

SENATE BILL 721

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K4

2003 Regular Session
(31r2254)

ENROLLED BILL
-- Budget and Taxation/Appropriations --

Introduced by **Senator Kasemeyer (Chairman, Joint Committee on Pensions)**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

President.

CHAPTER 403

1 AN ACT concerning

2 **State Retirement and Pension System - Board of Trustees**

3 FOR the purpose of removing certain ~~ex-officio~~ trustees from the Board of Trustees for
4 the State Retirement and Pension System over a certain period of time;
5 ~~eliminating the election process of any trustee on the Board of Trustees for the~~
6 ~~State Retirement and Pension System; requiring the Governor to appoint~~
7 ~~certain trustees to the Board of Trustees for the State Retirement and Pension~~
8 ~~System; authorizing certain employee and retiree organizations to submit lists~~
9 ~~of certain names to the Governor for appointment to the Board of Trustees for~~
10 ~~the State Retirement and Pension System; adding additional trustees to the~~
11 Board of Trustees for the State Retirement and Pension System who meet
12 certain criteria; providing that certain trustees may continue to serve on the
13 Board of Trustees for the State Retirement and Pension System if they retire
14 within a certain period of time, while serving on the Board of Trustees; requiring
15 the trustees to attend a certain percentage of meetings during a certain period of
16 time with certain exceptions; requiring the Governor to remove certain trustees
17 who do not attend a certain percentage of meetings during a certain period of

1 time and to fill any vacancies that result from that removal in a certain manner;
 2 clarifying the responsibilities of the trustees; requiring the trustees to complete
 3 a certain amount of fiduciary and investment training, including training on
 4 fiduciary conduct and board governance, during a certain period of time;
 5 requiring the State Retirement Agency to submit certain reports to the
 6 Department of Legislative Services; ~~altering the membership of a certain~~
 7 ~~clarifying the criteria that certain members of the investment committee of the~~
 8 ~~Board of Trustees must meet; creating an Employee Retirement Benefits~~
 9 ~~Commission; providing for the membership and terms of the Commission;~~
 10 ~~requiring the Commission to meet and review certain retirement benefits every~~
 11 ~~certain number of years; requiring the Commission to submit a certain report by~~
 12 ~~certain dates; requiring the Governor to include certain funding in the budget if~~
 13 ~~the Governor makes a determination to implement certain recommendations~~
 14 ~~requiring the Department of Budget and Management to conduct or to hire a~~
 15 ~~certain independent third party to conduct a certain study during a certain~~
 16 ~~period of time; requiring the Department of Budget and Management or a certain~~
 17 ~~independent third party to submit a certain report to the Chairman of the Joint~~
 18 ~~Committee on Pensions on or before a certain date; providing for the terms of~~
 19 ~~office of certain trustees on the Board of Trustees for the State Retirement and~~
 20 ~~Pension System; providing for the effective dates of this Act;~~ and generally
 21 relating to the Board of Trustees for the State Retirement and Pension System.

22 BY repealing and reenacting, with amendments,
 23 Article - State Personnel and Pensions
 24 Section 21-104 ~~and 21-108, 21-108, and 21-115 21-115(b)~~
 25 Annotated Code of Maryland
 26 (1997 Replacement Volume and 2002 Supplement)

27 BY repealing and reenacting, with amendments,
 28 Article - State Personnel and Pensions
 29 Section 21-104(a)
 30 Annotated Code of Maryland
 31 (1997 Replacement Volume and 2002 Supplement)
 32 (As enacted by Section 1 of this Act)

33 BY adding to
 34 Article - State Personnel and Pensions
 35 Section 33-101 to be under the new title "Title 33. Miscellaneous"
 36 Annotated Code of Maryland
 37 (1997 Replacement Volume and 2002 Supplement)

38 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 39 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - State Personnel and Pensions**

2 21-104.

3 (a) The Board of Trustees consists of the following 14 trustees:

4 (1) the Secretary of Budget and Management, ex officio;

5 (2) the State Comptroller, ex officio;

6 (3) ~~the~~ State Superintendent of Schools, ex officio;

7 (4) the State Treasurer, ex officio, who may appoint a deputy treasurer
8 as designee; AND

9 [(5) the Secretary of the State Police, ex officio;

10 (6) ~~(4)~~ (5) [two trustees who are members or retirees] ~~ELEVEN 10~~
11 ~~TRUSTEES ELECTED OR APPOINTED AS APPOINTED BY THE GOVERNOR WITH THE~~
12 ~~ADVICE AND CONSENT OF THE SENATE AS FOLLOWS:~~

13 (I) ONE TRUSTEE WHO IS A MEMBER of the Correctional Officers'
14 Retirement System, the Employees' Pension System, the Employees' Retirement
15 System, the Judges' Retirement System, the Legislative Pension Plan, the Local Fire
16 and Police System, or the Law Enforcement Officers' Pension Plan, [only one of whom
17 may be a retiree of any of those State systems at the time of election under subsection
18 (b) of this section and neither of whom may be an employee of the State Retirement
19 Agency] ~~WHO SHALL BE SELECTED FROM LISTS OF THREE NAMES SUBMITTED BY~~
20 ~~EMPLOYEE ORGANIZATIONS REPRESENTING AT LEAST 100 INDIVIDUALS WHO ARE~~
21 ~~MEMBERS OF ANY OF THE SYSTEMS LISTED IN THIS ITEM; ELECTED AS PROVIDED IN~~
22 ~~SUBSECTION (B) OF THIS SECTION AND MAY NOT BE AN EMPLOYEE OF THE STATE~~
23 ~~RETIREMENT AGENCY;~~

24 (II) ONE TRUSTEE WHO IS A RETIREE OF THE CORRECTIONAL
25 OFFICERS' RETIREMENT SYSTEM, THE EMPLOYEES' PENSION SYSTEM, THE
26 EMPLOYEES' RETIREMENT SYSTEM, THE JUDGES' RETIREMENT SYSTEM, THE
27 LEGISLATIVE PENSION PLAN, THE LOCAL FIRE AND POLICE SYSTEM, OR THE LAW
28 ENFORCEMENT OFFICERS' PENSION PLAN, WHO SHALL BE ~~SELECTED FROM LISTS OF~~
29 ~~THREE NAMES SUBMITTED BY RETIREE ORGANIZATIONS REPRESENTING AT LEAST~~
30 ~~50 INDIVIDUALS WHO ARE RETIREES OF ANY OF THE SYSTEMS LISTED IN THIS ITEM;~~
31 ~~ELECTED AS PROVIDED IN SUBSECTION (B) OF THIS SECTION AND MAY NOT BE AN~~
32 ~~EMPLOYEE OF THE STATE RETIREMENT AGENCY;~~

33 [(7)] (III) [two trustees who are members or retirees] ONE TRUSTEE WHO
34 IS A MEMBER of the Teachers' Pension System or the Teachers' Retirement System,
35 [only one of whom may be a retiree of either State system at the time of election
36 under subsection (b) of this section] ~~WHO SHALL BE SELECTED FROM LISTS OF~~
37 ~~THREE NAMES SUBMITTED BY EMPLOYEE ORGANIZATIONS REPRESENTING AT~~
38 ~~LEAST 100 INDIVIDUALS WHO ARE MEMBERS OF ANY OF THE SYSTEMS LISTED IN~~

1 ~~THIS ITEM; ELECTED AS PROVIDED IN SUBSECTION (B) OF THIS SECTION AND MAY~~
 2 ~~NOT BE AN EMPLOYEE OF THE STATE RETIREMENT AGENCY;~~

3 (IV) ONE TRUSTEE WHO IS A RETIREE OF THE TEACHERS' PENSION
 4 SYSTEM OR THE TEACHERS' RETIREMENT SYSTEM, WHO SHALL BE ~~SELECTED FROM~~
 5 ~~LISTS OF THREE NAMES SUBMITTED BY RETIREE ORGANIZATIONS REPRESENTING~~
 6 ~~AT LEAST 50 INDIVIDUALS WHO ARE RETIREES OF ANY OF THE SYSTEMS LISTED IN~~
 7 ~~THIS ITEM; ELECTED AS PROVIDED IN SUBSECTION (B) OF THIS SECTION AND MAY~~
 8 ~~NOT BE AN EMPLOYEE OF THE STATE RETIREMENT AGENCY;~~

9 [(8)] (V) [two trustees who are members or retirees] ONE TRUSTEE WHO
 10 IS EITHER A MEMBER OR RETIREE of the State Police Retirement System, [of whom
 11 one is a retiree of the State Police Retirement System at the time of election under
 12 subsection (b) of this section] WHO SHALL BE ~~SELECTED FROM LISTS OF THREE~~
 13 ~~NAMES SUBMITTED BY EITHER EMPLOYEE OR RETIREE ORGANIZATIONS~~
 14 ~~REPRESENTING AT LEAST 75 INDIVIDUALS WHO ARE EITHER MEMBERS OR RETIREES~~
 15 ~~OF THE STATE POLICE RETIREMENT SYSTEM; ELECTED AS PROVIDED IN~~
 16 ~~SUBSECTION (B) OF THIS SECTION AND MAY NOT BE AN EMPLOYEE OF THE STATE~~
 17 ~~RETIREMENT AGENCY;~~

18 [(9)] (VI) one trustee who represents the interests of participating
 19 governmental units in the Employees' Pension System and the Employees'
 20 Retirement System; and

21 [(10)] (VII) [two] ~~FIVE~~ FOUR trustees who:

22 [(i)] 1. represent the interests of the public;

23 [(ii)] 2. are not members of any of the several systems; [and

24 [(iii)] 3. are [knowledgeable in the administration and operation of
 25 pension systems and trust funds] ~~NOT AFFILIATED WITH ANY OF THE EXTERNAL~~
 26 ~~INVESTMENT MANAGERS FOR THE SEVERAL SYSTEMS; AND~~

27 4. HAVE AT LEAST 10 YEARS OF SUBSTANTIAL EXPERIENCE
 28 ~~AS ANY ONE OR A COMBINATION OF THE FOLLOWING:~~

29 A. ~~A PORTFOLIO MANAGER ACTING IN A FIDUCIARY~~
 30 ~~CAPACITY;~~

31 B. ~~A SECURITIES ANALYST;~~

32 C. ~~AN EMPLOYEE OR PRINCIPAL OF A TRUST INSTITUTION,~~
 33 ~~INVESTMENT ORGANIZATION, OR ENDOWMENT FUND ACTING EITHER IN A~~
 34 ~~MANAGEMENT OR AN INVESTMENT RELATED CAPACITY;~~

35 D. ~~A CHARTERED FINANCIAL ANALYST IN GOOD STANDING;~~

36 E. ~~A PROFESSOR AT THE UNIVERSITY LEVEL TEACHING~~
 37 ~~ECONOMICS OR INVESTMENT RELATED SUBJECTS;~~

1 F. AN ECONOMIST; OR

2 G. A PROFESSIONAL ENGAGED IN A PUBLIC OR PRIVATE
3 FINANCIAL OR INVESTMENT FIELD THAT IS COMPARABLE TO THE FIELDS LISTED IN
4 THIS ITEM. OVERSEEING SIMILAR PENSION SYSTEMS, LARGE FOUNDATIONS, OR
5 OTHER SIMILAR LARGE ORGANIZATIONS WITH FIDUCIARY RESPONSIBILITIES
6 RELATING TO DIFFERENT CLASSES OF PARTICIPANTS.

7 (b) (1) (i) The trustees who are members or retirees of the Correctional
8 Officers' Retirement System, the Employees' Pension System, the Employees'
9 Retirement System, the Judges' Retirement System, the Legislative Pension Plan, the
10 Local Fire and Police System, or the Law Enforcement Officers' Pension Plan shall be
11 elected by the members and the retirees of those State systems.

12 (ii) The trustees who are members or retirees of the Teachers'
13 Pension System or the Teachers' Retirement System shall be elected by the members
14 and the retirees of those State systems.

15 (iii) ~~The trustees who are members or retirees~~ TRUSTEE WHO IS A
16 MEMBER OR RETIREE of the State Police Retirement System shall be elected by the
17 members and the retirees of that State system.

18 (iv) The elections shall be conducted under regulations that the
19 Board of Trustees adopts.

20 (v) A trustee is not eligible for reelection if:

21 ~~1. the trustee becomes a retiree of the Correctional Officers'~~
22 ~~Retirement System, the Employees' Pension System, the Employees' Retirement~~
23 ~~System, the Judges' Retirement System, the Legislative Pension Plan, the Local Fire~~
24 ~~and Police System, or the Law Enforcement Officers' Pension Plan, and the other~~
25 ~~elected trustee for those State systems is already a retiree of one of those State~~
26 ~~systems;~~

27 ~~2. the trustee becomes a retiree of either the Teachers'~~
28 ~~Pension System or the Teachers' Retirement System and the other elected trustee for~~
29 ~~those State systems is already a retiree of one of those State systems; or~~

30 ~~3. the trustee becomes a retiree of the State Police~~
31 ~~Retirement System and the other elected trustee is already a retiree of that State~~
32 ~~system.~~

33 (2) The trustee who represents the interests of participating subdivisions
34 in the Employees' Pension System and the Employees' Retirement System shall be
35 appointed by the Governor.

36 (3) The trustees who represent the public shall be appointed by the
37 Governor with the advice and consent of the Senate.] ~~A TRUSTEE MAY NOT BE AN~~
38 ~~EMPLOYEE OF THE STATE RETIREMENT AGENCY.~~

1 ~~(e)~~ ~~EACH EMPLOYEE OR RETIREE ORGANIZATION MAY ONLY SUBMIT ONE~~
 2 ~~LIST FOR EACH VACANCY IN THE OFFICE OF A TRUSTEE.~~

3 ~~(D)~~ (C) (1) Within 10 days after the appointment {or election} of an
 4 individual as a trustee, the individual shall take and subscribe to an oath of office
 5 that, so far as it devolves on the individual, as trustee the individual:

6 (i) will diligently and honestly administer the affairs of the Board
 7 of Trustees; and

8 (ii) will not knowingly violate or willingly allow a violation of the
 9 law applicable to the several systems.

10 (2) The officer before whom the individual takes the oath shall:

11 (i) certify the oath; and

12 (ii) submit the oath immediately to the office of the Secretary of
 13 State for filing in that office.

14 ~~{(d)}~~ ~~(E)~~ (1) (i) The term of an appointed {or elected} trustee is 4 years.

15 (ii) Trustees who represent the public serve staggered 4-year
 16 terms.

17 (2) A trustee who is a member but not a retiree of the Correctional
 18 Officers' Retirement System, the Employees' Pension System, the Employees'
 19 Retirement System, the Judges' Retirement System, the Legislative Pension Plan, the
 20 Local Fire and Police System, the Law Enforcement Officers' Pension Plan, ~~the State~~
 21 ~~Police Retirement System~~, the Teachers' Pension System, or the Teachers' Retirement
 22 System at the time of {election} ~~APPOINTMENT~~ of the trustee may ~~NOT~~ complete the
 23 term of office {even} if, during the term, the trustee:

24 (I) becomes a retiree of the State system of which the trustee was a
 25 member at the time of {election} ~~APPOINTMENT; AND~~

26 (II) HAS COMPLETED MORE THAN 3 YEARS OF THE TRUSTEE'S
 27 TERM OF OFFICE.

28 (3) A vacancy in the office of a trustee shall be filled for the unexpired
 29 term in the same manner as the office was previously filled.

30 (4) At the end of a term, a trustee continues to serve until a successor is
 31 appointed {or elected}.

32 (5) A trustee who is appointed after a term has begun serves only for the
 33 rest of the term and until a successor is selected and qualifies.

34 ~~{(e)}~~ ~~(F)~~ (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,
 35 EACH TRUSTEE SHALL ATTEND AT LEAST 80% OF THE MONTHLY BOARD OF

1 ~~TRUSTEES~~ MEETINGS HELD ~~BY THE BOARD OF TRUSTEES~~ DURING A 1-YEAR PERIOD
2 BEGINNING JANUARY 1.

3 (2) (I) A TRUSTEE MAY BE GRANTED AN EXCUSED ABSENCE BY THE
4 CHAIRMAN OF THE BOARD OR ANOTHER OFFICER OF THE BOARD DUE TO ILLNESS
5 OR FAMILY EMERGENCIES.

6 (II) AN EXCUSED ABSENCE UNDER THIS PARAGRAPH MAY NOT BE
7 CONSIDERED AN ABSENCE FOR THE PURPOSES OF PARAGRAPH (1) OF THIS
8 SUBSECTION.

9 (3) (I) ANY ELECTED OR GOVERNOR-APPOINTED TRUSTEE THAT
10 FAILS TO ATTEND AT LEAST 80% OF THE MEETINGS, NOT INCLUDING EXCUSED
11 ABSENCES UNDER PARAGRAPH (2) OF THIS SUBSECTION, SHALL BE REMOVED FROM
12 THE BOARD OF TRUSTEES BY THE GOVERNOR.

13 (II) THE GOVERNOR SHALL FILL THE VACANCY FOR THE OFFICE OF
14 THE TRUSTEE FOR THE UNEXPIRED TERM IN THE SAME MANNER AS THE OFFICE
15 WAS PREVIOUSLY FILLED.

16 (III) THE STATE RETIREMENT AGENCY SHALL SUBMIT A TRUSTEE
17 ATTENDANCE REPORT TO THE DEPARTMENT OF LEGISLATIVE SERVICES BY JUNE 30
18 AND DECEMBER 31 OF EACH YEAR.

19 ~~(G)~~ (F) [The] NOTWITHSTANDING SUBSECTION ~~(E)~~ (D) OF THIS SECTION,
20 THE Governor may remove a Governor-appointed trustee for incompetence or
21 misconduct.

22 21-108.

23 (a) (1) The responsibility for the management, general administration, and
24 proper operation of the several systems is vested in the Board of Trustees.

25 (2) THE BOARD OF TRUSTEES IS NOT RESPONSIBLE FOR:

26 (I) REVIEWING THE BENEFIT STRUCTURES FOR ANY OF THE
27 SEVERAL SYSTEMS, EXCEPT FOR THE PURPOSE OF MAKING TECHNICAL
28 CORRECTIONS; OR

29 (II) CONSIDERING BENEFIT ENHANCEMENTS FOR ANY OF THE
30 SEVERAL SYSTEMS.

31 (3) (I) EACH TRUSTEE ON THE BOARD OF TRUSTEES IS REQUIRED TO
32 COMPLETE 4 AT LEAST 8 HOURS OF INVESTMENT AND FIDUCIARY TRAINING,
33 INCLUDING TRAINING ON FIDUCIARY CONDUCT AND BOARD GOVERNANCE, DURING
34 A 1-YEAR PERIOD BEGINNING JANUARY 1.

35 (II) THE TRAINING SHALL BE CONDUCTED AT THE STATE
36 RETIREMENT AGENCY BY AN ENTITY NOT AFFILIATED WITH ANY OF THE EXTERNAL
37 INVESTMENT MANAGERS FOR THE SEVERAL SYSTEMS.

1 (III) ON OR BEFORE JUNE 30 AND DECEMBER 31 OF EACH YEAR, THE
 2 STATE RETIREMENT AGENCY SHALL SUBMIT A REPORT TO THE DEPARTMENT OF
 3 LEGISLATIVE SERVICES THAT PROVIDES A SUMMARY OF THE TRAINING REQUIRED
 4 BY THIS PARAGRAPH THAT WAS COMPLETED BY EACH TRUSTEE DURING THAT
 5 6-MONTH PERIOD.

6 (b) In addition to the Investment Committee established under § 21-114 of
 7 this subtitle, the Board of Trustees may establish other committees.

8 (c) Subject to § 21-123 of this subtitle, the Board of Trustees shall have full
 9 power to invest the assets of the several systems.

10 21-115.

11 (a) The Board of Trustees shall:

12 (1) specify by resolution the number of members of the Investment
 13 Committee; and

14 (2) [except as provided in subsection (b)(2) of this section.] appoint
 15 annually the members of the Investment Committee from the members of the Board
 16 of Trustees.

17 (b) The Board of Trustees shall ensure that the membership of the Investment
 18 Committee includes:

19 (1) a [representative of each of] TRUSTEE REPRESENTING:

20 (i) the Employees' Pension System or the Employees' Retirement
 21 System;

22 (ii) the Teachers' Pension System or the Teachers' Retirement
 23 System; and

24 (iii) the State Police Retirement System; and

25 (2) [three representatives from the public appointed by the Board of
 26 Trustees with the approval of the Board of Public Works for staggered 3-year terms
 27 who:

28 (i) are not members, retirees, or beneficiaries under any of the
 29 several systems; and

30 (ii) have had experience in the management and control of large
 31 investments.] THREE TRUSTEES WHO WERE APPOINTED UNDER § 21-104(A)(4)(VII) OF
 32 THIS SUBTITLE.; AND

33 (III) HAVE AT LEAST 10 YEARS OF SUBSTANTIAL EXPERIENCE AS
 34 ANY ONE OR A COMBINATION OF THE FOLLOWING:

- 1 ~~(III) MAY NOT HAVE A HOUSEHOLD MEMBER WHO IS A STATE~~
2 ~~EMPLOYEE.~~
- 3 ~~(C) (1) THE TERM OF A MEMBER IS 6 YEARS.~~
- 4 ~~(2) A MEMBER APPOINTED TO FILL A VACANCY IN AN UNEXPIRED TERM~~
5 ~~SERVES ONLY FOR THE REMAINDER OF THAT TERM.~~
- 6 ~~(3) A MEMBER MAY BE REAPPOINTED BUT MAY NOT SERVE MORE THAN~~
7 ~~TWO CONSECUTIVE FULL TERMS.~~
- 8 ~~(D) A MEMBER OF THE COMMISSION:~~
- 9 ~~(1) MAY NOT RECEIVE COMPENSATION; BUT~~
- 10 ~~(2) IS ENTITLED TO RECEIVE REIMBURSEMENT FOR EXPENSES UNDER~~
11 ~~THE STANDARD STATE TRAVEL REGULATIONS AS PROVIDED IN THE STATE BUDGET.~~
- 12 ~~(E) THE COMMISSION SHALL BE STAFFED BY THE DEPARTMENT OF BUDGET~~
13 ~~AND MANAGEMENT.~~
- 14 ~~(F) BEGINNING IN 2004 AND EVERY 3 YEARS THEREAFTER, THE COMMISSION~~
15 ~~SHALL:~~
- 16 ~~(1) MEET AND REVIEW THE RETIREMENT BENEFITS OF INDIVIDUALS~~
17 ~~PARTICIPATING IN ANY OF THE STATE SYSTEMS; AND~~
- 18 ~~(2) MAKE RECOMMENDATIONS AS TO THE APPROPRIATE LEVEL OF~~
19 ~~RETIREMENT BENEFITS FOR INDIVIDUALS PARTICIPATING IN ANY OF THE STATE~~
20 ~~SYSTEMS.~~
- 21 ~~(G) THE REVIEW REQUIRED UNDER SUBSECTION (F) OF THIS SECTION SHALL~~
22 ~~INCLUDE:~~
- 23 ~~(1) FOR EACH STATE SYSTEM, A COMPARISON OF THE RETIREMENT~~
24 ~~BENEFITS PROVIDED TO EMPLOYEES IN THE STATE AND EMPLOYEES IN OTHER~~
25 ~~STATES;~~
- 26 ~~(2) FOR EACH STATE SYSTEM, A COMPARISON OF ANY STATE OR LOCAL~~
27 ~~RETIREE HEALTH BENEFITS PROVIDED TO EMPLOYEES IN THE STATE AND~~
28 ~~EMPLOYEES IN OTHER STATES;~~
- 29 ~~(3) FOR EACH STATE SYSTEM, A COMPARISON OF THE EMPLOYEE~~
30 ~~CONTRIBUTION AMOUNT FOR RETIREMENT BENEFITS AND ANY STATE OR LOCAL~~
31 ~~RETIREE HEALTH BENEFITS PROVIDED TO EMPLOYEES IN THE STATE AND~~
32 ~~EMPLOYEES IN OTHER STATES;~~
- 33 ~~(4) FOR EACH STATE SYSTEM, AN ANALYSIS OF THE TOTAL VALUE OF~~
34 ~~THE RETIREMENT BENEFITS INCLUDING ANY RETIREE HEALTH BENEFITS AS~~
35 ~~COMPARED TO THE VALUE OF RETIREMENT BENEFITS, INCLUDING HEALTH~~
36 ~~BENEFITS IN OTHER STATES; AND~~

1 ~~(S) FOR EACH STATE SYSTEM, AN ANALYSIS OF THE TOTAL EMPLOYEE~~
 2 ~~CONTRIBUTION AS A PERCENTAGE VALUE OF THE RETIREMENT BENEFITS AS~~
 3 ~~DETERMINED IN ITEM (4) OF THIS SUBSECTION.~~

4 ~~(H) ON OR BEFORE DECEMBER 1, 2004, AND EVERY 3 YEARS THEREAFTER, THE~~
 5 ~~COMMISSION SHALL REPORT TO THE GOVERNOR, THE SECRETARY OF BUDGET AND~~
 6 ~~MANAGEMENT, AND THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1246 OF~~
 7 ~~THE STATE GOVERNMENT ARTICLE, ON THE FINDINGS AND RECOMMENDATIONS OF~~
 8 ~~THE COMMISSION.~~

9 ~~(I) IF THE GOVERNOR MAKES A DETERMINATION TO IMPLEMENT ANY~~
 10 ~~RECOMMENDATIONS OF THE COMMISSION, THE GOVERNOR SHALL INCLUDE IN THE~~
 11 ~~BUDGET FOR THE NEXT FISCAL YEAR THE FUNDING NECESSARY TO IMPLEMENT~~
 12 ~~THOSE RECOMMENDATIONS.~~

13 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 14 read as follows:

15 Article - State Personnel and Pensions

16 21-104.

17 (a) The Board of Trustees consists of the following 14 trustees:

18 (1) the Secretary of Budget and Management, ex officio;

19 (2) the State Comptroller, ex officio;

20 (3) [the State Superintendent of Schools, ex officio;

21 (4)] the State Treasurer, ex officio, who may appoint a deputy treasurer as
 22 designee; and

23 [(5)] (4) [10] 11 trustees elected or appointed as follows:

24 (i) one trustee who is a member of the Correctional Officers'
 25 Retirement System, the Employees' Pension System, the Employees' Retirement System,
 26 the Judges' Retirement System, the Legislative Pension Plan, the Local Fire and Police
 27 System, or the Law Enforcement Officers' Pension Plan, who shall be elected as
 28 provided in subsection (b) of this section and may not be an employee of the State
 29 Retirement Agency;

30 (ii) one trustee who is a retiree of the Correctional Officers'
 31 Retirement System, the Employees' Pension System, the Employees' Retirement System,
 32 the Judges' Retirement System, the Legislative Pension Plan, the Local Fire and Police
 33 System, or the Law Enforcement Officers' Pension Plan, who shall be elected as
 34 provided in subsection (b) of this section and may not be an employee of the State
 35 Retirement Agency;

1 (iii) one trustee who is a member of the Teachers' Pension System or
2 the Teachers' Retirement System, who shall be elected as provided in subsection (b) of
3 this section and may not be an employee of the State Retirement Agency;

4 (iv) one trustee who is a retiree of the Teachers' Pension System or the
5 Teachers' Retirement System, who shall be elected as provided in subsection (b) of this
6 section and may not be an employee of the State Retirement Agency;

7 (v) one trustee who is either a member or retiree of the State Police
8 Retirement System, who shall be elected as provided in subsection (b) of this section
9 and may not be an employee of the State Retirement Agency;

10 (vi) one trustee who represents the interests of participating
11 governmental units in the Employees' Pension System and the Employees' Retirement
12 System; and

13 (vii) [four] FIVE trustees who:

14 1. represent the interests of the public;

15 2. are not members of any of the several systems;

16 3. are not affiliated with any of the external investment
17 managers for the several systems; and

18 4. have at least 10 years of substantial experience overseeing
19 similar pension systems, large foundations, or other similar large organizations with
20 fiduciary responsibilities relating to different classes of participants.

21 SECTION 3. AND BE IT FURTHER ENACTED, That:

22 (a) Beginning September 1, 2004, and every 4 years thereafter, the Department
23 of Budget and Management shall conduct, or hire an independent third party not
24 affiliated with the Department of Budget and Management or the State Retirement
25 Agency to conduct, a peer benefits study of the several systems.

26 (b) The findings of either the Department of Budget and Management or the
27 independent third party shall be submitted to the Chairman of the Joint Committee on
28 Pensions on or before December 31 of that year.

29 SECTION 4. AND BE IT FURTHER ENACTED, That:

30 (a) The term of office for the trustee who is a member of the Correctional
31 Officers' Retirement System, the Employees' Pension System, the Employees'
32 Retirement System, the Judges' Retirement System, the Legislative Pension Plan, the
33 Local Fire and Police System, or the Law Enforcement Officers' Pension Plan and who
34 is serving as a trustee on July 1, 2003, shall end on July 31, 2005.

35 (b) (1) The term of office for the trustee who is a retiree of the Correctional
36 Officers' Retirement System, the Employees' Pension System, the Employees'

1 Retirement System, the Judges' Retirement System, the Legislative Pension Plan, the
2 Local Fire and Police System, or the Law Enforcement Officers' Pension Plan and who
3 is serving as a trustee on July 1, 2003, shall end on July 31, 2003.

4 (2) (i) The candidates for the election to fill the vacancy that will occur
5 on or before July 31, 2003, under paragraph (1) of this subsection shall include both
6 members and retirees of the Correctional Officers' Retirement System, the Employees'
7 Pension System, the Employees' Retirement System, the Judges' Retirement System,
8 the Legislative Pension Plan, the Local Fire and Police System, or the Law
9 Enforcement Officers' Pension Plan.

10 (ii) The term of office for the trustee who is elected from the
11 candidates in subparagraph (i) of this paragraph shall end on July 31, 2007.

12 (iii) The vacancy that will occur on or before July 31, 2007, under
13 subparagraph (ii) of this paragraph shall be filled by a retiree of the Correctional
14 Officers' Retirement System, the Employees' Pension System, the Employees'
15 Retirement System, the Judges' Retirement System, the Legislative Pension Plan, the
16 Local Fire and Police System, or the Law Enforcement Officers' Pension Plan.

17 (c) The term of office for the trustee who is a member of the Teachers' Pension
18 System or the Teachers' Retirement System and who is serving as a trustee on July 1,
19 2003, shall end on July 31, 2005.

20 (d) The term of office for the trustee who is a retiree of the Teachers' Pension
21 System or the Teachers' Retirement System and who is serving as a trustee on July 1,
22 2003, shall end on July 31, 2007.

23 (e) (1) The term of office for the trustee for the State Police Retirement
24 System that is scheduled to end on July 31, 2005, shall end on July 1, 2003.

25 (2) The vacancy created under paragraph (1) of this subsection may not
26 be filled.

27 (f) The term of office for the trustee who is a retiree of the State Police
28 Retirement System and who is serving as a trustee on June 30, 2003, shall end on July
29 31, 2006.

30 (g) (1) The term of office for the individuals who are appointed on or before
31 June 30, 2004, by the Governor to serve as trustees as a result of the provisions of this
32 Act and who are not members of any of the several systems shall begin on August 1,
33 2003, and end on July 31, 2007.

34 (2) The term of office for the individual who is appointed on or after July
35 1, 2004, by the Governor to serve as a trustee as a result of the provisions of Section 2
36 of this Act and who is not a member of any of the several systems shall begin on August
37 1, 2004, and end on July 31, 2008.

38 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
39 take effect July 1, 2004.

1 SECTION ~~2. 6.~~ AND BE IT FURTHER ENACTED, That, *except as provided in*
2 *Section 5 of this Act*, this Act shall take effect July 1, 2003.