

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

**INTRODUCED**

LLS NO. 11-0278.01 Nicole Myers

**HOUSE BILL 11-1008**

---

**HOUSE SPONSORSHIP**

**Kerr J.,**

**SENATE SPONSORSHIP**

**Roberts,**

---

**House Committees**  
Finance

**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, AND REQUIRING A**  
105             **POST-ENACTMENT REVIEW OF THE IMPLEMENTATION OF THIS**  
106             **ACT.**

---

**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>.)*

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.*

The bill modifies the composition of the board of trustees (board) 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:

- ! 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, 2012;
- ! 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

1 board of trustees are required to make decisions that affect their own  
2 retirement benefits and therefore may not make decisions that negatively  
3 impact their benefits; and

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

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

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

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

20 (a) The state treasurer;

21 (b) ~~Four~~ THREE members of the state division elected by the  
22 members of that division, at least one of whom shall be an employee of  
23 a state institution of higher education and at least one of whom shall not  
24 be an employee of a state institution of higher education until, on or after  
25 ~~January 1, 2007, one~~ JANUARY 1, 2012, TWO of those trustee positions  
26 ~~unless it is the sole position held by an employee of a state institution of~~  
27 ~~higher education, is~~ ARE vacated, and thereafter there shall be three

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

6 (c) ~~Five~~ FOUR members of the school division elected by the  
7 members of that division until, on or after ~~January 1, 2007,~~ one JANUARY  
8 1, 2012, TWO of those trustee positions ~~is~~ ARE vacated, and thereafter  
9 there shall be ~~four~~ TWO members of the school division elected by the  
10 members of that division;

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

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

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

23 (g) Three trustees appointed by the governor and confirmed by the  
24 senate ON OR AFTER JANUARY 1, 2007, AND FIVE ADDITIONAL TRUSTEES  
25 APPOINTED BY THE GOVERNOR AND CONFIRMED BY THE SENATE ON OR  
26 AFTER JANUARY 1, 2012, who shall not be members, inactive members,  
27 or retirees of the association. ~~and who~~ THE TRUSTEES APPOINTED BY THE

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

6 (3) The term for each of the initial three appointed trustees  
7 APPOINTED BEFORE JANUARY 1, 2012, shall be determined by the governor  
8 and shall be staggered with a one-year term, a two-year term, and a  
9 three-year term with no trustee assigned the same term length. THE TERM  
10 FOR EACH OF THE INITIAL FIVE APPOINTED TRUSTEES APPOINTED ON OR  
11 AFTER JANUARY 1, 2012, SHALL BE DETERMINED BY THE GOVERNOR AND  
12 SHALL BE STAGGERED WITH ONE ONE-YEAR TERM, TWO TWO-YEAR TERMS,  
13 AND TWO THREE-YEAR TERMS. After each of the initial terms conclude,  
14 the term for appointed trustees shall be four years. Appointed trustees  
15 may be reappointed to the board for an unlimited number of terms.

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

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

1 utilizing the information contained in the legislative declaration set forth  
2 in section 1 of this act.

3           **SECTION 4. Act subject to petition - effective date.** This act  
4 shall take effect at 12:01 a.m. on the day following the expiration of the  
5 ninety-day period after final adjournment of the general assembly (August  
6 10, 2011, if adjournment sine die is on May 11, 2011); except that, if a  
7 referendum petition is filed pursuant to section 1 (3) of article V of the  
8 state constitution against this act or an item, section, or part of this act  
9 within such period, then the act, item, section, or part shall not take effect  
10 unless approved by the people at the general election to be held in  
11 November 2012 and shall take effect on the date of the official  
12 declaration of the vote thereon by the governor.