

County Council Agenda Item: #5	Date: April 30, 2019
Subject: Public Hearing – Expedited Bill 9-19, Consolidated Retiree Health Benefits Trust – Delegation of Duties	
Purpose: To receive testimony – no vote expected	
Analyst: Robert H. Drummer, Senior Legislative Attorney	
Keywords: #MoCoRetireeHealthTrust Other search terms: Board of Trustees, Trust Management Fund	

EXPECTED ATTENDEES

Linda Herman, Executive Director of the Retirement Plans

COMMITTEE RECOMMENDATIONS

A Government Operations and Fiscal Policy Committee worksession is tentatively scheduled for June 10 at 2 p.m

DESCRIPTION/ISSUE

This is a public hearing on Bill 9-19. The Bill would permit the Board to delegate duties in its written procedures if it deems it appropriate and consistent with its fiduciary duties. The Bill was requested by the CRHBT Board of Trustees. The goal of the Bill is to provide the Board with the necessary authority to meet its fiduciary duties in overseeing the investment program in the appropriate manner.

This report contains:

Detailed Staff Report

1


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MEMORANDUM

April 26, 2019

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: Expedited Bill 9-19, Consolidated Retiree Health Benefits Trust – Delegation of Duties

PURPOSE: Public Hearing – no Council votes required

Expedited Bill 9-19, Consolidated Retiree Health Benefits Trust – Delegation of Duties, sponsored by Lead Sponsor Council President Navarro at the request of the Board of Trustees for the Consolidated Retiree Health Benefits Trust, was introduced on April 2, 2019. A Government Operations and Fiscal Policy Committee worksession is tentatively scheduled for June 10 at 2 p.m.¹

Bill 9-19 would allow the Board of Trustees to delegate certain duties as set forth in its written policies. The Bill would permit the Board to delegate duties if it deems it appropriate and consistent with its fiduciary duties. This would better align the roles and responsibilities of the Board and its Staff in the oversight of the investment program and further enhance the efficiency of the operation of the program. The goal of the Bill is to provide the Board with the necessary authority to meet its fiduciary duties in overseeing the investment program in the appropriate manner.

Background

Bill 24-12, Board of Investment Trustees – Consolidated Retiree Health Trust Board of Trustees – Delegation – Attendance, authorized the Board of Investment Trustees, which oversees the investment program for the County's retirement plans, to delegate its duties to the Executive Director or a similarly situated County employee. Bill 9-19 would provide the same enabling authority for the Board of Trustees for the Consolidated Retiree Health Trust Board.

This packet contains:	<u>Circle #</u>
Expedited Bill 9-19	1
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¹#MoCoRetireeHealthTrust

Other search terms: Board of Trustees, Trust Management Fund

Expedited Bill No. 9-19
Concerning: Consolidated Retiree Health
Benefits Trust – Delegation of Duties
Revised: March 26, 2019 Draft No. 2
Introduced: April 2, 2019
Expires: October 2, 2020
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President Navarro at the Request of the Board of Trustees for the
Consolidated Retiree Health Benefits Trust

AN EXPEDITED ACT to:

- (1) authorize the Board of Trustees to delegate certain duties to certain County employees in its written policies and procedures; and
- (2) generally amend the laws governing the management of the Consolidated Retiree Health Benefits Trust.

By amending

Montgomery County Code
Chapter 33, Personnel and Human Resources
Sections 33-160 and 33-162

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:

Sec. 1. Sections 33-160 and 33-162 are amended as follows:

33-160. Board of Trustees.

* * *

(e) *Written policies.* The Board must establish written policies to administer and invest the funds created by this Article and to transact the business of the Trust Fund. Any delegation of duties by the Board under Section 33-162 must be specified in written policies and procedures.

* * *

33-162. Trust Fund management.

* * *

(k) *Delegation of Duties.* The Board may delegate its duties to the Executive Director or a similarly situated County employee as it deems appropriate and consistent with its fiduciary duties in a written policy and procedure. If the Board has prudently delegated its duties and monitored the delegation, the trustees must not be liable for an act or omission made by its delegate.

Sec. 2. Expedited Effective Date.

The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on the date on which it becomes law.

Approved:

Nancy Navarro, President, County Council

Date

Approved:

Marc Elrich, County Executive

Date

LEGISLATIVE REQUEST REPORT

Expedited Bill 9-19, Consolidated Retiree Health Benefits Trust – Delegation of Duties

DESCRIPTION: The Bill amends the law governing the Consolidated Retiree Health Benefits Trust to allow the Board of Trustees, which oversees the investment program, to delegate certain duties as it deems appropriate and consistent with its fiduciary duties in written policies and procedures.

PROBLEM: The Bill would permit the Board to delegate duties if it deems it appropriate and consistent with its fiduciary duties. This would better align the roles and responsibilities of the Board and its Staff in the oversight of the investment program and further enhance the efficiency of the operation of the program.

GOALS AND OBJECTIVES: The goal of the Bill is to provide the Board with the necessary authority to meet its fiduciary duties in overseeing the investment program in the appropriate manner.

COORDINATION: The Board of Trustees and the County Attorney's Office have reviewed this Bill.

FISCAL IMPACT: Office of Management and Budget

ECONOMIC IMPACT: Finance

EVALUATION: To be done.

EXPERIENCE ELSEWHERE: Bill 24-12, permitted the Board of Investment Trustees, which oversees the investment program for the County's retirement plans, to delegate its duties to the Executive Director or a similarly situated County employee. The County's Chief Administrative Officer, in his role as Plan Administrator, currently has the authority within the Code to delegate his duties.

SOURCE OF INFORMATION: Linda Herman, Board of Trustees
Amy Moskowitz, Office of the County Attorney

**APPLICATION
WITHIN
MUNICIPALITIES: N/A**

PENALTIES: N/A

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Fiscal Impact Statement
Expedited Bill XX-19 Consolidated Retiree Health Benefits Trust - Delegation

1. Legislative Summary.

The proposed bill amends the County's retirement law to allow the Board of Trustees, which oversees the investment programs for the Consolidated Retiree Health Benefits Trust, to delegate certain duties to the Board's Executive Director as it deems appropriate and consistent with its fiduciary duties and its written policies and procedures.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

The bill is not estimated to have a fiscal impact.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

See #2.

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

Not applicable.

5. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

Not applicable.

6. An estimate of the staff time needed to implement the bill.

No additional staff time is needed to implement the bill.

7. An explanation of how the addition of new staff responsibilities would affect other duties.

No new staff responsibilities are created as a result of this bill.

8. An estimate of costs when an additional appropriation is needed.

Not applicable.

9. A description of any variable that could affect revenue and cost estimates.

Not applicable.

10. Ranges of revenue or expenditures that are uncertain or difficult to project.

Not applicable.

11. If a bill is likely to have no fiscal impact, why that is the case.


The delegation provision has no impact on revenues and does not generate any additional expenditures.

12. Other fiscal impacts or comments.


Not applicable.

13. The following contributed to and concurred with this analysis:

Corey Orlosky, Office of Management and Budget



Richard S. Madaleno, Director
Office of Management and Budget



Date

Economic Impact Statement
Bill xx-19 Consolidated Retiree Health Benefits Trust

Background:

Expedited Bill xx-19 would:

- (1) allow the Board of Trustees to delegate certain duties as set forth in its written policies and procedures; and
- (2) generally amend the laws governing the Consolidated Retiree Health Benefits Trust.

The Bill would permit the Board to delegate duties if it deems it appropriate and consistent with its fiduciary duties, resulting in a better alignment of the roles and responsibilities of the Board and its Staff in the oversight of the investment program and to further enhance the efficiency of the operation of the program.

1. The sources of information, assumptions, and methodologies used.

There were no sources of information, assumptions, or methodologies needed in the formulation of this economic impact statement.

2. A description of any variable that could affect the economic impact estimates.

There are no variables that could affect the economic impact estimates from this legislation. The goal of the legislation is to provide the Board with the necessary authority to meet its fiduciary duties in overseeing the investment program in the appropriate manner.

3. The Bill's positive or negative effect, if any on employment, spending, savings, investment, incomes, and property values in the County.

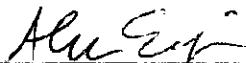
The Bill will have no effect on employment, spending, savings, investment, incomes, or property values in the County.

4. If a Bill is likely to have no economic impact, why is that the case?

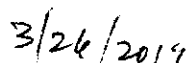
Please see paragraph 3.

5. The following contributed to or concurred with this analysis:

David Platt, Dennis Hetman – Department of Finance.



Alexandre Espinosa, Director
Department of Finance



Date