



General Assembly

**Amendment**

February Session, 2016

LCO No. 5417



Offered by:  
SEN. FASANO, 34<sup>th</sup> Dist.

To: Senate Bill No. 391

File No. 387

Cal. No. 267

**"AN ACT CONCERNING THE RECOUPMENT OF STATE COSTS  
ATTRIBUTABLE TO LOW WAGE EMPLOYERS."**

1 After the last section, add the following and renumber sections and  
2 internal references accordingly:

3 "Sec. 501. Section 3-13b of the general statutes is repealed and the  
4 following is substituted in lieu thereof (*Effective from passage*):

5 (a) There is created an Investment Advisory Council which shall  
6 consist of the following: (1) The Secretary of the Office of Policy and  
7 Management who shall serve as an ex-officio member of said council;  
8 (2) the State Treasurer who shall serve as an ex-officio member of said  
9 council; (3) five public members all of whom shall be experienced in  
10 matters relating to investments. The Governor, the president pro  
11 tempore of the Senate, the Senate minority leader, the speaker of the  
12 House of Representatives and the minority leader of the House of  
13 Representatives shall each appoint one such public member to serve  
14 for a term of four years. No such public member or such member's  
15 business organization or affiliate shall directly or indirectly contract

16 with or provide any services for the investment of trust funds of the  
17 state of Connecticut during the time of such member's service on said  
18 council and for one year thereafter. The term of each public member in  
19 office on June 30, 1983, shall end on July 1, 1983. The appointing  
20 authority shall fill all vacancies of the public members; (4) three  
21 representatives of the teachers' unions, and two representatives of the  
22 state employees' unions. On or before July 15, 1983, the teachers'  
23 unions shall jointly submit to the State Treasurer a list of three  
24 nominees, and the state employees' unions or a majority thereof who  
25 represent a majority of state employees shall jointly submit to the  
26 Treasurer a list of two nominees. On or before July 30, 1983, the  
27 Governor shall appoint five members of the council from such lists, for  
28 terms of two years. Any person appointed to fill a vacancy or to be a  
29 new member at the expiration of a given term, whose predecessor in  
30 that position was either a representative of one of the teachers' unions  
31 or one of the state employees' unions, shall also be a representative of  
32 such respective union group. Any such appointee shall be appointed  
33 by the Governor from a list of nominees submitted to the Treasurer by  
34 the teachers' unions or state employees' unions or such majority  
35 thereof, as the case may be, within thirty days of notification by the  
36 Treasurer of the existence of a vacancy or a prospective vacancy, or the  
37 expiration or prospective expiration of a term. All members of the  
38 council shall serve until their respective successors are appointed and  
39 have qualified. No public member of the council shall serve more than  
40 two consecutive terms which commence on or after July 1, 1983.

41 (b) The Governor shall designate one of the members to be  
42 chairperson of the council to serve as such at the Governor's pleasure.  
43 The Treasurer shall serve as secretary of said council. A majority of the  
44 members of the council then in office shall constitute a quorum for the  
45 transaction of any business, and action shall be by the vote of a  
46 majority of the members present at a meeting. Votes by members on  
47 investment policies shall be recorded in the minutes of each meeting.  
48 Members of said council shall not be compensated for their services  
49 but shall be reimbursed for all necessary expenses incurred in the

50 performance of their duties as members of said council. The council  
51 shall meet at least once during each calendar quarter and at such other  
52 times as the chairperson deems necessary or upon the request of a  
53 majority of the members in office. Special meetings shall be held at the  
54 request of such majority after notice in accordance with the provisions  
55 of section 1-225. Any member who fails to attend three consecutive  
56 meetings or who fails to attend fifty per cent of all meetings held  
57 during any calendar year shall be deemed to have resigned from office.

58 (c) (1) The Treasurer shall recommend to the Investment Advisory  
59 Council an investment policy statement which shall set forth the  
60 standards governing investment of trust funds by the Treasurer. Such  
61 statement shall include, with respect to each trust fund, without  
62 limitation, (A) investment objectives; (B) asset allocation policy and  
63 risk tolerance; (C) asset class definitions, including specific types of  
64 permissible investments within each asset class and any specific  
65 limitations or other considerations governing the investment of any  
66 funds; (D) investment manager guidelines; (E) investment  
67 performance evaluation guidelines; (F) guidelines for the selection and  
68 termination of providers of investment-related services who shall  
69 include, but not be limited to, investment advisors, external money  
70 managers, investment consultants, custodians, broker-dealers, legal  
71 counsel, and similar investment industry professionals; and (G) proxy  
72 voting guidelines. A draft of the statement shall be submitted to the  
73 Investment Advisory Council at a meeting of said council and shall be  
74 made available to the public. Notice of such availability shall be  
75 published in at least one newspaper having a general circulation in  
76 each municipality in the state which publication shall be not less than  
77 two weeks prior to such meeting. Said council shall review the draft  
78 statement and shall publish any recommendations it may have for  
79 changes to such statement in the manner provided for publication of  
80 the statement by the Treasurer. The Treasurer shall thereafter adopt  
81 the statement, including any such changes the Treasurer deems  
82 appropriate, with the approval of a majority of the members appointed  
83 to said council. If a majority of the members appointed to said council

84 fail to approve such statement, said majority shall provide the reasons  
85 for its failure to approve to the Treasurer who may submit an  
86 amended proposed statement at a subsequent regular or special  
87 meeting of said council. Such revised proposed statement shall be  
88 made available to the public in accordance with the provisions of the  
89 Freedom of Information Act, as defined in section 1-200. Any revisions  
90 or additions to the investment policy statement shall be made in  
91 accordance with the procedures set forth in this subdivision for the  
92 adoption of the statement. The Treasurer shall annually review the  
93 investment policy statement and shall consult with the Investment  
94 Advisory Council regarding possible revisions to such statement.

95 (2) All trust fund investments by the State Treasurer shall be  
96 reviewed by said Investment Advisory Council. The Treasurer shall  
97 provide to the council all information regarding such investments  
98 which the Treasurer deems relevant to the council's review and such  
99 other information as may be requested by the council. The Treasurer  
100 shall provide a report at each regularly scheduled meeting of the  
101 Investment Advisory Council as to the status of the trust funds and  
102 any significant changes which may have occurred or which may be  
103 pending with regard to the funds. The council shall promptly notify  
104 the Auditors of Public Accounts and the Comptroller of any  
105 unauthorized, illegal, irregular or unsafe handling or expenditure of  
106 trust funds or breakdowns in the safekeeping of trust funds or  
107 contemplated action to do the same within their knowledge. The  
108 Governor may direct the Treasurer to change any investments made  
109 by the Treasurer when in the judgment of said council such action is  
110 for the best interest of the state. Said council shall, at the close of the  
111 fiscal year, make a complete examination of the security investments of  
112 the state and determine as of June thirtieth, the value of such  
113 investments in the custody of the Treasurer and report thereon to the  
114 Governor, the General Assembly and beneficiaries of trust funds  
115 administered, held or invested by the Treasurer. With the approval of  
116 the Treasurer and the council, said report may be included in the  
117 Treasurer's annual report.

118 (d) The Investment Advisory Council shall be within the office of  
119 the State Treasurer for administrative purposes only.

120 (e) Notwithstanding any provision of chapter 66, the Investment  
121 Advisory Council shall establish the anticipated rate of return for the  
122 state employees retirement system, the municipal employees'  
123 retirement system established by part II of chapter 113, the teachers'  
124 retirement system and all other state retirement and pension plans.  
125 Such established rate shall be used for the purpose of conducting  
126 actuarial analyses for the valuation of such retirement systems and  
127 plans, including, but not limited to, as required in section 5-156a.

128 [(e)] (f) For the purposes of this section, "teachers' union" means a  
129 representative organization for certified professional employees, as  
130 defined in section 10-153b, and "state employees' union" means an  
131 organization certified to represent state employees, pursuant to section  
132 5-275."

This act shall take effect as follows and shall amend the following sections:		
Sec. 501	<i>from passage</i>	3-13b