



# **GOVERNANCE**

# **MANUAL**

# COLORADO PERA MISSION

*To provide retirement security for our members while ensuring the sustainability of the fund.*

# COLORADO PERA VISION

*To innovate and build on a tradition of service by being a trusted partner in order to meet the changing needs of our diverse membership.*



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# INTRODUCTION

The Board of Trustees (Board) of the Public Employees' Retirement Association of Colorado (PERA) serves and protects the interests of PERA Participants. To better exercise this fiduciary duty, the Board believes that a sound governance framework is essential. The adoption of the *Governance Manual (Manual)* by the Board provides key guidance for this framework.

The *Manual* provides the framework for the Board's mandate to set policy and oversee the programs and operations of PERA. The Board intends that the *Manual* will serve as the guide and as a resource for both new and experienced Trustees.

The Board and individual Trustees will strive to comply with the provisions of the governance policies. The Board will periodically review each section of the *Manual* and update the contents as necessary.

This *Manual* contains two types of directives—charters and governance policies:

## I. CHARTERS

Charters describe the roles and responsibilities of the major decision-making bodies involved in the governance and management of PERA. These include the Board, committees of the Board, officers of the Board, and the Executive Director. By clarifying duties and accountabilities, charters help to enhance the efficiency of the Board's operations, and the quality of its decisions.

The charters reflect various requirements set out in [PERA Law](#), [PERA Rules](#), other applicable Colorado statutes, and Board policy.

## II. GOVERNANCE POLICIES

Governance policies constitute the second type of directive found in the *Manual*. They provide specific guidance to the Board and senior management on how they are to undertake their duties, and set out the expectations of the Board concerning its own conduct and that of individual Trustees. The governance policies address a range of topics from communications and education to ethical conduct and performance evaluation.



# DEFINED TERMS

For purposes of this *Governance Manual*:

1. “**401(k) Plan**” refers to the optional voluntary investment program offered to PERA Participants and administered under the direction of the Board.
2. “**457 Plan**” refers to the optional supplemental retirement plan under the Internal Revenue Code offered to PERA Members and administered under the direction of the Board.
3. “**ACFR**” refers to the *Annual Comprehensive Financial Report* required pursuant to [C.R.S. § 24-51-204\(8\)](#).
4. “Actuarial Valuation Report” refers to the annual actuarial valuation required to be conducted pursuant to [C.R.S. § 24-51-204\(7\)](#).
5. “Board” refers to the Board of Trustees of PERA.
6. “Board Website” refers to the Trustees’ website portal used to transmit official documents between staff and Trustees.
7. “Budget” refers to the Board’s officially adopted operational budget of PERA for the current or upcoming calendar year pursuant to the Budget Approval Process Policy.
8. “CAP” or “CAPs” refers collectively to PERA’s capital accumulation plans, specifically the [PERA Plus 401\(k\) Plan](#), [PERA DC Plan](#), and the [PERA Plus 457 Plan](#).
9. “Colorado Open Meetings Law” refers to [Title 24, Article 6, Part 4](#) of the Colorado Revised Statutes.
10. The “Combined Investment Fund” or “CIF” refers to the defined benefit trust funds, the life insurance reserve fund, and the health care trust funds.
11. “C.R.S.” refers to the [Colorado Revised Statutes](#).
12. “**DC Plan**” refers to the optional defined contribution plan program available to eligible new hires in the State Division hired on or after January 1, 2006, new classified state college and university employees hired on or after January 1, 2019, and new hires in the Local Government Division hired on or after January 1, 2019.
13. “DPS” refers to the Denver Public Schools or Colorado State School District Number One.
14. “Independent Audit” refers to audits performed on PERA by the State Auditor pursuant to [C.R.S. § 2-3-103](#) as directed by [C.R.S. § 24-51-204\(6\)](#).
15. “*Manual*” refers to this document, the “*Governance Manual—Public Employees’ Retirement Association of Colorado*.”
16. “PERA” refers to the Public Employees’ Retirement Association of Colorado.
17. “PERA Beneficiary” refers to a retiree, spouse, cobeneficiary, qualified child, or dependent parent receiving monthly service retirement, disability retirement, or survivor benefits.
18. “PERA Investment Program” refers to PERA’s operation of the Combined Investment Fund and the Capital Accumulation Plans.
19. “**PERA Law**” refers to [Title 24, Article 51, C.R.S.](#) (as amended).
20. “PERA Member” refers to an active member of a PERA hybrid defined benefit plan.
21. “PERA Participant” refers to any member, participant, or beneficiary of a PERA retirement or benefit program.
22. “PERA Plans” refers to all PERA programs.
23. “**PERA Rules**” refer to the rules promulgated by the Board under PERA Law.
24. “**PERA Website**” refers to the official internet domain/portal of PERA, currently [www.copera.org](http://www.copera.org).
25. “Strategic Plan” refers to the Board’s currently adopted strategic plan pursuant to the Strategic Planning Policy.
26. “Trustees” refers to the Trustees of PERA.

## REFERENCES TO LEGISLATION

Where appropriate, this *Manual* incorporates relevant excerpts of [PERA Law](#), [PERA Rules](#), the [Colorado Open Meetings Law](#), and other [applicable Colorado statutes](#). Such excerpts may have been paraphrased for purposes of document consistency and brevity.

# STANDARDS OF PROFESSIONAL AND ETHICAL CONDUCT FOR THE BOARD OF TRUSTEES

1. In dealing with PERA Participants, employers, the public, PERA staff, and service providers, it is the obligation of each PERA Trustee to conduct himself or herself solely in the interest of PERA Participants. This requires that Trustees behave in accordance with the highest standards of fiduciary conduct, professionalism, and ethics. The Board has established these *Standards of Professional and Ethical Conduct (Standards)* to assist the Trustees in achieving and maintaining such standards of behavior.
2. In approving these *Standards*, the Board recognizes that it is not possible for a document to identify and address all of the ways in which conduct may fall short of appropriate standards, or all of the situations in which a Trustee's interests may conflict with the interests of PERA Participants. Accordingly, these *Standards* are not intended to replace the need for careful thought and judgment by Trustees and the Board concerning matters of conduct. Instead, they consist of general guidelines and principles intended to assist Trustees in most situations that may arise, as well as procedures and principles for approaching unique situations.

## DEFINITIONS

3. For purposes of this policy:
  - a. A "Conflict of Interest" encompasses any situation in which a Trustee has, or which a reasonably well-informed and knowledgeable person could properly perceive a Trustee to have, an incentive to decide a matter or provide a recommendation for any reason that would be inconsistent with acting solely in the interest of PERA Participants, or that would provide a private benefit to the Trustee.
  - b. "Undue Influence" is defined as the use of any improper or wrongful pressure, scheme, or threat intended to cause someone to act in a way they would not otherwise act if left to act freely.

## GUIDELINES

4. As per PERA Law, [C.R.S. § 24-51-207\(2\)\(a\)](#), PERA Trustees, as fiduciaries, shall carry out their functions solely in the interest of the members and benefit recipients and for the exclusive purpose of providing benefits and defraying reasonable expenses incurred in performing such duties as required by law. The Trustees shall act in accordance with the provisions of this article and with the care, skill, prudence, and diligence in light of the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims by diversifying the investments of the Association so as to minimize the risk of large losses, unless in light of such circumstances it is clearly prudent not to do so.
5. The Board expects that Trustees will uphold the fiduciary duties, described above, pertaining to the administration of the benefits and investments of PERA. In keeping with this expectation, and without limiting the generality of the foregoing, Trustees are required to:
  - a. Conduct all PERA business in a fair and honest manner;
  - b. Avoid any activity, where possible, which may constitute a Conflict of Interest;
  - c. Be responsible for maintaining his or her professional competence;

- d. Use care and discretion when handling confidential information which is received or maintained by PERA;
- e. Comply with all policies of the Board including but not limited to the [Board Education Policy](#) and the [Board Communications Policy](#);
- f. Conduct themselves with decorum, integrity, and professionalism in all aspects of their duties and relationships with fellow Trustees, staff, service providers, and other parties;
- g. Make a good faith effort to attend, and be sufficiently prepared for, all meetings of the Board and of any committees on which they serve;
- h. Refrain from soliciting campaign or charitable contributions from PERA Trustees, Chief Officers, General Counsel, and Director of Internal Audit. PERA staff, however, are free to make contributions to a political campaign of a Trustee or to any charitable organization associated with or supported by a Trustee; and
- i. Refrain from communicating on behalf of the Board unless authorized to do so by section 19 of the [Board Communications Policy](#) or otherwise authorized by the Board. In the event a Trustee communicates publicly, verbally, or in writing, on matters pertaining to the Board or PERA without Board authorization, the Trustee shall preface such communications with the following disclaimer, which appears in the [Board Communications Policy](#):

*These remarks are my own [or reflect my role as XYZ] and do not necessarily reflect the views of Colorado PERA, its staff, or the other Trustees.*

- 6. Furthermore, no Trustee shall:
  - a. Directly or indirectly seek or accept gifts, money, property, tangible personal property, bonuses, fees, commissions, gratuities, entertainment or hospitality, expense-paid trips, use of vacation facilities, personal or professional services or loans at anything other than market rates, favorable access or treatment in connection with investment opportunities, or any other similar form of consideration (collectively defined as “Gifts”) from any person, agent, firm, corporation, or association that, to the Trustee’s knowledge, does or seeks to do business with PERA, and that would influence or might reasonably be expected to influence the conduct of his or her duties. Notwithstanding the above, the following are not deemed to be Gifts: draw prizes at appropriate

conferences (see the [Board Education Policy](#)), gift items distributed to attendees at such conferences, or dinners available to attendees of such conferences;

- b. Allow family, social, or other personal relationships to influence the Trustee’s conduct or judgment;
- c. Use his or her position to influence the employment of a family member or friend by PERA or by any firm, corporation, or association with which PERA does or seeks to do business;
- d. Lend the prestige of his or her position at PERA to advance one’s own private interests or the private interests of others, nor convey or permit another to convey the impression that the Trustee is in a special position of influence at PERA;
- e. Utilize any property or resources of PERA for personal gain;
- f. Falsify any document, record, or request for reimbursement or fail to record proper entries on any books or records of PERA;
- g. Knowingly be a party to, or condone, any illegal activity;
- h. Engage in or conduct outside activities of financial or personal interest that may conflict with the impartial and objective execution of PERA business activities;
- i. Sell or provide goods or services, directly or through a member of their immediate family, to PERA without prior disclosure and Board approval;
- j. Engage in employment with any providers of goods or services to PERA;
- k. Engage in activities involving dishonesty, fraud, deceit, or misrepresentation;
- l. Attempt to direct a member of PERA staff, an advisor of PERA, or a fellow Trustee to a specified action or decision using Undue Influence. (Trustees of PERA who believe they have been subjected to Undue Influence shall report such incident to PERA’s Internal Audit Director, or an appropriate Trustee or staff member); and
- m. Use Board or committee meetings as opportunities to promote or advocate positions opposing PERA in pending litigation. Notwithstanding the foregoing, a Trustee is not deemed to be in violation of these *Standards* by pursuing a review of his or her own PERA benefit through PERA’s administrative review process or subsequent adjudication.

7. The Board further expects that all security transactions by Trustees for any accounts they manage or control shall be done in a manner that avoids the appearance of impropriety. Accordingly, no Trustee shall engage either in:
  - a. Insider trading, which is an illegal activity in which a person makes trades based on material and non-public information they received about a security that investors generally do not know; or
  - b. Front running, which is an illegal activity in which a person trades a security with advance knowledge of orders from other investors that the person expects may impact the market price of the security.

The above prohibitions apply even if a Trustee's position on the PERA Board ceases and until such time, if ever, as the information has become generally available to the public, other than through disclosure by or through the Trustee or a related person.

## DISCLOSURE

8. In accordance with state law:
  - a. All Trustees are subject to and are required to make financial disclosures pursuant to the provisions of [C.R.S. § 24-6-202](#) (as per [PERA Law C.R.S. § 24-51-207\(4\)](#)); and
  - b. All elected public officials that serve as Trustees acknowledge and understand that they are subject to reporting requirements under the Fair Campaign Practices Act, [C.R.S. § 1-45-101 et seq.](#)
9. Trustees understand and acknowledge that in accordance with the Securities and Exchange Commission's [Rule 206\(4\)-5](#), investment advisors that make campaign contributions, above specified *de minimis* amounts, to certain government officials shall be prohibited from providing compensated services to PERA for a period of two years, and that such investment advisors are required to disclose such contributions to the Securities and Exchange Commission.
10. In addition to the above external disclosure requirements, the Board wishes to further promote and facilitate compliance with these *Standards*, and shall therefore require the following additional disclosure for transparency:
  - a. Trustees must annually complete, execute, and return to the Internal Audit Director the *Conflict of Interest and Compliance Questionnaire*.
  - b. Trustees shall disclose to the Board if they have knowingly requested or accepted any Gift or charitable donation from any PERA service

provider. Trustees shall disclose to the Board if they have knowingly requested or accepted campaign contributions from any Board-appointed service provider. Such disclosure shall be made in the *Conflict of Interest and Compliance Questionnaire* annually, or sooner, if circumstances warrant it

- c. If a Trustee has been offered or provided a Gift by a current or prospective service provider that the Trustee believes was intended to influence the conduct of his or her duties, the Trustee shall inform any two of the following: the Board Chair, the Audit Committee Chair, or the General Counsel, who in turn shall report the matter to the Board. The Trustee in question shall not accept the Gift, or shall return the Gift to the vendor in a timely manner. The Board shall take such action as it deems appropriate.
11. PERA staff will provide periodic summary reports to the Audit Committee on the required disclosures referred to in section 10 above.

## RECUSAL

12. A Trustee shall disclose to the Board any matter on which the Trustee has a Conflict of Interest and recuse himself or herself from voting on such matter. Furthermore, any Trustee who has a Conflict of Interest on any matter coming before the Board or a Board committee in executive session shall not participate nor attend the executive session in which the matter is to be considered, and shall recuse himself or herself from voting on the matter when the Board or Board committee returns to open session. Any such disclosures and recusals, including the nature of the Conflict of Interest, shall be recorded in the minutes of the Board or Board committee meeting at which they occur.
13. A matter before the Board shall not be deemed a Conflict of Interest where such matter may bestow a benefit on a Trustee and the benefit in question is merely incidental to the Trustee's membership in a large class such as the class of PERA Members.
14. If a Trustee is unsure of whether he or she may have a Conflict of Interest regarding a matter coming before the Board or a Board committee, he or she may disclose the matter at the meeting of the Board or Board committee in question, and the Board or Board committee may determine whether a Conflict of Interest exists.



**15.** Matters may arise where a Trustee who, due to his or her position of public office or position with a PERA-affiliated employer or PERA stakeholder group, owes duties to parties other than PERA Participants. In such situations, and notwithstanding section 12 above, the Trustee may vote on such matters, but is not exempt from his or her fiduciary duty to vote solely in the interest of PERA Participants. If a Trustee feels that he or she cannot so vote, he or she must recuse himself or herself from such vote in accordance with section 12 above.

## TRAINING AND ENFORCEMENT

**16.** The Board with the support of executive management at PERA is responsible for communicating the *Standards* to both new and experienced Trustees, and for monitoring compliance with, and enforcement of, the *Standards*. The Board's education program will also address the provisions of this policy, and new Trustees shall receive training with respect to this policy as part of their orientation to PERA.

**17.** Trustees shall report in a timely manner any suspected violations of these *Standards* to the Board Chair, who shall ensure that such allegations are considered by the Board, along with any supporting information. (Should the Board Chair be the subject of the allegation, Trustees shall instead report the matter to the Vice Chair or the Chair of the Audit Committee, who shall report the matter to the Board). Upon consideration and all necessary analysis of such allegations, the Board may take any of the following actions:

- a.** Refer the matter to the Audit Committee, executive management, the Internal Audit Director, or a third party to investigate the allegations further;
- b.** Make a finding that no violation has occurred;
- c.** Where the alleged violation pertains to a breach of the law and the Board has determined that there is sufficient grounds to support the allegation, refer the matter to the appropriate authorities;
- d.** Make a finding that a violation has occurred, and take any of the following disciplinary actions in regard to the Trustee in question:
  - I.** Remove the Trustee from the position of Board Chair, Vice Chair, or committee chair, or from any Board committee the Trustee serves on;
  - II.** Bar the Trustee from serving as Board Chair, Vice Chair, committee chair, or a regular

member of any Board committee for a specified period of time;

- III.** Limit or withdraw travel privileges, in the event the violation relates to an abuse of travel privileges;
- IV.** Censure the Trustee;
- V.** Communicate the findings of the Board to any party and by any means the Board deems appropriate; and/or
- VI.** Any other action the Board deems suitable under the circumstances.

**18.** Any Trustee who is the subject of an alleged violation of these *Standards* shall:

- a.** Be informed of the allegations and provided an opportunity at a Board meeting (and a Board committee meeting, if applicable) to respond to the allegations. The Board shall endeavor to provide the Trustee with adequate notice of such meeting, where circumstances permit; and
- b.** Recuse himself or herself from any Board or Board committee review or discussion in relation to the allegation, except when invited to respond.

**19.** Should a Trustee be unsure of any provision of this policy or related laws and the implementation thereof, they are expected to seek advice or clarification from PERA's General Counsel or the Board's fiduciary counsel.

## POLICY REVIEW AND HISTORY

**20.** The Board will review this policy at least every five years.

**21.** The Board adopted this policy on February 19, 1999. The Board amended this policy on June 16, 2011, July 1, 2012, January 20, 2017, January 1, 2020, and on January 1, 2022.

# CHARTER FOR THE BOARD OF TRUSTEES

## INTRODUCTION

1. PERA is an instrumentality of the state of Colorado and is not subject to administrative direction by any department, commission, board, bureau, or agency of the state. PERA's purpose is to provide benefits and programs as specified in [PERA Law](#). These benefits and programs are managed by the 16 Trustees that comprise the Board. The Board governs PERA by establishing policy, and management is responsible for implementing policy and managing day-to-day operations.
2. The statutory role and duties of the Board are set out in [PERA Law](#). In order to provide further detail and guidance concerning the Board's duties, the Board has also established this charter.

## TRUSTEES

3. The composition of the Colorado PERA Board, and the rules regarding the election and appointment of Trustees are set out in [C.R.S. § 24-51-203](#) of PERA Law and [PERA Rule 2](#).

## DUTIES AND RESPONSIBILITIES

### GOVERNANCE AND BOARD OPERATIONS

4. With respect to governance and Board operations, the Board will:
  - a. Perform its functions solely in the interest of the PERA Participants and for the exclusive purpose of providing benefits and defraying reasonable expenses incurred in performing such duties, as required by law;
  - b. Take positions on legislative proposals affecting PERA;
  - c. Initiate, defend, or settle litigation involving PERA;
  - d. Delegate as appropriate any responsibilities to the staff of PERA;
  - e. Approve charters describing the roles and responsibilities of the Board, the committees of the Board, the Executive Director, the Board Chair, and the Vice Chair, and amend said charters from time to time;
  - f. Approve the creation or dissolution of standing committees of the Board;
  - g. Approve mandates of ad hoc committees;
  - h. Adopt and promulgate the [PERA Rules](#) and other policies, as necessary; and
  - i. Adopt an annual calendar of Board meetings and events.

### INVESTMENTS

5. In accordance with [PERA Law](#), the Board has complete control and authority to invest the funds of PERA. As fiduciaries, Trustees shall carry out their functions solely in the interest of the PERA Participants and for the exclusive purpose of providing benefits and defraying reasonable expenses incurred in performing such duties.
6. The Board shall diversify the investments of PERA so as to minimize the risk of losses unless, in light of the circumstances, it is not prudent to do so. The Trustees shall act with the care, skill, prudence, and diligence in light of the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use.

7. With respect to the defined benefit trust funds, the life insurance reserve fund, and the health care trust funds (the Combined Investment Fund), the Board shall:
  - a. Approve [statements of investment policy and philosophy](#) and review the statements at least biennially; and
  - b. Approve the strategic asset allocation and associated benchmarks.
8. Approve any corporate governance or shareholder rights initiatives or policies with respect to any corporation or entity of which PERA is a shareholder as recommended by the Investment Committee.
9. The Board will ensure that an asset/liability study for the defined benefit trust funds is performed at least every three to five years, or more frequently if it so determines, and will review the results.
10. With respect to the CAPs, the Board will:
  - a. Approve a statement of investment policy, and review it at least biennially; and
  - b. Approve changes in the lineup of investment options (i.e., PERAdvantage Funds) offered including the default investment option.

## BENEFITS ADMINISTRATION

11. With respect to the programs administered by PERA, the Board will:
  - a. Review and determine appeals brought by PERA Participants in accordance with [PERA Rule 2.20](#), as amended; and
  - b. Set the interest credit rate for PERA Member contribution accounts.

## PERA OPERATIONS AND PLANNING

12. The Board will:
  - a. Provide long-term direction by approving the strategic plan and mission/vision statements, as recommended by the Executive Director;
  - b. Approve the annual operating Budget and any supplemental budgets that may be necessary;
  - c. Require that management implement and maintain effective technologies to efficiently manage the data, information and records of PERA;
  - d. Approve the location of PERA's headquarters and any secondary offices;
  - e. Require that management establish appropriate operational controls and risk management procedures; and

- f. Maintain appropriate insurance coverage to protect against liability which arises out of, or in connection with:
  - I. The performance of duties by any Trustee or employee of PERA; and
  - II. Business risks faced by PERA.

## FINANCIAL, ACTUARIAL, AND ACCOUNTING PRACTICES

### 13. The Board will:

- a. Approve funding policies and actuarial assumptions and methodologies;
- b. Review PERA's annual [Actuarial Valuation Report](#); and submit reports to the Legislative Audit Committee, the Senate Finance Committee, the House Finance Committee, the Pension Review Subcommittee, and the Joint Budget Committee of the General Assembly and the Governor of Colorado, together with any recommendations concerning such liabilities that have accrued;
- c. In consultation with the pension and health care actuary, recommend to the Colorado General Assembly the employer and member contribution rates;
- d. Ensure that appropriate accounting and internal control policies are in place to safeguard the assets of PERA;
- e. Approve the release of the [ACFR](#), and its submission to the Governor of Colorado and the General Assembly;
- f. Submit to financial and performance audits of all financial transactions and accounts kept by or for PERA, as prescribed in [PERA Law](#); and
- g. Commission an actuarial audit at least every five years to confirm the reasonableness of the valuations and projections of the primary pension and health care actuaries. The appointment of a new primary actuarial firm will also satisfy this requirement.

## HUMAN RESOURCES

14. With respect to the human resources function, the Board will:
  - a. Approve a total compensation philosophy statement for PERA;
  - b. Approve the compensation of the Executive Director; and
  - c. Review and approve the Executive Director's termination of the General Counsel.

## COMMUNICATIONS

15. With respect to communications, the Board will receive updates concerning Plan Participant and stakeholder communication strategies.

## KEY APPOINTMENTS/ELECTIONS

16. The Board will certify the election or appointment of Trustees to the Board.
17. The Board will elect, following procedures contained in a [Board Officer Election Policy](#):
  - a. A Board Chair; and
  - b. A Vice Chair.
18. The Board will approve:
  - a. Trustees to serve on all standing committees of the Board; and
  - b. Outside Members of the Audit Committee.
19. The Board will appoint, evaluate, and may terminate the Executive Director.
20. The Board will appoint, evaluate, and may terminate the following service providers (“Board-appointed Service Providers”):
  - a. The pension actuary;
  - b. The health care actuary;
  - c. The actuarial auditor;
  - d. The investment consultants retained to advise the Board;
  - e. Fiduciary counsel;
  - f. Custodian banks;
  - g. The Board governance consultant;
  - h. The election service provider;
  - i. Recordkeeper for CAPs; and
  - j. Other advisors that may be required from time to time to serve primarily as advisors to the Board.

## MONITORING AND REPORTING

21. The Board will establish in policy the reporting and monitoring practices necessary to provide the Board with the information it requires to effectively oversee the operations of PERA and meet the requirements of [PERA Law](#). This shall include a [Monitoring and Reporting Policy](#), describing the specific reports the Board is to receive on a routine basis.
22. The Board’s monitoring activities will address, but not be limited to, the following areas:
  - a. Governance and policy compliance;
  - b. Investment performance;
  - c. Funding and valuations;
  - d. Benefit administration;
  - e. Member communications;
  - f. Operations and finance;
  - g. Internal audit function;
  - h. Human resources and succession planning;
  - i. Stakeholder relations; and
  - j. Legislative and legal affairs.

## CHARTER REVIEW AND HISTORY

23. This charter will be reviewed at least every five years.
24. The Board adopted this charter on November 16, 2001. The Board approved changes to this Charter on February 18, 2005, February 16, 2007, July 1, 2012, January 15, 2016, January 1, 2020, and on January 1, 2022.

<sup>1</sup> A complete list of routine Board reports is set out in the [Board’s Monitoring and Reporting Policy](#).



# CHARTER FOR THE INVESTMENT COMMITTEE

## INTRODUCTION

1. The Investment Committee is a standing committee of the Board comprised of not fewer than six members. The Investment Committee is responsible for assisting the Board in overseeing the PERA Investment Program. The Committee will have the duties and responsibilities set out herein.

## DUTIES AND RESPONSIBILITIES

2. With respect to the Combined Investment Fund, the Investment Committee will:
  - a. Recommend to the Board [statements of investment policy and philosophy](#), and review the statements at least biennially;
  - b. Recommend to the Board the strategic asset allocation and associated benchmarks;
  - c. At least annually, review PERA's compliance with the [statements of investment policy](#);
  - d. Review costs of the investment programs;
  - e. Review total fund, asset class, and investment manager performance and risk;
  - f. If requested by the Board Chair, recommend to the Board the investment consultant; and
  - g. Advise the Board on any other investment matters and make recommendations for Board action when necessary.
3. If requested by the Board Chair, perform an asset/liability study of the defined benefit trust funds at least every three to five years, or more frequently if so directed by the Board.
4. With respect to the CAPs, the Investment Committee will:
  - a. Recommend to the Board a statement of investment policy and review it at least biennially;
  - b. Recommend to the Board changes in the lineup of investment options (i.e., PERAdvantage Funds) offered including the default investment option;
  - c. If requested by the Board Chair, recommend to the Board the investment consultant; and
  - d. Review investment performance of each investment option offered in the CAPs quarterly.
5. With respect to shareholder responsibility in the PERA Investment Program, the Investment Committee will:
  - a. Recommend any corporate governance and proxy voting policies to the Board for approval;
  - b. Recommend a securities litigation policy to the Board for approval;
  - c. Recommend to the Board any corporate governance or shareholder initiatives or policies with respect to any corporation or entity of which PERA is a shareholder;
  - d. Interact with the Executive Director, General Counsel, and the Chief Investment Officer or their designees on shareholder responsibility matters;
  - e. Review current policies, and practices in the areas of corporate governance, shareholder responsibility, and securities litigation at least every five years; and
  - f. Review reports on proxy votes cast annually.
6. The Investment Committee will:
  - a. Review and approve meeting minutes; and
  - b. Report to the Board on its activities after each meeting.

## CHARTER REVIEW AND HISTORY

7. This charter will be reviewed at least every five years.
8. The Board adopted this charter on November 16, 2001. The Board approved changes to this Charter on February 18, 2005, February 10, 2006, February 16, 2007, July 1, 2012, January 15, 2016, January 1, 2020, and on January 1, 2022.

# CHARTER FOR THE AUDIT COMMITTEE

## INTRODUCTION

1. The Board has established the Audit Committee to assist the Board in fulfilling its fiduciary responsibilities as they relate to accounting policies and financial reporting, the system of internal controls, the [Standards of Professional and Ethical Conduct](#), the internal audit process, and the practices of the Internal Audit Director.

The Audit Committee shall be comprised of not fewer than five Trustees, and at least one and no more than two Outside Members, as defined in section 7 through 13 of this policy.

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility.

## DUTIES AND RESPONSIBILITIES

### MEETINGS

2. The Audit Committee will:
  - a. Meet at least three times per year; and
  - b. At least annually, meet separately with each of the following parties and afford each a private audience when requested:
    - The Executive Director;
    - The Internal Audit Director;
    - The Controller;
    - The Independent Auditor; and
    - The General Counsel.

### POLICIES AND INTERNAL CONTROLS

3. The Audit Committee will, in consultation with the Executive Director:
  - a. Recommend accounting policies to the Board for approval;
  - b. Review the design and effectiveness of PERA's internal controls;
  - c. Meet at least annually with the Internal Audit Director and PERA management to discuss the effectiveness of PERA's internal financial controls,

and internal control and risk management systems (including systems for ensuring compliance with applicable laws, regulations, policies, and contracts);

- d. Periodically review the [Standards of Professional and Ethical Conduct](#) and recommend changes to the Board;
- e. Ensure that PERA has adequate policies or procedures in place for monitoring employee reporting of any conduct or transaction that may be in violation of the [Standards of Professional and Ethical Conduct](#); and
- f. Review Trustee and employee compliance with their respective [Standards of Professional and Ethical Conduct](#).

### INDEPENDENT AUDIT

4. With respect to the independent auditor chosen by the State Auditor pursuant to [C.R.S. § 2-3-103](#) (the "Independent Auditor"), the Audit Committee will:
  - a. Meet with the State Auditor, if requested, regarding the selection of the Independent Auditor;
  - b. Review information or reports provided by the State Auditor's Office, other regulatory agencies, or independent accountants or auditors concerning the Independent Auditor, describing:
    - I. i) The Independent Auditor's internal quality control procedures, and any material issues raised by the most recent internal quality control review;
    - II. ii) Any peer review or regulatory inquiry of the Independent Auditor completed within the preceding five years; and
    - III. iii) Any relationships between the Independent Auditor and PERA.

The Committee may seek to discuss such information with the State Auditor;

- c. Meet with the Independent Auditor, the Internal Audit Director, and the Controller to review the scope, objectives and timing of the external audit and to coordinate efforts;
- d. Meet with the Independent Auditor and the Controller to discuss PERA's [ACFR](#), the

Independent Auditor's report and management's response thereto prior to their release to the public; and

- e. Recommend the [ACFR](#) to the Board for approval. (Note: as the independent audit is commissioned by the State Auditor, the Board does not approve the audited financial statements or the Auditor's Report.)

## INTERNAL AUDIT

- 5. With respect to the Internal Audit Director, the Audit Committee will:
  - a. Review and approve criteria for the selection of the Internal Audit Director based upon the Executive Director's recommendations;
  - b. Interview finalists, select and appoint the Internal Audit Director, and set his/her compensation and any changes thereto. The Executive Director will recommend the Internal Audit Director's job description, selection criteria, and compensation levels to the Audit Committee for its approval.
  - c. If necessary, terminate the Internal Audit Director, and notify the Board of its actions. The Audit Committee will also consider such action if requested by the Executive Director;
  - d. Review the Internal Audit Director's risk assessment report for the development of the internal audit plan;
  - e. With the input of the Executive Director, review and approve the Internal Audit Director's internal audit plan and budget;
  - f. Receive reports concerning *PERA Ethics Line* complaints and the resolutions to complaints;
  - g. Receive progress reports on the internal audit process;
  - h. Review with management and the Internal Audit Director:
    - I. Internal Audit reports and management's responses thereto; and
    - II. Any changes required in the scope of internal audits;
  - i. Annually provide input into the Executive Director's annual performance evaluation of the Internal Audit Director;
  - j. Monitor that the Internal Audit Director has access to all necessary documents, information and systems in the organization;
  - k. Review the adequacy of resources made available to the Internal Audit Director, including staffing, compensation, and operating budgets; and

- l. Review the independence and effectiveness of the Internal Audit Department's operations, including compliance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing.
- 6. The Audit Committee has the authority to retain outside consultants and advisors. In doing so, the Audit Committee will review the independence of such consultants and advisors.

## OUTSIDE MEMBERS

- 7. The Audit Committee will:
  - a. Recommend to the Compensation and Budget Committee the annual compensation of Outside Members, for inclusion in the Budget; and
  - b. Annually evaluate the Outside Members, and annually review their appointment(s) with the Board.
- 8. The Outside Members will:
  - a. Be independent of the Board, management, PERA service providers, and the Independent Auditor, and free from any relationship that would interfere with their ability to exercise independent judgment on accounting, disclosure, audit, and financial-related matters;
  - b. Be appointed by the Board upon the recommendation of the Audit Committee;
  - c. Serve at the pleasure of the Board;
  - d. Enter into an annual contract with PERA, the form of which is to be approved by the Audit Committee and the General Counsel;
  - e. Be allowed to vote on all matters before the Audit Committee, however, effective July 1, 2022, Outside Members will be non-voting members of the Committee; and
  - f. Acknowledge in writing their status as fiduciaries to PERA, PERA Participants and their agreement to abide by the Board's [Standards of Professional and Ethical Conduct](#).

## PROCEDURE FOR APPOINTING OUTSIDE MEMBERS OF THE AUDIT COMMITTEE:

- 9. Outside Committee Members are expected to be:
  - a. Qualified financial experts with previous experience in serving the public, and that have demonstrated knowledge and expertise in financial reporting, auditing and internal controls;
  - b. Capable of exercising objective and impartial judgment on issues affecting the accounting, disclosure, auditing and financial reporting by PERA; and





## OTHER DUTIES

**14.** The Audit Committee will:

- a.** Serve as a vehicle for communication between the Board, the Independent Auditor, the Internal Audit Director and Management concerning audit issues;
- b.** Review the findings or comments of any regulatory agencies concerning financial information or internal controls of PERA; and
- c.** Review any changes in accounting practices or policies, and the financial impact thereof, and review any accruals, provisions, estimates or management programs and policies that may have a significant effect on the financial statements of PERA.

**15.** The Audit Committee will:

- a.** Review and approve meeting minutes;
- b.** Report to the Board on its activities after each meeting; and
- c.** Submit an annual report of the Committee's activities to the Board.

## CHARTER REVIEW AND HISTORY

**16.** This charter will be reviewed at least every five years.

**17.** The Board adopted this charter on November 16, 2001.

The Board approved changes to this charter on April 16, 2004, February 18, 2005, February 10, 2006, February 16, 2007, March 20, 2009, July 1, 2012, January 17, 2014, November 20, 2015, January 1, 2020, and on January 1, 2022.

# CHARTER FOR THE BENEFITS COMMITTEE

## INTRODUCTION

1. The Benefits Committee is a standing committee of the Board and is comprised of not fewer than six members. The Board has established the Benefits Committee to assist the Board in overseeing PERA's benefit programs. The duties and responsibilities of the Benefits Committee are set out herein.

## DUTIES AND RESPONSIBILITIES

2. The Benefits Committee will:
  - a. Develop, evaluate, and make recommendations to the Board regarding benefit plan design and changes to the CAPs plan documents;
  - b. Upon request by the Board Chair, recommend to the Board the recordkeeper for the CAPs; and
  - c. Recommend to the Board, the design of the group health care program.
3. The Benefits Committee will:
  - a. Annually review the administration and service quality of the following:
    - I. Defined benefit retirement program;
    - II. CAPs;
    - III. Disability program;
    - IV. PERA health care program; and
    - V. Other insurance programs.
  - b. Review and approve meeting minutes; and
  - c. Report to the Board on its activities after each meeting.

## CHARTER REVIEW AND HISTORY

4. This charter will be reviewed at least every five years.
5. The Board adopted this charter on November 16, 2001. The Board approved changes to this Charter on February 18, 2005, February 10, 2006, February 16, 2007, July 1, 2012, January 15, 2016, January 1, 2020, and on January 1, 2022.

# CHARTER FOR THE COMPENSATION & BUDGET COMMITTEE

## INTRODUCTION

1. The Compensation & Budget Committee is a standing committee of the Board comprised of not fewer than five members. The Compensation & Budget Committee is responsible for assisting the Board in overseeing PERA's compensation and annual budget programs. The Committee will have the duties and responsibilities set out herein.

## DUTIES AND RESPONSIBILITIES

2. The Compensation & Budget Committee will:

### BUDGET

- a. Periodically review the *Budget Approval Process Policy* and recommend changes to the Board as appropriate;
- b. Review the proposed annual operating budget;
- c. Submit and recommend a final complete budget to the Board no later than the November Board meeting each year; and
- d. Review and recommend budget amendments to the Board.

### COMPENSATION & HUMAN RESOURCES

- e. Review changes to the total compensation philosophy statement as presented by the Executive Director, and recommend them to the Board;
  - f. Receive and review reports from management that summarize implementation of the total compensation philosophy statement; and
  - g. Receive and review reports from management that summarize data metrics on PERA's employee population (e.g. diversity, turnover levels, education, etc.).
3. The Compensation & Budget Committee will:
    - a. Review and approve meeting minutes; and
    - b. Report to the Board on its activities after each meeting.

## CHARTER REVIEW AND HISTORY

4. This charter will be reviewed at least every five years.
5. The Board adopted this charter on October 15, 2004. The Board approved changes to this Charter on February 18, 2005, February 10, 2006, February 16, 2007, July 1, 2012, June 21, 2016, January 1, 2020, and on January 1, 2022.

# CHARTER FOR THE EXECUTIVE COMMITTEE

## INTRODUCTION

1. The Board has established an Executive Committee to oversee the management of Board meetings, promote efficient committee operations, and help the Board officers stay abreast of PERA operations. The Committee will have the duties and responsibilities set out herein.
2. The Executive Committee is comprised of the Board Chair, the Vice Chair, and the Executive Director. The Board Chair will serve as Chair of the Executive Committee.

## DUTIES AND RESPONSIBILITIES

3. The Executive Committee will:
  - a. Meet before Board meetings to review agendas and discuss related Board matters;
  - b. Approve or deny international travel requests by Trustees;
  - c. Approve reimbursement to Trustee employers for temporary employees required while Trustees are on PERA business;
  - d. Consider Trustee requests for PERA information when the Executive Director believes the request would require a significant expenditure of staff time or the use of external resources;
  - e. Recommend changes to the [Board Education Policy](#), the [Board Expense Reimbursement Policy](#) and the two-year education budget for Trustee education;
  - f. Review and approve Trustee requests for waivers or substitutions to educational requirements under the [Board Education Policy](#), and proposed Trustee independent study plans;
  - g. Review Trustee compliance with requirements set out in the [Board Education Policy](#); and
  - h. Review any exceptions to the [Board Expense Reimbursement Policy](#).
4. Members of the Executive Committee are encouraged to attend meetings of other committees of the Board when feasible.
5. The Executive Committee will:
  - a. Monitor the general effectiveness of Board and Board committee meetings;
  - b. Review monthly financial statements and budget reports;
  - c. Review and approve meeting minutes; and
  - d. Report to the Board on its activities.

## CHARTER REVIEW AND HISTORY

6. This charter will be reviewed at least every five years.
7. The Board adopted this charter on November 16, 2001. The Board approved changes to this Charter on February 18, 2005, July 1, 2012, January 15, 2016, January 1, 2020, and on January 1, 2022.



# CHARTER FOR THE GOVERNANCE COMMITTEE

## INTRODUCTION

1. The Board has established a Governance Committee to assist the board in advancing the best interests of PERA's members and beneficiaries by instituting effective board governance policies and practices that foster transparent and informed decision-making. The Committee will have the duties and responsibilities set out herein.
2. The Governance Committee is a standing committee of the board comprised of the Board Chair, Vice Chair and the chairs of all standing Board committees. The Board Chair will serve as Chair of the Governance Committee.
3. The Governance Committee will meet as necessary as determined by the Committee Chair.

## AUTHORITY

4. To engage external consultants or advisors as needed to fulfill its responsibilities, subject to approval by the board.
5. Unless otherwise provided in the Governance Manual, all committee actions must be ratified or adopted by the board.

## DUTIES AND RESPONSIBILITIES

6. The Governance Committee will:
  - a. Facilitate the evaluation of the performance of the Executive Director, in accordance with the *Executive Director Performance Evaluation Policy*; and in connection with the evaluation, make recommendations to the Board on the Executive Director's compensation consistent with the *Total Compensation Philosophy Statement*;
  - b. Oversee the review and implementation of the *Board Performance Evaluation Policy*;
  - c. Oversee the monitoring of Board Service Provider performance, in accordance with the Board's *Service Provider Selection Policy*;
  - d. Develop and maintain the Governance Manual, and oversee the processes undertaken to review and recommend updates as needed;
  - e. Develop an annual meeting work plan to guide the Committee's focus and priorities;
  - f. Review and approve meeting minutes; and
  - g. Report to the Board on its activities after each meeting.

## CHARTER REVIEW AND HISTORY

7. This charter will be reviewed at least every five years.
8. The Board adopted this charter on November 16, 2001. The Board approved changes to this Charter on February 18, 2005, July 1, 2012, January 15, 2016, January 1, 2020, January 1, 2022, and on November 17, 2023. (\*\*Note: Governance Committee was formerly the Evaluation Committee, change effective September 22, 2023).

# CHARTER FOR THE BOARD CHAIR

## INTRODUCTION

1. The Board will elect one of its Trustees to serve as Board Chair for a term of two years. No member may serve continuously as Chair for more than two consecutive terms. The Board Chair will preside at all meetings of the Board and may exercise the powers and will perform the duties and responsibilities set out herein.
2. Should the Board Chair be unable to complete the term as Board Chair, the Vice Chair shall serve as Board Chair until the Board elects a new Board Chair.

## DUTIES AND RESPONSIBILITIES

3. The Board Chair will:
  - a. Preside over Board meetings in a manner consistent with [PERA Law](#), [PERA Rules](#), the [Board Operations Policy](#), and the [Colorado Open Meetings Law](#);
  - b. Conduct Board meetings in an efficient and productive manner;
  - c. Recommend to the Board for approval any Trustees to be appointed to standing committees;
  - d. Appoint committee chairs of standing Board committees;
  - e. Establish ad hoc Board committees and appoint their members and chairs;
  - f. Serve as a member of the Executive and Evaluation Committees and chair all meetings of said committees;
  - g. Review and approve Board meeting agendas;
  - h. Coordinate Board meetings, schedules, and presentations in consultation with the Executive Director;
  - i. Represent the Board in its dealings with the Executive Director;
  - j. Be available to the Executive Director as a principal source of advice and counsel;
  - k. Facilitate effective and open communications between the Board and the Executive Director;
  - l. Serve as the official spokesperson for the Board;
  - m. Guide the Board in establishing, where possible, a consensus on critical issues and decisions, while allowing full and open debate;
  - n. Strive to ensure the general cohesiveness and proper functioning of the Board;
  - o. Designate one Trustee as a mentor for each new Trustee joining the Board;
  - p. Discuss concerns of Trustees with respect to the conduct of the Board or individual Trustees, and take appropriate action in accordance with the Board's [Standards of Professional and Ethical Conduct](#);
  - q. Call special meetings of the Board; and
  - r. Review expenditures of the Executive Director annually.

## CHARTER REVIEW AND HISTORY

4. This charter will be reviewed at least every five years.
5. The Board adopted this charter on November 16, 2001. The Board approved changes to this Charter on February 18, 2005, February 16, 2007, July 1, 2012, January 15, 2016, January 1, 2020, and on January 1, 2022.

# CHARTER FOR THE VICE CHAIR

## INTRODUCTION

1. The Board will elect one of its Trustees to serve as Vice Chair with the duties and responsibilities set out herein, and to serve for a term of two years.
2. In the event a vacancy should occur in the position of Vice Chair, the Board will elect a successor for the balance of the unexpired term at its next regular meeting.

## DUTIES AND RESPONSIBILITIES

3. The Vice Chair will:
  - a. Serve on the Executive Committee and the Evaluation Committee;
  - b. Assume the duties of the Board Chair in the Chair's absence; and
  - c. Perform other duties as assigned by the Board Chair.
4. Should the Board Chair be unable to complete the term as Board Chair, the Vice Chair will serve as Board Chair until the Board elects a new Board Chair.

## CHARTER REVIEW AND HISTORY

5. This charter will be reviewed at least every five years.
6. The Board adopted this charter on November 16, 2001. The Board approved changes to this Charter on February 18, 2005, February 16, 2007, July 1, 2012, January 15, 2016, January 1, 2020, and on January 1, 2022.

# CHARTER FOR THE COMMITTEE CHAIRS

## INTRODUCTION

1. For each committee of the Board, the Board Chair will designate a Trustee to serve as committee chair. In general, committee chairs will coordinate the work of their assigned committees with support from PERA staff.
2. Committee chairs will be supported by a designated staff liaison, to be appointed by the Executive Director.

## DUTIES AND RESPONSIBILITIES

3. With regard to their assigned Board committees, committee chairs will:
  - a. Preside over Board meetings in a manner consistent with [PERA Law](#), [PERA Rules](#), the [Board Operations Policy](#), and the [Colorado Open Meetings Law](#);
  - b. Conduct committee meetings in an efficient and productive manner;
  - c. Guide the committee in establishing, where possible, a consensus on critical issues and decisions, while allowing full and open debate;
  - d. Facilitate effective and open communications between the committee, the Board, and the Executive Director;
  - e. Provide input on the assistance provided by the staff person assigned to the committee for consideration by the Executive Director in the staff person's annual performance review;
  - f. Coordinate committee meetings, schedules, and presentations;
  - g. Review and approve committee meeting agendas;
  - h. Regularly report to the Board on the activities of the committee;
  - i. Ensure committee minutes are kept, approved by the committee, and made available to the Board; and
  - j. Carry out such other functions and duties as prescribed by the Board.
4. Committee chairs serve on the Evaluation Committee.
5. If a committee chair is unavailable to attend a meeting, then the committee chair will designate another member to serve as committee chair in his or her absence. If the committee chair is unable to do so, the remaining committee members may appoint a committee chair from among themselves for the meeting.

## CHARTER REVIEW AND HISTORY

6. This charter will be reviewed at least every three to five years.
7. The Board adopted this charter on November 16, 2001. The Board approved changes to this Charter on February 18, 2005, July 1, 2012, June 21, 2016, January 1, 2020, and on January 1, 2022.



# CHARTER FOR THE EXECUTIVE DIRECTOR

## INTRODUCTION

1. The Board will appoint an Executive Director who will be directed by, serve at the pleasure of, and may be dismissed at the will of, the Board.
2. The Executive Director is the most senior executive of PERA and will implement policy and manage the operations of PERA, in accordance with [PERA Law](#), [PERA Rules](#), and subject to the oversight of the Board. The Executive Director will accept any responsibilities, duties, and authorities delegated by the Board.
3. The Board recognizes that the Executive Director may delegate any of the duties listed in this Charter to staff. In doing so, however, the Executive Director retains responsibility for such duties.

## DUTIES AND RESPONSIBILITIES

### LEADERSHIP

4. The Executive Director will provide leadership to PERA in achieving its Vision, Mission, goals, and objectives. In doing so, the Executive Director may solicit advice and counsel from the Board, the Board Chair, or individual Trustees.

### POLICY ANALYSIS

5. The Executive Director will provide the necessary support to the Board and its committees in establishing all policies of the Board. This will involve working with the Board and its committees to continually identify issues requiring Board policy, conducting the necessary analysis of such issues, and providing clear and well-supported policy recommendations for the Board's consideration.

### GOVERNANCE AND BOARD OPERATIONS

6. The Executive Director will:
  - a. Fulfill the role of Secretary to the Board and Chief Executive Officer of PERA;
  - b. Serve on the Executive Committee;
  - c. Assist the Board Chair with the coordination of Board meetings, agendas, minutes, schedules, and presentations;

- d. Assign staff liaisons to each Board committee;
- e. Assist the Board in ensuring its meetings are conducted in accordance with the [Colorado Open Meetings Law](#);
- f. Ensure the timely preparation and distribution of agendas and related materials for Board and committee meetings;
- g. Coordinate the implementation of the [Board Education Policy](#);
- h. Conduct correspondence of the Board;
- i. Advise the Board on legislative proposals affecting PERA;
- j. Approve the applications of political subdivisions or state agencies related to affiliation with PERA;
- k. Provide a description of the expectations and duties of PERA Trustees to all candidates seeking to serve on the Board; and
- l. Assign any state agency, its political subdivisions, any school district, public entity or court to the appropriate division: State, School, Local Government, Denver Public Schools, or Judicial.

### INVESTMENTS

7. The Executive Director will:
  - a. Recommend to the Investment Committee [statements of investment policy and philosophy](#) for the Combined Investment Fund, and review the statement with the Board at least biennially;
  - b. Recommend to the Investment Committee a statement of investment policy for the CAPs and review the statement with the Committee at least biennially;
  - c. Coordinate an asset/liability study of the defined benefit trust funds at least every three to five years, or more frequently if so directed by the Board;
  - d. Develop, within policy parameters approved by the Board, investment manager structures for each asset category in which PERA invests;

- e. Recommend to the Investment Committee changes in the lineup of investment options (i.e. PERAdvantage Funds) offered in the CAPs including the default investment option;
- f. Select the investment managers and the self-directed brokerage service provider for the CAPs, subject to the CAP statement of investment policy;
- g. Negotiate and approve guidelines and contracts for each investment manager retained by PERA;
- h. Determine the fee structure for the CAPs;
- i. Execute portfolio rebalancing in accordance with the policies of the Board;
- j. Recommend to the Investment Committee any shareholder initiatives or policies for consideration; and
- k. Advise the Board and the Investment Committee on any other investment matters.

## BENEFIT ADMINISTRATION

- 8. The Executive Director will:
  - a. Approve retirement applications of PERA Members, in accordance with [PERA Law](#) and [PERA Rules](#);
  - b. Ensure the accurate and timely delivery of benefits to PERA Participants;
  - c. Ensure delivery of consistently high standards of service quality to all PERA Participants;
  - d. Establish written procedures for the administration of the PERA Plans;
  - e. Require PERA Participants and employers to furnish information necessary to administer the PERA Plans;
  - f. Interpret provisions of the PERA plans and applicable laws and rules and determine the rights of, and payments to, PERA Participants;
  - g. Ensure that PERA Participants disputing any benefit-related decisions of PERA are accorded an internal review, provided an official decision in writing, and informed of their right to seek an administrative review in accordance with [PERA Rule 2.20](#), as amended;
  - h. Ensure administrative errors made by the Board, PERA staff, or the Executive Director are corrected in accordance with [C.R.S. § 24-51-205\(6\)](#);
  - i. Ensure the recovery of any benefits or premium subsidies paid to ineligible benefit recipients in accordance with [C.R.S. § 24-51-205\(3\)](#); and
  - j. Assist the Benefits Committee in periodic reviews of the design, administration, and service quality of the various PERA plans and programs.

## OPERATIONS

- 9. The Executive Director will:
  - a. Manage the day-to-day operations of PERA in accordance with the policies of the Board;
  - b. Monitor all aspects of PERA's operations and environment and provide the Board with all relevant, appropriate, and timely information to enable it to properly carry out its monitoring and oversight responsibilities;
  - c. Recommend to the Board the [Mission and Vision statements of PERA](#), and the strategic plan;
  - d. Recommend to the Board the annual budget, as well as any amendments or supplemental budgets;
  - e. Make all necessary operational expenditures, consistent with the operating budget and internal controls approved by the Board;
  - f. Execute contracts in accordance with the policies of the Board;
  - g. Establish appropriate operational controls;
  - h. Ensure the appropriate design, purchase, implementation, and maintenance of all technologies required to efficiently manage and protect the data, information, and records of PERA;
  - i. Recommend appropriate insurance coverage to protect against liability which arises out of, or in connection with:
    - I. The performance of duties by any Trustee or employee of PERA; and
    - II. Business risks faced by PERA.
  - j. Recommend the location of the main office and any secondary offices to the Board for approval, and ensure the proper maintenance, safety, and adequacy of all of PERA's physical premises; and
  - k. Implement court decisions.

## FINANCIAL AND ACCOUNTING PRACTICES

- 10. The Executive Director will:
  - a. Account for and deposit all payments made and disbursements issued by PERA;
  - b. Ensure appropriate accounting policies and internal controls are in place to safeguard the assets of PERA;
  - c. Recommend the Internal Audit Director's job description, selection criteria, and compensation levels to the Audit Committee for its approval, and in the event of a vacancy, provide a pool of qualified candidates for the Audit Committee's consideration;

- d. Set performance goals and evaluation criteria for the Internal Audit Director with Audit Committee input, supervise the Internal Auditor, and recommend to the Audit Committee any disciplinary action or termination; and
- e. Compile the [ACFR](#), and present it to the Board for approval of its release; ensure the publication of the [ACFR](#) and its submission to the Governor of Colorado and the General Assembly.

## ACTUARIAL PRACTICES

- 11.** The Executive Director will:
- a. Advise the Board with respect to the actuarial assumptions and methodologies recommended by the Board’s actuaries; and
  - b. Advise the Board with respect to PERA’s Annual Actuarial Valuation Report; submit reports to the Legislative Audit Committee, the Senate Finance Committee, the House Finance Committee, the Pension Review Subcommittee and the Joint Budget Committee of the General Assembly and the Governor of Colorado, together with any recommendations of the Board concerning such liabilities that have accrued.

## HUMAN RESOURCES

- 12.** The Executive Director will:
- a. Recommend to the Compensation and Budget Committee a total compensation philosophy statement for PERA;
  - b. Establish appropriate human resource programs and procedures for management and staff, including appropriate succession, education, training, and development plans;
  - c. Discuss management succession planning with the Evaluation Committee at least annually; and
  - d. Be responsible for selecting, hiring, training, terminating, and disciplining staff, with the following exceptions:
    - I. The termination of the General Counsel will be reviewed and approved by the Board; and
    - II. The Internal Audit Director will be appointed and terminated by the Audit Committee.

## PLAN PARTICIPANT AND STAKEHOLDER COMMUNICATIONS

- 13.** The Executive Director is responsible for the development and implementation of communication strategies and will:
- a. Deliver effective and timely communications with PERA Participants, employers, the General

Assembly, and other stakeholders on matters relating to the operation and administration of PERA;

- b. Develop communication strategies that address Plan Participants and stakeholder groups;
- c. Distribute an annual information report for distribution to all PERA Participants, also known as the [Popular Annual Financial Report \(PAFR\)](#);
- d. Serve as the spokesperson for PERA and, as necessary, coordinate with the Board spokesperson; and
- e. Prepare written press releases concerning the business of PERA that are consistent with the provisions of [PERA Law](#) and the policies of the Board, and make all press releases available to the Board in a timely manner.

## APPOINTMENTS

- 14.** The Executive Director will appoint and may remove all service providers except those appointed by the Board, as listed in the [Board of Trustees’ Charter](#). The Executive Director will recommend to the Board, or the designated Board committee, candidates for Board-appointed Service Provider positions.
- 15.** In consultation with the General Counsel, the Executive Director will appoint and may remove external legal counsel, excluding the Board’s fiduciary counsel.
- 16.** The Executive Director will ensure all necessary due diligence is performed relating to the selection and monitoring of service providers.

## CHARTER REVIEW AND HISTORY

- 17.** This charter will be reviewed at least every five years.
- 18.** The Board adopted this charter on November 16, 2001. The Board approved changes to this Charter on February 18, 2005, February 16, 2007, July 1, 2012, January 15, 2016, January 1, 2020, and on January 1, 2022.

# BOARD OPERATIONS POLICY

## PURPOSE

1. This *Board Operations Policy (Policy)* sets out the manner in which the Board and its committees will operate and conduct their meetings.
2. Where appropriate, this *Policy* incorporates relevant provisions of [PERA Law](#), [PERA Rules](#), the [Colorado Open Meetings Law](#), and other applicable Colorado statutes.
3. Where there is a conflict between the provisions of this *Policy* and the provisions of [PERA Law](#), [PERA Rules](#), the [Colorado Open Meetings Law](#), and other applicable Colorado statutes, the law and rules will prevail.

## POLICY GUIDELINES

### OFFICERS

4. The Trustees will elect from among themselves a Board Chair, a Vice Chair and any other officers as may be necessary for the Board to carry out its duties and responsibilities. Board Officers will serve for terms of two years. No person may serve continuously as Board Chair for more than two consecutive terms.
5. Elections for Board Officers will take place in accordance with the procedures contained in the [Board Officer Election Policy](#).
6. The Board Chair will preside at all meetings of the Board. In the absence of the Board Chair, the Vice Chair will assume the duties of the Board Chair. If neither chair is available to attend a meeting, then the Board Chair will designate another member to assume the duties of Board Chair. If the Board Chair is unable to do so, the remaining members may appoint a Board Chair from among themselves for the meeting.
7. Should the Board Chair be unable to complete his or her term, the Vice Chair will serve as Board Chair until the Board elects a new Board Chair.
8. In the event that a vacancy should occur in the position of Vice Chair, the Board will elect a successor for the balance of the unexpired term at its next regular meeting.
9. In the event a vacancy should occur on the Board of Trustees, and the person who received the next highest number of votes in the most recent election for the vacant position is unwilling or unable to serve, or the vacating Trustee ran unopposed, the Board will select a new Board member in accordance with the *Selection Procedures for Elected Trustee Vacancies and Outside Members Policy*.
10. The Executive Director will serve as Secretary to the Board, and will be responsible for the accurate record of Board business.
11. The Internal Audit Director and the General Counsel will have access to the Board.

### COMMITTEES

12. The standing committees of the Board will be as follows:
  - a. Audit Committee;
  - b. Benefits Committee;
  - c. Executive Committee;
  - d. Investment Committee;
  - e. Compensation & Budget Committee; and
  - f. Evaluation Committee.
13. The Board Chair will recommend to the Board for its approval appointments to standing Board committees, with the exception of the Executive Committee and the Evaluation Committee. Board committee appointments will be made annually at the first regular meeting of the calendar year, or as necessary throughout the year should vacancies arise. The Board Chair will appoint the chair for each standing Board committee after consulting with the Trustee in question.
14. In making Board committee appointments, the Board and the Board Chair will consider the following:
  - a. The need to maintain a level of continuity in Board committee membership;
  - b. The need to rotate the composition of Board committees to provide a diversified experience for Trustees;
  - c. The need to ensure that, to the extent possible, Trustees' Board committee appointments reflect their areas of interest; and
  - d. The standing Board committee chairs should not be the Board Chair or Vice Chair, except in

the cases of the Executive and Evaluation Committees.

15. The Board Chair may establish ad hoc Board committees in consultation with the Executive Director. Ad hoc Board committee mandates are to be defined by the Board Chair, approved by the Board, and recorded in the Board minutes. The Board Chair will appoint the chair and members of ad hoc Board committees.
16. The Executive Director will prepare a charter for each standing Board committee that provides a description of the Board committee's mandate, duties, and specifies its composition. The charters require Board approval.
17. All successful motions by Board committees must be considered by the Board at a Board meeting, unless a Board committee has specific approval authority under its charter.

## OUTSIDE MEMBERS OF COMMITTEES

18. The Board will appoint Outside Members of the Audit Committee pursuant to the procedures contained in the Audit Committee Charter.

## BOARD MEETINGS

19. Regular meetings will be held at least quarterly and according to an annual schedule adopted by the Board and published in the minutes of the Board. Time and location for such meetings will be determined by the Board, and notice shall be given in accordance with the [Colorado Open Meetings Law](#).
20. The annual schedule may be modified by the Board as necessary, and timely notice of such changes must be provided to the public in accordance with the [Colorado Open Meetings Law](#).
21. Special meetings may be called by the Board Chair or any four members of the Board by providing three days' notice to each member of the Board. A call for a special meeting must state the business to be considered and the time, date, and place of such meeting.

## STANDING BOARD COMMITTEE MEETINGS

22. Time and location of standing Board committee meetings will be determined by each Board committee, and timely notice of such is to be provided to the public.
23. A Board committee chair, in consultation with the Executive Director, may cancel or reschedule a meeting, if it is apparent that there will not be a quorum or it is deemed that there are insufficient issues to warrant a meeting. Attempts will be made

to provide all Board committee members and members of the public with at least one week's notice of cancellation of any meeting.

24. If the Board committee chair is unavailable to attend a meeting, then the Board committee chair will designate another member to serve as Board committee chair in his or her absence. If the Board committee chair is unable to do so, the remaining Board committee members may appoint a Board committee chair from among themselves for the meeting.

## GENERAL MEETING

25. A general meeting of PERA may be called by the Board at any time and will be called upon receipt of a petition signed by not less than 3 percent of PERA's membership.
26. Notice of a general meeting will be mailed to each PERA Member not less than ten days prior to the meeting and will state the time, place, and purpose of the meeting. The public will also be given timely notice of the meeting. Only matters which have been specified in the purpose of the meeting will be considered. No proxy voting will be permitted.

## AGENDAS AND NOTICE

27. The Executive Director shall strive for the timely preparation and distribution of agendas and related materials for Board and committee meetings.
28. Items may be placed on the Board agenda by any of the following means:
  - a. By initiation of any Trustee, through the Board Chair;
  - b. By standing or ad hoc Board committee recommendation;
  - c. By the Board Chair; or
  - d. By the Executive Director, through the Board Chair.

## ATTENDANCE AND QUORUM

29. When Trustees are unable to attend a meeting of the Board or a Board committee, they will notify the Executive Director as far in advance as possible.
30. All Trustees may attend and participate in Board committee meetings, but only designated Board committee members will count toward a quorum and vote.
31. A majority of the voting members of the Board will constitute a quorum.
32. No vote of the Board will take place without a quorum present. No proxy voting will be permitted.



- 33. Board action requires a majority vote of a quorum of the Board. Trustees may attend and vote via telephone and/or video link.
- 34. A majority of the voting members of a Board committee will constitute a quorum.
- 35. A majority vote of the quorum of the Board committee present will be required for any action of the Board committee. Board committee members may attend and vote via telephone and/or video link.
- 42. The Board may adopt general statements of policy, which are not meant to be binding as rules, but which provide guidance to the Board, staff, or PERA Participants regarding interpretation of [PERA Law](#), or the operations of the Board, staff, or PERA.
- 43. Development of a Board policy may be initiated by the Board or the Executive Director. In determining whether a particular issue warrants a Board policy, the following criteria will be considered:
  - a. The issue may have a significant impact on PERA's ability to meet its Mission;
  - b. The issue is expected to recur or continue indefinitely; and
  - c. The issue is not an operational issue which falls within the discretion of the Executive Director.

## RULES OF ORDER

- 36. Meetings of the Board and all of its committees will follow [PERA Law](#), [PERA Rules](#), the [Colorado Open Meetings Law](#), and this *Policy*. The Board Chair shall refer to [Robert's Rules of Order, Revised](#) to resolve any disagreements that cannot be resolved by the instruments listed herein.

## MINUTES

- 37. Minutes of any meeting of the Board or its committees will be taken and promptly recorded, and, upon approval, such records will be open to public inspection.
- 38. The Executive Director will cause the minutes of all Board meetings to be prepared, recording therein the time and place of each meeting, the names of members present, and the actions of the Board giving the total ayes and nays upon all votes, except where the action is unanimous. When requested by a Trustee, the reason for the Trustee's dissent, abstention or approval will be noted in the minutes. The Executive Director will cause the minutes to be presented for approval at the next regular Board meeting.
- 39. Committee chairs, with the assistance of staff, will ensure Board committee minutes are kept, approved by the Board committee, and made available to the Board.
- 40. A permanent record of Board proceedings will be retained.
- 44. The Executive Director will have primary responsibility for carrying out the necessary research and bringing forward a proposed policy with supporting analysis to the Board or to a specified committee of the Board. The Executive Director may delegate to staff, consultants, or advisors as appropriate.
- 45. All PERA Board *Governance Manual* policies and charters will be:
  - a. Formally reviewed with a frequency of review laid out in the policy; and
  - b. Maintained in up-to-date form within PERA's offices, and will be accessible to Trustees, staff, and members of the public.
- 46. Should the Board knowingly take an action contrary to its policy, it will state in the Board minutes the specific rationale for deviating from the policy.

## EXECUTIVE SESSION

- 47. The Board and its committees may hold executive sessions, which will be closed to the public, under the following conditions, as prescribed in the [Colorado Open Meetings Law](#):
  - a. The executive session is held during a regular or special meeting of the Board or Board committee;
  - b. The Board or Board committee announces to the public present at the meeting the topic of discussion;
  - c. Two-thirds of the Board or Board committee voting members votes in the affirmative to hold an executive session; and
  - d. The executive session is held for the sole purpose of considering any matter enumerated in the Colorado Open Meetings Law.

## RULES AND POLICIES

- 41. The Board may adopt and promulgate such rules for the administration of PERA and to specify the factors to be used in actuarial determinations or calculations required by C.R.S. § 24-51-204. All rules will be promulgated in accordance with the provisions of C.R.S. § 24-4-103, and such rules will be consistent with the provisions of [PERA Law](#) or other provisions of law. Such rules are referred to collectively as the "PERA Rules."

48. Discussions that occur in an executive session shall be recorded as specified in Section 402 of the [Colorado Open Meetings Law](#). The minutes of a meeting during which an executive session is held will reflect the topic of the discussion at the executive session.
49. Notwithstanding section 47 of this *Policy*, no adoption of any proposed policy, position, resolution, rule, regulation, or formal action will occur at any session that is not open to the public.

## PUBLIC COMMENT

50. Every agenda for a regular Board meeting will provide the public an opportunity to address the Board at each meeting during posted public comment sessions, on any item under the jurisdiction of the Board. The duration of any address may be limited at the discretion of the Board Chair. When a member of the public raises an issue not on the Board's agenda, the item may be discussed, but no action may be taken at that meeting, except as provided below:
  - a. The Board may provide a reference to management or other resources for factual information; and
  - b. The Board may request management to report back to the Board at a subsequent meeting concerning any matter.

## POLICY REVIEW AND HISTORY

51. The Board will review this policy at least every five years.
52. This policy was adopted by the Board on November 16, 2001. The Board approved changes to this policy on February 18, 2005, February 16, 2007, July 1, 2012, January 15, 2016, January 1, 2020, and on January 1, 2022.

# BOARD OFFICER ELECTION POLICY

## PURPOSE

1. The purpose of this *Board Officer Election Policy* is to set out procedural rules for the election of the Board Chair, the Vice Chair, and any other officer positions that may be established.

## BACKGROUND

2. The Trustees are required to elect from among themselves a Board Chair, a Vice Chair, and any other officers as may be necessary for the Board to carry out its duties and responsibilities <sup>1</sup>.
3. The Trustees must elect the Board officers by secret ballot. Board officers are to be elected at the last regular meeting held in the calendar year and shall assume office as of the first regular meeting held after the election. Board officers will serve for terms of two years. No person may serve continuously as Board Chair for more than two consecutive terms. Board officers shall be elected by a majority of Trustees present and voting.

## GUIDELINES

4. The order of elections shall be as follows: Board Chair, Vice Chair, other officers as may be established. The election of an officer must be concluded before the election of the next officer may commence.
5. The procedures for electing an officer are as follows:
  - a. The Board Chair shall open the floor to the Board for nominations. Trustees may nominate themselves or another Trustee. Nominations must be seconded by another Trustee;
  - b. Trustees who do not expect to be at the meeting may submit nominations in writing to the Board Chair or the Executive Director prior to the Board meeting at which Board officer elections are scheduled. The Board Chair or the Executive Director will present any written nominations to the Board after the floor is opened for nominations;
  - c. Trustees nominated by a fellow Trustee must formally accept the nomination;

- d. Once nominations are closed, the Board Chair will read and confirm the list of nominees. In the event that the Board Chair is a nominee, the Board Chair shall hand over the duty to preside over the elections to the Vice Chair or to another Trustee who is not a nominee (hereinafter the “Presiding Officer”);
  - e. Each nominee may address the Board for a maximum of five minutes, in an order to be determined by the Presiding Officer. The time limit will be enforced by the Presiding Officer. A written statement may also be distributed;
  - f. The election of the officer requires a majority of those Trustees present and voting. If the office remains unfilled after the first ballot, balloting should be repeated as many times as necessary to obtain a majority vote for a single nominee. If the election is not decided by the third ballot, the nominee with the lowest number of votes shall be removed from each successive ballot. This rule shall not apply if it would eliminate all but one nominee from the ballot;
  - g. Voting shall be by secret ballot. Ballots shall be submitted to the Internal Audit Director (or his or her delegate) for tabulation, the results of which shall be reported to the Presiding Officer;
  - h. Notwithstanding section (g), Trustees participating in the Board meeting by telephone or video link may submit their votes by a separate telephone call or e-mail to the Internal Audit Director;
  - i. Proxy voting is not permitted; and
  - j. The outcome of the election shall be announced at the meeting and noted in the Board minutes.
6. Newly elected officers shall assume their respective office as of the first regular meeting held after the election.

## POLICY REVIEW AND HISTORY

7. The Board will review this policy at least every five years.
8. The Board adopted this policy on July 1, 2012. The Board approved changes to this policy on January 15, 2016, March 11, 2016, January 1, 2020, and on January 1, 2022.

# BOARD COMMUNICATIONS POLICY

## PURPOSE

1. This *Board Communications Policy* is intended to facilitate effective communications between the Trustees and PERA's Participants, management, and external parties.

## PRINCIPLES

2. Trustee communications potentially represent a risk to PERA in areas such as governance, member services, and public relations.
3. A communications policy must balance the need to mitigate communications risk with the need for open and free discourse.
4. The Board should speak to all constituency groups with a single voice to successfully carry out its communications function for the benefit of PERA Participants.
5. When communicating on PERA-related matters in a capacity other than that of an authorized spokesperson for the PERA Board, Trustees shall clearly establish in their communications that they are not communicating on behalf of the Board or PERA.
6. Trustees shall not disclose privileged information or other information to any party that may be perceived as granting that party special treatment or favoritism.

## POLICY GUIDELINES

### COMMUNICATION AMONG TRUSTEES

7. The Board will carry out its activities in the spirit of open governance and in accordance with relevant legislation. The Board may conduct certain business in executive (closed) session in accordance with the provisions of the [Open Meeting Laws](#) and the [Board Operations Policy](#).
8. Trustees will communicate in an open, straightforward, respectful, and constructive manner during meetings of the Board and Board committees.
9. Trustees will disclose all information pertinent to the affairs of the Board to the rest of the Board in a timely manner.

### TRUSTEE COMMUNICATION WITH PERA PARTICIPANTS

10. Trustees shall be aware of the risk of communicating inaccurate information about PERA and the potential liability and harm that may result from such miscommunications. In particular, Trustees will refrain from providing specific advice, counsel, or education with respect to the rights or benefits to which a PERA Participant may be entitled.
11. In cases where a Trustee receives a PERA-related query, the Trustee should refer the query to the appropriate management-level resource within PERA. The Executive Director will advise Trustees when their PERA-related query or issue has been resolved and of any actions taken in response.

### TRUSTEE COMMUNICATION WITH PERA MANAGEMENT

12. Trustees will direct concerns or questions regarding any aspect of PERA's operations to the Executive Director, the General Counsel, or the Internal Audit Director.
13. Trustees shall only make reasonable requests for information that are necessary for the purposes of fulfilling their duties as Trustees, and shall not request or use PERA information for their own personal, business or other use. Where the Executive Director believes that an information request would require a significant expenditure of staff time or the use of external resources, the Executive Director may place the request on the agenda for the next Executive Committee meeting, for discussion and consideration.
14. In the spirit of open communication, individual Trustees will share any pertinent information with the Executive Director in a timely manner. The Executive Director will similarly share with the Board any information pertinent to the Board in a timely manner.
15. The Executive Director will ensure that information that has been requested by the Board or by individual Trustees is made available to all Trustees.

## TRUSTEE COMMUNICATION WITH EXTERNAL PARTIES

- 16.** When communicating externally in their capacity as Trustees, Trustees shall ensure they are representing the interests of all PERA Participants.
- 17.** Trustees shall be professional and respectful of the Board, its policies, and its decisions in all external communications, even if they disagree with such.
- 18.** Trustees shall not communicate as a spokesperson on behalf of the Board unless authorized to do by the Board or the Board Chair.
- 19.** In situations that call for a spokesperson to communicate on behalf of the Board:
  - a.** The Board Chair will act as spokesperson for the Board or designate an alternate if the situation dictates;
  - b.** If time permits, the spokesperson will discuss sensitive, high profile issues with the Board prior to engaging in external communications; and
  - c.** In situations where Board policy concerning an issue has not been established, the Board or an appropriate Board committee will meet to discuss the issue prior to the spokesperson undertaking any external communications on the issue.
- 20.** When communicating with external parties on matters pertaining to PERA, Trustees will indicate if they are communicating as a spokesperson on behalf of the Board (in accordance with section 19 or speaking as an individual or in another capacity. When not communicating on behalf of the Board, the Trustee shall preface such communications with the following disclaimer:

*These remarks are my own [or reflect my role as XYZ] and do not necessarily reflect the views of Colorado PERA, its staff, or the other Trustees.*
- 21.** When interviewed, or otherwise approached by the media for information concerning PERA, Trustees will not make unilateral commitments for, or communicate on behalf of the Board, or PERA unless designated as a spokesperson according to section 19. Trustees are encouraged to direct the media representative to the Executive Director or to the Board spokesperson.
- 22.** To ensure the accuracy of materials prepared by Trustees for publication or general distribution, which are related to the affairs of PERA or pension matters generally. Trustees are encouraged to provide such material to the Executive Director for review prior to distribution or publication.

## COMMUNICATION WITH VENDORS

- 23.** Any material communications pertaining to the business of PERA between a Trustee and a vendor or potential vendor outside of a PERA Board or Board committee meeting should be disclosed to the Board Chair and the Executive Director. Where the material communication is between the Board Chair and a vendor or potential vendor, such disclosure shall be made to the Vice Chair and the Executive Director.
- 24.** Trustees shall refer investment opportunities or other proposals they receive from vendors or potential vendors to the Executive Director or the Chief Investment Officer.

## POLICY REVIEW AND HISTORY

- 25.** The Board will review this policy at least every five years.
- 26.** The Board adopted this policy on November 16, 2001. The Board approved changes to this policy on February 18, 2005, June 16, 2011, July 1, 2012, July 21, 2016, January 1, 2020, and on January 1, 2022.



# SERVICE PROVIDER SELECTION POLICY

## PURPOSE

1. The *Service Provider Selection Policy* is intended to establish general guidelines by which Board-appointed Service Providers will be selected and retained by PERA. More detailed guidelines may be found in other policies or procedures.

## POLICY OBJECTIVES

2. The objective of the *Service Provider Selection Policy* is to ensure that:
  - a. The appointment of Board-appointed Service Providers is made in the best interests of PERA Participants;
  - b. The process of selecting Board-appointed Service Providers is efficient, diligent, and fair; and
  - c. Appropriate services are obtained at a competitive cost.

## DEFINITIONS

3. “*Board-appointed Service Providers*” is defined to include those service providers and advisors that are appointed by the Board, as defined in the [Charter for the Board of Trustees’ section 20](#).

## GENERAL GUIDELINES

4. The Executive Director is responsible for ensuring all due diligence is performed relating to the selection of Board-appointed Service Providers and for bringing forward candidates for the Board’s consideration.
5. The Executive Director or his or her designee will consider as broad a universe of qualified service providers that is practical and reasonable given budgetary, staffing, time, and other relevant constraints.
6. When a Trustee suggests a candidate to the Executive Director for consideration, both the Trustee and the Executive Director will inform the Board.
7. A Request for Proposal process will generally be used in searches for Board-appointed Service Providers, unless it can be demonstrated by the Executive Director to be imprudent or impractical to do so.

## SEARCH PROCESS

8. The Executive Director or his or her designee will inform the Board of upcoming searches for Board-appointed Service Providers.
9. Upon completion of the analysis and due diligence involved in a search process for a Board-appointed Service Provider, the Executive Director or his or her designee, will provide a report to the Board, or a designated committee of the Board, containing at a minimum:
  - a. The recommended candidate(s);
  - b. A summary of the analysis performed in light of the selection criteria;
  - c. The rationale supporting the recommended candidate and, where possible, the reasons why the candidate was recommended over other candidates; and
  - d. Information on the number and quality of proposals received during the search process.
10. In general, the Board will interview candidates recommended by the Executive Director for the position of pension actuary, health care actuary, fiduciary counsel, and the Board’s investment consultant(s).

## CONTRACTS

11. The Executive Director, or his or her designee, will negotiate and execute all agreements in connection with Board-appointed Service Providers.
12. The General Counsel shall regularly review vendor contract templates to ensure that they meet best practices and adequately protect the interests of PERA.

## MONITORING AND REPORTING

- 13.** The Executive Director will regularly monitor the performance of Board-appointed Service Providers and submit an annual report on their performance and the status of their contracts. In preparing the report the Executive Director will solicit input from the Board, focusing on those firms with which the Board has direct contact, and using survey instruments where appropriate.
- 14.** At least every five years, the Board will review the need to undertake a competitive bid for each Board-appointed Service Provider.
- 15.** All reporting and monitoring provisions contained in this policy serve as minimum requirements. If more stringent requirements have been established in other policies of PERA, such requirements will prevail.

## POLICY REVIEW AND HISTORY

- 16.** The Board will review this policy at least every five years.
- 17.** The Board adopted this policy on November 16, 2001. The Board approved changes to this policy on February 18, 2005, July 1, 2012, January 15, 2016, January 1, 2020, and on January 1, 2022.

# SELECTION PROCEDURES FOR ELECTED TRUSTEE VACANCIES POLICY

## PURPOSE

1. The following procedure shall be followed when a vacancy occurs on the Board of Trustees due to an elected Trustee leaving the Board as a result of death, disability, disqualification, removal, or resignation, and the person who received the next highest number of votes in the most recent election for the vacant position is unwilling or unable to serve, or the vacating Trustee ran unopposed. See [C.R.S. § 24-51-203\(4\)](#).

## GUIDELINES

2. At the next board meeting after the Board receives notice of the vacancy, the Board Chair shall create an ad hoc committee. If feasible, at least one Trustee from the same division shall be included on the committee.
3. The Ad Hoc Vacancy Committee shall work with staff to announce the vacancy by posting on the PERA Website a description of the Trustee qualifications and an invitation to apply. The description of the vacated position shall comply with the requirements in [C.R.S. § 24-51-203\(1\)\(b\)-\(f\)](#) and [§ 24-51-203\(1.5\)](#).

Other means of communicating the vacancy may be considered, including but not limited to:

- I. Notification in the *Member or Retiree Report* newsletters, if such reports will be published in a timely manner;
  - II. E-mail notification to members or retirees; and
  - III. Notification to employers of the division at issue.
4. The Ad Hoc Vacancy Committee shall meet to review the applications and resumes of qualified candidates and, if necessary, identify candidates to be interviewed by the Ad Hoc Vacancy Committee.
  5. Staff shall conduct appropriate background checks on the finalist(s) before recommendations are submitted to the Board for consideration.
  6. The Ad Hoc Vacancy Committee shall recommend to the Board one or more candidates for the Board's consideration.
  7. The Board may interview finalists and appoint one of the finalists to fill the vacancy, or may act upon the recommendation of the Ad Hoc Vacancy Committee.
  8. The new Trustee shall assume office at the first regular board meeting following certification of the appointment in accordance with [PERA Rule 2.45](#), provided the Trustee being replaced has vacated the Board.
  9. The new Trustee shall be eligible to run for the remaining term of the seat during the next regularly scheduled Trustee election provided they are eligible in accordance with [C.R.S. § 24-51-203](#).

## POLICY REVIEW AND HISTORY

10. The Board will review this policy at least every five years.
11. This policy was adopted by the Board on January 15, 2016, January 1, 2020, and on January 1, 2022.

# STRATEGIC PLANNING POLICY

## PURPOSE

1. The purposes of the *Strategic Planning Policy* are to:
  - a. Ensure that PERA actively and systematically plans for the future;
  - b. Facilitate discussion and agreement among the Board and management on the strategic direction of PERA; and
  - c. Facilitate the communication of PERA's [Strategic Plan](#) throughout the organization.
- b. An assessment as to whether the operations of PERA are well positioned to fulfill the [Mission and Vision Statements](#) and strategic direction of PERA; and
- c. New or existing strategic initiatives to be undertaken over the planning period, along with necessary supporting information and planning parameters.

## PROCESS GUIDELINES

### THE PLANNING PROCESS

2. At least every five years, management will complete a strategic analysis of PERA, which will include, at a minimum:
  - a. A review of the progress made in implementing the prior [Strategic Plan](#);
  - b. An analysis of the continued appropriateness of PERA's strategic direction, which will include consideration of the following issues:
    - I. The continued appropriateness of PERA's [Mission and Vision Statements](#);
    - II. PERA's environment;
    - III. The needs of PERA Plan Participants, and other stakeholders; and
    - IV. The products and services offered by PERA.
  - c. An assessment as to whether PERA is well positioned to fulfill its [Mission and Vision Statements](#) and strategic direction; and
  - d. Identification of any new strategic initiatives to be undertaken in the coming planning period.
3. Upon completion of its analysis, management will prepare and present any updates of the [Strategic Plan](#) to the Board, for approval. At a minimum, the [Strategic Plan](#) will include:
  - a. Confirmation of the [Mission and Vision Statements](#) and strategic direction of PERA, or any recommended changes to such;
  - b. An assessment as to whether the operations of PERA are well positioned to fulfill the [Mission and Vision Statements](#) and strategic direction of PERA; and
  - c. New or existing strategic initiatives to be undertaken over the planning period, along with necessary supporting information and planning parameters.
4. In order to ensure that the strategic initiatives have the necessary resources to be implemented, the [Strategic Plan](#) should be reflected in PERA's operating budget. Should the budgeted funds associated with a particular strategic initiative fail to receive approval by the Board, the [Strategic Plan](#) will be amended accordingly.
5. Should management determine that changing circumstances will not allow it to meet a particular parameter of the [Strategic Plan](#), it will inform the Board in a timely manner and the [Strategic Plan](#) will be adjusted accordingly.

### REVIEW OF STRATEGIC PLAN

6. At least annually, the Executive Director will review with the Board the status of each initiative contained in the [Strategic Plan](#).
7. The Executive Director will also regularly review the status of strategic initiatives with the Executive Committee.

### COMMUNICATIONS

8. The approved [Strategic Plan](#) will be made available to all PERA staff.

### PROCESS REVIEW AND HISTORY

9. The Board will review this process at least every five years.
10. The Board adopted this process on November 16, 2001. The Board approved changes to this policy on February 18, 2005, July 1, 2012, June 21, 2016, January 1, 2020, and on January 1, 2022.

### STRATEGIC PLANNING SESSION

3. Upon completion of its analysis, management will prepare and present any updates of the [Strategic Plan](#) to the Board, for approval. At a minimum, the [Strategic Plan](#) will include:
  - a. Confirmation of the [Mission and Vision Statements](#) and strategic direction of PERA, or any recommended changes to such;

# BUDGET APPROVAL PROCESS POLICY

## PURPOSE

1. The purpose of this *Budget Approval Process Policy* is to establish the process by which the annual operating budget of PERA (the “Budget”) is reviewed and approved by the Board.

## OBJECTIVES

2. To ensure that the Budget is presented, and adopted in a timely manner, and to demonstrate the financial accountability of PERA’s management in expending budgeted funds.

## GUIDELINES

### GENERAL PROVISIONS

3. The preparation of the proposed Budget is the responsibility of the Executive Director, or his or her designee.
4. The adoption of the Budget is the exclusive responsibility of the Board. The Compensation & Budget Committee has responsibility for reviewing the Budget and Budget amendments, providing staff with feedback, and recommending a final Budget to the Board.
5. Funds not expended in the current Budget year are not to be automatically carried forward to the next year.
6. The Budget will be designed to support the strategic direction and initiatives set by the Board. Program expenditures that assure the prompt delivery of benefits and related services to PERA Participants will receive primary consideration.

### PROPOSED ANNUAL BUDGET-BOARD PACKAGE

7. The Budget presentation will include at a minimum:
  - a. The previous year’s actual expenditures;
  - b. The current year’s budgeted expenditures and actual expenditures projected to year-end;
  - c. The Budget year’s proposed expenditures; and
  - d. Data presented by department/division and by major expense category.

8. The proposed Budget package for the upcoming Budget year will be transmitted to the Trustees before the Board’s November meeting.

### ADOPTION, AMENDMENT, AND REVIEW

9. The Board will adopt the Budget prior to January 1 of the upcoming Budget year.
10. The Budget may be amended at any time by the Board.
11. Trustees will receive monthly Budget reports for their review. The Budget reports will also be reviewed by the Executive Committee at each of its regular meetings.

### PROCESS REVIEW AND HISTORY

12. The Board shall review this policy at least every five years.
13. The Board adopted this process on November 16, 2001. The Board approved changes to this policy on February 18, 2005, February 16, 2007, July 1, 2012, June 21, 2016, January 1, 2020, and on January 1, 2022.



# SUCCESSION PLANNING POLICY

## BACKGROUND & OBJECTIVES

1. Turnover among Trustees and management can have a significant impact on the operations of PERA. While the Board recognizes that it may not be able to prevent such turnover, it can, through effective succession planning, mitigate the risks and impacts associated with the loss of Board and staff members. This *Succession Planning Policy* has been prepared to provide a framework for the Board's succession planning efforts.

## GUIDELINES

### SUCCESSION PLANNING FOR THE BOARD

2. To help ensure a smooth and effective transition when new Trustees join the Board, the Board will undertake the following measures:
  - a. A description of the expectations and duties of PERA Trustees will be made available to all candidates seeking to serve on the Board by the Executive Director.
  - b. Trustees who have determined that they will not be seeking re-election to the Board are encouraged to inform the Board in a timely manner.
  - c. Newly elected or appointed Trustees will be encouraged to attend, if time permits, at least one meeting of the Board or its committees as observers prior to officially taking office, in order to familiarize themselves with the workings of the Board.
  - d. The Chair of the Board shall assign a Trustee as a mentor to each new Trustee.
  - e. Newly elected or appointed Trustees will participate in Board orientation sessions, as prescribed in the [Board Education Policy](#).

### SUCCESSION PLANNING FOR EXECUTIVE MANAGEMENT

3. At least annually, the Evaluation Committee will meet with the Executive Director to discuss management succession.

4. The Evaluation Committee will report to the Board on its discussions regarding succession planning as appropriate.
5. In the event of a vacancy in the Executive Director position:
  - a. The Board Chair will appoint an Ad Hoc Vacancy Committee of the Board;
  - b. The Ad Hoc Vacancy Committee will determine the process for filling the position of Executive Director, including minimum and desired skill sets and experience, evaluation criteria, time frames, whether an external search consultant will be used, and any other relevant factors, and will promptly report to the Board on the process; and
  - c. The Board will be responsible for appointing the new Executive Director, as per the Board of Trustees Charter section 20.
6. The Executive Director will inform the Board in the event of a significant vacancy in management and will solicit Board input.
7. In the event a current Trustee applies for a position of employment at PERA, in order to be considered for the position, the Trustee shall be required to resign from the Board immediately after submitting his or her application.

### POLICY REVIEW AND HISTORY

8. The Board will review this policy at least once every five years.
9. The Board adopted this policy on November 16, 2001. The Board modified this policy on November 15, 2002, November 19, 2004, February 18, 2005, February 16, 2007, January 1, 2013, June 21, 2016, January 1, 2020, and on January 1, 2022.

# MONITORING AND REPORTING POLICY

## PURPOSE

The PERA Board has the duty to oversee the activities and performance of PERA. The Board has established this *Monitoring and Reporting Policy* to set out the routine reports it will receive via Board Web packages. The frequency of reporting listed below reflect the expected minimum frequency.

## ROUTINE REPORTS

### GOVERNANCE REPORTS

Report	Frequency	Prepared By	Description and Purpose of Report
1. <i>Governance Manual Compliance</i>	Biennially	External	A summary confirmation of compliance with charters and policies of the Board.
2. Board Performance Evaluation	Annually	External	Summarizes the results of the Board's performance self-evaluation, including follow-up actions.
3. Executive Director Evaluation	Annually	Board Committee	Summarizes the performance assessment of the Executive Director.
4. Trustee Education Compliance	Annually	Staff	Summarizes the activities of the Board with respect to education, and comments on the appropriateness of various educational programs or tools.
5. The Trustee's Standards of Professional and Ethical Conduct Compliance	Annually	Staff	Summarizes affirmation by Trustees that they are in compliance with the Trustees' Standards of Professional and Ethical Conduct, including conflict of interest provisions, or declares areas of non-compliance.
6. Service Provider Evaluations	Annually	Staff	Evaluation of the performance of Board-Appointed Service Providers, and the status of their contracts.
7. Investment Performance Reports – CIF	Quarterly	Staff	Report on investment performance for the CIF for each asset class, and the total fund. Provides analysis based on return over various periods (3 months, 1 year, 5 year, etc.).
8. Investment Performance Reports – CIF	Quarterly	External	Report on investment performance for the CIF, for each asset class, and by investment manager. Provides analysis based on return over various periods (3 months, 1 year, 5 year, etc.).
9. Investment Consultants Report – Compliance with the SIP	Annually	External	Report on compliance with the statement of investment policy and investment philosophy for the CIF.

<b>10. Investment Costs</b>	Annually	Staff/External	Evaluates the costs and efficiency of the investment and trading programs, and, where appropriate, compares them to applicable peer groups.
<b>11. Proxy Voting Report</b>	Annually	Staff	Summarizes how PERA exercised its voting rights in public companies.
<b>12. Investment Program Compliance</b>	Annually	Staff	Confirms that the investment program is running in accordance with regulatory, Board, and other PERA policies.
<b>13. CAP Investment Activity</b>	Annually	Staff/ External	Activity and administration of the CAPs, including participation statistics, total assets and assets by class and fund.
<b>14. CAP Investment Performance</b>	Quarterly	Staff/ External	Investment performance of each CAP investment option.
<b>15. Actuarial Valuation</b>	Annually	External	Summarizes the results of the actuarial valuation for the plan and the health care program, together with any recommendations, projections and signal light analysis.
<b>16. Actuarial Experience Report</b>	At least every five years	External	A review by the actuary of the demographic and economic experience of PERA, undertaken to determine the assumptions used in the actuarial valuation.
<b>17. Actuarial Audit</b>	Every five years	External	An independent review of the validity of the analyses and methodologies used in preparing PERA's actuarial valuation.
<b>18. Asset and Liability Study</b>	Every three to five years	External	A study of the relationship between PERA's assets and liabilities to determine the appropriateness of PERA's asset allocation policy.
<b>19. Funding Policy</b>	Every five years	Staff	A policy stating the overall funding goals and actuarial metrics for the plan.
<b>20. OPEB Funding Policy</b>	Every five years	Staff	A policy stating the overall funding goals and actuarial metrics for the health care program or any other OPEB program.
<b>21. Audit Committee Report</b>	Annually	Audit Committee	A formal report on the activities of the Audit Committee over the previous year.
<b>22. External Audit</b>	Annually	External	Confirms that the financial statements present fairly, in all materials respects, the financial status of PERA, in accordance with generally accepted accounting principles.
<b>23. Annual Comprehensive Financial Report</b>	Annually	Staff/ External	Reviews the operations, activities, and financial condition of PERA during the last fiscal year. The audited financial statements shall be part of the annual report and indicate the financial position of the plan.
<b>24. Executive Director's</b>	Each regular Board meeting	Staff	Updates the Board on significant matters not reported in routine reports, or in other staff or Board committee reports.
<b>25. Market and Portfolio Update</b>	Each regular Board meeting	Staff	Updates the Board on significant investment matters not reported in routine reports.
<b>26. Legislative Update</b>	As required	Staff	Updates the Board on significant legislative developments, proposals, or changes affecting PERA.

<b>27. Legal</b>	As required	Staff	Updates the Board on significant legal development affecting PERA, and on ongoing litigation.
<b>28. Benefits Department</b>	Semi-annually	Staff	Review of significant issues regarding PERA activity within the Benefits Department.
<b>29. Information Technology</b>	Semi-annually	Staff	Updates the Board on significant developments regarding PERA's information technology systems.
<b>30. Financial Reporting</b>	Semi-annually	Staff	Updates the Board on significant development regarding PERA's financial status and reporting.
<b>31. Cybersecurity Program</b>	Semi-annually	Staff	Updates regarding cybersecurity including network controls, vendor management, incident response and insurance coverage.
<b>32. Plan Participant and Stakeholder Communications Update</b>	Semi-annually	Staff	Updates regarding recent Plan Participant and stakeholder communication activities/strategies.

## POLICY REVIEW AND HISTORY

**33.** The Board will review this policy at least every five years.

**34.** The Board adopted this policy on November 16, 2001. The Board approved changes to this policy on February 18, 2005, February 16, 2007, July 1, 2012, September 22, 2017, January 1, 2020, and on January 1, 2022.

# EXECUTIVE DIRECTOR PERFORMANCE EVALUATION POLICY

## INTRODUCTION

1. An important responsibility of the Board is to annually evaluate the performance of the Executive Director. To ensure this function is carried out effectively, the Board believes that formal evaluation practices are required. The *Executive Director Performance Evaluation Policy* has been established to guide the performance evaluation process.

## ROLES AND RESPONSIBILITIES

2. The Evaluation Committee of the Board will be responsible for conducting an annual performance evaluation of the Executive Director.
3. The Board will be responsible for reviewing the results of the evaluation, and determining the incentive compensation as provided for in the Executive Director's employment contract, upon the recommendation of the Evaluation Committee.

## PROCESS FOR ESTABLISHING THE EVALUATION CRITERIA

4. Prior to the end of each calendar year, the Evaluation Committee will meet with the Executive Director to develop or confirm:
  - a. Evaluation criteria against which the Executive Director will be evaluated at the end of the subsequent calendar year, which may include:
    - I. Subjective evaluation criteria. Examples include leadership style, general management abilities, and communication style; and
    - II. Objective evaluation criteria. Examples include achieving specified service levels, member satisfaction levels, progress toward business plan objectives, and successful completion of specified tasks. It is important that objective criteria pertain to outcomes over which the Executive Director has a reasonable degree of control.
  - b. The Executive Director's personal objectives relative to the above criteria;

- c. Any survey instruments to be used in the evaluation process; and
  - d. Any other measures that may be necessary for evaluating the above criteria.
5. The Evaluation Committee will communicate the evaluation criteria to the Executive Director and the Board prior to the beginning of the calendar year to which those criteria apply.

## PROCESS FOR EVALUATING THE EXECUTIVE DIRECTOR'S PERFORMANCE

6. Each year, the Executive Director will be asked to provide the Evaluation Committee with a self-assessment of the Executive Director's performance for the prior year relative to the approved criteria. The Board Chair and Vice Chair may also direct the Executive Director, other staff members, or an advisor to provide them with additional data or information necessary to assess any of the evaluation criteria.
7. All Trustees will be given an opportunity to provide input into the Executive Director's performance evaluation. To facilitate this, the Evaluation Committee will distribute a survey to each Trustee, along with any information that may assist Trustees in completing the survey.
8. To ensure the confidentiality of Trustees' survey responses, the Evaluation Committee shall delegate the collection and tabulation of surveys to a third-party vendor, to be selected by the Evaluation Committee. The third-party vendor shall tabulate the results and submit them to the Evaluation Committee, including all written comments amended to remove any identifying particulars. (In no event shall individually identifiable survey responses be produced or made available by the third-party vendor to PERA, the Board or its committees, individual Trustees, or any other party.)
9. Once the Trustee survey results are available, the Evaluation Committee will meet to arrive at an assessment of the Executive Director's performance, and to develop a recommendation concerning the Executive Director's incentive compensation, as

provided for in the Executive Director's employment contract. The Evaluation Committee will consider the Executive Director's self-assessment, the Trustee survey results, any additional supporting data during its discussion, and may invite the Executive Director to attend any portion of the meeting to discuss any aspect of his or her performance.

- 10.** At a regular or special meeting of the Board, the Board Chair will present the Evaluation Committee's assessment of the Executive Director's performance for discussion. In addition, the Board Chair will present to the Board for approval the Evaluation Committee's recommendations on the Executive Director's incentive compensation. Any Board action concerning the Executive Director's performance evaluation and incentive compensation shall be recorded in the Board's meeting minutes.
- 11.** The Board Chair and Vice Chair will be responsible for meeting with the Executive Director, as soon as practical after the above-noted meeting, to review the results of the Evaluation Committee's assessment, a summary of the Board's discussions, and any Board decisions concerning the Executive Director's incentive compensation.
- 12.** At the next regular or special meeting of the Board, the Executive Director will be provided an opportunity to address the Board on the results of the evaluation.
- 13.** A summary of the performance evaluation and Board decisions concerning the Executive Director's incentive compensation will be recorded in the Executive Director's personnel file.

## **POLICY REVIEW AND HISTORY**

- 14.** The Board will review this policy at least every five years.
- 15.** The Board adopted this policy on July 1, 2012. The Board approved changes to this policy on June 21, 2016, January 1, 2020, and on January 1, 2022.



# BOARD PERFORMANCE EVALUATION POLICY

## OBJECTIVES

1. The objective of this *Board Performance Evaluation Policy* is to provide a process whereby the Board may engage in self-analysis and discussion aimed at continuously improving its effectiveness as a fiduciary body.
2. The scope of the evaluation process and any resulting actions should be strictly limited to the operations and decision-making practices of the Board itself. Issues pertaining to the operations of PERA or to staff fall within the scope of other Board policies, such as the *Strategic Planning Policy* and the *Executive Director Performance Evaluation Policy*.

## GUIDELINES

3. The Evaluation Committee will be responsible for overseeing the implementation of this policy, including the approval of any forms or surveys to be used in the evaluation, and making recommendations to the Board for addressing issues arising from the evaluation.
4. The Board Chair will be responsible for coordinating and assisting in the evaluation process and presenting the results to the Board. To ensure the confidentiality of the process, the Board Chair shall delegate the collection and tabulation of forms or surveys, any follow-up interviews, and the preparation of a report, to the third-party vendor. The third-party vendor shall be appointed by the Board.
5. The Board's performance evaluation will be completed on an annual basis, although it may be deferred or canceled under extenuating circumstances (e.g., where there is significant turnover on the Board) by action of the Board.
6. Appendix 1 sets out the procedural steps for the performance evaluation process. In no event shall individually identifiable responses be produced or made available by the third-party vendor to PERA, the Board of Trustees, its committees, individual Trustees, or any other party. Furthermore, the third-party vendor shall not include in its summary reports any comments by Trustees containing references to other Trustees or staff by name.

## POLICY REVIEW AND HISTORY

7. The Board will review this policy at least every five years.
8. The Board adopted this policy on November 16, 2001. The Board approved changes to this policy on February 18, 2005, February 16, 2007, July 1, 2012, January 20, 2017, January 1, 2020, and on January 1, 2022.

## APPENDIX 1

### BOARD PERFORMANCE EVALUATION PROCEDURES

1. The Evaluation Committee will periodically review the form or forms to be used in the Board's performance evaluation (the "Form") and make modifications. At a minimum, the Form should be reviewed at least every five years.
2. At a minimum, the Form will provide Trustees with a framework for evaluating the performance of the Board and for raising, in a confidential manner, any Trustee concerns or suggestions. The questions contained in the Form may take any format deemed appropriate, but the Form must allow Trustees to provide written comments or suggestions.
3. In January, copies of the Form will be made available to each Trustee and to the Executive Director.
4. Trustees and the Executive Director are encouraged to complete the Form and return it to the designated third-party vendor within a specified time period.
5. Trustees will be given the opportunity to expand on their survey responses by participating in one-on-one follow-up interviews with the third-party vendor.
6. The third-party vendor shall tabulate the results and prepare a draft Executive Summary Report. The third-party vendor shall submit the Executive Summary Report to the Executive Director and the Evaluation Committee, together with all written comments and any amended written comments to remove any identifying particulars. The Evaluation Committee will issue the final Executive Summary Report.

- 7.** The Board Chair will present the Executive Summary Report to the Evaluation Committee and will facilitate discussion of the Report.
- 8.** In no event shall individually identifiable responses be provided or made available by the third-party vendor to PERA, the Board or its committees, individual Trustees, or any other party.
- 9.** The Board Chair will report to the Board on the discussions, conclusions, and recommendations of the Evaluation Committee.

# PERA ETHICS LINE RECUSAL POLICY

## OBJECTIVES

1. The objective of this *PERA Ethics Line Recusal Policy* is to provide a process whereby the integrity of the *PERA Ethics Line* is assured when a PERA employee uses the *PERA Ethics Line* to voice a concern, allegation or question about unethical or illegal conduct at PERA.

## GUIDELINES

2. The Executive Director is directed to operate and maintain an independent third-party vendor to provide ethics reporting line services.
3. The Internal Audit Director is notified by the independent third-party of any use of the PERA Ethics Line and the nature of the complaint and is tasked with notifying the Executive Director and reporting complaints and resolutions to complaints to the Audit Committee.
4. The Executive Director is responsible for ensuring the complaint is investigated and shall notify the Board Chair and the General Counsel of the investigation. The Executive Director shall inform the Internal Audit Director of the results of the investigation.
5. When the Executive Director or the Internal Audit Director or any of the following are the subject of a complaint, they will recuse themselves from the investigation process and the following line of succession shall occur to oversee the investigation process:
  - I. General Counsel
  - II. Board Chair
  - III. Board Vice Chair
  - IV. Audit Committee Chair
  - V. Fiduciary Counsel
6. The added party to the investigation process shall notify the Audit Committee of the complaint and the resolution of the complaint.

## POLICY REVIEW AND HISTORY

7. The Board will review this policy at least every five years.
8. The Board adopted this policy on June 21, 2019, January 1, 2020, and on January 1, 2022.

# BOARD EDUCATION POLICY

## PURPOSE AND BACKGROUND

1. PERA is a trust for the exclusive benefit of PERA Participants, and the administration of PERA is subject to strict fiduciary responsibilities under law. All of PERA's operations and activities must be undertaken solely to advance and protect the interests of PERA Participants and must be conducted in a prudent manner.
2. As fiduciaries of PERA, Trustees are expected to be capable of completing their duties and responsibilities. The diversity of each individual Trustee's background presents a challenge in addressing necessary and recommended continuing professional education opportunities.
3. It is the policy of PERA that all Trustees should have a cogent understanding of the issues and problems facing PERA and the pension and health care business generally, so that the Board may craft policies to guide the administration of PERA and effectively monitor its implementation. To that end, each Trustee should be educated sufficiently to discharge the obligations of the position. For these reasons, PERA hereby adopts the *Board Education Policy* applicable to all Trustees.

## OBJECTIVES

4. The objectives of this policy are to establish among Trustees a general understanding of the following:
  - a. The role of a Trustee and the role of management;
  - b. The obligations and role of a fiduciary and the paramount duties of loyalty and prudence; including applicable ethics and conflict of interest policies and requirements;
  - c. The business model, including knowledge of what constitutes success for the organization, the driving factors that shall determine whether PERA is successful, and the major risks that need to be managed in connection with the business;
  - d. Governance principles;
  - e. The legal and legislative environment;
  - f. Actuarial principles;
  - g. Pension plan design and other benefit program design;

- h. Investment and asset allocation policy;
- i. CAP design; and
- j. Health care and related-program design.

## DEFINITIONS

5. "Educational Session" shall be defined as a conference or internal or external seminar, workshop, course, Independent Study Material or other substantive educational activity (physical or on-line) on any pension or other benefit program subject matter.
  - I. When a presentation before the Board is an Educational Session, the Board agenda shall include a notation that the presentation is an educational component in furtherance of the *Board Education Policy*.
  - II. Staff shall maintain a list of Educational Sessions (available on the Board Website) for Trustees' consideration. Trustees may recommend educational opportunities to the Executive Director for inclusion on the Educational Sessions list.
6. "Independent Study Material" shall be defined as video or written material prepared by PERA staff or PERA's retained consultants for the purpose of meeting the requirements of this policy. Independent study material may also include material identified by Trustees that is approved in advance by the Executive Committee.

## GUIDELINES

### NEW TRUSTEE EDUCATION REQUIREMENTS

7. Each newly elected Trustee on the Board and each individual newly appointed to fill a vacancy as a Trustee on the Board shall, no later than 90 days after commencing service as a Trustee, complete the New Trustee Orientation sessions developed and provided by the Executive Director. The orientation sessions should, at a minimum, include the following:
  - a. A briefing by the Executive Director on the history and background of PERA;

- b.** An orientation by the Board Chair on current issues before the Board;
  - c.** An introduction to members of executive management;
  - d.** A tour of PERA offices, provided by executive management;
  - e.** A review of the Board’s Website;
  - f.** Introductory Educational Sessions on the following:
    - I.** Board and staff roles and responsibilities;
    - II.** Fiduciary duties, conflict of interest guidelines, [PERA Law](#), [PERA Rules](#), and other pertinent law;
    - III.** PERA plan design, implementation, and funding; and
    - IV.** PERA [investment policy](#) and strategy.
  - 8.** Any Trustee returning to the Board for an additional non-consecutive term must attend the New Trustee Orientation sessions unless granted an exemption as proscribed by this policy.
  - 9.** All Trustees who are not required to attend the New Trustee Orientation sessions may choose to attend and participate in these sessions at their discretion.
  - 10.** Within two years of a Trustee joining the Board, the Trustee shall attend a minimum of 30 hours of Educational Sessions sufficient to gain a general understanding of the topics outlined in Section 4 of this policy. This shall include attendance at one of the Educational Conferences listed below.
  - 11.** The Board Chair shall designate one member of the Board as a mentor for each new Trustee for a period of one year.
    - a.** The mentor shall meet with the new Trustee at least twice during the year following the new Trustee’s election or appointment, and shall be available for consultation or discussion at other reasonable times. Staff will provide materials to assist with the mentor-mentee relationship.
    - b.** Each newly elected or appointed Trustee on the Board shall work with their designated Board mentor and the Executive Director to create an individualized educational program for the new Trustee for the initial two years of such Trustee’s service on the Board. This initial program shall be created no later than 6 months after the new Trustee commences service on the Board. In addition to attending the New Trustee Orientation, such program shall include attending a PERA Benefit Information Meeting and an Educational Session created by staff related to PERACare.
  - 12.** Any Trustee returning to the Board for an additional non-consecutive term may tailor their first two years of education to reflect any relevant education and experience obtained in their prior term(s).
  - 13.** Each of the below Educational Conferences shall meet the attendance requirements in this Section:
    - a.** IFEBP Certificate of Achievement in Public Plan Policy-Employee Pensions;
    - b.** NEA Trustee Workshop;
    - c.** NCTR Trustee Workshop;
    - d.** GFOA Funding for Pension and Other Postemployment Benefits;
    - e.** National Conference on Public Employees Retirement Systems (NCPERS);
    - f.** Any other external educational conference the Executive Committee or the Board may approve in advance.
  - 14.** Newly elected or appointed Trustees shall be encouraged to attend, if time permits, at least one meeting of the Board or its committees as observers prior to officially taking office, in order to familiarize themselves with the workings of the Board. During their first two years on the Board, such Trustees are further encouraged, but not required, to make special efforts to attend meetings of Board committees they do not serve on to continue building their knowledge of all matters being addressed by the Board.
- ## CONTINUING EDUCATION
- 15.** After their first two years of service on the Board, Trustees are responsible for self-evaluating their additional educational needs and obtaining additional knowledge in specific areas as necessary.
  - 16.** During each subsequent two-year period after their first two years of service, Trustees shall attend a minimum of 20 hours of Educational Sessions to gain an understanding of the topics outlined in Section 4 of this policy. Trustees shall use the *Trustees’ Education Compliance Form* (available on the Board Website) to report their compliance with this requirement to the Executive Committee.
  - 17.** Trustees are encouraged to complete a *Board of Trustees Education Needs Assessment Form* (available on the Board Website) to assist them in determining their ongoing education needs.
  - 18.** All Trustees are encouraged, but not required, to attend PERA Benefit Information Meetings and PERACare-related meetings throughout their service on the PERA Board. These meetings are deemed to be Educational Sessions and qualify towards the completion of the hourly education requirement noted above.

**19.** An annual fiduciary Educational Session shall be scheduled and made available for all Trustees. All in-house Educational Sessions shall count toward a Trustee’s education requirements.

## EXEMPTIONS

**20.** The Executive Committee may prospectively accept a substitution or waiver to the educational requirements based upon documentation of professional and educational experience that is deemed sufficient to meet the intent of the above obligation. Trustees shall use the *Request for Substitution or Waiver of a Trustee Educational Requirement Form* (available on the Board Website) to apply for a substitution or waiver of an educational obligation. With respect to each substitution or waiver granted under this section, the Executive Committee shall retain the documentation for the basis of the substitution or waiver. If the Executive Committee denies a substitution or waiver, the affected Trustee may appeal that determination to the Board at its next regular meeting. The Board shall have power to hear and decide the issue *de novo*, and its determination by majority vote shall govern.

## REIMBURSEMENT OF EXPENSES

- 21.** A two-year education budget shall be established for each Trustee, the amount to be approved periodically by the Board. The education budget shall be administered by PERA staff to ensure consistency during circumstances involving additions, departures, or appointments of Trustees.
- 22.** The education budget is available to each Trustee for expenses incurred in attending any Educational Session provided such expenses are reimbursable under the *Board Expense Reimbursement Policy*.
- 23.** Staff shall maintain an accessible record of a Trustee’s education budget and balance.

## REPORTING & COMPLIANCE

- 24.** The PERA office shall maintain a database of evaluations from all Trustees who have attended specific conferences. Trustees are encouraged to check this database before attending a conference to see if it is worthwhile and warrants the expense to PERA. If possible, they should speak with another Trustee who has attended previously.
- 25.** Trustees must complete a *Trustees’ Educational Evaluation Form* upon completion of any Educational Session (available on the Board Website). The Form should be turned in with any request for reimbursement.

**26.** To help confirm compliance with their education requirements, Trustees shall maintain documentation of their attendance at all Educational Sessions.

**27.** The Executive Director shall provide an annual report to the Board summarizing Trustees’ compliance with the requirements of the *Board Education Policy*.

**28.** The willful failure of a Trustee to substantially comply with this *Board Education Policy* is a violation of provision 5(e) of the *Standards of Professional and Ethical Conduct* for the Board of Trustees and shall be reviewed by the Board.

## POLICY REVIEW AND HISTORY

- 29.** The Board shall review this policy at least every five years
- 30.** The Board adopted this policy on November 16, 2001. The Board approved changes to this policy on April 18, 2003, February 18, 2005, December 16, 2005, January 21, 2011, July 1, 2012, June 24, 2014, September 19, 2014, September 18, 2015, January 1, 2020, September 17, 2021, and on January 1, 2022.



# BOARD EXPENSE REIMBURSEMENT POLICY

## PURPOSE AND BACKGROUND

1. As per [C.R.S. § 24-51-203 \(4\)](#) of PERA Law, Trustees shall be reimbursed by PERA for any necessary expenses incurred in the conduct of their official duties.
2. The purpose of this *Board Expense Reimbursement Policy* is to define the guidelines under which Trustees of PERA may be reimbursed for expenses they incur in carrying out their duties as a Trustee, in a manner consistent with applicable legislation.

## GUIDELINES

### GENERAL GUIDELINES

3. Trustees are expected to exercise prudence, discretion, and good judgment to ensure that all expenses incurred in carrying out their duties, regardless of the source of funds, are authorized, reasonable, and necessary.
4. Trustees are required to enroll in the PERA Reservation System with help from the Assistant to the Board of Trustees or another designated PERA staff member to facilitate the efficient and proper reconciliation of their expenses while on PERA Business. Trustees shall authorize the Assistant to the Board of Trustees or another designated PERA staff member to access and manage their account within the PERA Reservation System.
5. Trustees must make travel reservations (including those for air transportation, hotel, and automobile rental) and expense reimbursements through the PERA Reservation System with the help from the Assistant to the Board of Trustees or other designated PERA staff. The travel request must be submitted using the PERA Reservation System prior to the travel dates.
6. Trustees must use a *Travel Expense Report or Expense Report* within the PERA Reservation System to seek expense reimbursement. Reimbursement will only be distributed after a completed and documented *Expense Report* has been approved by designated PERA staff.

7. Trustees will be issued a PERA Corporate Credit Card synchronized to the Trustee's PERA Reservation System account. The PERA Corporate Credit Card must be used for all reimbursable expenses only, except that the PERA Corporate Credit Card shall not be used for travel meals and incidentals as the Trustee will receive the per diem rate, as outlined in this policy.
8. PERA will reimburse only those expenses that have actually been incurred, except for meals and incidentals related to PERA Business Travel. For meals and incidentals, Trustees will receive a daily allowance based on the IRS per diem rate for the destination location, as outlined in this policy.
9. Trustees have 30 days to request reimbursement and/or reimburse PERA for any personal expenses charged to their PERA Corporate Credit Card.

### TRAVEL EXPENSES

10. Trustees may be reimbursed for travel expenses relating to "PERA Business," which shall be defined as:
  1. Meetings of the Board and its committees;
  2. Educational Sessions, as defined in the [Board Education Policy](#); and
  3. Other functions, where a Trustee's attendance is requested.
11. Reimbursable travel expenses are defined in sections 15 to 24 of this policy. For greater clarity, various non-reimbursable expenses are defined in section 33.

### LIMITS ON BUSINESS TRAVEL AND REIMBURSEMENT

12. Trustees shall not travel at PERA expense under any of the following circumstances:
  - a. Trustees who have resigned shall not travel at PERA expense after the date their resignation is announced except to and from scheduled Board or Board committee meetings;
  - b. Elected Trustees except the DPS Trustee who have retired shall not travel at PERA expense after the date their retirement is announced except to and from scheduled Board or Board committee meetings;

- c. Trustees who have lost their re-election bids shall not travel at PERA expense after the date the election results are announced; and
  - d. Trustees who have chosen not to seek another term on the Board shall not travel at PERA expense after March 1 of the year in which they complete their term of office except to and from scheduled Board and Board committee meetings.
13. Pursuant to section 6(a) of the *Standards of Professional and Ethical Conduct* for PERA Trustees, Trustees may not accept reimbursement of travel expenses from any person, agent, firm, corporation, or association that, to the Trustee's knowledge, does or seeks to do business with PERA. Notwithstanding this, Trustees may accept third party-reimbursement of travel-related expenses associated with speaking engagements at industry association conferences or events. Such expenses must comply with the guidelines in this policy.

14. Approval of international travel (travel outside of North America) by Trustees shall require the advance approval of the Executive Committee. An oral and/or written report to the Board may be required upon completion of travel.

## INTERNATIONAL TRAVEL

14. Approval of international travel (travel outside of North America) by Trustees shall require the advance approval of the Executive Committee. An oral and/or written report to the Board may be required upon completion of travel.

## REIMBURSABLE BUSINESS TRAVEL EXPENSES

### MEALS AND INCIDENTALS (I.E., GRATUITIES)

15. A daily allowance based on the IRS per diem rate for the destination location will be used for Business Travel meal and incidental expenses. The PERA Reservation System will calculate the per diem amount for inclusion in the *Travel Expense Report*. For the first and last day of the business trip, the Trustee is eligible for reimbursement of 75 percent of the total per diem rate for the city they are traveling to and or returning from. Business Travel meal and incidental expenses should not be charged to PERA Corporate Credit Card.
16. Meals paid for by a third party or provided by an Educational Session provider must be documented on the PERA Reservation System *Travel Expense Report* in order to reduce the per diem allowance.

### AIR TRANSPORTATION

17. Reimbursement will be made for the lowest cost direct flight option to meet the PERA Business purpose. Trustees may be reimbursed for expenses incurred one day before the event begins and one day after the completion of the event to allow for travel to and from the event.

18. If a Trustee is a member of a frequent flyer program or other rewards program, rewards earned while traveling on PERA business may be retained for the Trustee's personal use.

### GROUND TRANSPORTATION

19. Actual cost (including gratuities) will be reimbursed for necessary ground transportation to and from meeting facilities, airports, and hotels.

### PRIVATE AUTOMOBILE

20. Reimbursement will be made to a Trustee for expenses incurred through the use of his or her personal automobile in the completion of PERA business. Reimbursement will be allowed at the prevailing IRS standard mileage allowance rate.

### LODGING

21. Lodging costs will be reimbursed for commercial lodging establishments only.
22. Pursuant to [C.R.S. § 24-19.9-101 et. seq.](#):
- a. In no event shall hotel expenses exceed two times the maximum allowable federal per diem rate, based on location and date, unless the purpose of the trip is to attend an educational conference organized by an entity other than PERA and the hotel was selected by the entity organizing the educational conference. If the PERA traveler exceeds the limitation set forth in [C.R.S. § 24-19.9-101 et. seq.](#), the traveler shall reimburse PERA directly for the excess, unless the educational conference exception noted above applies. Hotel taxes and fees are not included when calculating the maximum allowable lodging expense.

### PARKING

23. Parking costs will be reimbursed for necessary parking expenses incurred by Trustees while conducting PERA Business.

### LAUNDRY

24. Laundry expenses incurred to clean garments due to unforeseen circumstances while traveling on PERA Business are reimbursable.

## TRAVEL EXPENSE REPORTS

25. The PERA Reservation System *Travel Expense Report* is to be used for reporting expenditures incurred by Trustees on PERA Business, obtaining reimbursement, and complying with federal tax requirements. IRS regulations require that the *Travel Expense Report* be sufficiently complete to show the business purpose of the expenses incurred. Trustees are encouraged to seek assistance in completing *Expense Reports*,

if needed, through the Assistant to the Board of Trustees or other designated PERA staff.

- 26.** In order to receive reimbursement, Trustees shall submit a completed *Travel Expense Report*, with supporting receipts, invoices, or bills (“receipts”) through the PERA Reservation System Receipts are considered corroborating evidence and are not an explanation of a travel expense in and of themselves. Attaching a receipt to the *Travel Expense Report* does not alter the necessity of providing the date, location, business purpose, and business relationship of persons included in the expense.
- 27.** All individual expenditures shall be listed separately on the *Travel Expense Report* In addition:
  - I.** An itemized receipt and proof of payment is required for all expense reimbursements (this does not include meals and incidentals); and
  - II.** The itemized receipt must list each item purchased and its cost. A credit card charge slip is not sufficient. If for some reason a detailed receipt is not obtainable, the Trustee submitting the *Travel Expense Report* must acknowledge and certify the Missing Receipt Affidavit on the *Travel Expense Report* or the expense will not be reimbursed.
- 28.** Travel expenses incurred by a Trustee that are reimbursed by third parties should be reported on the *Travel Expense Report* for disclosure purposes only. It will be the responsibility of the Trustee to seek reimbursement of these expenses directly from the company and/or organization that has agreed to reimburse the expense. Trustees are required to ensure that reimbursement of expenses by third parties is consistent with the provisions of this policy (see section 8 of this Policy and the [Standards of Professional and Ethical Conduct](#)).

## NON-TRAVEL EXPENSES

- 29.** Trustees shall also be reimbursed for the following:
  - 1.** Fees or tuition for Educational Sessions, that have been authorized in accordance with the [Board Education Policy](#);
  - 2.** Subscriptions to magazines or newsletters on subject matter relevant to the administration of PERA;
  - 3.** PERA Trustee mentor and mentee meals; and
  - 4.** Any other expense approved by the Executive Committee that is consistent with applicable law or policy.

- 30.** Where the above expenses are not directly paid by PERA, a completed *Expense Report*, with supporting receipts, invoices, or bills, should be submitted through the PERA Reservation System.
- 31.** In no event should non-travel meals exceed two times the maximum allowable federal per diem rate based upon location and date. If the non-travel meal and incidentals expenses exceed the limitation, the Trustee shall reimburse PERA directly for the excess. Taxes and tips are included when calculating the maximum allowable meals and incidentals expenses.
- 32.** Each Trustee should use their own PERA Corporate Credit Card when incurring non-travel meal expenses with other Trustees and/or PERA staff.

## NON-REIMBURSABLE EXPENSES

- 33.** Under no circumstances shall the following expenditures be reimbursable by PERA:
  - a.** Expenditures for family members or companions of a Trustee accompanying a Trustee on PERA Business. Any such additional expense paid for by PERA will be reimbursed by the Trustee;
  - b.** Expenditures for the use of athletic or exercise facilities and rental or purchase of equipment necessary for participation in these types of activities. Activities under this category include but are not limited to golf (fees and equipment) and tennis (fees and equipment);
  - c.** Expenditures incurred by a Trustee for personal entertainment, including movies (in-room and at the theater), theater tickets, sporting events, tours, and similar activities;
  - d.** Expenditures for in-room snacks or drinks offered in hotels; and
  - e.** Expenditures for alcoholic beverages, personal items, parking or traffic violations, barber or beauty services, airline club memberships, souvenirs/gifts, or housekeeping/kenneling expenses.

## EXPENSE REVIEW AND PAYMENT

- 34.** With the exception of the non-reimbursable expenses set out in 33) above, expenses that do not meet the guidelines of this policy will be reviewed and approved or denied by the Executive Committee. Exceptions will only be granted where it is clearly in the best interest of PERA to do so.
- 35.** Expense reimbursements will be distributed to Trustees within 10 working days of receipt of the properly completed and documented *Travel* or regular *Expense Report* through the PERA Reservation System.

## BOARD EDUCATION BUDGET

- 36.** A two-year education budget shall be established for each Trustee, the amount to be approved periodically by the Board. The education budget shall be administered by PERA staff to ensure consistency during circumstances involving additions, departures, or appointments of Trustees.
- 37.** The education budget is available to each Trustee for expenses incurred in attending any Educational Session provided such expenses are reimbursable under this policy.
- 38.** Staff shall maintain an accessible record of a Trustee's education budget and balance.
- 39.** In the event a Trustee exceeds his or her two-year education budget, the excess amount, along with the pro-rata number of education hours involved, shall be deducted from the Trustee's subsequent education budget and education requirements respectively. Should the excess expenditures occur in the final two years of a Trustee's term of office, and the Trustee is not appointed or elected to a subsequent term, the Trustee shall be asked to reimburse PERA for the excess amount. Trustees may petition the Executive Committee to waive this requirement, and the Executive Committee may do so provided it finds the Trustee acted in good faith and the expenditures nevertheless benefited PERA.

## POLICY REVIEW AND HISTORY

- 40.** The Board will review this policy at least every five years.
- 41.** The Board adopted this policy on November 16, 2001. The Board approved changes to this policy on February 18, 2005, December 16, 2005, July 1, 2012, November 20, 2015, November 16, 2018, June 21, 2019, January 1, 2020, and on January 1, 2022.



This booklet provides general information about PERA benefits. PERA membership rights, benefits, and obligations are governed by Title 24, Article 51 of the Colorado Revised Statutes, and the Rules of the Colorado Public Employees' Retirement Association, which take precedence over any interpretations in this booklet.

(REV 12-23)