

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 397, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Replace the effective dates in SECTIONS 1 through 26 with
2 "[EFFECTIVE MAY 1, 2010]".
3 Page 1, line 3, after "Sec. 2.7." insert "(a)".
4 Page 1, between lines 4 and 5, begin a new paragraph and insert:
5 "**(b) References in this article to the PERF board or TRF board**
6 **shall be considered after April 30, 2010, to be references to the**
7 **board of trustees of the Indiana public retirement system**
8 **established by IC 5-10.5-3-1.**
9 SECTION 2. IC 5-10-5.5-1, AS AMENDED BY P.L.227-2007,
10 SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 MAY 1, 2010]: Sec. 1. As used in this chapter and unless the context
12 clearly denotes otherwise:
13 **(1) "Board" refers to the board of trustees of the Indiana**
14 **public retirement system established by IC 5-10.5-3-1.**
15 ~~(a)~~ **(2)** "Department" means the Indiana department of natural
16 resources.
17 ~~(b)~~ **(3)** "Commission" means the alcohol and tobacco commission.
18 ~~(c)~~ **(4)** "Officer" means any Indiana state excise police officer, any
19 Indiana state conservation enforcement officer, any gaming agent,
20 or any gaming control officer.

- 1 ~~(d)~~ **(5)** "Participant" means any officer who has elected to
 2 participate in the retirement plan created by this chapter.
 3 ~~(e)~~ **(6)** "Salary" means the total compensation, exclusive of
 4 expense allowances, paid to any officer by the department or the
 5 commission, determined without regard to any salary reduction
 6 agreement established under Section 125 of the Internal Revenue
 7 Code.
 8 ~~(f)~~ **(7)** "Average annual salary" means the average annual salary
 9 of an officer during the five (5) years of highest annual salary in
 10 the ten (10) years immediately preceding an officer's retirement
 11 date, determined without regard to any salary reduction agreement
 12 established under Section 125 of the Internal Revenue Code.
 13 ~~(g)~~ **(8)** "Public employees' retirement act" means IC 5-10.3.
 14 ~~(h)~~ **(9)** "Public employees' retirement fund" means the public
 15 employees' retirement fund created by IC 5-10.3-2.
 16 ~~(i)~~ **(10)** "Interest" means the same rate of interest as is specified
 17 under the public employees' retirement law.
 18 ~~(j)~~ **(11)** "Americans with Disabilities Act" refers to the Americans
 19 with Disabilities Act (42 U.S.C. 12101 et seq.) and any
 20 amendments and regulations related to the Act.
 21 ~~(k)~~ **(12)** Other words and phrases when used in this chapter shall,
 22 for the purposes of this chapter, have the meanings respectively
 23 ascribed to them as set forth in IC 5-10.3-1."

24 Page 1, delete lines 5 through 17.

25 Page 2, delete lines 1 through 21.

26 Page 5, line 25, strike "Each fund" and insert "**The Indiana public**
 27 **retirement system**".

28 Page 5, line 25, strike "A fund" and insert "**The Indiana public**
 29 **retirement system**".

30 Page 6, between lines 27 and 28, begin a new paragraph and insert:
 31 "SECTION 9. IC 5-10.2-10-3, AS ADDED BY P.L.67-2009,
 32 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 MAY 1, 2010]: Sec. 3. As used in this chapter, "board" refers to the
 34 following:

35 ~~(1)~~ The board of trustees of the Indiana state teachers' retirement
 36 fund:

37 ~~(2)~~ the board of trustees of the public employees' retirement fund:
 38 **board of trustees of the Indiana public retirement system**
 39 **established by IC 5-10.5-3-1.**"

40 Page 7, line 28, strike "him" and insert "**the member**".

41 Page 13, line 29, delete "August 1," and insert "**May 1,**".

42 Page 14, line 17, after "IC 34-6-2-38)." insert "**All employees of the**

1 board or a fund administered by the board who are employed
 2 within a classification covered by a labor agreement to which the
 3 state is a party shall continue to remain subject to the terms and
 4 conditions of that agreement and any successor labor agreements
 5 entered into by the state."

6 Page 14, between lines 33 and 34, begin a new paragraph and insert:

7 "Sec. 2. (a) The board is composed of eleven (11) trustees.

8 (b) Ten (10) of the trustees shall be appointed by the governor
 9 as follows:

10 (1) One (1) must be a member of the public employees'
 11 retirement fund with at least ten (10) years of creditable
 12 service.

13 (2) At least two (2) of the trustees appointed by the governor
 14 must be members of the teachers' retirement fund.

15 (3) One (1) must be:

16 (A) a:

17 (i) member of the public employees' retirement fund or
 18 retired member of the public employees' retirement
 19 fund; or

20 (ii) member of a collective bargaining unit of state
 21 employees represented by a labor organization; or

22 (B) an individual who is:

23 (i) an officer or a member of a local, a national, or an
 24 international labor union that represents state or
 25 university employees; and

26 (ii) an Indiana resident.

27 (c) The director of the budget agency or the director's designee
 28 is an ex officio voting member of the board. An individual
 29 appointed under this subsection to serve as the director's designee:

30 (1) is subject to section 3 of this chapter; and

31 (2) serves as a permanent designee until replaced by the
 32 director.

33 (d) In making the appointments under subsection (b)(1), the
 34 governor may consider whether at least one (1) trustee is a retired
 35 member of the public employees' retirement fund under subsection
 36 (b)(3)(A)(i).

37 (e) The governor shall fill a vacancy on the board by
 38 appointment not later than forty-five (45) days after the date the
 39 vacancy occurs.

40 (f) During the first year after an individual's initial appointment
 41 as a trustee and each year thereafter during which the individual
 42 serves as a trustee, the individual shall complete at least twelve (12)

1 **hours of trustee education, which consists of at least two (2) hours**
 2 **in each of the following areas:**

- 3 (1) **Fiduciary duties and responsibilities of a trustee.**
 4 (2) **Ethics.**
 5 (3) **Governance process and procedures.**
 6 (4) **Retirement plan design and administration.**
 7 (5) **Investments.**
 8 (6) **Actuarial principles and methods.**

9 (g) **Subject to the director's approval, each trustee is entitled to**
 10 **reimbursement for reasonable expenses actually incurred in**
 11 **fulfilling the educational requirements under subsection (f). The**
 12 **director shall give a preference for reimbursement for in-state**
 13 **training that meets the requirements under subsection (f), if**
 14 **in-state training is available.**

15 **Sec. 3. (a) A trustee shall serve a term of four (4) years,**
 16 **beginning on May 1 following the trustee's appointment.**

17 (b) **Whenever a trustee is appointed to fill a vacancy caused by**
 18 **death or resignation, the trustee shall serve the unexpired term of**
 19 **the trustee's predecessor.**

20 (c) **A trustee shall serve until the trustee's successor is appointed**
 21 **and qualified.**

22 **Sec. 4. (a) The governor shall appoint to initial terms of office**
 23 **under section 3 of this chapter all those individuals who, on April**
 24 **30, 2010, are serving as trustees of the public employees'**
 25 **retirement fund and the teachers' retirement fund. These trustees**
 26 **shall serve until their term would have expired under IC 5-10.3-3-2**
 27 **(repealed) and IC 5-10.4-3-2 (repealed).**

28 (b) **The initial terms of office for the individuals appointed**
 29 **under subsection (a) begin May 1, 2010.**

30 (c) **This section expires January 1, 2015."**

31 Page 14, delete lines 34 through 42.

32 Delete page 15.

33 Page 16, delete lines 1 through 18.

34 Page 16, line 29, delete "resources available to" and insert "**fund**
 35 **assets.**".

36 Page 16, delete line 30.

37 Page 16, line 31, delete "September 30" and insert "**June 30**".

38 Page 17, line 22, delete "Five (5)" and insert "**Six (6)**".

39 Page 17, between lines 28 and 29, begin a new paragraph and insert:
 40 "**Sec. 1. The board has the powers and duties set forth in**
 41 **IC 5-10.3-3-7 and IC 5-10.4-3-6.**

42 **Sec. 2. The board may exercise any of the powers or perform**

- 1 **any of the duties set forth in IC 5-10.3-3-8 and IC 5-10.4-3-8."**
- 2 Page 17, delete lines 29 through 40.
- 3 Page 20, line 8, delete "August 1," and insert "**May 1**,".
- 4 Page 20, line 21, delete "August 1," and insert "**May 1**,".
- 5 Page 20, line 30, delete "August 1," and insert "**May 1**,".
- 6 Page 20, line 33, delete "August 1," and insert "**May 1**,".
- 7 Page 20, line 34, delete "July 31," and insert "**April 30**,".
- 8 Page 20, line 35, delete "July 31," and insert "**April 30**,".
- 9 Page 20, line 37, delete "August 1," and insert "**May 1**,".
- 10 Page 20, line 38, delete "July 31," and insert "**April 30**,".
- 11 Page 20, line 39, delete "July 31," and insert "**April 30**,".
- 12 Page 21, line 1, delete "August 1," and insert "**May 1**,".
- 13 Page 21, line 1, delete "July 31," and insert "**April 30**,".
- 14 Page 21, line 7, delete "July 31," and insert "**April 30**,".
- 15 Page 21, line 12, delete "July 31," and insert "**April 30**,".
- 16 Page 23, delete lines 9 through 42.
- 17 Page 24, delete lines 1 through 11.
- 18 Page 24, after line 16, begin a new paragraph and insert:
- 19 "**SECTION 29. An emergency is declared for this act.**".
- 20 Re-number all SECTIONS consecutively.
 (Reference is to SB 397 as introduced.)

and when so amended that said bill do pass .

Committee Vote: Yeas 7, Nays 4.

Senator Boots, Chairperson