

**SUBSTITUTE FOR
HOUSE BILL NO. 5731**

A bill to amend 1990 PA 72, entitled
"Local government fiscal responsibility act,"
by amending the title and section 2 (MCL 141.1202) and by adding
article 4.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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TITLE

An act to provide for review, management, planning, and con-
trol of the financial operation of units of local government,
including school districts AND LOCAL PUBLIC PENSION AND RETIRE-
MENT SYSTEMS; to provide criteria to be used in determining the
financial condition of a local government; to permit a declara-
tion of the existence of a local government financial emergency
and to prescribe the powers and duties of the governor, other
state boards, agencies, and officials, and officials and
employees of units of local government; to provide for a review

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1 and appeal process; to provide for the appointment and to
2 prescribe the powers and duties of an emergency financial manag-
3 er; to require the development of financial plans to regulate
4 expenditures and investments by a local government in a state of
5 financial emergency; to set forth the conditions for termination
6 of a local government financial emergency; and to repeal certain
7 acts and parts of acts.

8 Sec. 2. The legislature hereby determines that the public
9 health and welfare of the citizens of this state would be
10 adversely affected by the insolvency of units of local govern-
11 ment, including certain school districts AND PUBLIC PENSION AND
12 RETIREMENT SYSTEMS, and that the survival of units of local gov-
13 ernment is vitally necessary to the interests of the people of
14 this state to provide necessary governmental services. The leg-
15 islature further determines that it is vitally necessary to pro-
16 tect the credit of the state and its political subdivisions and
17 that it is a valid public purpose for the state to take action
18 and to assist a unit of local government in a fiscal emergency
19 situation to remedy this emergency situation by requiring prudent
20 fiscal management. The legislature, therefore, determines that
21 the authority and powers conferred by this act constitute a nec-
22 essary program and serve a valid public purpose.

23 ARTICLE 4

24 SEC. 51. AS USED IN THIS ARTICLE:

25 (A) "BOARD OF TRUSTEES" MEANS THE GOVERNING BODY IN WHICH IS
26 VESTED THE GENERAL ADMINISTRATION, SUPERVISION, AND OPERATION OF
27 A PUBLIC PENSION AND RETIREMENT SYSTEM.

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1 (B) "EMERGENCY FINANCIAL MANAGER" MEANS THE EMERGENCY
2 FINANCIAL MANAGER APPOINTED UNDER SECTION 58.

3 (C) "PUBLIC PENSION AND RETIREMENT SYSTEM" MEANS A PUBLIC
4 EMPLOYEE RETIREMENT SYSTEM CREATED AND ESTABLISHED BY ANY POLITI-
5 CAL SUBDIVISION OF THIS STATE.

6 (D) "REVIEW TEAM" MEANS THE REVIEW TEAM DESIGNATED UNDER
7 SECTION 53.

8 SEC. 52. (1) THE STATE TREASURER SHALL CONDUCT A PRELIMI-
9 NARY REVIEW TO DETERMINE THE EXISTENCE OF A PUBLIC PENSION AND
10 RETIREMENT SYSTEM FINANCIAL PROBLEM IF 1 OR MORE OF THE FOLLOWING
11 OCCUR:

12 (A) THE BOARD OF TRUSTEES REQUESTS A PRELIMINARY REVIEW
13 UNDER THIS ARTICLE. THE REQUEST SHALL BE IN WRITING AND SHALL
14 IDENTIFY THE EXISTING FINANCIAL CONDITIONS THAT MAKE THE REQUEST
15 NECESSARY.

16 (B) THE STATE TREASURER DETERMINES OR IS MADE AWARE THAT THE
17 PUBLIC PENSION AND RETIREMENT SYSTEM'S INVESTMENT RETURNS ARE
18 SIGNIFICANTLY AND CONSISTENTLY BELOW THE AVERAGE INVESTMENT
19 RETURN FOR PUBLIC PENSION PLANS IN THIS STATE.

20 (C) THE STATE TREASURER RECEIVES WRITTEN NOTIFICATION THAT A
21 SYSTEM HAS NOT MADE REQUIRED PAYMENTS TO BENEFICIARIES OR RETIR-
22 ANTS AND IT HAS BEEN AT LEAST 7 DAYS AFTER THE SCHEDULED DATE OF
23 PAYMENT.

24 (D) THE BOARD OF TRUSTEES VIOLATES THE REQUIREMENTS OF THE
25 PUBLIC EMPLOYEE RETIREMENT SYSTEM INVESTMENT ACT, 1965 PA 314,
26 MCL 38.1132 TO 38.1140/.

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1 (E) THE STATE TREASURER RECEIVES A RESOLUTION FROM EITHER
2 THE SENATE OR THE HOUSE OF REPRESENTATIVES REQUESTING A
3 PRELIMINARY REVIEW UNDER THIS SECTION.

4 (F) A POLITICAL SUBDIVISION OF THE STATE THAT IS THE SPONSOR
5 OF A PUBLIC PENSION AND RETIREMENT SYSTEM FAILS TO FILE THE
6 ANNUAL FINANCIAL REPORT REQUIRED UNDER SECTION 4 OF THE UNIFORM
7 BUDGETING AND ACCOUNTING ACT, 1968 PA 2, MCL 141.424.

8 (2) IN CONDUCTING A PRELIMINARY REVIEW UNDER THIS SECTION,
9 THE STATE TREASURER SHALL GIVE THE BOARD OF TRUSTEES AND THE
10 POLITICAL SUBDIVISION OF THIS STATE THAT USES THE PUBLIC PENSION
11 AND RETIREMENT SYSTEM SPECIFIC WRITTEN NOTIFICATION OF THE
12 REVIEW, AND THE STATE TREASURER SHALL MEET WITH THE BOARD OF
13 TRUSTEES. AT THIS MEETING, THE STATE TREASURER SHALL RECEIVE,
14 DISCUSS, AND CONSIDER INFORMATION PROVIDED BY THE BOARD OF TRUST-
15 EES CONCERNING THE EXISTENCE OF AND SERIOUSNESS OF FINANCIAL CON-
16 DITIONS WITHIN THE PUBLIC PENSION AND RETIREMENT SYSTEM.

17 (3) WHEN THE STATE TREASURER CONDUCTS A PRELIMINARY REVIEW
18 UNDER THIS SECTION, HE OR SHE SHALL INFORM THE GOVERNOR WITHIN 30
19 DAYS AFTER BEGINNING THE PRELIMINARY REVIEW WHETHER HIS OR HER
20 INVESTIGATION HAS DETERMINED THAT A SERIOUS FINANCIAL PROBLEM MAY
21 EXIST BECAUSE 1 OR MORE CONDITIONS INDICATIVE OF A SERIOUS FINAN-
22 CIAL PROBLEM EXIST WITHIN THE PUBLIC PENSION AND RETIREMENT
23 SYSTEM.

24 SEC. 53. THE GOVERNOR SHALL APPOINT A REVIEW TEAM OF THE
25 STATE TREASURER, THE AUDITOR GENERAL, A NOMINEE OF THE SENATE
26 MAJORITY LEADER, A NOMINEE OF THE SPEAKER OF THE HOUSE OF
27 REPRESENTATIVES, AND OTHER STATE OFFICIALS OR OTHER PERSONS WITH

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1 RELEVANT PROFESSIONAL EXPERIENCE TO SERVE AS A REVIEW TEAM TO
2 UNDERTAKE A REVIEW OF THE FINANCIAL CONDITION OF A PUBLIC PENSION
3 AND RETIREMENT SYSTEM IF 1 OR MORE OF THE FOLLOWING OCCUR:

4 (A) THE BOARD OF TRUSTEES REQUESTS ASSISTANCE UNDER THIS
5 ARTICLE IN MEETING THE ORDINARY NEEDS OF THE PUBLIC PENSION AND
6 RETIREMENT SYSTEM. THE BOARD OF TRUSTEES SHALL IDENTIFY THE
7 EXISTING FINANCIAL CONDITIONS THAT MAKE THE REQUEST FOR ASSIST-
8 ANCE NECESSARY.

9 (B) THE GOVERNOR HAS BEEN INFORMED BY THE STATE TREASURER
10 PURSUANT TO SECTION 52 THAT HE OR SHE HAS CONDUCTED A PRELIMINARY
11 REVIEW OF THE FINANCIAL CONDITION OF A PUBLIC PENSION AND RETIRE-
12 MENT SYSTEM AND HAS DETERMINED THAT 1 OR MORE CONDITIONS INDICA-
13 TIVE OF A SERIOUS FINANCIAL PROBLEM MAY EXIST WITHIN THE PUBLIC
14 PENSION AND RETIREMENT SYSTEM.

15 SEC. 54. (1) THE REVIEW TEAM APPOINTED BY THE GOVERNOR
16 SHALL HAVE FULL POWER IN ITS REVIEW TO PERFORM ALL OF THE FOLLOW-
17 ING FUNCTIONS:

18 (A) EXAMINE THE BOOKS AND RECORDS OF THE PUBLIC PENSION AND
19 RETIREMENT SYSTEM.

20 (B) UTILIZE THE SERVICES OF OTHER STATE AGENCIES AND
21 EMPLOYEES.

22 (C) SIGN A CONSENT AGREEMENT WITH THE BOARD OF TRUSTEES.
23 THE AGREEMENT MAY PROVIDE FOR REMEDIAL MEASURES CONSIDERED NECES-
24 SARY INCLUDING A LONG-RANGE FINANCIAL RECOVERY PLAN REQUIRING
25 SPECIFIC ACTIONS OF THE PUBLIC PENSION AND RETIREMENT SYSTEM.
26 THE AGREEMENT MAY UTILIZE STATE FINANCIAL MANAGEMENT AND
27 TECHNICAL ASSISTANCE AS NECESSARY IN ORDER TO ALLEVIATE THE

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1 FINANCIAL PROBLEM. THE AGREEMENT MAY ALSO PROVIDE FOR PERIODIC
2 FISCAL STATUS REPORTS TO THE STATE TREASURER. IN ORDER FOR THE
3 CONSENT AGREEMENT TO GO INTO EFFECT, IT SHALL BE APPROVED BY THE
4 BOARD OF TRUSTEES.

5 (2) THE REVIEW TEAM SHALL REPORT ITS FINDINGS TO THE GOVER-
6 NOR WITHIN 60 DAYS AFTER THEIR APPOINTMENT, OR EARLIER IF
7 REQUIRED BY THE GOVERNOR. UPON REQUEST, THE GOVERNOR MAY GRANT 1
8 30-DAY EXTENSION OF THIS TIME LIMIT. A COPY OF THE REPORT TO THE
9 GOVERNOR SHALL BE SENT TO THE BOARD OF TRUSTEES, THE SPEAKER OF
10 THE HOUSE OF REPRESENTATIVES, AND THE SENATE MAJORITY LEADER.
11 THE REVIEW TEAM SHALL INCLUDE 1 OF THE FOLLOWING CONCLUSIONS IN
12 ITS REPORT:

13 (A) A SERIOUS FINANCIAL PROBLEM DOES NOT EXIST IN THE PUBLIC
14 PENSION AND RETIREMENT SYSTEM.

15 (B) A SERIOUS FINANCIAL PROBLEM EXISTS IN THE PUBLIC PENSION
16 AND RETIREMENT SYSTEM, BUT A CONSENT AGREEMENT CONTAINING A PLAN
17 TO RESOLVE THE PROBLEM HAS BEEN ADOPTED UNDER SUBSECTION (1)(C).

18 (C) A PUBLIC PENSION AND RETIREMENT SYSTEM FINANCIAL EMER-
19 GENCY EXISTS BECAUSE A CONSENT AGREEMENT CONTAINING A PLAN TO
20 RESOLVE A SERIOUS FINANCIAL PROBLEM WITHIN THE PUBLIC PENSION AND
21 RETIREMENT SYSTEM HAS NOT BEEN ADOPTED.

22 SEC. 55. (1) WITHIN 30 DAYS AFTER RECEIPT OF THE REPORT
23 PROVIDED FOR IN SECTION 54, THE GOVERNOR SHALL MAKE 1 OF THE FOL-
24 LOWING DETERMINATIONS:

25 (A) A SERIOUS FINANCIAL PROBLEM DOES NOT EXIST IN THE PUBLIC
26 PENSION AND RETIREMENT SYSTEM.

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1 (B) A SERIOUS FINANCIAL PROBLEM EXISTS IN THE PUBLIC PENSION
2 AND RETIREMENT SYSTEM, BUT A CONSENT AGREEMENT CONTAINING A PLAN
3 TO RESOLVE THE PROBLEM HAS BEEN ADOPTED PURSUANT TO SECTION
4 54(1)(C).

5 (C) A PUBLIC PENSION AND RETIREMENT SYSTEM FINANCIAL EMER-
6 GENCY EXISTS BECAUSE A CONSENT AGREEMENT CONTAINING A PLAN TO
7 RESOLVE A SERIOUS FINANCIAL PROBLEM WITHIN THE PUBLIC PENSION AND
8 RETIREMENT SYSTEM HAS NOT BEEN ADOPTED.

9 (2) IF THE GOVERNOR DETERMINES UNDER SUBSECTION (1) THAT A
10 FINANCIAL EMERGENCY EXISTS, THE GOVERNOR SHALL PROVIDE THE BOARD
11 OF TRUSTEES AND THE POLITICAL SUBDIVISION OF THIS STATE THAT USES
12 THE PUBLIC PENSION AND RETIREMENT SYSTEM WITH A WRITTEN NOTIFICA-
13 TION OF THE DETERMINATION, FINDINGS OF FACT UTILIZED AS THE BASIS
14 UPON WHICH THIS DETERMINATION WAS MADE, A CONCISE AND EXPLICIT
15 STATEMENT OF THE UNDERLYING FACTS SUPPORTING THE FACTUAL FIND-
16 INGS, AND NOTICE THAT THE BOARD OF TRUSTEES HAS 10 DAYS AFTER THE
17 DATE OF THIS NOTIFICATION TO REQUEST A HEARING CONDUCTED BY THE
18 GOVERNOR OR THE GOVERNOR'S DESIGNATE. FOLLOWING THE HEARING, OR
19 IF A HEARING IS NOT REQUESTED FOLLOWING THE EXPIRATION OF THE
20 DEADLINE BY WHICH A HEARING MAY BE REQUESTED, THE GOVERNOR SHALL
21 EITHER CONFIRM OR REVOKE, IN WRITING, THE DETERMINATION OF THE
22 EXISTENCE OF A PUBLIC PENSION AND RETIREMENT SYSTEM FINANCIAL
23 EMERGENCY. IF CONFIRMED, THE GOVERNOR SHALL PROVIDE A WRITTEN
24 REPORT OF THE FINDINGS OF FACT OF THE CONTINUING OR NEWLY DEVEL-
25 OPED CONDITIONS OR EVENTS PROVIDING A BASIS FOR THE CONFIRMATION
26 OF A PUBLIC PENSION AND RETIREMENT SYSTEM FINANCIAL EMERGENCY,

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1 AND A CONCISE AND EXPLICIT STATEMENT OF THE UNDERLYING FACTS
2 SUPPORTING THESE FACTUAL FINDINGS.

3 SEC. 56. IF, AT ANY TIME FOLLOWING DETERMINATION BY THE
4 GOVERNOR THAT A SERIOUS FINANCIAL PROBLEM EXISTS UNDER SECTION
5 55(1)(B), THE STATE TREASURER OR THE REVIEW TEAM INFORMS THE GOV-
6 ERNOR THAT THE PUBLIC PENSION AND RETIREMENT SYSTEM IS NOT ABID-
7 ING BY THE PROVISIONS OF A CONSENT AGREEMENT, THE GOVERNOR SHALL
8 DETERMINE THAT A FINANCIAL EMERGENCY EXISTS IN THE PUBLIC PENSION
9 AND RETIREMENT SYSTEM, AND SECTION 55(2) AND SECTION 58 SHALL
10 THEN APPLY TO THAT PUBLIC PENSION AND RETIREMENT SYSTEM.

11 SEC. 57. THE BOARD OF TRUSTEES OF A PUBLIC PENSION AND
12 RETIREMENT SYSTEM FOR WHICH A FINANCIAL EMERGENCY DETERMINATION
13 UNDER SECTION 55 OR 56 HAS BEEN CONFIRMED TO EXIST BY THE GOVER-
14 NOR MAY APPEAL THIS DETERMINATION TO THE CIRCUIT COURT FOR THE
15 COUNTY IN WHICH THE PUBLIC PENSION AND RETIREMENT SYSTEM IS
16 LOCATED OR TO THE CIRCUIT COURT FOR THE COUNTY OF INGHAM. THE
17 COURT SHALL NOT SET ASIDE A DETERMINATION OF THE GOVERNOR UNLESS
18 IT FINDS THAT THE DETERMINATION IS EITHER OF THE FOLLOWING:

19 (A) NOT SUPPORTED BY COMPETENT, MATERIAL, AND SUBSTANTIAL
20 EVIDENCE ON THE WHOLE RECORD.

21 (B) ARBITRARY, CAPRICIOUS, OR CLEARLY AN ABUSE OR UNWAR-
22 RANTED EXERCISE OF DISCRETION.

23 SEC. 58. IF THE GOVERNOR DETERMINES THAT A FINANCIAL EMER-
24 GENCY EXISTS UNDER SECTION 55, THE GOVERNOR SHALL ASSIGN THE
25 RESPONSIBILITY FOR MANAGING THE FINANCIAL EMERGENCY TO THE LOCAL
26 EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD CREATED UNDER THE
27 EMERGENCY MUNICIPAL LOAN ACT, 1980 PA 243, MCL 141.931 TO

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1 141.942. THE LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD
2 SHALL APPOINT AN EMERGENCY FINANCIAL MANAGER. THE EMERGENCY
3 FINANCIAL MANAGER SHALL BE CHOSEN SOLELY ON THE BASIS OF HIS OR
4 HER COMPETENCE AND SHALL NOT HAVE BEEN AN OFFICIAL OF THE PUBLIC
5 PENSION AND RETIREMENT SYSTEM FOR A MINIMUM OF 5 YEARS IMMEDI-
6 ATELY PRECEDING THE APPOINTMENT. THE EMERGENCY FINANCIAL MANAGER
7 SHALL SERVE AT THE PLEASURE OF THE LOCAL EMERGENCY FINANCIAL
8 ASSISTANCE LOAN BOARD. THE EMERGENCY FINANCIAL MANAGER SHALL BE
9 ENTITLED TO COMPENSATION AND REIMBURSEMENT FOR ACTUAL AND NECES-
10 SARY EXPENSES FROM THE PUBLIC PENSION AND RETIREMENT SYSTEM AS
11 APPROVED BY THE LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD.
12 IN ADDITION TO STAFF OTHERWISE AUTHORIZED BY LAW, WITH THE
13 APPROVAL OF THE LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD,
14 THE EMERGENCY FINANCIAL MANAGER MAY APPOINT ADDITIONAL STAFF AND
15 SECURE PROFESSIONAL ASSISTANCE CONSIDERED NECESSARY TO IMPLEMENT
16 THIS ARTICLE.

17 SEC. 59. THE EMERGENCY FINANCIAL MANAGER SHALL ISSUE TO THE
18 APPROPRIATE OFFICIALS OR EMPLOYEES OF THE PUBLIC PENSION AND
19 RETIREMENT SYSTEM THE ORDERS THE MANAGER CONSIDERS NECESSARY TO
20 ACCOMPLISH THE PURPOSES OF THIS ACT, INCLUDING, BUT NOT LIMITED
21 TO, ORDERS FOR THE TIMELY AND SATISFACTORY IMPLEMENTATION OF A
22 FINANCIAL PLAN DEVELOPED UNDER SECTION 60. AN ORDER ISSUED UNDER
23 THIS SECTION IS BINDING ON THE OFFICIALS OR EMPLOYEES TO WHOM IT
24 IS ISSUED.

25 SEC. 60. (1) IN CONSULTATION WITH THE BOARD OF TRUSTEES,
26 THE EMERGENCY FINANCIAL MANAGER SHALL DEVELOP, AND MAY FROM TIME
27 TO TIME AMEND, A WRITTEN FINANCIAL PLAN FOR THE PUBLIC PENSION

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1 AND RETIREMENT SYSTEM. THE FINANCIAL PLAN SHALL PROVIDE FOR BOTH
2 OF THE FOLLOWING:

3 (A) CONDUCTING THE OPERATIONS OF THE PUBLIC PENSION AND
4 RETIREMENT SYSTEM WITHIN THE RESOURCES AVAILABLE ACCORDING TO THE
5 EMERGENCY FINANCIAL MANAGER'S REVENUE ESTIMATE.

6 (B) THE PAYMENT IN FULL OF THE SCHEDULED DEBT SERVICE
7 REQUIREMENTS ON ALL BONDS AND NOTES OF THE PUBLIC PENSION AND
8 RETIREMENT SYSTEM AND ALL OTHER UNCONTESTED LEGAL OBLIGATIONS.

9 (2) AFTER THE INITIAL DEVELOPMENT OF A FINANCIAL PLAN, THE
10 PLAN SHALL BE REGULARLY REEXAMINED BY THE EMERGENCY FINANCIAL
11 MANAGER IN CONSULTATION WITH THE BOARD OF TRUSTEES, AND IF THE
12 EMERGENCY FINANCIAL MANAGER REDUCES HIS OR HER REVENUE ESTIMATES,
13 THE EMERGENCY FINANCIAL MANAGER SHALL MODIFY THE FINANCIAL PLAN
14 TO CONFORM TO REVISED REVENUE ESTIMATES.

15 (3) THE FINANCIAL PLAN SHALL BE IN A FORM AND SHALL CONTAIN
16 THAT INFORMATION FOR EACH YEAR DURING WHICH YEAR THE FINANCIAL
17 PLAN IS IN EFFECT THAT THE EMERGENCY FINANCIAL MANAGER
18 SPECIFIES.

19 (4) THE EMERGENCY FINANCIAL MANAGER SHALL MAKE PUBLIC THE
20 PLAN OR MODIFIED PLAN. THIS SUBSECTION SHALL NOT BE CONSTRUED TO
21 MEAN THAT THE EMERGENCY FINANCIAL MANAGER MUST RECEIVE PUBLIC
22 APPROVAL BEFORE HE OR SHE IMPLEMENTS THE FINANCIAL PLAN OR ANY
23 MODIFICATION OF THE PLAN.

24 SEC. 61. AN EMERGENCY FINANCIAL MANAGER SHALL ASSUME ALL
25 POWERS OF THE BOARD OF TRUSTEES INCLUDING, BUT NOT LIMITED TO,
26 THE FULL AUTHORITY TO GRANT OR DENY BENEFITS CONSISTENT WITH PLAN
27 PROVISIONS, AND MAY TAKE 1 OR MORE OF THE FOLLOWING ACTIONS WITH

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1 RESPECT TO A PUBLIC PENSION AND RETIREMENT SYSTEM IN WHICH A
2 FINANCIAL EMERGENCY HAS BEEN DETERMINED TO EXIST:

3 (A) ANALYZE FACTORS AND CIRCUMSTANCES CONTRIBUTING TO THE
4 FINANCIAL CONDITION OF THE PUBLIC PENSION AND RETIREMENT SYSTEM
5 AND RECOMMEND STEPS TO BE TAKEN TO CORRECT THE CONDITION.

6 (B) AMEND, REVISE, APPROVE, OR DISAPPROVE THE ADMINISTRATIVE
7 BUDGET OF THE PUBLIC PENSION AND RETIREMENT SYSTEM, AND LIMIT THE
8 TOTAL AMOUNT APPROPRIATED OR EXPENDED DURING THE BALANCE OF THE
9 FINANCIAL EMERGENCY.

10 (C) REQUIRE AND PRESCRIBE THE FORM OF SPECIAL REPORTS TO BE
11 MADE BY THE FINANCE OFFICER OF THE PUBLIC PENSION AND RETIREMENT
12 SYSTEM TO ITS BOARD OF TRUSTEES, THE CREDITORS OF THE PUBLIC PEN-
13 SION AND RETIREMENT SYSTEM, THE EMERGENCY FINANCIAL MANAGER, OR
14 THE PUBLIC.

15 (D) EXAMINE ALL RECORDS AND BOOKS OF ACCOUNT, AND REQUIRE
16 UNDER THE PROCEDURES OF THE UNIFORM BUDGETING AND ACCOUNTING ACT,
17 1968 PA 2, MCL 141.421 TO 141.440A, OR 1919 PA 71, MCL 21.41 TO
18 21.55, OR BOTH, THE ATTENDANCE OF WITNESSES AND THE PRODUCTION OF
19 BOOKS, PAPERS, CONTRACTS, AND OTHER DOCUMENTS RELEVANT TO AN
20 ANALYSIS OF THE FINANCIAL CONDITION OF THE PUBLIC PENSION AND
21 RETIREMENT SYSTEM.

22 (E) MAKE, APPROVE, OR DISAPPROVE ANY CONTRACT, EXPENDITURE,
23 OR LOAN, THE CREATION OF ANY NEW POSITION, OR THE HIRING OR
24 FIRING OF INVESTMENT CONSULTANTS, MONEY MANAGERS, OR ANY OTHER
25 EMPLOYEE OF THE SYSTEM.

26 (F) REVIEW PAYROLLS OR OTHER CLAIMS AGAINST THE PUBLIC
27 PENSION AND RETIREMENT SYSTEM BEFORE PAYMENT.

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1 (G) EMPLOY OR CONTRACT FOR, AT THE EXPENSE OF THE PUBLIC
2 PENSION AND RETIREMENT SYSTEM, AUDITORS AND OTHER TECHNICAL PER-
3 SONNEL CONSIDERED NECESSARY TO IMPLEMENT THIS ARTICLE.

4 (H) REQUIRE COMPLIANCE WITH THE ORDERS OF THE EMERGENCY
5 FINANCIAL MANAGER BY COURT ACTION IF NECESSARY.

6 (I) APPLY FOR A LOAN FROM THE STATE ON BEHALF OF THE PUBLIC
7 PENSION AND RETIREMENT SYSTEM, IN A SUFFICIENT AMOUNT TO PAY THE
8 EXPENSES OF THE EMERGENCY FINANCIAL MANAGER AND FOR OTHER LAWFUL
9 PURPOSES.

10 (J) CHANGE ACTUARIAL ASSUMPTIONS AND FUNDING REQUIREMENTS.

11 (K) BRING ACTION AGAINST A LOCAL UNIT OF GOVERNMENT FOR
12 FAILURE TO MAKE TIMELY CONTRIBUTIONS TO A PUBLIC PENSION AND
13 RETIREMENT SYSTEM.

14 [SEC. 62. THE STATE AND THE LOCAL EMERGENCY FINANCIAL ASSIST-
15 ANCE LOAN BOARD ARE NOT LIABLE FOR ANY OBLIGATION OR CLAIM
16 AGAINST A PUBLIC PENSION AND RETIREMENT SYSTEM RESULTING FROM
17 ACTIONS TAKEN IN ACCORDANCE WITH THE TERMS OF THIS ARTICLE.

18 AN EMERGENCY FINANCIAL MANAGER SHALL ASSUME THE FIDUCIARY RESPONSIBILITY
STANDARDS OF A MEMBER OF A BOARD OF TRUSTEES OF A PUBLIC PENSION AND
RETIREMENT SYSTEM UNDER THE PUBLIC EMPLOYEE RETIREMENT SYSTEM INVESTMENT
ACT, 1965 PA 314, MCL 38.1132 TO 38.1140.]

19 SEC. 63. THE BOARD OF TRUSTEES OF A PUBLIC PENSION AND
20 RETIREMENT SYSTEM AND OFFICIALS OF A LOCAL GOVERNMENT WHO USE
21 THAT SYSTEM SHALL PROVIDE THE ASSISTANCE AND INFORMATION NECES-
22 SARY AND PROPERLY REQUESTED BY A REVIEW TEAM, THE LOCAL EMERGENCY
23 FINANCIAL ASSISTANCE LOAN BOARD, OR THE EMERGENCY FINANCIAL MAN-
24 AGER IN THE EFFECTUATION OF THEIR DUTIES AND POWERS FOR THE PUR-
25 POSES OF THIS ARTICLE. FAILURE OF AN OFFICIAL OF A LOCAL UNIT OF
26 GOVERNMENT OR 1 OR MORE MEMBERS OF THE BOARD OF TRUSTEES TO ABIDE
27 BY THIS ARTICLE SHALL BE CONSIDERED GROSS NEGLIGENCE OF DUTY, WHICH

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1 THE EMERGENCY FINANCIAL MANAGER SHALL REPORT TO THE LOCAL
2 EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD. FOLLOWING REVIEW AND
3 A HEARING, THE LOCAL EMERGENCY FINANCIAL ASSISTANCE LOAN BOARD
4 MAY RECOMMEND TO THE GOVERNOR THAT THE GOVERNOR REMOVE 1 OR MORE
5 MEMBERS OF THE BOARD OF TRUSTEES OR THE OFFICIAL FROM OFFICE. IF
6 THE GOVERNOR REMOVES 1 OR MORE MEMBERS OF THE BOARD OF TRUSTEES
7 OR THE OFFICIAL FROM OFFICE, THE RESULTING VACANCY IN OFFICE
8 SHALL BE FILLED AS PRESCRIBED BY LAW.

9 SEC. 64. THE GOVERNOR MAY DETERMINE THAT THE CONDITIONS FOR
10 REVOKING THE DECLARATION OF A FINANCIAL EMERGENCY HAVE BEEN MET
11 AFTER RECEIVING A RECOMMENDATION FROM THE LOCAL EMERGENCY FINAN-
12 CIAL ASSISTANCE LOAN BOARD.