

LD4409693

SENATE BILL NO. 949

Offered January 23, 1995

A BILL to amend the Code of Virginia by adding in Chapter 10 of Title 51.1 a section numbered 51.1-1004, relating to disclosure requirements for public retirement systems.

Patron—Lambert

Referred to the Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 10 of Title 51.1 a section numbered 51.1-1004 as follows:

§ 51.1-1004. Reporting of certain information.

A. All retirement systems as defined in § 51.1-1000 with assets in excess of \$50 million shall submit an annual report to include the following information:

1. A copy of the retirement system's annual audit.

2. A review by a consultant, a summary of any changes in actuarial assumptions from the previous year, a review of the system's asset mix strategy, a market review of the economic and financial environment in which investments were made, and a summary of the retirement system's general investment strategy.

3. A description of the investments of the system, including the allocation of stocks and bonds, at cost and market value, including dividends and coupons, and a summary of the major changes that occurred since the previous year.

4. The following information regarding the rate of return of the system by asset type:

a. Time-weighted return on a five-year, three-year, two-year and one-year basis.

b. Total returns to all funds by major category of asset.

5. A review and transactions summary which shall adequately review the system's custodial relationship and daily cash management, purchases, sales, turnovers, private placements, soft dollar purchases, and transaction costs such as commissions and dealer spreads.

6. The system shall report on the use of outside investment advisors and managers and any participation in corporate annual meetings and shareholder voting.

7. A statement of actuarial gains and losses, including the components of the employer contribution rate, and the sensitivity of the statement information to changes in the economic or noneconomic actuarial assumptions.

8. A discussion of the system portfolio containing the following information:

a. Concentration, current holdings at cost and market value, risk characteristics (R-squared, Beta, standard error), fundamentals (P/E, dividend yield, measures of growth, size, earnings quality, debt/equity) of equities.

b. Concentration, current holdings at cost and market value, maturity, duration, quality, coupon, and current yield of fixed income instruments.

c. Current holdings at cost and market value of real estate equities.

d. Current holdings at cost and market value of mortgages.

e. Securities lending activity.

f. Options and forward commitments.

g. Cash and cash equivalents.

9. A review of the role of any outside managers, advisers, stockholder voting, and changes in investment staff or reorganization.

Such report shall be filed with the Governor and the General Assembly in the case of the Virginia Retirement System, and with the appropriate government body in the case of local retirement systems. Copies shall be made available to the public at a reasonable charge.

B. The Auditor of Public Accounts shall promulgate rules and regulations for the implementation and administration of this section.

INTRODUCED

SB949