

Chapter 535

(House Bill 390)

AN ACT concerning

State Retirement and Pension System – Board of Trustees

FOR the purpose of adding a trustee to the Board of Trustees for the State Retirement and Pension System to represent certain interests; establishing the qualifications of the trustee; providing for the appointment of the trustee; and generally relating to the Board of Trustees for the State Retirement and Pension System.

BY repealing and reenacting, with amendments,
 Article – State Personnel and Pensions
 Section 21–104
 Annotated Code of Maryland
 (2009 Replacement Volume and 2012 Supplement)

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

Article – State Personnel and Pensions

21–104.

- (a) The Board of Trustees consists of the following [14] **15** trustees:
- (1) the Secretary of Budget and Management, ex officio;
 - (2) the State Comptroller, ex officio;
 - (3) the State Treasurer, ex officio, who may appoint a deputy treasurer as designee; and
 - (4) [11] **12** trustees elected or appointed as follows:
 - (i) one trustee who is a member of the Correctional Officers' Retirement System, the Employees' Pension System, the Employees' Retirement System, the Judges' Retirement System, the Legislative Pension Plan, the Local Fire and Police System, or the Law Enforcement Officers' Pension Plan, who shall be elected as provided in subsection (b) of this section and may not be an employee of the State Retirement Agency;

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

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

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

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

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

(VII) ONE TRUSTEE WHO REPRESENTS THE INTERESTS OF COUNTY GOVERNMENTS WHO HAS AT LEAST 10 YEARS OF EXPERIENCE IN FINANCIAL MANAGEMENT AND OVERSIGHT OF COUNTY GOVERNMENT BUDGETS; AND

[(vii)] (VIII) five trustees who:

1. represent the interests of the public;
2. are not members of any of the several systems;
3. are not employees, directors, partners, or officers of any of the external investment managers for the several systems;
4. do not have an ownership interest in any of the external investment managers of the several systems that is greater than 5% of the issued or outstanding stock;
5. are not directors, partners, or officers of any corporation or large organization in which any of the external managers for the

several systems own 10% or more of the issued or outstanding stock of the corporation or large organization; and

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

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

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

(iii) The trustee who is a member or retiree of the State Police Retirement System shall be elected by the members and the retirees of that State system.

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

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

(3) The trustees who represent the public shall be appointed by the Governor with the advice and consent of the Senate.

(4) THE TRUSTEE WHO REPRESENTS THE INTERESTS OF COUNTY GOVERNMENTS SHALL BE APPOINTED BY THE GOVERNOR AND MAY BE FROM A LIST SUBMITTED TO THE GOVERNOR BY THE MARYLAND ASSOCIATION OF COUNTIES.

(c) (1) Within 10 days after the appointment or election of an individual as a trustee, the individual shall take and subscribe to an oath of office that, so far as it devolves on the individual, as trustee the individual:

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

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

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

- (i) certify the oath; and
- (ii) submit the oath immediately to the office of the Secretary of State for filing in that office.

(d) (1) (i) The term of an appointed or elected trustee is 4 years.

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

(2) A trustee who is a member but not a retiree of the Correctional Officers' Retirement System, the Employees' Pension System, the Employees' Retirement System, the Judges' Retirement System, the Legislative Pension Plan, the Local Fire and Police System, the Law Enforcement Officers' Pension Plan, the Teachers' Pension System, or the Teachers' Retirement System at the time of election of the trustee may complete the term of office even if, during the term, the trustee:

- (i) becomes a retiree of the State system of which the trustee was a member at the time of election; and
- (ii) has completed more than 3 years of the trustee's term of office.

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

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

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

(e) (1) Except as provided in paragraph (2) of this subsection, each trustee shall attend at least 80% of the monthly Board of Trustees meetings held during a 1-year period beginning January 1.

(2) (i) A trustee may be granted an excused absence by the chairman of the Board or another officer of the Board due to:

1. illness;
2. family emergencies;

3. jury duty; or
4. attendance at investment or fiduciary training.

(ii) An excused absence under this paragraph may not be considered an absence for the purposes of paragraph (1) of this subsection.

(3) (i) Any elected or Governor-appointed trustee that fails to attend at least 80% of the meetings, not including excused absences under paragraph (2) of this subsection, shall be removed from the Board of Trustees by the Governor.

(ii) The Governor shall fill the vacancy for the office of the trustee for the unexpired term in the same manner as the office was previously filled.

(iii) The State Retirement Agency shall submit a trustee attendance report to the Department of Legislative Services by June 30 and December 31 of each year.

(4) An elected trustee representing employees of any of the several systems shall be given reasonable time during work to attend monthly meetings of the Board of Trustees or committee meetings of the Board of Trustees.

(f) Notwithstanding subsection (d) of this section, the Governor may remove a Governor-appointed trustee for incompetence or misconduct.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2013.

Approved by the Governor, May 16, 2013.