



**Legislative Audit Committee**  
**August 9, 2022**  
**Minutes**

The Legislative Audit Committee (LAC) convened a hearing on August 9, 2022, at 9:30 a.m. in the Legislative Services Building, Audit Hearing Room B. Senator Robert Rodriguez called the meeting to order. Roll was called with the following members present or excused:

**Committee Members**

Representative Rod Bockenfeld, Senator Jeff Bridges (excused), Representative Colin Larson (remote), Representative Dafna Michaelson Jenet (remote), Representative Dylan Roberts, Senator Rob Woodward (in-person and remote), Senator Robert Rodriguez (Vice Chair), Senator Jim Smallwood (Chair) (arrived 9:30 a.m.)

The following Office of the State Auditor (OSA) staff and others attended:

**OSA**

Kerri L. Hunter, State Auditor; Michelle Colin, Deputy State Auditor; Marisa Edwards, Deputy State Auditor; Crystal Dorsey, Derek Johnson, Jenny Page, Cariann Ryan

**Other Attendees**

Department of Natural Resources

Dan Gibbs, Executive Director

Windi Padia, Chief Operating Officer

Colorado Oil and Gas Conservation Commission

Scott Cuthbertson, Deputy Director

Office of Legislative Legal Services

Ed DeCecco, Senior Attorney for Special Projects

Megan Waples, Senior Attorney (remote)

Pinnacol Assurance

Howard Carver, Chair of Risk & Audit Committee

John O'Donnell, CEO

Kathy Kranz, Vice President and CFO

Public Employees' Retirement Association of Colorado

Marcus Pennell, Chair, Board of Trustees (remote)

Ron Baker, Executive Director (remote)

Amy C. McGarrity, Chief Investment Officer/Chief Operating Officer

Public Utilities Commission

Doug Dean, Director

Gene Camp, Deputy Director, Fixed Utilities

Segal

Brad Ramirez, FSA, MAAA, EA; Vice President and Actuary

Matt Strom, FSA, MAAA, EA; Senior Vice President and Actuary

Melissa Krumholz, FSA, MAAA; Senior Consultant and Actuary

CliftonLarsonAllen LLP

Sean Walker, Principal

Brittany Smith, Manager

KPMG

Ashley Busse, Partner

Lexi Oberoi, Senior Manager

9:37 a.m.

**Pinnacol Assurance, Statutory-Basis Financial Statements and Supplemental Schedules of Investment and Reinsurance Information, December 31, 2021 and 2020**

Representative Bockenfeld made a motion to release the *Pinnacol Assurance, Statutory-Basis Financial Statements and Supplemental Schedules of Investment and Reinsurance Information, December 31, 2021 and 2020*.

Representative Roberts seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced self, staff, and contractor.

Mr. Carver (*Pinnacol Assurance*) introduced self, CEO, and staff.

Ms. Busse and Ms. Oberoi (*KPMG*) presented an overview of the report.

Discussion ensued regarding related-party transactions.

10:07 a.m.

**Colorado Public Employees' Retirement Association (PERA) Reports:**

- **Public Employees' Retirement Association of Colorado, Annual Comprehensive Financial Report, for the Year Ended December 31, 2021**
- **Public Employees' Retirement Association of Colorado, Financial Audit, Year Ended December 31, 2021**

Senator Rodriguez made a motion to release the *Public Employees' Retirement Association of Colorado, Financial Audit, Year Ended December 31, 2021*. Representative Bockenfeld seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced the contractor.

Mr. Baker (*Colorado Public Employees' Retirement Association*) introduced the Chair, self, staff, and actuaries.

CliftonLarsonAllen LLP staff presented an overview of the PERA Annual Comprehensive Financial Report and PERA Financial Audit.

Discussion ensued regarding investments and investment strategies, and delegation of proxies.

Segal staff presented an overview of the actuarial report on the retirement and health plans.

Discussion ensued regarding equity markets and their effect on broad market results, and healthcare for individuals choosing early retirement.

11:46 a.m.

**Public Utilities Commission, Consideration of Best Value Employment Metrics in Electric Utility Resource Acquisitions, Performance Audit, July 2022**

Senator Rodriguez made a motion to release the *Public Utilities Commission, Consideration of Best Value Employment Metrics in Electric Utility Resource Acquisitions, Performance Audit, July 2022*. Representative Bockenfeld seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self and staff.

Mr. Dean (*Public Utilities Commission*) introduced self and staff.

OSA Staff presented an overview of the report.

Recommendation 1 was reviewed, discussed, and agreed to by the Public Utilities Commission (PUC).

Discussion ensued regarding the audit schedule, and inclusion of employment-based metrics as a part of the bid process.

A policy consideration was reviewed and discussed regarding the PUC's regulatory and enforcement authority. The LAC indicated that it may be interested in legislation, and asked the OSA and PUC to return in September with options.

12:24 p.m.

**Minutes**

Senator Rodriguez made a motion to approve the June 13, 2022, LAC hearing minutes. Representative Roberts seconded the motion, and the motion passed unanimously.

12:25 p.m.

**Department of Natural Resources, Colorado Oil and Gas Conservation Commission, Oil and Gas Production Reporting, Performance Audit, August 2021, Status Report**

Ms. Colin introduced staff.

Ms. Ryan presented an overview of the report.

Mr. Gibbs (*Department of Natural Resources*) introduced self and staff.

Mr. Cuthbertson (*Colorado Oil and Gas Conservation Commission*) introduced self and presented the status report, noting that recommendations 1a and 1b were partially implemented, and recommendations 2a and 2b were fully implemented.

12:32 p.m.

### **Marijuana Enforcement Division Audit Request, Research Memo**

Ms. Colin presented an overview of the OSA research regarding the audit request of the *Marijuana Enforcement Division*.

Senator Rodriguez made a motion to move forward with the audit request. Representative Roberts seconded the motion. A roll call vote was conducted, and the motion passed 7 – 0, with one excused.

The results were as follows:

Representative Bockenfeld – Yes

Senator Bridges – Excused

Representative Larson – Yes

Representative Michaelson Jenet - Yes

Representative Roberts – Yes

Senator Woodward – Yes

Senator Rodriguez - Yes

Senator Smallwood – Yes

12:38 p.m.

### **State Employee Protection Act Report, Request for Preliminary Research**

Auditor Hunter introduced the *State Employee Protection Act Report* and requested time for preliminary research. Senator Woodward made a motion to approve preliminary research. Representative Roberts seconded the motion, and the motion passed unanimously.

12:39 p.m.

### **Legislation**

Ms. Colin introduced Office of Legislative Legal Services staff, and presented an overview of legislation related to prior audits.

Discussion ensued regarding the Behavioral Health Care legislation previously approved by the LAC but not introduced during the last session.

Senator Rodriguez made a motion to request an updated bill draft of the proposed Behavioral Health Care legislation. Representative Larson seconded the motion. A roll call vote was conducted, and the motion passed 7 – 0, with one excused.

The results were as follows:

Representative Bockenfeld – Yes

Senator Bridges – Excused

Representative Larson – Yes

Representative Michaelson Jenet - Yes

Representative Roberts – Yes

Senator Woodward – Yes

Senator Rodriguez - Yes

Senator Smallwood – Yes

12:49 p.m.

**Reports Released Without a Hearing**

Senator Woodward made a motion to release the *Reports Released Without a Hearing*. Representative Bockenfeld seconded the motion, and the motion passed unanimously.

Ms. Edwards presented an overview of the reports.

**Hearing adjourned at 12:50 p.m.**

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor