

SUBSTITUTE FOR
SENATE BILL NO. 587
(As amended May 20, 1999)

A bill to provide for the creation of public employee health care funds; to provide for the administration of the funds; to authorize the investment of the assets of the funds; and to prescribe the powers and duties of investment fiduciaries and certain public officers and employees.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "public employee health care fund investment act".

3 Sec. 2. As used in this act:

4 (a) "Fund" means a public employee health care fund created
5 pursuant to this act.

6 (b) "Investment fiduciary" means a person or persons who does
7 any of the following:

8 (i) Exercises any discretionary authority or control in the
9 investment of the fund's assets.

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1 (ii) Renders investment advice for a fee or other direct or
2 indirect compensation.

3 (c) "Public corporation" means any county, city, village,
4 township, authority, district, board, or commission in this
5 state.

6 (d) "Qualified person" means a person who is eligible to
7 receive health care benefits and who is designated as a qualified
8 person by the public corporation.

9 Sec. 3. The legislative body of a public corporation may
10 adopt a resolution establishing a public employee health care
11 fund or trust for the purpose of accumulating funds to provide for
12 the funding of health care benefits to retirants and beneficiaries of retirants of the
13 public corporation. The resolution shall include all of the
14 following:

15 (a) The designation of a person or persons who shall act as the
16 fund's or the trust's investment fiduciary.

17 (b) A restriction of withdrawals from the fund or trust solely
18 for the payment of health care benefits on behalf of qualified per-
19 sons and the payment of the expenses of administration of the
20 fund or trust.

21 (c) The designation of who is a qualified person for pur-
22 poses of payment of health care benefits from the fund or trust.

23 (d) A determination of whether the fund or trust will be
24 established on an actuarial basis. If the fund is established on an actuar-
25 ial basis, and is subsequently determined to be overfunded by
26 110% or more, the amount of overfunding in excess of 110% may be
27 withdrawn from the fund at the option of the legislative body of the
public

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1 corporation that establishes the public employee health care
2 fund.

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5 Sec. 4. The investment fiduciary shall invest the assets of
6 the fund or trust in accordance with the provisions
7 of sections 12 to 20e, 20j, and 20k of the public employee
8 retirement system investment act, 1965 PA 314, MCL 38.1132 to
9 38.1140e, 38.1140j, and 38.1140k.

10 Sec. 5. The investment fiduciary shall have an actuarial
11 review of the fund or trust prepared at least every 5 years with
12 assets valued on a market related basis. The investment fiduciary shall
13 prepare and issue a summary annual report to the legislative body
14 of the public corporation that established the fund or trust.