

HE REASONABLY BELIEVED TO BE IN OR NOT OPPOSED TO THE BEST INTEREST OF THE EMPLOYEES' RETIREMENT SYSTEM, AND WITH RESPECT TO A CRIMINAL ACTION OR PROCEEDING, HAD REASONABLE CAUSE TO BELIEVE THAT HIS CONDUCT WAS UNLAWFUL.

(E) INDEMNIFICATION MAY NOT BE MADE WITH RESPECT TO ANY SUIT, CLAIM, OR MATTER AS TO WHICH THE PERSON WAS ADJUDGED TO BE LIABLE FOR NEGLIGENCE OR MISCONDUCT IN THE PERFORMANCE OF HIS DUTY TO THE EMPLOYEES' RETIREMENT SYSTEM. THE COURT IN WHICH THE ACTION WAS BROUGHT MAY DETERMINE, UPON APPLICATION, THAT, DESPITE THE ADJUDICATION OF LIABILITY, THE PERSON IS FAIRLY AND REASONABLY ENTITLED TO INDEMNITY FOR THE EXPENSES WHICH THE COURT SHALL DEEM PROPER.

(F) THE STATE SHALL PROVIDE INSURANCE FOR EVERY PERSON WHO IS SERVING IN A FIDUCIARY CAPACITY TO THE EMPLOYEES' RETIREMENT SYSTEM AGAINST ANY LIABILITY ASSERTED AGAINST HIM OR INCURRED BY HIM ARISING OUT OF HIS STATUS AS A FIDUCIARY.

SECTION 2. AND BE IT FURTHER ENACTED, That new Section 196A be and it is hereby added to Article 77 - Public Education, of the Annotated Code of Maryland (1969 Replacement Volume and 1974 Supplement) to read as follows:

Article 77 - Public Education

196A.

(A) THE STATE SHALL INDEMNIFY EVERY PERSON WHO IS MADE, OR IS THREATENED TO BE MADE, A PARTY TO ANY ACTION, SUIT, OR PROCEEDING, INCLUDING ADMINISTRATIVE AND INVESTIGATIVE PROCEEDINGS BY REASON OF HIS SERVICE IN A FIDUCIARY CAPACITY TO THE TEACHERS' RETIREMENT SYSTEM, IN ACCORDANCE WITH AND SUBJECT TO THE CONDITIONS STATED IN THIS SECTION.

(B) THE TERM "SERVICE IN A FIDUCIARY CAPACITY," AS USED IN THIS SECTION, MEANS THE EXERCISE OF ANY DISCRETIONARY AUTHORITY OR CONTROL CONCERNING THE MANAGEMENT OR ADMINISTRATION OF THE TEACHERS' RETIREMENT SYSTEM, OR THE EXERCISE OF ANY DISCRETIONARY AUTHORITY OR CONTROL CONCERNING THE MANAGEMENT OR DISPOSITION OF THE ASSETS OF THE SYSTEM. IT INCLUDES MEMBERSHIP ON THE BOARD OF TRUSTEES OF THE TEACHERS' RETIREMENT SYSTEM, MEMBERSHIP ON THE ADVISORY INVESTMENT COMMITTEE AND SERVICE AS INVESTMENT ADMINISTRATOR OR ON HIS STAFF.

(C) IF, WITH RESPECT TO A CIVIL, ADMINISTRATIVE, OR INVESTIGATIVE ACTION, SUIT, OR PROCEEDING, THE PERSON