

(3) THE AMOUNT AUTHORIZED BY THE BOARD OF TRUSTEES TO IMPLEMENT A CLOSING AGREEMENT WITH THE INTERNAL REVENUE SERVICE REGARDING FORMER MEMBERS OF THE EMPLOYEES' RETIREMENT SYSTEM OR THE TEACHERS' RETIREMENT SYSTEM WHO ELECTED TO BECOME MEMBERS OF OR PARTICIPATE IN THOSE STATE SYSTEMS UNDER FORMER ARTICLE 73B, §§ 2-206 AND 3-206 OF THE CODE.

(B) PAYMENTS FROM EXPENSE FUND.

THE BOARD OF TRUSTEES SHALL PAY FROM THE EXPENSE FUND OF EACH STATE SYSTEM ITS PRO RATA SHARE OF:

(1) THE ADMINISTRATIVE AND OPERATIONAL EXPENSES OF THE BOARD OF TRUSTEES AND THE STATE RETIREMENT AGENCY, IN ACCORDANCE WITH THE ANNUAL STATE BUDGET;

(2) THE AMOUNTS AS AUTHORIZED BY THE BOARD OF TRUSTEES NECESSARY FOR INVESTMENT MANAGEMENT SERVICES; AND

(3) THE AMOUNTS AS AUTHORIZED BY THE BOARD OF TRUSTEES NECESSARY TO IMPLEMENT A CLOSING AGREEMENT WITH THE INTERNAL REVENUE SERVICE REGARDING FORMER MEMBERS OF THE EMPLOYEES' RETIREMENT SYSTEM OR THE TEACHERS' RETIREMENT SYSTEM WHO ELECTED TO BECOME MEMBERS OF OR PARTICIPATE IN THOSE STATE SYSTEMS UNDER FORMER ARTICLE 73B, §§ 2-206 AND 3-206 OF THE CODE.

(C) ANNUAL ESTIMATE; LIMITATION ON EXPENSES.

EACH YEAR THE BOARD OF TRUSTEES SHALL ESTIMATE:

(1) THE AMOUNT, NOT EXCEEDING 0.2% OF THE PAYROLL OF MEMBERS, NECESSARY FOR THE ADMINISTRATIVE AND OPERATIONAL EXPENSES OF THE BOARD OF TRUSTEES AND THE STATE RETIREMENT AGENCY;

(2) THE AMOUNT, NOT EXCEEDING 1.5% OF THE AVERAGE OF THE MARKET VALUES AS OF JULY 1 AND JUNE 30 OF THE CURRENT FISCAL YEAR OF ASSETS EXTERNALLY INVESTED IN REAL ESTATE, NECESSARY FOR EXTERNAL REAL ESTATE INVESTMENT MANAGEMENT SERVICES; AND

(3) THE AMOUNT, NOT EXCEEDING 0.3% OF THE MARKET VALUE AS OF DECEMBER 31 OF THE PRECEDING FISCAL YEAR OF INVESTED ASSETS THAT ARE EXTERNALLY MANAGED EXCLUSIVE OF ASSETS INVESTED IN REAL ESTATE, NECESSARY TO PROCURE AND RETAIN INVESTMENT MANAGEMENT SERVICES OTHER THAN EXTERNAL REAL ESTATE INVESTMENT MANAGEMENT SERVICES.

(D) PRO RATA PAYMENT.

THE AMOUNTS ESTIMATED UNDER SUBSECTION (C) OF THIS SECTION SHALL BE PAID INTO THE EXPENSE FUNDS OF THE SEVERAL SYSTEMS DURING THE ENSUING YEAR ON A PRO RATA BASIS ACCORDING TO THE TOTAL ASSETS HELD BY EACH SYSTEM.

(E) COMBINING EXPENSE FUNDS.