

SB0899/269237/1

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL 899
(First Reading File Bill)

AMENDMENT NO. 1

On page 2, in line 1, after “basis;” insert “establishing an Objective Criteria Committee; providing for the membership of the Committee; requiring the Committee to meet and make certain recommendations by a certain date; requiring the Committee to meet at certain intervals; requiring the Committee to make certain recommendations to the Board of Trustees regarding the objective criteria to be used in setting compensation and awarding financial incentives to certain employees in the Investment Division; requiring the Board of Trustees to enter into an agreement with an investment consultant to provide certain services to the Committee; prohibiting the Board of Trustees from entering into a certain agreement with an investment consultant that provides certain services to the Board of Trustees; requiring the Chief Investment Officer to serve in a certain advisory role to the Committee; prohibiting the Chief Investment Officer from participating in certain deliberations of the Committee; altering the amount of funds to which the Board of Trustees may enter into a certain agreement for the investment of funds in certain private equity and venture capital investments in the State;”; in line 3, strike “appropriated” and substitute “paid”; in line 10, after “21–122,” insert “21–123.2(d)(1) and (2).”; and strike beginning with “in” in line 22 down through “budget” in line 23 and substitute “TO CARRY OUT THE ADMINISTRATIVE DUTIES OF THE SEVERAL SYSTEMS”.

On page 3, in line 1, after “(I)” insert “1.”; and after line 3, insert:

“2. THE BOARD SHALL CONSIDER THE RECOMMENDATIONS OF THE OBJECTIVE CRITERIA COMMITTEE UNDER § 21–122(G) OF THIS SUBTITLE BEFORE ADOPTING OBJECTIVE CRITERIA FOR SETTING COMPENSATION.”

(Over)

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On page 4, in line 7, after “(I)” insert “1.”; and after line 9, insert:

“2. THE BOARD SHALL CONSIDER THE RECOMMENDATIONS OF THE OBJECTIVE CRITERIA COMMITTEE UNDER § 21-122(G) OF THIS SUBTITLE BEFORE ADOPTING OBJECTIVE CRITERIA FOR AWARDING FINANCIAL INCENTIVES.”

On page 7, in line 23, after “(I)” insert “1.”; and after line 25, insert:

“2. THE BOARD SHALL CONSIDER THE RECOMMENDATIONS OF THE OBJECTIVE CRITERIA COMMITTEE UNDER SUBSECTION (G) OF THIS SECTION BEFORE ADOPTING OBJECTIVE CRITERIA FOR SETTING COMPENSATION.”

On page 8, in line 18, after “(I)” insert “1.”; in line 19, strike “GRANTING” and substitute “AWARDING”; and after line 20, insert:

“2. THE BOARD SHALL CONSIDER THE RECOMMENDATIONS OF THE OBJECTIVE CRITERIA COMMITTEE UNDER SUBSECTION (G) OF THIS SECTION BEFORE ADOPTING OBJECTIVE CRITERIA FOR AWARDING FINANCIAL INCENTIVES.”

AMENDMENT NO. 2

On page 9, in lines 1, 8, 12, and 15, strike “(III)”, “(IV)”, “(V)”, and “(VI)”, respectively, and substitute “(IV)”, “(V)”, “(VI)”, and “(VII)”, respectively.

On page 11, in line 16, strike “APPROPRIATED” and substitute “PAID”.

AMENDMENT NO. 3

On page 10, after line 12, insert:

“(G) (1) THERE IS AN OBJECTIVE CRITERIA COMMITTEE.

(2) THE COMMITTEE CONSISTS OF THE FOLLOWING MEMBERS:

(I) ONE MEMBER OF THE SENATE OF MARYLAND SERVING ON THE JOINT COMMITTEE ON PENSIONS, APPOINTED BY THE SENATE CHAIR OF THE JOINT COMMITTEE ON PENSIONS;

(II) ONE MEMBER OF THE HOUSE OF DELEGATES SERVING ON THE JOINT COMMITTEE ON PENSIONS, APPOINTED BY THE HOUSE CHAIR OF THE JOINT COMMITTEE ON PENSIONS;

(III) THE STATE TREASURER OR THE STATE TREASURER’S DESIGNEE;

(IV) THE SECRETARY OF BUDGET AND MANAGEMENT OR THE SECRETARY’S DESIGNEE;

(V) ONE MEMBER OF THE BOARD OF TRUSTEES UNDER § 21-104(A)(4)(I), (II), (III), (IV), OR (V) OF THIS SUBTITLE, APPOINTED BY THE CHAIRMAN OF THE BOARD OF TRUSTEES;

(VI) ONE MEMBER OF THE BOARD OF TRUSTEES UNDER § 21-104(A)(4)(VIII) OF THIS SUBTITLE, APPOINTED BY THE CHAIRMAN OF THE BOARD OF TRUSTEES; AND

(VII) A MEMBER OF THE PUBLIC WITH FINANCIAL INDUSTRY EXPERIENCE, APPOINTED JOINTLY BY THE PRESIDING OFFICERS OF THE GENERAL ASSEMBLY.

(Over)

(3) THE CHAIR OF THE COMMITTEE SHALL BE ELECTED BY THE MEMBERS OF THE COMMITTEE.

(4) ON OR BEFORE DECEMBER 31, 2018, AND AT LEAST ONCE EVERY 5 YEARS THEREAFTER, THE COMMITTEE SHALL MAKE RECOMMENDATIONS TO THE BOARD OF TRUSTEES ESTABLISHING:

(I) OBJECTIVE CRITERIA UNDER § 21-118.1(B)(2) AND (D) OF THIS SUBTITLE FOR THE COMPENSATION AND FINANCIAL INCENTIVES FOR THE CHIEF INVESTMENT OFFICER; AND

(II) OBJECTIVE CRITERIA UNDER SUBSECTIONS (A) AND (F) OF THIS SECTION FOR THE COMPENSATION AND FINANCIAL INCENTIVES FOR THE POSITIONS IN THE INVESTMENT DIVISION.

(5) (I) THE BOARD OF TRUSTEES SHALL ENTER INTO AN AGREEMENT WITH AN INVESTMENT CONSULTANT TO ASSIST THE COMMITTEE IN ESTABLISHING OBJECTIVE CRITERIA UNDER THIS SUBSECTION.

(II) THE BOARD OF TRUSTEES MAY NOT ENTER INTO AN AGREEMENT WITH AN INVESTMENT CONSULTANT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH IF THAT INVESTMENT CONSULTANT IS ACTIVELY PROVIDING CONSULTING SERVICES FOR THE BOARD OF TRUSTEES AND THE STAFF OF THE INVESTMENT DIVISION.

(6) (I) THE CHIEF INVESTMENT OFFICER SHALL SERVE IN AN ADVISORY CAPACITY TO THE COMMITTEE.

(II) THE CHIEF INVESTMENT OFFICER MAY NOT PARTICIPATE IN ANY DELIBERATIONS REGARDING THE CRITERIA FOR COMPENSATION AND FINANCIAL INCENTIVES FOR THE CHIEF INVESTMENT OFFICER.”.

AMENDMENT NO. 4

On page 10, before line 13, insert:

“21-123.2.

(d) (1) The Board of Trustees may enter into an agreement with the Maryland Technology Development Corporation or another entity to make and manage investments on behalf of the Board of Trustees in private equity and venture capital in the State with the amount of money appropriated to the system, the State Retirement Agency, or the accumulation funds of the several systems that:

(I) FOR FISCAL YEAR 2017, is in addition to:

[(i)] 1. the amounts appropriated for the State and local employer contributions and the supplemental contribution required under §§ 21-308, 21-309, 21-309.1, and 21-310 of this title;

[(ii)] 2. the amount appropriated under § 7-311(j)(1)(i)1 of the State Finance and Procurement Article; and

[(iii)] 3. any other amounts required by any other provisions of law to be appropriated to the system, the State Retirement Agency, or the accumulation funds of the several systems; AND

(II) FOR FISCAL YEARS 2019 THROUGH 2022, IS APPROPRIATED UNDER § 21-308(A)(4) OF THIS TITLE.

(Over)

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(2) If the Board of Trustees does not enter into an agreement with the Maryland Technology Development Corporation or another entity in accordance with paragraph (1) of this subsection, the Board of Trustees shall develop a process that authorizes the Maryland Technology Development Corporation or another entity to provide recommendations regarding investments in private equity and venture capital in the State with respect to the [additional] amount described under paragraph (1) of this subsection.”.