



General Assembly

Amendment

February Session, 2016

LCO No. 5681



Offered by:
SEN. FASANO, 34th Dist.

To: Subst. House Bill No. 5591

File No. 747

Cal. No. 522

"AN ACT CREATING THE CONNECTICUT RETIREMENT SECURITY PROGRAM."

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 Section 3-13b of the general statutes is repealed and the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	from passage	3-13b