

SENATE BILL NO. 587

May 6, 1999, Introduced by Senators BULLARD, DUNASKISS,
HAMMERSTROM and JOHNSON and referred to the Committee on
Local, Urban and State Affairs.

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 who does any of
7 the following:

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

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

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

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

8 Sec. 3. The legislative body of a public corporation may
9 adopt a resolution establishing a public employee health care
10 fund for the purpose of providing for the payment of health care
11 benefits to retirants and beneficiaries of retirants of the
12 public corporation. The resolution shall include all of the
13 following:

14 (a) The designation of a person who shall act as the fund's
15 investment fiduciary.

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

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

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26 withdrawn at the option of the legislative body of the public

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

3 (e) Approval of an investment policy specifying permitted
4 investments.

5 Sec. 4. The investment fiduciary shall invest the assets of
6 the fund in accordance with the investment limitation 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 public corporation shall have an actuarial
11 review of the fund prepared at least every 5 years with assets
12 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.