

# HOUSE BILL 1384

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CF SB 885

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By: **Delegates Haddaway–Riccio, Hogan, McDermott, O’Donnell, Serafini, and Smigiel**

Introduced and read first time: February 14, 2013

Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Board of Trustees – County**  
3 **Representation**

4 FOR the purpose of adding trustees to the Board of Trustees for the State Retirement  
5 and Pension System to represent certain interests; establishing the  
6 qualifications of the trustees; providing for the appointment of the trustees;  
7 providing that certain trustees serve staggered terms; specifying the terms of  
8 the new trustees; and generally relating to the Board of Trustees for the State  
9 Retirement and Pension System.

10 BY repealing and reenacting, with amendments,  
11 Article – State Personnel and Pensions  
12 Section 21–104  
13 Annotated Code of Maryland  
14 (2009 Replacement Volume and 2012 Supplement)

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

17 **Article – State Personnel and Pensions**

18 21–104.

19 (a) The Board of Trustees consists of the following [14] **16** trustees:

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

21 (2) the State Comptroller, ex officio;

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (3) the State Treasurer, ex officio, who may appoint a deputy treasurer  
2 as designee; and

3 (4) **[11] 13** trustees elected or appointed as follows:

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

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

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

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

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

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

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

32 **(VIII) ONE TRUSTEE WHO REPRESENTS THE INTERESTS OF**  
33 **COUNTY GOVERNMENTS AND HAS EXPERTISE IN COLLECTIVE BARGAINING**  
34 **CONTRACTS AND NEGOTIATIONS WITH EMPLOYEE ORGANIZATIONS; AND**

35 **[(vii)] (IX)** five trustees who:

- 1                   1.     represent the interests of the public;
- 2                   2.     are not members of any of the several systems;
- 3                   3.     are not employees, directors, partners, or officers of  
4 any of the external investment managers for the several systems;
- 5                   4.     do not have an ownership interest in any of the  
6 external investment managers of the several systems that is greater than 5% of the  
7 issued or outstanding stock;
- 8                   5.     are not directors, partners, or officers of any  
9 corporation or large organization in which any of the external managers for the  
10 several systems own 10% or more of the issued or outstanding stock of the corporation  
11 or large organization; and
- 12                   6.     have at least 10 years of substantial experience  
13 overseeing similar pension systems, large foundations, or other similar large  
14 organizations with fiduciary responsibilities relating to different classes of  
15 participants.

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

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

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

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

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

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

34                   **(4)   THE TRUSTEES WHO REPRESENT THE INTERESTS OF COUNTY**  
35 **GOVERNMENTS SHALL BE APPOINTED BY THE GOVERNOR FROM A LIST**

1 SUBMITTED TO THE GOVERNOR BY THE MARYLAND ASSOCIATION OF  
2 COUNTIES.

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

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

8 (ii) will not knowingly violate or willingly allow a violation of  
9 the 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) (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 **(III) TRUSTEES WHO REPRESENT COUNTY GOVERNMENTS**  
18 **SERVE STAGGERED 4-YEAR TERMS.**

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

25 (i) becomes a retiree of the State system of which the trustee  
26 was a member at the time of election; and

27 (ii) has completed more than 3 years of the trustee's term of  
28 office.

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

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

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

3           (e)    (1)    Except as provided in paragraph (2) of this subsection, each trustee  
4 shall attend at least 80% of the monthly Board of Trustees meetings held during a  
5 1-year period beginning January 1.

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

8                           1.    illness;

9                           2.    family emergencies;

10                          3.    jury duty; or

11                          4.    attendance at investment or fiduciary training.

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

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

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

19                           (iii)   The State Retirement Agency shall submit a trustee  
20 attendance report to the Department of Legislative Services by June 30 and December  
21 31 of each year.

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

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

27           SECTION 2. AND BE IT FURTHER ENACTED, That the terms of the new  
28 members of the Board of Trustees for the State Retirement and Pension System shall  
29 expire as follows:

30                           (1)    one member in 2015; and

31                           (2)    one member in 2017.

1           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2   July 1, 2013.