

Bill No. 2-12
Concerning: Personnel – Retirement
Trust Funds – Emerging Investment
Managers
Revised: December 22, 2011 Draft No.1
Introduced: January 17, 2012
Enacted: March 6, 2012
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN ACT to:

- (1) require the Board of Investment Trustees and the Consolidated Retiree Health Benefits Trust Board of Trustees to make a good faith effort to hire qualified emerging investment managers; and
- (2) generally amend the laws governing the Employees' Retirement System and the Consolidated Retiree Health Benefits Trust Fund.

By adding

Montgomery County Code
Chapter 33, Personnel and Human Resources
Sections 33-60B and 33-162A

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Sections 33-60B and 33-162A are added as follows:**

2 **33-60B. Emerging Investment Managers.**

3 **(a) Legislative findings.**

4 (1) Emerging investment managers, including businesses owned by
 5 women, minorities and disabled individuals, should receive an
 6 equal opportunity to provide investment management services
 7 to the Board of Investment Trustees.

8 (2) The Board of Investment Trustees has adopted a policy
 9 requiring its staff to identify qualified emerging investment
 10 managers to participate in an investment manager search,
 11 including regular monitoring of investment managers.

12 (3) Expanding opportunities for emerging investment managers
 13 will increase competition.

14 **(b) Definitions.**

15 As used in this Section:

16 Assets means total client assets managed by an investment manager.

17 Emerging investment manager means:

18 (1) an investment manager with assets or product assets below the
 19 75th percentile of their respective peer group; or

20 (2) a new or developing investment manager.

21 New or developing investment manager means an investment
 22 manager:

23 (1) raising its first or second private institutional investment fund;
 24 or

25 (2) creating its first institutional product.

26 Product Assets means client assets managed by an investment
 27 manager in a single strategy.

- 28 (c) Consistent with the fiduciary duties established in Section 33-61C, the
 29 Board must make a good faith effort to remove any barriers that limit
 30 participation by qualified emerging investment managers to manage
 31 funds for the Employees' Retirement System.
- 32 (d) The Board must adopt guidelines to identify and evaluate qualified
 33 emerging investment managers. The guidelines must include
 34 procedures for:
- 35 (1) identifying possible firms;
 36 (2) reviewing, evaluating and interviewing emerging investment
 37 managers on an ongoing basis; and
 38 (3) maintaining research files on emerging investment managers.
- 39 (e) The Board must report annually to the Council and the Executive on
 40 compliance with this Section on or before September 1 for the prior
 41 fiscal year. The report must:
- 42 (1) identify each emerging investment manager used during the
 43 fiscal year;
 44 (2) list the percentage and dollar value of the assets of the trust
 45 fund, by investment sector, managed by each emerging
 46 investment manager; and
 47 (3) describe the good faith effort made to include qualified
 48 emerging investment managers in the procurement process
 49 during the fiscal year.

50 **33-162A. Emerging Investment Managers.**

- 51 (a) Legislative findings.
- 52 (1) Emerging investment managers, including businesses owned by
 53 women, minorities and disabled individuals, should receive an

54 equal opportunity to provide investment management services
 55 to the Consolidated Retiree Health Benefits Trust Board.

56 (2) The Board has adopted a policy requiring its staff to identify
 57 qualified emerging investment managers to participate in an
 58 investment manager search, including regular monitoring of
 59 investment managers.

60 (3) Expanding opportunities for emerging investment managers
 61 will increase competition.

62 (b) Definitions.

63 As used in this Section:

64 Assets means total client assets managed by an investment manager.

65 Emerging investment manager means:

66 (1) an investment manager with assets or product assets below the
 67 75th percentile of their respective peer group; or

68 (2) a new or developing investment manager.

69 New or developing investment manager means an investment
 70 manager:

71 (1) raising its first or second private institutional investment fund;
 72 or

73 (2) creating its first institutional product.

74 Product Assets means client assets managed by an investment
 75 manager in a single strategy.

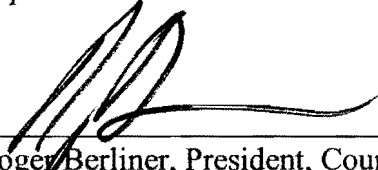
76 (c) Consistent with the fiduciary duties established in Section 33-163, the
 77 Board must make a good faith effort to remove any barriers that limit
 78 participation by qualified emerging investment managers to manage
 79 funds for the Consolidated Retiree Health Benefits Trust Fund.

- 80 (d) The Board must adopt guidelines to identify and evaluate qualified
81 emerging investment managers. The guidelines must include
82 procedures for:
- 83 (i) identifying possible firms;
 - 84 (ii) reviewing, evaluating and interviewing emerging
85 investment managers on an ongoing basis; and
 - 86 (iii) maintaining research files on emerging investment
87 managers.
- 88 (e) The Board must report annually to the Council and the Executive on
89 compliance with this Section on or before September 1 for the prior
90 fiscal year. The report must:
- 91 (1) identify each emerging investment manager used during the
92 fiscal year;
 - 93 (2) list the percentage and dollar value of the assets of the trust
94 fund, by investment sector, managed by each emerging
95 investment manager; and
 - 96 (3) describe the good faith effort made to include qualified
97 emerging investment managers in the procurement process
98 during the fiscal year.

99 *Approved:*

100

101



Roger Berliner, President, County Council

3/8/12

Date

102 *Approved:*

103

Isiah Leggett, County Executive

Date

104 *This is a correct copy of Council action.*

105

Linda M. Lauer, Clerk of the Council

Date