

All of the assets of the retirement system shall be credited, according to the purpose for which they are held, to one of three funds, namely the Annuity Savings Fund, the Accumulation Fund, and the Expense Fund.

(3) (a) The Expense Fund shall be the fund to which shall be credited [all money provided in the budget to pay]:

(i) [The] ALL MONEY PROVIDED IN THE BUDGET TO PAY THE administration expenses of the retirement system and from which shall be paid all the expenses necessary in connection with the administration and operation of the system; and

(ii) [The expenses necessary to procure and retain external investment counseling organizations] ALL MONEY AUTHORIZED BY THE BOARD OF TRUSTEES NECESSARY TO PROCURE AND RETAIN INVESTMENT MANAGEMENT SERVICES.

(b) Annually the board of trustees shall estimate:

(i) The amount of money, not in excess of ~~2/10~~ ~~3/10~~ of 1 percent of the payroll of members, necessary to provide for the expense of administration and operation of the retirement system; and

(II) THE AMOUNT OF MONEY, NOT TO EXCEED 1.2 PERCENT OF THE MARKET VALUE AS OF DECEMBER 31 OF THE PRECEDING FISCAL YEAR OF ASSETS EXTERNALLY INVESTED IN REAL ESTATE, NECESSARY TO PROCURE AND RETAIN EXTERNAL REAL ESTATE INVESTMENT MANAGEMENT SERVICES; AND

~~+~~ (III) The amount of money, not to exceed one-half 3/10 of 1 percent of the market value as of December 31 of the preceding fiscal year of invested assets ~~-f-~~ that are externally managed, necessary to procure and retain ~~the services of external investment counseling organizations~~ NECESSARY TO PROCURE AND RETAIN INVESTMENT MANAGEMENT SERVICES EXCLUSIVE OF EXTERNAL REAL ESTATE INVESTMENT MANAGEMENT SERVICES.

(c) The amounts of money specified in paragraphs (b)(i) and (ii), AND (III) of this subsection shall be paid into the expense funds of the several retirement and pension systems during the ensuing year on a pro rata basis according to the total assets held by each system.

(d) The board of trustees may combine the expense funds of the several State retirement and pension systems for budgetary and administrative efficiency.