A BILL FOR AN ACT

CONCERNING MODIFICATIONS TO THE COMPOSITION OF THE BOARD OF TRUSTEES OF THE PUBLIC EMPLOYEES' RETIREMENT 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://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.
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.

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

SECTION 1. Legislative declaration - intent. (1) The general
assembly hereby finds and declares that:

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

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

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

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

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

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

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

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

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

(a) The state treasurer;

(b) Four members of the state division elected by the members of that division, at least one of whom shall be an employee of a state institution of higher education and at least one of whom shall not be an employee of a state institution of higher education until, on or after January 1, 2007, January 1, 2018, one of those trustee positions unless it is the sole position held by an employee of a state institution of
higher education, is vacated OR THE TRUSTEE'S TERM ENDS, and thereafter there shall be three members of the state division elected by the members of that division, at least one of whom shall be an employee of a state institution of higher education and at least one of whom shall not be an employee of a state institution of higher education ELECTED AFTER JANUARY 1, 2018, IS TWENTY YEARS OR MORE FROM FULL SERVICE RETIREMENT ELIGIBILITY ON THE DATE THAT THE TRUSTEE BEGINS SERVING HIS OR HER FIRST TERM ON THE BOARD;

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

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

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

(f) Two retirees, one of whom shall be IS elected by those members who have retired from the local government division, the judicial division, or from the state division and one of whom shall be elected by those members who have retired from the local government division, the judicial division, or the school division; except that both
retiree trustees cannot have retired from the same division; and

(g) Three trustees appointed by the governor and confirmed by the senate, who shall not be members, inactive members, or retirees of the association and who shall, on or after January 1, 2018, the governor shall appoint, with senate confirmation, three additional trustees who shall replace the elected trustees' positions eliminated pursuant to subsections (1)(b) and (1)(c) of this section. The trustees appointed by the governor shall not be members, inactive members, or retirees of the association and are required to have significant experience and competence in investment management, finance, banking, economics, accounting, pension administration, or actuarial analysis. Of the three six trustees appointed by the governor, no more than two three shall be from the same political party.

(3) The term for each of the initial three appointed trustees shall be determined by the governor and shall be staggered with a one-year term, a two-year term, and a three-year term with no trustee assigned the same term length. The initial term for each of the three additional trustees appointed after January 1, 2018, pursuant to subsection (1)(g) of this section is determined by the governor and is staggered with a one-year term, a two-year term, and a three-year term. After each of the initial terms conclude, the term for all appointed trustees shall be is four years. Appointed trustees may be reappointed to the board for an unlimited number of terms.

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

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