

BY: Appropriations Committee

AMENDMENTS TO SENATE BILL NO. 721

(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 4, after “System” insert “over a certain period of time”; in line 11, after the semicolon insert “providing that certain trustees may continue to serve on the Board of Trustees for the State Retirement and Pension System if they retire within a certain period of time, while serving on the Board of Trustees;”; in line 17, after “training” insert “, including training on fiduciary conduct and board governance.”; in line 19, strike “altering the membership of a certain” and substitute “clarifying the criteria that certain members of the”; in line 20, after “Trustees” insert “must meet”; and strike beginning with “creating” in line 20 down through “recommendations” in line 26 and substitute “requiring the Department of Budget and Management to conduct or to hire a certain independent third party to conduct a certain study during a certain period of time; requiring the Department of Budget and Management or a certain independent third party to submit a certain report to the Chairman of the Joint Committee on Pensions on or before a certain date; providing for the terms of office of certain trustees on the Board of Trustees for the State Retirement and Pension System; providing for the effective dates of this Act”.

On page 2, in line 3, strike “21-115” and substitute “21-115(b)”; after line 5, insert:

“BY repealing and reenacting, with amendments,

Article - State Personnel and Pensions

Section 21-104(a)

Annotated Code of Maryland

(1997 Replacement Volume and 2002 Supplement)

(As enacted by Section 1 of this Act)”;

and strike in their entirety lines 6 through 10, inclusive.

(Over)

AMENDMENT NO. 2

On page 2, in lines 18 and 19, in each instance, strike the bracket; and in line 22, strike “(4)” and substitute “(5)”; and in the same line, strike “ELEVEN” and substitute “10”.

On page 3, in line 36, strike “FIVE” and substitute “FOUR”.

AMENDMENT NO. 3

On page 4, strike in their entirety lines 2 through 15, inclusive, and substitute “OVERSEEING SIMILAR PENSION SYSTEMS, LARGE FOUNDATIONS, OR OTHER SIMILAR LARGE ORGANIZATIONS WITH FIDUCIARY RESPONSIBILITIES RELATING TO DIFFERENT CLASSES OF PARTICIPANTS.”.

AMENDMENT NO. 4

On page 5, in line 35, after “trustee” insert “:

(I)”;

and in line 36, before the period insert “; AND

(II) HAS COMPLETED MORE THAN 3 YEARS OF THE TRUSTEE’S TERM OF OFFICE”.

AMENDMENT NO. 5

On page 6, in line 8, after the first “THE” insert “MONTHLY BOARD OF TRUSTEES”; strike beginning with “BY” in line 8 down through “TRUSTEES” in line 9; and in line 16, after “ANY” insert “ELECTED OR”.

AMENDMENT NO. 6

On page 7, in line 4, strike “4” and substitute “AT LEAST 8”; and in the same line, after “TRAINING” insert “; INCLUDING TRAINING ON FIDUCIARY CONDUCT AND BOARD GOVERNANCE.”.

AMENDMENT NO. 7

On page 7, strike in their entirety lines 19 through 24, inclusive; in lines 27 and 33, in each instance, strike the brackets; and in line 27, strike “TRUSTEE REPRESENTING”.

On page 8, in line 2, strike “and”; and strike beginning with the period in line 4 down through the period in line 5 and substitute “; AND

(III) HAVE AT LEAST 10 YEARS OF SUBSTANTIAL EXPERIENCE AS ANY ONE OR A COMBINATION OF THE FOLLOWING:

1. A PORTFOLIO MANAGER ACTING IN A FIDUCIARY CAPACITY;

2. AN EMPLOYEE OR PRINCIPAL OF A TRUST INSTITUTION, INVESTMENT ORGANIZATION, OR ENDOWMENT FUND ACTING EITHER IN A MANAGEMENT-RELATED CAPACITY OR AN INVESTMENT-RELATED CAPACITY;

3. A CHARTERED FINANCIAL ANALYST IN GOOD STANDING; OR

4. A PROFESSIONAL ENGAGED IN A PUBLIC OR PRIVATE FINANCIAL OR INVESTMENT FIELD THAT IS COMPARABLE TO THE FIELDS LISTED IN THIS ITEM.”.

AMENDMENT NO. 8

On pages 8 though 10, strike in their entirety the lines beginning with line 6 on page 8 through line 9 on page 10, inclusive.

AMENDMENT NO. 9

On page 10, after line 9, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - State Personnel and Pensions

21-104.

(a) The Board of Trustees consists of the following 14 trustees:

(Over)

- (1) the Secretary of Budget and Management, ex officio;
- (2) the State Comptroller, ex officio;
- (3) [the State Superintendent of Schools, ex officio;
- (4)] the State Treasurer, ex officio, who may appoint a deputy treasurer as designee; and

[(5)] (4) [10] 11 trustees elected or appointed as follows:

(i) one trustee who is a member of the Correctional Officers' Retirement System, the Employees' Pension System, the Employees' Retirement System, the Judges' Retirement System, the Legislative Pension Plan, the Local Fire and Police System, or the Law Enforcement Officers' Pension Plan, who shall be elected as provided in subsection (b) of this section and may not be an employee of the State Retirement Agency;

(ii) one trustee who is a retiree of the Correctional Officers' Retirement System, the Employees' Pension System, the Employees' Retirement System, the Judges' Retirement System, the Legislative Pension Plan, the Local Fire and Police System, or the Law Enforcement Officers' Pension Plan, who shall be elected as provided in subsection (b) of this section and may not be an employee of the State Retirement Agency;

(iii) one trustee who is a member of the Teachers' Pension System or the Teachers' Retirement System, who shall be elected as provided in subsection (b) of this section and may not be an employee of the State Retirement Agency;

(iv) one trustee who is a retiree of the Teachers' Pension System or the Teachers' Retirement System, who shall be elected as provided in subsection (b) of this section and may not be an employee of the State Retirement Agency;

(v) one trustee who is either a member or retiree of the State Police Retirement System, who shall be elected as provided in subsection (b) of this section and may not be an employee of the State Retirement Agency;

(vi) one trustee who represents the interests of participating governmental units in the Employees' Pension System and the Employees' Retirement System; and

(vii) [four] FIVE trustees who:

1. represent the interests of the public;
2. are not members of any of the several systems;
3. are not affiliated with any of the external investment managers for the several systems; and
4. have at least 10 years of substantial experience overseeing similar pension systems, large foundations, or other similar large organizations with fiduciary responsibilities relating to different classes of participants.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) Beginning September 1, 2004, and every 4 years thereafter, the Department of Budget and Management shall conduct, or hire an independent third party not affiliated with the Department of Budget and Management or the State Retirement Agency to conduct, a peer benefits study of the several systems.

(b) The findings of either the Department of Budget and Management or the independent third party shall be submitted to the Chairman of the Joint Committee on Pensions on or before December 31 of that year.

SECTION 4. AND BE IT FURTHER ENACTED, That:

(a) The term of office for the trustee who is a member of the Correctional Officers' Retirement System, the Employees' Pension System, the Employees' Retirement System, the Judges' Retirement System, the Legislative Pension Plan, the Local Fire and Police System, or the Law Enforcement Officers' Pension Plan and who is serving as a trustee on July 1, 2003, shall end on July

(Over)

31, 2005.

(b) (1) The term of office for the trustee who is a retiree of the Correctional Officers' Retirement System, the Employees' Pension System, the Employees' Retirement System, the Judges' Retirement System, the Legislative Pension Plan, the Local Fire and Police System, or the Law Enforcement Officers' Pension Plan and who is serving as a trustee on July 1, 2003, shall end on July 31, 2003.

(2) (i) The candidates for the election to fill the vacancy that will occur on or before July 31, 2003, under paragraph (1) of this subsection shall include both members and retirees of the Correctional Officers' Retirement System, the Employees' Pension System, the Employees' Retirement System, the Judges' Retirement System, the Legislative Pension Plan, the Local Fire and Police System, or the Law Enforcement Officers' Pension Plan.

(ii) The term of office for the trustee who is elected from the candidates in subparagraph (i) of this paragraph shall end on July 31, 2007.

(iii) The vacancy that will occur on or before July 31, 2007, under subparagraph (ii) of this paragraph shall be filled by a retiree of the Correctional Officers' Retirement System, the Employees' Pension System, the Employees' Retirement System, the Judges' Retirement System, the Legislative Pension Plan, the Local Fire and Police System, or the Law Enforcement Officers' Pension Plan.

(c) The term of office for the trustee who is a member of the Teachers' Pension System or the Teachers' Retirement System and who is serving as a trustee on July 1, 2003, shall end on July 31, 2005.

(d) The term of office for the trustee who is a retiree of the Teachers' Pension System or the Teachers' Retirement System and who is serving as a trustee on July 1, 2003, shall end on July 31, 2007.

(e) (1) The term of office for the trustee for the State Police Retirement System that is scheduled to end on July 31, 2005, shall end on July 1, 2003.

(2) The vacancy created under paragraph (1) of this subsection may not be filled.

(f) The term of office for the trustee who is a retiree of the State Police Retirement System and who is serving as a trustee on June 30, 2003, shall end on July 31, 2006.

(g) (1) The term of office for the individuals who are appointed on or before June 30, 2004, by the Governor to serve as trustees as a result of the provisions of this Act and who are not members of any of the several systems shall begin on August 1, 2003, and end on July 31, 2007.

(2) The term of office for the individual who is appointed on or after July 1, 2004, by the Governor to serve as a trustee as a result of the provisions of Section 2 of this Act and who is not a member of any of the several systems shall begin on August 1, 2004, and end on July 31, 2008.

SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect July 1, 2004.”;

in line 10, strike “2.” and substitute “6.”; and in the same line, after “That” insert “, except as provided in Section 5 of this Act,”.