



**COLORADO  
PERA®**

**Colorado Public Employees' Retirement Association  
Board Meeting Minutes (Special)**

1301 Pennsylvania  
Denver, Colorado  
October 16, 2009  
9:00 a.m.

**Trustees Present:** Mark Anderson, Board Chair, Sara Alt, Vice Chair, James Casebolt, Howard Crane, Richard Delk, Carolyn Jonas-Morrison, Cary Kennedy, Maryann Motza, Susan Murphy, Scott Murphy, Amy Nichols, Marcus Pennell, Andy Raicevich, Lynn Turner, Carole Wright

**Trustees Absent:** Scott Noller

**Staff Present:** Ron Baker, Karl Greve, Katie Kaufmanis, David Mather, Brenda Meidl, Jennifer Paquette, Karl Paulson, Gregory W. Smith, Donna Trujillo, Meredith Williams

Mark Anderson, Board Chair, called the meeting to order at 9:00 a.m.

**Approval of Agenda**

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

**Approval of the September 16, 17, and 18, 2009, Board Meeting Minutes**

A motion was made by Howard Crane and seconded by Susan Murphy that stated, "*the September 16, 17, and 18, 2009, Board Minutes be approved as published.*" The motion was approved.

**Public Comment**

Mark Anderson, Board Chair, invited members of the audience who wanted to address the Board to come forward. Dan Daly, Colorado Education Association, speaking on behalf of the Coalition for Retirement Security, Scott Wasserman, Colorado WINS, Phyllis Zamarippa, President of the American Federation of State, County, and Municipal Employees, Retiree Chapter: Council 76, Michael S. Coulter, PERA member, and Bruce Coughney, Colorado Association of School Executives (CASE) provided their concerns and suggestions for the Board to consider.

Lynn Turner, Trustee, entered the Board room at 9:43 a.m.



### **Executive Committee Report**

Sara Alt, Vice Chair, Board of Trustees, reported that the Executive Committee had met on October 15, 2009. Trustees Scott Noller and Maryann Motza attended the meeting. The Committee approved the September 16, 2009, Executive Committee minutes. In addition, Karl Greve, Chief Financial Officer, reviewed the August 31, 2009, Unaudited Financial Statements and the September 30, 2009, Budget Reports. The Committee also reviewed information on PERA operations. Ms. Alt thanked the PERA staff for the extraordinary work that has been and continues to be done. Finally, they reviewed the agenda for the day's meeting.

### **Northern Trust Risk Report**

Jennifer Paquette, Chief Investment Officer, introduced Nauman Ahmed, Senior Risk Consultant, Northern Trust. Mr. Ahmed reviewed the Risk Presentation that was transmitted to Trustees as Tab D on October 9, 2009. Mr. Ahmed and Ms. Paquette responded to questions.

The Board recessed at 10:09 a.m. and reconvened at 10:25 a.m.

### **Comprehensive Board Proposal**

Mark Anderson, Board Chair, introduced this item by reviewing the principles that the Board had directed staff to use in the process of determining the recommendations to present to Board for consideration. Gregory W. Smith, Chief Operating Officer/General Counsel discussed the staff recommendation. Extensive discussion ensued and Mr. Smith responded to questions.

The Board recessed at 12:25 p.m. and reconvened at 1:08 p.m.

A motion was made by Howard Crane and seconded by Marcus Pennell that stated *"the Board direct staff deliver to the General Assembly by November 1, 2009, a comprehensive package of recommendations that complies with the following principles: shared responsibility among members, retirees and employers, intergenerational equity, long-term sustainability, preservation of the defined benefit plan, and maintaining the same benefit structure for PERA's different divisions. In addition, the recommendations are designed to have little or no short-term impact on member behavior.*

*The package will provide for our best effort to place the PERA divisions on a 30-year amortization of all unfunded liabilities. The package of recommendations shall include:*

- *Contribution increases in the form of increasing the AED capped to 5 percent with the current escalation schedule continuing to reach the cap*
- *Contribution increases in the form of increasing the SAED capped to 5 percent with the current escalation schedule continuing to reach the cap*
- *Local Government Division and Judicial Division AED and SAED escalation shall be suspended at the statutory level in 2010*



- *Reduction of the Cost of Living Adjustment (COLA) for all PERA members and retirees to an amount equal to the CPI-W with a limit of 2 percent effective on the date the Bill becomes law*

*The following benefit changes to be effective as of January 1, 2011:*

- *5-year HAS with base year and 8 percent spike cap applicable to persons not eligible to draw a benefit on the effective date of the statute (no change to the unique statutory HAS for the Judicial Division)*
- *Imposition of a 5 year vesting schedule for receipt of a 50 percent match upon refund*
- *Imposition of a requirement for payment of employee contribution for all retiree payroll*
- *Imposition of a requirement that eligibility for an annual COLA occurs after benefits have been received for a full calendar year preceding the COLA effective date which will be adjusted to occur with the July benefit payment in 2010 or immediately upon the effective date of the bill*
- *Prevent the recalculation of a service retirement in the event of a suspension of a retirement*
- *Expand the application of the post January 1, 2007, provisions regarding retirement effective date and benefit indexing applicable to persons not eligible to draw a benefit on the effective date of the statute*
- *With regard to the age and service requirements for full service retirement and early retirement, staff shall revise the existing statutory charts in a manner which increases the applicable reduction factors for early retirement in a manner which ensures the early retirement benefits shall be not greater than the actuarial equivalent of a full service retirement at the earliest date and shall modify the age and service requirement for members not yet vested to the rule of 90 with a minimum retirement age of 60 while not negatively impacting retiree access to PERACare for current and future members. The age and service differential available to State Troopers shall be retained in the development of the charts. The charts developed for this provision shall be applicable to persons not eligible to draw a benefit on the effective date of the statute.*

*Finally, the recommendation shall include provisions for the statutory adjustment of AED and SAED in the event the funded ratio of a division goes below 90 percent or above 110 percent and that the limitation on annual COLA be statutorily adjusted in the event the funded ratio of the existing PERA divisions in aggregate exceeds 110 percent and if thereafter said funded ratio is below 90 percent the annual COLA limit shall statutorily adjust to the extent necessary to reach full funding but not to a level below 2 percent.”*

The foregoing motion was unanimously approved.



## **Committee Reports**

### **Audit Committee**

James Casebolt, Audit Committee Chair, reported that the Committee had met on October 13, 2009. The Committee discussed PERA's responsibility for the 2009 DPSRS financial audit and release of the *Comprehensive Annual Financial Report*. A recommendation from the Committee will come at a future meeting. The Committee reviewed the most recent peer review of PERA's Internal Audit function, which had been given the highest rating in the quality assurance review. Finally, the Committee met with the General Counsel and the Chief Financial Officer, separately.

### **Compensation and Budget Committee**

In the absence of Scott Noller, Compensation and Budget Committee Chair, Rich Delk, Trustee, reported that the Committee had met on October 15, 2009. The Committee reviewed the 2010 Budget Development Timeline and received a report from Karl Paulson, Manager of Strategic Innovation, which reviewed the 2010 Budget.

## **Staff Reports**

### **Executive Director Report**

Meredith Williams, Executive Director, reviewed recent activities and commented on current developments. The report was transmitted to Trustees as Tab E on October 9, 2009.

### **Market and Portfolio Update**

Jennifer C. Paquette, Chief Investment Officer, provided a copy of a report from Jim Liptak, Director of Equities, which summarized activities in the PERA equity investment operations. In addition, Ms Paquette provided a market and portfolio update. Ms. Paquette responded to questions.

### **Benefits Update**

Donna Trujillo, Chief Benefits Officer, provided an update on the activities in the Benefit Services, Customer Service, Field Education Services, Insurance, Member Publications, and Training divisions.

### **Information Technology Update**

Ron Baker, Chief Technology Officer, provided an update on the activities in the Application Development, Information Technology, Operations Support, and Property Management divisions.

### **General Counsel Update**

Gregory W. Smith, Chief Operating Officer/General Counsel, provided the Board with updates from the Council of Institutional Investors conference that he attended this month. In addition, Mr. Smith provided an update on a current securities fraud litigation opt out case.



### **Board Committee Assignments**

Mark Anderson, Board Chair, reviewed the committee assignments that were transmitted to Trustees as Tab G on October 9, 2009. Discussion ensued and Mr. Anderson responded to questions.

A motion was made by Carole Wright and seconded by Carolyn Jonas-Morrison that stated, *"the 2009-2010 PERA Board Committee assignments be approved as amended, that Marcus Pennell be removed from Investment Committee per Mr. Pennell's request."* The motion was approved.

### **Legislative Update**

Mark Anderson, Board Chair, announced that a legislative workshop would be conducted at the next Board meeting scheduled for November 20, 2009.

### **Resolution for David Maurek**

Mark Anderson, Board Chair, asked for consideration of the following Proclamation:

Proclamation Concerning  
David F. Maurek

Whereas, David Maurek provided the Public Employees' Retirement Association of Colorado (Colorado PERA) with 23 ½ years of exemplary service, initially as Director of Internal Audit, then as the Manager of Strategy and Innovation and the last 4 ½ years as its Chief Operating Officer, and

Whereas, through David's professionalism, knowledge of PERA's operations, dedication and the quality of his efforts he earned the respect, confidence and esteem of members of the Colorado PERA Board, staff, and members of national public retirement industry organizations, and

Whereas, David served PERA's continually increasing membership with loyalty, dedication and integrity by providing direction, guidance and oversight to the activities of the staff reporting to him, and

Whereas, David has elected to retire from his position as Chief Operating Officer effective October 1, 2009; now therefore, be it

Resolved, that with deep appreciation and congratulations, the Board of Trustees of Colorado PERA formally recognize and thank David Maurek for his dedicated and conscientious service to the membership of Colorado PERA, his many contributions to the members of the Board of Trustees over his 23 ½ year career, and wish him much success as he transitions into his retirement, and

Resolved that a copy of this Resolution be placed in the official minutes of the October 16, 2009, PERA Board of Trustees meeting.

A motion was made by Marcus Pennell and seconded by Carole Wright that the foregoing Proclamation be approved. The motion was approved.



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*Record of Proceedings  
October 16, 2009  
Page 6 of 6*

**Other Business**

With no further business to discuss, Mr. Anderson adjourned the meeting at 2:35 p.m.

**Board Meeting Dates**

November (19) 20, 2009

**Shareholder Meetings**

October 2009

- 20th – Fort Collins
- 21st – Fort Morgan
- 22nd – Greeley
- 26th – Aurora
- 27th – Boulder
- 28th – Grand Junction
- 29th – Durango

November 2009

- 3rd – Lakewood
- 4th – Colorado Springs
- 10th – La Junta
- 11th – Pueblo
- 12th – Alamosa
- 17th – Denver

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