

# MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION

2  
3 ONE HUNDRED AND TWELFTH LEGISLATURE

4  
5 Legislative Document

No. 637

6  
7 S.P. 242

In Senate, February 21, 1985

8 Referred to the Committee on Aging, Retirement and Veterans. Sent  
9 down for concurrence and ordered printed.

10 JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator Gauvreau of Androscoggin.

11 Cosponsored by Representative McSweeney of Old Orchard Beach and  
Representative Richard of Madison.

12 STATE OF MAINE

13  
14 IN THE YEAR OF OUR LORD  
15 NINETEEN HUNDRED AND EIGHTY-FIVE  
16

17 AN ACT to Clarify the Maine State Retirement  
18 System's Board of Trustees'  
19 Relationship with the System's  
20 Investment Managers.  
21

22 Be it enacted by the People of the State of Maine as  
23 follows:

24 Sec. 1. 5 MRSA §1031, sub-§15, as amended by PL  
25 1975, c. 771, §59, is repealed and the following en-  
26 acted in its place:

27 15. Investment and other counsel. The board of  
28 trustees may contract with one or more fiduciaries or  
29 registered investment advisers whose duties shall be  
30 the investment and reinvestment of funds of the re-  
31 tirement system in accordance with the prudent man  
32 rule. The investment and reinvestment shall be sub-  
33 ject to periodic review by the board of trustees. The  
34 fiduciary or adviser shall inform the board immedi-  
35 ately of any changes in its investment philosophy. He  
36 shall submit reports of the investments and any

1 changes upon request from the board. All contracts  
2 with fiduciaries or registered investment advisers  
3 shall have the approval of the Governor.

4 The board may also contract for the services of other  
5 investment counsel or advice and other professional  
6 or other assistance as may be necessary or appropri-  
7 ated to aid in carrying out its functions.

8 The expenses incurred in employing one or more fidu-  
9 ciaries or investment advisers, or other investment  
10 counsel of professional assistance, shall be charged  
11 to earnings received from the investments.

12 STATEMENT OF FACT

13 This bill repeals and replaces a section of the  
14 law dealing with the relationships between the board  
15 of trustees and managers of the Maine State Retirement  
16 System's funds. The bill removes a geographical  
17 prohibition on engaging managers outside of New  
18 England or New York, provides for legally correct  
19 definitions of fiduciary and investment adviser and  
20 clarifies the relationship between the board and the  
21 system's managers.

22 1858020285