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# Legislative *UPDATE*

From the Colorado Public Employees' Retirement Association to keep interested persons informed on legislation affecting PERA

April 2007

2007 has been a relatively quiet year for PERA at the legislature. The following is an update on the bill that directly affects PERA.



## House Bill 07-1184: Sudan Divestment Public Pension Funds

Introduced by Rep. Andrew Romanoff (Denver) and Sen. Peter Groff (Denver), this bill would require divestment of certain investments related to Sudan by Public Funds. Public Funds include Colorado PERA, the State Treasury, the State Deferred Compensation Committee, the Colorado County Officials and Employees Retirement Association, the Regional Transportation District, the Fire and Police Pension Association, and the Denver Public Schools Retirement System.

The bill has the following provisions:

- Directs Public Funds to divest of investments in companies with publicly traded securities that have active business operations in Sudan.
- Each Public Fund must create a list of scrutinized companies within 90 days of the bill's enactment for determining companies that will require engagement.
  - Engagement includes encouraging companies to refrain and cease business dealings with the Khartoum-based Sudanese government through written notification.
- If a company does not stop active business operations after 90 days, then the Public Fund has nine months to divest 50 percent of the assets and 15 months to divest from 100 percent of the assets.
- Assets subject to divestiture include all publicly traded securities in direct accounts.
  - Passively managed indirect holdings may also be subject to divestiture by October 1, 2008, unless a similar Sudan-Free Fund is created by the outside manager before that date.
  - Officially sanctioned U.S. businesses by the U.S. government are excluded from divestiture.
- The Public Fund cannot acquire new direct holdings of any active scrutinized company and cannot undertake new investments in indirect passively managed funds containing active scrutinized companies after the passage of the bill.
- Each Public Fund is responsible for the costs incurred due to divestiture.
- Divestment is not required and re-investment in scrutinized companies is allowed, if it is shown that the value of the Public Fund's portfolio is reduced by 50 basis points due to divestment.
- The bill requires legislative staff to perform a post-enactment review of the implementation of the bill.

**Status:** HB 1184 was signed into law by Governor Ritter on April 19.

**PERA's Position: Support.** PERA's Board voted to support the bill at a special meeting on February 5.

You can read the PERA Board's statement on Sudan at [www.copera.org/PERA/about/latestnews.stm#Sudan](http://www.copera.org/PERA/about/latestnews.stm#Sudan).

You can view a copy of the bill online at the Colorado General Assembly Web page at [www.leg.state.co.us](http://www.leg.state.co.us).



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