

**ADMINISTRATIVE COMMITTEE MINUTES
BOARD OF TRUSTEES
MARYLAND STATE RETIREMENT AND PENSION SYSTEM**

February 7, 2023

The Administrative Committee meeting convened, via WebEx conference call, beginning at 9:35 a.m.

The Committee Members present included:

Kenneth Haines, Chair, Presiding	Jamaal Craddock
Richard Norman, Vice-Chair	Jonathan Martin
Linda Allen	Marc Nicole
Thomas Brandt	Robert Sandlass

Agency Staff members attending included: Martin Noven, Executive Director/Board Secretary

Robert Diehl	Harris Kaplan	Ken Reott
Patricia Fitzhugh	Tom Montanye	Ben Robb
Anne Gawthrop	Megan Myers	David Rongione
Michael Golden	Andy Palmer	Janet Sirkis
Angie Jenkins	Kim O’Keeffe	

Assistant Attorneys General present included: Rachel Cohen and Emily Spiering

Other attendees included: Laura Atas (Treasurer’s Office); Kate Kemmerer and Ray Adams

Call Meeting to Order Mr. Haines, Chair of the Administrative Committee, having established that there was a quorum present, called the meeting to order. He asked the Committee if there were any changes to the agenda. Having heard no requests for changes by the Committee, on a motion made by Mr. Norman and seconded by Mr. Brandt, the agenda was adopted as presented.

Minutes On a motion made by Mr. Brandt and duly seconded, the Administrative Committee approved the December 6, 2022 open session meeting minutes.

2023 Legislation The Committee was provided with a 2023 legislative update. Ms. Gawthrop discussed the following bills:

- House Bill 541/Senate Bill 274 – State Retirement and Pension System – Nonvested Former Members – Return of Accumulated Contributions

This Board requested legislation clarifies and codifies the Agency’s existing practice to refund a deceased former non-vested member’s accumulated contributions to the former non-vested member’s designated beneficiary or estate. Currently provisions of the State Personnel and Pensions Article only address refunding a deceased former vested member’s accumulated contributions, at State Personnel and Pensions Article, § 29-207.

In addition, Staff is recommending two clarifying amendments to this bill. The first would be to provide clarity as to which heads of State agencies enjoy immediate vesting.

The second amendment staff recommends offering would be to clarify that the retroactive lump sum portions of retroactive salary increases offered by local school districts are not pensionable.

Mr. Sandlass asked if staff knew what agencies this bill would affect.

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Ms. Gawthrop responded that it would include all cabinet Secretaries, including the State Retirement Agency, which acquired special legislation last session to enjoy immediate vesting.

Mr. Haines asked how many people this legislation would include.

Ms. Gawthrop estimated that approximately 50-75 people would be included, with all but 10 being cabinet Secretaries.

On a motion made by Mr. Brandt and seconded by Mr. Sandlass, the Administrative Committee approved staff's recommendation, for recommendation to the Board.

- House Bill/Senate Bill 466 – State Retirement and Pension System – Amortization of Unfunded Liabilities and Surpluses

This Joint Committee on Pensions legislation would codify the amortization policies recommended by the System's actuary and adopted by the Board in 2021. Specifically, this legislation would continue to amortize any existing unfunded liabilities as of June 30, 2023, over the next 15 years until June 30, 2038. Any new unfunded liabilities incurred on or after July 1, 2023 shall be amortized as following:

- 15 years for experience gains and losses;
- 25 years for the effect of changes in actuarial assumptions and methods;
- At least 10 but not more than 15 years of the effect of any new legislation effective on or after July 1, 2023; and
- 5 years for any accrued liability resulting from legislation providing for the early retirement of State employees.
- The bill would also permit the Board, on the recommendation of the System's actuary, to adjust the period of amortization for new liabilities or surpluses accrued in any fiscal year for the purpose of mitigating tail volatility in the annual contribution rate.

Staff recommends to the Administrative Committee that the Board support this legislation as it is implementing the amortization policy adopted by the Board.

On a motion made by Mr. Sandlass and seconded by Ms. Allen, the Administrative Committee approved staff's recommendation to support this bill, for recommendation to the Board.

- House Bill 421 – State Retirement and Pension System – Investment Management Fees.

This proposed legislation would cap external investment management fees in a fiscal year to .2% of the market value of the fund on the last day of the fiscal year. This cap would not apply to investment manager agreements entered into on or before June 30, 2023. The bill prohibits the Board from entering into agreements on or after July 1, 2023, with external management services that would pay fees for unrealized investment gains.

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This bill is almost identical to legislation introduced in the 2020 and 2021 legislative sessions which were opposed by the Board; therefore, staff recommends opposing this legislation.

On a motion made by Mr. Sandlass and seconded by Mr. Norman, the Administrative Committee approved staff's recommendation to oppose this legislation, for recommendation to the Board.

- Senate Bill 309 – State Employment – Local School Employees - Clarification.

This bill would prohibit an individual from being deemed an employee of the State by reason of the individual's status as a member of the Teachers' Retirement System or the Teachers' Pension System.

Staff recommends to the Administrative Committee that the Board oppose this legislation.

On a motion made by Mr. Norman and seconded by Mr. Brandt, the Administrative Committee approved staff's recommendation to oppose this legislation, for recommendation to the Board.

- House Bill 393/Senate Bill 536 – State Government – Form – Veteran's Benefits

This proposed legislation requires each department or independent unit of State government to include on each form an agency uses to collect data from individuals, certain questions regarding eligibility for veterans' benefits and information on veterans' benefits provided by the State. Additionally, the legislation would require each agency to track the vital statistics gathered on the individuals completing each form who answered the questions regarding veterans and veteran benefits. The bill requires that an agency compile this data in an annual report to the Department of Veterans Affairs on the individuals who answered affirmatively to these questions, including the individuals' age, sex, race or ethnicity, and branch of service.

Staff recommends to the Administrative Committee that the Board oppose this legislation. As drafted, our Business Operations Office estimates that in addition to costs exceeding \$500,000 in the first year to implement this, it would require additional staff and would result in considerable delays to existing development projects to automatize the Agency's procedures.

On a motion made by Mr. Norman and seconded by Mr. Nicole, the Administrative Committee approved staff's recommendation to oppose this legislation, for recommendation to the Board.

Proposed
Amendments
to the Board
Operations

The Committee was provided with a red-lined document outlining proposed amendments to the current Board Operations Policy concerning Minutes and Recordings.

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Policy Mr. Noven reported that amendments to the Board Operations Policy regarding the recording of Board and Committee meetings were being proposed. The changes, if adopted by the Board, would require all Board and Committee meetings to be recorded and those recordings retained for five years, in accordance with the Open Meetings Act. It would also allow staff to streamline minute-taking of those meetings.

Ms. Allen asked if the recordings would be made available to the public on the Agency's website.

Mr. Noven responded that minutes of all Board and Committee meetings are and will continue to be posted on the Agency's website, along with links to the live stream of those meetings, however, recordings would need to be requested via a public information act request.

On a motion made by Mr. Sandlass and seconded by Mr. Norman, the Administrative Committee approved the proposed amendments to the Board Operations Policy, for recommendation to the Board.

Member
Services Update

Mr. Reott provided a Member Services performance update as of December, 2022 to the Committee.

Mr. Reott reported that the FY23 average call abandonment rate of 13.30% and an average call wait time of 293 seconds were both favorable in comparison to last fiscal year.

Mr. Reott reported that the call summary section of the report reflects that the unit was offered 64,016 calls fiscal-year-to-date, which is a 3.5% increase in calls over the same period last year, with no single topic driving the increase. Mr. Reott reported that the unit continues to strive to maintain an average of 10 staff on the phones. Mr. Reott reported that the unit's request for three new positions continues to appear favorable in FY24.

Mr. Reott reported that the correspondence section of the report reflects that the unit received 11,926 pieces of correspondence fiscal-year-to-date, with more correspondence being generated electronically than by regular mail.

Mr. Reott reported that the staffing section of the report shows one vacancy; however, that vacancy has been recently filled, with the employee starting within the next two weeks.

Mr. Sandlass asked if staff has knowledge of how many callers are helped by the first specialist who answers the call without having to be called back or transferred to another specialist.

Mr. Reott responded that he would look to see if that information is captured by staff or the phone system and would report back to the Committee.

Mr. Sandlass asked if the agency requires original signed documents.

Mr. Reott responded that the agency accepts faxes and scanned copies of original

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documents; however, if a form requires notarization and the notary uses an embossed (raised) seal versus a stamped seal, we would require the original document to be mailed to us, as we must be able to see the embossed seal of the notary.

CLOSED SESSION

On a motion made by Ms. Allen and duly seconded, the Administrative Committee voted to meet in a closed session, via WebEx conference call, beginning at 10:09 a.m., for the purposes of:

- a) reviewing the closed session Administrative Committee meeting minutes, pursuant to General Provisions Art., § 3-103(a)(1)(i), the exercise of an administrative function and General Provisions Art., § 3-305(b)(13), to comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosure about a particular proceeding or matter, namely, General Provisions Art., § 3-306(c)(3)(ii), requiring that minutes of a closed session be sealed and not be open for public inspection.

The Committee Members present included:

Kenneth Haines, Chair, Presiding	Jamaal Craddock
Richard Norman, Vice-Chair	Jonathan Martin
Linda Allen	Marc Nicole
Thomas Brandt	Robert Sandlass

Agency Staff members attending included: Martin Noven, Executive Director/Board Secretary

Anne Gawthrop	Andy Palmer	David Rongione
Angie Jenkins	Ken Reott	Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen and Emily Spiering

Other attendees included: Laura Atas (Treasurer's Office)

On a motion made by Mr. Nicole and seconded by Mr. Brandt, the Administrative Committee returned to open session, via WebEx conference call, beginning at 10:10 a.m.

OPEN SESSION

The Committee Members present included:

Kenneth Haines, Chair, Presiding	Jamaal Craddock
Richard Norman, Vice-Chair	Jonathan Martin
Linda Allen	Marc Nicole
Thomas Brandt	Robert Sandlass

Agency Staff members attending included: Martin Noven, Executive Director/Board Secretary

Robert Diehl	Harris Kaplan	Ken Reott
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Assistant Attorneys General present included: Rachel Cohen and Emily Spiering

Other attendees included: Laura Atas (Treasurer's Office); Kate Kemmerer and Ray Adams

During closed session, the Administrative Committee discussed the matters identified in the motion to meet in closed session, and acted on the following matters acted upon the following items:

- | | |
|---------------------------|---|
| Closed Session
Minutes | The Committee reviewed and approved the December 6, 2022 closed session meeting minutes, as presented. |
| Adjournment | There being no further business before the Committee, on a motion made by Ms. Allen and seconded by Mr. Brandt, the meeting adjourned at 10:10 a.m. |

Respectfully submitted,



Martin Noven,
Secretary to the Board