

HOUSE BILL No. 4807

May 17, 2007, Introduced by Rep. Wenke and referred to the Committee on Oversight and Investigations.

A bill to amend 1984 PA 427, entitled
"Municipal employees retirement act of 1984,"
by amending section 36 (MCL 38.1536), as amended by 2004 PA 490.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 36. (1) A retirement board is created to administer this
2 act. Before the certification date, the retirement board shall
3 operate within the department of management and budget. On and
4 after the certification date, the retirement system shall become a
5 public corporation and shall no longer operate within the executive
6 branch of this state.

7 (2) On and after the certification date, the retirement board
8 has all of the following powers and duties:

9 (a) The retirement board shall determine and establish all of
10 the provisions of the retirement system affecting benefit

1 eligibility, benefit programs, contribution amounts, and the
2 election of municipalities, judicial circuit courts, judicial
3 district courts, and judicial probate courts to be governed by the
4 provisions of the retirement system. The retirement board shall
5 establish all retirement system provisions. As of 12:01 a.m. on the
6 certification date, the retirement system provisions shall not
7 differ materially from the defined benefit provisions that are in
8 effect under this act at 11:59 p.m. on the day immediately before
9 the certification date. This subdivision does not limit the
10 retirement board's authority after the certification date to
11 establish additional programs including but not limited to defined
12 benefit, defined contribution, ancillary benefits, health and
13 welfare benefits, and other postemployment benefit programs. The
14 retirement board may adopt the provisions of the reciprocal
15 retirement act, 1961 PA 88, MCL 38.1101 to 38.1106, on behalf of
16 the employees of the retirement board. **THE RETIREMENT BOARD SHALL**
17 **ASSURE FOR ALL EMPLOYEES UNDER THE SYSTEM WHO BECOME EMPLOYEES**
18 **AFTER MARCH 31, 2008 THAT THE COST OF THE RETIREMENT BENEFITS**
19 **OFFERED UNDER THIS ACT AND ANY ASSOCIATED RETIREMENT HEALTH CARE**
20 **BENEFITS OFFERED UNDER THIS ACT SHALL NOT EXCEED THE COST OF**
21 **BENEFITS TO QUALIFIED PARTICIPANTS RECEIVING BENEFITS UNDER THE**
22 **STATE EMPLOYEES' RETIREMENT ACT, 1943 PA 240, MCL 38.1 TO 38.69.**

23 (b) The retirement board has the full and exclusive authority
24 and full responsibility to employ and pay for all professional
25 services including but not limited to actuarial, investment, legal,
26 accounting, and any other services that the retirement board
27 considers necessary for the proper operation of the retirement

1 system. The power granted to the retirement board in this
2 subdivision includes complete control of the procurement process.

3 (c) The retirement board shall appoint a chief executive
4 officer and any other employees for which the retirement board
5 establishes positions. The retirement board shall establish the
6 compensation of all persons appointed by the board. On and after
7 the certification date, a person employed by the public corporation
8 is not an employee of this state for any purpose.

9 (d) The retirement board shall arrange for an annual actuarial
10 valuation and report of the actuarial soundness of each
11 participating municipality and court to be prepared by an
12 independent actuary based upon data compiled and supplied by
13 employees of the retirement system. The retirement board shall
14 adopt actuarial tables, assumptions, and formulas after
15 consultation with the actuary.

16 (e) The retirement board shall arrange for annual audits of
17 the records and accounts of the retirement system by a certified
18 public accountant or by a firm of certified public accountants
19 pursuant to generally accepted auditing standards and the uniform
20 budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.

21 (f) The retirement board shall prepare an annual report for
22 each fiscal year in compliance with generally accepted accounting
23 principles. The report shall contain information regarding the
24 financial, actuarial, and other activities of the retirement system
25 during the fiscal year. The retirement board shall furnish a copy
26 of the annual report to the governor and a copy in print or
27 electronic format to each house of the legislature, each

1 participating municipality, and each participating court. The
2 retirement board shall make the report available to all members
3 upon request. The report shall also contain a review of the
4 actuarial valuation required under subdivision (d), if available.

5 (g) The retirement board shall appoint an attorney to be the
6 legal advisor of the board and to represent the board in all
7 proceedings.

8 (h) The retirement board shall appoint or employ custodians of
9 the assets of the retirement system. The custodians shall perform
10 all duties necessary and incidental to the custodial responsibility
11 and make disbursements of authorized retirement system payments
12 from the funds of the retirement system.

13 (i) The retirement board shall perform other functions that
14 are required for the execution of the provisions of this act.

15 (j) The retirement board shall establish the time and location
16 of the meetings of the retirement board and the time and location
17 of the annual meeting of the retirement system, consistent with the
18 provisions of the open meetings act, 1976 PA 267, MCL 15.261 to
19 15.275.

20 (3) Before the certification date, the provisions of the
21 executive organization act of 1965, 1965 PA 380, MCL 16.101 to
22 16.608, and the management and budget act, 1984 PA 431, MCL 18.1101
23 to 18.1594, shall govern the administrative functions of the
24 retirement system. However, any provision of law in actual conflict
25 with the provisions of the amendatory act that added this sentence
26 shall not apply.

27 (4) On and after the certification date, the retirement board

1 consists of the following 9 members, each of whom, excepting the
2 retiree member and the retirement board appointees, shall be from a
3 different county at the time of appointment:

4 (a) Two members appointed by the retirement board who have
5 knowledge or experience in retirement systems, administration of
6 retirement systems, or investment management or advisory services.

7 (b) One member who is a retiree of the system appointed by the
8 board.

9 (c) Three members of the retirement system who are officers of
10 participating municipalities or courts, who shall be designated as
11 officer board members.

12 (d) Three employee members of the retirement system who are
13 not officers of a participating municipality or court, who shall be
14 designated as employee board members.

15 (5) The retirement board shall adopt its own rules of
16 procedure and shall keep a record of its proceedings. Five members
17 of the retirement board shall constitute a quorum at any meeting of
18 the retirement board and at least 5 concurring votes shall be
19 necessary for any decision by the retirement board. Each member of
20 the retirement board shall be entitled to 1 vote on each question
21 before the retirement board.

22 (6) The regular term of office of members of the retirement
23 board is 3 years. Each member of the retirement board shall take an
24 oath of office before assuming the duties of the position. Members
25 of the retirement board shall serve without compensation with
26 respect to their duties, but shall be reimbursed by the retirement
27 system for their actual and necessary expenses incurred in the

1 performance of their duties. A participating municipality or court
2 employing a member of the retirement board shall treat absences
3 from work on account of retirement board business in such a manner
4 that the individual does not suffer loss of pay or benefits.

5 (7) A vacancy shall occur on the retirement board upon the
6 occurrence of any of the following events:

7 (a) An officer board member ceases to be eligible for
8 nomination as an officer board member.

9 (b) An employee board member ceases to be eligible for
10 nomination as an employee board member.

11 (c) Failure to attend 3 consecutive scheduled meetings of the
12 retirement board, unless excused for cause by majority vote of the
13 board members attending the meeting.

14 (8) A vacancy occurring on the retirement board at least 120
15 days before the expiration of a term of office shall be filled by
16 the retirement board. Board appointments under this subsection
17 shall be for the period ending on the December 31 next following
18 the date of the vacancy. For the officer board members and employee
19 board members, a replacement for any further portion of the
20 unexpired term shall be filled pursuant to section 45. For the 2
21 appointed board members and the retiree board member, a replacement
22 for any further portion of the unexpired term shall be filled
23 pursuant to subsection (4).

24 (9) The retirement board shall select from its members a
25 chairperson and a chairperson pro-tem.

26 (10) The retirement board shall employ a chief executive
27 officer. The chief executive officer shall do all of the following:

1 (a) Manage and administer the retirement system under the
2 supervision and direction of the retirement board.

3 (b) Invest the assets of the retirement system, as directed by
4 the retirement board, consistent with the public employee
5 retirement system investment act, 1965 PA 314, MCL 38.1132 to
6 38.1140m, which act governs the investment of assets of public
7 employee retirement systems.

8 (c) Annually prepare and submit to the retirement board for
9 review, amendment, and adoption an itemized budget showing the
10 amount required to pay the retirement system's expenses for the
11 following fiscal year.

12 (d) Perform other duties as the retirement board, in its
13 discretion, shall delegate to the chief executive officer.