

Retirement; investments; freedom of information act exemption of information regarding the calculation of public employee retirement benefits; eliminate.
Retirement: investments; Retirement: defined benefit; Civil rights: public records

A bill to amend 1965 PA 314, entitled
"Public employee retirement system investment act,"
by amending sections 13g and 20h (MCL 38.1133g and 38.1140h),
section 13g as added by 2014 PA 185 and section 20h as amended by
2012 PA 347.

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,



1 investment assumptions, and performance measurement standards
2 consistent with the needs of the large sponsored system.

3 (b) The selection, monitoring, evaluation, and removal of
4 custodians, investment managers, or any investment service
5 providers.

6 (c) Asset allocation.

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

15 (e) Performing or ordering asset liability valuation studies
16 for the ~~qualified~~ **LARGE SPONSORED** system not less frequently than
17 every 2 years.

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

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

24 (h) Based on annual actuarial valuation reports and any other
25 projections or reports, as applicable from an actuary or other
26 professional advisors, the determination of the extent of
27 restoration of pension benefits all in conformance with a plan for

1 adjustment.

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

3 (a) Select, set compensation for and terms of employment of,
4 and evaluate the ~~qualified~~ **LARGE SPONSORED** system's chief financial
5 officer.

6 (b) Notwithstanding section ~~20h(6)~~, **20H(5)**, approve a
7 ~~qualified~~ **LARGE SPONSORED** system's summary annual report created
8 under section 13 before the summary annual report is made public.

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

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

21 (6) As used in this section:

22 (a) "Board" means the governing board of a large sponsored
23 system.

24 (b) "Chief financial officer" means the chief financial
25 officer of a ~~qualified~~ **LARGE SPONSORED** system.

26 (c) "Investment committee" or "committee" means an investment
27 committee established under subsection (1).



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

4 Sec. 20h. (1) In addition to the provisions of this act, a
5 system is subject to the applicable accounting, auditing, and
6 reporting requirements contained in the following acts and parts of
7 acts:

8 (a) 1919 PA 71, MCL 21.41 to 21.55.

9 (b) The uniform budgeting and accounting act, 1968 PA 2, MCL
10 141.421 to 141.440a.

11 (c) Section 91 of the executive organization act of 1965, 1965
12 PA 380, MCL 16.191.

13 (2) A system shall retain its financial records for a minimum
14 period of 6 years from the date of the creation of the record
15 unless state or federal law requires a longer retention period. As
16 used in this subsection, "financial records" includes, but is not
17 limited to, records pertaining to expenditures for professional
18 training and education, including travel expenditures, by or on
19 behalf of system board members that are paid by the system.

20 ~~— (3) Except as otherwise provided in this subsection,~~
21 ~~information regarding the calculation of actual or estimated~~
22 ~~retirement benefits for members of the system is exempt from~~
23 ~~disclosure by the system or the political subdivision sponsoring~~
24 ~~the system pursuant to section 13(1)(d) of the freedom of~~
25 ~~information act, 1976 PA 442, MCL 15.243. Upon a majority vote of~~
26 ~~the governing body of the political subdivision sponsoring the~~
27 ~~system, the system shall provide the designated representative of~~

~~the political subdivision with a reasonable opportunity to inspect, copy, or receive copies of all information regarding the calculation of actual or estimated retirement benefits for members of the system. The system may require that information provided by the system under this subsection be provided only upon a promise of confidentiality by the political subdivision sponsoring the system. A system may make reasonable rules to ensure the confidentiality of records exempt from disclosure under applicable state and federal law. The system may charge a fee under this subsection in accordance with section 4 of the freedom of information act, 1976 PA 442, MCL 15.234. All fees and expenses incurred by the political subdivision sponsoring the system that are related to this subsection shall be borne by the political subdivision and shall not be deducted from or offset against the political subdivision's required pension contributions to the system.~~

(3) ~~(4)~~ Except as otherwise provided in this subsection, a system shall have an annual actuarial valuation with assets valued on a market-related basis. The actuarial present value of total projected benefits ~~shall~~ **MUST** include all pension benefits to be provided by the system to members or beneficiaries ~~pursuant to~~ **UNDER** the terms of the system and any additional statutory or contractual agreements to provide pension benefits through the system that are in force at the actuarial valuation date, including, but not limited to, service credits purchased by members, deferred retirement option plans, early retirement programs, and postretirement adjustment programs. A system that has assets of less than \$20,000,000.00 is only required to have an



1 actuarial valuation as required under this subsection done every
2 other year.

3 **(4)** ~~(5)~~—A system shall provide a supplemental actuarial
4 analysis before adoption of pension benefit changes. System assets
5 ~~shall~~ **MUST** not be used for any actuarial expenses related to the
6 supplemental actuarial analysis under this subsection. The
7 supplemental actuarial analysis shall be provided by the system's
8 actuary and ~~shall~~ **MUST** include an analysis of the long-term costs
9 associated with any proposed pension benefit change. The
10 supplemental actuarial analysis shall be provided to the board of
11 the particular system and to the decision-making body that will
12 approve the proposed pension benefit change at least 7 days before
13 the proposed pension benefit change is adopted. For purposes of
14 this subsection, "proposed pension benefit change" means a proposal
15 to change the amount of pension benefits received by persons
16 entitled to pension benefits under the system. Proposed pension
17 benefit change does not include a proposed change to a health care
18 plan or health benefits.

19 **(5)** ~~(6)~~—The system shall make the summary annual report
20 created under section 13 available to the plan participants and
21 beneficiaries and the citizens of the political subdivision
22 sponsoring the system. If the system has a website, the system
23 shall publish the summary annual report on the website. If the
24 system does not have a website, the political subdivision
25 sponsoring the system shall publish the summary annual report on a
26 website that the political subdivision has created or may create.