



STATE RETIREMENT  
*and* PENSION SYSTEM  
*of* MARYLAND

**STATE RETIREMENT AND PENSION SYSTEM  
OF MARYLAND**

**CHARTERS**

**Adopted by Board of Trustees  
December 19, 2003**

**State Retirement and Pension System of Maryland  
Charters**

**TABLE OF CONTENTS**

<b>Charters</b>	<b>Page No.</b>
Charter for the Board .....	1
Charter for the Chair .....	7
Charter for the Vice-Chair .....	8
Charter for the Investment Committee .....	9
Charter for the Administrative Committee .....	11
Charter for the Audit Committee .....	14
Charter for the Committee Chairs.....	17
Charter for the Executive Director .....	18

**HISTORY OF CHARTER ADOPTIONS AND REVISIONS**

**INDEX**

**Charter for the Board**

- Adopted December 19, 2003

**Charter for the Chair**

- Adopted December 19, 2003

**Charter for the Vice-Chair**

- Adopted December 19, 2003

**Charter for the Investment Committee**

- Adopted December 19, 2003

**Charter for the Administrative Committee**

- Adopted December 19, 2003

**Charter for the Audit Committee**

- Adopted December 19, 2003
- Revised and Adopted May 18, 2004

**Charter for the Committee Chairs**

- Adopted December 19, 2003

**Charter for the Executive Director**

- Adopted December 19, 2003



## **STATE RETIREMENT AND PENSION SYSTEM OF MARYLAND CHARTER FOR THE BOARD**

### **INTRODUCTION**

- 1) The management, general administration and proper operation of the System are vested in a Board of Trustees comprised of fourteen (14) members, a combination of elected, appointed, and ex-officio members. (SPP Article §21-104; 21-108) The Secretary of Budget and Management, the State Comptroller, the State Superintendent of Schools (until 7/1/04), and the State Treasurer are the ex officio members of the Board. (SPP Article §21-104).
- 2) The Board is responsible for establishing policy and overseeing the System while the Executive Director is responsible for implementing policy and managing the day-to-day operations.
- 3) To guide the Board in the administration of the System, the Board has established a mission statement, and this charter sets out the role of the Board in carrying out the System's mission.

### **DUTIES AND RESPONSIBILITIES**

#### Fiduciary Duties

- 1) Each member of the Board and each member of the Investment Committee is a fiduciary.
- 2) The duties of each fiduciary shall be discharged as follows:
  - (a) solely in the interest of the participants;
  - (b) for the exclusive purpose of providing benefits to the participants and paying reasonable expenses;
  - (c) with the care, skill, prudence and diligence that a prudent person acting in a like capacity would use in the conduct of an enterprise of a like character and with like aims;
  - (d) by diversifying the investments of the several systems so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so;
  - (e) in accordance with the laws governing the systems; and
  - (f) in accordance with the documents governing the systems.

**State Retirement and Pension System of Maryland  
Charters**

Governance

- 4) The Board shall adopt such regulations, board rules and other policies as are necessary for the effective administration of the System, the management of the System's assets, and for the transaction of the System's business.
- 5) The Board will approve the mission statement of the System.
- 6) With respect to board operations, the Board will:
  - a) Approve Charters describing the roles and responsibilities of the Board, the committees of the Board, the Chair and the Vice-Chair, the committee chairs and the Executive Director, and amend said charters from time to time, as appropriate;
  - b) Approve and amend, as necessary, any Governance Policies
  - c) Ensure that the nominees for the public member positions on the Investment Committee have the statutorily required qualifications;
  - d) Approve the creation or disbanding of standing and ad hoc committees of the Board; and
  - e) Review the performance of the Board in accordance with the Board Performance Evaluation Policy.

Investments

- 7) Subject to certain restrictions imposed by state law and its fiduciary duties, the Board has the full power to invest the assets of the several systems.
- 8) In carrying out its fiduciary duties with respect to the assets of the System, the Board will:
  - a) Consider and act upon recommendations made by the Investment Committee, with respect to:
    - (i) the investment programs;
    - (ii) compliance of the investment programs with board policies; and
  - b) Adopt an investment operations manual that details, at a minimum:
    - (i) The functions of the Investment Division of the Agency;
    - (ii) The investment goals and objectives of the several investment programs;
    - (iii) The policies that govern the selection and retention of direct investments;
    - (iv) Asset allocation guidelines;

**State Retirement and Pension System of Maryland  
Charters**

- (v) The policies that govern the selection and removal of investment managers;
  - (vi) Eligible investment categories; and
  - (vii) Proxy voting guidelines.
- c) Review compliance with, and the continued appropriateness of, the provisions of the Investment Operations Manual;
  - d) Monitor the performance of the total fund, each asset category, and each investment manager of the Fund;
  - e) Review the performance of the investment consultants to the Board;
  - f) Select an external investment manager for any direct owned real estate purchased as an investment;
  - g) Ensure that a study of the relationship between the System's assets and liabilities is performed at least every two years; and
  - h) Consider appropriate corporate governance actions.

Legal

- 9) The Board will:
  - a) With legal counsel, consider and approve recommendations made by the Administrative Committee concerning settlements or other legal proceedings involving the System.
  - b) Recommend legislation that is consistent with the System's mission.

Benefits Administration

- 10) The Board will:
  - a) In accordance with applicable law, consider and act upon recommendations from the Administrative Committee, the Executive Director, and/or legal counsel relating to the benefits administration function, including the approval of applications for disability retirement benefits;
  - b) Approve high-level policies necessary to ensure effective benefits administration and delivery of member services, and review general compliance with those policies;
  - c) Ensure corrective action is taken with regard to administrative errors;
  - d) Ensure timely distribution of the annual Personal Statement of Benefits;

**State Retirement and Pension System of Maryland  
Charters**

- e) Hear and decide benefits-related appeals by participants and participating employers in the System ; and
- f) Establish service quality goals and objectives, where feasible, including System communications with participants, and review the extent to which those goals are met.

Agency Operations

11) The Board will ensure that the State Retirement Agency's operations are managed effectively. In doing so, the Board will:

- a) Approve the basic organizational structure of the State Retirement Agency;
- b) Approve a business plan and any updates thereto, as deemed appropriate;
- c) Approve an annual operating budget for the Agency, including the establishment of management and staff positions and any supplemental budgets that may be necessary for the Agency, and submit the budget to the Governor for inclusion in the State Budget; Ensure that management implements and maintains effective technologies and information systems to efficiently manage the data, information, and records of the Agency;
- d) Ensure that management implements and maintains effective technologies and information systems to efficiently manage data, information, and records of the Agency;
- e) Ensure suitable office premises exist for the Agency's headquarters and any secondary offices;
- f) Ensure that a disaster recovery plan and a business continuity plan are in place to ensure effective operations in the event of a major calamity; and

Financial, Actuarial and Accounting Practices

12) The Board will:

- a) Meet with the System's pension actuary each year to discuss and approve the annual Actuarial Valuation and the supporting actuarial assumptions and methodologies;
- b) Timely certify to the Secretary of Budget and Management and to the Governor each year the rates of employer contributions;
- c) Ensure that appropriate internal control policies are in place to safeguard the assets of the System;
- d) Ensure the timely annual publication of the Comprehensive Annual Financial Report (CAFR), which includes the Audit Report;

**State Retirement and Pension System of Maryland  
Charters**

- e) Ensure that each participant annually receives a summary of the CAFR that also explains any material modifications to the System during the Plan year;
- f) Ensure that all required contributions to the funds of the System are made in a timely manner;
- g) Ensure all required disbursements from the funds of the System are made in a timely manner;
- h) Oversee, through the Audit Committee, the financial and performance audits of all financial transactions and accounts kept by or for the System, as prescribed by law;
- i) Review the actuarial experience of the System at least every 5 years;
- j) Review the results of an actuarial audit at least every 5 years, unless the Board has replaced or is about to replace the actuary at the time the audit is due; and
- k) Receive and review the report of the legislative auditors.

Human Resources

13) With respect to the human resources function, the Board will:

- a) Approve broad human resource policies for the Agency as required;
- b) Appoint, terminate if necessary, and annually review the performance of the Executive Director;
- c) Approve the compensation of the Executive Director;
- d) Appoint and terminate, if necessary, the Chief Investment Officer, upon the recommendation of the Executive Director;
- e) Approve or disapprove the recommendation of the Executive Director concerning the hiring and/or termination of the System's Chief Internal Auditor; and
- f) Ensure that a succession plan exists to provide for continuity in senior management and other critical positions within the Agency.

Key Service Providers

14) The Board will select and/or ratify the hiring and termination of Key Service Providers as set forth in the Service Provider Selection Governance Policy.

**MONITORING AND REPORTING**

15) The Board will ensure that the necessary reporting and monitoring practices are established to provide the Board with the information it requires to effectively oversee the administration of the System and meet the requirements of the SPP Article. The Board will set out these practices in policy.

**HISTORY**

16) This Charter was adopted by the Board on [December 19, 2003].



**STATE RETIREMENT AND PENSION SYSTEM OF MARYLAND  
CHARTER FOR THE CHAIR**

**DUTIES AND RESPONSIBILITIES**

- 1) The Chair will:
  - a) Preside over all board meetings, ensuring that board meetings are conducted in an efficient and productive manner and in accordance with Subtitle 5 of Title 10 of the State Government Article of the Annotated Code of Maryland (the “Open Meetings Act”) and other applicable laws;
  - b) In consultation with the Vice-Chair, recommend the appointment of members, chairs, and Vice-Chairs of standing and ad hoc committees;
  - c) In consultation with the Executive Director, ensure co-ordination of board meetings, agendas, schedules and presentations in consultation with the Executive Director;
  - d) Be available to the Executive Director as a source of advice and counsel;
  - e) Facilitate effective and open communications between the Board and the Executive Director;
  - f) Serve as spokesperson when specifically directed by the Board;
  - g) Support the Board in establishing, where possible, a consensus on critical issues while allowing full and open debate, and ensure the general cohesiveness and proper functioning of the Board as a policy and oversight body; and
  - h) Call special meetings of the Board as required.

**HISTORY**

- 2) This Charter was adopted by the Board on [December 19, 2003].



**STATE RETIREMENT AND PENSION SYSTEM OF MARYLAND  
CHARTER FOR THE VICE-CHAIR**

**DUTIES AND RESPONSIBILITIES**

- 1) The Vice-Chair will:
  - a) Assume and perform the duties of the Chair in the event the Chair is unable to fulfil the duties of the position due to incapacity or absence;
  - b) Perform other duties assigned to him or her by the Board or the chair; and
  - c) At all times be familiar with the role and responsibilities of the Chair.

**HISTORY**

- 2) This Charter was adopted by the Board on [December 19, 2003].



**STATE RETIREMENT AND PENSION SYSTEM OF MARYLAND  
CHARTER FOR THE INVESTMENT COMMITTEE**

**DUTIES AND RESPONSIBILITIES**

- 1) The Investment Committee shall generally meet each month but may meet more or less frequently as required.
- 2) The Investment Committee shall advise the Board and make recommendations on:
  - a) the investment programs of the System; and
  - b) compliance of the investment programs with Board policies
- 3) The Investment Committee shall be responsible for preparing an investment operations manual for submission to the Board that shall detail all of those items set forth in the *Charter for the Board*, Section 8b.
- 4) The Investment Committee shall maintain the Investment Operations Manual and shall be responsible for preparing and submitting any amendments to the Board for approval.
- 5) The Investment Committee shall advise the Board and make recommendations with respect to the appointment of the following service providers:
  - a) Investment managers and general partners of investment partnerships;
  - b) Transition managers;
  - c) General investment consultants
  - d) Investment consultants for alternative investments and real estate;
  - e) Optional Retirement Plan Consultant; and
  - f) Custodian banks.

**State Retirement and Pension System of Maryland  
Charters**

- 6) The Investment Committee will recommend to the Board specific actions to achieve the investment goals and objectives of the System, including active and passive investment strategies as well as internal and external investment strategies.

**MONITORING AND REPORTING**

- 7) The Investment Committee will:
  - a) Monitor the System's compliance with the Investment Operations Manual for the investment programs, and report to the Board as appropriate;
  - b) Monitor asset allocation strategies for individual asset classes utilized in the investment programs;
  - c) Monitor active and passive and internal and external investment management strategies utilized in the investment programs;
  - d) Review the performance of each asset class within the investment programs;
  - e) Review both internal and external investment manager performance;
  - f) Review staff's due diligence activities concerning the selection of investment managers and consultants to assure that they are consistent with the policies of the Board;
  - g) Review the cost effectiveness of the investment program, including trading efficiency; and
  - h) Review the performance and independence of the investment consultant(s).
- 8) The Investment Committee will keep minutes of its meetings and ensure the minutes are made available to trustees.

**HISTORY**

- 9) This Charter was adopted by the Board on [December 19, 2003].



**STATE RETIREMENT AND PENSION SYSTEM OF MARYLAND  
CHARTER FOR THE ADMINISTRATIVE COMMITTEE**

**DUTIES AND RESPONSIBILITIES**

- 1) The Administrative Committee shall generally meet each month, but may meet more or less frequently as required.

Governance

- 2) The Administrative Committee will:
  - a) Recommend to the Board modifications to the Board policies, charters and committee structures as necessary and ensure appropriate governance practices on the part of the Board;
  - b) Co-ordinate the Board performance evaluation process; and
  - c) Assure that appropriate Trustee and staff liability insurance is in place.

Operations, Finance and Legal

- 3) The Administrative Committee will provide the Board with recommendations on the following matters:
  - a) The business plan;
  - b) Operating budget;
  - c) Organizational structure;
  - d) Appeals of certain Agency decisions;
  - e) Certain legal proceedings involving the System;
  - f) Suitability of office premises;
  - g) Changes to legislation that are consistent with the System's mission;
  - h) Operational policies such as the disaster recovery plan and business continuity plan.

**State Retirement and Pension System of Maryland  
Charters**

Benefit Administration

- 4) The Administrative Committee will:
- a) Recommend to the Board policies designed to ensure efficient and effective administration of benefits; and
  - b) Recommend for Board approval service quality goals and objectives when necessary.

Human Resources

- 5) With respect to human resources, the Administrative Committee will review and recommend:
- a) The appointment and compensation of the Executive Director;
  - b) A process for the annual performance evaluation of the Executive Director; and
  - c) A management succession plan to ensure continuity in senior management and other critical positions within the System.

Appointment of Service Providers

- 6) The Administrative Committee will assist the Board in the appointment of service providers by recommending the appointment of:
- a) Human resource consultants hired to address matters involving the Executive Director; and
  - b) Consultants assisting with governance and board effectiveness;
  - c) Actuary; and
  - d) Actuarial Auditor.

**MONITORING AND REPORTING**

- 7) The Administrative Committee will assist the Board with its oversight responsibilities by monitoring:
- a) Implementation of the Mission and business plan;
  - b) Compliance with the operating budget;
  - c) Compliance with, and the continued appropriateness of the Board's governance, benefit administration, communications, operational, and human resource policies;
  - d) Service quality standards;

**State Retirement and Pension System of Maryland  
Charters**

- e) Cost effectiveness of the benefit administration function;
  - f) Contributions to and disbursements from the funds of the System;
  - g) Certain litigation matters involving the System; and
  - h) The appropriateness of Trustee and staff insurance coverage.
- 8) The Administrative Committee will keep minutes of its meetings and ensure the minutes are made available to all trustees.

**HISTORY**

- 9) This Charter was adopted by the Board on [December 19, 2003].



## **STATE RETIREMENT AND PENSION SYSTEM OF MARYLAND CHARTER FOR THE AUDIT COMMITTEE**

### **INTRODUCTION**

- 1) The primary purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:
  - a) The financial reporting process;
  - b) The system of internal controls; and
  - c) The internal and external audit processes.
  
- 2) The Audit Committee's responsibility is one of oversight, recognizing that the Agency is responsible for preparing the financial statements and that the Legislative Auditor is statutorily responsible for compliance auditing.

### **COMPOSITION & MEETINGS**

- 3) The Audit Committee shall consist of at least five members of the Board of Trustees, at least one of whom shall be an ex officio member, and at least one of whom shall be an elected member. The majority of the members of the Audit Committee shall have financial or management expertise.
  
- 4) The Audit Committee shall meet four (4) times per year, but may meet more or less frequently as required, and is subject to the Open Meetings Act.

**DUTIES AND RESPONSIBILITIES**

Internal Controls

- 5) With respect to internal controls, the Audit Committee shall:
- a) Review the effectiveness of the internal controls;
  - b) Understand the scope of internal and external auditors' review of internal control; and
  - c) Ensure the internal control function includes monitoring compliance with laws and regulations and the results of staff's investigation and follow-up of any instances of noncompliance.

Internal Audit

- 6) With respect to the internal audit function, the Audit Committee shall:
- a) Meet at least annually with the Executive Director and the Chief Internal Auditor to review and approve the Internal Audit Charter, plans, objectives, coordination, scope of audits, and the organizational structure of the internal audit division;
  - b) Ensure there are no unjustified restrictions or limitations on the internal auditor;
  - c) Review and consult with the Executive Director in the appointment or dismissal of the Chief Internal Auditor;
  - d) Review the effectiveness of the internal audit activity; and
  - e) Periodically review and discuss with staff the Agency's major risk exposures (whether financial, operating or otherwise) and the measures the Agency has taken to monitor, measure and control such exposures, including the guidelines and policies that govern the process by which risk assessment and management is undertaken and elicit recommendations for the improvement of the Agency's risk assessment and mitigation procedures.

External Audit

- 7) With respect to the external financial audit function, the Audit Committee shall:
- a) Review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit;
  - b) Review the work of the external auditor, and exercise final approval on the appointment or discharge of the external auditor; and

**State Retirement and Pension System of Maryland  
Charters**

- c) Review and confirm the independence of the external auditor.
- 8) With respect to the Agency's legislative statutorily mandated compliance audit, the Audit Committee shall review the findings and the Agency's responses.

Financial Statements

- 9) With respect to the published financial statements, the Audit Committee shall:
  - a) Review significant accounting and reporting issues;
  - b) Review with staff and the external auditors the results of the annual financial audit, including any difficulties encountered; and
  - c) Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.

Compliance

- 10) With respect to compliance, the Audit Committee shall:
  - a) Review the findings of any examination by regulatory agencies, and any auditor observations;
  - b) Ensure the existence of a process for communicating the State Ethics Laws and code of conduct to staff and the Board; and
  - c) During at least one scheduled meeting per year, review, modify or affirm the existing Charter.

Reporting

- 11) With respect to reporting, the Audit Committee shall:
  - a) Regularly report to the Board about Committee activities, issues, and related recommendations; and
  - b) Provide an open avenue of communication between internal audit, the external auditors, staff, committees of the Board and the Board.

**HISTORY**

- 10) This Charter was adopted by the Board on [May 18, 2004].



**STATE RETIREMENT AND PENSION SYSTEM OF MARYLAND**  
**CHARTER FOR THE COMMITTEE CHAIRS**

**DUTIES AND RESPONSIBILITIES**

- 1) With regard to their assigned committees, Committee Chairs will:
  - a) Chair committee meetings in an efficient and productive manner and in accordance with applicable laws and the Board's governance policies;
  - b) Support the committee in establishing a consensus, where possible, on critical issues and decisions, while allowing full and open debate;
  - c) Facilitate effective and open communications among the committee members, the Board and the Executive Director;
  - d) Ensure coordination of committee meetings, agendas, schedules and presentations;
  - e) Regularly report to the Board on the activities of the committee; and
  - f) Carry out such other functions and duties as may be prescribed by the Board.
- 2) With regard to standing committees, the Committee Chairs will conduct committee meetings in accordance with the "Open Meetings Act" of Maryland.

**HISTORY**

- 2) This Charter was adopted by the Board on [December 19, 2003]



**STATE RETIREMENT AND PENSION SYSTEM OF MARYLAND**  
**CHARTER FOR THE EXECUTIVE DIRECTOR**

**DUTIES AND RESPONSIBILITIES**

The Executive Director's duties shall include, but not be limited to, the following:

Leadership and Accountability

- 17) The Executive Director will provide executive leadership to the Agency and will assist and support the Board in the pursuit of the System's mission, goals and objectives.
- 18) Though the Executive Director is the executive ultimately responsible for the investment and administrative operations of the System, he or she will ensure proper delegation of duties throughout the Agency so as to maximize the efficiency and effectiveness of the operations.

Policy Analysis

- 19) The Executive Director will provide all necessary support to the Board and its committees in establishing and revising all policies of the Board. This will involve working with the Board and its committees to continually identify risks and issues requiring board policy, conducting the necessary analysis of such risks and issues, and providing clear and well-supported policy recommendations for the Board's consideration. Policy areas to be covered include, but are not limited to:
  - a) Governance and board operations;
  - b) Investments;
  - c) Benefit administration;
  - d) Operations;
  - e) Actuarial and accounting practices;
  - f) Human resources; and
  - g) Communications.

**State Retirement and Pension System of Maryland  
Charters**

Governance and Board Operations

20) The Executive Director will:

- a) If elected, serve as secretary to the Board and carry out the following duties:
  - i) Coordinate meetings, agendas, schedules and presentations for both board and committee meetings in accordance with the “Open Meetings Act” and any other applicable laws;
  - ii) Prepare and maintain minutes of Board and committee meetings;
  - iii) Sign the minutes of board meetings upon the approval of the Board; and
  - iv) Ensure adequate staff support for all board committees;
- b) Recommend to the Board the mission of the Agency;
- c) Recommend to the Board any governance policies necessary to ensure effective board governance practices;
- d) Coordinate the implementation of the Board Education Policy, including developing an orientation session for new trustees, and reviewing and updating trustee education materials.
- e) Conduct ordinary correspondence of the Board; and
- f) In consultation with staff and legal counsel, analyze and evaluate existing laws and proposed legislation and provide recommendations consistent with the mission of the Agency.

Investments

21) Through the Chief Investment Officer and other professional investment staff, the Executive Director will carry out the following duties:

- a) Recommend to the Investment Committee the Investment Operations Manual;
- b) Recommend to the Investment Committee strategies to achieve the investment goals and objectives;
- c) Recommend to the Investment Committee an external investment manager for any direct owned real estate purchased as an investment;
- d) Within the policy parameters approved by the Board, implement investment manager structures for each asset category in which the System invests, including but not limited to the funds to be allocated to active and passive portfolios, and to internally and externally managed portfolios;

**State Retirement and Pension System of Maryland  
Charters**

- e) Conduct all necessary due diligence relating to the appointment of investment managers, general partners, consultants, and custodians;
- f) Approve guidelines and contracts for each investment manager retained by the Agency;
- g) Execute portfolio rebalancing in accordance with the policies of the Board;
- h) Determine and implement optimal portfolio transition strategies;
- i) Recommend to the Investment Committee any corporate governance actions for consideration; and
- j) Advise the Board and the Investment Committee on any other investment matters and make recommendations for Board or Investment Committee action when necessary.

Benefit Administration

22) The Executive Director will:

- a) Ensure the accurate and timely delivery of benefits to all members the System in accordance with applicable laws;
- b) Recommend to the Board appropriate service quality goals and standards;
- c) Ensure delivery of consistently high standards of service quality to members and beneficiaries in accordance with the goals and objectives established by the Board;
- d) Ensure that members and beneficiaries disputing any benefit-related decisions of the System are accorded an internal review, provided an official decision in writing, and informed of their right to appeal;
- e) Ensure administrative errors made by the Board, Agency employees, or the Executive Director are corrected; and
- f) Ensure the recovery of any benefits or premium subsidies paid to ineligible benefit recipients.

Operations

23) The Executive Director or his or her designee will:

- a) Annually recommend a Business Plan to the Board for its consideration;
- b) Prepare an annual operating budget for the System, including budgeted staff positions, as well as any supplemental budgets that may be necessary for the Agency;
- c) Make all necessary operational expenditures, consistent with the Operating Budget and internal controls approved by the Board;

**State Retirement and Pension System of Maryland  
Charters**

- d) Execute contracts in accordance with the SPP Article;
- e) Ensure the appropriate design, purchase, implementation, and maintenance of all technologies required to efficiently manage the data, information and records of the various retirement plans comprising the System;
- f) Recommend a disaster recovery plan and a business continuity plan to the Board;
- g) Recommend to the Board suitable office premises for the Agency's headquarters and any secondary offices; and
- h) Provide for appropriate insurance coverage for liability arising out of, or in connection with, the operations of the Agency and the Board.

Financial, Actuarial and Accounting Practices

24) The Executive Director or his or her designee will:

- a) Work to ensure the fiscal soundness of the various systems, anticipating future benefit and contribution levels and providing recommendations to the Board;
- b) Account for and deposit all payments made and disbursements issued by the Agency;
- c) Ensure the implementation of appropriate internal controls and procedures to safeguard the assets of the System;
- d) Ensure internal and external audits are performed, as appropriate; and
- e) Supervise the preparation of the Comprehensive Annual Financial Report for approval by the Board.

Human Resources

25) The Executive Director will:

- a) Recommend to the Board, broad human resource policies for the Agency as required;
- b) Establish appropriate job descriptions for all senior executives and staff of the Agency;
- c) Establish appropriate human resource programs and procedures for Agency management and staff in accordance with the human resource policies, including appropriate education, training and development plans;
- d) Recommend a Chief Investment Officer and Chief Internal Auditor for appointment or termination by the Board;
- e) Select, hire, train, terminate and discipline all other Agency management and staff; and

**State Retirement and Pension System of Maryland  
Charters**

- f) Recommend to the Administrative Committee, a management succession plan to ensure continuity in management and other critical positions within the System.

Communications

26) The Executive Director or his or her designee will:

- a) Serve as primary spokesperson for the System, including representing the Board before the Legislature, and the administrative branches of State government;
- b) Direct and review the preparation of position statements and press releases; and
- c) Deliver effective and timely communications with members and beneficiaries, employers, the legislature, and other constituents on matters relating to the operation and administration of the System.

Appointments

27) The Executive Director will:

- a) Appoint and may remove all service providers except key service providers; and
- b) Ensure all necessary due diligence is performed with respect to service providers retained by the System.

**MONITORING AND REPORTING**

28) The Executive Director or his/ her designee will:

- a) Ensure that the Board is provided with all relevant, appropriate and timely information to enable it to properly carry out its monitoring and oversight responsibilities;
- b) Monitor the Board, staff, and external service providers to assure that they operate in accordance with board policies and applicable laws and regulations;
- c) Monitor the funded status of the investment programs;
- d) Monitor the investment performance of all asset categories in which the System invests and of all internal and external investment managers retained by the System;
- e) On or before December 15 of each year, submit a report to the Board about the operation and performance of the System for the preceding fiscal year, containing the information required by the Code and as prescribed by the Board;
- f) Monitor the quality of service provided to participants;
- g) Monitor and evaluate the activities and performance of staff and external service providers;

**State Retirement and Pension System of Maryland  
Charters**

- h) Monitor the accuracy and timeliness of all payments due to and issued by the Agency;
- i) Monitor the implementation and maintenance of technologies to efficiently manage the data, information, and records of the various retirement plans which comprise the System;
- j) Monitor business and other risks faced by the System; and
- k) Monitor external trends and legislation that may have a significant impact on the System and report to the Board as appropriate.

**HISTORY**

29) This Charter was adopted by the Board on [December 19, 2003].