committee received updates regarding the Disability Program, PERACare open enrollment, and the Life Insurance program.



### **Compensation & Budget Committee**

Amy Grant, Chair, Compensation & Budget Committee, reported that the Committee met on October 29, 2021 and reviewed the proposed 2022 operating budget.

Ms. Grant moved that the Compensation and Budget Committee recommends that, *“The Board of Trustees approve the proposed 2022 PERA Operating Budget in the total amount of \$95,875,930.”*

The motion was approved.

### **Evaluation Committee**

Marcus Pennell, Chairman, Board of Trustees, reported that the Committee met the previous day and approved the criteria for the 2022 evaluation of the Executive Director. A survey to evaluate the Executive Director for 2021 will be sent by Mosaic. Responses are due December 8. The Committee will receive the results at the January 11, 2022, Evaluation Committee meeting.

### **Investment Committee**

Rebecca Freyre, Chair, Investment Committee, reported that the Committee met the previous day. The Committee reviewed changes to the *CAP Statement of Investment Policy*. The Committee received information regarding Private Equity, CAP Investment Management Fee Evaluation, CIF Investment Department Costs, and Private Market Fees.

### **2022 Board Election Calendar**

Kevin Carpenter, PERA Chief Administrative Officer, provided information regarding the 2022 Board Election.

A motion was made by Tina Mueh and seconded by Ashley Smith that, *“The 2022 Board Election Calendar be approved as it appears in Tab D of the meeting materials.”*

The motion was approved.

### **Member Contribution Interest Rate**

Ron Baker, PERA Executive Director, provided information regarding the Member Contribution Interest Rate. Mr. Baker responded to questions.

A motion was made Timothy M. O'Brien and seconded by Thomas Barrett that, *“The Board approve 3.0 percent as the member contribution interest rate for 2022 pursuant to CRS 24-51-407(4).”*

The motion was approved.

### **Governance Manual**

Adam Franklin, PERA General Counsel, provided a presentation regarding the proposed changes to the Governance manual. Discussion ensued and Mr. Franklin responded to questions.

A motion was made by Timothy M. O'Brien and seconded by Thomas Barrett that, "*The Board of Trustees approve the Governance Manual as published in TAB F2 of the meeting materials, effective January 1, 2022. The Statement of Investment Policies and all other pertinent reports and documents will be updated to reflect the changes.*" Which will make the outside members nonvoting. Discussion ensued and a friendly amendment was made to change the CAFR to ACFR. The amendment was accepted by Mr. O'Brien and Mr. Barrett. Discussion ensued regarding the structure of the motion.

Mr. O'Brien and Mr. Barrett withdrew their motion.

A motion was made by Timothy M. O'Brien and seconded by Thomas Barrett that, "*The Governance Manual reflect that the outside Audit Committee members are not voting members of the Audit Committee effective July 1, 2022.*"

The Chairman called for a roll call vote with the following results: Dave Young, Yay; Ashley Smith, Yay; Cheryl Pattelli, Yay; Timothy M. O'Brien, Yay; Tina Mueh, Nay; Taylor McLemore, Nay; Suzanne, Kubec, Yay, Nathan Geroche, Yay; Norm Franke, Nay; Julie Friedemann, Yay; Rebecca Freyre, Nay; Guillermo Barriga, Yay, Thomas Barrett, Yay, Ramon Alvarado, Yay; Marcus Pennell, Nay. The motion passed.

A motion was made by Rebecca Freyre and seconded by Ashley Smith that, "*The Board of Trustees approve the Governance Manual as published in TAB F2 of the meeting materials, effective January 1, 2022. The Statement of Investment Policies and all other pertinent reports and documents will be updated to reflect the changes.*" The motion was approved with one dissenting vote by Norm Franke.

The Board recessed at 10:30 a.m. and reconvened at 10:45 a.m.

### **Pension Review Subcommittee Recommendations**

Ron Baker, PERA Executive Director, reviewed the recommendations of the Pension Review Subcommittee. Mr. Baker provided information regarding Recommendation #1. Extensive discussion ensued and Mr. Baker responded to questions.

Mr. Baker provided information regarding recommendation #3. Discussion ensued and Mr. Baker responded to questions.

The Board recessed at 11:44 a.m. and reconvened at 11:52 a.m.



The Board was in consensus that in response to the Pension Review Subcommittee's Recommendations #1 and #3, the Board agrees with the need to clarify the messages of the Signal Light Report and that report's relationship to annual auto-adjust probability. PERA will refine communications about both long- and short-term measures of its financial stability while preserving consistency of our Signal Light methodology.

Mr. Baker provided information regarding recommendation #2 and responded to questions.

The Board recessed at 12:20 p.m. and reconvened at 1:15 p.m.

### **Legislative Update**

Ron Baker, PERA Executive Director, Michael Steppat, PERA Public & Government Affairs Manager, provided an update regarding any Legislative activity. Mr. Baker responded to questions.

### **Cybersecurity**

John Carreon, PERA Director of Information Technology, asked that the Board go into Closed Executive Session.

In accordance with the Colorado Open Meetings Act, the Board of Trustees in Open Session is to determine whether it will hold a Closed Executive Session pursuant to § C.R.S. 24-6-402(3)(a)(IV). The issues to be discussed involve details of security arrangements concerning PERA.

The Board went into Closed Executive Session for the purpose of discussing details of security arrangements concerning PERA at 1:42 p.m.

In addition to the Trustees, the Executive Director and the General Counsel, all the Chief Officers, the Director of Internal Audit, IT Project Audit Manager, and the Manager of the Executive Director's Office participated in the Closed Executive Session. The Closed Executive Session concluded at 2:30 p.m.

### **Actuarial Audit Timeline**

Ron Baker, PERA Executive Director; Koren Holden, PERA Senior Actuary, provided information regarding the upcoming Actuarial Audit process and timeline. Mr. Baker and Ms. Holden responded to questions.



### **Staff Reports**

#### **Executive Director Report**

Ron Baker, PERA Executive Director, reviewed the Executive Director Report presentation.

#### **Market and Portfolio Update**

Amy C. McGarrity, PERA Chief Investment Officer, reviewed the Market and Portfolio Update presentation.

#### **General Counsel Update**

Adam L. Franklin, PERA General Counsel, had no additional information from the confidential General Counsel report.

#### **Calendar Year 2022 Committee Preferences**

Marcus Pennell, Chairman, Board of Trustees asked that Trustees submit their Committee preferences for 2022. The Committee Assignments will be presented for the Board's consideration at the January 2022 Board meeting.

#### **Other Business**

Marcus Pennell recognized Cheryl Pattelli's service on the Board. Ms. Patelli has accepted a new position as the Chief Financial Officer at Weld County. Julie Friedemann mentioned that it is American Educator's week and thanked staff for taking care of the educators.

With no further business to discuss, Marcus Pennell, Chairman, Board of Trustees, adjourned the Board meeting at 3:37 p.m.

#### **Board Meetings**

- January 21, 2022
- March (17) 18, 2022
- June (16) 17, 2022
- September 21-23, 2022 Planning Session and Board Meeting
- November (17) 18, 2022

Respectfully submitted by

*Brenda E. Meidl*

Manager of the Executive Director's Office

Handwritten signature of Marcus Pennell in black ink.

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Marcus Pennell, Chairman, Board of Trustees

Handwritten signature of Ron Baker in black ink.

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Ron Baker, Executive Director

Approval Date: January 21, 2022