

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

March 7, 2017

The Administrative Committee met in the Boardroom of the SunTrust Building, 120 East Baltimore Street, 16<sup>th</sup> Floor, Baltimore, Maryland, beginning at 9:35 a.m.

The Trustees present included:

James Harkins, Chairman, Presiding (via phone)	James "Chip" DiPaula (via phone)
Theresa Lochte, Vice Chairman (via phone)	Kenneth Haines (via phone)
Susanne Brogan (via phone)	Richard Norman (via phone)

Agency Staff members attending included: R. Dean Kenderdine, Executive Director/Board Secretary

Melody Countess	Angie Jenkins	Harvey Raitzyk
Anne Gawthrop	Van Lewis	Ken Reott
Michael Golden	Michelle Lowery	David Rongione
Ira Greenstein	Kim O'Keeffe	Janet Sirkis

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

Minutes

Ms. Brogan requested that the following amendments as well as several typographical errors corrections, be made to the February 7, 2017 open session minutes:

- Add language to the section regarding the review of the Governance Charters, to reflect that her (Ms. Brogan's) question regarding the Corporate Governance Charter not reflecting verbatim language related specifically to advocacy letters.
- Add language to the section regarding the Member Services Update to specify what tutorials are on the Agency's website.
- Add language to the section regarding the Trustee Elections to indicate why Mr. Haines is not seeking an additional term.

In addition, Ms. Lochte requested that her name be removed from making the motion to adjourn the February 7, 2017 committee meeting, as she was presiding over the meeting and did not make the motion to adjourn.

On a motion made by Ms. Lochte and seconded by Mr. Haines, the Administrative Committee approved the February 7, 2017 open session meeting minutes, as amended.

Work Plan – Actuarial  
Consulting Services  
Provider – Request for  
Proposals

Mr. Kenderdine provided the Administrative Committee with background information on the current contract with Gabriel Roeder Smith & Company (GRS), which will expire on December 31, 2017.

The Committee was provided with a proposed timeline for completing the procurement for an actuarial consulting services provider, prior to the expiration of the current contract with GRS.

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

March 7, 2017

DATE	ITEM
March 7, 2017	Submit work plan to Administrative Committee. Submit draft RFP for internal review by MSRA Legal Division.
March 28, 2017	Draft RFP for actuarial services finalized by MSRA Procurement Evaluation Committee. Submit RFP to DBM for review and approval.
April 17, 2017	Issue RFP to E-Maryland Marketplace
May 17, 2017	Completed proposals due.
June 1 – June 30, 2017	Evaluation period. Evaluation Committee reviews proposals and conducts preliminary interviews of all qualified candidates. Administrative Committee members will be advised of all interviews and are welcomed to attend them. The Evaluation Committee will then identify finalists based upon the candidates' technical and financial proposals.
August 1, 2017	Finalist(s) presented to the Administrative Committee.
August 15, 2017	Administrative Committee recommends the appointment of Actuarial Services provider to the Board of Trustees (BOT).
August 21, 2017	Deadline for BOT to submit contract award to DBM for approval.
September 1, 2017	Deadline for DBM to submit Agenda item to BPW for MSRA's contract award.
September 20, 2017	BPW Meeting/Approval
October 1, 2017	Contract begins

Mr. Harkins asked if the evaluation committee had been established yet.

Mr. Kenderdine responded that the evaluation committee has not yet been chosen, but would be a panel of five, consisting of staff members from both the benefits administration and finance divisions, as well as Anne Gawthrop, who has been asked to serve on the committee to focus on the presentation skills of the candidates.

On a motion made by Ms. Brogan and seconded by Mr. Norman, the Administrative Committee approved the work plan regarding the actuarial consulting services provider RFP.

**Member Services  
Update**

Mr. Raitzyk reported that the Member Services unit was able to meet its performance goals for January 2017. The unit's call abandonment rate was 5.49% and the average speed of answer was 0:91.

Mr. Raitzyk reported that next month's report will likely reflect heavier call volume due to the Agency's distribution of 1099Rs to retirees.

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

March 7, 2017

Finance Reports

Mr. Kenderdine presented to the Committee the new Administrative Expense Report Dashboard, which provided an overview of the Agency's expenditures and encumbrances through the second quarter of FY2017 and provided the following discussion points for several line items in the Agency's budget:

1. Custodial Banking Services Contract  
The procurement for a new custodial bank contract is in its final stage. The budget for these services increased in FY2017 and this increase is only partially being expended through an extension of the previous contract with State Street.
2. Printing and Production  
The Agency has typically spent the full budget for printing by this point in the year. The line item was reduced by \$5,000 during the FY2017 budgetary cycle.
3. Equipment and Leasing  
This item includes both the leasing of photocopier equipment and equipment maintenance charges. The Agency expects to spend approximately \$31,439 over budget in this area due to maintenance on the IVR system, maintenance agreements on newly acquired laser-jet color printers, and maintenance agreements on newly acquired microfilm readers.
4. Data Processing  
The Agency anticipates running more than \$1M over budget in this area due to increased utilization of the Agency's two contractual programming vendors. It is anticipated that the Agency will generate purchase orders in the current year that will exceed the line item budgetary provisions.
5. Overtime  
The Agency anticipates that it will exceed the overtime budget in the current fiscal year with projected overtime costs at \$66K. With the implementation of the new annuity and option factor effective July 1, 2017, the Agency anticipates that the volume of estimates and finals requesting a retirement date of July 1, 2017 may significantly increase over the next several months requiring greater staff overtime.

Mr. Kenderdine also reported that the dashboard should have included a sixth item for Legal and Medical Support, as the Agency anticipates excess expenditures in that line item due to the increased number of Independent Medical Evaluations (IME), which may continue through the balance of the fiscal year.

Mr. Harkins asked if the Agency could shift funds from unfilled positions to cover deficiencies.

Mr. Lewis responded that excess funds in various line items, with the exception of health insurance costs can be used to cover deficiencies.

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

March 7, 2017

Ms. Brogan asked about the surplus in the Board of Trustees Election Services.

Mr. Kenderdine responded that the Board certified the sole candidate for the Active Teachers' System Representative at its February meeting and that for the Active Employees' Systems Representative, there was also only one candidate that met the requirements. That candidate's information will be provided to the Board for certification at its March meeting. Due to both Systems having a sole candidate, there will be no elections this year. Therefore, the total savings, in that line item, would be approximately \$137,500.

Ms. Brogan asked about the FY2018 budget as it relates to the Department of Legislative Services (DLS) recommendation to cut \$550,000 from the Agency's information technology budget request.

Mr. Kenderdine responded that the DLS recommendation to cut funds would affect the development of the member access portal for the System's website and would delay MPAS III, approximately eight months to one year. The Agency is in the process of preparing the major IT development plan for MPAS-3 to be submitted to DoIT and DLS.

Mr. Lewis presented the MBE Performance Report for the quarter ending December 31, 2016. Mr. Lewis reported that MBE performance was 16.58%, with the majority of MBE awards going to women owned businesses. Mr. Lewis reported that the MBE performance is less than the Governor's goal of 29%.

2017 Legislative Bill  
Review

Ms. Gawthrop provided the Committee an updated overview of the 2017 pension related legislation introduced to the General Assembly to date. See Attachment A.

Ms. Gawthrop reported that all pension-related bills have been heard and that 95% of them have been heard by the House and Senate. All other bills are being moved smoothly through without any issues. The Agency's Investment Division-Personnel bill is scheduled to be heard on Thursday, March 9, 2017 and staff was preparing testimony.

Mr. Kenderdine reported that the Governor's pension reform bill was heard on a different day than the other pension reform bills and that staff from the Pew Center on the States attended the hearing to testify. Staff is obtaining a copy of their testimony.

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

March 7, 2017

On a motion made by Ms. Brogan and seconded by Mr. Norman, the Administrative Committee voted to meet in a Closed Session beginning at 10:18 a.m. in the Boardroom of the SunTrust Building at 120 East Baltimore Street, 16<sup>th</sup> Floor, for the purpose of:

1. Reviewing the Closed Session minutes, pursuant to General Provisions Art., § 3-103(a)(1)(i), the exercise of an administrative function.

**CLOSED SESSION**

The Trustees present included:

James Harkins, Chairman, Presiding (via phone)	James "Chip" DiPaula (via phone)
Theresa Lochte, Vice Chairman (via phone)	Kenneth Haines (via phone)
Susanne Brogan (via phone)	Richard Norman (via phone)

Agency Staff members attending included: R. Dean Kenderdine, Executive Director/Board Secretary

Melody Countess	Michelle Lowery	David Rongione
Michael Golden	Harvey Raitzyk	Janet Sirkis
Angie Jenkins	Ken Reott	

Assistant Attorneys General present included: Rachel Cohen and Kathleen Wherthey

On a motion made by Ms. Brogan and seconded by Ms. Lochte, the Administrative Committee returned to open session at 10:19 a.m. in the Board Room of the SunTrust Building at 120 East Baltimore Street, 16<sup>th</sup> Floor.

During closed session, the Administrative Committee discussed and took action on the following matters:

Closed Session Minutes	The Administrative Committee reviewed and approved the February 7, 2017.
Adjournment	There being no further business before the Committee, on a motion made by Ms. Brogan and seconded by Ms. Lochte, the meeting adjourned at 10:19 a.m.

Respectfully submitted,



R. Dean Kenderdine,  
Secretary to the Board

**Legislative Update  
2017 Session  
March 7, 2017**

**House Bill 28 (Krimm)**

**Unappropriated General Fund Surplus – Appropriation to Pension Fund and Postretirement Health Benefits Trust Fund**

This proposed legislation requires, beginning in fiscal year 2021, an appropriation to the State Retirement and Pension System, up to a maximum of \$25,000,000 that is equal to one-quarter of the amount by which the unappropriated General Fund surplus as of June 30 of the second preceding fiscal year exceeds \$10,000,000. Additionally, the proposed legislation also provides for a similar appropriation to the Postretirement Health Benefits Trust Fund. House Bill 28 also amends a reporting date by which DLS is required to review the amounts required to be appropriated to the System from December 1, 2019 to December 1 of the year in which the System's funded ratio reaches 85%. This review includes findings and recommendations regarding the appropriate amount of funding under this provision for the System and whether the existing required amount of funding should be altered or eliminated.

- Passed the House, no hearing scheduled in B&T

**The Board supports this legislation due to the increased funding it would provide the System.**

**House Bill 40 (McConkey)**

**State Retirement and Pension System - Funding Ratio Report - Market Value of Assets**

Requiring the Board of Trustees to submit a report on or before December 1 of each year to the Joint Committee on Pensions and the General Assembly on the funding ratio of the State Retirement and Pension System based on the market value of the assets.

- Voted unfavorable by Appropriations

**The Board is taking no position on this legislation. The System's funded ratio, based on market value of assets is already disclosed in the annual CAFR.**

**House Bill 62 (McConkey)**

**State Retirement and Pension System – Disability Retirement - Alterations**

As amended, this proposed legislation adjusts the formula used to determine a disability retiree's earning limit as a reemployed retiree by providing that the limit should be increased each year to reflect the percentage growth in the CPI.

- Hearing scheduled in B&T - 3/16/17

**The Board is took no position on this legislation. The Board took no position on the same bill last year. Staff sent a letter to the House Subcommittee Chair expressing the Board's commitment to protecting the System's assets as fiduciaries of the plan, and accordingly, would welcome any additional means the legislature would provide to assist the Board in ensuring that only individuals who are legitimately disabled, receive disability benefits.**

**House Bill 201/Senate Bill 256 (Barnes/Guzzone)**

**Employees' and Teachers' Pension Systems - Reformed Contributory Pension Benefit - Service Credit Purchase Clarification**

This board requested legislation clarifies that a member of the EPS or the TPS who is subject to the RCPB is eligible to purchase service credit for a specified period of employment under specified circumstances.

- Hearing scheduled in B&T - 3/16/17
- No hearing scheduled in Appropriations

**Board requested legislation**

**House Bill 202/Senate Bill 255 (Barnes/Guzzone)**

**State Retirement Agency - Authority to Arrange Custody of Investments and Procurement Exemption**

This board requested legislation exempts from State procurement law, Agency expenditures made for the custody of investments of the State Retirement and Pension System and transfers the authority to arrange for the safe custody of investments from the State Treasurer to the Chief Investment Officer of the Investment Division in the Agency.

- Hearing scheduled in B&T - 3/16/17
- No hearing scheduled in Appropriations

**Board requested legislation**

**House Bill 225/Senate Bill 147 (Chang/McFadden)**

**Correctional Officers' Retirement System - Deferred Retirement Option Program**

This proposed legislation would establish a DROP program for members of the CORS.

- Hearing scheduled in Appropriations – 2/7/17
- Hearing scheduled in B&T - 2/2/17

**Staff recommends taking no position on this legislation**

**House Bill 304/Senate Bill 353 (Barnes/Guzzone)**

**Optional Retirement Program - Annuity Contracts - Employee Rights**

This board requested legislation repeals the requirement that annuity contracts purchased under the ORP be issued to and become the property of participating employees of the program. Additionally, this legislation clarifies that, in accordance with the Internal Revenue Code, the rights of participating employees who purchase annuity contracts under the program are not subject to forfeit. As amended, this bill also authorizes the Board, in the event it eliminates a designated company or withdraws approval for a type of annuity contract, to withdraw and transfer past contributions to the extent possible under existing annuity contracts, and to the extent determined by the Board to be in the best interests of participating employees.

- Hearing scheduled in Appropriations – 2/21/17
- Voted favorable with amendments in B&T

**Board requested legislation**

**House Bill 328/Senate Bill 752 (Barnes/Guzzone)**

**Optional Retirement Program - Annuity Contract Providers**

This proposed legislation clarifies that all ORP vendors are subject to review and possible termination by the Board by repealing provisions of law that refer to annuity contract providers that were hired by the Board as vendors for the ORP on or before a certain date.

- Hearing scheduled in Appropriations – 2/21/17
- Voted favorable in B&T

**Staff provided informational written testimony confirming that this legislation would codify the Agency's interpretation of these provisions of law.**

**House Bill 344/Senate Bill 751 (Lierman/Guzzone)**

**State Retirement and Pension System - Disability Retirement and Workers' Compensation Benefits – Offsets**

This legislation would exempt ordinary disability retirement benefits from the requirement to be offset by related workers' compensation benefits, repeal the requirement for the Board to reduce accidental or special disability retirement benefits by related workers' compensation benefits, and require the Workers' Compensation Commission to reduce workers' compensation benefits by related accidental or special disability retirement benefits.

- Hearing scheduled in Appropriations – 2/21/17
- Hearing scheduled in B&T - 3/2/17

**Staff recommends taking no position on this legislation**



**House Bill 589 (Frick)**

**Corporations and Real Estate Investment Trusts - Corporate Bylaws and Elections of Directors and Trustees**

This legislation provides that when holding elections for members of Boards of Directors for corporations and REITS incorporated in Maryland, if the nominee is uncontested, the nominee must win by a majority shareholder vote. Alternatively, the bill provides that if the position for director is contested, the nominee must win by a plurality shareholder vote. Additionally, the bill removes a provision that would allow boards for these corporations and REITS to implement bylaws that prohibit shareholders from adopting, altering, or repealing corporate or REIT bylaws.

- Hearing scheduled in Economic Matters – 2/22/17

**Staff submitted informational written testimony on behalf of the Board stating this bill is consistent with the Board's corporate governance policy.**

**House Bill 748/Senate Bill 540 (Speaker/President on behalf of the Governor)**

**State Retirement Choice for the 21st Century Workforce**

This proposed legislation would provide individuals employed by a participating employer of the EPS on or after July 1, 2018, with an election to join either the EPS or a defined contribution plan. The defined contribution plan provides a mandatory 5% employee and employer contribution rate.

- Hearing scheduled in Appropriations – 3/3/17
- Hearing scheduled in B&T – 3/9/17

**Staff submitted informational testimony on behalf of the Board to the Committees regarding any changes to the implementation of the defined contribution plan that tax counsel for the System may recommend and the financial impact such a plan would have on the System.**

**House Bill 815/Senate Bill 401 (Barnes/Guzzone)**

**State Retirement and Pension System - Membership Elections**

This Board requested legislation amends the optional membership provisions in the ORP and the several systems to comply with IRC provisions and IRS letter rulings.

- Hearing scheduled in Appropriations – 2/21/17
- Voted favorable by B&T

**Board requested legislation**

**House Bill 817/Senate Bill 399 (Barnes/Guzzone)**

**Employees' Pension System - Purchase of Credit for Eligibility Service - Legislative Employees**

This Board requested legislation alters the amount that a member of the EPS who is considered to have been a legislative employee must pay to the Board to purchase credit for eligibility service they earned prior to joining the EPS. Specifically, this legislation amends the interest rate to be applied to such a purchase to conform to all other purchases in the EPS.

- No hearing scheduled in B&T
- No hearing scheduled in Appropriations

**Board requested legislation**

**House Bill 823/Senate Bill 448 (Barnes/Guzzone)**

**State Retirement and Pension System - Small Procurements - Medical Evaluations for Disability Retirement Benefits**

This Board requested legislation increases from \$25,000 to \$50,000 the maximum threshold amount for a small procurement by the Agency for an independent medical evaluation by a physician and related testimony for purposes of disability retirement benefits.

- No hearing scheduled in B&T
- No hearing scheduled in Appropriations

**Board requested legislation**

**House Bill 896/Senate Bill 602 (Aumann/Bates)**

**State Retirement and Pension System - State Employees and Teachers – Benefits**

This proposed legislation closes the EPS and TPS and establishes the State Employees and Teachers' Integrated Pension System (IPS) for all existing members and new members of these plans as of July 1, 2018. PGU employees are not included in this bill. It would appear from the drafting of the bill that all new employees who would otherwise be eligible for the ORP would now be required to join the IPS.

The Board is responsible for administering the plan.

The IPS would provide a two-part benefit. The first is a defined benefit plan for all service earned on or after July 1, 2018. The defined benefit plan has a 3% employee contribution rate and a 1% multiplier. The second component is a supplemental plan established under either a 401(k) or 403(b) of the IRC. The supplemental plan allows for an unlimited employee contributions up to the IRC limits provided for under a 401(k) or 403(b) plan (\$18,000, annually). The employer is required to match 100% up to 3% of the employee contribution and 50% for any additional employee contributions from 3% to 5%. This would result in a maximum employer contribution of 4% of an employee's annual earnable compensation. Employees are immediately vested in their employee contribution and 100% vested in their employer contributions after 3 years.

At retirement, a member may receive a lump sum benefit or an annuity with no survivor benefit, a 100% joint and survivor benefit, or a 50% joint and survivor benefit.

- Hearing scheduled in Appropriations – 2/21/17
- Hearing scheduled in B&T - 3/2/17

**Staff submitted informational testimony on behalf of the Board to the Committees regarding any necessary changes relating to the implementation of the ISP and the financial impact such a plan would have on the System.**

**House Bill 949/Senate Bill 739 (Kramer/Zirkin)**

**Procurement and Pensions - State Sanctions - Discriminatory Boycott of Israel**

This proposed legislation amends the State procurement law relating to the debarment of specified persons engaged in investment activities in Iran to include persons participating in a boycott of the State of Israel. Additionally, it also alters the provisions of law addressing the divestiture from Iran and Sudan to include a company participating in a boycott of Israel.

- Hearing scheduled in HGO – 2/28/17
- Hearing scheduled in B&T - 3/1/17

**Staff submitted informational testimony on behalf of the Board to the Committees regarding any necessary changes that would be needed to protect the Board's fiduciary responsibility to the System. This is consistent with the Board's position with regard to Senate Bill 214 of 2008, Divestiture from Iran and Sudan.**

**House Bill 981/Senate Bill 664 (Allegany County Delegation/Edwards)**

**Correctional Officers' Retirement System – Membership**

This legislation would require employees of the Department of Public Safety and Correctional Services who are employed in positions that would require them to work in certain positions in State correctional facilities, to become members of the CORS on July 1, 2017. All new employees in these positions would be members of the CORS.

- Hearing scheduled in Appropriations – 3/2/17
- Hearing scheduled in B&T - 3/2/17

**Staff recommends taking no position on this legislation.**

**House Bill 982 (Jacobs)**

**Law Enforcement Officers Pension System – Separation Requirement - Exemption**

This bill would exempt a sheriff who is a member of LEOPS DROP from having to end employment after the sheriff's DROP term ends wait 45 days to be reemployed if that sheriff continues to serve as sheriff.

- Hearing scheduled in Appropriations – 2/28/17

**Staff opposed this legislation on behalf of the Board because exempting a LEOPS retiree from the 45-day break in service could jeopardize both the System's tax qualified status and the private letter ruling approval the Agency received for the LEOPS DROP.**

**House Bill 1064/Senate Bill 478 (Krebs/Eckardt)  
State Retirement and Pension System - Guaranteed Retirement Income Plan and Retirement Savings Plan**

This proposed legislation closes the EPS and TPS as of June 1, 2018 and requires all existing members and new members to elect to join either the guaranteed retirement income plan or the retirement savings plan established under this bill. New employees of a PGU who joined the EPS prior to July 1, 2018, remain members of the EPS. Employees of new PGU's would be required to make the election between the guaranteed retirement income plan and the retirement savings plan.

A more detailed analysis of this legislation will be provided at the Administrative Committee meeting.

- Hearing scheduled in Appropriations – 2/21/17
- Hearing scheduled in B&T - 2/16/17

**Staff submitted informational testimony on behalf of the Board to the Committees regarding any necessary changes relating to the implementation of the guaranteed retirement income plan or the retirement savings plan and the financial impact such a plan would have on the System.**

**House Bill 1072/Senate Bill 486 (Szeliga/Serafini)  
State Employees and Teachers - Cash Balance Plan**

This proposed legislation closes the EPS and TPS and establishes a cash balance plan for all existing members and new members of these plans as of July 1, 2018. New employees of a PGU who joined the EPS prior to July 1, 2018, remain members of the EPS. New PGU's would go into the cash balance plan. Existing members of the ORP on July 1, 2018, remain in the ORP, but all new employees after that date no longer have the option to join the ORP and are required to join the cash balance plan.

The Board is responsible for administering the plan.

Under the provisions of this bill, the employee contribution rate and employer contribution rate are 5%, each. Normal service retirement is age 62 with 10 years of service. Members of the cash balance plan will receive 5% compounded annually on their contributions (employee and employer). At retirement, a member may receive a lump sum benefit or an annuity with no survivor benefit, a 100% joint and survivor benefit, or a 50% joint and survivor benefit.

Local employers (school systems, libraries, and community colleges) shall pay 80% of the employer cost for their employees, while the State pays the remaining 20%.

Current vested members of the EPS and TPS who are involuntarily transferred into the cash balance plan will receive a benefit in accordance with the provisions of the EPS and TPS. Current non-vested members may receive either a return of contributions or roll their contributions over into an equivalent benefit in the cash balance plan.

- Hearing scheduled in Appropriations – 2/21/17
- Hearing scheduled in B&T - 2/16/17

**Staff submitted informational testimony on behalf of the Board to the Committees regarding any necessary changes relating to the implementation of the cash balance plan and the financial impact such a plan would have on the System.**

**House Bill 1081/Senate Bill 650 (Jackson/Guzzone)  
Correctional Officers' Retirement System – Membership**

This legislation would require parole and probation agents and employees of the Department of Juvenile Services who are employed in positions that would require them to work in State correctional facilities, to become members of the CORS on July 1, 2017. All new employees in these positions would be members of the CORS.

- Hearing scheduled in Appropriations – 3/2/17
- Hearing scheduled in B&T - 3/2/17

**Staff recommends taking no position on this legislation.**

**House Bill 1095 (Rosenberg)  
Teachers' Retirement and Pension System – Credit for Unused Sick Leave – Time Period for Eligibility**

This bill requires that for members of the TRS or TPS, the 30-day break in service between separating from employment and retiring, for purposes of receiving creditable service for unused sick leave, would not begin until the member has exhausted or terminated any and all rights to appeal.

- Hearing scheduled in Appropriations – 3/7/17

**Staff recommends taking no position on this legislation, but will work with the sponsor to address certain technical issues.**

**House Bill 1109/Senate Bill 1001 (Barnes/Guzzone)  
Teachers' Retirement and Pension System – County Boards of Education Payments**

This legislation provides that county boards of education shall be relieved of paying \$19,695,182 of the total normal cost for fiscal 2017 due by the county boards of education. The bill requires the Governor to use funds in HB150 that have been designated to all local employers to reimburse them for their fiscal 2017 administrative fees to the Agency. If the Governor does not redirect these funds, the bill requires that the Governor shall fund an additional \$19,695,182 for this purpose. The System's actuary, determined the total normal cost for local boards of education for FY17 was \$279.8 million.

- Hearing scheduled in Appropriations – 3/7/17
- Hearing scheduled in B&T - 3/9/17

**Staff recommends taking no position on this legislation.**

**House Bill 1110/Senate Bill 754 (Barnes/Guzzone)  
Law Enforcement Officers' Pension System – Membership**

This legislation would require any individual who is employed as a warrant officer who is a member of the EPS to become a member of the LEOPS on July 1, 2017.

- Hearing scheduled in Appropriations – 2/28/17
- Hearing scheduled in B&T - 3/2/17

**Staff recommends taking no position on this legislation.**

**House Bill 1122/Senate Bill 913 (Barnes/Guzzone)**

**State Retirement and Pension System – Death Benefits**

This bill amends how all active death benefits and LEOPS, SPRS, and JRS survivor benefits are distributed to surviving children under age 26 and all disabled children, regardless of age. The bill also provides that in the event of a line of duty death of a member who dies without a surviving spouse but does have children, if the non-line of duty death benefit results in a greater benefit than a line-of-duty death benefit, the deceased member’s children may elect to receive the non-line of duty death benefit instead of the line of duty death benefit.

- Hearing scheduled in Appropriations – 2/28/17
- Hearing scheduled in B&T - 3/2/17

**Staff recommends taking no position on this legislation, but does recommend working with Committee staff for technical amendments**

**House Bill 1171/Senate Bill 1137 (Vogt/Oaks)**

**Public School Employees – Required Training on Retirement Benefits**

This legislation would require the Agency to assist MSDE in preparing at least one mandatory retirement training session annually for all employees of local school boards, both teachers and board members. This training would include EPS and TPS retirement benefits.

- Hearing scheduled in Ways and Means – 3/7/17
- Hearing scheduled in B&T - 3/16/17

**Staff recommends providing informational written testimony to the Committee outlining the training sessions Agency staff already provides, not only for teachers, but all State employees**

**House Bill 1178/Senate Bill 1135 (Ghrist/Oaks)**

**Employees’ Pension System – Incorrect Enrollments**

This bill would require the Board to “disenroll” any member who has been determined to have been incorrectly enrolled in one of the several systems. The bill further provides that upon request by the member, the Board shall refund any member contributions to the member. If the member is employed by a participating employer other than the State, the Board is required to determine the amount of employer contributions paid on behalf of the incorrectly enrolled individual and offset future employer contributions by that same amount.

This bill only applies to any individual who requests the Board to review their account between July 1, 2017 and December 31, 2018.

- Hearing scheduled in Appropriations – 3/7/17
- Hearing scheduled in B&T - 3/16/17

**Staff recommends not taking any position on this legislation. Our analysis of the bill is that the legislation is not necessary and we are reaching out to the sponsor to discuss.**

**House Bill 1580/Senate Bill 914 (Barnes/Guzzone)**

**State Retirement Agency – Investment Division**

This legislation would authorize the Board to set qualifications and compensation for senior investment analysts and any professional investment staff position that it creates. Compensation for these positions and the existing positions for which the Board sets compensation shall now be included in the calculation of investment management service fees, that currently has a cap of .5% of the market value of the assets of the fund that are externally managed, not including real estate or alternative investments. The bill also requires the Board to establish criteria for setting the qualifications and compensation for the investment staff in question. Additionally, the legislation amends the Agency’s reporting requirements to the legislature to reflect these changes in compensation and staff.

- House Rules
- Hearing scheduled in B&T - 3/2/17

**Board requested legislation**

**Senate Bill 356 (Serafini)**

**Workgroup to Study the Optional Retirement Program**

This proposed legislation creates a workgroup to study the ORP, including eligible members, participation rates, contributions, health benefits, and potential changes to the plan. A representative from the SRA, designated by the Executive Director of the SRA, is a member of the workgroup.

- Passed the Senate, no hearing scheduled in Appropriations at this time

**Staff recommends taking no position on this legislation. The Board took no position on this legislation last session.**

**Senate Bill 598 (Guzzone)**

**State Retirement and Pension System - Military Service Credit – Eligibility**

This proposed legislation would allow a member of any of the several systems, except the LPP, to use any state employment, including employment as a Senator or a Delegate, towards the 10 year requirement to earn military service credit.

- Unfavorable by B&T

**Staff recommends taking no position on this legislation.**

**Senate Bill 845 (Mathias)**

**Employees' Pension System - Optional Membership - Concurrent Membership Prohibition**

This legislation applies to an individual who has two active EPS accounts, one of which is a result of membership under § 23-204 of SPP (elected and appointed official membership). This bill would terminate the individual’s membership stemming from § 23-204. The individual would be disenrolled and receive a return of their member contributions. The bill also provides that the individual’s second EPS membership account would be unaffected.

- Hearing scheduled in B&T - 3/2/17

**Staff opposed this legislation on behalf of the Board because as drafted it raises impairment of contract issues and could create plan qualification issues.**