

(1) 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 BECAUSE OF HIS SERVICE IN A FIDUCIARY CAPACITY TO THIS PENSION SYSTEM, IN ACCORDANCE WITH AND SUBJECT TO THIS SECTION.

(2) (A) IN THIS SECTION, "SERVICE IN A FIDUCIARY CAPACITY," MEANS THE EXERCISE OF ANY DISCRETIONARY AUTHORITY OR CONTROL CONCERNING:

(I) THE MANAGEMENT OR ADMINISTRATION OF THIS PENSION SYSTEM; OR

(II) THE MANAGEMENT OR DISPOSITION OF THE ASSETS OF THIS SYSTEM.

(B) "SERVICE IN A FIDUCIARY CAPACITY" INCLUDES:

(I) MEMBERSHIP ON THE BOARD OF TRUSTEES OF THIS PENSION SYSTEM;

(II) MEMBERSHIP ON THE ADVISORY INVESTMENT COMMITTEE; AND

(III) SERVICE AS INVESTMENT ADMINISTRATOR OR ON HIS STAFF.

(3) IF, WITH RESPECT TO A CIVIL, ADMINISTRATIVE, OR INVESTIGATIVE ACTION, SUIT, OR PROCEEDING, THE PERSON ACTED IN GOOD FAITH AND IN A MANNER HE REASONABLY BELIEVED TO BE IN OR NOT OPPOSED TO THE BEST INTEREST OF THIS PENSION SYSTEM, AND, WITH RESPECT TO A CRIMINAL ACTION, HAD NO REASONABLE CAUSE TO BELIEVE HIS CONDUCT WAS UNLAWFUL, THEN INDEMNIFICATION SHALL BE AGAINST THOSE EXPENSES, INCLUDING REASONABLE ATTORNEY'S FEES, JUDGMENTS, FINES, AND ACCOUNTS PAID IN SETTLEMENT THAT ACTUALLY AND REASONABLY WERE INCURRED BY HIM IN CONNECTION WITH THE PROCEEDING.

(4) THE TERMINATION OF ANY SUIT OR PROCEEDING, IN ANY MANNER, OF ITSELF, DOES NOT CREATE A PRESUMPTION THAT THE PERSON DID NOT ACT IN GOOD FAITH AND IN A MANNER HE REASONABLY BELIEVED TO BE IN OR NOT OPPOSED TO THE BEST INTEREST OF THIS PENSION SYSTEM, AND WITH RESPECT TO A CRIMINAL ACTION OR PROCEEDING, HAD REASONABLE CAUSE TO BELIEVE THAT HIS CONDUCT WAS UNLAWFUL.

(5) INDEMNIFICATION MAY NOT BE MADE:

(I) WITH RESPECT TO ANY SUIT, CLAIM, OR MATTER AS TO WHICH THE PERSON IS ADJUDGED TO BE LIABLE FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT IN THIS SYSTEM; OR

(II) FOR AN INDEPENDENT CONTRACTOR WHO PROVIDES SERVICES TO THIS PENSION SYSTEM.