**South Carolina General Assembly**

121st Session, 2015-2016

**S. 675**

**STATUS INFORMATION**

General Bill

Sponsors: Finance Committee

Document Path: l:\s-res\klb\020rsic.kmm.klb.docx

Companion/Similar bill(s): 527, 5007

Introduced in the Senate on April 16, 2015

Introduced in the House on May 5, 2015

Last Amended on April 29, 2015

Currently residing in the House Committee on **Ways and Means**

Summary: Retirement system trustees

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

4/16/2015 Senate Introduced, read first time, placed on calendar without reference ([Senate Journal‑page 7](file:///h:\SJ%20Archive\2015\04-16-15.docx))

4/17/2015 Scrivener's error corrected

4/29/2015 Senate Amended ([Senate Journal‑page 48](file:///h:\SJ%20Archive\2015\04-29-15.docx))

4/29/2015 Senate Read second time ([Senate Journal‑page 48](file:///h:\SJ%20Archive\2015\04-29-15.docx))

4/29/2015 Senate Roll call Ayes‑44 Nays‑0 ([Senate Journal‑page 48](file:///h:\SJ%20Archive\2015\04-29-15.docx))

4/30/2015 Senate Read third time and sent to House ([Senate Journal‑page 8](file:///h:\SJ%20Archive\2015\04-30-15.docx))

4/30/2015 Scrivener's error corrected

5/5/2015 House Introduced and read first time ([House Journal‑page 21](file:///h:\HJ%20Archive\2015\05-05-15.docx))

5/5/2015 House Referred to Committee on **Ways and Means** ([House Journal‑page 21](file:///h:\HJ%20Archive\2015\05-05-15.docx))

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**VERSIONS OF THIS BILL**

[4/16/2015](file:///p:\pprever\2015-16\675_20150416.docx)

[4/16/2015-A](file:///p:\pprever\2015-16\675_20150416A.docx)

[4/17/2015](file:///p:\pprever\2015-16\675_20150417.docx)

[4/29/2015](file:///p:\pprever\2015-16\675_20150429.docx)

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~~Indicates Matter Stricken~~

Indicates New Matter

AMENDED

April 29, 2015

**S. 675**

Introduced by Finance Committee

S. Printed 4/29/15--S. [SEC 4/30/15 3:42 PM]

Read the first time April 16, 2015.

**A** **BILL**

TO AMEND SECTION 9‑1‑1310 OF THE 1976 CODE, RELATING TO TRUSTEES OF THE RETIREMENT SYSTEM, TO PROVIDE THAT THE RETIREMENT SYSTEM INVESTMENT COMMISSION IS A COTRUSTEE INSTEAD OF THE STATE BUDGET AND CONTROL BOARD, AND TO REQUIRE THE PUBLIC EMPLOYEE BENEFIT AUTHORITY TO HOLD THE ASSETS OF THE RETIREMENT SYSTEM IN A GROUP TRUST; TO AMEND SECTION 9‑1‑1320, RELATING TO THE CUSTODIAN OF RETIREMENT FUNDS, TO PROVIDE THAT THE BOARD OF DIRECTORS OF THE PUBLIC EMPLOYEE BENEFIT AUTHORITY SHALL BE THE CUSTODIAN, AND TO AUTHORIZE THE RETIREMENT SYSTEM INVESTMENT COMMISSION TO SELECT THE CUSTODIAL BANK; TO REPEAL SECTIONS 9‑8‑170(1), 9‑9‑160(1), 9‑10‑80(A), AND 9‑11‑250(1), ALL RELATING TO THE CUSTODIAN OF RETIREMENT FUNDS; TO AMEND SECTION 9‑4‑10, RELATING TO THE ESTABLISHMENT OF THE PUBLIC EMPLOYEE BENEFIT AUTHORITY, TO CHANGE THE COMPOSITION OF THE BOARD OF DIRECTORS, TO PROVIDE THAT DIRECTORS SERVE FOR A TERM OF FIVE YEARS AND MAY NOT SERVE MORE THAN TWO CONSECUTIVE TERMS, AND TO PROVIDE FOR AN EXECUTIVE DIRECTOR; TO AMEND SECTION 9‑4‑40, RELATING TO THE AUDIT OF THE PUBLIC EMPLOYEE BENEFIT AUTHORITY, TO REQUIRE THE AUDIT BE PERFORMED EVERY FOUR YEARS; TO REPEAL SECTION 9‑1‑310 RELATING TO THE ADMINISTRATIVE COSTS OF THE RETIREMENT SYSTEMS; TO REPEAL SECTION 9‑4‑45 RELATING TO THE PUBLIC EMPLOYEE BENEFIT AUTHORITY’S POLICY DETERMINATIONS; TO AMEND SECTION 9‑16‑10, RELATING TO DEFINITIONS PERTAINING TO RETIREMENT SYSTEM FUNDS, TO DEFINE “FIDUCIARY” AND “TRUSTEE”; BY ADDING SECTION 9‑16‑25 TO PROVIDE FOR SIGNATORIES AUTHORIZED TO SIGN VOUCHERS TO EFFECT THE PAYMENT FROM THE RETIREMENT SYSTEM’S FUNDS OR TRANSFERS BETWEEN RETIREMENT SYSTEM ACCOUNTS NECESSARY FOR THE RETIREMENT SYSTEM INVESTMENT COMMISSION TO CARRY OUT ITS EXCLUSIVE AUTHORITY TO INVEST; TO AMEND SECTION 9‑16‑315, RELATING TO THE RETIREMENT SYSTEM INVESTMENT COMMISSION, TO CHANGE THE COMPOSITION OF THE RETIREMENT SYSTEM INVESTMENT COMMISSION, TO PROVIDE THAT COMMISSION MEMBERS SERVE FOR A TERM OF FIVE YEARS AND MAY NOT SERVE MORE THAN TWO CONSECUTIVE TERMS, TO PROVIDE FOR QUALIFICATIONS OF MEMBERS, TO PROVIDE FOR AN EXECUTIVE DIRECTOR, AND TO PROVIDE FOR HIRING LEGAL COUNSEL; TO AMEND SECTION 9‑16‑320(A), RELATING TO THE ANNUAL INVESTMENT PLAN OF THE RETIREMENT SYSTEM INVESTMENT COMMISSION, TO PROVIDE THAT THE CHIEF INVESTMENT OFFICER SHALL DEVELOP THE PLAN SUBJECT TO THE OVERSIGHT OF THE EXECUTIVE DIRECTOR; TO AMEND SECTION 9‑16‑330(A), RELATING TO INVESTMENT OBJECTIVES, TO INCORPORATE THE EXECUTIVE DIRECTOR; TO AMEND SECTION 9‑16‑335, RELATING TO THE ASSUMED RATE OF RETURN, TO PROVIDE THAT THE ASSUMED RATE OF RETURN EXPIRES EVERY FOUR YEARS SUBJECT TO ACTION BY THE GENERAL ASSEMBLY; TO AMEND SECTION 9‑16‑340, RELATING TO THE INVESTMENT OF RETIREMENT FUNDS, TO INCORPORATE THE EXECUTIVE DIRECTOR; AND TO AMEND SECTION 9‑16‑380, RELATING TO THE AUDIT OF THE RETIREMENT SYSTEM INVESTMENT COMMISSION, TO REQUIRE THE AUDIT BE PERFORMED EVERY FOUR YEARS.

Amend Title To Conform

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 9‑1‑1310(A) of the 1976 Code is amended to read:

“Section 9‑1‑1310. (A) The South Carolina Public Employee Benefit Authority and the Retirement System Investment Commission ~~State Budget and Control Board, or its successor~~, are cotrustees of the assets of the retirement system as ‘assets’ and ‘retirement system’ are ~~is~~ defined in Section 9‑16‑10(1) and (8) ~~in performing the functions imposed on them by law in the governance of the Retirement System~~. Notwithstanding any other provision of law, any reference in law to the trustee of the assets of the retirement system must be construed to conform to the cotrusteeship as provided in this subsection. The Public Employee Benefit Authority shall hold the assets of the retirement system in a group trust as provided in Section 9‑16‑20. The Retirement System Investment Commission shall invest and reinvest the ~~funds~~ assets of the retirement system ~~as ‘retirement system’ is defined in Section 9‑16‑10(8),~~ subject to all the terms, conditions, limitations, and restrictions imposed by Section 16, Article X of the South Carolina Constitution, subsection (B) of this section, and Chapter 16 of this title.”

SECTION 2. A. Section 9‑1‑1320 of the 1976 Code is amended to read:

“Section 9‑1‑1320. The ~~State Treasurer~~ board shall be the custodian of the assets ~~funds~~ of the retirement system as ‘assets’ and ‘retirement system’ are defined in Section 9‑16‑10(1) and (8),~~System~~ and the Retirement System Investment Commission shall have the exclusive authority to select the custodial bank, provided, however, that the Public Employee Benefit Authority shall be a third‑party beneficiary of the contract with the custodial bank with full rights to information thereunder. ~~All payments from such funds shall be made by him only upon vouchers signed by and two persons designated by the Board.~~ The custodial banking agreement may provide for electronic signatory approval.”

B. Sections 9‑8‑170(1), 9‑9‑160(1), 9‑10‑80(A), 9‑11‑250(1) are repealed.

SECTION 3. A. Section 9‑4‑10 of the 1976 Code is amended to read:

“Section 9‑4‑10. (A) Effective July 1, 2012, there is created the South Carolina Public Employee Benefit Authority. The sole governing body of the authority is a board of directors consisting of eleven members. The functions of the authority must be performed, exercised, and discharged under the supervision and direction of the board of directors.

(B)(1) The board is composed of:

(a) three nonrepresentative members appointed by the Governor;

(b) ~~two members appointed by~~ the President Pro Tempore of the Senate~~,~~ shall appoint one ~~a~~ nonrepresentative member upon the recommendation of the Senate Majority Leader and one ~~a~~ representative member upon the recommendation of the Senate Minority Leader of the largest minority party who is either an active or retired member of SCPORS;

(c) two members appointed by the Chairman of the Senate Finance Committee, one a nonrepresentative member and one a representative member who is a retired member of SCRS;

(d) two members appointed by the Speaker of the House of Representatives, one a nonrepresentative member and one a representative member who must be a state employee who is an active contributing member of SCRS;

(e) two members appointed by the Chairman of the House Ways and Means Committee, one a nonrepresentative member and one a representative member who is an active contributing member of SCRS employed by a public school district;

(f) the Executive Director of the Retirement System Investment Commission, ex officio.

(2) For purposes of the appointments provided by this section, a nonrepresentative member may not belong to those classes of employees and retirees from whom representative members must be appointed.

(C)(1) A nonrepresentative member may not be appointed to the board unless the person possesses at least one of the following qualifications:

(a) at least twelve years of professional experience in the financial management of pensions or insurance plans;

(b) at least twelve years academic experience and holds a bachelor’s or higher degree from a college or university as classified by the Carnegie Foundation;

(c) at least twelve years of professional experience as a certified public accountant with financial management, pension, or insurance audit expertise;

(d) at least twelve years as a Certified Financial Planner credentialed by the Certified Financial Planner Board of Standards; or

(e) at least twelve years membership in the South Carolina Bar and extensive experience in one or more of the following areas of law:

(i) taxation;

(ii) insurance;

(iii) health care;

(iv) securities;

(v) corporate;

(vi) finance; or

(vii) the Employment Retirement Income Security Act (ERISA).

(2) A representative member may not be appointed to the board unless the person:

(a) possesses one of the qualifications set forth in item (1); or

(b) has at least twelve years of public employment experience and holds a bachelor’s degree from a college or university as classified by the Carnegie Foundation.

(D) Members of the board shall serve for terms of ~~two~~ five years and until their successors are appointed and qualify, except that the terms of the board members appointed by the Governor on July 1, 2014, shall expire on June 30, 2016, the terms of the nonrepresentative board members appointed by members of the General Assembly on July 1, 2014, shall expire on June 30, 2017, and the terms of the representative board members appointed by members of the General Assembly on July 1, 2014, shall expire on June 30, 2018. Vacancies must be filled within sixty days in the manner of original appointment for the unexpired portion of the term. Terms are deemed to expire after June thirtieth of the year in which the term is due to expire ~~commence on July first of even numbered years~~. Upon a member’s appointment, the appointing official shall certify to the Secretary of State that the appointee meets or exceeds the qualifications set forth in subsections (B) and (C). ~~No~~ A person appointed may not qualify unless he first certifies that he meets or exceeds the qualifications applicable for their appointment. A member ~~serves at the pleasure of the member’s appointing authority~~ may be removed before the term expires only by the Governor for the reasons provided in Section 1‑3‑240(C). A member may not be appointed to serve more than two consecutive full five‑year terms.

(E) The members shall select a nonrepresentative member to serve as chairman and shall select those other officers they determine necessary. Subject to the qualifications for chairman provided in this section, members may set their own policy related to the rotation of the selection of a chairman of the board.

(F)(1) Each member, except for the Executive Director of the Retirement System Investment Commission, must receive an annual salary of twelve thousand dollars. This compensation must be paid from approved accounts of general funds and retirement system funds based on the proportionate amount of time the board devotes to its various functions. Members may receive the mileage and subsistence authorized by law for members of state boards, commissions, and committees paid from approved accounts funded by general funds and retirement system funds in the proportion that compensation is paid.

(2) Notwithstanding any other provision of law, membership on the board does not make a member eligible to participate in a retirement system administered pursuant to this title and does not make a member eligible to participate in the employee insurance program administered pursuant to Article 5, Chapter 11, Title 1. Any compensation paid on account of the member’s service on the board is not considered earnable compensation for purposes of any state retirement system.

(G) Minimally, the board shall meet ~~monthly~~ quarterly and at other times set by the board. If the chairman considers it more effective, the board may meet by teleconferencing or video conferencing. However, if the agenda of the meeting consists of items that are not exempt from disclosure or the meeting may not be closed to the public pursuant to Chapter 4, Title 30, the provisions of Chapter 4, Title 30 apply, and the meeting must be open to the public.

(H) Effective July 1, 2012, the following offices, divisions, or components of the State Budget and Control Board are transferred to, and incorporated into, an administrative agency of state government to be known as the South Carolina Public Employee Benefit Authority:

(1) Employee Insurance Program; and

(2) the Retirement Division.

(I) The board shall employ an executive director who shall serve at the pleasure of the board. The executive director is the chief administrative officer of the authority as an agency and is charged with the affirmative duty to carry out the mission, policies, and direction of the board as established by the board. The executive director is delegated all the authority of the board necessary, reasonable, and prudent to carry out the operation and management of the authority as an agency and to implement the board’s decisions and directives. The executive director must employ the other professional, administrative, and clerical personnel he determines necessary to support the administration and operation of the authority and fix their compensation pursuant to an organizational plan approved by the authority.

(J) Members of the board and the executive director, and other employees or agents designated as such by the board are fiduciaries of the authority and in discharging their duties as fiduciaries must act:

(1) solely in the interest of the participants and beneficiaries of the employee benefit plans administered by the authority;

(2) for the exclusive purpose of providing retirement and insurance benefits to participants and beneficiaries of the employee benefit plans administered by the authority and paying reasonable expenses of administering those employee benefit plans;

(3) with the care, skill, and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose;

(4) impartially, taking into account any differing interests of participants and beneficiaries;

(5) incurring only costs that are appropriate and reasonable; and

(6) in accordance with a good faith interpretation of this chapter and other applicable provisions of law.”

B. Section 9‑4‑10(B), (D), and (F) as contained in this SECTION takes effect on July 1, 2016.

SECTION 4. Section 9‑4‑40 of the 1976 Code is amended to read:

“Section 9‑4‑40. ~~Each year in~~ Beginning with the general appropriations act for Fiscal Year 2019‑2020, and every four years thereafter, the General Assembly shall appropriate sufficient funds to the Office of the State Inspector General to employ a private audit firm to perform a fiduciary audit on the South Carolina Public Employee Benefit Authority. The audit firm must be selected by the State Inspector General. The report from the previous fiscal year must be completed by January fifteenth. Upon completion, the report must be submitted to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee.”

SECTION 5. Sections 9‑1‑310 and 9‑4‑45 of the 1976 Code are repealed.

SECTION 6. Section 9‑16‑10(4), as last amended by Act 153 of 2005, and Section 9‑16‑10(9) of the 1976 Code, as last amended by Act 278 of 2012, are further amended to read:

“(4) ‘Fiduciary’ means a person who:

(a) exercises any authority to invest or manage assets of a system;

(b) provides investment advice for a fee or other direct or indirect compensation with respect to assets of a system or has any authority or responsibility to do so;

(c) is a member of the commission; or

(d) is the commission’s executive director or chief investment officer.

(9) ‘Trustee’ means the board or the commission as applicable ~~Board of Directors of the South Carolina Public Employee Benefit Authority~~.”

SECTION 7. Article 1, Chapter 16, Title 9 of the 1976 Code is amended by adding:

“Section 9‑16‑25. All payments from the retirement system’s funds or transfers between retirement system accounts necessary for the commission to exercise its exclusive authority to invest and manage the retirement system’s assets, including, but not limited to, the payment, transfer, or disbursement of funds necessary to make investments, the payment of custody and ancillary fees and costs, and the payment of management fees and other investment related expenses, must be made upon vouchers signed by the commission’s chairman, executive director, or designated staff member and countersigned by a person designated by the board. The commission and the board shall approve respective signatory lists that include the names and corresponding maximum approval amounts of persons authorized to sign vouchers pursuant to this section. The signatory list must be filed with the custodial bank and the amount of each voucher must fall within the maximum approval authority of both signatories. The signatory designated by the board performs a ministerial function and shall endorse a voucher endorsed by the commission’s signatory unless the amount of the voucher exceeds the commission signatory’s approval authority or unless the voucher seeks the payment, transfer, or disbursement of funds for a purpose that is not related to the commission’s exclusive authority to invest and manage the retirement system’s assets.”

SECTION 8. Section 9‑16‑315 of the 1976 Code is further amended to read:

“Section 9‑16‑315. (A) There is established the ‘Retirement System Investment Commission’ (RSIC) consisting of seven members as follows:

(1) one member appointed by the Governor;

(2) one member appointed by the State Treasurer, ~~ex officio~~ who shall be a retired member of the South Carolina Retirement System;

(3) one member appointed by the Comptroller General who shall be an active, contributing member of the South Carolina Retirement System;

(4) one member appointed by the Chairman of the Senate Finance Committee;

(5) one member appointed by the Chairman of the Ways and Means Committee of the House of Representatives;

(6) one member appointed by the Governor who is an active or retired member of the Police Officers Retirement System, the Judges and Solicitors Retirement System, or the National Guard Retirement System ~~a retired member of the retirement system. This representative member must be appointed by unanimous vote of the voting members of the commission~~; and

(7) the Executive Director of South Carolina Public Employee Benefit Authority, ex officio~~, without voting privileges~~. (B) ~~The State Treasurer may appoint a member to serve in his stead. A member appointed by the State Treasurer shall serve for a term coterminous with the State Treasurer and must possess at least one of the qualifications provided in subsection (E). Once appointed, this member may not be removed except as provided in subsection (C).~~

~~(C)~~ ~~Except as provided in subsection (B), members~~ Members shall serve for terms of five years and until their successors are appointed and qualify~~, except that of those first appointed, the appointees of the Comptroller General and the Chairman of the Senate Finance Committee shall serve for terms of three years and the appointee of the Chairman of the Committee on Ways and Means and the representative appointee shall serve for terms of one year~~. Terms are deemed to expire after June thirtieth of the year in which the term is due to expire. Members are appointed for a term and may be removed before the term expires only by the Governor for the reasons provided in Section 1‑3‑240(C). A member may not be appointed to serve more than two consecutive full five‑year terms. Any member serving a full five‑year term on June 30, 2015, only may be reappointed to one additional consecutive full five‑year term.

~~(D)~~(C) The commission shall select one of the ~~voting~~ members to serve as chairman and shall select those other officers it determines necessary~~, but the State Treasurer may not serve as chairman~~.

~~(E)~~(D) A person may not be appointed to the commission unless the person possesses at least one of the following qualifications:

(1) the Chartered Financial Analyst credential of the CFA Institute;

(2) the Certified Financial Planner credential of the Certified Financial Planner Board of Standards and at least twelve years of corresponding professional experience;

(3) ~~reserved~~ the Chartered Alternative Investment Analyst certification of the Chartered Alternative Investment Analyst Association;

(4) at least twenty years professional actuarial experience, including at least ten as an Enrolled Actuary licensed by a Joint Board of the Department of the Treasury and the Department of Labor, to perform a variety of actuarial tasks required of pension plans in the United States by the Employee Retirement Income Security Act of 1974;

(5) at least twenty years professional teaching experience in economics or finance, ten of which must have occurred at a doctorate‑granting university, master’s granting college or university, or a baccalaureate college as classified by the Carnegie Foundation;

(6) an earned Ph.D. in economics or finance from a doctorate‑granting institution as classified by the Carnegie Foundation; ~~or~~

(7) the Certified Internal Auditor credential of The Institute of Internal Auditors~~.~~;

(8) at least twelve years of professional experience in the financial management of pensions or insurance plans; or

(9) at least twelve years of professional experience as a certified public accountant with financial management, pension, or insurance audit expertise.

~~(F)~~(E) ~~Not including the State Treasurer~~ Except for the member appointed pursuant to subsection (A)(6), ~~no~~ a person may not be appointed or continue to serve who is an elected or appointed officer ~~or employee~~ of the State or any of its political subdivisions, including school districts.

~~(G)~~(F) The Retirement System Investment Commission is established to invest the funds of the retirement system. All of the powers and duties of the State Budget and Control Board as investor in equity securities and the State Treasurer’s function of investing in fixed income instruments are transferred to and devolved upon the Retirement System Investment Commission.

(G) The commission shall employ an executive director who shall serve at the pleasure of the commission. The executive director is the chief administrative officer of the commission as an agency and is charged with the affirmative duty to carry out the mission, policies, and direction of the commission as established by the commission. The executive director is delegated all the authority of the commission necessary, reasonable, and prudent to carry out the operation and management of the commission as an agency and to implement the commission’s decisions and directives. Notwithstanding Section 9‑16‑30, the executive director may execute on behalf of the commission any documents necessary to implement a final decision to invest.

(H)(1) ~~To assist the commission in its investment function, it~~ The executive director shall employ a chief investment officer~~, who under the direction and supervision of the commission, and as its agent,~~. The chief investment officer shall develop and maintain annual investment plans and invest and oversee the investment of retirement system funds subject to the oversight of the executive director. ~~The chief investment officer serves at the pleasure of the commission and must receive the compensation the commission determines appropriate.~~

(2) The executive director ~~commission may~~ must employ the other professional, administrative, and clerical personnel he ~~it~~ determines necessary to support the administration and operation of the commission and fix their compensation pursuant to an organizational plan approved by the commission. All employees of the commission are employees at will and serve at the pleasure of the executive director. The compensation of the executive director, the chief investment officer, and other employees of the commission are ~~is~~ not subject to the state compensation plan.

(I) Notwithstanding Section 1‑7‑170, the commission may engage on a fee basis attorneys necessary to exercise its exclusive authority to invest and manage the retirement system’s assets. The commission shall establish policies and procedures for the retention of attorneys pursuant to this subsection and provide quarterly reports to the Attorney General on attorneys retained, hourly rates, and estimated maximum fees.

~~(H)~~(J)(1) The administrative costs of the Retirement System Investment Commission must be paid from the earnings of the state retirement system ~~in the manner provided in Section 9‑1‑1310~~.

(2) ~~Effective beginning July 1, 2012,~~ Each commission member, except for ~~not including~~ the Executive Director of the South Carolina Public Employee Benefit Authority, must receive an annual salary of twenty thousand dollars plus mileage and subsistence as provided by law for members of state boards, committees, and commissions paid ~~as provided pursuant to item (1) of this subsection~~. Notwithstanding any other provision of law, membership on the commission does not make a member eligible to participate in a retirement system administered pursuant to this title and does not make a member eligible to participate in the employee insurance program administered pursuant to Article 5, Chapter 11, Title 1, if the member is not otherwise eligible. Compensation paid on account of the member’s service on the commission is not considered earnable compensation for purposes of any retirement system administered pursuant to this title.”

SECTION 9. Section 9‑16‑320(A) of the 1976 Code is further amended to read:

“Section 9‑16‑320. (A) The commission shall meet no later than May first of each year to adopt the proposed annual investment plan for the retirement systems for the next fiscal year. The annual investment plan must be developed by the chief investment officer subject to the oversight of the executive director. No later than April first of each year, the chief investment officer shall submit the proposed plan to the executive director for submission to the commission. Amendments may be made to the plan by the commission during the fiscal year.”

SECTION 10. Section 9‑16‑330(A) of the 1976 Code is further amended to read:

“Section 9‑16‑330. (A) The commission shall provide the executive director and the chief investment officer with a statement of general investment objectives. The commission also shall ~~also~~ provide the executive director and the chief investment officer with a statement of actuarial assumptions developed by the system’s actuary and approved by the board. The commission shall review the statement of general investment objectives annually for the purpose of affirming or changing it and advise the executive director and the chief investment officer of its actions. The retirement system shall provide the commission, ~~and its~~ the executive director, and the chief investment officer ~~that~~ data or other information needed to prepare the annual investment plan.”

SECTION 11. Section 9‑16‑335 of the 1976 Code is amended to read:

“Section 9‑16‑335. (A) For all purposes of this title, the assumed annual rate of return on the investments of the retirement system must be established by the General Assembly pursuant to this section. Effective July 1, 2012, the assumed annual rate of return on retirement system investments is seven and one‑half percent.

(B) The assumed rate of return set in subsection (A) expires on July 1, 2016, and every four years thereafter, unless the General Assembly enacts a joint resolution that continues or amends the assumed rate of return. Before January first of each year that the assumed rate of return is due to expire, the board will submit a proposed assumed annual rate of return for the corresponding four year period. The proposed assumed annual rate of return must be developed in consultation with the board’s actuary and the commission, and must be submitted to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee. If the General Assembly does not continue or amend the assumed annual rate of return prior to expiration, the assumed annual rate of return developed and submitted by the board will take effect for the corresponding four year period until subsequent action of the General Assembly.”

SECTION 12. Section 9‑16‑340 of the 1976 Code is further amended to read:

“Section 9‑16‑340. (A) The commission, acting through the chief investment officer subject to the oversight of the executive director, shall invest and reinvest the assets of the retirement systems as provided in Section 9‑1‑1310. The commission may employ or retain administrators, agents, consultants, or other advisors it considers necessary with respect to making investments. The commission ~~chief investment officer~~ may use the services of the State Treasurer in making nonequity security investments as the chief investment officer determines appropriate.

(B) After receiving the proposed plan of the chief investment officer, the commission shall adopt an annual investment plan, which must be implemented by the commission through the chief investment officer subject to the oversight of the executive director. The commission shall regularly review the plan implementation and make amendments as it considers appropriate. The plan must include the minimum and maximum portions of system assets that may be allocated to equity investments on an ongoing basis not to exceed seventy percent.”

SECTION 13. Section 9‑16‑380 of the 1976 Code is amended to read:

“Section 9‑16‑380. ~~Each year in~~ Beginning with the general appropriations act for Fiscal Year 2018‑2019, and every four years thereafter, the General Assembly shall appropriate sufficient funds to the Office of the State Inspector General to employ a private audit firm to perform a fiduciary audit on the Retirement System Investment Commission. The audit firm must be selected by the State Inspector General. The report from the previous fiscal year must be completed by January fifteenth. Upon completion, the report must be submitted to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee.”

SECTION 14. Any person currently serving on the RSIC as of the effective date of this act shall continue to serve for the remainder of the term for which he was appointed.

SECTION 15. Except where provided otherwise, this act takes effect upon approval by the Governor.

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