



**COLORADO  
PERA®**

*Record of Proceedings*

**Colorado Public Employees' Retirement Association**

**Board Meeting Minutes**

1301 Pennsylvania Street

Denver, Colorado

January 16, 2009

8:30 a.m.

**Trustees Present:** Mark Anderson, Board Chair, Sara Alt, Vice Chair, Susan Beeman, M. Judy Chavez, Howard Crane, Richard Delk, Cary Kennedy arrived at 9 a.m., Maryann Motza, Scott Murphy, Susan Murphy, Amy Nichols, Scott Noller, Lynn Turner, Carole Wright

**Trustees Absent:** James Casebolt

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

Mark Anderson, Board Chair, called the meeting to order at 8:31 a.m.

Mr. Anderson announced that Amy Nichols, Trustee, would be leaving the meeting at 10 a.m. to participate in a ceremony with the Governor in recognition of Ms. Nichols' completion of all of the requirements for National Board Certification in Mathematics. In addition, Mr. Anderson informed the Board that former Trustee Tamela Long was presented her proclamation at an Ambassador meeting.

**Approval of Agenda**

A motion was made by Carole Wright and seconded by Howard Crane that *"the Agenda be approved as amended to include the Executive Director Report and Board Officer Elections."* The motion was approved.

**Approval of November 21, 2008, Board Meeting Minutes**

A motion was made by Howard Crane and seconded by Richard Delk that, *"the November 21, 2008, Board Meeting Minutes be approved as published."* The motion was approved.

**Public Comment**

There was no public comment.

**Executive Committee Report**

Sara Alt, Vice Chair, reported that the Executive Committee had met the previous day and approved the November 20, 2008, Executive Committee Minutes. The Committee discussed current activities and information on PERA operations. In addition, the Committee reviewed the October 31, 2008, and November 30, 2008, Unaudited Financial Statements and the November 30, 2008, and December 31, 2008, Budget Reports. Finally, they reviewed the agenda for the day's meeting.



### **Economic Presentation**

Jennifer Paquette, Chief Investment Officer, introduced Dr. Allen Sinai, Chief Global Economist, Decision Economics. Dr. Sinai provided his annual economic outlook and market perspectives for the upcoming year. Dr. Sinai responded to questions.

The Board recessed at 9:47 a.m. and reconvened at 9:59 a.m.

### **Member Administrative Appeal**

Mark Anderson, Board Chair, stated that in accordance with the Board Agenda, an administrative appeal by Richard Patton, PERA member would be heard. An Administrative Appeal involves member information, which is deemed confidential by C.R.S. § 24-51-213. Mr. Patton requested that the appeal be heard in open session.

In accordance with the requirements of due process and pursuant to PERA Rule 2.20, Trustees Scott Murphy, Susan Murphy, and Susan Beeman had previous involvement in Mr. Patton's appeal and stepped out of the meeting. In addition, Meredith Williams, Executive Director, made the initial determination regarding the request and also stepped out of the meeting. Trustees absent from the proceedings were James Casebolt and Amy Nichols. The remaining Trustees and staff introduced themselves.

Mr. Patton provided the Board with a hard copy of his presentation and began his statement at 10:03 a.m. Mr. Patton concluded his statement at 10:18 a.m. Mr. Patton responded to questions.

Mr. Franklin began his statement at 10:21 a.m. and concluded at 10:28 a.m. Mr. Franklin and Mr. Patton responded to questions.

Mr. Anderson, Board Chair, polled the Trustees in attendance and received the consent of all members to go into Closed Session for deliberations.

The Board commenced the Closed Session for deliberations at 10:34 a.m. In addition to the Trustees, Gregory W. Smith, legal advisor to the Board, remained present for the Closed Session. The Closed Session concluded at 10:50 a.m.

"By my signature below, I certify that the only issues discussed by the members of the Board during the Closed Session were regarding the appeal of Richard Patton, PERA member."

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Mark Anderson, Board Chair

### **Administrative Review Decision**

A motion was made by Scott Noller and seconded by M. Judy Chavez that, *"the Board adopt and ratify the Findings of Fact, Conclusions of Law and Decision of the Administrative Review Panel to deny Mr. Patton's request to purchase service credit under the agreements in effect in 2004."* The motion was approved.



### **Audit Committee Report**

James Casebolt, Audit Committee Chair, was unable attend the day's meeting and asked that Lynn Turner, Trustee, provide the Audit Committee Report. Mr. Turner reported that the Committee had met on December 18, 2008. As required by the *Charter for the Audit Committee*, the Committee met separately with Karl Greve, Chief Financial Officer, Gregory Smith, General Counsel, and Mary Kay Howard, Interim Internal Audit Director. The Committee also discussed the draft Charter for the Committee, which was transmitted to Trustees as Tab B on January 9, 2009. Finally, the Committee announced that a new Internal Audit Director had been selected and Mr. Turner complimented Mary Kay Howard, Interim Internal Audit Director, for her strong performance as Interim Director.

### **Trustees Self-Evaluation**

Mark Anderson, Board Chair, requested all Trustees complete the Self-Evaluation survey as soon as possible, which is available on the Board Web. In addition, an e-mail reminder will be sent.

### **Strategic Initiatives Update**

Karl Paulson, Manager of Strategic Innovation, provided an update regarding the Strategic Initiatives, which was transmitted to Trustees as Tab C on January 9, 2009.

### **Sudan Legislation Follow-Up**

Jennifer Paquette, Chief Investment Officer, and Gregory W. Smith, General Counsel, provided a review of the changes made to the *Scrutinized Company List*, which was transmitted to Trustees as Tab D on January 9, 2009. Ms. Paquette reported that five companies had been added and one removed. In addition, the divestment of ABB had been completed pursuant to C.R.S. §24-54.8-103.

A motion was made by Howard Crane and seconded by Susan Beeman that, *the Board approve the following list as the updated Scrutinized Company List effective January 16, 2009, as required by C.R.S. §24-54.8-103.*" The motion was approved.

	<b>Company name</b>	<b>Country</b>	<b>Date Added</b>
<b>Active Operations</b>			
	ABB	Switzerland	7/22/2008
	Alstom	France	7/20/2007
	Wuhan Boiler Co (sub of Alstom)		1/18/2008
	AREF Investment Group	Kuwait	7/20/2007
	AviChina Industry & Technology Company Ltd (AviChina)	China	7/20/2007
	Hafei Aviation Industry (sub of AviChina)		7/20/2007
	Jiangxi Changhe Automobile Co (sub of AviChina)		7/20/2007
	Jiangxi Hongdu Aviation (sub of AviChina)		7/20/2007
	Bharat Heavy Electricals Ltd	India	7/20/2007
	China National Petroleum Company (CNPC)	China	7/22/2008
	CNPC Hong Kong Ltd (sub of CNPC)	Hong Kong	7/20/2007
	Petrochina Co (sub of CNPC)	China	7/20/2007
	China Petrochemical Corporation (Sinopec Group)	China	7/22/2008
	China Petroleum & Chemical Corp (Sinopec Corp) (sub of Sinopec Group)	China	7/20/2007



<b>Kingdream PLC (sub of Sinopec Group)</b>		<b>1/16/2009</b>
<b>Sinopec Finance (sub of Sinopec Group)</b>		<b>1/16/2009</b>
Sinopec Kantons Holdings (sub of Sinopec Corp)		7/20/2007
Sinopec Shanghai Petrochemical Co (sub of Sinopec Corp)		7/20/2007
<b>Sinopec Yizheng Chemical Fibre Company Ltd. (sub of Sinopec Corp)</b>		<b>1/16/2009</b>
<b>Udmurtneft BRD (sub of Sinopec Corp)</b>		<b>1/16/2009</b>
Dietswell Engineering	France	7/22/2008
Dongfeng Automobile Co Ltd	China	7/20/2007
Electricity Generating Public Company Limited (EGCO)	Thailand	7/20/2007
Khanom Electricity Generating Co Ltd (sub of EGCO)		1/18/2008
Harbin Power Equipment Company Limited	China	7/20/2007
Indian Oil Corporation Ltd (IOCL)	India	7/20/2007
Bongaigaon Refinery & Petrochemicals Ltd (sub of Indian Oil Corp)		7/20/2007
Chennai Petroleum Corporation Limited (sub of Indian Oil Corp)		7/20/2007
Lanka IOC Limited (sub of Indian Oil Corp)		7/20/2007
Kejuruteraan Samudra Timur Bhd	Malaysia	7/20/2007
Kencana Petroleum Bhd	Malaysia	7/20/2007
Lundin Petroleum AB	Sweden	7/20/2007
Lundin International SA (sub of Lundin Petroleum)		1/18/2008
Mangalore Refinery and Petrochemicals Ltd (sub of ONGC)	India	7/20/2007
MISC Berhad (Malaysian International Shipping Co) (sub of Petronas)	Malaysia	7/20/2007
Mohammed Abdulmohsin Al-Kharafi & Sons Company	Kuwait	7/22/2008
Egypt Kuwait Holding Co. S.A.E. (sub of Mohammed Abdulmohsin Al-Kharafi & Sons Co.)	Egypt	7/22/2008
<b>Kuwait Food Company (sub of Mohammed Abdulmohsin Al-Kharafi &amp; Sons Co.)</b>	<b>Kuwait</b>	<b>1/16/2009</b>
Muhibbah Engineering Bhd	Malaysia	7/20/2007
Oil & Natural Gas Corp Ltd (ONGC)	India	7/20/2007
PECD Bhd	Malaysia	7/20/2007
Petroliam Nasional Bhd (Petronas)	Malaysia	7/20/2007
Petronas Dagangan Bhd (sub of Petronas)	Malaysia	7/20/2007
Petronas Gas Bhd (sub of Petronas)	Malaysia	7/20/2007
Petronas Capital Limited (sub of Petronas)		1/18/2008
Optimal Olefins (Malaysia) SDN Berhad (sub of Petronas)		1/18/2008
Petronas Fertilizer (Kedah) SDN Berhad (sub of Petronas)		1/18/2008
Petronas Assets SDN Berhad (sub of Petronas)		1/18/2008
Midciti Resources SDN Berhad (sub of Petronas)		1/18/2008
Ranhill Bhd	Malaysia	1/18/2008
Scomi Group Bhd	Malaysia	7/20/2007
KMCOB Capital Berhad (sub of Scomi Group)		1/18/2008
Scomi Engineering Bhd (sub of Scomi Group)		7/20/2007
Wartsila Oyj	Finland	1/18/2008
<b>Inactive Operations</b>		
Atlas Copco	Sweden	
Bharat Electronics Ltd	India	
Bollere	France	
Boustead Heavy Industries Corporation (formerly PSC Industries)	Malaysia	
<b>China North Industries Corporation (NORINCO)</b>	<b>China</b>	
Kamaz	Russia	



La Mancha Resources  
Man AG  
Nam Fatt Co Bhd  
Petrofac Ltd  
Reliance Industries Limited  
Schlumberger Ltd  
Sudan Telecommunications Co Ltd (Sudatel)  
Total SA

Canada  
Germany  
Malaysia  
United Kingdom  
India  
France  
Sudan  
France

### **Iran Investment Update**

Martha Argo, Investment Director, presented a review of the *Iran-Related Investment Policy Report*, which was transmitted to Trustees as Tab E on January 9, 2009. Staff will recommend improvements to the PERA Policy at the next Board meeting. Gregory W. Smith, General Counsel, responded to questions regarding the duration of the policy.

A motion was made by Scott Noller and seconded by Susan Murphy that, "*the Board of Trustees acknowledge the receipt of the staff-prepared Iran-Related Investment Policy Report dated January 16, 2009.*" The motion was approved.

### **Staff Reports**

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

Jennifer Paquette, Chief Investment Officer, provided a market and portfolio update. Ms. Paquette reviewed portfolio performance which was transmitted to Trustees as Tab E on January 9, 2009. Ms. Paquette also discussed recent portfolio and staff changes.

#### **General Counsel Update**

Gregory W. Smith, General Counsel, provided an update on the relocation of PERA's personnel to the 1301 Pennsylvania building. Mr. Smith also reported staff's compliance with recently received Colorado Open Records Requests. Finally, Mr. Smith provided information regarding recent activities in Washington, D.C., in which he had participated and reviewed upcoming events.

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 11:38 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 Director of Communications, the Manager of Strategic Innovation, and the Legal Executive Administrative Assistant remained present for the Closed Executive Session. The Closed Executive Session concluded at 12:26 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



The Board recessed at 12:27 p.m. and participated in an Investment educational workshop luncheon, which was conducted by Jim Liptak, Director of Equities, Maruti More, Director of Fixed Income, Jim Lavan, Director of Real Estate, and Timothy Moore, Director of Alternative Investments.

The Board reconvened at 1:40 p.m. Amy Nichols, Trustee returned to the meeting at that time.

### **Legislative Report**

Gregory W. Smith, General Counsel, provided information about potential legislation by the University of Colorado (CU) regarding the operation of its Optional Retirement Plan, which was transmitted to Trustees as Tab G on January 9, 2009. In addition, Jeremy Hueth, Managing Associate University Counsel, CU, provided a handout and addressed the Board regarding the potential legislation. The Board expressed support for the proposed bill and directed PERA staff to work with CU staff regarding this legislation. Mr. Hueth and Mr. Smith responded to questions.

Cary Kennedy, Trustee, rejoined the meeting at 1:56 p.m.

Mr. Smith discussed potential furlough legislation and the draft statute that the Board had directed Mr. Smith and staff to create at its last meeting on November 21, 2009. Discussion ensued and Mr. Smith responded to questions.

Meredith Williams, Executive Director, provided an update about the merger discussions with Denver Public Schools and Denver Public Schools Retirement System. Extensive discussion ensued. Mr. Williams and Mr. Smith responded to questions. The Board directed staff to continue discussions with DPSRS and DPS, for the potential creation of a new division of PERA consisting of DPS and its charter schools.

Mr. Smith provided an update regarding the consolidation of the administration of the State's Defined Contribution and 457 plans under PERA, which was introduced as SB 09-066. Mr. Smith responded to questions.

The Board recessed at 3:36 pm and reconvened at 3:52 p.m.

Cary Kennedy, Trustee, left the meeting at 3:52 p.m. and did not return.

### **Board Officer Elections**

In compliance with procedures established in PERA's Board Governance Manual, a Trustee will serve as Board Chair and Vice Chair for a term of two years. Mark Anderson, Board Chair, opened the floor for nominations of the Chair.

A motion was made by Sara Alt and seconded by M. Judy Chavez that, "*Mark Anderson be nominated as the Chair*". With no other nominations, the nominations ceased and Mr. Anderson accepted the position. Mr. Anderson then opened the floor for nominations for Board Vice Chair.

A motion was made by Carole Wright and seconded by Scott Murphy that, "*Sara Alt be nominated as the Vice Chair*." With no other nominations, the nominations ceased. Ms. Alt accepted the position. Both will serve their two-year terms, ending in January 2011.



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**Staff Reports (Continued)**

**Executive Director Report**

Meredith Williams, Executive Director, reviewed the Executive Director's Report, which was distributed during his presentation and responded to questions.

**Board Meeting Dates**

March (19) 20, 2009

June (18) 19, 2009

September 16-18, 2009 (Planning Meeting)

November (19) 20, 2009

**Other Business**

With no further business to discuss Mr. Anderson adjourned the meeting at 4:10 p.m.

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