



DEPARTMENT OF AUDITS AND ACCOUNTS

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March 2, 2021

The Honorable John Carson
Chairman, House Retirement Committee
State Capitol, Room 401-E
Atlanta, Georgia 30334

SUBJECT: State Auditor's Certification
Substitute to House Bill 173
(LC 43 1979S)

Dear Chairman Carson:

This substitute bill would amend provisions relating to allowable investments under the Public Retirement Systems Investment Authority law. Specifically, this bill would increase the percentage of assets that most 'eligible large retirement systems' may invest in alternative investments. Currently, alternative investments may not in the aggregate exceed five percent of a system's assets at any time. If this legislation is enacted, most eligible systems would be authorized, but not required, to invest up to 10 percent of their assets in alternative investments. Under the provisions of the substitute bill, the Employees' Retirement System of Georgia and the Teachers Retirement System of Georgia would be prohibited from expanding their use of alternative investments and would still be required to limit such investments to five percent of the system's assets at any time.

This bill would also amend provisions relating to the composition of the Board of Trustees for the Employees' Retirement System of Georgia. State law specifies that the Board of Trustees is composed of seven members, three of which are ex officio members. Of the four remaining positions, one trustee is appointed by the Governor, two are elected by the ex officio members and the Governor's appointee, and one citizen member is elected by the six trustees in accordance with the criteria outlined in State law. This substitute bill would require the ex officio members and the Governor's appointee to review and consider any individuals nominated by any organization of state retirees consisting of at least 1,000 members when electing the two Board members.

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

Respectfully,

A handwritten signature in blue ink that reads "Greg S. Griffin".

Greg S. Griffin
State Auditor