

House Bill 08-1403: The Denver Public Schools Retirement System/ PERA Merger

Status: This bill was signed by Governor Ritter on May 28.

This bill, sponsored by Rep. Andrew Romanoff (Denver) and Sen. Paula Sandoval (Denver) and Sen. Peter Groff (Denver) modifies the existing law that authorizes the Denver Public Schools Retirement Systems (DPSRS) and Denver Public Schools (DPS) to enter into an agreement to merge into PERA. Major provisions in the bill include the following:

- The effective date of the merger is January 1, 2009, or a later date as agreed to by the parties.
- Any of the three parties (PERA, Denver Public Schools, and the Denver Public Schools Retirement System) are allowed to end negotiations if a mutually acceptable agreement is not negotiated.
- DPS and its related employers will become affiliated employers with PERA subject to PERA laws and rules and all on-going contributions will be governed by PERA laws and rules.
- As of the effective date of the merger, current DPSRS retirees, beneficiaries, survivors, and disability retirees will not have a reduction in their benefits because of the merger.
- The parties will negotiate a separate agreement to address health care coverage for retirees, beneficiaries, and members of DPSRS.
- The parties will negotiate portability rules.
- The merger will not result in the involuntary reduction of anyone's benefits.
- Two valuations, completed by PERA's actuary, will occur:
 - The initial valuation completed within 60 days of the signing of the agreement will be based on December 31, 2007, audited financial reports, with consideration of the proceeds to DPSRS for the pension certificates of participation.
 - The final valuation based on December 31, 2008, audited financial reports or such later reports as are agreed upon by the parties.
- The valuations will establish a single up-front payment that must be transferred from DPSRS to PERA in order to avoid any subsidy between the parties and equalize the funding status of the systems.
- An Asset Surplus Account (ASA) will be calculated and will consist of the total value of the assets transferred on the date of the merger minus the single up-front payment.
- The ASA monies may be used by DPS as a credit toward their employer contributions, the Amortization Equalization Disbursement (AED), and the Supplemental AED (SAED).
- PERA will hire the DPSRS staff as of the effective date of the merger, but they will continue to accrue DPSRS benefits.

PERA's Position: Support.

This issue contains summaries of legislation from the 2008 session that impact Colorado PERA.



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

Status: HB 1179 was signed by Governor Ritter on March 17.

Introduced by Rep. Cory Gardner (Yuma) and Sen. Paula Sandoval (Denver), this bill allows 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.

PERA's Position: Support.

For more information about these bills or other legislation not noted, visit www.leg.state.co.us.

House Bill 08-1384: Concerning Improving Retention of Quality Educators

Status: This bill was signed by Governor Ritter on May 27.

This bill was sponsored by Rep. Michael Merrifield (Manitou Springs), Rep. Nancy Todd (Aurora), and Sen. Bob Bacon (Fort Collins). It would provide PERA-includable salary pay increases to teachers who receive and maintain a certification from the National Board for Professional Teaching Standards.

PERA's Position: No position.

Senate Bill 08-130: Innovation Schools Act Of 2008

Status: SB 08-130 was signed by Governor Ritter on May 28.

This bill was introduced by Sen. Peter Groff (Denver) and Rep. Robert Witwer (Golden). It 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.

As signed, 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.

PERA's Position: No position.

Iran-Related Investments

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

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