

Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 10-0477.01 Nicole Myers

HOUSE BILL 10-1153

HOUSE SPONSORSHIP

Kerr J.,

SENATE SPONSORSHIP

(None),

House Committees
State, Veterans, & Military Affairs

Senate Committees

A BILL FOR AN ACT

101 CONCERNING MODIFICATIONS TO THE COMPOSITION OF THE BOARD OF
102 TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT
103 ASSOCIATION SO THAT A MAJORITY OF TRUSTEES ARE NOT
104 MEMBERS OF THE ASSOCIATION.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill modifies the composition of the board of trustees (board) of the public employees' retirement association (PERA). Currently, the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

board is comprised of the following 15 trustees:

- ! The state treasurer;
- ! 3 elected members of the state division;
- ! 4 elected members of the school division;
- ! One elected member of the local government division;
- ! One elected member of the judicial division;
- ! 2 elected retirees; and
- ! 3 trustees appointed by the governor and confirmed by the senate who are not PERA members or retirees and who are experts in certain fields.

In addition, there is one ex officio trustee from the Denver public schools division.

The bill changes the composition of the board so that it is comprised of the following 15 trustees:

- ! 8 trustees appointed by the governor and confirmed by the senate who are not PERA members or retirees and who are experts in certain fields, 5 of whom are appointed after January 1, 2011;
- ! The state treasurer;
- ! 2 elected members from the school division;
- ! One elected member from each of the state, local government, and judicial divisions; and
- ! One elected retiree.

The bill requires the that elected member from the state division also be a state trooper. The bill allows current trustees to finish serving their terms and eliminates trustees who represent each of the divisions and retirees as their terms expire. The bill does not eliminate the ex officio trustee from the Denver public schools division.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 hereby finds and declares that:

4 (a) The majority of the board of trustees of the public employees'
5 retirement association is comprised of people who are retirees or current
6 members of the association and who receive or will receive retirement
7 benefits through the association;

8 (b) This creates a conflict of interest because the members of the
9 board of trustees are required to make decisions that affect their own

1 retirement benefits and therefore may not make decisions that negatively
2 impact their benefits; and

3 (c) The board of trustees of the public employees' retirement
4 association would be in a better position to protect the investment that the
5 taxpayers of the state make into the association if the majority of the
6 board were not association members or retirees.

7 (2) The general assembly further finds and declares that the intent
8 of House Bill 10-_____ is to shift the composition of the board of trustees
9 of the public employees' retirement association to a majority of people
10 who are not members or retirees of the association, to insure that the
11 majority of the board has experience in investment management, finance,
12 banking, economics, accounting, pension administration, or actuarial
13 analysis, and to retain some participation from members and retirees of
14 the association on the board.

15 **SECTION 2.** 24-51-203 (1), (3), and (5), Colorado Revised
16 Statutes, are amended to read:

17 **24-51-203. Board - composition and election.** (1) The board
18 shall consist of the following fifteen trustees:

19 (a) The state treasurer;

20 (b) ~~Four~~ THREE members of the state division elected by the
21 members of that division, at least one of whom shall be an employee of
22 a state institution of higher education and at least one of whom shall not
23 be an employee of a state institution of higher education until, on or after
24 ~~January 1, 2007, one~~ JANUARY 1, 2011, TWO of those trustee positions
25 ~~unless it is the sole position held by an employee of a state institution of~~
26 ~~higher education, is~~ ARE vacated, and thereafter there shall be ~~three~~
27 ~~members~~ ONE MEMBER of the state division WHO IS A STATE TROOPER AND

1 WHO IS elected by the members of that division; ~~at least one of whom~~
2 ~~shall be an employee of a state institution of higher education and at least~~
3 ~~one of whom shall not be an employee of a state institution of higher~~
4 ~~education;~~

5 (c) ~~Five~~ FOUR members of the school division elected by the
6 members of that division until, on or after ~~January 1, 2007,~~ one JANUARY
7 1, 2011, TWO of those trustee positions ~~is~~ ARE vacated, and thereafter
8 there shall be ~~four~~ TWO members of the school division elected by the
9 members of that division;

10 (d) ~~Two members of the local government division elected by the~~
11 ~~members of that division until, on or after January 1, 2007,~~ one of those
12 ~~trustee positions is vacated and thereafter there shall be~~ One member of
13 the local government division elected by the members of that division;

14 (e) One member of the judicial division elected by the members
15 of that division;

16 (f) ~~Two retirees, one of whom shall be~~ ONE RETIREE elected by
17 ~~those~~ members who have retired from the local government division, the
18 judicial division, ~~or from the state division and one of whom shall be~~
19 ~~elected by those members who have retired from the local government~~
20 ~~division, the judicial division, or the school division; except that both~~
21 ~~retiree trustees cannot have retired from the same division;~~ and

22 (g) Three trustees appointed by the governor and confirmed by the
23 senate ON OR AFTER JANUARY 1, 2007, AND FIVE ADDITIONAL TRUSTEES
24 APPOINTED BY THE GOVERNOR AND CONFIRMED BY THE SENATE ON OR
25 AFTER JANUARY 1, 2011, who shall not be members, inactive members,
26 or retirees of the association. ~~and who~~ THE TRUSTEES APPOINTED BY THE
27 GOVERNOR shall have significant experience and competence in

1 investment management, finance, banking, economics, accounting,
2 pension administration, or actuarial analysis. Of the ~~three~~ EIGHT trustees
3 appointed by the governor, no more than ~~two~~ FOUR shall be from the same
4 political party.

5 (3) The term for each of the initial three appointed trustees
6 APPOINTED BEFORE JANUARY 1, 2011, shall be determined by the governor
7 and shall be staggered with a one-year term, a two-year term, and a
8 three-year term with no trustee assigned the same term length. THE TERM
9 FOR EACH OF THE INITIAL FIVE APPOINTED TRUSTEES APPOINTED ON OR
10 AFTER JANUARY 1, 2011, SHALL BE DETERMINED BY THE GOVERNOR AND
11 SHALL BE STAGGERED WITH ONE ONE-YEAR TERM, TWO TWO-YEAR TERMS,
12 AND TWO THREE-YEAR TERMS. After each of the initial terms conclude,
13 the term for appointed trustees shall be four years. Appointed trustees
14 may be reappointed to the board for an unlimited number of terms.

15 (5) When a vacancy occurs among the ~~three~~ EIGHT appointed
16 trustees, the governor shall appoint, with consent of the senate, a new
17 trustee with the experience and competence specified in paragraph (g) of
18 subsection (1) of this section to serve the remainder of any unexpired
19 term. Such appointee may serve on a temporary basis if the general
20 assembly is not in session when he or she is appointed until the general
21 assembly is in session and the senate is able to consent to such
22 appointment.

23 **SECTION 3. Accountability.** Five years after this act becomes
24 law and in accordance with section 2-2-1201, Colorado Revised Statutes,
25 the legislative service agencies of the Colorado General Assembly shall
26 conduct a post-enactment review of the implementation of this act
27 utilizing the information contained in the legislative declaration set forth

1 in section 1 of this act.

2 **SECTION 4. Act subject to petition - effective date.** This act
3 shall take effect at 12:01 a.m. on the day following the expiration of the
4 ninety-day period after final adjournment of the general assembly (August
5 11, 2010, if adjournment sine die is on May 12, 2010); except that, if a
6 referendum petition is filed pursuant to section 1 (3) of article V of the
7 state constitution against this act or an item, section, or part of this act
8 within such period, then the act, item, section, or part shall not take effect
9 unless approved by the people at the general election to be held in
10 November 2010 and shall take effect on the date of the official
11 declaration of the vote thereon by the governor.