



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

**Raymond "Doc" Heath Memorial Boardroom
1301 Pennsylvania Street
Denver, Colorado
March 16, 2018
8:30 a.m.**

Trustees Present: Timothy M. O'Brien, Chairman, Marcus Pennell, Vice Chairman, Will Bain, Guillermo Barriga, Julie Friedemann, Amy Grant, David Hall, Roger Johnson, Suzanne Kubec, Robert Lamb, Tina Mueh, Susan Murphy via conference call, William Parker, Ryan Parsell, Lynn Turner

Trustees Absent: Carolyn Jonas-Morrison

Staff Present: Ron Baker, Donna Baros, Adam Franklin, Luc Hatlestad, Katie Kaufmanis, David Mather, Tara May, Amy McGarrity, Brenda Meidl, Lawrence Mundy, Karl Paulson

Timothy M. O'Brien, Chairman, called the meeting to order at 8:30 a.m.

Approval of Consent Agenda

A motion was made by Will Bain and seconded by Robert Lamb that *"the Board of Trustees approve the Consent Agenda as published with the following items:*

- a. *Approval of Agenda*
- b. *Approval of January 19, 2018, Board Meeting Minutes*
- c. *Approval of January 24, 2018, Special Board Meeting Minutes*
- d. *Divestment from Companies with Prohibitions Against Israel Restricted Company List"*

The motion was approved.

Public Comment

There was no public comment at this time.

2018 Board Election

Ron Baker, PERA Interim Executive Director, provided information regarding the 2018 Board Election.

A motion was made by Will Bain and seconded Robert Lamb that, *“the Board direct staff to conduct an election for one seat in the School Division to be elected by the members of that Division and to include in that election the following slate of candidates:*

- *Guillermo Barriga*
- *Edward Hartnett*
- *Tracy E. John*
- *Tammy Kirk”*

The motion was approved.

A motion was made by Roger Johnson and seconded by Ryan Parsell that, *“the Board direct staff to conduct an election for one seat in the State Division to be elected by the members of that Division and to include in that election the following slate of candidates:*

- *Ramon Alvarado*
- *Benjamin Kwitek*
- *Jerman Lopez*
- *Dragan Mejjic.”*

The motion was approved.

A motion was made by Roger Johnson and seconded by Guillermo Barriga that, *“Contingent upon successful completion of the background check for Aram Benyamin, I move that the Board direct staff to conduct an election for one seat in the Local Government Division to be elected by the members of that Division and to include in that election the following slate of candidates:*

- *Aram Benyamin*
- *Bob Lamb*

If the background check finds Aram Benyamin ineligible for candidacy, I move that the Board approve the appointment of Bob Lamb for the Local Government Division Trustee position on the Board of Trustees for a four-year term beginning July 1, 2018, as he is the sole candidate duly nominated and eligible to be elected to the position. Further, I move that the Board direct staff to not go forward with the election for the Local Government Division position.”

The motion was approved.

Committee Reports

Executive Committee Report

Marcus Pennell, Vice Chairman, reported that the Executive Committee met on March 9, 2018, and approved the January 17, 2018, Executive Committee Minutes. The Committee reviewed the December 31, 2017, and January 31, 2018, Unaudited Financial Statements and the January 31, 2018, and February 28, 2018, Budget Reports. In addition, they discussed the January 19, 2018, Board Meeting and reviewed the March 16, 2018, Board Meeting Agenda items and Schedule.

Ad-Hoc Executive Director Search Committee

David Hall, Chairman, Ad-Hoc Executive Director Search Committee, reported that the Committee met on February 1, 2018, and March 1, 2018. Mr. Hall provided information regarding the Committee's process for the search of the Executive Director. The Committee is scheduled to meet on March 19, 2018, to select a search firm.

Benefits Committee

Suzanne Kubec, Acting Chair, Benefits Committee, reviewed the previous day's meeting. The Committee received reports regarding the Capital Accumulation Plans (CAP) and the Disability Strategic Initiative. In addition, the Committee received updates on the PERACare program.

Compensation and Budget Committee

Roger Johnson, Chairman, Compensation and Budget Committee, reviewed the previous day's meeting, where the Committee received a presentation of the Budget Reports.

Evaluation Committee

Timothy M. O'Brien, Chairman, Evaluation Committee, reported that the Committee met the previous day and received the results of the Trustees Self Evaluation, which included a Board Education Needs assessment.

Investment Committee

Will Bain, Acting Chairman, Investment Committee, reported that the Committee had met the previous day. Mr. Bain also stated the Committee had a motion for the board's consideration regarding the cash overlay program and asked Amy McGarrity, PERA Chief Investment Officer to provide information.

A motion was recommended by the Investment Committee and made by Will Bain that, *"the Board of Trustees approve an internally managed cash overlay program."*

The motion was approved.

Additionally, the Committee received information regarding an Asset Allocation Interim Target Recommendation, Fixed Income Asset Class Benchmark Recommendation, an Opportunity Fund Benchmark Recommendation, and a Brokerage Commission Report.



Finally, the Committee received information regarding the Manager and Statement of Investment Policy Compliance updates, as well as an update of revised Statement of Investment Policy.

Audit Committee

Robert Lamb, Chairman, Audit Committee, reported that the Committee met the previous day. The Committee received updates regarding the Colorado PERA 2017 Financial Audit and the Colorado PERA 2017 Comprehensive Annual Financial Report. In addition, the Committee received a report outlining follow-up discussions regarding prior employer audits, and received an update on the status of Internal Audit activity. Finally, the Committee met privately with the PERA Director of Internal Audit.

Lynn Turner arrived at 8:54 a.m. during the foregoing report.

Shareholder Responsibility Committee

Lynn Turner, Chairman, Shareholder Responsibility Committee, reported that the Committee met the previous day. The Committee received a Corporate Governance Overview, by Patrick McGurn, Special Counsel and Head of Strategic Research & Analysis, Intuitional Shareholder Services. Additionally, staff provided the Committee with information regarding the 2017 Proxy Annual Report, the Proxy Voting Policy, Corporate Governance Activities, and Securities Litigation.

Stakeholder Relations Committee

Amy Grant, Chair, Stakeholder Relations Committee, reported that the Committee met the previous day and received information regarding the Strategic Communications Plan/Employer Relations outreach.

Legislative Update

Ron Baker, PERA Interim Executive Director, Tara May, PERA Chief Communications Officer, and Terry Campbell, PERA Lobbyist, provided a presentation regarding an update on Legislative activities related to Senate Bill 18-200. Extensive discussion ensued and Mr. Baker, Ms. May, and Mr. Campbell, responded to questions.

The Board recessed at 10:02 a.m. and reconvened at 10:12 a.m. Susan Murphy left the meeting at the 10:02 a.m. and did not return.

Public Comment

Joe Ryden Jr., owner of the 21st Century Investor, missed the opportunity at the beginning of the meeting to provide public comment and the Chairman invited Mr. Ryden to provide his comments to the Board.



Board Self-Evaluation Discussion

Timothy M. O'Brien had covered this item previously during the Evaluation Committee Report.

Staff Reports

Interim Executive Director Report

Ron Baker, PERA Interim Executive Director, reviewed the Interim Executive Director Report which was transmitted to Trustees as Tab E. Discussion ensued and Mr. Baker responded to questions.

Board to Interview Fiduciary Counsel Candidates

Adam Franklin, PERA General Counsel, introduced Ashley Dunning. Ms. Dunning provided information regarding her qualifications and responded to questions. Ms. Dunning left the meeting.

Mr. Franklin introduced John Nixon, Partner, Duane Morris LLP. Mr. Nixon provided information regarding his qualifications and responded to questions. Mr. Nixon left the meeting.

Mr. Franklin introduced Thomas Krysa. Mr. Krysa provided information regarding his qualifications and responded to questions. Mr. Krysa left the meeting. Extensive discussion ensued.

A motion was made by Lynn Turner and seconded by David Hall that, "*the Board hire the Brownstein Hyatt Farber Schreck law firm as the Board's Fiduciary Counsel.*" The motion was approved with dissenting votes by Will Bain, Roger Johnson, and Robert Lamb.

The Board recessed at 12:21 p.m. and reconvened at 12:58 p.m.

Information Technology Update—Cyber Security

A motion was made by Bill Parker and seconded by Guillermo Barriga that, "*the Board go into Closed Executive session.*" The motion was approved.

The Closed Executive Session began at 12:59 p.m. In addition to the Trustees, the Interim Executive Director, the General Counsel, all the Chief Officers, the Directors of Information Technology, Planning, Policy, and Budget, the Public Information Officer, Senior Staff Attorney, and the Manager of the Executive Director's Office participated in the Closed Executive Session. The issues discussed involved details of security arrangements concerning PERA. The Closed Executive Session concluded at 1:58 p.m.



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Market & Portfolio Update

Amy McGarrity, PERA Chief Investment Officer, provided a Market and Portfolio Update presentation. The Investment Performance Report and presentation were transmitted to Trustees as Tabs F1 and F2. Ms. McGarrity responded to questions.

Benefits Update

Donna Baros, PERA Chief Benefits Officer, provided a summary of the Benefits update, which was transmitted to Trustees as Tab G.

General Counsel Update

Adam Franklin, PERA General Counsel, provided information regarding legal firm fees and Domestic Relations Orders that staff processed. Discussion ensued and Mr. Franklin responded to questions.

Board Meeting Dates

June (21) 22, 2018

September 19–21, 2018 Planning Session

November (15) 16, 2018

Other Business

With no further business to discuss, Timothy M. O'Brien, Chairman, adjourned the meeting at 2:47 p.m.

Respectfully submitted by

Brenda E. Meidl

Manager of the Executive Director's Office

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

Ron Baker, Interim Executive Director

Approval Date: June 22, 2018