

HB1012/289139/1

BY: Budget and Taxation Committee

AMENDMENTS TO HOUSE BILL 1012
(Third Reading File Bill)

AMENDMENT NO. 1

On page 2, in line 7, after “basis;” insert “establishing an Objective Criteria Committee of the Board of Trustees; providing for the membership and chair of the Committee; providing that a certain individual may not serve as chair 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 a consultant to provide certain services to the Committee; prohibiting the Board of Trustees from entering into a certain agreement with a 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; establishing that members of the Committee are fiduciaries; 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;”; and in line 16, after “21–122,” insert “21–123.2(d)(1) and (2), 21–201(b).”

AMENDMENT NO. 2

On page 2, strike beginning with “in” in line 28 down through “budget” in line 29 and substitute “TO CARRY OUT THE ADMINISTRATIVE DUTIES OF THE SEVERAL SYSTEMS”.

On page 3, in line 5, after “(I)” insert “1.”; after line 7, insert:

(Over)

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“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.”;

and in line 16, strike “COST OF LIVING” and substitute “COST-OF-LIVING”.

On page 4, in line 10, after “(I)” insert “1.”; after line 12, 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.”;

and in line 14, strike “UPON” and substitute “ON”.

On page 7, in line 25, after “(I)” insert “1.”; and after line 27, 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, strike “COST OF LIVING” and substitute “COST-OF-LIVING”; in line 20, after “(I)” insert “1.”; in line 21, strike “GRANTING” and substitute “AWARDING”; after line 22, 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.**;

and in line 24, strike “UPON” and substitute “ON”.

On page 9, in line 5, strike “IS”.

AMENDMENT NO. 3

On page 10, after line 12, insert:

**“(G) (1) THERE IS AN OBJECTIVE CRITERIA COMMITTEE OF THE
BOARD OF TRUSTEES.**

(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 PRESIDENT OF
THE SENATE;**

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

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

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

(Over)

(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.

(3) (I) THE CHAIRMAN OF THE BOARD OF TRUSTEES SHALL APPOINT THE CHAIR OF THE COMMITTEE.

(II) THE CHAIRMAN OF THE BOARD OF TRUSTEES MAY NOT SERVE AS THE CHAIR 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 REGARDING:

(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 A CONSULTANT TO ASSIST THE COMMITTEE REGARDING OBJECTIVE CRITERIA UNDER THIS SUBSECTION.

(II) THE BOARD OF TRUSTEES MAY NOT ENTER INTO AN AGREEMENT WITH A CONSULTANT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH IF THAT 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:

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(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.

(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.

21-201.

(b) “Fiduciary” means:

(1) a member of the Board of Trustees;

(2) a member of the Investment Committee;

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(3) a member of a committee established by the Board of Trustees as authorized under § 21–108 of this title;

(4) A MEMBER OF A COMMITTEE ESTABLISHED UNDER § 21–122(G) OF THIS TITLE; or

[(4)] (5) an employee of the State Retirement Agency who exercises any discretionary authority or control over:

(i) the management or administration of the several systems; or

(ii) the management or disposition of the assets of the several systems.”.