

HOUSE BILL No. 4123

January 20, 2011, Introduced by Rep. Geiss and referred to the Committee on Oversight, Reform, and Ethics.

A bill to amend 1965 PA 314, entitled
"Public employee retirement system investment act,"
by amending section 20h (MCL 38.1140h), as amended by 2002 PA 728.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

5 (b) The uniform budgeting and accounting act, 1968 PA 2, MCL
6 141.121 to 141.440a.

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

9 (2) **A SYSTEM SHALL RETAIN FINANCIAL RECORDS, INCLUDING, BUT**

1 NOT LIMITED TO, TRAVEL RECORDS, FOR A MINIMUM PERIOD OF 6 YEARS
2 FROM THE CREATION, OR LONGER IF REQUIRED UNDER OTHER STATE LAW OR
3 FEDERAL LAW.

4 (3) UPON A MAJORITY VOTE OF THE GOVERNING BODY OF THE
5 POLITICAL SUBDIVISION SPONSORING A SYSTEM, THE SYSTEM SHALL PROVIDE
6 THE DESIGNATED REPRESENTATIVE OF THE POLITICAL SUBDIVISION WITH THE
7 REASONABLE OPPORTUNITY TO INSPECT, COPY, OR RECEIVE COPIES OF ALL
8 INFORMATION REGARDING THE CALCULATION OF ACTUAL OR ESTIMATED
9 RETIREMENT BENEFITS FOR MEMBERS OF THE SYSTEM NOTWITHSTANDING
10 ANYTHING THAT MAY BE TO THE CONTRARY IN SECTION 13 OF THE FREEDOM
11 OF INFORMATION ACT, 1976 PA 442, MCL 15.243.

12 (4) THE SYSTEM MAY REQUIRE THAT RECORDS PROVIDED UNDER
13 SUBSECTION (3) ARE PROVIDED ONLY UPON A PROMISE OF CONFIDENTIALITY
14 AND THE RECORDS PROVIDED UNDER SUBSECTION (3) ARE EXEMPT FROM
15 DISCLOSURE BY THE RECIPIENT POLITICAL SUBDIVISION UNDER SECTION
16 13(1)(D) OF THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL
17 15.243. A SYSTEM MAY MAKE REASONABLE RULES THAT ENSURE THE
18 CONFIDENTIALITY OF RECORDS EXEMPT FROM DISCLOSURE UNDER APPLICABLE
19 FEDERAL OR STATE LAW. THE SYSTEM MAY CHARGE A FEE UNDER THIS
20 SUBSECTION IN ACCORDANCE WITH SECTION 4 OF THE FREEDOM OF
21 INFORMATION ACT, 1976 PA 442, MCL 15.234. EXPENSES INCURRED BY THE
22 SPONSORING POLITICAL SUBDIVISION THAT ARE RELATED TO ITS REQUEST
23 UNDER SUBSECTION (3) SHALL BE BORNE BY THE POLITICAL SUBDIVISION
24 AND SHALL NOT BE DEDUCTED OR OFFSET AGAINST THE POLITICAL
25 SUBDIVISION'S REQUIRED PENSION CONTRIBUTIONS TO THE SYSTEM.

26 (5) ~~(2)~~—Except as otherwise provided in subsection ~~(4)~~—(7), a
27 system shall have an annual actuarial valuation with assets valued

1 on a market-related basis. A system shall prepare and issue a
2 summary annual report. The system shall make the summary annual
3 report available to the plan participants and beneficiaries and the
4 citizens of the political subdivision sponsoring the system. **IF THE**
5 **SYSTEM HAS A WEBSITE, THE SUMMARY ANNUAL REPORT SHALL BE PUBLISHED**
6 **ON THE WEBSITE AND MADE AVAILABLE TO THE PUBLIC. IF THE SYSTEM DOES**
7 **NOT HAVE A WEBSITE, THE SPONSORING POLITICAL SUBDIVISION SHALL**
8 **PUBLISH THE SUMMARY ANNUAL REPORT ON A WEBSITE THAT THE SPONSORING**
9 **POLITICAL SUBDIVISION HAS CREATED OR MAY CREATE.** The summary annual
10 report shall include all of the following information:

11 (a) The name of the system.

12 (b) The names of the system's investment fiduciaries,
13 **ACTUARIES, AND AUDITORS.**

14 (c) The system's assets and liabilities **AND CHANGES IN NET**
15 **PLAN ASSETS.**

16 (d) The system's funded ratio.

17 (e) The system's investment performance **OVER 1, 3, 5, AND 10**
18 **YEARS.**

19 (f) The system's **INVESTMENT AND ADMINISTRATIVE** expenses **IN**
20 **ACCORDANCE WITH THE STANDARDS OF THE GOVERNMENTAL ACCOUNTING**
21 **STANDARDS BOARD, INCLUDING, BUT NOT LIMITED TO, EDUCATIONAL AND**
22 **TRAVEL EXPENSES.**

23 (6) ~~(3)~~—A system shall provide a supplemental actuarial
24 analysis before adoption of pension benefit changes. **ACTUARIAL**
25 **EXPENSES RELATED TO THE SUPPLEMENTAL ACTUARIAL ANALYSIS SHALL NOT**
26 **BE BORNE BY THE SYSTEM.** The supplemental actuarial analysis shall
27 be provided by the system's actuary and shall include an analysis

1 of the long-term costs associated with any proposed pension benefit
2 change. The supplemental actuarial analysis shall be provided to
3 the board of the particular system and to the decision-making body
4 that will approve the proposed pension benefit change at least 7
5 days before the proposed pension benefit change is adopted. For
6 purposes of this subsection, "proposed pension benefit change"
7 means a proposal to change the amount of pension benefits received
8 by persons entitled to pension benefits under a system. Proposed
9 pension benefit change does not include a proposed change to a
10 health care plan or health benefits.

11 (7) ~~(4)~~—A system that has assets of less than \$20,000,000.00
12 is only required to have the actuarial valuation required under
13 subsection ~~(2)~~—(5) done every other year.