

Position Specification



Colorado Public Employees' Retirement Association Chief Executive Officer

PERA, located in Denver, is searching for a *Chief Executive Officer* (statutorily titled Executive Director) to lead their \$60 billion public pension fund. This is an exciting opportunity for a visionary executive who values public service to lead one of the largest and highly regarded public plan sponsors in the country.

Association Overview

PERA provides retirement and other benefits to members and retirees of more than 500 governmental employers and public entities in the State of Colorado. PERA primarily consists of five statutorily defined benefit pension trust funds and two other postemployment benefit trust funds established by the Board of Trustees, its governing body, for the benefit of its members. The State of Colorado established PERA in 1931 as an instrumentality of the state.

PERA's mission is "To provide retirement security for members while ensuring the sustainability of the fund." Their vision is "To innovate and build on a tradition of service by being a trusted partner in order to meet the changing needs of the diverse membership."

For over 90 years, PERA has provided retirement security for Colorado's public servants and their beneficiaries. Employers rely on PERA as an employee recruitment and retention tool, and for most members it serves as a substitute for Social Security. PERA's membership comprises state government employees (including judicial system employees), school district employees, certain university and college employees, judges, certain local government employees, and State Troopers.

PERA serves more than 670,000 members, retirees, and beneficiaries. Approximately, 1 in 10 Coloradans are members of PERA, and PERA provides \$5.2 billion in retirement distributions annually to these members positively affecting the state and local economies.

In addition to providing a defined benefit program, PERA also administers a defined contribution plan (a choice provided to certain members), along with a voluntary 401(k) and 457(b) program. PERA also administers a health care program.

PERA is governed by a 16-member Board of Trustees: 11 are elected by the membership for staggered four-year terms (nine active, two retirees), and three are appointed by the Governor and confirmed by the Senate for four-year terms. The State Treasurer serves as a voting ex-officio Trustee, and a Denver Public Schools Division representative serves as a non-voting, ex-officio Trustee.

The Board and management are in the beginning stages of developing PERA’s next five-year strategic plan. The Board has purposely paused the planning process and looks forward to the new CEO’s engagement in the process. As the Board assesses where PERA is today and where the organization plans to be in five years, members can expect a continuously improving member experience as PERA continues to adopt more modern practices.

Some notable accomplishments in the past five years are as follows:

- Two major pension reform bills, initiated by the Board, were signed into law designed to put PERA on a path to full funding by 2048. The most recent, Senate Bill 18-200, was a multiple year undertaking and passed with bipartisan support.
- In the 2022 CEM benchmarking survey, PERA’s total service score of 83, while decreasing from a high of 88 in 2018, is equal to the peer median. PERA’s total pension administration cost of \$55 per member was \$8 below the peer average of \$63.
- In 2022, PERA’s investment team created and released a unitized fixed income product, which was added to the PERAdvantage Fixed Income Fund, that provides Defined Contribution plan participants access to this low-cost institutional product.
- In 2019, PERA began participating in Net Promoter Score (NPS), a survey to measure member satisfaction. In the inaugural 2019 survey, PERA’s NPS Score was 5. In the 2022 survey, the score was 29, an improvement of 24 points, which represents a significant gain in member satisfaction.
- In 2023, PERA’s Benefit Services Division underwent a staff realignment to support business process improvement and modernization efforts that will provide better services to members.

For more information, please review the [2022 COPERA Annual Report](#).

Financial and Investment Highlights

PERA’s investment portfolio comprised \$55.9 billion of defined benefit plan assets and \$5.1 billion of defined contribution assets at December 31, 2022. For FY2022, investment returns were (13.4)%, net of fees, compared to the policy benchmark of (13.7)%.

For the 3, 5 and 10-year periods ended December 31, 2022, PERA posted positive returns and above the policy benchmark in each reporting period. As reported below, as of June 30, 2023, PERA has outperformed the policy benchmark for the 1, 3, 5 and 10-year reporting periods and the Median Public Fund for those same periods.

Total Return, Net of Fees, 6/30/23

| | 1 Year % | 3 Years % | 5 Years % | 10 Years % |
|--------------------|----------|-----------|-----------|------------|
| PERA Return | 9.8 | 8.8 | 7.9 | 8.4 |
| Policy Index | 9.5 | 7.5 | 6.8 | 7.5 |
| Median Public Fund | 7.6 | 8.3 | 6.2 | 6.9 |

PERA is a long-term investor and manages the fund with long-term objectives, including diversification among asset classes. Plan assets are managed both internally by PERA investment staff (approximately 59%) and externally by institutional investment managers. The asset allocation as of June 30, 2023, is as follows:

| Asset Class | Target % | Actual % |
|-------------------|----------|----------|
| Global Equity | 54.0 | 55.3 |
| Fixed Income | 23.0 | 18.3 |
| Private Equity | 8.5 | 8.9 |
| Real Estate | 8.5 | 11.0 |
| Alternatives | 6.0 | 6.3 |
| Cash & Short-Term | 0.0 | 0.3 |
| | 100.0 | 100.0 |

The actuarial rate of return is 7.25%. PERA’s funded ratio for the five defined benefit plans has shown a steady increase over the last decade reaching a 10-year high of 69.9% as of December 31, 2022. With the passage of Senate Bill 18-200, PERA is on a path to full funding by 2048.

PERA Culture Statement

“We hire exceptional employees and invest in their growth and development. We are passionate about our work and committed to serving our members. Our culture is built on the core values of integrity and accountability, excellence and initiative, collaboration, and engagement.

We value diverse perspectives and promote an inclusive culture, recognizing that our people are our primary asset. We provide a healthy work-life balance and a culture where excellence and a commitment to PERA’s mission is recognized and honored.

PERA is an employer of choice, a Denver Post Top Workplace recipient in 2022 and 2023. PERA is a place where employees enjoy their work and know each other’s name. At PERA, our employees’ work makes a difference every day.”

CEO Responsibilities

The Board is the governing fiduciary over all aspects of the Association. The CEO, appointed by the Board and reporting to the Board Chair, is responsible and accountable for the organization’s financial performance, operational effectiveness, and the member experience.

The 2023 administrative budget is \$105 million, including \$36.6 million investments and \$68.4 million all other divisions. Leading a team of 315 (345 budget for 2024), the CEO’s direct reports include the Chief Investment Officer/Chief Operating Officer, General Counsel, and the Internal Audit Director, who reports to the Audit Committee of the Board and dotted line to the CEO. The Chief Administrative Officer and Chief Benefits Officer report to the Chief Investment/Chief Operating Officer.

The CEO has overall responsibility for the investment program, the member experience, and all program areas for which PERA is statutorily responsible. Some of the key responsibilities are listed below. Additional information is available in PERA's Charter for the Executive Director.

- Ensure operation of PERA in accordance with its mission, vision and values, and state and federal law.
- Ensure PERA's financial stability and long-term viability.
- Oversee the development of procedures and processes to effectively implement the vision and policies established by the Board.
- Lead and develop the team ensuring retention and best in class talent development.
- Ensure appropriate succession planning is in place.
- Work in collaboration with the Chief Investment Officer and investment consultant to ensure the strategic asset allocation aligns with the plan to accomplish full funding.
- Monitor the performance of the investment portfolio to ensure assets are invested in accordance with established policies, and that proper controls are in place to safeguard assets.
- Advise and confer with the Board on financial, economic, and political trends and developments affecting PERA.
- Ensure ongoing implementation of the strategic plan with reporting back to the Board on progress.
- Establish and maintain open and effective relationships with active and retired members and advocacy groups.
- Serve as the spokesperson for PERA and effectively represent and promote the interest of the retirement system to employers, political leaders, business community, media, and other stakeholders.
- Represent PERA as a subject matter expert on the retirement system and, as necessary, engage with legislators and testify on proposed legislation affecting PERA.
- Develop and monitor the operating budget to ensure adequate resources are available, sufficient, and properly aligned to achieve PERA's goals and objectives.
- Implement and institutionalize best-in-class operational practices including controls, systems, and risk management.
- Ensure the privacy and safety of member data through rigorous cybersecurity training of all employees and the implementation of state-of-the-art technology.

Key Objectives

A significant portion of the CEO's responsibilities are outward facing to strengthen PERA's reputation and brand. The Board has identified the following Key Objectives to measure, in part, the CEO's performance.

- Continue advocacy for the full funding plan signed into law in 2018 and advise the Board of any obstacles to achieving this plan along with recommendations to address them.
- Work with the Board and its governance consultant to develop the next five-year strategic plan for Board approval.

- Evaluate the organizational structure and make changes, if necessary, to ensure the appropriate structure is in place for PERA to achieve its goals and objectives.
- Establish a relationship and proactively engage with members, employers, the Legislature, Governor’s Office, business community, and other stakeholders to further strengthen PERA’s reputation and brand.
- Evaluate the overall communication strategy and, if necessary, update it to ensure PERA is effective in communicating its message to members and stakeholders.
- Ensure PERA continues to be recognized as an expert resource for the Legislature when considering matters related to the retirement system.
- Evaluate existing strategies and programs designed to support key employee retention and make changes, if necessary, to improve their effectiveness.
- Evaluate the organization’s succession and professional development programs and, if necessary, make changes to ensure the programs are effective in identifying and developing future leaders for key executive positions.
- Lead and develop the team as well as strengthening the culture of collaboration and development throughout the organization.
- Evaluate the member service delivery system and, if necessary, implement changes to ensure PERA achieves its goal of providing a superior member experience while continuing to do it in a cost-effective manner.
- Work with the Board and its governance consultant to improve PERA’s governance model to ensure it incorporates best practices and is meeting expectations.
- Engage with the team leading the multi-year project for replacement of the pension administration system to evaluate the various design and cost options to develop recommendations for Board approval.
- Evaluate PERA’s risk management philosophy and practices, and if necessary, implement changes to incorporate best practices to protect PERA and its assets.

Qualifications and Experience

The Board desires a CEO with external relations experience, a respected level of investment knowledge and an understanding of the basic tenets of institutional asset management, and experience overseeing administrative and operational functions.

Requirements

- Bachelor’s degree preferably in business, finance, economics, or related fields or an equivalent combination of education and experience.
- Ten years of relevant experience, including at least seven in a senior leadership role.
- Excellent interpersonal, communication, and management skills.
- Establish and maintain permanent Colorado residency (if not currently a resident).

Preferences

- Advanced degree.
- Relevant certifications.
- Understanding of the intricacies of public retirement systems.
- Working knowledge of federal and state pension laws.

- Legislative experience, preference to state level experience.
- Knowledge/understanding of actuarial principles related to retirement plans.
- Knowledge of operational best practices to improve efficiency and customer service.
- Experience overseeing a large-scale enterprise technology project implementation.
- Proven leader with experience moving organizations forward to best-in-class models.
- Track record of recruiting, developing, and retaining key executives and identifying and developing future leaders.
- Executive experience reporting to corporate, private, or public boards.

Leadership Competencies

An executive who aligns to PERA’s mission and core values with uncompromised ethics and believes in strong Board governance is desired. The CEO will assume responsibility for leading a high-performing organization and an experienced senior team (all subject matter experts) that work well together and are trusted and respected by the Board.

The Board is seeking a chief executive who leads with a participative and collaborative style and establishes and communicates clear goals supported by accountabilities. To achieve success, the CEO must be a leader who inspires and motivates people and can drive engagement and results. A work environment where there is open communication, teamwork, and recognition for contributions is essential to continuing PERA’s culture of excellence.

The CEO must also have the courage to make tough decisions, be willing to have candid conversations with staff, the Board, and external partners, and have the emotional intelligence to affect positive change. Other important competencies/attributes also include:

- | | |
|--------------------------------|-------------------------------------|
| Transparent | Good listener |
| Entrepreneurially minded | Approachable |
| Innovative and creative | Respectful |
| Strategic and forward-thinking | Positive and proactive communicator |
| Excellent judgment | |

The CEO must also have interpersonal skills to engage and build positive relationships with trustees representing different constituencies to effectively advise them. Other important skills include:

- Being confident and calm under pressure.
- Responsive to Board direction and oversight, and willing to accept constructive criticism and feedback.
- Having the presence to represent PERA to build positive relationships with elected officials and key stakeholders.
- Being able to provide and defend recommendations while being open to adjusting them based on input from others.
- Building consensus and negotiating compromise effectively.
- Embracing change and continual improvement.

Compensation

The CEO is an exempt position and an “at will” employee. Base salary will be commensurate with qualifications and market factors and anticipated to fall within a range of \$325,000 to \$475,000. Total compensation includes a competitive base salary, annual incentive opportunity, and PERA’s comprehensive benefits package. Relocation assistance, if necessary, will be negotiated on an individual basis.

For additional information about the position or to apply, please contact Hudepohl & Associates at info@hudepohl.com or (614) 854-7300.