

As the 2008 legislative session nears its close, PERA is monitoring legislative activity on the following items as noted below.



Denver Public School Retirement System (DPSRS) Merger

Earlier this year, Denver Public Schools (DPS) delivered a presentation to the Joint Finance Committee of the Legislature regarding the impacts of their pension and bond obligations on the finances of the school district. DPS is looking for options to relieve these burdens, including a potential merger of their pension plan (DPSRS) with PERA. PERA has been in talks with DPS on how to accomplish the merger and avoid the pitfalls that caused a merger to be called off in 2005.

Status: A bill has not yet been introduced.

PERA's Position: No position. At its March 21 meeting, the PERA Board authorized PERA staff to continue talks with DPSRS and DPS with the understanding that any potential merger be neutral to PERA members and benefit recipients.

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.

The amended version of the bill prohibits the State Board of Education from waiving statutes that mandate

automatic participation in the PERA defined benefit plan for K-12 school employees or any other provision of statute governing PERA. It was made clear by the sponsors and other parties that the ability to waive PERA participation was not part of their intent in proposing this bill.

Status: SB 130 was passed by the Senate on third reading. It will now go to the House for approval.

PERA's Position: No position.

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 signed by Governor Ritter on March 17.

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.

Information on PERA's divestment from Iran-related investments is available online at www.copera.org/pera/about/divestment.stm