



*Synopsis of Senate Committee Amendments**

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Legislative Service Commission

Sub. H.B. 227

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(S. Health, Human Services, and Aging)

The Senate committee adopted a substitute bill amended by the House as follows:

State retirement board membership and elections

Revises the membership of the boards of the five state retirement systems.

Adds provisions regulating continuity on the boards as a result of vacancies and changes made by the bill.

Eliminates the House provision requiring the boards of the Public Employees Retirement System and School Employees Retirement System to administer all elections for employee and retirant members of the board, and instead requires the Secretary of State to oversee the administration of elections of all state retirement system board members and to certify nominating petitions for state retirement system board elections and the results of the elections.

Requires that the election of board members be held under the board's direction in accordance with rules the Secretary of State must adopt.

Revises the list of offenses the conviction of which make a person ineligible for election as a member of a state retirement board.

Eliminates the \$1,000 threshold for the requirement that each candidate for a state retirement system board file campaign finance disclosure statements with the Secretary of State (enacted by the House); requires the filing of campaign finance disclosure statements in elections to fill vacancies; requires the filing of independent expenditure disclosure statements; prohibits a person from failing to file these additional disclosure statements; prohibits certain fraud-related actions relating to nomination for and election to a state retirement board; and requires certain information relating to elections be made available.

* This synopsis does not address amendments that may have been adopted on the Senate floor.

Suspension and removal of board members

Replaces House provisions relating to the suspension and removal of board members with provisions that suspend a member of a state retirement board when certain criminal charges are pending against the member and deem the office vacant if the member pleads guilty to or is convicted of the offense.

Considers a member of the Board of Trustees of the Ohio Police and Fire Pension Fund who fails to attend three consecutive meetings without valid excuse as having resigned from the Board.

Ethics law, travel, policies, and training

Revises the persons related to a state retirement system who must file an annual financial disclosure statement with the Ohio Ethics Commission (OEC).

Requires the OEC, if it finds that a state retirement system board member has violated the ethics law, to report its findings to ORSC, as well as to a prosecuting authority.

Requires each state retirement board to establish a procedure to ensure that each board employee is informed of the procedure for filing a complaint with the OEC or the appropriate prosecuting attorney.

Expressly states that any authority, power, or responsibilities of the OEC expressly created by the bill are in addition to any authority, power, or responsibilities of the OEC in effect immediately prior to the bill's effective date.

Expands the House provision requiring each state retirement board to adopt an ethics policy to also require each board to submit the policy to the Ohio Retirement Study Council (ORSC) for approval.

Instead of extending the scope of each board's travel reimbursement policy to cover board employees, as well as board members, the substitute bill (1) prohibits board members and certain state retirement system employees from soliciting or accepting payment of actual travel expenses and prohibits any person from giving payment of actual travel expenses to such a board member or employee, (2) makes ineligible for reelection or reappointment to a board a person who, in recent fiscal years, served as an elected or appointed member of the board and has accepted excessively large reimbursements for travel and travel-related expenses from the board, and (3) requires each state retirement board to review any existing policy regarding travel and travel expenses of board members and employees and establish a new or revised policy.

Replaces a House provision requiring each state retirement board to periodically provide training on the board's policies to board members and employees with provisions that require (1) each board to periodically provide ethics training to members and



employees of the board, (2) the boards to jointly develop a retirement board member training program, and (3) board members to attend the training programs.

If a state retirement board intends to award a bonus to any board employee, requires the board to adopt rules establishing a policy regarding employee bonuses.

Audits

Removes a House provision that requires each state retirement board to employ an internal auditor.

Replaces a House provision requiring ORSC to have a fiduciary performance audit of each state retirement system conducted by an independent auditor at least once every ten years with provisions that authorize ORSC to (1) have a performance audit of each state retirement system conducted by an independent auditor at least once every five years, and (2) request that the Auditor of State perform a financial or special audit on a state retirement system.

Civil action

Authorizes the Attorney General to sue a state retirement board member who breaches the member's fiduciary duty to the retirement system.

Investments

Removes the House provisions relating to Ohio based investment managers and securities dealers (Buy Ohio).

Requires each state retirement board to designate a chief investment officer for the system; imposes on the chief investment officer the duty of reasonable supervision over investment-related persons and the duty to ensure that transactions are executed as being the most favorable to the state retirement system under the circumstances; and creates "safe harbors" in which the chief investment officer will be considered to have fulfilled these duties.

Requires that state retirement system investment officers be licensed by the Division of Securities in the Department of Commerce and prohibits state retirement system investment officers from engaging in certain activities.

Ohio Retirement Study Council

Revises the membership of ORSC.

Requires ORSC to review any rule a state retirement system proposes and make recommendations on those rules to the Joint Committee on Agency Rule Review, and requires each state retirement board to provide copies of certain rules to each ORSC member.

Requires each state retirement board to submit to ORSC a proposed operating budget prior to adopting that budget.

Requires each state retirement board to submit to ORSC a plan describing how the board will improve the dissemination of public information pertaining to the board.

Authorizes ORSC to establish a uniform format for any report that the state retirement boards are required to submit to ORSC.

Provides that the Attorney General is ORSC's legal adviser.

OP&F--disability applications

Requires the Board of Trustees of the Ohio Police and Fire Pension Fund to notify the chief of the police or fire department that employs a member applying for disability that the application has been filed.

Treasurer of State

Removes the House provision authorizing the Treasurer of State to appoint the executive director of each retirement system.

Eliminates a House provision concerning the authority of the Treasurer of State to enter into certain sub-custody or other agency agreement with a trust company.

Eliminates a House provision that would have required the Treasurer of State or an authorized agent to deposit all domestic assets held pursuant to the retirement systems' investment authority in a bank that is eligible to become a public depository and is subject to Ohio taxes.

Division of Securities

Eliminates provisions in existing law establishing the fee for certain examinations of applicant dealers and applicant salespersons.

Gives the Division of Securities enforcement powers over persons acting as dealers and salespersons.

Authorizes the Division of Securities to produce, as well as examine, certain documents that the Division deems necessary or relevant to an inquiry.

Repeals an arguably redundant provision in existing law concerning licenses of persons involved with sales of securities.