

**First Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO**

**ENGROSSED**

*This Version Includes All Amendments Adopted  
on Second Reading in the House of Introduction*

LLS NO. 11-0795.01 Nicole Myers

**HOUSE BILL 11-1248**

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**HOUSE SPONSORSHIP**

**Kerr J.,**

**SENATE SPONSORSHIP**

**Roberts,**

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**House Committees**  
Finance

**Senate Committees**

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**A BILL FOR AN ACT**

101     **CONCERNING MODIFICATIONS TO THE COMPOSITION OF THE BOARD OF**  
102             **TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT**  
103             **ASSOCIATION TO ENSURE THAT THE BOARD HAS MORE DIVERSE**  
104             **REPRESENTATION, AND REQUIRING A POST-ENACTMENT REVIEW**  
105             **OF THE IMPLEMENTATION OF THIS ACT.**

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**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)

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.*

HOUSE  
Am ended 2nd Reading  
March 11, 2011

of the public employees' retirement association (PERA). Currently, the 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:

- ! 6 trustees appointed by the governor and confirmed by the senate who are not PERA members or retirees and who are experts in certain fields, 3 of whom are appointed after January 1, 2012;
- ! The state treasurer;
- ! 2 elected members from the state division;
- ! 3 elected members from the school division;
- ! One elected member from each of the local government and judicial divisions; and
- ! One elected retiree.

The bill requires that one elected member from each of the state and school divisions be at least 15 years from retirement eligibility when the member begins serving his or her first term on the board. 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.

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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;

1 (b) The current structure of the board of trustees of the public  
2 employees' retirement association does not offer any assurance that the  
3 board will include representation of members who are relatively distant  
4 from retirement eligibility;

5 (c) This creates a conflict of interest because the members of the  
6 board of trustees are required to make decisions that affect their own  
7 retirement benefits and therefore may not make decisions that negatively  
8 impact their benefits; and

9 (d) The board of trustees of the public employees' retirement  
10 association would be in a better position to protect the investment that the  
11 taxpayers of the state make into the association if a larger proportion of  
12 the board were not association members or retirees.

13 (2) The general assembly further finds and declares that the intent  
14 of House Bill 11-1248, enacted in 2011, is to shift the composition of the  
15 board of trustees of the public employees' retirement association to a  
16 larger representation of people who are not members or retirees of the  
17 association and to guarantee that a segment of the board represents  
18 association members who are relatively distant from retirement eligibility.  
19 This will ensure that the board has a greater range of experience in  
20 investment management, finance, banking, economics, accounting,  
21 pension administration, or actuarial analysis, while retaining participation  
22 from members and retirees of the association on the board.

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

25 **24-51-203. Board - composition and election.** (1) The board  
26 shall consist of the following fifteen trustees:

27 (a) The state treasurer;

1           (b) ~~Four~~ THREE members of the state division elected by the  
2 members of that division, at least one of whom shall be an employee of  
3 a state institution of higher education and at least one of whom shall not  
4 be an employee of a state institution of higher education until, on or after  
5 ~~January 1, 2007, one~~ JANUARY 1, 2012, ONE of those trustee positions  
6 ~~unless it is the sole position held by an employee of a state institution of~~  
7 ~~higher education,~~ is vacated, and thereafter there shall be ~~three~~ TWO  
8 members of the state division elected by the members of that division, at  
9 ~~least one of whom shall be an employee of a state institution of higher~~  
10 ~~education and at least one of whom shall not be an employee of a state~~  
11 ~~institution of higher education;~~ ONE OF WHOM SHALL BE AT LEAST FIFTEEN  
12 YEARS FROM RETIREMENT ELIGIBILITY ON THE DATE THAT THE TRUSTEE  
13 BEGINS SERVING HIS OR HER FIRST TERM ON THE BOARD.

14           (c) ~~Five~~ FOUR members of the school division elected by the  
15 members of that division until, on or after ~~January 1, 2007, one~~ JANUARY  
16 1, 2012, ONE of those trustee positions is vacated, and thereafter there  
17 shall be ~~four~~ THREE members of the school division elected by the  
18 members of that division, ONE OF WHOM SHALL BE AT LEAST FIFTEEN  
19 YEARS FROM RETIREMENT ELIGIBILITY ON THE DATE THAT THE TRUSTEE  
20 BEGINS SERVING HIS OR HER FIRST TERM ON THE BOARD.

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

25           (e) One member of the judicial division elected by the members  
26 of that division;

27           (f) ~~Two retirees, one of whom shall be~~ ONE RETIREE elected by

1 ~~those~~ members who have retired from the local government division, the  
2 judicial division, ~~or from the state division, and one of whom shall be~~  
3 ~~elected by those members who have retired from the local government~~  
4 ~~division, the judicial division, or the school division; except that both~~  
5 ~~retiree trustees cannot have retired from the same division; and~~

6 (g) Three trustees appointed by the governor and confirmed by the  
7 senate ON OR AFTER JANUARY 1, 2007, AND THREE ADDITIONAL TRUSTEES  
8 APPOINTED BY THE GOVERNOR AND CONFIRMED BY THE SENATE ON OR  
9 AFTER JANUARY 1, 2012, who shall not be members, inactive members,  
10 or retirees of the association. ~~and who~~ THE TRUSTEES APPOINTED BY THE  
11 GOVERNOR shall have significant experience and competence in  
12 investment management, finance, banking, economics, accounting,  
13 pension administration, or actuarial analysis. Of the ~~three~~ SIX trustees  
14 appointed by the governor, no more than ~~two~~ THREE shall be from the  
15 same political party.

16 (3) The term for each of the initial three appointed trustees  
17 APPOINTED BEFORE JANUARY 1, 2012, shall be determined by the governor  
18 and shall be staggered with a one-year term, a two-year term, and a  
19 three-year term with no trustee assigned the same term length. THE TERM  
20 FOR EACH OF THE INITIAL THREE APPOINTED TRUSTEES APPOINTED ON OR  
21 AFTER JANUARY 1, 2012, SHALL BE DETERMINED BY THE GOVERNOR AND  
22 SHALL BE STAGGERED WITH A ONE-YEAR TERM, A TWO-YEAR TERM, AND  
23 A THREE-YEAR TERM. After each of the initial terms conclude, the term  
24 for appointed trustees shall be four years. Appointed trustees may be  
25 reappointed to the board for an unlimited number of terms.

26 (5) When a vacancy occurs among the ~~three~~ SIX appointed  
27 trustees, the governor shall appoint, with consent of the senate, a new

1 trustee with the experience and competence specified in paragraph (g) of  
2 subsection (1) of this section to serve the remainder of any unexpired  
3 term. Such appointee may serve on a temporary basis if the general  
4 assembly is not in session when he or she is appointed until the general  
5 assembly is in session and the senate is able to consent to such  
6 appointment.

7 **SECTION 3. Accountability.** Five years after this act becomes  
8 law and in accordance with section 2-2-1201, Colorado Revised Statutes,  
9 the legislative service agencies of the Colorado General Assembly shall  
10 conduct a post-enactment review of the implementation of this act  
11 utilizing the information contained in the legislative declaration set forth  
12 in section 1 of this act.

13 **SECTION 4. Act subject to petition - effective date.** This act  
14 shall take effect at 12:01 a.m. on the day following the expiration of the  
15 ninety-day period after final adjournment of the general assembly (August  
16 10, 2011, if adjournment sine die is on May 11, 2011); except that, if a  
17 referendum petition is filed pursuant to section 1 (3) of article V of the  
18 state constitution against this act or an item, section, or part of this act  
19 within such period, then the act, item, section, or part shall not take effect  
20 unless approved by the people at the general election to be held in  
21 November 2012 and shall take effect on the date of the official  
22 declaration of the vote thereon by the governor.