

SENATE BILL 631

L6

6lr1463
CF 6lr3000

By: **Senator Hershey**

Introduced and read first time: February 5, 2016

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Local Facility Closure Reserve Funds – Investments and Reinvestments**

3 FOR the purpose of authorizing the trustees or other officers in charge of certain facility
4 closure reserve funds to invest and reinvest certain money in a certain manner and
5 sell, redeem, or exchange certain investments or reinvestments; requiring the
6 trustees or other officers in charge of certain facility closure reserve funds to comply
7 with certain fiduciary standards; authorizing a political subdivision of the State or a
8 unit of a political subdivision of the State to enter into certain agreements for the
9 management or investment of money in a facility closure reserve fund; altering the
10 definition of “public money” as it relates to certain local government investment
11 guidelines so as to exclude money held as part of certain facility closure reserve
12 funds; and generally relating to local facility closure reserve funds.

13 BY repealing and reenacting, with amendments,
14 Article – Local Government
15 Section 17–102 and 17–201
16 Annotated Code of Maryland
17 (2013 Volume and 2015 Supplement)

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

20 **Article – Local Government**

21 17–102.

22 (a) In this section, “other postemployment benefits” means:

23 (1) postemployment health care benefits; and

24 (2) postemployment benefits provided separately from a pension plan.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) Notwithstanding § 17–101 of this subtitle, the trustees or other officers in
2 charge of a pension or retirement system or fund, other postemployment benefits fund,
3 trust fund account, [or] fund for self–insurance purposes, **OR FACILITY CLOSURE**
4 **RESERVE FUND** of a political subdivision of the State or a unit of a political subdivision of
5 the State:

6 (1) may:

7 (i) invest and reinvest money in their custody or control as provided
8 by a law enacted by the governing body of the political subdivision; and

9 (ii) sell, redeem, or exchange an investment or reinvestment made
10 under this item; and

11 (2) shall comply with fiduciary standards that at least meet the standards
12 in Title 21, Subtitle 2 of the State Personnel and Pensions Article in connection with money
13 in their custody or control.

14 (c) (1) Notwithstanding any other law, a political subdivision of the State or a
15 unit of a political subdivision of the State may enter into an agreement with a third party
16 contractor or vendor for the management or investment of money intended for other
17 postemployment benefits.

18 (2) An agreement entered into under this subsection includes the authority
19 to:

20 (i) create pooled investments under the stewardship of:

21 1. a political subdivision of the State or a unit of a political
22 subdivision of the State; or

23 2. a separate body under an agreement with a political
24 subdivision of the State;

25 (ii) create one or more accounts to be managed in coordination with
26 other funds or investments by a third party under an agreement with a political subdivision
27 of the State; and

28 (iii) create distinct funding accounts for payment on behalf of
29 employees of a unit of a political subdivision of the State under an agreement with the
30 political subdivision.

31 **(D) (1) NOTWITHSTANDING ANY OTHER LAW, A POLITICAL SUBDIVISION**
32 **OF THE STATE OR A UNIT OF A POLITICAL SUBDIVISION OF THE STATE MAY ENTER**

1 INTO AN AGREEMENT WITH A THIRD PARTY CONTRACTOR OR VENDOR FOR THE
2 MANAGEMENT OR INVESTMENT OF MONEY IN A FACILITY CLOSURE RESERVE FUND.

3 (2) AN AGREEMENT ENTERED INTO UNDER THIS SUBSECTION
4 INCLUDES THE AUTHORITY TO:

5 (I) CREATE POOLED INVESTMENTS UNDER THE STEWARDSHIP
6 OF:

7 1. A POLITICAL SUBDIVISION OF THE STATE OR A UNIT
8 OF A POLITICAL SUBDIVISION OF THE STATE; OR

9 2. A SEPARATE BODY UNDER AN AGREEMENT WITH A
10 POLITICAL SUBDIVISION OF THE STATE; AND

11 (II) CREATE ONE OR MORE ACCOUNTS TO BE MANAGED IN
12 COORDINATION WITH OTHER FUNDS OR INVESTMENTS BY A THIRD PARTY UNDER AN
13 AGREEMENT WITH A POLITICAL SUBDIVISION OF THE STATE.

14 17-201.

15 (a) In this subtitle the following words have the meanings indicated.

16 (b) "Financial officer" means the treasurer or other financial officer of a
17 governmental entity who is responsible for the investment of public funds or the issuance
18 and management of debt of the governmental entity.

19 (c) "Governing authority" means:

20 (1) for Baltimore City, the Baltimore City Board of Estimates;

21 (2) for a commission county, the county commissioners;

22 (3) for a charter county, as provided by local law, the county council or the
23 county executive and the county council;

24 (4) for a code county, the county commissioners;

25 (5) for a community college, the board of trustees;

26 (6) for a municipality, the body provided by the municipal charter;

27 (7) for the Washington Suburban Sanitary Commission, the Commission;

28 (8) for a public corporation, the board of directors; and

1 (9) for an authority, the board of the authority.

2 (d) (1) Except as provided in paragraph (2) of this subsection, “public money”
3 means any money held by a governmental entity.

4 (2) “Public money” does not include money held as part of a pension fund,
5 a fund for other postemployment benefits, as defined in § 17–102(a) of this title, [or] a trust
6 fund account, **OR A FACILITY CLOSURE RESERVE FUND** or for self–insurance purposes.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 2016.