

HOUSE BILL 277

P1, P2, P3

2lr2672
CF SB 343

By: ~~Delegates Walker and Vaughn~~, Vaughn, Pendergrass, Costa, Cullison, Hubbard, A. Kelly, Morhaim, Murphy, Nathan-Pulliam, Oaks, Pena-Melnyk, Reznik, and Tarrant

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Assigned to: Health and Government Operations

Committee Report: Favorable with amendments
House action: Adopted
Read second time: February 23, 2012

CHAPTER _____

1 AN ACT concerning

2 **State Government – Brokerage and Investment Management Services – Use**
3 **of Minority Business Enterprises – Application**

4 FOR the purpose of making certain additional State units that are responsible for the
5 management of certain funds subject to the requirements under current law
6 that are already applicable to certain units concerning the use of certain
7 minority business enterprise brokerage and investment services firms;
8 specifying that a certain annual report that must be submitted to the Governor
9 and the General Assembly by all of the units that are subject to the minority
10 business enterprise brokerage and investment services firm requirements
11 include diversity information concerning brokerage and investment
12 management services firms in all allocated asset classes; and generally relating
13 to the use of minority business enterprise brokerage and investment
14 management services firms for certain purposes by certain State units.

15 BY repealing and reenacting, without amendments,
16 Article 95 – Treasurer
17 Section 22G(a), (b), (h), and (j)
18 Annotated Code of Maryland
19 (2010 Replacement Volume and 2011 Supplement)

20 BY repealing and reenacting, without amendments,
21 Article – Economic Development

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 Section 14–102
2 Annotated Code of Maryland
3 (2008 Volume and 2011 Supplement)

4 BY adding to
5 Article – Economic Development
6 Section 14–103
7 Annotated Code of Maryland
8 (2008 Volume and 2011 Supplement)

9 BY repealing and reenacting, with amendments,
10 Article – Economic Development
11 Section 14–103
12 Annotated Code of Maryland
13 (2008 Volume and 2011 Supplement)

14 BY adding to
15 Article – Education
16 Section 11–1001 and the new subtitle “Subtitle 11. Use of Minority Business
17 Enterprises for Brokerage and Investment Management Services”
18 Annotated Code of Maryland
19 (2008 Replacement Volume and 2011 Supplement)

20 BY adding to
21 Article – Housing and Community Development
22 Section 4–501.1
23 Annotated Code of Maryland
24 (2006 Volume and 2011 Supplement)

25 BY repealing and reenacting, with amendments,
26 Article – Insurance
27 Section 20–303
28 Annotated Code of Maryland
29 (2011 Replacement Volume)

30 BY repealing and reenacting, with amendments,
31 Article – Labor and Employment
32 Section 10–122
33 Annotated Code of Maryland
34 (2008 Replacement Volume and 2011 Supplement)

35 BY repealing and reenacting, with amendments,
36 Article – State Finance and Procurement
37 Section 6–222
38 Annotated Code of Maryland
39 (2009 Replacement Volume and 2011 Supplement)

1 BY adding
2 Article – State Finance and Procurement
3 Section 14–306
4 Annotated Code of Maryland
5 (2009 Replacement Volume and 2011 Supplement)

6 BY repealing and reenacting, with amendments,
7 Article – State Personnel and Pensions
8 Section 21–116
9 Annotated Code of Maryland
10 (2009 Replacement Volume and 2011 Supplement)

11 BY repealing and reenacting, with amendments,
12 Article – State Personnel and Pensions
13 Section 35–302
14 Annotated Code of Maryland
15 (2009 Replacement Volume and 2011 Supplement)

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

18 **Article 95 – Treasurer**

19 22G.

20 (a) (1) There is a Local Government Investment Pool. The Local
21 Government Investment Pool consists of the aggregate of all funds from local
22 governments that are placed in the custody of the State and any funds of the State
23 that are placed in the Local Government Investment Pool by the Treasurer for
24 investment and reinvestment.

25 (2) The investment policies for the Local Government Investment Pool
26 shall be established by the Treasurer.

27 (3) The Treasurer shall administer the Local Government Investment
28 Pool on behalf of the participating local governments and, to the extent that State
29 funds are included, on behalf of the State.

30 (4) The Treasurer shall develop such procedures necessary for the
31 efficient administration of the Pool, including:

32 (i) Specification of minimum amounts which may be deposited
33 in the Pool and minimum periods of time for which deposits shall be retained in the
34 Pool;

35 (ii) Payment of amounts equivalent to administrative expenses
36 from the earnings of the Pool; and

1 (iii) Distribution of the earnings in excess of expenses, or
2 allocation of losses, to the several participants in a manner which equitably reflects
3 the differing amount of their respective investments and the differing periods of time
4 for which the amounts were in the custody of the Pool.

5 (b) (1) The Treasurer shall invest moneys in the Local Government
6 Investment Pool in accordance with the provisions set forth in §§ 6–222 and 6–223 of
7 the State Finance and Procurement Article.

8 (2) Notwithstanding any provisions of law to the contrary or any
9 limitation or restriction contained in any other law, the Treasurer may invest, redeem,
10 sell, exchange, and reinvest moneys in the Local Government Investment Pool in
11 bankers' acceptances guaranteed by banking institutions.

12 (h) (1) Subject to the objectives and requirements of this section, the
13 Treasurer shall formulate procedures for the investment and reinvestment of funds in
14 the Investment Pool and the acquisition, retention, management, and disposition of
15 investments of the Investment Pool.

16 (2) (i) The Treasurer may enter into a contractual agreement with
17 a qualified Maryland fiscal agent and may compensate the agent for services rendered.

18 (ii) The agent may perform investment and administrative
19 services which the Treasurer is authorized by this section to perform.

20 (j) For the purposes of this section, "local government" includes all of the
21 legal entities, bodies, and agencies set out in § 22 of this article and local government
22 insurance pools formed under Title 19, Subtitle 6 of the Insurance Article, but does not
23 include the State and agencies of the State.

24 Article – Economic Development

25 14–102.

26 The Department, the Maryland State Office of Minority Business Enterprise,
27 the Division of Labor and Industry of the Department of Labor, Licensing, and
28 Regulation, and the Public Service Commission shall summarize their efforts to
29 promote the policies related to broadening the ownership of capital in their respective
30 annual reports as required by law.

31 **14–103.**

32 **(A) THE DEPARTMENT SHALL ATTEMPT TO USE TO THE GREATEST**
33 **EXTENT FEASIBLE MINORITY BUSINESS ENTERPRISES TO PROVIDE BROKERAGE**
34 **AND INVESTMENT MANAGEMENT SERVICES FOR ANY FUND ESTABLISHED**
35 **UNDER THIS ARTICLE CONSISTENT WITH MINORITY BUSINESS PURCHASING**

1 STANDARDS APPLICABLE TO UNITS OF STATE GOVERNMENT UNDER THE STATE
2 FINANCE AND PROCUREMENT ARTICLE AND CONSISTENT WITH THE FIDUCIARY
3 DUTIES OF THE DEPARTMENT.

4 (B) FOR PURPOSES OF THIS SUBSECTION, BROKERAGE AND
5 INVESTMENT MANAGEMENT SERVICES SHALL INCLUDE SERVICES RELATING TO
6 ALL ALLOCATED ASSET CLASSES.

7 (C) (1) TO ASSIST THE DEPARTMENT IN ACHIEVING THE GOAL
8 DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION, THE DEPARTMENT
9 SHALL UNDERTAKE MEASURES TO REMOVE ANY BARRIERS THAT LIMIT FULL
10 PARTICIPATION BY MINORITY BUSINESS ENTERPRISES IN BROKERAGE AND
11 INVESTMENT MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY ANY
12 FUND ESTABLISHED UNDER THIS ARTICLE.

13 (2) THE MEASURES UNDERTAKEN BY THE DEPARTMENT SHALL
14 INCLUDE THE USE OF A WIDE VARIETY OF MEDIA, INCLUDING THE
15 DEPARTMENT'S WEB SITE, TO PROVIDE NOTICE TO A BROAD AND VARIED
16 RANGE OF POTENTIAL PROVIDERS ABOUT THE BROKERAGE AND INVESTMENT
17 MANAGEMENT SERVICES OPPORTUNITIES AFFORDED UNDER THIS ARTICLE.

18 (D) IN CONJUNCTION WITH THE GOVERNOR'S OFFICE OF MINORITY
19 AFFAIRS, THE DEPARTMENT SHALL DEVELOP GUIDELINES TO ASSIST IT IN
20 IDENTIFYING AND EVALUATING QUALIFIED MINORITY BUSINESS ENTERPRISES
21 IN ORDER TO HELP IT ACHIEVE THE OBJECTIVE FOR GREATER USE OF
22 MINORITY BUSINESS ENTERPRISES FOR BROKERAGE AND INVESTMENT
23 MANAGEMENT SERVICES UNDER THIS ARTICLE.

24 (E) ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE DEPARTMENT
25 SHALL SUBMIT A REPORT TO THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS
26 AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE
27 GENERAL ASSEMBLY ON:

28 (1) THE IDENTITY OF THE MINORITY BUSINESS ENTERPRISE
29 BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS USED BY ANY
30 FUND ESTABLISHED UNDER THIS ARTICLE IN THE IMMEDIATELY PRECEDING
31 FISCAL YEAR;

32 (2) THE PERCENTAGE AND DOLLAR VALUE OF THE ASSETS UNDER
33 THE CUSTODY OF EACH ENTITY THAT ARE UNDER THE INVESTMENT CONTROL
34 OF MINORITY BUSINESS ENTERPRISE BROKERAGE AND INVESTMENT
35 MANAGEMENT SERVICES FIRMS IN EACH ALLOCATED ASSET CLASS; AND

1 OBJECTIVE FOR GREATER USE OF MINORITY BUSINESS ENTERPRISES FOR
2 BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FOR ANY FUND
3 ESTABLISHED UNDER THIS DIVISION III.

4 (E) ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE COMMISSION SHALL
5 SUBMIT A REPORT TO THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS AND,
6 SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL
7 ASSEMBLY ON:

8 (1) THE IDENTITY OF THE MINORITY BUSINESS ENTERPRISE
9 BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS USED BY THE
10 COMMISSION IN THE IMMEDIATELY PRECEDING FISCAL YEAR;

11 (2) THE PERCENTAGE AND DOLLAR VALUE OF THE
12 COMMISSION'S ASSETS IN ANY FUND ESTABLISHED UNDER THIS ARTICLE THAT
13 ARE UNDER THE INVESTMENT CONTROL OF MINORITY BUSINESS ENTERPRISE
14 BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS IN EACH
15 ALLOCATED ASSET CLASS; AND

16 (3) THE MEASURES THE COMMISSION UNDERTOOK IN THE
17 IMMEDIATELY PRECEDING FISCAL YEAR IN ACCORDANCE WITH SUBSECTION
18 (C)(2) OF THIS SECTION.

19 Article – Housing and Community Development

20 4-501.1.

21 (A) THE DEPARTMENT SHALL ATTEMPT TO USE TO THE GREATEST
22 EXTENT FEASIBLE MINORITY BUSINESS ENTERPRISES TO PROVIDE BROKERAGE
23 AND INVESTMENT MANAGEMENT SERVICES TO THE DEPARTMENT FOR THE
24 FUNDS ESTABLISHED UNDER THIS SUBTITLE CONSISTENT WITH MINORITY
25 BUSINESS PURCHASING STANDARDS APPLICABLE TO UNITS OF STATE
26 GOVERNMENT UNDER THE STATE FINANCE AND PROCUREMENT ARTICLE AND
27 CONSISTENT WITH THE FIDUCIARY DUTIES OF THE DEPARTMENT.

28 (B) FOR PURPOSES OF THIS SECTION, BROKERAGE AND INVESTMENT
29 MANAGEMENT SERVICES SHALL INCLUDE SERVICES RELATING TO ALL
30 ALLOCATED ASSET CLASSES.

31 (C) (1) TO ASSIST THE DEPARTMENT IN ACHIEVING THE GOAL
32 DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION, THE DEPARTMENT
33 SHALL UNDERTAKE MEASURES TO REMOVE ANY BARRIERS THAT LIMIT FULL
34 PARTICIPATION BY MINORITY BUSINESS ENTERPRISES IN BROKERAGE AND

1 INVESTMENT MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY THE
2 DEPARTMENT FOR THE FUNDS ESTABLISHED UNDER THIS SUBTITLE.

3 (2) THE MEASURES UNDERTAKEN BY THE DEPARTMENT SHALL
4 INCLUDE THE USE OF A WIDE VARIETY OF MEDIA, INCLUDING THE
5 DEPARTMENT'S WEB SITE, TO PROVIDE NOTICE TO A BROAD AND VARIED
6 RANGE OF POTENTIAL PROVIDERS ABOUT THE BROKERAGE AND INVESTMENT
7 MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY THE DEPARTMENT FOR
8 THE FUNDS ESTABLISHED UNDER THIS SUBTITLE.

9 (D) IN CONJUNCTION WITH THE GOVERNOR'S OFFICE OF MINORITY
10 AFFAIRS, THE DEPARTMENT SHALL DEVELOP GUIDELINES TO ASSIST IT IN
11 IDENTIFYING AND EVALUATING QUALIFIED MINORITY BUSINESS ENTERPRISES
12 IN ORDER TO HELP THE DEPARTMENT ACHIEVE THE OBJECTIVE FOR GREATER
13 USE OF MINORITY BUSINESS ENTERPRISES FOR BROKERAGE AND INVESTMENT
14 MANAGEMENT SERVICES FOR THE FUNDS ESTABLISHED UNDER THIS SUBTITLE.

15 (E) ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE DEPARTMENT
16 SHALL SUBMIT A REPORT TO THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS
17 AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE
18 GENERAL ASSEMBLY ON:

19 (1) THE IDENTITY OF THE MINORITY BUSINESS ENTERPRISE
20 BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS USED BY THE
21 DEPARTMENT IN THE IMMEDIATELY PRECEDING FISCAL YEAR;

22 (2) THE PERCENTAGE AND DOLLAR VALUE OF THE ASSETS IN THE
23 FUNDS ESTABLISHED UNDER THIS SUBTITLE THAT ARE UNDER THE
24 INVESTMENT CONTROL OF MINORITY BUSINESS ENTERPRISE BROKERAGE AND
25 INVESTMENT MANAGEMENT SERVICES FIRMS IN EACH ALLOCATED ASSET
26 CLASS; AND

27 (3) THE MEASURES THE DEPARTMENT UNDERTOOK IN THE
28 IMMEDIATELY PRECEDING FISCAL YEAR IN ACCORDANCE WITH SUBSECTION
29 (C)(2) OF THIS SECTION.

30 **Article – Insurance**

31 20-303.

32 (a) (1) A financial management committee of the Fund shall manage and
33 invest all moneys collected by or for the Fund through premiums, earnings from
34 investments, or from other sources.

1 (2) The financial management committee consists of the Executive
2 Director and two members of the Board of Trustees whom the Board of Trustees
3 chooses.

4 (3) Of the two members from the Board of Trustees:

5 (i) one shall be chosen from the members appointed by the
6 Governor; and

7 (ii) one shall be chosen from the members appointed by the
8 Association.

9 (b) (1) Whenever the amount of moneys in the Fund exceeds the amount
10 that the Executive Director believes is likely to be required immediately, the financial
11 management committee may manage the excess as it considers appropriate and invest
12 the excess in investments legal for casualty insurers under §§ 5–601 through 5–609 of
13 this article.

14 (2) If use of the excess becomes necessary or expedient, the financial
15 management committee may collect, sell, or otherwise realize on the investment and
16 any accrued interest.

17 (c) (1) (i) Consistent with minority business purchasing standards
18 applicable to units of State government under the State Finance and Procurement
19 Article and consistent with the fiduciary duties of the financial management
20 committee, the financial management committee shall attempt to use to the greatest
21 extent feasible minority business enterprises to provide brokerage and investment
22 management services to the committee.

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

25 (2) (i) To assist it in achieving the goal described under paragraph
26 (1) of this subsection, the financial management committee shall undertake measures
27 to remove any barriers that limit full participation by minority business enterprises in
28 brokerage and investment management services opportunities afforded by the Fund.

29 (ii) The measures undertaken by the financial management
30 committee shall include the use of a wide variety of media, including the Fund's Web
31 site, to provide notice to a broad and varied range of potential providers about the
32 brokerage and investment management services opportunities afforded by the Fund.

33 (3) In conjunction with the Governor's Office of Minority Affairs, the
34 financial management committee shall develop guidelines to assist the committee in
35 identifying and evaluating qualified minority business enterprises in order to help the
36 Fund achieve the objective for greater use of minority business enterprises for
37 brokerage and investment management services.

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

4 (1) the identity of the minority business enterprise brokerage and
5 investment management services firms used by the Board in the immediately
6 preceding fiscal year;

7 (2) the percentage and dollar value of the Fund assets that are under
8 the investment control of minority business enterprise brokerage and investment
9 management services firms **IN EACH ALLOCATED ASSET CLASS**; and

10 (3) the measures the Board undertook in the immediately preceding
11 fiscal year in accordance with subsection (c)(2) of this section.

12 Article – State Finance and Procurement

13 6-222.

14 (a) The Treasurer may invest or reinvest unexpended or surplus money over
15 which the Treasurer has custody in:

16 (1) an obligation for which the United States has pledged its faith and
17 credit for the payment of the principal and interest;

18 (2) an obligation that a federal agency or a federal instrumentality has
19 issued in accordance with an act of Congress;

20 (3) a repurchase agreement collateralized in an amount not less than
21 102% of the principal amount by an obligation of the United States, its agencies or
22 instrumentalities, provided the collateral is held by a custodian other than the seller
23 designated by the buyer;

24 (4) bankers' acceptances guaranteed by a financial institution with a
25 short-term debt rating in the highest letter and numerical rating by at least one
26 nationally recognized statistical rating organization as designated by either the
27 United States Securities and Exchange Commission or the Treasurer;

28 (5) with respect to amounts treated by the Internal Revenue Service
29 as bond sale proceeds only, bonds, notes, or other obligations of investment grade in
30 the highest quality letter and numerical rating by at least one nationally recognized
31 statistical rating organization as designated by the United States Securities and
32 Exchange Commission issued by or on behalf of this or any other state or any agency,
33 department, county, municipal or public corporation, special district, authority, or
34 political subdivision thereof, or in any fund or trust that invests only in securities of
35 the type described in this paragraph;

1 (6) commercial paper that has received the highest letter and
2 numerical rating by at least two nationally recognized statistical rating organizations
3 as designated by the United States Securities and Exchange Commission, provided
4 that such commercial paper may not exceed 10% of the total investments made by the
5 Treasurer under this subsection;

6 (7) money market mutual funds that:

7 (i) are registered with the Securities and Exchange
8 Commission under the Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., as
9 amended;

10 (ii) are operated in accordance with Rule 2A-7 of the
11 Investment Company Act of 1940, 17 C.F.R. § 270.2A-7, as amended; and

12 (iii) have received the highest possible rating from at least one
13 nationally recognized statistical rating organization as designated by the United
14 States Securities and Exchange Commission; and

15 (8) any investment portfolio created under the Maryland Local
16 Government Investment Pool defined under Article 95, § 22G of the Code that is
17 administered by the Office of the State Treasurer.

18 (b) The Treasurer may sell, redeem, or exchange an investment or
19 reinvestment made under this section in accordance with the limitations of this
20 section.

21 (c) Subject to § 2-1246 of the State Government Article, the Treasurer shall
22 report by January 3 of each year to the General Assembly on investment activities for
23 unexpended or surplus money over which the Treasurer has custody which have been
24 conducted during the previous fiscal year. At a minimum, the report shall specify for
25 General Fund investments and all other investments:

26 (1) the inventory of investments with maturity dates and the book and
27 market value as of June 30;

28 (2) the net income earned;

29 (3) the percentage share of each category of investment in the
30 portfolio; and

31 (4) any sale of investments prior to the maturity date.

32 (d) An investment made pursuant to this section shall be made:

33 (1) with the care, skill, prudence, and diligence under the
34 circumstances then prevailing that a prudent person acting in a like capacity and

1 familiar with such matters would use in the conduct of an enterprise of a like
2 character and with like aims;

3 (2) in a manner designed to reasonably match the anticipated cash
4 flow of the State so that sufficient funds are available to pay obligations upon proper
5 presentation for payment;

6 (3) so that a reasonable amount of cash or cash equivalents is
7 available for unanticipated cash needs;

8 (4) with due regard for minimizing risk while maximizing return;

9 (5) using competitive purchasing practices except when impractical;

10 (6) in accordance with a written investment policy;

11 (7) so that the securities and collateral may continue to be priced on a
12 market to market basis; and

13 (8) to avoid the enhancement of the personal financial position of the
14 Treasurer or any employee of the Treasurer who has responsibilities for such
15 investments.

16 (e) (1) (i) Consistent with minority business purchasing standards
17 applicable to units of State government under this article and consistent with the
18 fiduciary duties of the Treasurer, the Treasurer shall attempt to use to the greatest
19 extent feasible minority business enterprises for brokerage and investment
20 management services under this section.

21 (ii) For purposes of this subsection, brokerage and investment
22 management services shall include services relating to all allocated asset classes as
23 described in subsection (a) of this section.

24 (2) (i) To assist the Treasurer in achieving the goal described
25 under paragraph (1) of this subsection, the Treasurer shall undertake measures to
26 remove any barriers that limit full participation by minority business enterprises in
27 brokerage and investment management services opportunities afforded under this
28 section.

29 (ii) The measures undertaken by the Treasurer shall include the
30 use of a wide variety of media, including the Treasurer's website, to provide notice to a
31 broad and varied range of potential providers about the brokerage and investment
32 management services opportunities afforded by the Treasurer.

33 (3) In conjunction with the Governor's Office of Minority Affairs, the
34 Treasurer shall develop guidelines to assist in identifying and evaluating qualified
35 minority business enterprises in order to help the Treasurer achieve the objective for

1 greater use of minority business enterprises for brokerage and investment
2 management services under this section.

3 (4) On or before September 1 each year, the Treasurer shall submit a
4 report to the Governor's Office of Minority Affairs and, subject to § 2-1246 of the State
5 Government Article, the General Assembly on:

6 (i) the identity of the minority business enterprise brokerage
7 and investment management services firms used by the Treasurer in the immediately
8 preceding fiscal year;

9 (ii) the percentage and dollar value of the assets under the
10 custody of the Treasurer that are under the investment control of minority business
11 enterprise brokerage and investment management services firms **FOR EACH**
12 **ALLOCATED ASSET CLASS**; and

13 (iii) the measures the Treasurer undertook in the immediately
14 preceding fiscal year in accordance with paragraph (2)(ii) of this subsection.

15 **14-306.**

16 (A) (1) **THIS SECTION APPLIES TO:**

17 (I) **THE STATE TREASURER IN ACCORDANCE WITH § 6-222**
18 **OF THIS ARTICLE;**

19 (II) **THE DEPARTMENT OF ~~ECONOMIC AND COMMUNITY~~**
20 **BUSINESS AND ECONOMIC DEVELOPMENT IN ACCORDANCE WITH § 14-103 OF**
21 **THE ECONOMIC DEVELOPMENT ARTICLE;**

22 (III) **THE MARYLAND HIGHER EDUCATION COMMISSION IN**
23 **ACCORDANCE WITH § 11-1001 OF THE EDUCATION ARTICLE;**

24 (IV) **THE DEPARTMENT OF HOUSING AND COMMUNITY**
25 **DEVELOPMENT IN ACCORDANCE WITH § 4-501.1 OF THE HOUSING AND**
26 **COMMUNITY DEVELOPMENT ARTICLE;**

27 (V) **THE MARYLAND AUTOMOBILE INSURANCE FUND IN**
28 **ACCORDANCE WITH § 20-303 OF THE INSURANCE ARTICLE;**

29 (VI) **THE INJURED WORKERS INSURANCE FUND IN**
30 **ACCORDANCE WITH § 10-122 OF THE LABOR AND EMPLOYMENT ARTICLE; ~~AND~~**

1 **(VII) THE STATE RETIREMENT AND PENSION SYSTEM IN**
2 **ACCORDANCE WITH ~~§§ 21-116 AND 35-302~~ § 21-116 OF THE STATE PERSONNEL**
3 **AND PENSIONS ARTICLE; AND**

4 **(VIII) THE MARYLAND TEACHERS AND STATE EMPLOYEES**
5 **SUPPLEMENTAL RETIREMENT PLANS IN ACCORDANCE WITH § 35-302 OF THE**
6 **STATE PERSONNEL AND PENSIONS ARTICLE.**

7 **(2) IN ADDITION TO THE UNITS LISTED IN PARAGRAPH (1) OF**
8 **THIS SUBSECTION, THIS SECTION APPLIES TO ANY OTHER STATE UNIT**
9 **DESIGNATED BY THE BOARD OF PUBLIC WORKS AND WITH RESPONSIBILITY**
10 **FOR THE MANAGEMENT OF FUNDS ENTRUSTED TO THE UNIT.**

11 **(B) (1) (i) A UNIT SUBJECT TO THIS SECTION SHALL ATTEMPT TO**
12 **USE TO THE GREATEST EXTENT FEASIBLE MINORITY BUSINESS ENTERPRISES TO**
13 **PROVIDE BROKERAGE AND INVESTMENT MANAGEMENT SERVICES TO THE UNIT**
14 **CONSISTENT WITH MINORITY BUSINESS PURCHASING STANDARDS APPLICABLE**
15 **TO UNITS OF STATE GOVERNMENT UNDER THIS TITLE AND CONSISTENT WITH**
16 **THE FIDUCIARY DUTIES OF THE UNIT.**

17 **(ii) FOR PURPOSES OF THIS SUBSECTION, BROKERAGE AND**
18 **INVESTMENT MANAGEMENT SERVICES SHALL INCLUDE SERVICES RELATING TO**
19 **ALL ALLOCATED ASSET CLASSES.**

20 **(2) (i) TO ASSIST A UNIT IN ACHIEVING THE GOAL DESCRIBED**
21 **UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE UNIT SHALL UNDERTAKE**
22 **MEASURES TO REMOVE ANY BARRIERS THAT LIMIT FULL PARTICIPATION BY**
23 **MINORITY BUSINESS ENTERPRISES IN BROKERAGE AND INVESTMENT**
24 **MANAGEMENT SERVICES OPPORTUNITIES AFFORDED UNDER THIS SUBTITLE.**

25 **(ii) THE MEASURES UNDERTAKEN BY THE UNIT SHALL**
26 **INCLUDE THE USE OF A WIDE VARIETY OF MEDIA, INCLUDING THE UNIT'S WEB**
27 **SITE, TO PROVIDE NOTICE TO A BROAD AND VARIED RANGE OF POTENTIAL**
28 **PROVIDERS ABOUT THE BROKERAGE AND INVESTMENT MANAGEMENT SERVICES**
29 **OPPORTUNITIES AFFORDED BY THE UNIT.**

30 **(3) IN CONSULTATION WITH THE GOVERNOR'S OFFICE OF**
31 **MINORITY AFFAIRS, A UNIT SHALL DEVELOP GUIDELINES TO ASSIST THE UNIT**
32 **IN IDENTIFYING AND EVALUATING QUALIFIED MINORITY BUSINESS**
33 **ENTERPRISES IN ORDER TO HELP THE UNIT ACHIEVE THE OBJECTIVE FOR**
34 **GREATER USE OF MINORITY BUSINESS ENTERPRISES FOR BROKERAGE AND**
35 **INVESTMENT MANAGEMENT SERVICES.**

1 **(4) ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE UNIT SHALL**
2 **SUBMIT A REPORT TO THE GOVERNOR’S OFFICE OF MINORITY AFFAIRS AND,**
3 **SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL**
4 **ASSEMBLY ON:**

5 **(I) THE IDENTITY OF THE MINORITY BUSINESS**
6 **ENTERPRISE BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS**
7 **USED BY THE UNIT IN THE IMMEDIATELY PRECEDING FISCAL YEAR;**

8 **(II) THE PERCENTAGE AND DOLLAR VALUE OF THE ASSETS**
9 **THAT ARE UNDER THE CONTROL OF THE UNIT THAT ARE UNDER THE**
10 **INVESTMENT CONTROL OF MINORITY BUSINESS ENTERPRISE BROKERAGE AND**
11 **INVESTMENT MANAGEMENT SERVICES FIRMS FOR EACH ALLOCATED ASSET**
12 **CLASS; AND**

13 **(III) THE MEASURES THE UNIT UNDERTOOK IN THE**
14 **IMMEDIATELY PRECEDING FISCAL YEAR IN ACCORDANCE WITH PARAGRAPH**
15 **(2)(I) OF THIS SUBSECTION.**

16 **Article – State Personnel and Pensions**

17 21-116.

18 (a) By resolution, the Board of Trustees shall specify the powers of the
19 Investment Committee.

20 (b) The Investment Committee shall advise the Board of Trustees and make
21 recommendations on:

22 (1) the investment programs;

23 (2) compliance of the investment programs with the policies of the
24 Board of Trustees; and

25 (3) bonding for employees of the State Retirement Agency in the form
26 and amount required by law.

27 (c) (1) Subject to subsection (d) of this section, the Board of Trustees shall
28 adopt an investment policy manual that details:

29 (i) the functions of the Investment Division of the State
30 Retirement Agency;

31 (ii) the goals and objectives of the several investment programs;
32 and

1 (iii) the policies that govern the selection and retention of
2 investments.

3 (2) The Investment Committee shall:

4 (i) prepare and maintain the investment policy manual; and

5 (ii) submit the investment policy manual, and any subsequent
6 amendments to the manual, to the Board of Trustees for approval.

7 (d) (1) (i) Consistent with minority business purchasing standards
8 applicable to units of State government under the State Finance and Procurement
9 Article and consistent with the fiduciary duties of the Board of Trustees, the Board of
10 Trustees shall direct the Investment Committee to attempt to use to the greatest
11 extent feasible minority business enterprises to provide brokerage and investment
12 management services to the Board.

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

15 (2) (i) To assist it in achieving the goal described under paragraph
16 (1) of this subsection, the Investment Committee shall undertake measures to remove
17 any barriers that limit full participation by minority business enterprises in brokerage
18 and investment management services opportunities afforded under this title.

19 (ii) The measures undertaken by the Investment Committee
20 shall include the use of a wide variety of media, including the State Retirement
21 Agency's website, to provide notice to a broad and varied range of potential providers
22 about the brokerage and investment management services opportunities afforded by
23 the State Retirement Agency.

24 (3) In consultation with the Governor's Office of Minority Affairs and
25 the Investment Committee, the Board of Trustees shall develop guidelines to assist
26 the Investment Committee in identifying and evaluating qualified minority business
27 enterprises in order to help the State Retirement Agency achieve the objective for
28 greater use of minority business enterprises for brokerage and investment
29 management services.

30 (4) On or before September 1 each year, the Investment Committee
31 shall submit a report to the Board of Trustees, the Governor's Office of Minority
32 Affairs and, subject to § 2-1246 of the State Government Article, the General
33 Assembly on:

34 (i) the identity of the minority business enterprise brokerage
35 and investment management services firms used by the Investment Committee in the
36 immediately preceding fiscal year;

1 (ii) the percentage and dollar value of the assets that are under
2 the control of the Investment Committee that are under the investment control of
3 minority business enterprise brokerage and investment management services firms
4 **FOR EACH ALLOCATED ASSET CLASS; and**

5 (iii) the measures the Investment Committee undertook in the
6 immediately preceding fiscal year in accordance with paragraph (2)(ii) of this
7 subsection.

8 35–302.

9 (A) Assets of the supplemental retirement plans may be deposited and
10 invested in accordance with the investment elections allowed under the supplemental
11 retirement plans notwithstanding any other law limiting the types of investments that
12 may be made with State funds or imposing conditions on the deposit of State funds.

13 (B) (1) (I) **THE BOARD SHALL ATTEMPT TO USE TO THE GREATEST**
14 **EXTENT FEASIBLE MINORITY BUSINESS ENTERPRISES TO PROVIDE BROKERAGE**
15 **AND INVESTMENT MANAGEMENT SERVICES TO THE BOARD CONSISTENT WITH**
16 **MINORITY BUSINESS PURCHASING STANDARDS APPLICABLE TO UNITS OF STATE**
17 **GOVERNMENT UNDER THE STATE FINANCE AND PROCUREMENT ARTICLE AND**
18 **CONSISTENT WITH THE FIDUCIARY DUTIES OF THE BOARD.**

19 (II) **FOR PURPOSES OF THIS SUBSECTION, BROKERAGE AND**
20 **INVESTMENT MANAGEMENT SERVICES SHALL INCLUDE SERVICES RELATING TO**
21 **ALL ALLOCATED ASSET CLASSES.**

22 (2) (I) **TO ASSIST IT IN ACHIEVING THE GOAL DESCRIBED**
23 **UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE BOARD SHALL UNDERTAKE**
24 **MEASURES TO REMOVE ANY BARRIERS THAT LIMIT FULL PARTICIPATION BY**
25 **MINORITY BUSINESS ENTERPRISES IN BROKERAGE AND INVESTMENT**
26 **MANAGEMENT SERVICES OPPORTUNITIES AFFORDED UNDER THIS TITLE.**

27 (II) **THE MEASURES UNDERTAKEN BY THE BOARD SHALL**
28 **INCLUDE THE USE OF A WIDE VARIETY OF MEDIA, INCLUDING THE STATE**
29 **RETIREMENT AGENCY’S WEB SITE, TO PROVIDE NOTICE TO A BROAD AND**
30 **VARIED RANGE OF POTENTIAL PROVIDERS ABOUT THE BROKERAGE AND**
31 **INVESTMENT MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY THE**
32 **STATE RETIREMENT AGENCY.**

33 (3) **IN CONSULTATION WITH THE GOVERNOR’S OFFICE OF**
34 **MINORITY AFFAIRS, THE BOARD SHALL DEVELOP GUIDELINES TO ASSIST THE**
35 **BOARD IN IDENTIFYING AND EVALUATING QUALIFIED MINORITY BUSINESS**
36 **ENTERPRISES IN ORDER TO HELP THE STATE RETIREMENT AGENCY ACHIEVE**

1 THE OBJECTIVE FOR GREATER USE OF MINORITY BUSINESS ENTERPRISES FOR
2 BROKERAGE AND INVESTMENT MANAGEMENT SERVICES.

3 (4) ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE BOARD SHALL
4 SUBMIT A REPORT TO THE GOVERNOR’S OFFICE OF MINORITY AFFAIRS AND,
5 SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL
6 ASSEMBLY ON:

7 (I) THE IDENTITY OF THE MINORITY BUSINESS
8 ENTERPRISE BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS
9 USED BY THE BOARD IN THE IMMEDIATELY PRECEDING FISCAL YEAR;

10 (II) THE PERCENTAGE AND DOLLAR VALUE OF THE ASSETS
11 THAT ARE UNDER THE CONTROL OF THE BOARD THAT ARE UNDER THE
12 INVESTMENT CONTROL OF MINORITY BUSINESS ENTERPRISE BROKERAGE AND
13 INVESTMENT MANAGEMENT SERVICES FIRMS FOR EACH ALLOCATED ASSET
14 CLASS; AND

15 (III) THE MEASURES THE BOARD UNDERTOOK IN THE
16 IMMEDIATELY PRECEDING FISCAL YEAR IN ACCORDANCE WITH PARAGRAPH
17 (2)(II) OF THIS SUBSECTION.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 October 1, 2012.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.