



February 2008

So far, 2008 has been a quiet year for PERA at the legislature. The following is an update on the bills that PERA is monitoring.



Senate Bill 08-130: Innovation Schools Act Of 2008

Introduced by Sen. Peter Groff (Denver) and Rep. Robert Witwer (Golden), Senate Bill 130 as introduced could significantly change the K-12 education system.

The bill allows a school or a group of schools within a district to develop an "innovative plan" for items including changes in delivery of educational services, personnel administration and decision-making, and budgeting. Such plans are subject to approval by the State's board of education.

PERA has held discussions with the sponsors and anticipate one or more amendments to the bill.

Status: SB 130 was assigned to the Senate Education Committee. A hearing is set for Thursday, February 21.

PERA's Position: PERA will continue to closely monitor this bill.

House Bill 08-1179: PERA Funds Subject to Legal Process

Introduced by Rep. Cory Gardner (Yuma) and Sen. Paula Sandoval (Denver), this bill would allow the Department of Revenue to collect PERA distributions for a member who is required to pay taxes to the State when the member has neglected or refused to pay.

The bill also prohibits PERA from processing a refund from a member account if the member has been accused of theft, embezzlement, misappropriation, or wrongful conversion of public property. Once PERA receives an order, injunction, or

warrant related to the member account, PERA would place a hold on the account preventing a refund until a court order releases the account.

Status: HB 1179 was passed by the House on third reading and has been assigned to the Senate Finance Committee.

PERA's Position: Support. PERA's Board voted to support the bill at its meeting on January 18.

Iran-Related Investments

At its January 18, 2008, meeting, the PERA Board of Trustees adopted a *Policy on Iran Related Investments*.

PERA has adopted a total fund strategy to address specific risks related to direct public investments in foreign companies doing business in Iran. Historically, the evaluations of these risks have been executed at the asset class and portfolio level by PERA's staff and by PERA's external managers. The Board has established a policy that will provide additional resources for researching and analyzing Iran-related risk. The policy includes phases for identifying a list of public companies doing business in Iran, criteria that will be used, periods of time for engagement with companies identified, investment moratorium requirements, and other possible actions including potential divestment.

The Iran-related investment policy demonstrates that PERA's Board believes that the additional resources and the centralization of research required by this policy will improve the ability to assess Iran-related risk. This investment process modification will also improve reporting on Iran-related risk for the total fund.

A copy of the *Policy on Iran Related Investments* is available online at www.copera.org/pera/about/latestnews.stm#Iran.

It is important to note that PERA serves the singular purpose of operating the retirement system serving more than 400,000 current and former public servants. In meeting its fiduciary responsibilities, PERA seeks to maximize long term risk-adjusted investment returns. In accordance with its fiduciary obligation, PERA's Board of Trustees determines the investment fund's overall risk profile and risk constraints.