

HOUSE BILL 793

P1, K4

0lr1637

By: **Delegates Taylor, Barnes, Carr, Carter, Feldman, Howard, Hucker, Ivey, Montgomery, O'Donnell, Ramirez, Reznik, Rice, Robinson, Shewell, V. Turner, Vaughn, and Walker**

Introduced and read first time: February 9, 2010

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension Boards of Trustees – Membership – Diversity**

3 FOR the purpose of requiring that, to the extent practicable, the members of the Board
4 of Trustees for the State Retirement and Pension System and of the Board of
5 Trustees of the Maryland Teachers and State Employees Supplemental
6 Retirement Plans reasonably reflect the geographic, racial, ethnic, cultural, and
7 gender diversity of the State; and generally relating to the membership of
8 certain State retirement and pension boards of trustees.

9 BY repealing and reenacting, with amendments,
10 Article – State Personnel and Pensions
11 Section 21–104 and 35–202
12 Annotated Code of Maryland
13 (2009 Replacement Volume and 2009 Supplement)

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

16 **Article – State Personnel and Pensions**

17 21–104.

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

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

20 (2) the State Comptroller, ex officio;

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 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)] (C) of this section and may not be an employee
9 of the 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)] (C) of this section and may not be an employee
15 of the 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)] (C) of this section and may not be an employee of the State
19 Retirement 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
22 [(b)] (C) 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)] (C) of
25 this 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) five trustees who:

30 1. represent the interests of the public;

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

32 3. are not employees, directors, partners, or officers of
33 any of the external investment managers for the several systems;

1 4. do not have an ownership interest in any of the
2 external investment managers of the several systems that is greater than 5% of the
3 issued or outstanding stock;

4 5. are not directors, partners, or officers of any
5 corporation or large organization in which any of the external managers for the
6 several systems own 10% or more of the issued or outstanding stock of the corporation
7 or large organization; and

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

12 **(B) TO THE EXTENT PRACTICABLE, THE BOARD OF TRUSTEES SHALL**
13 **REASONABLY REFLECT THE GEOGRAPHIC, RACIAL, ETHNIC, CULTURAL, AND**
14 **GENDER DIVERSITY OF THE STATE.**

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

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

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

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

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

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

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

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

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

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

6 (i) certify the oath; and

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

9 **[(d)] (E)** (1) (i) The term of an appointed or elected trustee is 4 years.

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

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

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

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

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

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

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

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

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

- 1 1. illness;
- 2 2. family emergencies;
- 3 3. jury duty; or
- 4 4. attendance at investment or fiduciary training.

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

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

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

12 (iii) The State Retirement Agency shall submit a trustee
13 attendance report to the Department of Legislative Services by June 30 and December
14 31 of each year.

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

18 **[(f)] (G)** Notwithstanding subsection **[(d)] (E)** of this section, the Governor
19 may remove a Governor-appointed trustee for incompetence or misconduct.

20 35-202.

21 (a) (1) The Board consists of nine members appointed by the Governor.

22 (2) Of the nine members:

23 (i) three shall be from any of the following units:

- 24 1. the Department of Budget and Management;
- 25 2. the Department of Education;
- 26 3. the Office of the State Comptroller;
- 27 4. the Office of the State Treasurer;
- 28 5. the State Retirement Agency; or

1 6. the Maryland Higher Education Commission;

2 (ii) three shall be individuals who are eligible to participate in
3 one of the supplemental retirement plans, at least one of whom shall be an employee
4 described in § 403(b)(1)(A)(ii) of the Internal Revenue Code; and

5 (iii) three shall be members of the public who are not eligible to
6 participate in any of the supplemental retirement plans, at least one of whom shall
7 have experience with deferred compensation and salary reduction plans.

8 **(B) TO THE EXTENT PRACTICABLE, THE BOARD SHALL REASONABLY**
9 **REFLECT THE GEOGRAPHIC, RACIAL, ETHNIC, CULTURAL, AND GENDER**
10 **DIVERSITY OF THE STATE.**

11 **[(b)] (C) (1) The term of a member is 4 years.**

12 (2) The terms of members are staggered as required by the terms
13 provided for members of the Board on October 1, 1994.

14 (3) At the end of a term, a member continues to serve until a successor
15 is appointed and qualifies.

16 (4) A member who is appointed after a term has begun serves only for
17 the rest of the term and until a successor is appointed and qualifies.

18 **[(c)] (D) The Governor may remove a member for incompetence or**
19 **misconduct.**

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2010.