

VIRGINIA ACTS OF ASSEMBLY -- 1998 SESSION

CHAPTER 196

An Act to amend and reenact §§ 51.1-124.20 and 51.1-124.26 of the Code of Virginia, relating to the Virginia Retirement System Board of Trustees.

[H 271]

Approved April 2, 1998

Be it enacted by the General Assembly of Virginia:

1. That §§ 51.1-124.20 and 51.1-124.26 of the Code of Virginia are amended and reenacted as follows:

§ 51.1-124.20. Board of Trustees reconstituted and reestablished; members of Board.

A. The Board of Trustees of the Virginia Retirement System holding office on the effective date of this section is dissolved and the appointees are discharged from any further duties and shall exercise no further powers or authority by virtue of their office.

B. The Board of Trustees is hereby reestablished and reconstituted as follows:

1. The Board shall consist of nine members. The Governor shall appoint five members of the Board who shall be confirmed by the affirmative vote of a majority of those voting in each house of the General Assembly. The Joint Rules Committee shall appoint the other four members of the Board who shall be confirmed by the affirmative vote of a majority of those voting in each house of the General Assembly. The Joint Rules Committee shall designate the term of its appointees under subdivision B 3 below for the term for which each appointee is a candidate.

2. Members shall be appointed for five-year terms with such members leaving the Board on a staggered basis.

3. For the initial term of the Board of Trustees, the schedule below shall be followed:

a. One gubernatorial appointee, who shall be the Governor's designee to serve as chairman, shall be appointed for a term of one year;

b. One gubernatorial and one legislative appointee shall be appointed for a term of two years;

c. One gubernatorial and one legislative appointee shall be appointed for a term of three years;

d. One gubernatorial and one legislative appointee shall be appointed for a term of four years; and

e. One gubernatorial and one legislative appointee shall be appointed for a term of five years.

C. Appointments to fill vacancies shall be for the unexpired terms. A vacancy of a legislatively appointed trustee shall be filled by the Joint Rules Committee, and any such appointee shall enter upon and continue in office, subject to confirmation at the next session of the General Assembly. If the General Assembly refuses or fails to confirm his appointment, such person shall not be eligible for reappointment.

D. No member shall be eligible to serve for more than two successive five-year terms. After the expiration of an unexpired term to which appointed, or for an appointment described in subdivision B 3 a, b, c, or d of this section, a member may serve one additional five-year term.

E. Subject to confirmation by the affirmative vote of a majority of those voting in each house of the General Assembly, the Governor shall designate the chairman of the Board from among the Board members described in subsection B above. A chairman may be reappointed and confirmed for additional two-year terms, not to exceed a total of two. However, the initial chairman's one-year term shall not be counted against the two-term limitation, and such person may serve as chairman for five successive years if appointed and confirmed as aforesaid. The chairman shall (i) preside over meetings of the Board; (ii) communicate on behalf of the Board to outside entities interested in the Retirement System; and (iii) perform additional duties as may be set by resolution of the Board. The Board shall elect one of its members as vice-chairman and appoint a secretary who may or may not be a member of the Board. A majority of the members of the Board shall constitute a quorum.

F. Trustees shall receive an initial stipend of \$3,000 for each calendar quarter they may serve and a per diem of \$300 for each Board meeting attended not to exceed one meeting per day. Commencing July 1, 1995, the stipend shall be increased annually by a percentage equal to the most recent salary structure adjustment as provided in the general ~~appropriations~~ *appropriation* act. The chairman shall receive an additional \$1,500 for each calendar quarter served in such capacity. Government employees, still actively employed by any governmental entity, shall receive a per diem of \$300 for each Board meeting attended, not to exceed one meeting per day, but shall receive no stipend for their service. Retired government employees shall be entitled to receive a stipend of \$3,000 for each calendar quarter they may serve and a per diem of \$300 for each Board meeting attended not to exceed one meeting per day. Each Board member shall be entitled to receive reimbursement for his actual reasonable and necessary expenses incurred for attending Board meetings. Any member of the Board who also serves as an officer, director, or member of the board of any corporation organized by the Virginia Retirement

System shall be entitled to receive compensation and expenses pursuant to this subsection in addition to any remuneration to which he is entitled by virtue of his service as an officer, director, or member of the board of any corporation organized by the Virginia Retirement System.

G. No elected or appointed official shall serve on the Board of Trustees. Except for the faculty member or employee of a state-supported institution of higher education, none of the gubernatorial appointees shall be an employee of state government.

H. The gubernatorial appointees shall be as follows: two shall have a minimum of five years of experience in the direct management, analysis, supervision, or investment of assets; one shall have at least five years of direct experience in the management and administration of employee benefit plans; one shall be a local employee; and one shall be a faculty member or employee of a state-supported institution of higher education.

I. The legislative appointees shall be as follows: two shall have a minimum of five years of experience in the direct management, analysis, supervision, or investment of assets; and one shall be a state employee and one shall be a teacher, as such terms are defined in § 51.1-124.3.

J. State and local government employees appointed to the Board pursuant to this section shall be members of the Retirement System at the time of their appointment ~~and~~, may be actively employed or retired, *and if actively employed, shall be given administrative leave from their employment to attend Board and advisory committee meetings.*

K. Members of the Board shall be subject to removal from office only as set forth in Article 7 (§§ 24.2-230 through 24.2-238) of Chapter 2 of Title 24.2. The Circuit Court of the City of Richmond shall have exclusive jurisdiction over all proceedings for such removal.

L. Faculty members of state-supported institutions of higher education shall be eligible to serve on the Board pursuant to this section if they are members of the Retirement System at the time of their confirmation to the Board or become members of the Retirement System within eighteen months after their confirmation to the Board.

§ 51.1-124.26. Advisory Committees to the Board of Trustees; membership; terms; qualifications; duties.

To further assist the Board of Trustees in fulfilling its fiduciary duty as trustee of the funds of the Retirement System, the Board shall ~~immediately elect~~ *appoint* an Investment Advisory Committee ~~and a Real Estate Advisory Committee~~ to provide the Board with sophisticated, objective, and prudent investment advice. *The Investment Advisory Committee shall consist of seven to nine members and each member appointment shall require a two-thirds vote of the Board.*

A. ~~Each Committee shall consist of seven members and each member shall be elected by a two-thirds vote of the Board. Committee members shall serve at the pleasure of the Board and may be removed by a majority vote of the Board. In addition, the Board of Trustees may appoint such other advisory committees as it deems necessary. Each member appointment shall require a two-thirds vote of the Board.~~

B. Each advisory committee shall include no more than two Board members and no individual Board member shall serve on more than one *advisory committee. Advisory committee members shall serve at the pleasure of the Board and may be removed by a majority vote of the Board.*

C. Except for any Board member who serves on an advisory committee, no elected or appointed official shall serve on ~~either~~ *an* advisory committee.

D. Except for any trustee appointed to the Board between February 28, 1994, and July 1, 1995, no former trustee of the Virginia Retirement System or its predecessors in interest shall, during the five-year period after the termination of his service as a Board member, serve on ~~either~~ *any* advisory committee.

E. Except for Board members, members of ~~the Investment Advisory Committee and the Real Estate~~ *any* advisory committee shall receive an initial stipend of \$1,875 for each calendar quarter they may serve and a per diem of \$300 for each meeting attended not to exceed one meeting per day. Commencing July 1, 1995, the stipend shall be increased annually by a percentage equal to the most recent salary structure adjustment as provided in the general ~~appropriations~~ *appropriation* act. Government employees shall receive no stipend for their service but shall be entitled to receive a per diem of \$300 for each *advisory* committee meeting attended not to exceed one meeting per day. Each *advisory* committee member shall be entitled to receive reimbursement for his actual reasonable and necessary expenses incurred for attending committee meetings. Any member of any advisory committee who also serves as an officer, director, or member of the board of any corporation organized by the Virginia Retirement System shall be entitled to receive compensation and expenses pursuant to this subsection in addition to any remuneration to which he is entitled by virtue of his service as an officer, director, or member of the board of any corporation organized by the Virginia Retirement System.

F. Any Board member who serves on an advisory committee shall not receive the quarterly stipend for *advisory* committee members provided for in subsection E above, but shall receive the per diem applicable to *advisory* committee meetings attended in that ~~section~~ *subsection* plus reasonable and necessary expenses incurred.

G. The disclosure requirements of subsection B of § 2.1-639.13 of the State and Local Government

Conflict of Interests Act shall apply to ~~members~~ *any member of the any advisory Committees committee* who ~~are~~ *is* not also a Board ~~members~~ *member*.

H. ~~Members of the Real Estate Advisory Committee shall demonstrate extensive experience with substantial real estate investments.~~ Members of the Investment Advisory Committee shall demonstrate extensive experience in any one or more of the following areas: domestic or international equity or fixed-income securities, cash management, alternative investments, *substantial real estate investments*, or managed futures. By resolution of the Board, ~~additional~~ qualifications for members of ~~the any other advisory Committees committee~~ may be set.

I. ~~On all matters involving real estate, the Real Estate Advisory Committee shall (i) review, evaluate, and monitor investments and investment opportunities and (ii) make appropriate recommendations to the Board about such investments and investment opportunities.~~ The Investment Advisory Committee shall ~~have the same duties with regard to all other investment matters, and shall also (i) review, evaluate, and monitor investments and investment opportunities, (ii) make appropriate recommendations to the Board about such investments and investment opportunities, and (iii) make recommendations to the Board about overall asset allocation, including real estate investments.~~ *By resolution of the Board, responsibilities of any other advisory committee may be set.*

I. The recommendations of ~~the an advisory Committees committee~~ are not binding upon the Board of Trustees.