

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

March 1, 2022

The Administrative Committee meeting convened, via video/audio conference call, beginning at 9:30 a.m.

The Committee Members present included:

Kenneth Haines, Chairman, Presiding	Jamaal Craddock
Richard Norman, Vice Chairman	Dereck Davis
Linda Allen	Marc Nicole
Thomas Brandt	

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

Greg Busch	Michael Golden	Andrew Palmer
Melody Countess	Angie Jenkins	Ken Reott
Robert Diehl	Megan Myers	David Rongione
Patricia Fitzhugh	Van Lewis	Janet Sirkis
Anne Gawthrop	Kim O’Keeffe	Scott Bolander (live stream)

Assistant Attorneys General present included: Rachel Cohen, Emily Spiering and Kathleen Wherthey

Other attendees included: Laura Atas and Valerie Kwiatkowski (Treasurer’s Office)

Call Meeting to Order/Adoption of Agenda	Mr. Haines, Chairman 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.
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Minutes	On a motion made by Mr. Brandt and seconded by Mr. Norman, the Administrative Committee approved the February 1, 2022 open session meeting minutes.
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2022 Legislation	The Committee was provided with a 2022 legislation update. Ms. Gawthrop reported on the following investment-related bills:
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- House Bill 1091/Senate Bill 739 – State Retirement and Pension System – Investment Division – Compensation

Ms. Gawthrop reported that this bill received a favorable report by the Budget and Tax subcommittee and is scheduled for a hearing before Appropriations on March 15, 2022.

- House Bill 542/Senate Bill 954 – State Retirement and Pension System – Investment Committee – Use of Minority Business

Ms. Gawthrop reported that staff met with the House sponsor to discuss the goals he is trying to achieve through this legislation and to provide him with information on the Committee’s current use of minority business enterprises for brokerage and investment management services for the System. The House sponsor has offered amendments to (1) remove the mandate that would require the Committee to use MBEs to manage at least 20% of the System’s assets; (2) require the Board to report annually to the legislature on the use of MBEs; and (3) would require the Maryland Department of Transportation to perform a disparity study in consultation with the

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Agency to determine if MBEs are underutilized for investment management to the System.

- House Bill 740/Senate Bill 566 – State Retirement and Pension System – Investment Climate Risk – Fiduciary Duties

Ms. Gawthrop reported that this bill received a favorable report by the Budget and Tax committee.

- House Bill 905/Senate Bill 727 – State Retirement and Pension System – Investment Management Fees

Ms. Gawthrop reported that staff met with Appropriations and Budget and Tax committee members and provided information about the System’s private equity program, the fees the System pay to its private equity managers, and how this legislation could alter the System’s private equity program.

Mr. Haines asked if the legislature looked at the results of the private equity program.

Ms. Gawthrop responded yes staff has provided all information to the legislature and commented that the System’s private equity program is a top performer.

Mr. Palmer further responded that staff disclosed as much information as we can, line-by-line performance and fees on hedge funds and line-by-line performance and an aggregate fee amount for private equity. Mr. Palmer commented that the System typically payment private equity fees based on the amount committed during the investment period and stepping down to a lower level during the harvesting period.

Finance  
Reports –  
Quarter Ending  
12/31/21

Ms. Countess presented the Administrative Expense report dashboard, which provided an overview of the how the Agency expended or encumbered 40.94% of its FY2022 appropriation through the second quarter.

APPROPRIATION EXPENDED/ENCUMBERED	40.94%
REGULAR SALARIES	46.52%
CONTRACTUAL PAYROLL AND TECHNICAL SUPPORT	28.69%
COMMUNICATIONS (INCLUDES POSTAGE)	16.46%
TRAVEL	8.13%
VEHICLE COSTS	57.20%
CONTRACTUAL SERVICES (including equipment leasing & building maintenance)	22.03%
SUPPLIES	74.53%
EQUIPMENT PURCHASES	50.00%
RENT AND INSURANCE	55.19%
DUES, SUBSCRIPTIONS AND LICENSES	53.75%

Mr. Lewis reported that the report suggests a year-end surplus of approximately \$39,246, however, per DBM, budget amendments totaling \$549k will increase the Agency's operating budget prior to June 30, resulting in an end-of-year surplus approximating \$588k. These amendments represent additional funding for: employee bonuses; COLA and employee increments. Current calculations project

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a year-end healthcare cost deficit approximating \$126k.

The primary drivers of the forecasted end-of-year surplus include:

- Unexpended per diem medical consulting costs and independent medical examination costs
- Unexpended contractual personnel costs
- Unexpended postage costs
- Unexpended travel costs

Mr. Norman inquired as to the Data Processing line item commenting that the budget includes an appropriation amount of \$2.9m, but to as of December 31, 2021, the Agency only spent \$473k.

Mr. Lewis responded that \$1.1m of that \$2.9m is allocated for senior program costs in the second half of the year.

Mr. Norman asked about the \$241k remaining in the contractual personnel costs line item.

Mr. Lewis responded that that is due to contractual positions which have been vacant for most of the year.

Mr. Brandt asked about job vacancies relating to the abandoned calls in member services.

Mr. Noven responded that staff is aware of the issue and that staffing is the top priority of Mr. Reott and that he is doing everything he can to fill those positions. Mr. Noven reported that the Department of Budget and Management (DBM) has lifted the hiring freeze, which has been helpful in recruiting for those positions.

Mr. Lewis commented that DBM decreased the Agency's turnover budget by 2%.

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Mr. Lewis presented the MBE Performance Report for the quarter ending December 31, 2021. The report showed that the MBE performance was 42.46% for the first half of Fiscal Year (FY) 2022.

Mr. Lewis reported that the Agency processed thirty (30) purchase orders and two blanket purchase orders totaling \$739,298 during the first half of FY22. Twenty-one (21) of those purchase orders were processed from statewide contracts managed by the Department of Information and Technology (DoIT), yielding \$180,792 in MBE participation dollars. Three other purchase orders, not related to statewide contracts, contributed an additional \$168,950 in MBE participation dollars, bringing the total to \$349,742 through the first half of FY22. MBE transactions derived from credit card purchases totaled \$1,602, and MBE transaction derived from direct voucher transactions totaled \$1,413 for the first half of FY22.

Treasurer Davis commented that the report shows Disabled and Women MBE categories and asked if staff has a more detailed report.

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Mr. Lewis responded that vendors are certified by the State with procurement services and commodities.

Mr. Haines commented that the Agency is required to go with the "low bid" vendor.

Member  
Services Update

Mr. Reott provided a Member Services update, reporting that while the unit continues to fall short of their performance goal, the performance rates were favorable over last year's number with an abandonment rate of 12.24% and average call wait time of 230 seconds.

Mr. Reott reported on the six vacancies within the member services unit, reporting that a Counseling Manager position will be filled on March 9 and two RBS Supervisor positions are in the recruitment process. Of the three RBS I positions two were filled as of February 23; and one RBS III position is assigned to the Disability unit.

Ms. Allen asked if there is a phone feature that allows callers to get a call back without losing place in line.

Mr. Reott responded in the affirmative.

Ms. Allen asked why there is so many abandoned calls if the phone system offers that feature.

Mr. Reott responded that some of those calls are members who stay on the line for a couple minutes, then hang up and call back again. The phone system recognizes each phone call as a new call and tracks each call separately.

**CLOSED SESSION**

On a motion made by Mr. Norman and seconded by Treasurer Davis, the Administrative Committee voted to meet in a closed session, via video/audio conference call, beginning at 10:15 a.m., for the purposes of:

- a) Discussing the offset of retirement benefits of a participant under State Personnel and Pensions 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., § 4-312 regarding the prohibition on disclosing retirement records.

The Committee Members present included:

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Richard Norman, Vice Chairman	Dereck Davis
Linda Allen	Marc Nicole
Thomas Brandt	

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

Greg Busch	Anne Gawthrop	Kim O'Keeffe
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Assistant Attorneys General present included: Rachel Cohen, Emily Spiering and Kathleen Wherthey

On a motion made by Mr. Norman and seconded by Mr. Brandt, the Administrative Committee returned to open session, via video/audio conference call, beginning at 10:19 a.m.

**OPEN SESSION**

The Committee Members present included:

Kenneth Haines, Chairman, Presiding	Jamaal Craddock
Richard Norman, Vice Chairman	Dereck Davis
Linda Allen	Marc Nicole
Thomas Brandt	

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

Greg Busch	Anne Gawthrop	Kim O'Keeffe
Melody Countess	Michael Golden	Ken Reott
Patricia Fitzhugh	Angie Jenkins	Janet Sirkis
	Megan Myers	

Assistant Attorneys General present included: Rachel Cohen, Emily Spiering and Kathleen Wherthey

The Administrative Committee, during the closed session, acted upon the following items:

Correction of Errors – Offset of Retirement Benefits	The Committee reviewed and approved the offset of retirement benefits schedule, as presented.
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Adjournment	There being no further business before the Committee, on a motion made by Mr. Brandt and seconded by Mr. Nicole, the meeting adjourned at 10:20 a.m.
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Respectfully submitted,



Martin Noven,  
Secretary to the Board