

HOUSE BILL 469

K4

9lr0147

By: **Chair, Appropriations Committee (By Request – Departmental – Teachers and State Employees Supplemental Retirement Plans)**

Introduced and read first time: February 1, 2019

Assigned to: Appropriations

Committee Report: Favorable

House action: Adopted

Read second time: February 26, 2019

CHAPTER _____

1 AN ACT concerning

2 **Supplemental Retirement Plans – Investments – Procurement of Investment**
3 **Management Services**

4 FOR the purpose of requiring the Board of Trustees of the Maryland Teachers and State
5 Employees Supplemental Retirement Plans to make certain arrangements for the
6 safe custody of investments; exempting certain agreements with managers and
7 custodians of assets in certain investment elections authorized under the statements
8 of investment policy adopted by the Board from certain provisions of the procurement
9 law; making a clarifying change; and generally relating to the Maryland Teachers
10 and State Employees Supplemental Retirement Plans.

11 BY repealing and reenacting, with amendments,
12 Article – State Personnel and Pensions
13 Section 35–302
14 Annotated Code of Maryland
15 (2015 Replacement Volume and 2018 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
17 That the Laws of Maryland read as follows:

18 **Article – State Personnel and Pensions**

19 35–302.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (a) Assets of the supplemental retirement plans may be deposited and invested
2 in accordance with the investment elections allowed under the supplemental retirement
3 plans **AS SELECTED AND DETERMINED BY THE BOARD IN ACCORDANCE WITH THE**
4 **STATEMENTS OF INVESTMENT POLICY ADOPTED BY THE BOARD FROM TIME TO TIME**
5 notwithstanding any other law limiting the types of investments that may be made with
6 State funds or imposing conditions on the deposit of State funds.

7 (b) **THE BOARD SHALL MAKE ARRANGEMENTS FOR THE SAFE CUSTODY,**
8 **DOMESTIC OR GLOBAL, OF INVESTMENTS WITH ONE OR MORE DULY QUALIFIED**
9 **CUSTODIAN BANKS OR TRUST COMPANIES.**

10 (c) **EXCEPT AS PROVIDED IN TITLE 12, SUBTITLE 4 AND TITLE 14,**
11 **SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, TITLE 10 AND**
12 **DIVISION II OF THE STATE FINANCE AND PROCUREMENT ARTICLE DO NOT APPLY**
13 **TO THE SUPPLEMENTAL RETIREMENT PLANS FOR:**

14 (1) **SERVICES OF MANAGERS TO INVEST THE ASSETS DEPOSITED AND**
15 **INVESTED IN INVESTMENT OPTIONS OF THE SUPPLEMENTAL RETIREMENT PLANS IN**
16 **ACCORDANCE WITH THE STATEMENTS OF INVESTMENT POLICY ADOPTED BY THE**
17 **BOARD FROM TIME TO TIME;**

18 (2) **EXPENDITURES TO MANAGE, MAINTAIN, AND ENHANCE THE**
19 **VALUE OF ASSETS DEPOSITED AND INVESTED IN INVESTMENT OPTIONS OF THE**
20 **SUPPLEMENTAL RETIREMENT PLANS SELECTED IN ACCORDANCE WITH THE**
21 **STATEMENTS OF INVESTMENT POLICY ADOPTED BY THE BOARD FROM TIME TO**
22 **TIME; AND**

23 (3) **EXPENDITURES FOR THE SAFE CUSTODY, DOMESTIC OR GLOBAL,**
24 **OF ASSETS DEPOSITED AND INVESTED IN INVESTMENT OPTIONS OF THE**
25 **SUPPLEMENTAL RETIREMENT PLANS SELECTED IN ACCORDANCE WITH**
26 **SUBSECTION (B) OF THIS SECTION.**

27 **[(b)] (D)** (1) (i) The Board shall attempt to use to the greatest extent
28 feasible minority business enterprises to provide brokerage and investment management
29 services to the Board consistent with minority business purchasing standards applicable to
30 units of State government under the State Finance and Procurement Article and consistent
31 with the fiduciary duties of the Board.

32 (ii) For purposes of this subsection, brokerage and investment
33 management services shall include services relating to all allocated asset classes.

34 (2) (i) To assist it in achieving the goal described under paragraph (1)
35 of this subsection, the Board shall undertake measures to remove any barriers that limit
36 full participation by minority business enterprises in brokerage and investment
37 management services opportunities afforded under this title.

1 (ii) The measures undertaken by the Board shall include the use of
2 a wide variety of media, including the Maryland Teachers and State Employees
3 Supplemental Retirement Plans' Web site, to provide notice to a broad and varied range of
4 potential providers about the brokerage and investment management services
5 opportunities afforded by the Maryland Teachers and State Employees Supplemental
6 Retirement Plans.

7 (3) In consultation with the Governor's Office of Small, Minority, and
8 Women Business Affairs, the Board shall develop guidelines to assist the Board in
9 identifying and evaluating qualified minority business enterprises in order to help the
10 Maryland Teachers and State Employees Supplemental Retirement Plans achieve the
11 objective for greater use of minority business enterprises for brokerage and investment
12 management services.

13 (4) On or before September 1 each year, the Board shall submit a report to
14 the Governor's Office of Small, Minority, and Women Business Affairs and, subject to §
15 2-1246 of the State Government Article, the General Assembly on:

16 (i) the identity of the minority business enterprise brokerage and
17 investment management services firms used by the Board in the immediately preceding
18 fiscal year;

19 (ii) the percentage and dollar value of the assets that are under the
20 control of the Board that are under the investment control of minority business enterprise
21 brokerage and investment management services firms for each allocated asset class; and

22 (iii) the measures the Board undertook in the immediately preceding
23 fiscal year in accordance with paragraph (2)(ii) of this subsection.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
25 1, 2019.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.