

**First Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO**

**REENGROSSED**

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

LLS NO. 17-0864.01 Nicole Myers x4326

**SENATE BILL 17-158**

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**SENATE SPONSORSHIP**

**Tate**, Priola, Smallwood, Neville T.

**HOUSE SPONSORSHIP**

**Nordberg**,

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**Senate Committees**

Finance

**House 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.**

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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://leg.colorado.gov>.)*

Currently, the board of trustees (board) of the public employees' retirement association (PERA) is comprised of the following 15 trustees:

- !      The state treasurer;
- !      Three elected members of the state division;
- !      Four elected members of the school division;

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.*

SENATE  
3rd Reading Unamended  
March 2, 2017

SENATE  
2nd Reading Unamended  
February 28, 2017

- ! One elected member of the local government division;
- ! One elected member of the judicial division;
- ! Two elected retirees; and
- ! Three 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 modifies the composition of the board by:

- ! Eliminating one elected member trustee position from the state division;
- ! Eliminating 2 elected member trustee positions from the school division;
- ! Requiring at least one elected member from both the state division and the school division to be at least 20 years from retirement eligibility; and
- ! Adding 3 more trustees appointed by the governor and confirmed by the senate who are not PERA members or retirees and who are experts in certain fields to replace the eliminated elected member trustee positions. The additional appointed trustees must have significant experience and competence in investment management, finance, banking, economics, accounting, pension administration, or actuarial analysis.

The bill does not change the inclusion on the board of the state treasurer, the elected members from the local government division and the judicial division, or 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 - intent.** (1) The general  
3 assembly hereby finds and declares that:

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

8 (b) The current structure of the board of trustees of the public  
9 employees' retirement association does not offer any assurance that the

1 board will include representation of members who are relatively distant  
2 from retirement eligibility.

3 (2) The general assembly further finds and declares that the intent  
4 of this act is to:

5 (a) Shift the composition of the board of trustees of the public  
6 employees' retirement association to a larger representation of people who  
7 are not members or retirees of the association;

8 (b) Guarantee that a segment of the board represents association  
9 members who are relatively distant from retirement eligibility;

10 (c) Ensure that the board has a greater range of experience in  
11 investment management, finance, banking, economics, accounting,  
12 pension administration, or actuarial analysis while retaining participation  
13 from members and retirees of the association on the board; and

14 (d) Further minimize the appearance of conflicts of interest in  
15 matters dealing with the solvency of the association and the financial  
16 liabilities of the state.

17 **SECTION 2.** In Colorado Revised Statutes, 24-51-203, **amend**  
18 (1), (3), and (5) as follows:

19 **24-51-203. Board - composition and election.** (1) The board  
20 ~~shall consist~~ CONSISTS of the following fifteen trustees:

21 (a) The state treasurer;

22 (b) ~~Four~~ THREE members of the state division elected by the  
23 members of that division, at least one of whom ~~shall be~~ IS an employee  
24 of a state institution of higher education and at least one of whom ~~shall~~  
25 IS not ~~be~~ an employee of a state institution of higher education until, on  
26 or after ~~January 1, 2007~~ JANUARY 1, 2018, one of those trustee positions  
27 ~~unless it is the sole position held by an employee of a state institution of~~

1 ~~higher education~~, is vacated OR THE TRUSTEE'S TERM ENDS, and thereafter  
2 there ~~shall be three~~ ARE TWO members of the state division elected by the  
3 members of that division, at least one of whom ~~shall be an employee of~~  
4 ~~a state institution of higher education and at least one of whom shall not~~  
5 ~~be an employee of a state institution of higher education~~ ELECTED AFTER  
6 JANUARY 1, 2018, IS TWENTY YEARS OR MORE FROM FULL SERVICE  
7 RETIREMENT ELIGIBILITY ON THE DATE THAT THE TRUSTEE BEGINS  
8 SERVING HIS OR HER FIRST TERM ON THE BOARD;

9 (c) ~~Five~~ FOUR members of the school division elected by the  
10 members of that division until, on or after ~~January 1, 2007~~, ~~one~~ JANUARY  
11 1, 2018, TWO of those trustee positions ~~is~~ ARE vacated OR THE TRUSTEES'  
12 TERMS END, and thereafter there ~~shall be four~~ ARE TWO members of the  
13 school division elected by the members of that division, AT LEAST ONE OF  
14 WHOM ELECTED AFTER JANUARY 1, 2018, IS TWENTY YEARS OR MORE  
15 FROM FULL SERVICE RETIREMENT ELIGIBILITY ON THE DATE THAT THE  
16 TRUSTEE BEGINS SERVING HIS OR HER FIRST TERM ON THE BOARD;

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

21 (e) One member of the judicial division elected by the members  
22 of that division;

23 (f) Two retirees, one of whom ~~shall be~~ IS elected by those  
24 members who have retired from the local government division, the  
25 judicial division, or from the state division and one of whom shall be  
26 elected by those members who have retired from the local government  
27 division, the judicial division, or the school division; except that both

1 retiree trustees cannot have retired from the same division; and

2 (g) Three trustees appointed by the governor and confirmed by the  
3 senate. ~~who shall not be members, inactive members, or retirees of the~~  
4 ~~association and who shall~~ ON OR AFTER JANUARY 1, 2018, THE GOVERNOR  
5 SHALL APPOINT, WITH SENATE CONFIRMATION, THREE ADDITIONAL  
6 TRUSTEES WHO SHALL REPLACE THE ELECTED TRUSTEES' POSITIONS  
7 ELIMINATED PURSUANT TO SUBSECTIONS (1)(b) AND (1)(c) OF THIS  
8 SECTION. THE TRUSTEES APPOINTED BY THE GOVERNOR SHALL NOT BE  
9 MEMBERS, INACTIVE MEMBERS, OR RETIREES OF THE ASSOCIATION AND  
10 ARE REQUIRED TO have significant experience and competence in  
11 investment management, finance, banking, economics, accounting,  
12 pension administration, or actuarial analysis. Of the ~~three~~ SIX trustees  
13 appointed by the governor, no more than ~~two~~ THREE shall be from the  
14 same political party.

15 (3) ~~The term for each of the initial three appointed trustees shall~~  
16 ~~be determined by the governor and shall be staggered with a one-year~~  
17 ~~term, a two-year term, and a three-year term with no trustee assigned the~~  
18 ~~same term length~~ THE INITIAL TERM FOR EACH OF THE THREE ADDITIONAL  
19 TRUSTEES APPOINTED AFTER JANUARY 1, 2018, PURSUANT TO SUBSECTION  
20 (1)(g) OF THIS SECTION IS DETERMINED BY THE GOVERNOR AND IS  
21 STAGGERED WITH A ONE-YEAR TERM, A TWO-YEAR TERM, AND A  
22 THREE-YEAR TERM. After each of the initial terms ~~conclude~~ CONCLUDES,  
23 the term for ALL appointed trustees ~~shall be~~ IS four years. Appointed  
24 trustees may be reappointed to the board for an unlimited number of  
25 terms.

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

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

7           **SECTION 3. Act subject to petition - effective date.** This act  
8 takes effect at 12:01 a.m. on the day following the expiration of the  
9 ninety-day period after final adjournment of the general assembly (August  
10 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a  
11 referendum petition is filed pursuant to section 1 (3) of article V of the  
12 state constitution against this act or an item, section, or part of this act  
13 within such period, then the act, item, section, or part will not take effect  
14 unless approved by the people at the general election to be held in  
15 November 2018 and, in such case, will take effect on the date of the  
16 official declaration of the vote thereon by the governor.