COLORADO PERA

Colorado PERA Board of Trustees

Compensation & Budget Committee Meeting Materials

November 19, 2026

Agenda

Compensation & Budget Committee Meeting

Raymond “Doc” Heath Memorial Boardroom
1301 Pennsylvania Street
Denver, CO

Thursday November 19, 2026
Time: 12:45 p.m.

All times are approximate and for reference only. Items designated for Information are appropriate for Action if the Board wishes to take action.

1. **Approval of Consent Agenda**

   (Governance Item) Action

   Presented by: Amy Grant, Chair, Compensation & Budget Committee

   a. **November 19, 2026, Compensation & Budget Committee Meeting Agenda**
   b. **November 4, 2026, Compensation & Budget Committee Meeting Minutes**

2. **Investment Department Compensation**

   (Governance Item) Action

   Presented by: Andrew Roth, PERA Chief Executive Officer/Executive Director; Rebecca Harren, PERA Chief Human Resources Officer; Maureen Reilly, Associate Partner – Data Solutions, Aon/McLagan; Alex Bell, Associate Partner – Data Solutions, Aon/McLagan

   a. **Investment Incentive Compensation Plan and Investment Department Compensation Philosophy Presentation**

3. **Annual Compensation & Budget Committee Charter Review**

   (Governance Item) Information/Action

   Presented by: Rebecca Harren, PERA Chief Human Resources Officer

   a. **Annual Compensation & Budget Committee Charter Review Presentation**
   b. **Annual Compensation & Budget Committee Charter (Redline and Clean)**

4. **Committee Announcements**

   (Governance Item) Information

   Presented by: Amy Grant, Chair, Compensation & Budget Committee

5. 2027 Compensation & Budget Committee Meeting Dates

(Governance Item) Information

Presented by: Amy Grant, Chair, Compensation & Budget Committee

- March 25, 2027
- June 24, 2027
- November 18, 2027

Exhibit A – March 25, 2027, Compensation & Budget Committee Meeting Agenda Draft
Exhibit B – Compensation & Budget Committee 2026 Workplan
Exhibit C – Draft 2027 Compensation & Budget Committee Workplan

The Board may convene in Closed Executive Session pursuant to, but not limited to, the following:

A. Colorado Open Meetings Law, Section § 24-6-402(4)(a): Purchase, acquisition, lease, transfer, or sale of any real, personal, or other property interest;
B. Colorado Open Meetings Law, Section § 24-6-402(4)(b): Conferences with an attorney for the local public body for the purposes of receiving legal advice on specific legal questions;
C. Colorado Open Meetings Law, Section § 24-6-402(4)(c): Matters required to be kept confidential by federal or state law or rules and regulations.
D. Colorado Open Meetings Law, Section § 24-6-402(4)(d): Specialized details of security arrangements or investigations, including defenses against terrorism, both domestic and foreign, and including where disclosure of the matters discussed might reveal information that could be used for the purpose of committing, or avoiding prosecution for, a violation of the law;
E. Colorado Open Meetings Law, Section § 24-6-402(4)(e)(I): Determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators;
F. Colorado Open Meetings Law, Section § 24-6-402(4)(f)(I): Personnel matters except if the employee who is the subject of the session has requested an open meeting, or if the personnel matter involves more than one employee, all of the employees have requested an open meeting.
G. Colorado Open Meetings Law, Section § 24-6-402(4)(g): Consideration of any documents protected by the mandatory nondisclosure provisions of the “Colorado Open Records Act”, part 2 of article 72

Minutes

Compensation & Budget Committee Meeting

Virtual

Wednesday November 4, 2026
2:00 p.m.

Committee Members Present:	Amy Grant (Committee Chair), Eunice Botchway, Marcus Pennell, Andrew Schremp, Scott Simon, Tonya Thompson
Committee Members Absent:	Chad Marturano
Non-Committee Members Present:	Tristan Gearhart, Maruti Moré,
COPERA Staff Present:	Andrew Roth, Sarah Wager, Jesse Bertoli, Ryan Ericson, Rebecca Harren, Jeremy Hill, Patrick Lane, Amy C. McGarrity, Jason Orvin, Cheryl Pattelli, Megan Peitzmeier, Annalise Anderson, Jaena Contreras, Ben Garfield, Koren Holden, Rachel Kelley, Patrick von Keyserling, Sterling Lenway-Stowe, Julie Macias, Catherine Maninger, Gary Meier, Gary Ratliff, Michael Steppat, Patrick von Keyserling
Others in Attendance:	Suzanne Dugan of Cohen Milstein Sellers & Toll PLLC

Amy Grant, Compensation & Budget Committee Chair, called the meeting to order at 2:00 p.m.

Approval of Consent Agenda

MOTION: A motion was made by Scott Simon and seconded by Eunice Botchway to approve the Consent Agenda as published with the following items:

a. November 4, 2026, Compensation & Budget Committee Meeting Agenda
b. June 24, 2026, Compensation & Budget Committee Meeting Minutes

The motion was unanimously approved.

Trustee Andrew Schremp joined the meeting at 2:03 p.m.

2027 Operating Budget

Andrew Roth, PERA Chief Executive Officer/Executive Director, introduced the proposed 2027 PERA Operating Budget, emphasizing transparency, disciplined planning, and the importance of adequately resourcing PERA's strategic and enterprise initiatives. Cheryl Pattelli, PERA Chief Financial Officer, reviewed enhancements to the budget process, including increased executive-level oversight, alignment with PERA's Strategic Plan and organizational priorities, expanded documentation and prioritization of requests, and the introduction of multi-year planning through 2030. She presented a proposed 2027 Operating Budget of $166.9 million, an increase of $20.3 million, or 13.8%, over 2026. The increase is largely attributable to $19.3 million in one-time and project costs, primarily related to PRISM and investment systems modernization. Excluding those costs, ongoing budget growth is approximately 6.1%.

Cheryl Pattelli reviewed the proposed addition of 21.5 FTEs, reduced from 42 initially requested positions through the Executive Budget Team's review and prioritization process. Rebecca Harren, PERA Chief Human Resources Officer, further discussed workforce and capacity investments, including the proposed FTEs, a 3.6% merit increase pool, rising employee benefit costs, performance awards, and investment incentives. The additional positions would support modernization, succession planning, financial controls, risk and audit functions, cybersecurity, stakeholder outreach, and other strategic priorities. Rebecca Harren also noted increased retirements and the importance of succession planning to preserve institutional knowledge and organizational capacity. Andrew Roth emphasized that appropriate staffing and specialized expertise are critical to successfully implementing PERA's modernization initiatives and supporting long-term operational needs. Rebecca Harren clarified that the proposed budget reflects the existing Investment Incentive Compensation Plan and does not incorporate potential changes currently under consideration by the Board.

Staff reviewed non-personnel investments, including PRISM implementation, investment systems modernization, cybersecurity, financial systems improvements, stakeholder outreach, and risk-management initiatives. Approximately 76% of the $14.1 million increase in non-personnel operating expenses is attributable to modernization consulting and contract labor. Trustee Eunice Botchway asked about increased Board expenses, and staff explained that the increase primarily reflects consulting costs associated with potential independent verification and validation services for PRISM and strategic planning. Trustee Scott Simon asked about investment systems modernization costs, and PERA Deputy Executive Director, Sarah Wager, clarified that the proposed 2027 funding includes completion of the investment systems roadmap and initial funding to begin implementation once future system needs are identified.

Cheryl Pattelli concluded with PERA's first multi-year budget outlook through 2030, noting that current operations are projected to increase approximately 5% to 6% annually, with higher overall growth anticipated as PRISM implementation progresses and additional staffing needs are incorporated. She emphasized that the 2028–2030 figures are planning projections rather than budget requests and will be updated annually as assumptions and project requirements evolve.

Trustee Marcus Pennell asked about legislative considerations related to the proposed budget. Andrew Roth noted that legislative interest has primarily focused on investment incentive compensation and that discussions regarding modernization have generally recognized the additional staffing and financial resources necessary to undertake significant technology initiatives. He reiterated that PERA approached the budget with rigor and transparency and noted that adequately resourcing multi-year initiatives can help avoid delays and greater long-term costs. Trustee Marcus Pennell expressed support for the transparent approach and observed that PERA's ability to perform significant work internally can provide long-term value despite near-term budget growth.

MOTION: A motion was made by Scott Simon and seconded by Marcus Pennell that the Compensation and Budget Committee recommend to the Board of Trustees the approval of the proposed 2027 PERA Operating Budget in the total amount of $166,867,778.

The motion was unanimously approved.

Committee Announcements

Committee Chair Grant asked if there were any other additional announcements. No announcements were made by the Compensation & Budget Committee

2026-2027 Compensation & Budget Committee Meeting Dates

Committee Chair Grant noted the upcoming committee meeting dates.

- November 19, 2026
- March 25, 2027
- June 24, 2027
- November 18, 2027

With no further business to discuss, Committee Chair Grant adjourned the meeting at 3:10 p.m.

Respectfully submitted by,

Rachel Kelley

Board Liaison

Approved:

Investment Incentive Compensation Plan and Investment Department Compensation Philosophy

Andrew Roth, Chief Executive Officer/Executive Director
Rebecca Harren, Chief Human Resources Officer
Maureen Reilly, Associate Partner- Data Solutions, Aon/McLagan
Alex Bell, Associate Partner- Data Solutions, Aon/McLagan

COLORADO PERA

Agenda

- Investment Department Compensation Philosophy
- Aon Peer Group Structure
- Proposed PERA Investment Incentive Compensation Plan

Investment Department Compensation Philosophy

COLORADO PERA

Adopt an Updated Investment Total Compensation Philosophy

Staff Recommendation

“PERA’s investment team total compensation philosophy is founded on three principles:

1. Maintain compensation levels that are competitive with leading public investment organizations and sufficient to attract and retain investment talent that could otherwise pursue opportunities in the private sector.
2. Pay for performance for investment incentive plan participants by differentiating compensation based on long-term individual and fund investment results.
3. Leverage the Fund's broader employee value proposition, including its mission-driven purpose, public service impact, culture, and benefits programs, as integral components of total rewards.

Through this approach, the Fund seeks to responsibly attract, retain, and motivate the talent necessary to deliver superior long-term investment outcomes for beneficiaries while maintaining transparency, accountability, and alignment with its fiduciary responsibilities”

Peer Group Review

COLORADO PERA

Balancing Public Pension Fund and Private Sector Markets

When PERA sets compensation, it considers a composite market weighted 75% to leading public pension funds and 25% to a broad range of private-sector investment firms. PERA nearly exclusively recruits from and loses investment staff to the private sector, however:

- The 75% weighting to the leading public pension fund peer group reflects that PERA is a mission-driven organization with a wide range of public stakeholders.
- The 25% weighting to the private sector recognizes the market that PERA competes with for investment talent and ensures that compensation is sensitive to private sector labor-market dynamics.

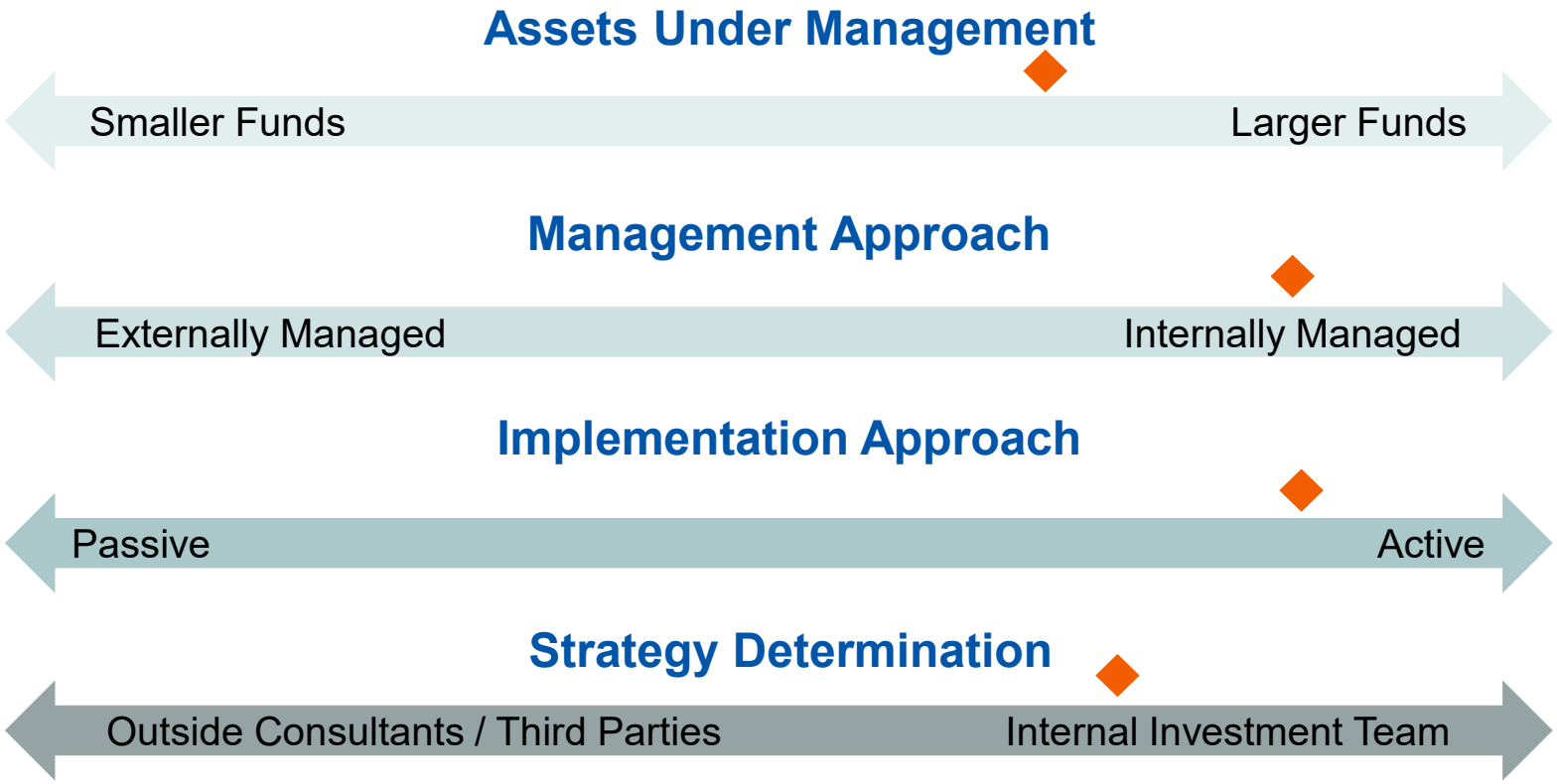
Aon's assessment confirms that this blend remains relevant in setting appropriate compensation benchmarks for investment staff, and that inclusion of the private sector is a common approach among other public funds who manage a large percentage of assets internally.

While the labor market is dominated by private sector firms, we believe the current 75/25 blended peer group remains relevant.

The following slides summarize key considerations in identifying appropriate public fund comparators, and the importance of the private sector market in PERA's labor market.

Factors Considered When Selecting Public Fund Comparators

- The diagram below summarizes key factors Aon balances in identifying public fund comparators for PERA. These factors are positively correlated to competitive compensation levels, and the likelihood a public fund implements incentive programs for their investment staff.



- Aon's understanding of PERA's positioning against the above factors is indicated with a diamond

PERA's Leading Public Fund Peer Group

PERA's leading public fund peer group was established in 2018, and re-evaluated in 2025. Like PERA, leading public funds:

- Manage a significant portion of assets internally. For example, the average peer manages ~50% of total assets internally.
- Are primarily actively managed, seeking to add-value over passive investment alternatives.
- Have global, diversified portfolios with notable allocations to alternative investments.
- Offer performance-based incentive compensation (all but 3 peers).
- Compete for the same investment talent as PERA, drawing from a national labor market rather than a single state or region.
- Operate under public governance and disclosure requirements, so their pay programs face the same transparency and stakeholder scrutiny as PERA's.

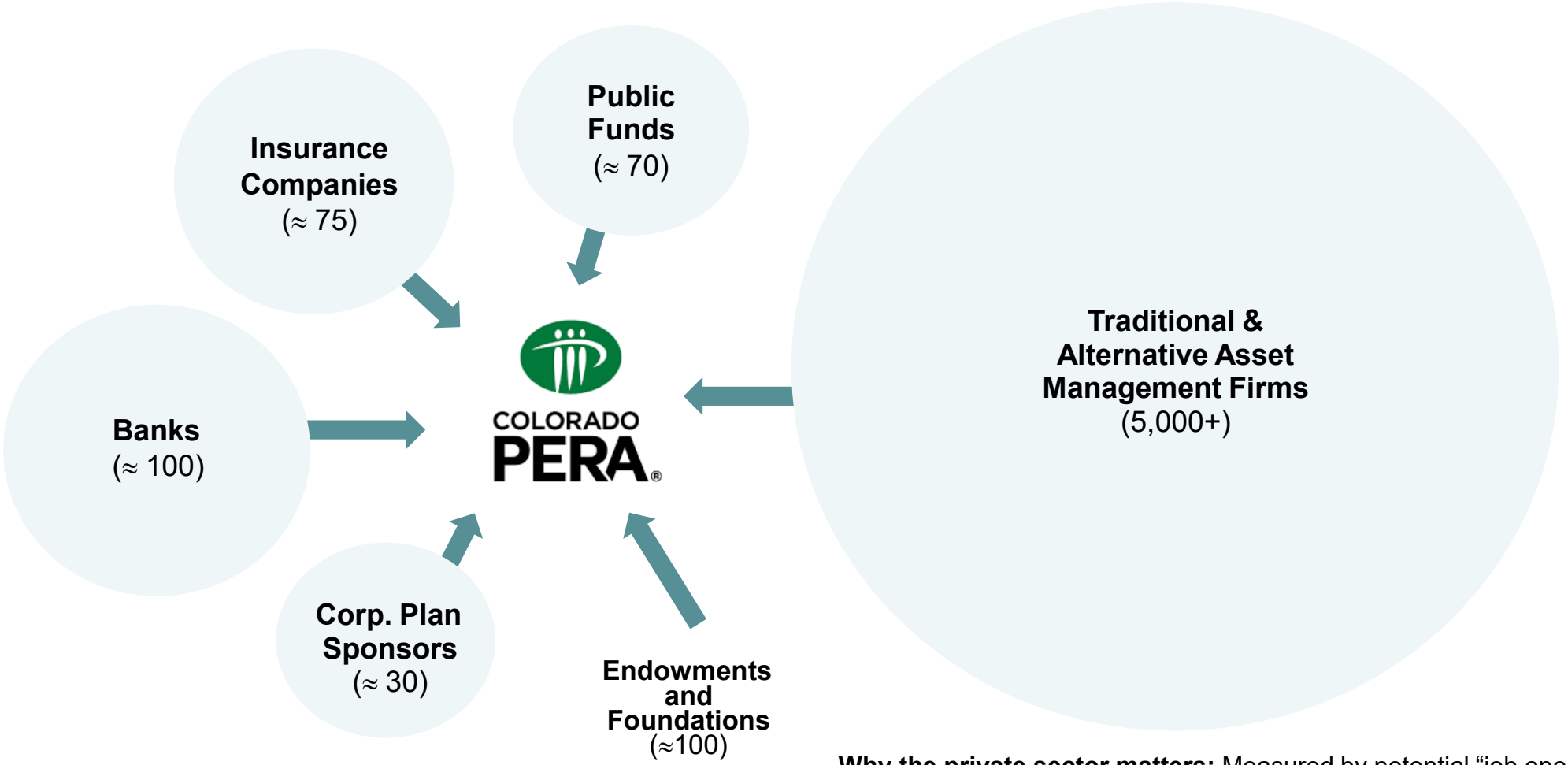
Together, these characteristics make the group a fair benchmark for both the roles PERA hires and the way it pays them.

Note, the list includes funds that are larger than PERA because larger funds tend to manage more assets internally.

Organization	Location of Investment Staff	AUM ($B)
CA Public Employees' Retirement System	Sacramento, CA	$600.0
CA State Teachers' Retirement System	West Sacramento, CA	412.9
New York State Common Retirement Fund	Albany, NY	297.8
Florida State Board of Administration	Tallahassee, FL	277.0
Washington State Investment Board	Olympia, WA	233.9
Teachers Retirement System of Texas	Austin, TX	226.3
State of Wisconsin Investment Board	Madison, WI	182.0
Ohio Public Employees Retirement System	Columbus, OH	158.4
Virginia Retirement Systems	Richmond, VA	118.7
Employees Retirement System of Texas	Austin, TX	42.6
Montana Board of Investments	Helena, MT	29.8
School Employees Retirement System of Ohio	Columbus, OH	20.6
South Dakota Investment Council	Sioux Falls, SD	20.6
Municipal Employees' Retirement System of Michigan	Lansing, MI	19.0
	75th Percentile	$266.2
	Median	**170.2**
	25th Percentile	33.0
Colorado Public Employees' Retirement Association	**Denver, CO**	**$75.1**

Why this peer group matters: These funds share PERA's investment model, talent needs and public accountability, so their pay levels and program design are a relevant reference point for PERA's market positioning.

PERA Competes with a Broad Range of Firms for Talent



Note: Company counts represent, in general terms, the number of organizations actively involved in active asset management activities.

Why the private sector matters: Measured by potential "job openings," the labor market for investment talent is dominated by investment management firms, not other public funds.

AON

Private Sector Asset Management Firm Peer Group

All Private Sector Firms				
		AUM		
	# of Firms	Low Q	Median	High Q
Banks	35	$11.8	$71.8	$376.1
Insurance Companies	39	54.1	84.0	171.3
Investment Management/Advisory Firms	152	28.6	161.2	571.4
Corporate Pensions, Endowments, & Foundations	86	3.0	7.5	22.9
Total	**312**	**$24.4**	**$81.1**	**$285.4**

Private-sector data serves as a market reference point, helping PERA understand broader labor-market dynamics while maintaining public pension funds as the primary comparator.

Private sector data helps PERA understand:

- **Competitive Labor Market Conditions:** Where compensation levels may influence recruiting and retention outcomes.
- **Emerging Talent Pressures:** How compensation trends evolve across a broad range of investment organizations.
- **Market Alternatives Available to Employees:** The broader employment opportunities available to specialized investment professionals.

What private sector data does not mean:

- Matching “Wall Street” style bonuses
- Replicating private sector pay structures
- Adopting private sector profit-sharing economics

AON

Adopt Formal Review to Leading Public Fund Peer Group

The Leading Public Fund peer group will be reviewed and approved by the Chief Executive Officer/Executive Director (Plan Administrator) prior to the start of each investment compensation review and subsequently shared with Compensation and Budget Committee.

Review is intended to account for changes to:

- Funds' asset size and/or mix
- Funds' management strategy (e.g., internal vs. external)
- Availability of comparator compensation data (e.g. survey participation)

Proposed PERA Investment Incentive Compensation Plan

COLORADO PERA

Incentive Opportunity Levels

PERA Practice: Maximum incentive opportunities are assigned role by role rather than by job level. As a result, opportunity is neither uniform within a level nor consistently cascading across the hierarchy, as summarized in the table below:

	PERA Maximum Incentive Opportunities (% of Base Salary)						Leading Public Funds - Max Incentive Opp (% of Base)					
		Internal Mgmt		Manager-of-Managers			Inv Leadership		Internal Mgmt		Mgr-of-Mgr	
	Investment Leadership	Equity	Fixed Income	Alternatives	Private Equity	Real Estate	50th	75th	50th	75th	50th	75th
CIO	125%						120%	194%				
Asset Class Director		180%	180%	150%	180%	150%			125%	213%	120%	175%
Asset Class Asst Dir			150%						110%	200%	118%	150%
Senior Portfolio Mgr		225%	150%	100%	100%	100%			110%	200%	118%	150%
Portfolio Manager			130%	100%	100%				75%	150%	80%	100%
Analyst III		150%	130%						70%	125%	70%	125%
Analyst II		150%	130%	75%					60%	110%	60%	110%
Analyst I		90%				75%			50%	75%	50%	75%

Note: Aon's competitive market data for Analysts includes all asset classes combined.

Peer Practice: Incentive opportunity typically cascades upward by job level (uniform within each band and highest for senior roles), supporting internal equity and simpler administration, with large public funds often offering senior investment professionals maximums of 50% to 200%+ of salary, though levels vary widely by fund and methodology.

Market Aligned Salary and Incentive Ranges

Salary Ranges

Design Direction:

- Midpoints reflect competitive amount (+/- 10%) versus aggregated 50th percentile findings. 75%/25% Public/Private Blend.

Role	Salary Range		
	Min	Mid	Max
Chief Investment Officer	$350	**$500**	$650
Deputy Chief Investment Officer	$287	**$410**	$533
Asset Class Director	$224	**$320**	$416
Asset Class Assistant Director	$203	**$290**	$377
Senior Portfolio Manager	$203	**$290**	$377
Portfolio Manager	$165	**$235**	$306
Analyst III	$193	**$275**	$358
Analyst II	$165	**$235**	$306
Analyst I	$140	**$200**	$260
Portfolio Associate	$105	**$150**	$195
Junior Portfolio Associate	$70	**$100**	$130

Note 1:

Pay ranges cover all asset classes. Range within individual classes may vary based on market data.

Market Aligned Salary and Incentive Ranges

Maximum Incentive Opportunities

Design Direction:

- Consistent incentive opportunity across asset classes and investment style.
- Delivers Max Opportunity competitive with 75%/25% blend of P75 Public Funds and P25 Private Sector.

Role	Max Incentive Opportunity
Chief Investment Officer	150%
Deputy Chief Investment Officer	150%
Asset Class Director	150%
Asset Class Assistant Director	150%
Senior Portfolio Manager	150%
Portfolio Manager	130%
Analyst III	100%
Analyst II	75%
Analyst I	50%
Portfolio Associate	40%
Junior Portfolio Associate	30%

Market Aligned Salary and Incentive Ranges
Maximum Total Compensation

Design Direction:

Reflects range of maximum total compensation PERA can target at each level based on employee position in salary range. Maximum incentive is equal to 100% of Maximum Incentive Opportunity.

Role	Maximum Total Compensation		
	Min	Mid	Max
Chief Investment Officer	$875	**$1,250**	$1,625
Deputy Chief Investment Officer	$718	**$1,025**	$1,333
Asset Class Director	$560	**$800**	$1,040
Asset Class Assistant Director	$508	**$725**	$943
Senior Portfolio Manager	$508	**$725**	$943
Portfolio Manager	$378	**$541**	$703
Analyst III	$385	**$551**	$716
Analyst II	$288	**$411**	$535
Analyst I	$210	**$300**	$390
Portfolio Associate	$147	**$210**	$273
Junior Portfolio Associate	$91	**$130**	$169

Note 1:

Maximum Total Compensation range cover all asset classes. Range within individual classes may vary based on market data.

Estimated Cost Impact of Implementing Changes to Market Positioning

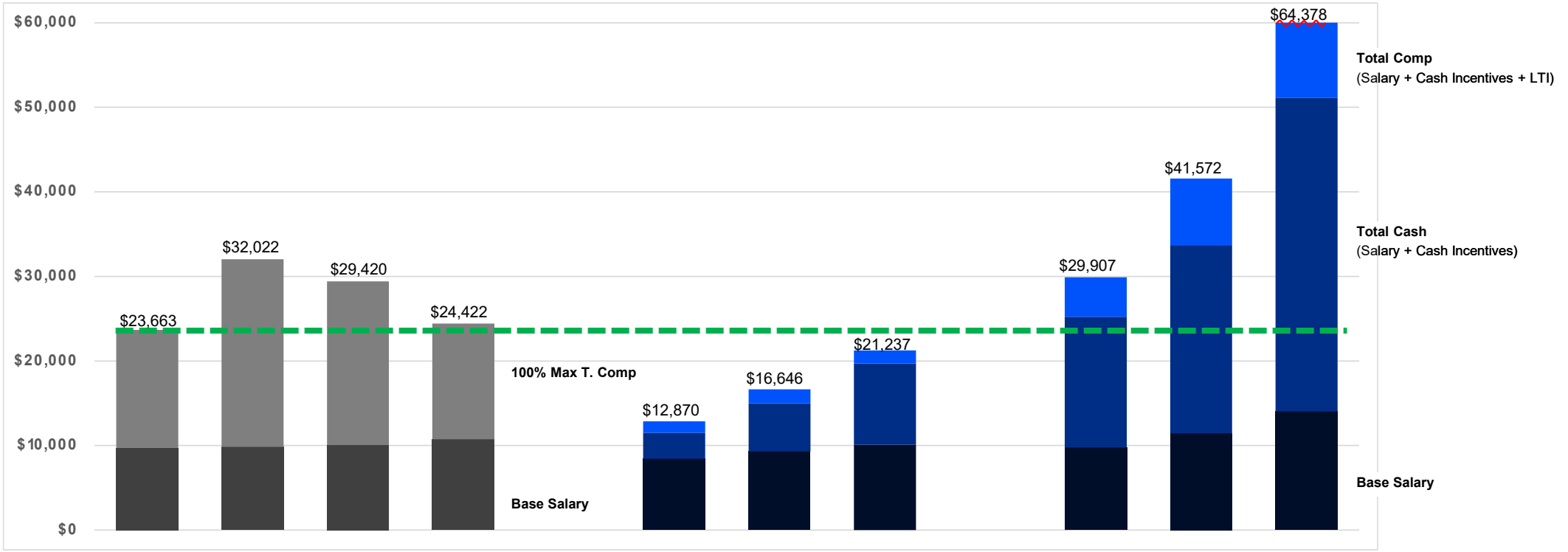
Plan Component	Current Compensation Program	Current Philosophy *(T. Comp equal to the 75th %ile)*			Alternative 1			Alternative 2 (Recommended)		
Targeted Salary Positioning	50th Percentile	50th Percentile			Adopt salary ranges, by level, where the midpoint targets the 50th percentile for the roles within the range.			Adopt salary ranges, by level, where the midpoint targets the 50th percentile for the roles within the range.		
Targeted Maximum Total Compensation	Based on current philosophy, but pay levels do not reflect current view of market	Sector	Weight (%)	Position	Sector	Weight (%)	Position	Sector	Weight (%)	Position
		Public Funds	75%	P75	Public Funds	75%	P75	Public Funds	75%	P75
		Private	25%	**P75**	Private	25%	**P50**	Private	25%	**P25**
Range of Maximum Incentive Opportunities	75% to 225%	45% to 677%			40% to 250%			40% to 150%		
Estimated Actual Aggregate Annual Cost of Total Compensation based on Achievement of 100% MIO	**$23,663,000**	**$32,022,000**			**$29,420,000**			**$24,422,000**		
Comparator Group	Weighted market composite comprised of 75% leading public pension funds and 25% all private sector organizations.									

AON

Note,
(1) PERA's Alternative 1 and Alternative 2 are considered estimates using the proposed salary ranges and current market data.

Alternative Market Positioning vs. PERA & Market Actual T. Comp Spend

The chart below summarizes PERA base salary and aggregated maximum total compensation opportunity vs the market for leading public funds, the private sector.



	PERA				Leading Public Funds			All Private Sector AM Firms		
	Current	75th % ile	Alt 1	Alt 2	25th	50th	75th	25th	50th	75th
Base Salary	$9,713	$9,827	$10,047	$10,736	$8,421	$9,293	$10,112	$9,765	$11,428	$14,031
Actual Total Cash					11,517	14,967	19,704	25,227	33,712	51,094
Actual Total Comp					12,870	16,646	21,237	29,907	41,572	64,378
100% of Max T. Comp	23,663	32,022	29,420	24,422						

Note,
(1) PERA's Alternative 1 and Alternative 2 are considered estimates using the proposed salary ranges and current market data.
(2) Private sector market data has been reduced by 5% to account for the approximate marginal value the defined benefit pension program provided to PERA employees vs. private sector market norms.

Material Changes in PERA's Proposed Investment Incentive Compensation Plan

- The competitive market used to set maximum total compensation positioning is changing from Public Fund P75 / Private Sector P75 *to* Public Fund P75 / Private Sector P25.
- The competitive market used to set base salaries remains unchanged. PERA will now develop base salary ranges within each asset class/role using a weighted blend of the Public Fund P50 / Private Sector P50.
- Maximum Incentive Opportunity (MIO) percentages are structured similar to other leading public pension funds and harmonized across asset class & management approach by position level.
- Board discretion to defer all or part of incentive awards for up to 12 months when absolute returns are negative, consistent with other leading public pension funds.

Material Changes in PERA's Proposed Investment Incentive Compensation Plan (continued)

- Increasing the minimum total fund measure weighting from 5% to 25% across investment staff scorecards; higher total fund measure weightings are consistent with other leading public pension funds
- Clarify in Compensation and Budget Committee Charter review of Investment Department Incentive Plan governance at least every two years, or sooner as needed, for alignment with the Investment Department Compensation Philosophy
- Note: Alpha targets were reviewed in March 2025 and approved in June 2025

Questions/Discussion

COLORADO PERA

Appendix

Current Investment Division Compensation Philosophy

As an innovative and sustainable provider of financial and retirement security serving Colorado's public employers and their employees, PERA recognizes that our most valuable resource is our people.

To achieve our vision to innovate and build on a tradition of service by being a trusted partner to meet the changing needs of our diverse membership, we must attract, engage, reward, and retain a high-performing and talent workforce.

Competitive Market Positioning

For incentive eligible staff, PERA targets expected levels of total compensation at the 75th percentile of a blended peer group for top performance. The blended peer group consists of 75% leading U.S. public pension funds and 25% private-sector investment management firms.

For non-investment incentive eligible staff, PERA utilizes base pay ranges with a midpoint designed to approximate the current market median of the 75%/25% blended peer group.

This approach ensures that our pay remains competitive within the public sector while also recognizing the broader investment talent market. By balancing public-sector with private-sector attributes PERA can effectively recruit, retain, and motivate top investment talent in an increasingly competitive industry.

Current Investment Division Compensation Philosophy (continued)

Base Pay & Performance-Based Incentives

- **Base Pay**: PERA structures pay ranges with base salary midpoints to align with the midpoint of the composite sector of 75% public funds/25% private sector blend.

- **Incentive Compensation and Non-Incentive Eligible Staff Bonus**: To reward performance and drive long-term fund success, PERA offers a performance-based incentive ("incentive") compensation program for eligible investment professionals.

  Incentive awards are designed to align with PERA's multi-year investment objectives, with measures based on relative outperformance, risk management, and strategic contributions. The program reinforces a culture of accountability and long-term value creation.

  For other designated roles in the Investment Department, PERA may supplement base compensation with performance-based award or bonus to advance PERA's mission and strategic objectives.

Current Investment Division Compensation Philosophy (continued)

Total Rewards Approach

In addition to the total cash compensation opportunities, PERA offers comprehensive benefit plans designed to address employees' health, welfare, retirement, and workplace needs, and professional development. These programs are designed to offer flexibility in choices and coverage aligned with the diverse needs and circumstances of our employees.

Compensation & Budget Committee Annual Charter Review

Committee Meeting | November 19, 2026

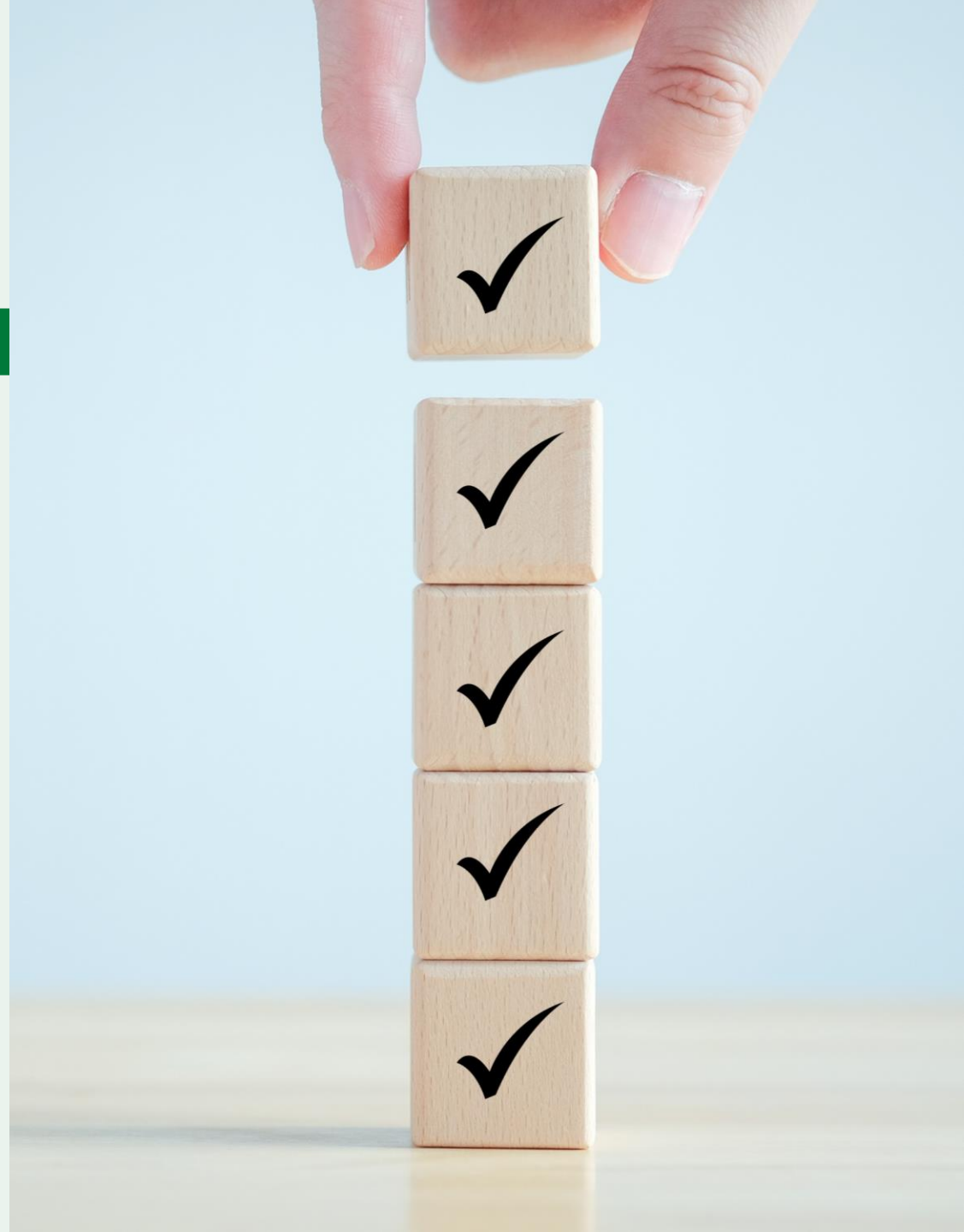
Rebecca Harren, Chief Human Resources Officer

COLORADO PERA®

Today's Ask

- Committee feedback on the proposed charter revisions
- Recommendation/adoption by the full Board on January 29

Agenda: Background and Purpose | Proposed Revisions | Committee Feedback | Next Steps



COLORADO PERA®

Background

- Annual November charter reviews were added to committee workplans in 2025 as a best practice.
- The Compensation and Budget Committee charter defines the committee's oversight responsibilities.
- The charter was adopted on October 15, 2004, and last reviewed on June 21, 2024.
- Proposed revisions are presented for Committee review and feedback before submission to the Board for consideration and adoption.

COLORADO PERA®

Purpose: Routine Charter Reviews



Keep the charter current and relevant.



Maintain a strategic, policy-level focus.



Clarify Committee responsibilities.



Improve readability and usability.

COLORADO PERA®

Proposed Charter Revisions

COLORADO PERA

Proposed Charter Revisions: Compensation and Budget Committee Charter

Original Charter Language

4. The Compensation & Budget Committee will:

Compensation & Human Resources

a. Maintain written policies, including a total compensation philosophy statement, for PERA's compensation program consistent with the PERA strategic plan; recommend updates to the Board as needed;

b. With support from PERA staff or external consultants, determine the appropriate peers that will be utilized to compare compensation for the Chief Executive Officer/Executive Director position;

c. Periodically review the compensation structure for the Chief Executive Officer/Executive Director position to assess its competitiveness and make recommendations to the Board for any adjustments;

d. Receive and review reports from management that explain the effectiveness of the implementation of the written compensation program policies, including the total compensation philosophy statement; and

e. Receive and review reports from management that explain the effectiveness of PERA's strategies in securing the talent needed to meet PERA's strategic goals, values, and priorities.

Tracked Changes

4. The Compensation & Budget Committee will:

Compensation & Human Resources

a. ~~Maintain~~ Review and recommend to the Board written ~~policies~~philosophy statements, including ~~a~~ the ~~t~~PERA Total ~~c~~Compensation ~~p~~Philosophy ~~statement~~ and the Investment Department Total Compensation Philosophy, for ~~PERA's compensation program consistent~~ alignment with ~~the~~ PERA's strategic plan; review such policies at least every ~~three~~ two years, or sooner as needed, and recommend updates to the Board as ~~needed~~appropriate;

b. ~~With support from PERA staff or external consultants,~~ Review the comparator group and methodology used to benchmark ~~determine the appropriate peers that will be utilized to compare~~ compensation for the Chief Executive Officer/Executive Director position at least every ~~three~~two years, or sooner as needed, and recommend changes to the Board as appropriate;

COLORADO PERA®

Proposed Charter Revisions

- Technical update clarifying Committee's scope, explicitly referencing the two Board-approved compensation philosophies.
- Distinguish periodic CEO benchmarking from annual compensation review.
- Clarify the Committee's role in recommending CEO compensation structure.
- Specify review timing and frequency across key Committee responsibilities.
- Add governance oversight of the Investment Department Incentive Plan.
- Distinguish Committee oversight from management implementation and reporting.
- Explicitly include both attracting and retaining talent.

COLORADO PERA®

Committee Feedback

Questions and Comments

COLORADO PERA®

Next Steps

- Requested Action: Committee approves charter update today, and recommends to the full Board for approval January 29, 2027

COLORADO PERA®

Thank you

COLORADO PERA®

Proposed Charter Revisions: Compensation and Budget Committee Charter

Original Charter Language

4. The Compensation & Budget Committee will:

Compensation & Human Resources

a. Maintain written policies, including a total compensation philosophy statement, for PERA's compensation program consistent with the PERA strategic plan; recommend updates to the Board as needed;

b. With support from PERA staff or external consultants, determine the appropriate peers that will be utilized to compare compensation for the Chief Executive Officer/Executive Director position;

c. Periodically review the compensation structure for the Chief Executive Officer/Executive Director position to assess its competitiveness and make recommendations to the Board for any adjustments;

d. Receive and review reports from management that explain the effectiveness of the implementation of the written compensation program policies, including the total compensation philosophy statement; and

e. Receive and review reports from management that explain the effectiveness of PERA's strategies in securing the talent needed to meet PERA's strategic goals, values, and priorities.

Tracked Changes

4. The Compensation & Budget Committee will:

Compensation & Human Resources

a. ~~Maintain~~ Review and recommend to the Board written ~~policies~~philosophy statements, including ~~a~~ the ~~t~~PERA Total ~~c~~Compensation ~~p~~Philosophy ~~statement~~ and the Investment Total Compensation Philosophy, for ~~PERA's compensation program consistent~~ alignment with ~~the~~ PERA's strategic plan; review such policies at least every ~~three~~ two years, or sooner as needed, and recommend updates to the Board as ~~needed~~appropriate;

b. ~~With support from PERA staff or external consultants,~~ Review the comparator group and methodology used to benchmark ~~determine the appropriate peers that will be utilized to compare~~ compensation for the Chief Executive Officer/Executive Director position at least every ~~three~~two years, or sooner as needed, and recommend changes to the Board as appropriate;

c. ~~Periodically~~ Annually review the compensation structure for the Chief Executive Officer/Executive Director position, including base pay and incentive compensation opportunities, to assess its competitiveness and alignment with the Total Compensation Philosophy and ~~make recommendations~~ recommend any changes to the structure to the Board as appropriate~~for any adjustments~~;

~~c.~~d. Review the Investment Department Incentive Plan governance at least every two years, or sooner as needed, for alignment with the Investment Total Compensation Philosophy and recommend changes to the Board as appropriate

~~d.~~e. Receive and review reports from management ~~that explain the effectiveness of~~ regarding the implementation of ~~the~~ PERA's written compensation ~~program~~ policies~~,~~ ~~including the total compensation philosophy statement~~ and the effectiveness of PERA's compensation programs; and

f. Receive and review reports from management that explain the effectiveness of PERA's strategies ~~in~~ for ~~securing~~ attracting and retaining the talent needed to meet PERA's strategic goals, values, and priorities.

Clean

4. The Compensation & Budget Committee will:

Compensation & Human Resources

a. Review and recommend to the Board written philosophy statements, including the PERA Total Compensation Philosophy and the Investment Total Compensation Philosophy, for alignment with PERA's strategic plan; review such policies at least every two years, or sooner as needed, and recommend updates to the Board as appropriate;

b. Review the comparator group and methodology used to benchmark compensation for the Chief Executive Officer/Executive Director position at least every two years, or sooner as needed, and recommend changes to the Board as appropriate;

c. Annually review the compensation structure for the Chief Executive Officer/Executive Director position, including base pay and incentive compensation opportunities, to assess its competitiveness and alignment with the Total Compensation Philosophy and recommend any changes to the structure to the Board as appropriate;

d. Review the Investment Department Incentive Plan governance at least every two years, or sooner as needed, for alignment with the Investment Total Compensation Philosophy and recommend changes to the Board as appropriate

e. Receive and review reports from management regarding the implementation of PERA's written compensation policies and the effectiveness of PERA's compensation programs; and

~~e.~~f. Receive and review reports from management that explain the effectiveness of PERA's strategies for attracting and retaining the talent needed to meet PERA's strategic goals,

values, and priorities.

Exhibit A – Draft Agenda

Compensation & Budget Committee Meeting

Raymond “Doc” Heath Memorial Boardroom
1301 Pennsylvania Street
Denver, CO

Thursday March 25, 2027
Time: TBD

All times are approximate and for reference only. Items designated for Information are appropriate for Action if the Board wishes to take action.

1. **Approval of Consent Agenda**
   (Governance Item) Action
   Presented by: Amy Grant, Chair, Compensation & Budget Committee
   a. **March 25, 2027, Compensation & Budget Committee Meeting Agenda**
   b. **November 19, 2026, Compensation & Budget Committee Meeting Minutes**

2. **PERA’s Workforce Update**
   (Governance Item) Information
   Presented by: Rebecca Harren, PERA Chief Human Resources Officer
   a. **PERA’s Workforce Update Presentation**

3. **CEO Compensation Salary and Incentive**
   (Governance Item) Action
   Presented by: Josh Wilson, Mercer
   a. **CEO Compensation Salary Presentation**

4. **Roles and Responsibilities – Compensation & Budget**
   (Governance Item) Information
   Presented by: TBD
   a. **Roles and Responsibilities – Compensation & Budget Presentation**

5. **Committee Announcements**
   (Governance Item) Information
   Presented by: Amy Grant, Chair, Compensation & Budget Committee

6. **2027 Compensation & Budget Committee Meeting Dates**
   (Governance Item) Information
   Presented by: Amy Grant, Chair, Compensation & Budget Committee
   - June 24, 2027

- November 18, 2027

Exhibit A – June 24, 2027, Compensation & Budget Committee Meeting Agenda Draft
Exhibit B – 2027 Compensation & Budget Committee Workplan

The Board may convene in Closed Executive Session pursuant to, but not limited to, the following:

A. Colorado Open Meetings Law, Section § 24-6-402(4)(a): Purchase, acquisition, lease, transfer, or sale of any real, personal, or other property interest;
B. Colorado Open Meetings Law, Section § 24-6-402(4)(b): Conferences with an attorney for the local public body for the purposes of receiving legal advice on specific legal questions;
C. Colorado Open Meetings Law, Section § 24-6-402(4)(c): Matters required to be kept confidential by federal or state law or rules and regulations.
D. Colorado Open Meetings Law, Section § 24-6-402(4)(d): Specialized details of security arrangements or investigations, including defenses against terrorism, both domestic and foreign, and including where disclosure of the matters discussed might reveal information that could be used for the purpose of committing, or avoiding prosecution for, a violation of the law;
E. Colorado Open Meetings Law, Section § 24-6-402(4)(e)(I): Determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators;
F. Colorado Open Meetings Law, Section § 24-6-402(4)(f)(I): Personnel matters except if the employee who is the subject of the session has requested an open meeting, or if the personnel matter involves more than one employee, all of the employees have requested an open meeting.
G. Colorado Open Meetings Law, Section § 24-6-402(4)(g): Consideration of any documents protected by the mandatory nondisclosure provisions of the “Colorado Open Records Act”, part 2 of article 72

PERA Compensation and Budget Committee

2026 Workplan

A: Action - Action item. Seeking action from the committee so that the item can move to the full board for subsequent approval, as required.
I: Information - Information item. Seeking direction and discussion, no action required.
C: Consent - Routine item. No committee discussion required.

	March 19th	June 24th	November 4th
Performance Evaluation/Oversight	(No Meeting)	PERA's Workforce Update (I) Compensation Governance Update (I)	
Planning		2026 PERA Budget Process Update (I)	2027 Operating Budget (A)
Policy Review/Development		Review PERA Workforce Planning Vision (I) Discuss Frequency of Total and Investment Compensation Philosophy Review (I)	
Routine Governance Items			Annual Committee Charter Review (C/A) Annual Committee Workplan Development (I)

Activities related to periodic significant events will appear on the appropriate year's workplan. Examples listed below.

- Periodically review the Total and Investment Compensation Philosophy (last competed 2024/2025).
- Periodically review and determine peers for CEO compensation.
- Review report on effectiveness of implementation of policies/philosophy.
- Review report on effectiveness of PERA's strategies in securing talent.
- Recommend changes to the two-year education budget for trustee education, as necessary.

PERA Compensation & Budget Committee
2027 Workplan (Draft)

A: Action - Action item. Seeking action from the committee so that the item can move to the full board for subsequent approval, as required.
I: Information - Information item. Seeking direction and discussion, no action required.
C: Consent - Routine item. No committee discussion required.

	March 25th	June 24th	November 3rd	November 18th
Performance Evaluation/ Oversight	PERA's Workforce Update (I)	Review PERA Workforce Planning and Succession Planning data (I)		
Planning		2027 PERA Budget Update 2028 PERA Budget Process Update (I)	2028 Operating Budget (A)	
Policy Review/ Development	CEO Compensation Salary and Incentive (A)	Comp Consultant for Board (I/A)		Discuss Frequency of Total and Investment Compensation Philosophy Review (I) - 2026 then every 2 years thereafter
Routine Governance Items	Roles and Responsibilities (I) • Comp & Budget Committee • Investment Committee • PERA Staff			Annual Committee Charter Review (I/A) Annual Committee Workplan Development (I)

Activities related to periodic significant events will appear on the appropriate year's workplan. For example:
- Periodically review the Total and Investment Compensation Philosophy (last competed 2024/2025).
- Periodically review and determine peers for CEO compensation. (Note: Comp consultant will conduct benchmarking for CEO in summertime to have data for merit increase recommendation in June; In Sept. Comp consultant make Board aware of any market pay adjustment needed; November present on CEO peer salary ranges if significant changes. C & B make recommendations)
- Review report on effectiveness of implementation of policies/philosophy.
- Review report on effectiveness of PERA's strategies in securing talent.
- Recommend changes to the two-year education budget for trustee education, as necessary.
- Comprehensive Committee Charter Review to be conducted at a minimum of every five years. Moving to every other year.