

HOUSE BILL No. 4289

March 4, 2015, Introduced by Rep. Yonker and referred to the Committee on Financial Liability Reform.

A bill to amend 1965 PA 314, entitled
"Public employee retirement system investment act,"
by amending section 13g (MCL 38.1133g), as added by 2014 PA 185.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 13g. (1) Subject to a plan for adjustment, each large
2 sponsored system shall establish an investment committee.

3 (2) The investment committee shall recommend to the governing
4 board of ~~the~~ a large sponsored system investment management
5 decisions, including, but not limited to, all of the following:

6 (a) The development of investment goals and objectives,
7 investment assumptions, and performance measurement standards
8 consistent with the needs of the large sponsored system.

9 (b) The selection, monitoring, evaluation, and removal of
10 custodians, investment managers, or any investment service
11 providers.

1 (c) Asset allocation.

2 (d) Subject to a plan for adjustment, all calculations,
3 actuarial assumptions, or assessments used by an actuary,
4 including, but not limited to, those underlying the restoration of
5 pension benefits, funding levels, and amortization of the
6 restoration of pension benefits, and those underlying the
7 determination of annual funding levels and amortization of annual
8 funding levels, and recommended contributions to the large
9 sponsored system in accordance with applicable law.

10 (e) Performing or ordering asset liability valuation studies
11 for the ~~qualified~~-**LARGE SPONSORED** system not less frequently than
12 every 2 years.

13 (f) Review and approval, before final issuance of all annual
14 audits and actuarial and financial reports before finalization.

15 (g) Interpretation of the large sponsored system's governing
16 documents, applicable laws, plans of adjustment approved by United
17 States bankruptcy courts, and other financial determinations
18 affecting the large sponsored system's funding or benefit levels.

19 (h) Based on annual actuarial valuation reports and any other
20 projections or reports, as applicable from an actuary or other
21 professional advisors, the determination of the extent of
22 restoration of pension benefits all in conformance with a plan for
23 adjustment.

24 (3) The investment committee shall do all of the following:

25 (a) Select, set compensation for and terms of employment of,
26 and evaluate the ~~qualified~~-**LARGE SPONSORED** system's chief ~~financial~~
27 **INVESTMENT** officer.

1 (b) Notwithstanding section 20h(6), approve a ~~qualified-LARGE~~
2 **SPONSORED** system's summary annual report created under section 13
3 before the summary annual report is made public.

4 (4) The investment committee shall submit its recommendation
5 under subsection (2) to the board. The board ~~shall have~~**HAS** not
6 more than 45 days from the date of the submission, or 10 business
7 days if the committee determines in good faith that emergency
8 action is required, to approve or disapprove the recommendation. If
9 the board does not act within 45 days or 10 days, as applicable,
10 the recommendation is considered approved by the board and the
11 chief ~~financial-**INVESTMENT**~~ officer shall implement the
12 recommendation.

13 (5) If the board disapproves the investment committee's
14 recommendation within 45 days or 10 days **UNDER SUBSECTION (4)**, as
15 applicable, the **INVESTMENT MANAGEMENT** decision ~~shall~~**MUST** be
16 implemented under the plan for adjustment.

17 (6) As used in this section:

18 (a) "Board" means the governing board of a large sponsored
19 system.

20 (b) "Chief ~~financial-**INVESTMENT**~~ officer" means the chief
21 ~~financial-**INVESTMENT**~~ officer of a ~~qualified-LARGE~~ **SPONSORED** system.

22 (c) "Investment committee" or "committee" means an investment
23 committee established under subsection (1).

24 (d) "Plan for adjustment" means a plan for the adjustment of
25 debts entered and approved by a federal bankruptcy court for a city
26 that has established a large sponsored system.