

An Act

SENATE BILL 00-209

BY SENATORS Lamborn, Congrove, and Tebedo;
also REPRESENTATIVES Kaufman, George, Gotlieb, Kester, Mace, and
Scott.

CONCERNING THE APPLICATION OF THE STANDARDS ESTABLISHED IN THE
"COLORADO UNIFORM PRUDENT INVESTOR ACT" AS THE INVESTMENT
STANDARDS FOR TRUSTEES OF RETIREMENT BENEFIT PLANS
ESTABLISHED FOR CERTAIN PUBLIC EMPLOYEES.

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

SECTION 1. 24-54-112, Colorado Revised Statutes, is amended to
read:

24-54-112. Investments. (1) The retirement board shall have
complete control and authority to invest the funds of the plan.

(2) ~~Investments may be made without limitation in the following:~~

(a) ~~Obligations of the United States government;~~

(b) ~~Obligations fully guaranteed as to principal and interest by the
United States government;~~

~~(c) State and municipal bonds;~~

~~(d) Notes, bonds, and debentures, whether or not convertible;~~

~~(e) Railroad equipment trust certificates;~~

~~(f) Real property; except that, on or after July 1, 2002, the aggregate amount of moneys invested in real property shall not exceed ten percent of the then book value of the plan;~~

~~(g) Loans secured by first or second mortgages or deeds of trust on real property; except that the origination of mortgages or deeds of trust on residential real property is prohibited. For the purposes of this paragraph (g), "residential real property" means any real property upon which there is or will be placed a structure designed principally for the occupancy of no more than four families, a mobile home, or a condominium unit or cooperative unit designed principally for the occupancy of no more than four families.~~

~~(h) Investments in stocks or beneficial interests in entities formed for the ownership of real property by tax-exempt organizations pursuant to section 501 (c) (25) of the federal "Internal Revenue Code of 1986", as amended; except that the percentage of any entity's outstanding stocks or bonds owned by the plan shall not be limited by the provisions of paragraph (b) of subsection (3) of this section;~~

~~(i) Participation agreements with life insurance companies; and~~

~~(j) Any other type of investment agreements.~~

~~(3) Investments may also be made in either common or preferred stock with the following limitations:~~

~~(a) The aggregate amount of moneys invested in corporate stocks or corporate bonds, notes, or debentures that are convertible into corporate stock or investment trust shares shall not exceed sixty-five percent of the then book value of the plan.~~

~~(b) No investment of the plan in common or preferred stocks, or both, of any single corporation shall be in an amount that exceeds five percent of the then book value of the plan, and the plan shall not acquire~~

~~more than twelve percent of the outstanding stocks or bonds of any single corporation.~~

(4) FUNDS OF THE PLAN SHALL BE MANAGED AND INVESTED BY THE RETIREMENT BOARD OF SUCH PLAN IN ACCORDANCE WITH THE PRUDENT INVESTOR RULE AND THE OTHER STANDARDS AND PROVISIONS FOR TRUSTEES SET FORTH IN THE "COLORADO UNIFORM PRUDENT INVESTOR ACT", ARTICLE 1.1 OF TITLE 15, C.R.S.

(e) (5) The limitations specified in ~~subsection (2)~~ SUBSECTION (4) of this section ~~and this subsection (3)~~ shall not apply to investments self-directed by participants in the plan.

SECTION 2. Effective date. This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution; except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

Ray Powers
PRESIDENT OF
THE SENATE

Russell George
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Patricia K. Dicks
SECRETARY OF
THE SENATE

Judith M. Rodrigue
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

APPROVED _____

Bill Owens
GOVERNOR OF THE STATE OF COLORADO