



2005 ASSEMBLY BILL 870

December 9, 2005 - Introduced by Representatives FIELDS, RICHARDS, SINICKI, TOWNS, TOWNSEND, YOUNG, CULLEN, GRIGSBY and HAHN, cosponsored by Senators DARLING and PLALE. Referred to Committee on Urban and Local Affairs.

1 **AN ACT to amend** 62.63 (3) of the statutes; **relating to:** investment of funds by
2 the City of Milwaukee Employes' Retirement System.

Analysis by the Legislative Reference Bureau

Current law restricts the manner in which the City of Milwaukee Employes' Retirement System (CMERS) may invest its funds. This bill authorizes CMERS to invest funds of the system in the manner provided under the Uniform Prudent Investor Act, which took effect in Wisconsin on April 30, 2004.

Generally, under the Uniform Prudent Investor Act, a fiduciary must do all of the following:

1. Invest and manage assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the estate, trust, conservatorship, or guardianship.

2. Evaluate investment and management decisions about individual assets, not in isolation but in the context of the portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the estate, trust, conservatorship, or guardianship.

3. Consider a number of specific circumstances relevant to the estate, trust, conservatorship, or guardianship or its beneficiaries.

4. Make a reasonable effort to verify facts relevant to the investment and management of assets.

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For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 62.63 (3) of the statutes is amended to read:
2 62.63 (3) INVESTMENT OF RETIREMENT FUNDS. The board of a retirement system
3 of a 1st class city, whose funds are independent of control by the investment board,
4 may invest funds from the system, in excess of the amount of cash required for
5 current operations, in loans, ~~securities and any other investments authorized for~~
6 ~~investment of funds of the public employee trust fund under s. 25.17 (3) (a) and (4).~~
7 ~~The independent retirement system board is subject to the conditions imposed on the~~
8 ~~investment board in making the investments under s. 25.17 (3) (e) to (g), (4), (7), (8)~~
9 ~~and (15) but is exempt from the operation of ch. 881. In addition to all other authority~~
10 ~~for the investment of funds granted to the board of a retirement system of a 1st class~~
11 ~~city whose funds are independent of the control of the investment board, the~~
12 ~~retirement system board of the city may invest its funds in accordance with s. 206.34,~~
13 ~~1969 stats. In making investments under this subsection, the board of a retirement~~
14 ~~system of a 1st class city may invest in shares of investments authorized under this~~
15 ~~subsection the same manner as is authorized for investments under s. 881.01.~~

16 (END)