



## DEPARTMENT OF AUDITS AND ACCOUNTS

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February 4, 2009

The Honorable Judson Hill  
State Senator  
Coverdell Legislative Office Building, Room 325-A  
Atlanta, Georgia 30334

SUBJECT: State Auditor's Certification  
Senate Bill (LC 21 0231)

Dear Senator Hill:

This bill would amend provisions relating to the Public Retirement Systems Investment Authority Law. Specifically, this bill would revise the definition of 'large retirement systems' to mean any retirement system created by Title 47 of the Official Code of Georgia Annotated which has an accumulated unfunded actuarial accrued liability not greater than 50 percent of the total of its assets. The current definition sets the percentage at 25 percent. The definition would also be revised for other public retirement systems not created by Title 47 of the Official Code of Georgia to include similar criteria.

Additionally, this bill would define the term 'alternative investments' and would allow 'eligible large retirement systems' to make such alternative investments. This bill would also provide limits regarding the amount of assets that may be invested in alternative investments. Under the provisions of this bill, alternative investments, in the aggregate, may not exceed 5% of the retirement system assets at any time. In the event a system is out of compliance with the limitations, this bill provides provisions for the system to come back into compliance. This bill would also provide for confidentiality of certain documents that are

used in determining which alternative investments to hold, and would provide that all funds invested pursuant to this legislation, including any return on such investments, must remain funds of the retirement system. Finally, this bill would require large retirement systems to provide an annual report to the Governor and the chairpersons of the House and Senate Retirement Committees detailing the performance of investments made pursuant to the provisions of this bill. It should be noted that this legislation excludes the Teachers Retirement System from participating in such investment practices.

This is to certify that this bill is a nonfiscal retirement bill as defined in the Public Retirement Systems Standards Law.

Respectfully,

/s/ Russell W. Hinton  
State Auditor

RWH/cs