AN ACT ESTABLISHING THE MUNICIPAL EMPLOYEES RETIREMENT COMMISSION AND CONCERNING THE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (Effective July 1, 2024) (a) (1) On and after January 1, 2025, the general administration and responsibility for the proper operation of the Policemen and Firemen Survivors' Benefit Fund under part V of chapter 104 of the general statutes and the municipal employees' retirement system under part II of chapter 113 of the general statutes is vested in a board of trustees to be known as the Connecticut Municipal Employees Retirement Commission. The Connecticut Municipal Employees Retirement Commission shall constitute a successor commission to the Connecticut State Employees Retirement Commission, with respect to the provisions of part V of chapter 104 of the general statutes and part II of chapter 113 of the general statutes, in accordance with the provisions of sections 4-38d and 4-39 of the general statutes. The Connecticut Municipal Employees Retirement Commission shall be within the Retirement Services Division of the
office of the State Comptroller for administrative purposes only.

(2) The Retirement Services Division shall (A) provide record keeping, reporting and related administrative and clerical functions for the Connecticut Municipal Employees Retirement Commission to the extent deemed necessary by the State Comptroller, (B) disseminate for said commission any required notices or rules or orders adopted, amended or repealed by said commission, and (C) provide staff for said commission subject to the provisions of subdivision (3) of subsection (a) of section 4-38f of the general statutes. The office of the State Comptroller shall include in its budget the Connecticut Municipal Employees Retirement Commission's budgetary request, if any, as a separate part of such budget, exactly as prepared and submitted to the office by said commission.

(3) The State Comptroller shall serve as secretary of the Connecticut Municipal Employees Retirement Commission and provide secretariat support to said commission. The Connecticut Municipal Employees Retirement Commission shall meet at least monthly and shall report to the Governor in accordance with the provisions of section 4-60 of the general statutes.

(b) Notwithstanding the provisions of section 4-9a of the general statutes, the Connecticut Municipal Employees Retirement Commission shall consist of the following:

(1) The State Comptroller, or the State Comptroller's designee, who shall be a nonvoting, ex-officio member and shall preside at meetings of the Connecticut Municipal Employees Retirement Commission;

(2) The State Treasurer, or the State Treasurer's designee, who shall be a nonvoting, ex-officio member;

(3) Four trustees who represent employees, each of whom shall be appointed by the Governor, with the advice and consent of a federation in the state of labor organizations in the state that represent private and public employees and workers in the building trades, (A) one of whom
shall be (i) a municipal public safety employee who is a member of the municipal employees' retirement system, or (ii) an elected leader of a labor organization representing such public safety employees, (B) two of whom shall be (i) a municipal employee, other than a public safety employee, who is a member of the municipal employees' retirement system, or (ii) an elected leader of a labor organization representing such municipal employees, and (C) one of whom shall be a retired member of the municipal employees' retirement system;

(4) Four trustees who represent government employers, who shall not be required to represent or be in the active service of a participating municipality, as defined in section 7-425 of the general statutes, as amended by this act, (A) one of whom shall represent a municipal employer and shall be appointed by the Governor, with the advice and consent of an organization in the state that represents small towns, (B) two of whom shall represent municipal employers and shall be appointed by the Governor, with the advice and consent of an organization in the state that represents municipalities, and (C) one of whom shall represent housing authorities in the state and shall be appointed by the Governor, with the advice and consent of an organization in the state that represents housing and redevelopment officials in the state;

(5) Two trustees who shall be appointed by the State Comptroller, who possess expertise and experience in financial management, actuarial science or pension management; and

(6) One neutral trustee who shall serve as the chairperson of the Connecticut Municipal Employees Retirement Commission and be appointed by the Governor, with the advice and consent of the trustees appointed under subdivisions (3) and (4) of this subsection. The chairperson shall cast a vote on a matter before said commission only in the event of a tie vote.

(c) (1) All initial appointments to the Connecticut Municipal Employees Retirement Commission shall be made not later than
October 1, 2024, and shall terminate, except as provided in subdivision (2) of this subsection, on September 30, 2028, regardless of when the initial appointment was made.

(2) Two of the trustees appointed under subdivision (3) of subsection (b) of this section, two of the trustees appointed under subdivision (4) of subsection (b) of this section and one of the trustees appointed under subdivision (5) of subsection (b) of this section, as selected by the appointing authority, shall serve an initial term of two years, which shall terminate on September 30, 2026, regardless of when the initial appointment was made.

(3) Subsequent terms shall be for four years. Any vacancy shall be filled by the appointing authority in accordance with the provisions of subsection (b) of this section. Any vacancy occurring other than by expiration of term shall be filled for the balance of the unexpired term.

(d) (1) Each trustee shall act as a fiduciary with respect to the Policemen and Firemen Survivors' Benefit Fund and the municipal employees' retirement system and the members of said fund and such retirement system. The trustees shall discharge their duties solely in the interest of the members and the beneficiaries and contingent annuitants of said fund and such retirement system, for the exclusive purposes of providing benefits to such members, beneficiaries and annuitants and defraying reasonable expenses of administering said fund and such retirement system.

(2) Each trustee shall, not later than ten days after appointment, take an oath of office that so far as it devolves upon the trustee, the trustee will diligently and honestly administer the affairs of the Policemen and Firemen Survivors' Benefit Fund and the municipal employees' retirement system and will not knowingly violate or willingly permit to be violated any provision of law applicable to said fund or such retirement system.

(e) The State Comptroller shall establish an orientation program and fiduciary training for new trustees. Each trustee shall, not later than
thirty days after appointment, complete such program and training and
shall annually complete continuing education hours, as required by the
State Comptroller, in financial management, actuarial science or
pension management. The State Comptroller shall publish the activities
and courses the State Comptroller deems acceptable for purposes of
fulfilling the continuing education requirement under this subsection.

(f) A majority of the members of the Connecticut Municipal
Employees Retirement Commission shall constitute a quorum for the
transaction of any business, the exercise of any power or the
performance of any duty authorized or imposed by law.

(g) The trustees of the Connecticut Municipal Employees Retirement
Commission shall serve without compensation, but shall, within the
limits of available funds, be reimbursed for expenses necessarily
incurred in the performance of their duties.

(h) All assets of the Policemen and Firemen Survivors' Benefit Fund
and the municipal employees' retirement system shall be held in trust
by the State Treasurer, who shall act as a fiduciary of said fund and such
retirement system. The State Treasurer shall manage and control such
assets, except as the Connecticut Municipal Employees Retirement
Commission or a municipal retirement plan expressly may otherwise
provide. The State Treasurer shall discharge the State Treasurer's duties
solely in the interest of the members and the beneficiaries and
contingent annuitants of said fund and such retirement system, for the
exclusive purposes of providing benefits to such members, beneficiaries
and annuitants, by diversifying the investments of said fund and such
retirement system so as to minimize the risk of large losses, unless,
under the circumstances, it is clearly prudent not to do so.

(i) The Connecticut Municipal Employees Retirement Commission
shall have general supervision of the operation of the Policemen and
Firemen Survivors' Benefit Fund and the municipal employees'
retirement system and shall conduct the business and activities of said
fund and such retirement system in accordance with the provisions of
part V of chapter 104 of the general statutes and part II of chapter 113 of the general statutes, as applicable, and applicable law. The Connecticut Municipal Employees Retirement Commission shall act, in conducting the business of said fund and such retirement system, including said commission's supervisory functions: (1) With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; (2) in accordance with strict fiduciary standards and responsibilities; and (3) in accordance with the provisions of the general statutes and applicable collective bargaining agreements.

(j) The Connecticut Municipal Employees Retirement Commission may, by resolution or regulation, allocate fiduciary responsibilities and various administrative duties to committees or subcommittees of said commission and may delegate such responsibilities and duties to the Retirement Services Division of the office of the State Comptroller or to other individuals the Connecticut Municipal Employees Retirement Commission deems appropriate or necessary, provided such delegation is consistent with the provisions of this section.

(k) The Connecticut Municipal Employees Retirement Commission may hold hearings when said commission deems them necessary in the performance of its duties. The hearings shall be governed by rules and regulations adopted by said commission and said commission shall not be bound by technical rules of evidence.

(l) The Connecticut Municipal Employees Retirement Commission may hire a general counsel who shall serve at the pleasure of said commission, have offices in the Retirement Services Division of the office of the State Comptroller and perform duties as directed by said commission. The Connecticut Municipal Employees Retirement Commission may obtain such additional legal advice and assistance as it deems advisable.

(m) (1) All municipal retirement plans, descriptions and reports and
all legal, financial and actuarial documents dealing with the general operations of the Policemen and Firemen Survivors' Benefit Fund and the municipal employees' retirement system shall be available for inspection and copying by members of said fund or such retirement system, as applicable, and their representatives. The cost of any copying shall be borne by the member or representative but shall not exceed twenty-five cents per page.

(2) The Connecticut Municipal Employees Retirement Commission shall notify members of any substantial statutory amendments to the Policemen and Firemen Survivors' Benefit Fund or to the municipal employees' retirement system, not later than two hundred ten days after the effective date of such amendments.

(3) Not later than December 31, 2025, and annually thereafter, the State Treasurer shall publish and forward to the Connecticut Municipal Employees Retirement Commission a consolidated report showing the fiscal transactions of the Policemen and Firemen Survivors' Benefit Fund and the municipal employees' retirement system for the preceding fiscal year, including gain or loss by category of security, a reconciliation of assets showing the progression of the funds of said fund or retirement system from one year to the next, the amount of the accumulated cash and securities of said fund and such retirement system and the last balance sheet showing the financial condition of said fund and such retirement system by means of an actuarial valuation of their assets and liabilities. Assets shall be shown at book and market value and by type or term of investment. Gain or loss shall be reported by category of security type. The reporting requirement under this subdivision shall be satisfied if the State Treasurer completes an Internal Revenue Service form 5500 and submits it to the Connecticut Municipal Employees Retirement Commission, provided the information included therein is sufficient to allow the computation of the investment yield of the fund on an annual basis.

(n) The Connecticut Municipal Employees Retirement Commission may adopt such regulations, in accordance with the provisions of
chapter 54 of the general statutes, as are necessary to carry out the provisions of part V of chapter 104 of the general statutes and part II of chapter 113 of the general statutes and may establish rules and regulations that said commission deems necessary or desirable to facilitate the proper administration of the Policemen and Firemen Survivors' Benefit Fund and the municipal employees' retirement system. Rules and regulations established by the Connecticut Municipal Employees Retirement Commission shall be binding upon all parties dealing with said commission and all persons claiming any benefits from said fund or such retirement system.

Sec. 2. Subsection (a) of section 7-438 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

(a) Any member retired under this part who again accepts employment from the state or from any municipality of the state other than a participating municipality, shall continue to receive his or her retirement allowance while so employed, and shall be eligible to participate, and shall be entitled to credit, in the state retirement system or such retirement system of such municipality, as applicable, for the period of such [state] employment, [but he or she shall not be eligible to participate or be entitled to credit in any municipal retirement system for the period of such municipal employment.]

Sec. 3. (NEW) (Effective from passage) (a) On or after July 1, 2025, the State Comptroller shall create a municipal defined contribution retirement plan and prescribe the manner in which such retirement plan may be adopted by any municipality, as defined in section 7-425 of the general statutes, as amended by this act.

(b) Any such retirement plan shall provide that a municipality that adopts such plan shall have the option to transfer to such plan the accounts and assets of any defined contribution retirement plan previously adopted by such municipality. Payroll deductions for each member of the defined contribution plan created under this section shall
be made by the appropriate municipal employer.

(c) The State Comptroller shall serve as the administrator of the retirement plan created under this section. The State Comptroller may (1) enter into contractual agreements on behalf of the state with members of such plan to defer any portion of such member's compensation from the adopting municipality, (2) make deposits or payments to such plan, subject to the terms of such plan, and (3) contract with a private corporation or private institution for the provision of consolidated billing services and other administrative services for such plan.

Sec. 4. Subsections (a) to (c), inclusive, of section 5-155a of the general statutes are repealed and the following is substituted in lieu thereof (Effective January 1, 2025):

(a) The general administration and responsibility for the proper operation of the state employees retirement system is vested in a single board of trustees to be known as the Connecticut State Employees Retirement Commission. Notwithstanding the provisions of section 4-9a, the Retirement Commission shall consist of the following: (1) The Treasurer or a designee, who shall be a nonvoting, ex-officio member; (2) the Comptroller or a designee, who shall be a nonvoting, ex-officio member; (3) six trustees representing employees who shall (A) be appointed by the bargaining agents in accordance with the provisions of applicable collective bargaining agreements, (B) serve three-year terms, and (C) not be members of the same bargaining unit; (4) six management trustees who shall (A) be members of the state employees retirement system, (B) serve three-year terms, and (C) be appointed by the Governor; (5) two actuarial trustees who shall (A) be enrolled actuaries and Fellows of the Society of Actuaries, (B) serve three-year terms, and (C) be appointed by the Governor. One actuarial trustee shall be nominated by the management trustees and one shall be nominated by the trustees representing employees; and (6) one neutral trustee who shall be chairman of the commission and who shall (A) be enrolled in the National Academy of Arbitrators, (B) serve a two-year term, and (C)
be nominated by the employee and management trustees and appointed by the Governor. If a vacancy occurs in the office of a trustee, the vacancy shall be filled for the unexpired term in the same manner as the office was previously filled. The trustees, with the exception of the chairman and the actuarial trustees, shall serve without compensation but shall be reimbursed in accordance with the standard travel regulations for all necessary expenses that they may incur through service on the commission. The chairman and the actuarial trustees shall be compensated at their normal and usual per diem fee, plus travel expenses, from the funds of the retirement system for each day of service to the commission. Each trustee shall, within ten days after appointment or election, take an oath of office that so far as it devolves upon the trustee, the trustee will diligently and honestly administer the affairs of the commission, and will not knowingly violate or willingly permit to be violated any of the provisions of law applicable to the state retirement system. Each trustee's term shall begin from the date the trustee takes such an oath. [The trustees shall appoint a representative from among the municipalities that have accepted the provisions of part II of chapter 113, who shall serve as a municipal liaison to the commission, at the commission's pleasure and under such terms and conditions as the commission may prescribe.] Each trustee shall be entitled to one vote on the commission. A majority of the commission shall constitute a quorum for the transaction of any business, the exercise of any power or the performance of any duty authorized or imposed by law. The State Employee Retirement Commission shall be within the Retirement Division of the office of the Comptroller for administrative purposes only. The Comptroller shall be the secretary of the commission and shall provide secretariat support to the commission.

(b) The Retirement Commission shall meet at least monthly and shall report to the Governor as provided in section 4-60.

(c) The Retirement Commission shall administer this retirement system [, the municipal employees' retirement system established by part II of chapter 113] and all other state retirement and pension plans except the Teachers' Retirement Fund. The Retirement Commission
shall have general supervision of the operation of the retirement system,
shall conduct the business and activities of the system, in accordance
with this chapter and applicable law and each trustee shall be a fiduciary
with respect to the retirement system and its members. The Retirement
Commission shall authorize the participation in an alternate retirement
program by the eligible unclassified employees of the constituent units
of the state system of higher education and the central office staff of the
Board of Regents for Higher Education. Such program may be
underwritten by a life insurance company licensed to do business in this
state. In conducting the business of the system, including its oversight
functions, the Retirement Commission shall act: (1) With the care, skill,
prudence and diligence under the circumstances then prevailing that a
prudent person acting in a like capacity and familiar with such matters
would use in the conduct of an enterprise of a like character and with
like aims; (2) in accordance with strict fiduciary standards and
responsibilities; and (3) in accordance with the provisions of the general
statutes and applicable collective bargaining agreements.

Sec. 5. Section 7-323a of the general statutes is repealed and the
following is substituted in lieu thereof (Effective January 1, 2025):

As used in this part: "Municipality" and "legislative body" shall each
have the same meaning ascribed to it in section 7-425, as amended by
this act; "participating municipality" means any municipality which
votes to accept the provisions of this part; "fund" means the Policemen
and Firemen Survivors' Benefit Fund established by this part;
"Retirement Commission" means the [State Retirement Commission
created by chapter 66] Connecticut Municipal Employees Retirement
Commission established under section 1 of this act; "member" means
any active uniformed policeman or active uniformed fireman receiving
pay from a participating municipality who has been included by such
municipality under the provisions of this part, and "compensation"
means one-twelfth of the annual rate of pay of a full-time paid
policeman or fireman of a participating municipality who is in active
service and one-twelfth of the annual rate of pay immediately prior to
the retirement of a full-time paid policeman or fireman of a participating
municipality who is retired.

Sec. 6. Subdivision (4) of section 7-425 of the 2024 supplement to the general statutes is repealed and the following is substituted in lieu thereof (Effective January 1, 2025):

(4) "Retirement Commission" means the [State Retirement Commission created by chapter 66] Connecticut Municipal Employees Retirement Commission established under section 1 of this act;

Sec. 7. Subdivision (2) of section 7-452 of the general statutes is repealed and the following is substituted in lieu thereof (Effective January 1, 2025):

(2) "Commission" means the [State] Connecticut Municipal Employees Retirement Commission established under section 1 of this act;

Sec. 8. Section 7-439f of the general statutes is repealed. (Effective from passage)

This act shall take effect as follows and shall amend the following sections:

<table>
<thead>
<tr>
<th>Section</th>
<th>Date</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>July 1, 2024</td>
<td>New section</td>
</tr>
<tr>
<td>2</td>
<td>from passage</td>
<td>7-438(a)</td>
</tr>
<tr>
<td>3</td>
<td>from passage</td>
<td>New section</td>
</tr>
<tr>
<td>4</td>
<td>January 1, 2025</td>
<td>5-155a(a) to (c)</td>
</tr>
<tr>
<td>5</td>
<td>January 1, 2025</td>
<td>7-323a</td>
</tr>
<tr>
<td>6</td>
<td>January 1, 2025</td>
<td>7-425(4)</td>
</tr>
<tr>
<td>7</td>
<td>January 1, 2025</td>
<td>7-452(2)</td>
</tr>
<tr>
<td>8</td>
<td>from passage</td>
<td>Repealer section</td>
</tr>
</tbody>
</table>

Statement of Purpose:
The bill seeks to (1) establish a Municipal Employees Retirement Commission, (2) provide for the crediting of employment of a municipal retiree who accepts employment from a municipality that is not participating in the municipal employees' retirement system, and (3) require the Comptroller to create a municipal defined contribution retirement plan.
[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]