

HOUSE BILL No. 5731

February 21, 2002, Introduced by Reps. Jansen, Birkholz, Richardville, Meyer, Vander Roest, Vander Veen, Hart and Lemmons and referred to the Committee on Senior Health, Security and Retirement.

A bill to amend 1990 PA 72, entitled
"Local government fiscal responsibility act,"
by amending the title and section 2 (MCL 141.1202) and by adding
article 4.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

TITLE

2

An act to provide for review, management, planning, and con-

3

trol of the financial operation of units of local government,

4

including school districts AND STATE AND LOCAL PUBLIC PENSION AND

5

RETIREMENT SYSTEMS; to provide criteria to be used in determining

6

the financial condition of a local government; to permit a decla-

7

ration of the existence of a local government financial emergency

8

and to prescribe the powers and duties of the governor, other

9

state boards, agencies, and officials, and officials and

10

employees of units of local government; to provide for a review

02684'01

MRM

1 and appeal process; to provide for the appointment and to
2 prescribe the powers and duties of an emergency financial manag-
3 er; to require the development of financial plans to regulate
4 expenditures and investments by a local government in a state of
5 financial emergency; to set forth the conditions for termination
6 of a local government financial emergency; and to repeal certain
7 acts and parts of acts.

8 Sec. 2. The legislature hereby determines that the public
9 health and welfare of the citizens of this state would be
10 adversely affected by the insolvency of units of local govern-
11 ment, including certain school districts AND PUBLIC PENSION AND
12 RETIREMENT SYSTEMS, and that the survival of units of local gov-
13 ernment is vitally necessary to the interests of the people of
14 this state to provide necessary governmental services. The leg-
15 islature further determines that it is vitally necessary to pro-
16 tect the credit of the state and its political subdivisions and
17 that it is a valid public purpose for the state to take action
18 and to assist a unit of local government in a fiscal emergency
19 situation to remedy this emergency situation by requiring prudent
20 fiscal management. The legislature, therefore, determines that
21 the authority and powers conferred by this act constitute a nec-
22 essary program and serve a valid public purpose.

23 ARTICLE 4

24 SEC. 51. AS USED IN THIS ARTICLE:

25 (A) "BOARD OF TRUSTEES" MEANS THE BOARD OF TRUSTEES OF A
26 PUBLIC PENSION AND RETIREMENT SYSTEM.

1 (B) "EMERGENCY FINANCIAL MANAGER" MEANS THE EMERGENCY
2 FINANCIAL MANAGER APPOINTED UNDER SECTION 58.

3 (C) "PUBLIC PENSION AND RETIREMENT SYSTEM" MEANS A PUBLIC
4 EMPLOYEE RETIREMENT SYSTEM CREATED AND ESTABLISHED BY THIS STATE
5 OR ANY POLITICAL SUBDIVISION OF THIS STATE.

6 (D) "REVIEW TEAM" MEANS THE REVIEW TEAM DESIGNATED UNDER
7 SECTION 53.

8 SEC. 52. (1) THE STATE TREASURER SHALL CONDUCT A PRELIMI-
9 NARY REVIEW TO DETERMINE THE EXISTENCE OF A PUBLIC PENSION AND
10 RETIREMENT SYSTEM FINANCIAL PROBLEM IF 1 OR MORE OF THE FOLLOWING
11 OCCUR:

12 (A) THE BOARD OF TRUSTEES REQUESTS A PRELIMINARY REVIEW
13 UNDER THIS ARTICLE. THE REQUEST SHALL BE IN WRITING AND SHALL
14 IDENTIFY THE EXISTING FINANCIAL CONDITIONS THAT MAKE THE REQUEST
15 NECESSARY.

16 (B) THE STATE TREASURER DETERMINES OR IS MADE AWARE THAT THE
17 PUBLIC PENSION AND RETIREMENT SYSTEM'S INVESTMENT RETURNS ARE
18 SIGNIFICANTLY BELOW THE AVERAGE INVESTMENT RETURN FOR ALL PUBLIC
19 PENSION PLANS IN THIS STATE.

20 (C) THE STATE TREASURER RECEIVES WRITTEN NOTIFICATION THAT A
21 BENEFICIARY OF THE PENSION PLAN HAS NOT BEEN PAID AND IT HAS BEEN
22 AT LEAST 7 DAYS AFTER THE SCHEDULED DATE OF PAYMENT.

23 (D) THE BOARD OF TRUSTEES VIOLATES THE REQUIREMENTS OF THE
24 PUBLIC EMPLOYEE RETIREMENT SYSTEM INVESTMENT ACT, 1965 PA 314,
25 MCL 38.1132 TO 38.1140/.

1 (E) THE STATE TREASURER RECEIVES A RESOLUTION FROM EITHER
2 THE SENATE OR THE HOUSE OF REPRESENTATIVES REQUESTING A
3 PRELIMINARY REVIEW UNDER THIS SECTION.

4 (2) IN CONDUCTING A PRELIMINARY REVIEW UNDER THIS SECTION,
5 THE STATE TREASURER SHALL GIVE THE BOARD OF TRUSTEES SPECIFIC
6 WRITTEN NOTIFICATION OF THE REVIEW, AND THE STATE TREASURER SHALL
7 MEET WITH THE BOARD OF TRUSTEES. AT THIS MEETING, THE STATE
8 TREASURER SHALL RECEIVE, DISCUSS, AND CONSIDER INFORMATION PRO-
9 VIDED BY THE BOARD OF TRUSTEES CONCERNING THE EXISTENCE OF AND
10 SERIOUSNESS OF FINANCIAL CONDITIONS WITHIN THE PUBLIC PENSION AND
11 RETIREMENT SYSTEM.

12 (3) WHEN THE STATE TREASURER CONDUCTS A PRELIMINARY REVIEW
13 UNDER THIS SECTION, HE OR SHE SHALL INFORM THE GOVERNOR WITHIN 30
14 DAYS AFTER BEGINNING THE PRELIMINARY REVIEW WHETHER HIS OR HER
15 INVESTIGATION HAS DETERMINED THAT A SERIOUS FINANCIAL PROBLEM MAY
16 EXIST BECAUSE 1 OR MORE CONDITIONS INDICATIVE OF A SERIOUS FINAN-
17 CIAL PROBLEM EXIST WITHIN THE PUBLIC PENSION AND RETIREMENT
18 SYSTEM.

19 SEC. 53. THE GOVERNOR SHALL APPOINT A REVIEW TEAM OF THE
20 STATE TREASURER, THE AUDITOR GENERAL, A NOMINEE OF THE SENATE
21 MAJORITY LEADER, A NOMINEE OF THE SPEAKER OF THE HOUSE OF REPRE-
22 SENTATIVES, AND OTHER STATE OFFICIALS OR OTHER PERSONS WITH RELE-
23 VANT PROFESSIONAL EXPERIENCE TO SERVE AS A REVIEW TEAM TO UNDER-
24 TAKE A REVIEW OF THE FINANCIAL CONDITION OF A PUBLIC PENSION AND
25 RETIREMENT SYSTEM IF 1 OR MORE OF THE FOLLOWING OCCUR:

26 (A) THE BOARD OF TRUSTEES REQUESTS ASSISTANCE UNDER THIS
27 ARTICLE IN MEETING THE ORDINARY NEEDS OF THE PUBLIC PENSION AND

1 RETIREMENT SYSTEM. THE BOARD OF TRUSTEES SHALL IDENTIFY THE
2 EXISTING FINANCIAL CONDITIONS THAT MAKE THE REQUEST FOR ASSIST-
3 ANCE NECESSARY.

4 (B) THE GOVERNOR HAS BEEN INFORMED BY THE STATE TREASURER
5 PURSUANT TO SECTION 52 THAT HE OR SHE HAS CONDUCTED A PRELIMINARY
6 REVIEW OF THE FINANCIAL CONDITION OF A PUBLIC PENSION AND RETIRE-
7 MENT SYSTEM AND HAS DETERMINED THAT 1 OR MORE CONDITIONS INDICA-
8 TIVE OF A SERIOUS FINANCIAL PROBLEM MAY EXIST WITHIN THE PUBLIC
9 PENSION AND RETIREMENT SYSTEM.

10 SEC. 54. (1) THE REVIEW TEAM APPOINTED BY THE GOVERNOR
11 SHALL HAVE FULL POWER IN ITS REVIEW TO PERFORM ALL OF THE FOLLOW-
12 ING FUNCTIONS:

13 (A) EXAMINE THE BOOKS AND RECORDS OF THE PUBLIC PENSION AND
14 RETIREMENT SYSTEM.

15 (B) UTILIZE THE SERVICES OF OTHER STATE AGENCIES AND
16 EMPLOYEES.

17 (C) SIGN A CONSENT AGREEMENT WITH THE BOARD OF TRUSTEES.
18 THE AGREEMENT MAY PROVIDE FOR REMEDIAL MEASURES CONSIDERED NECES-
19 SARY INCLUDING A LONG-RANGE FINANCIAL RECOVERY PLAN REQUIRING
20 SPECIFIC ACTIONS OF THE PUBLIC PENSION AND RETIREMENT SYSTEM.
21 THE AGREEMENT MAY UTILIZE STATE FINANCIAL MANAGEMENT AND TECHNI-
22 CAL ASSISTANCE AS NECESSARY IN ORDER TO ALLEVIATE THE FINANCIAL
23 PROBLEM. THE AGREEMENT MAY ALSO PROVIDE FOR PERIODIC FISCAL
24 STATUS REPORTS TO THE STATE TREASURER. IN ORDER FOR THE CONSENT
25 AGREEMENT TO GO INTO EFFECT, IT SHALL BE APPROVED BY THE BOARD OF
26 TRUSTEES.

1 (2) THE REVIEW TEAM SHALL REPORT ITS FINDINGS TO THE
2 GOVERNOR WITHIN 60 DAYS AFTER THEIR APPOINTMENT, OR EARLIER IF
3 REQUIRED BY THE GOVERNOR. UPON REQUEST, THE GOVERNOR MAY GRANT 1
4 30-DAY EXTENSION OF THIS TIME LIMIT. A COPY OF THE REPORT TO THE
5 GOVERNOR SHALL BE SENT TO THE BOARD OF TRUSTEES, THE SPEAKER OF
6 THE HOUSE OF REPRESENTATIVES, AND THE SENATE MAJORITY LEADER.
7 THE REVIEW TEAM SHALL INCLUDE 1 OF THE FOLLOWING CONCLUSIONS IN
8 ITS REPORT:

9 (A) A SERIOUS FINANCIAL PROBLEM DOES NOT EXIST IN THE PUBLIC
10 PENSION AND RETIREMENT SYSTEM.

11 (B) A SERIOUS FINANCIAL PROBLEM EXISTS IN THE PUBLIC PENSION
12 AND RETIREMENT SYSTEM, BUT A CONSENT AGREEMENT CONTAINING A PLAN
13 TO RESOLVE THE PROBLEM HAS BEEN ADOPTED UNDER SUBSECTION (1)(C).

14 (C) A PUBLIC PENSION AND RETIREMENT SYSTEM FINANCIAL EMER-
15 GENCY EXISTS BECAUSE A CONSENT AGREEMENT CONTAINING A PLAN TO
16 RESOLVE A SERIOUS FINANCIAL PROBLEM WITHIN THE PUBLIC PENSION AND
17 RETIREMENT SYSTEM HAS NOT BEEN ADOPTED.

18 SEC. 55. (1) WITHIN 30 DAYS AFTER RECEIPT OF THE REPORT
19 PROVIDED FOR IN SECTION 54, THE GOVERNOR SHALL MAKE 1 OF THE FOL-
20 LOWING DETERMINATIONS:

21 (A) A SERIOUS FINANCIAL PROBLEM DOES NOT EXIST IN THE PUBLIC
22 PENSION AND RETIREMENT SYSTEM.

23 (B) A SERIOUS FINANCIAL PROBLEM EXISTS IN THE PUBLIC PENSION
24 AND RETIREMENT SYSTEM, BUT A CONSENT AGREEMENT CONTAINING A PLAN
25 TO RESOLVE THE PROBLEM HAS BEEN ADOPTED PURSUANT TO SECTION
26 54(1)(C).

1 (C) A PUBLIC PENSION AND RETIREMENT SYSTEM FINANCIAL
2 EMERGENCY EXISTS BECAUSE A CONSENT AGREEMENT CONTAINING A PLAN TO
3 RESOLVE A SERIOUS FINANCIAL PROBLEM WITHIN THE PUBLIC PENSION AND
4 RETIREMENT SYSTEM HAS NOT BEEN ADOPTED.

5 (2) IF THE GOVERNOR DETERMINES UNDER SUBSECTION (1) THAT A
6 FINANCIAL EMERGENCY EXISTS, THE GOVERNOR SHALL PROVIDE THE BOARD
7 OF TRUSTEES WITH A WRITTEN NOTIFICATION OF THE DETERMINATION,
8 FINDINGS OF FACT UTILIZED AS THE BASIS UPON WHICH THIS DETERMINA-
9 TION WAS MADE, A CONCISE AND EXPLICIT STATEMENT OF THE UNDERLYING
10 FACTS SUPPORTING THE FACTUAL FINDINGS, AND NOTICE THAT THE BOARD
11 OF TRUSTEES HAS 10 DAYS AFTER THE DATE OF THIS NOTIFICATION TO
12 REQUEST A HEARING CONDUCTED BY THE GOVERNOR OR THE GOVERNOR'S
13 DESIGNATE. FOLLOWING THE HEARING, OR IF A HEARING IS NOT
14 REQUESTED FOLLOWING THE EXPIRATION OF THE DEADLINE BY WHICH A
15 HEARING MAY BE REQUESTED, THE GOVERNOR SHALL EITHER CONFIRM OR
16 REVOKE, IN WRITING, THE DETERMINATION OF THE EXISTENCE OF A
17 PUBLIC PENSION AND RETIREMENT SYSTEM FINANCIAL EMERGENCY. IF
18 CONFIRMED, THE GOVERNOR SHALL PROVIDE A WRITTEN REPORT OF THE
19 FINDINGS OF FACT OF THE CONTINUING OR NEWLY DEVELOPED CONDITIONS
20 OR EVENTS PROVIDING A BASIS FOR THE CONFIRMATION OF A PUBLIC PEN-
21 SION AND RETIREMENT SYSTEM FINANCIAL EMERGENCY, AND A CONCISE AND
22 EXPLICIT STATEMENT OF THE UNDERLYING FACTS SUPPORTING THESE FAC-
23 TUAL FINDINGS.

24 SEC. 56. IF, AT ANY TIME FOLLOWING DETERMINATION BY THE
25 GOVERNOR THAT A SERIOUS FINANCIAL PROBLEM EXISTS UNDER SECTION
26 55(1)(B), THE STATE TREASURER OR THE REVIEW TEAM INFORMS THE
27 GOVERNOR THAT THE PUBLIC PENSION AND RETIREMENT SYSTEM IS NOT

1 ABIDING BY THE PROVISIONS OF A CONSENT AGREEMENT, THE GOVERNOR
2 SHALL DETERMINE THAT A FINANCIAL EMERGENCY EXISTS IN THE PUBLIC
3 PENSION AND RETIREMENT SYSTEM, AND SECTION 55(2) AND SECTION 58
4 SHALL THEN APPLY TO THAT PUBLIC PENSION AND RETIREMENT SYSTEM.

5 SEC. 57. THE BOARD OF TRUSTEES OF A PUBLIC PENSION AND
6 RETIREMENT SYSTEM FOR WHICH A FINANCIAL EMERGENCY DETERMINATION
7 UNDER SECTION 55 OR 56 HAS BEEN CONFIRMED TO EXIST BY THE GOVER-
8 NOR MAY APPEAL THIS DETERMINATION TO THE CIRCUIT COURT FOR THE
9 COUNTY IN WHICH THE PUBLIC PENSION AND RETIREMENT SYSTEM IS
10 LOCATED OR TO THE CIRCUIT COURT FOR THE COUNTY OF INGHAM. THE
11 COURT SHALL NOT SET ASIDE A DETERMINATION OF THE GOVERNOR UNLESS
12 IT FINDS THAT THE DETERMINATION IS EITHER OF THE FOLLOWING:

13 (A) NOT SUPPORTED BY COMPETENT, MATERIAL, AND SUBSTANTIAL
14 EVIDENCE ON THE WHOLE RECORD.

15 (B) ARBITRARY, CAPRICIOUS, OR CLEARLY AN ABUSE OR UNWAR-
16 RANTED EXERCISE OF DISCRETION.

17 SEC. 58. IF THE GOVERNOR DETERMINES THAT A FINANCIAL EMER-
18 GENCY EXISTS UNDER SECTION 55, THE GOVERNOR SHALL ASSIGN THE
19 RESPONSIBILITY FOR MANAGING THE FINANCIAL EMERGENCY TO THE LOCAL
20 EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD CREATED UNDER THE EMER-
21 GENCY MUNICIPAL LOAN ACT, 1980 PA 243, MCL 141.931 TO 141.942.
22 THE LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD SHALL APPOINT
23 AN EMERGENCY FINANCIAL MANAGER. THE EMERGENCY FINANCIAL MANAGER
24 SHALL BE CHOSEN SOLELY ON THE BASIS OF HIS OR HER COMPETENCE AND
25 SHALL NOT HAVE BEEN AN OFFICIAL OF THE PUBLIC PENSION AND RETIRE-
26 MENT SYSTEM FOR A MINIMUM OF 5 YEARS IMMEDIATELY PRECEDING THE
27 APPOINTMENT. THE EMERGENCY FINANCIAL MANAGER SHALL SERVE AT THE

1 PLEASURE OF THE LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD.
2 THE EMERGENCY FINANCIAL MANAGER SHALL BE ENTITLED TO COMPENSATION
3 AND REIMBURSEMENT FOR ACTUAL AND NECESSARY EXPENSES FROM THE
4 PUBLIC PENSION AND RETIREMENT SYSTEM AS APPROVED BY THE LOCAL
5 EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD. IN ADDITION TO STAFF
6 OTHERWISE AUTHORIZED BY LAW, WITH THE APPROVAL OF THE LOCAL EMER-
7 GENCY FINANCIAL ASSISTANCE LOAN BOARD, THE EMERGENCY FINANCIAL
8 MANAGER MAY APPOINT ADDITIONAL STAFF AND SECURE PROFESSIONAL
9 ASSISTANCE CONSIDERED NECESSARY TO IMPLEMENT THIS ARTICLE.

10 SEC. 59. THE EMERGENCY FINANCIAL MANAGER SHALL ISSUE TO THE
11 APPROPRIATE OFFICIALS OR EMPLOYEES OF THE PUBLIC PENSION AND
12 RETIREMENT SYSTEM THE ORDERS THE MANAGER CONSIDERS NECESSARY TO
13 ACCOMPLISH THE PURPOSES OF THIS ACT, INCLUDING, BUT NOT LIMITED
14 TO, ORDERS FOR THE TIMELY AND SATISFACTORY IMPLEMENTATION OF A
15 FINANCIAL PLAN DEVELOPED UNDER SECTION 60. AN ORDER ISSUED UNDER
16 THIS SECTION IS BINDING ON THE OFFICIALS OR EMPLOYEES TO WHOM IT
17 IS ISSUED.

18 SEC. 60. (1) IN CONSULTATION WITH THE BOARD OF TRUSTEES,
19 THE EMERGENCY FINANCIAL MANAGER SHALL DEVELOP, AND MAY FROM TIME
20 TO TIME AMEND, A WRITTEN FINANCIAL PLAN FOR THE PUBLIC PENSION
21 AND RETIREMENT SYSTEM. THE FINANCIAL PLAN SHALL PROVIDE FOR BOTH
22 OF THE FOLLOWING:

23 (A) CONDUCTING THE OPERATIONS OF THE PUBLIC PENSION AND
24 RETIREMENT SYSTEM WITHIN THE RESOURCES AVAILABLE ACCORDING TO THE
25 EMERGENCY FINANCIAL MANAGER'S REVENUE ESTIMATE.

1 (B) THE PAYMENT IN FULL OF THE SCHEDULED DEBT SERVICE
2 REQUIREMENTS ON ALL BONDS AND NOTES OF THE PUBLIC PENSION AND
3 RETIREMENT SYSTEM AND ALL OTHER UNCONTESTED LEGAL OBLIGATIONS.

4 (2) AFTER THE INITIAL DEVELOPMENT OF A FINANCIAL PLAN, THE
5 PLAN SHALL BE REGULARLY REEXAMINED BY THE EMERGENCY FINANCIAL
6 MANAGER IN CONSULTATION WITH THE BOARD OF TRUSTEES, AND IF THE
7 EMERGENCY FINANCIAL MANAGER REDUCES HIS OR HER REVENUE ESTIMATES,
8 THE EMERGENCY FINANCIAL MANAGER SHALL MODIFY THE FINANCIAL PLAN
9 TO CONFORM TO REVISED REVENUE ESTIMATES.

10 (3) THE FINANCIAL PLAN SHALL BE IN A FORM AND SHALL CONTAIN
11 THAT INFORMATION FOR EACH YEAR DURING WHICH YEAR THE FINANCIAL
12 PLAN IS IN EFFECT THAT THE EMERGENCY FINANCIAL MANAGER
13 SPECIFIES.

14 (4) THE EMERGENCY FINANCIAL MANAGER SHALL MAKE PUBLIC THE
15 PLAN OR MODIFIED PLAN. THIS SUBSECTION SHALL NOT BE CONSTRUED TO
16 MEAN THAT THE EMERGENCY FINANCIAL MANAGER MUST RECEIVE PUBLIC
17 APPROVAL BEFORE HE OR SHE IMPLEMENTS THE FINANCIAL PLAN OR ANY
18 MODIFICATION OF THE PLAN.

19 SEC. 61. AN EMERGENCY FINANCIAL MANAGER SHALL ASSUME ALL
20 POWERS OF THE BOARD OF TRUSTEES AND MAY TAKE 1 OR MORE OF THE
21 FOLLOWING ACTIONS WITH RESPECT TO A PUBLIC PENSION AND RETIREMENT
22 SYSTEM IN WHICH A FINANCIAL EMERGENCY HAS BEEN DETERMINED TO
23 EXIST:

24 (A) ANALYZE FACTORS AND CIRCUMSTANCES CONTRIBUTING TO THE
25 FINANCIAL CONDITION OF THE PUBLIC PENSION AND RETIREMENT SYSTEM
26 AND RECOMMEND STEPS TO BE TAKEN TO CORRECT THE CONDITION.

1 (B) AMEND, REVISE, APPROVE, OR DISAPPROVE THE BUDGET OF THE
2 PUBLIC PENSION AND RETIREMENT SYSTEM, AND LIMIT THE TOTAL AMOUNT
3 APPROPRIATED OR EXPENDED DURING THE BALANCE OF THE FINANCIAL
4 EMERGENCY.

5 (C) REQUIRE AND APPROVE OR DISAPPROVE, OR AMEND OR REVISE A
6 PLAN FOR LIQUIDATING ALL OUTSTANDING DEBT OF THE PUBLIC PENSION
7 AND RETIREMENT SYSTEM.

8 (D) REQUIRE AND PRESCRIBE THE FORM OF SPECIAL REPORTS TO BE
9 MADE BY THE FINANCE OFFICER OF THE PUBLIC PENSION AND RETIREMENT
10 SYSTEM TO ITS BOARD OF TRUSTEES, THE CREDITORS OF THE PUBLIC PEN-
11 SION AND RETIREMENT SYSTEM, THE EMERGENCY FINANCIAL MANAGER, OR
12 THE PUBLIC.

13 (E) EXAMINE ALL RECORDS AND BOOKS OF ACCOUNT, AND REQUIRE
14 UNDER THE PROCEDURES OF THE UNIFORM BUDGETING AND ACCOUNTING ACT,
15 1968 PA 2, MCL 141.421 TO 141.440A, OR 1919 PA 71, MCL 21.41 TO
16 21.55, OR BOTH, THE ATTENDANCE OF WITNESSES AND THE PRODUCTION OF
17 BOOKS, PAPERS, CONTRACTS, AND OTHER DOCUMENTS RELEVANT TO AN
18 ANALYSIS OF THE FINANCIAL CONDITION OF THE PUBLIC PENSION AND
19 RETIREMENT SYSTEM.

20 (F) MAKE, APPROVE, OR DISAPPROVE ANY CONTRACT, EXPENDITURE,
21 OR LOAN, THE CREATION OF ANY NEW POSITION, OR THE HIRING OR
22 FIRING OF INVESTMENT ADVISORS, MONEY MANAGERS, OR ANY OTHER
23 EMPLOYEE.

24 (G) REVIEW PAYROLLS OR OTHER CLAIMS AGAINST THE PUBLIC PEN-
25 SION AND RETIREMENT SYSTEM BEFORE PAYMENT.

26 (H) EXERCISE ALL OF THE AUTHORITY OF THE BOARD OF TRUSTEES
27 TO RENEGOTIATE EXISTING LABOR CONTRACTS AND ACT AS AN AGENT OF

1 THE BOARD OF TRUSTEES IN COLLECTIVE BARGAINING WITH EMPLOYEES OR
2 REPRESENTATIVES AND APPROVE ANY CONTRACT OR AGREEMENT.

3 (I) EMPLOY OR CONTRACT FOR, AT THE EXPENSE OF THE PUBLIC
4 PENSION AND RETIREMENT SYSTEM, AUDITORS AND OTHER TECHNICAL PER-
5 SONNEL CONSIDERED NECESSARY TO IMPLEMENT THIS ARTICLE.

6 (J) REQUIRE COMPLIANCE WITH THE ORDERS OF THE EMERGENCY
7 FINANCIAL MANAGER BY COURT ACTION IF NECESSARY.

8 (K) SELL OR OTHERWISE USE THE ASSETS OF THE PUBLIC PENSION
9 AND RETIREMENT SYSTEM TO MEET PAST OR CURRENT OBLIGATIONS.

10 (L) APPLY FOR A LOAN FROM THE STATE ON BEHALF OF THE PUBLIC
11 PENSION AND RETIREMENT SYSTEM, IN A SUFFICIENT AMOUNT TO PAY THE
12 EXPENSES OF THE EMERGENCY FINANCIAL MANAGER AND FOR OTHER LAWFUL
13 PURPOSES.

14 (M) ALTER THE COMPOSITION OF THE INVESTMENT PORTFOLIO OF THE
15 PUBLIC PENSION AND RETIREMENT SYSTEM.

16 (N) CHANGE ACTUARIAL ASSUMPTIONS AND FUNDING REQUIREMENTS.

17 (O) BRING ACTION AGAINST A LOCAL UNIT OF GOVERNMENT FOR
18 FAILURE TO MAKE TIMELY CONTRIBUTIONS TO A PUBLIC PENSION AND
19 RETIREMENT SYSTEM.

20 SEC. 62. THE STATE, THE LOCAL EMERGENCY FINANCIAL ASSIST-
21 ANCE LOAN BOARD, AND THE EMERGENCY FINANCIAL MANAGER ARE NOT
22 LIABLE FOR ANY OBLIGATION OF OR CLAIM AGAINST A PUBLIC PENSION
23 AND RETIREMENT SYSTEM RESULTING FROM ACTIONS TAKEN IN ACCORDANCE
24 WITH THE TERMS OF THIS ARTICLE.

25 SEC. 63. THE BOARD OF TRUSTEES OF A PUBLIC PENSION AND
26 RETIREMENT SYSTEM AND ELECTED OFFICIALS OF A LOCAL GOVERNMENT WHO
27 USE THAT SYSTEM SHALL PROVIDE THE ASSISTANCE AND INFORMATION

1 NECESSARY AND PROPERLY REQUESTED BY A REVIEW TEAM, THE LOCAL
2 EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD, OR THE EMERGENCY
3 FINANCIAL MANAGER IN THE EFFECTUATION OF THEIR DUTIES AND POWERS
4 FOR THE PURPOSES OF THIS ARTICLE. FAILURE OF AN ELECTED OFFICIAL
5 OF A LOCAL UNIT OF GOVERNMENT OR THE BOARD OF TRUSTEES TO ABIDE
6 BY THIS ARTICLE SHALL BE CONSIDERED GROSS NEGLIGENCE OF DUTY, WHICH
7 THE EMERGENCY FINANCIAL MANAGER SHALL REPORT TO THE LOCAL EMER-
8 GENCY FINANCIAL ASSISTANCE LOAN BOARD. FOLLOWING REVIEW AND A
9 HEARING, THE LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD MAY
10 RECOMMEND TO THE GOVERNOR THAT THE GOVERNOR REMOVE THE BOARD OF
11 TRUSTEES OR THE ELECTED OFFICIAL FROM OFFICE. IF THE GOVERNOR
12 REMOVES THE BOARD OF TRUSTEES OR THE ELECTED OFFICIAL FROM
13 OFFICE, THE RESULTING VACANCY IN OFFICE SHALL BE FILLED AS PRE-
14 SCRIBED BY LAW.

15 SEC. 64. THE GOVERNOR MAY DETERMINE THAT THE CONDITIONS FOR
16 REVOKING THE DECLARATION OF A FINANCIAL EMERGENCY HAVE BEEN MET
17 AFTER RECEIVING A RECOMMENDATION FROM THE LOCAL EMERGENCY FINAN-
18 CIAL ASSISTANCE LOAN BOARD.