

# HOUSE BILL 469

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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

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## A BILL ENTITLED

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.

20 (a) Assets of the supplemental retirement plans may be deposited and invested  
21 in accordance with the investment elections allowed under the supplemental retirement  
22 plans **AS SELECTED AND DETERMINED BY THE BOARD IN ACCORDANCE WITH THE**  
23 **STATEMENTS OF INVESTMENT POLICY ADOPTED BY THE BOARD FROM TIME TO TIME**  
24 notwithstanding any other law limiting the types of investments that may be made with

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 State funds or imposing conditions on the deposit of State funds.

2 **(B) THE BOARD SHALL MAKE ARRANGEMENTS FOR THE SAFE CUSTODY,**  
3 **DOMESTIC OR GLOBAL, OF INVESTMENTS WITH ONE OR MORE DULY QUALIFIED**  
4 **CUSTODIAN BANKS OR TRUST COMPANIES.**

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

9 **(1) SERVICES OF MANAGERS TO INVEST THE ASSETS DEPOSITED AND**  
10 **INVESTED IN INVESTMENT OPTIONS OF THE SUPPLEMENTAL RETIREMENT PLANS IN**  
11 **ACCORDANCE WITH THE STATEMENTS OF INVESTMENT POLICY ADOPTED BY THE**  
12 **BOARD FROM TIME TO TIME;**

13 **(2) EXPENDITURES TO MANAGE, MAINTAIN, AND ENHANCE THE**  
14 **VALUE OF ASSETS DEPOSITED AND INVESTED IN INVESTMENT OPTIONS OF THE**  
15 **SUPPLEMENTAL RETIREMENT PLANS SELECTED IN ACCORDANCE WITH THE**  
16 **STATEMENTS OF INVESTMENT POLICY ADOPTED BY THE BOARD FROM TIME TO**  
17 **TIME; AND**

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

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

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

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

33 (ii) The measures undertaken by the Board shall include the use of  
34 a wide variety of media, including the Maryland Teachers and State Employees  
35 Supplemental Retirement Plans' Web site, to provide notice to a broad and varied range of  
36 potential providers about the brokerage and investment management services

1 opportunities afforded by the Maryland Teachers and State Employees Supplemental  
2 Retirement Plans.

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

9 (4) On or before September 1 each year, the Board shall submit a report to  
10 the Governor's Office of Small, Minority, and Women Business Affairs and, subject to §  
11 2-1246 of the State Government Article, the General Assembly on:

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

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

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

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
21 1, 2019.